

CSL Limited
Annual Report
2013-2014

CSL[™]



Bern, Switzerland: Scientist Matthias Müller in recently completed laboratories that have centralised Quality Control activities, further increasing operational efficiency and adding capacity to meet the increasing demand for QC services.



Kankakee, US: Operator Brock Dundas working on the AlbuRx® filling control system in a new facility due to become operational late in 2014.

Annual General Meeting

Wednesday 15 October 2014 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

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Melbourne VIC 3001

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Financial Calendar

2014

13 August	Annual profit and final dividend announcement
8 September	Shares traded ex-dividend
10 September	Record date for final dividend
3 October	Final dividend paid
15 October	Annual General Meeting
31 December	Half year ends

2015

11 February	Half year profit and interim dividend announcement
16 March	Shares traded ex-dividend
18 March	Record date for interim dividend
10 April	Interim dividend paid
30 June	Year ends
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

Cover: A computer model of immunoglobulin G (IgG). Each Y-shaped molecule has two arms that can bind to specific antigens, for instance bacterial or viral proteins. CSL's immunoglobulin products continue to support a growing portfolio of therapies used in treating a range of rare and serious conditions.

Please see inside back cover for legal notice.



Melbourne, Australia: Formulation/Buffer Shift Leader, Tai Nguyen, in the buffer preparation plant of the new Privigen facility. This 15 million gram capacity facility is due to become fully operational by 2016.

Annual Report 2013-2014
 CSL Limited ABN 99 051 588 348

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About CSL

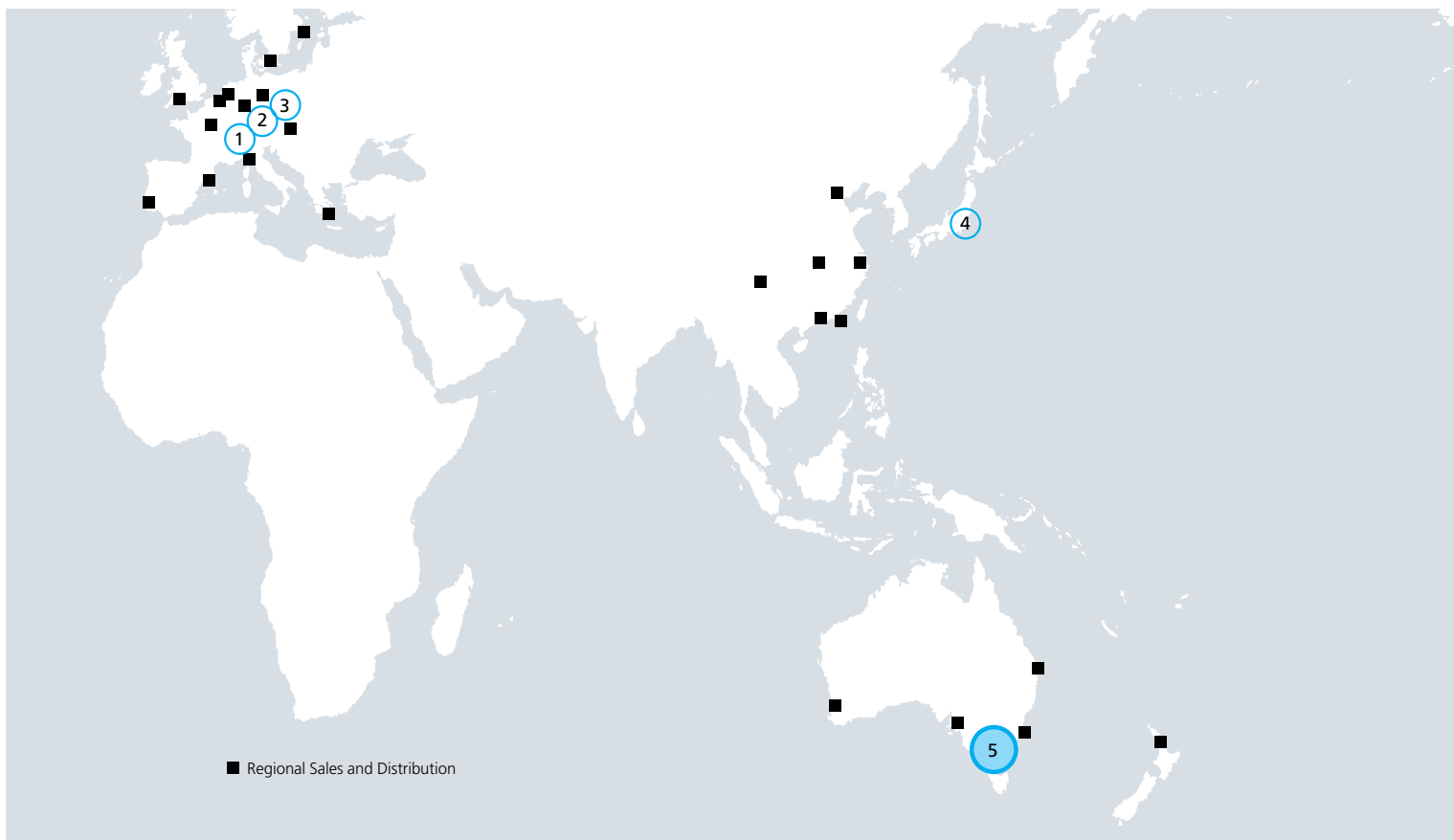
CSL is a global specialty biopharmaceutical company that researches, develops, manufactures and markets biotherapies to treat and prevent serious and rare medical conditions. We produce safe and effective therapies for patients who rely on them for their quality of life, and sometimes for life itself, enabling many thousands of people around the world to lead normal healthy lives.

CSL employs over 13,000 staff in more than 27 countries. Our headquarters are in Australia and we have substantial manufacturing operations in the US, Germany, Switzerland and Australia. CSL also has one of the largest plasma collection networks in the world and operates the only influenza vaccine manufacturing facility in the Southern Hemisphere.

Innovation is at the heart of everything we do. It is reflected in our creation of state-of-the-art plasma collection and manufacturing facilities, right through to our investment in the development of new and improved therapies for unmet patient needs.

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



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 Australia, Asia, Europe and North America.

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.

CSL Behring operates CSL Plasma, one of the world's largest plasma collection networks with more than 100 centres in the US and Germany, and an integrated manufacturing platform with production facilities located in the US, Germany, Switzerland and Australia.

bioCSL

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

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 or made from traditional sources. CSL has also built the capabilities required to develop future 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.



1. **BERN Switzerland**
CSL Behring
R&D, Manufacturing,
Commercial Operations
2. **MARBURG Germany**
CSL Behring
R&D and Manufacturing
3. **GOETTINGEN Germany**
CSL Plasma
Testing Laboratory
HATTERSHEIM Germany
CSL Behring
bioCSL
Commercial Operations
SCHWALMSTADT Germany
CSL Plasma
EU Logistics Centre
4. **TOKYO Japan**
CSL Behring
R&D, Commercial Operations
and Distribution
5. **MELBOURNE Australia**
CSL Limited
R&D, Group Head Office
bioCSL
R&D, Manufacturing,
Commercial Operations,
Warehousing and Distribution
CSL Behring
R&D, Manufacturing,
Commercial Operations
and Distribution
6. **KANKAKEE US**
CSL Behring
R&D and Manufacturing
7. **KING OF PRUSSIA US**
CSL Behring
Administration, R&D,
Commercial Operations
and Distribution
bioCSL
Commercial Operations
8. **INDIANAPOLIS US**
CSL Plasma
Logistics Centre
9. **MESQUITE US**
CSL Plasma
Logistics Centre
10. **KNOXVILLE US**
CSL Plasma
Testing Laboratory
11. **BOCA RATON US**
CSL Plasma
Administration

Celebrating 20 Years as a Listed Company

From revenue of US\$136 million in 1994 to over US\$5.5 billion in 2014

From small-cap to top ten publicly listed company in Australia and part of S&P/ASX20 Index

Dear shareholders,

Since privatisation in 1994 CSL has evolved from a small government owned business to one of the world's largest plasma therapeutics companies. Now, twenty years after listing on the Australian Securities Exchange, this proudly Australian company employs over 13,000 people around the world. With a market capitalisation in excess of A\$30 billion CSL is today one of Australia's top ten publicly listed companies.

CSL's enduring success has been underpinned by a culture of operational excellence. Our rapid international growth has been the result of a series of disciplined acquisitions, including two large and company transforming transactions. The first of these, the purchase of plasma fractionation business ZLB from the Swiss Red Cross in 2000, provided CSL with an immediate entry into the international plasma therapeutics market as the world's

fifth largest manufacturer of plasma products. In 2004, the acquisition and integration of Aventis Behring delivered a diverse and flexible production platform for CSL to emerge as an international leader in the plasma therapeutics market.

Today CSL has a world-class portfolio of plasma therapies and more than 70 products across a range of therapy areas, including bleeding disorders such as haemophilia and von Willebrand disease, primary immune deficiencies, hereditary angioedema and some neurological disorders. In addition, we manufacture vital plasma products used in trauma, emergency surgery, burns, organ transplantation, and the prevention of haemolytic disease in newborn babies.

CSL's investment in research and development has led to global product innovations and a rich pipeline of promising new medicines. The Company

spent over US\$450 million on Research and Development in 2014, focusing on both new products and enhancing and adapting our existing products for new uses. Geographic expansion is also critical to our strategy. This combination of a broad portfolio of products, ongoing product development, and increasing geographic reach will continue to ensure our business remains well positioned to continue to generate good returns for our shareholders.

I thank you, our shareholders, for your ongoing support.

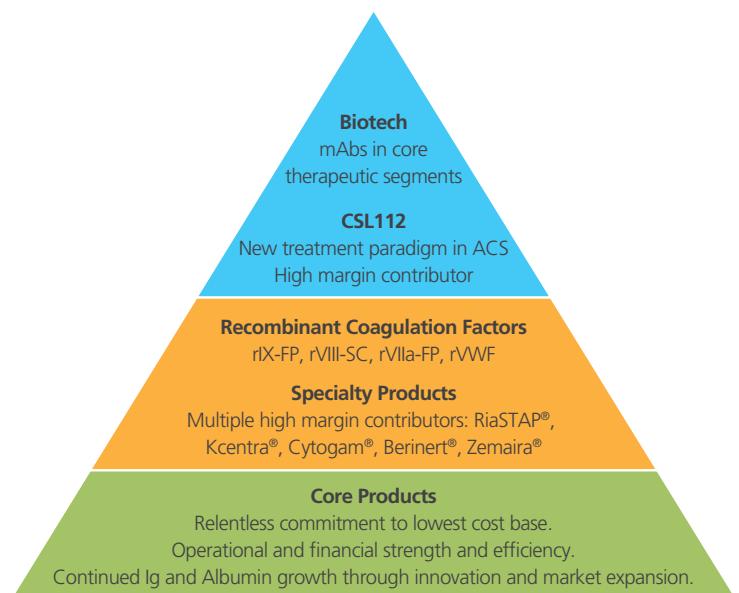


John Shine AO
Chairman

Our continuing strategy to deliver patient needs and company growth

The long term success of CSL is driven by the sustainability of our core products for which there is a strong global demand.

CSL is a global innovator in the area of protein-based medicines, many of which have come from human plasma. We are continuing this tradition by introducing proteins produced recombinantly, such as our coagulation factors. In the future, we see tremendous opportunity for monoclonal antibodies (mAbs) to play a key role in our core therapeutic segments.



Compound annual growth in net profit of 24.4% to June 2014 since listing

Compound annual growth in CSL share price of 24.9% to June 2014 since listing

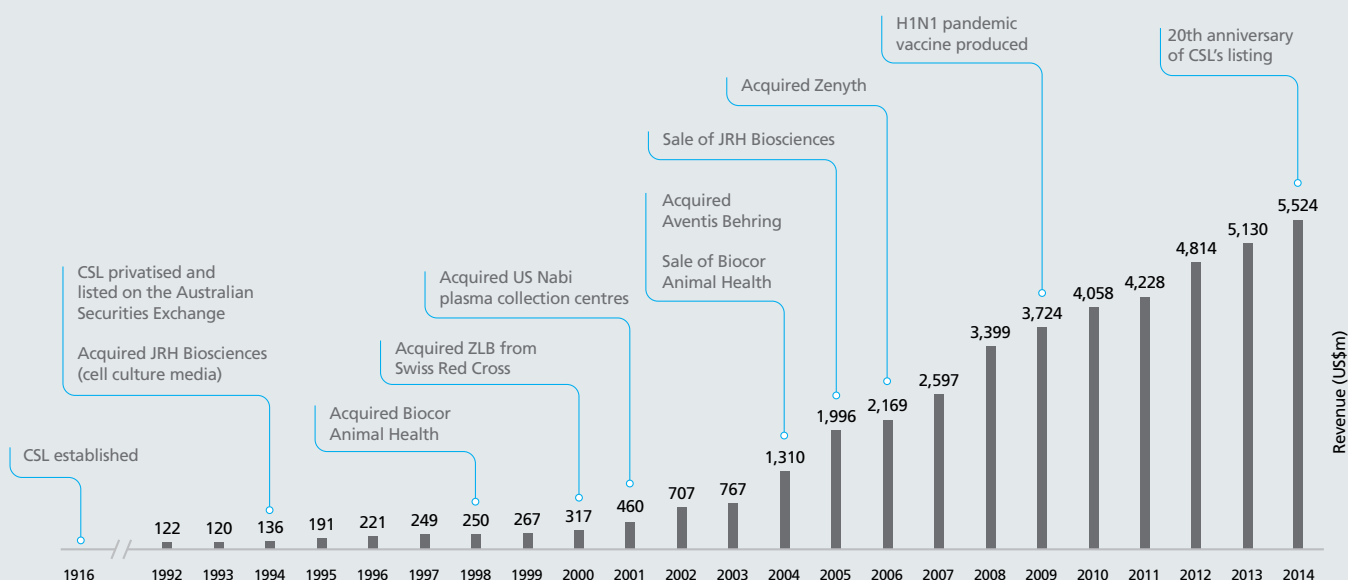
Compound annual growth in market capitalisation of 26.1% to June 2014 since listing

From less than 1% of global plasma market share at time of listing to over 20% of global market share today

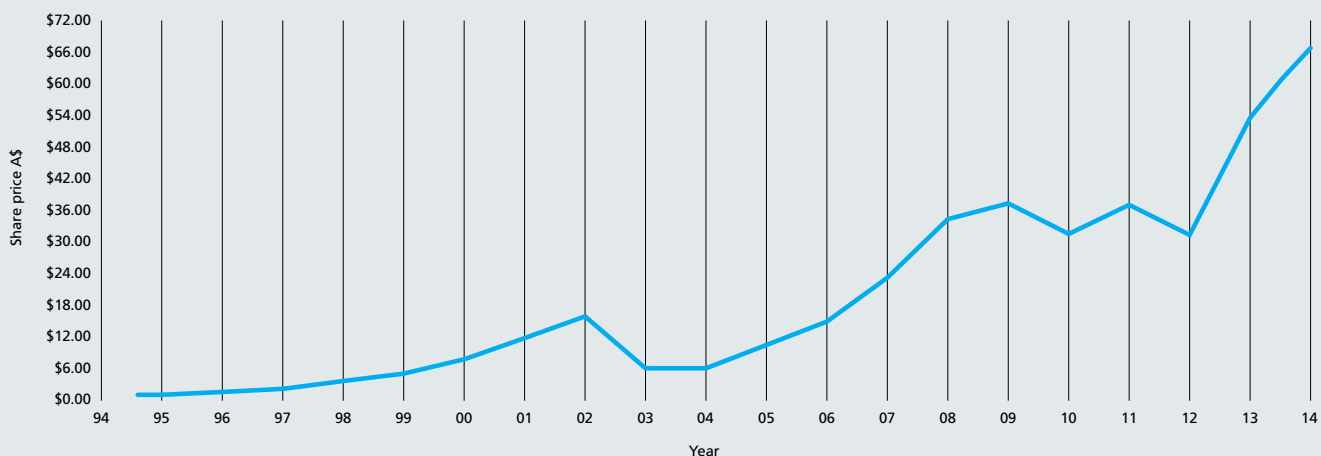
From Australian research laboratory to global enterprise deriving almost 90% of revenue from offshore operations

From limited product portfolio to major R&D pipeline with R&D spend of over US\$450 million in 2014

CSL Limited Revenue growth (US\$m)



CSL Limited Share price



Business Highlights

CSL's strong business performance this year has delivered solid sales growth and good progress across several sites with manufacturing capacity expansion programs. Supporting the development of our R&D pipeline, a new biotechnology manufacturing facility opened in May 2014 will produce novel recombinant therapies on a large scale for international clinical trials.

- Net profit after tax was US\$1,307 million for the year ended 30 June 2014. This result includes the US antitrust class action litigation settlement announced in October 2013. On a constant currency basis, net profit after tax was US\$1,304 million.
- CSL has maintained a strong balance sheet with US\$609 million cash on hand against borrowings of US\$1,890 million. Cash flow from operations was US\$1,361 million. Our latest share buyback of up to A\$950 million together with previous share buybacks has contributed to a 19% boost to earnings per share.
- Immunoglobulin sales have delivered 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.
- Albumin sales performed well, driven by increased demand in Europe and continuing strong demand in China. Specialty product highlights included good growth for Kcentra® (4 factor prothrombin concentrate) for which the US FDA has granted orphan drug status (market exclusivity for seven years) for urgent warfarin reversal in patients with acute bleeding, and for urgent reversal of warfarin therapy in adult patients needing surgery.
- Investment in research and development remains an important driver for CSL's future growth. Work to advance the development of a family of recombinant coagulation factor medicines continues to make progress towards providing better treatment options for people with haemophilia and other bleeding disorders.
- Our new Biotechnology Manufacturing Facility (BMF) at Broadmeadows, Australia was officially opened in May 2014. The most advanced facility of its kind in Australia, it will produce recombinant therapies for international clinical trials starting with one of our novel coagulation factors. CSL's R&D pipeline includes recombinant therapies for rare and serious diseases, including bleeding disorders, inflammatory conditions and cancer.

- Ongoing capacity expansion programs continue to position CSL to meet future demand for plasma products. Bern, Switzerland completed an expansion project to increase base fractionation capabilities and Kankakee, US completed the first of seven major construction projects to expand capacity. Marburg, Germany completed the first phase of a major project to expand production, filling, freeze-drying and packaging facilities for specialty products. Broadmeadows, Australia finished construction of a new facility for the production of Privigen® with equipment installed and commissioning underway.
- Rights to market and distribute Afluria® (influenza vaccine) in the US have been transitioned back to bioCSL and commercial resources have been strengthened in preparation for the 2014-2015 influenza season. bioCSL also commenced the process of registering influenza vaccine in seven new countries in Europe which will help to position the business for future growth. In addition, bioCSL produced H5N1 (bird flu) vaccine for the Australian Government and master seeds for the H7N9 influenza strain that emerged in China in 2013. Australia's only onshore manufacturer of influenza vaccine, bioCSL plays a key role in pandemic preparedness.
- CSL Plasma opened its 100th plasma collection centre in April 2014. In the past three years, CSL Plasma has grown from 73 to more than 100 collection centres and has expanded laboratory and logistics operations, continuing to ensure the ability to meet projected needs for this critical raw material.

Financial Highlights

Five Year Summary

	2013-14 CONSTANT CURRENCY ⁽²⁾	2013-14 REPORTED ⁽¹⁾	2012-13 REPORTED ⁽⁵⁾	2011-12 REPORTED ⁽³⁾	2010-11 REPORTED ⁽³⁾	2009-10 REPORTED ⁽³⁾
ALL FIGURES ARE IN US\$ MILLION UNLESS STATED OTHERWISE ⁽³⁾						
TOTAL REVENUE	5,546	5,524	5,130	4,814	4,228	4,058
SALES REVENUE	5,375	5,335	4,950	4,616	4,097	3,909
R&D INVESTMENT	473	466	427	370	323	278
PROFIT BEFORE INCOME TAX EXPENSE	1,594	1,604	1,461	1,270	1,167	1,207
NET PROFIT	1,304	1,307	1,211	1,024	918	921
CAPITAL INVESTMENT		402	450	309	197	215
TOTAL ASSETS AT 30 JUNE		6,278	5,974	5,901	5,447	4,865
TOTAL EQUITY AT 30 JUNE		3,162	3,018	3,477	3,917	3,591
NET TANGIBLE ASSETS PER SHARE AT 30 JUNE (\$)		4.71	4.44	5.15	5.68	5.10
WEIGHTED AVERAGE NUMBER OF SHARES (MILLION)		484	499	519	541	567
BASIC EARNINGS PER SHARE (\$)		2.701	2.429	1.972	1.698	1.625
DIVIDEND PER SHARE (\$)		1.130	1.020	0.865	0.781	0.700

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

(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 results in US dollars have been prepared using the methodology outlined in Note 1(a) of the Financial Statements.

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

(5) Financial year 2013 results were restated following the revisions to AASB 119 Employee Benefits.

Interim unfranked
dividend of

\$US 0.53

per share

+

Final unfranked
dividend of

\$US 0.60

per share

=

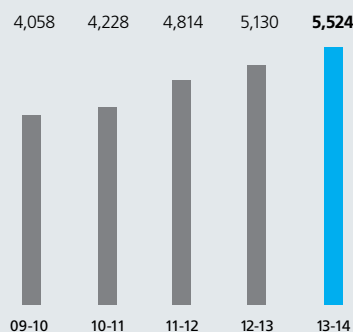
Total ordinary
dividends 2013-14

\$US 1.13

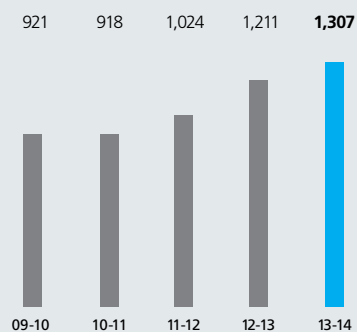
per share ⁽⁴⁾

Financial Performance in US\$⁽³⁾

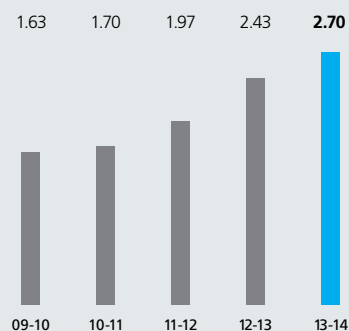
CSL Total Revenue (US\$ millions)



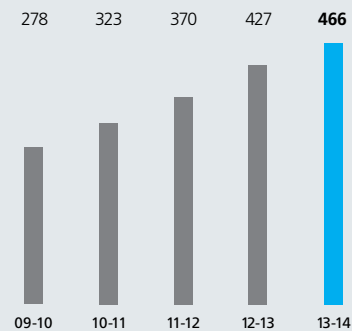
CSL Net Profit (US\$ millions)



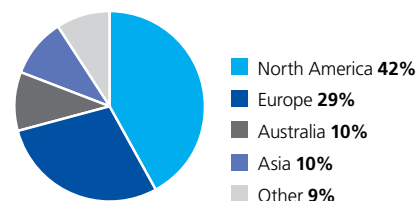
CSL Earnings Per Share (US\$)



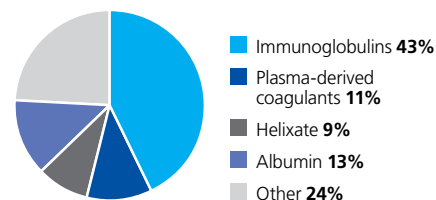
CSL R&D Investment (US\$ millions)



CSL Group Sales by Region 2013-14



CSL Group Sales by Major Products 2013-14



Year in Review

Dividends and Financial Results

CSL's net profit after tax was US\$1,307 million for the year ended 30 June 2014. On a constant currency basis, net profit after tax was US\$1,304 million.

On 4 April 2014, CSL shareholders received an interim unfranked dividend of US\$0.53 per share. A final unfranked dividend of US\$0.60 per share will be paid on 3 October 2014. Total ordinary dividends for the year were US\$1.13 per share.

On 16 October 2013, CSL announced an on-market share buyback of up to A\$950 million which, as of 30 June 2014, was 91% complete with approximately 13 million shares repurchased for approximately A\$868 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 19% boost to earnings per share.

CSL business activities reported on here include CSL Behring, bioCSL and our global research and development operations.

CSL Behring

CSL Behring plasma-derived products delivered sales of US\$4.9 billion this year, up 10% in constant currency. This performance is the result of revenue growth across all major geographic regions, including Asia, Europe, North and South America. CSL Behring also continues to expand its presence in emerging markets with both immediate and long-term growth potential.

Immunoglobulins contributed the largest portion of total revenue with sales of US\$2,320 million, up 12% in constant currency, while a solid performance was achieved across the portfolio. Approved by the US Food and Drug Administration (US FDA) in March 2010, our subcutaneous immunoglobulin product Hizentra® contributed strong sales in the US and Europe. The convenience of at-home, self-administration continues to be a strong draw for patients. Several other opportunities for Hizentra® this year contributed to the solid growth including an additional neurological indication

in Western Europe, the launch of a co-pay relief program and a bi-weekly administration label expansion in the US, and approval for use in the treatment of primary and secondary immune deficiencies in Japan.

CSL Behring's leading Privigen® (intravenous immunoglobulin) therapy made a strong contribution to sales which benefitted from an expanded indication in Europe to include the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP). Strong demand also continued for Carimune® (intravenous immunoglobulin) in the US and Brazil.

CSL Behring's albumin portfolio delivered sales of US\$694 million, up 16% in constant currency. Strong and ongoing demand for albumin continues from China and, following cautionary statements from the European Medicines Agency regarding the use of hydroxyethyl starches sometimes used as an albumin alternative, albumin sales in Europe also grew 25%.



John Shine AO
Chairman

Paul Perreault
Chief Executive Officer
and Managing Director

The Company's coagulation portfolio sales of US\$1,064 million were down 4% in constant currency. Humate® (plasma-derived factor VIII) achieved the most growth due to increased use in surgery in the US. However, this was more than offset by sales for Beriate® (plasma derived factor VIII) and Haemate® (plasma derived factor VIII) which were down partly because of the fluctuating timing of plasma-derived haemophilia product sales in tender markets. A slight decline in sales of Helixate® (recombinant factor VIII) was influenced by a large number of competitor clinical trials resulting in an abundance of product available to patients at no cost.

Specialty products sales of US\$848 million grew 18% in constant currency. Kcentra® (4 factor prothrombin concentrate) helped pave the way for the strong performance of specialty products. In December 2013, Kcentra® was approved in the US for the urgent reversal of warfarin therapy in adult patients needing surgery, following the earlier 2013 approval of Kcentra® in the US for urgent warfarin reversal in patients with acute major bleeding. The US FDA has granted Kcentra® orphan drug status (marketing exclusivity for a period of seven years) for both indications. Berinert® (C1 esterase inhibitor) continued to benefit from the 2012 US approval to include patient self-administration. Zemaira® (Alpha-1-proteinase inhibitor) sales also grew on increased patient diagnoses thanks in part to a new proprietary diagnostic test kit called DNA₁ Advanced Alpha-1 Screening™.

A number of ongoing capacity expansion projects achieved significant milestones this year, positioning CSL Behring well to meet future demand for our products.

Our **Bern, Switzerland** manufacturing site completed a three part expansion project that increased base fractionation capability, added production space for AlbuRx® (human albumin) and included a new logistics and service centre. The manufacture of Privigen® reached 100 million grams (100 tons) in May 2014, only six years after production commenced in Bern.

In September 2013 at our **Kankakee, US** manufacturing site, CSL's Board of Directors participated in a ceremonial ribbon cutting dedication for new facilities and systems which make up the capacity expansion projects now underway. A new warehouse now operational is the first of seven major construction projects that include a new base fractionation facility, an AlbuRx® bulk purification facility, a filling area, and several final container finishing departments.

Our **Marburg, Germany** manufacturing site completed the construction of a facility that brings together previously dispersed Quality Control laboratories, and which will also houses support functions previously in a neighboring building, creating additional space for production of specialty products Haemocomplettan® (fibrinogen concentrate), Berinert® and Beriplex® (prothrombin complex). Our Marburg site has also received approval for an investment to modernise an existing packaging facility to help meet demand for filling and packaging orders being received from our other manufacturing sites for Afluria® (influenza vaccine), Rhophylac® (Rh (D) intravenous immunoglobulin) and Voncento® (human coagulation factor VIII/von Willebrand factor concentrate).

Our **Broadmeadows, Australia** manufacturing site officially opened its Biotechnology Manufacturing Facility (BMF) in May 2014 – the most advanced facility of its kind in Australia. The BMF will produce novel recombinant therapies for international clinical trials. This will advance specialist capabilities in recombinant-based research and support development of our R&D pipeline which currently includes recombinant therapies for a range of rare and serious diseases, including bleeding disorders, inflammatory conditions and cancer. The new Turner Privigen Facility at Broadmeadows, currently being commissioned, is our newest immunoglobulin manufacturing plant. When fully operational in 2016, it will significantly increase Privigen® production capacity for global markets.

CSL Plasma, CSL Behring's plasma collection business, opened its 100th plasma collection centre in April 2014. During the past three years, CSL Plasma has grown from 73 to more than 100 collection centres and expanded laboratory and logistics operations including a new plasma logistics centre in Texas. This expansion has increased CSL Plasma's testing and storage capacity to meet projected plasma needs for plasma-derived therapies.

Year in Review *continued*

bioCSL

bioCSL continued to build a platform for a sustainable and profitable future with total revenue reaching A\$433 million in its first full year as a stand-alone business unit.

While the global influenza vaccine environment continues to be highly competitive, bioCSL delivered on its strategy to grow global sales of influenza vaccine in key markets including the US, United Kingdom, Germany and Australia. This achievement was underpinned by the early delivery of product in both the Southern and Northern Hemisphere markets, enhancing bioCSL's reputation as a reliable and timely supplier.

During the year, the rights to market and distribute bioCSL's Afluria® in the US were transitioned back to bioCSL. As a result, bioCSL has invested in strengthening its commercial resources in preparation for the 2014-2015 influenza season. In addition bioCSL commenced the process of registering influenza vaccine in seven new countries in Europe, positioning the business for future growth when distribution partners are secured in these markets.

As Australia's only onshore manufacturer of influenza vaccine, bioCSL plays a key role in pandemic preparedness. This year bioCSL produced H5N1 (bird flu) vaccine for the Australian Government. bioCSL's technical capabilities were also used by the US Government to produce master seeds for the H7N9 influenza strain that emerged in China in 2013.

In June 2014, the findings of bioCSL's multi-year investigation into the root cause of the unexpected febrile reactions associated with its 2010 Fluvax® influenza vaccine were published in two separate papers in the peer-reviewed journal *Vaccine*. As a result of these findings and after consultation with regulators, bioCSL implemented modifications to its standard method of manufacture and has initiated a clinical development program to confirm the safety of the modified vaccine in young children.

The US Food and Drug Administration and the Australian Therapeutic Goods Administration conducted routine inspections of bioCSL's manufacturing

facilities throughout the year. bioCSL's commitment to continuous improvement and compliance with Good Manufacturing Practice was recognised in the outcomes of these inspections.

bioCSL markets and distributes a range of vaccines and speciality pharmaceuticals in Australia and New Zealand. During the year, bioCSL gained exclusive distribution rights for Palexia*, an analgesic indicated for the management of moderate to severe chronic pain. Listed on the Pharmaceutical Benefits Scheme on 1 June 2014, the product is an important addition to bioCSL's in-licensed portfolio. This year the business was also awarded a number of Government contracts for the supply of vaccines including M-M-R*II (measles, mumps and rubella vaccine) and Varivax* (chickenpox vaccine) in Australia, and Gardasil* (Human Papilloma Virus vaccine) and ADT® Booster (diphtheria and tetanus vaccine) in New Zealand.

In March, the Pharmaceutical Benefits Advisory Committee deferred their decision to place Zostavax* (shingles vaccine) on the National Immunisation Program (NIP) for the vaccination of people aged 70, and a catch-up program for people aged 71-79. bioCSL will continue its efforts to obtain a NIP listing for this important vaccine in the coming year.

bioCSL also operates an Australia-wide cold chain and ambient distribution business for vaccines and prescription medicines. This important service successfully expanded its customer base during the year, entering into contracts with pharmaceutical companies A.Menarini and Shire Pharmaceuticals.



Key global markets for bioCSL's influenza vaccine include the US, United Kingdom, Germany and Australia. The early delivery of product in both the Southern and Northern Hemisphere markets this year enhances bioCSL's reputation as a reliable and timely supplier.

* M-M-R II, Varivax, Gardasil and Zostavax are trademarks of Merck & Co. Inc. Palexia is a trademark of Grunenthal GmbH



Biotechnology manufacturing facility officially opened

Four years after announcing construction of a Biotechnology Manufacturing Facility (BMF) would begin at Broadmeadows, CSL officially opened the largest and most advanced facility of its kind in Australia on 9 May 2014.

Speaking at the opening, CEO and Managing Director Paul Perreault said, "This world-class facility is key to the ongoing success of our global R&D strategy and reflects our commitment to provide better treatment options for people who suffer from bleeding disorders and other life-threatening conditions."

Inside the new BMF facility, Premier of Victoria, Australia, Denis Napthine and CSL CEO Paul Perreault with operators Lanie Hynninen (left) and Rebecca Shivnen, and Paul with Simon Green, Senior Vice President and General Manager, CSL Behring, Broadmeadows.

Research and Development

Global research and development 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, Kcentra® was approved in the US for an expanded indication to include the urgent reversal of acquired coagulation factor deficiency induced by vitamin K antagonist (e.g. warfarin) therapy in adult patients

needing urgent surgery or other invasive procedures. This follows the approval in early 2013 in the US for urgent warfarin reversal in patients with acute major bleeding. Kcentra® is the only 4 factor prothrombin complex concentrate indicated in the US for these uses.

The US FDA also approved the expanded administration options for Hizentra® subcutaneous immunoglobulin to include dosing once every two weeks (bi-weekly) for people diagnosed with primary immunodeficiency (PID). Hizentra® received US FDA approval in March 2010 as a once weekly replacement therapy. Self-administered weekly or bi-weekly, Hizentra® delivers consistent levels of IgG to help protect those with PID against infections.

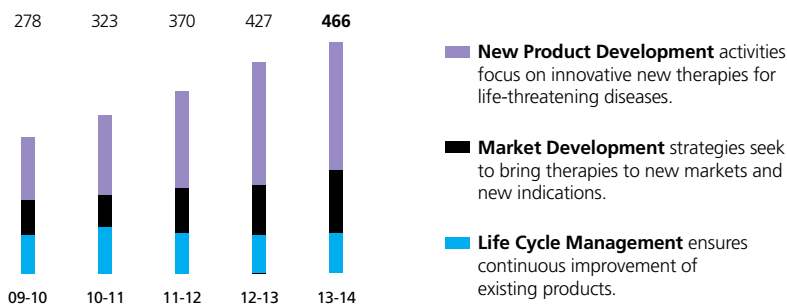
The Japanese Ministry of Health, Labour and Welfare granted approval for Hizentra® for use in treatment of primary immune deficiency and secondary immune deficiency. This important regulatory approval marks the first time any subcutaneous immunoglobulin therapy has been approved for use in Japan.

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

Year in Review *continued*

CSL Research and Development Investment (US\$ millions)



during 2013/14. These medicines include the extended half-life albumin fusion proteins rIX-FP (recombinant fusion protein linking coagulation factor IX with albumin), rVIIa-FP (recombinant fusion protein linking coagulation factor VIIa with albumin) and a unique single-chain rVIII (rVIII-SingleChain) product. If successful these innovative medicines should result in a marked reduction in frequency of administration compared to current treatments and significantly increase convenience for patients.

Important milestones in the past year included the interim Phase II/III and Phase III findings demonstrating an improved pharmacokinetic profile of rIX-FP among haemophilia B patients of all age groups, suggesting an improvement in treatment by allowing a prolonged routine prophylaxis treatment interval of 14 days or potentially longer, compared to the current standard of two to three times per week. The first patient was also enrolled in the pivotal global paediatric Phase III study to evaluate the efficacy, safety and pharmacokinetics of rVIII-SingleChain for the treatment of previously treated children (up to age 11) with severe haemophilia A. This follows an earlier study

of rVIII-SingleChain showing improved pharmacokinetics over the comparator, and demonstrating a safety and efficacy profile that supported advancement to late-stage clinical development.

Significant progress has been made in unlocking the medical significance and value of our specialty plasma-derived products. A Phase III multi-site clinical trial continued evaluating the efficacy and safety of fibrinogen in controlling microvascular bleeding during aortic aneurysm surgery. An international Phase III study of a volume-reduced, subcutaneous formulation of Berinert® (C1-esterase inhibitor concentrate) commenced in patients with frequent hereditary angioedema (HAE) attacks. This follows the successful completion of a Phase II study of Berinert® administered twice weekly under the skin (subcutaneously) continuing CSL's leading position in this therapeutic area.

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® 20% subcutaneous immunoglobulin for CIDP. These studies

aim to provide greater flexibility and control for patients who require long-term immunoglobulin therapy.

Earlier stage R&D pipeline advances include the launch of a diagnostic test kit for Alpha-1 (hereditary lung/liver disease), a global Phase IIb clinical trial commencing for CSL112 (acute coronary syndrome) and a licensing agreement with Janssen Biotech, Inc. for CSL362 (anti-IL-3R mAb currently in a Phase I study for acute myeloid leukaemia). CSL is delighted to have attracted such a high quality partner as Janssen who share our commitment to developing CSL362 as a novel monoclonal antibody (mAb) therapy for haematological cancers and autoimmune diseases.

CSL is also developing a Factor XIIa antagonist mAb which has the potential for application in a range of therapeutic areas, including hereditary angioedema (HAE) and the prevention of thrombosis. During the year a study was published in the prestigious journal *Science Translational Medicine* presenting animal data on the use of the FXIIa mAb in the prevention of thrombosis in a cardiopulmonary bypass system. CSL has initially chosen to progress the FXIIa mAb as a preventative therapy for HAE episodes because of our strong R&D and commercial capability in this rare disease area.

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

At CSL, Corporate Responsibility is governed by a global steering committee reporting to the CEO and Managing Director. The committee is led by CSL's Chief Financial Officer and comprises functional leaders across the business.

In December 2013, CSL published its fifth Corporate Responsibility Report. The report details CSL's performance across key corporate responsibility priority areas. It illustrates our ongoing commitment to conducting our business responsibly and to actively contributing to the economic, social and environmental wellbeing of our communities.

Over the reporting period CSL retained its listing on the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised standards of responsible business practice. In addition, CSL achieved membership of the CDP 2013 ASX 200 Climate Disclosure Leadership Index (CDLI). CSL is one of 21 Australian listed companies recognised by CDP's CDLI. Membership is awarded to organisations demonstrating the highest level of quality and thoroughness in climate disclosure.

Following the release of our second edition of the Code of Responsible Business Practice (CRBP) in 2013/14, CSL employees across all sites participated in e-learning or face to face training sessions. Our values and CRBP serve to guide our people about our expectations for their conduct within the workplace and when interacting with external stakeholders.

Our People

Our talented and diverse workforce fuels the innovation that is fundamental to CSL's continued success. With this in mind, the recruitment and retention of the best talent in our field continues to be of the utmost importance. This year the Company has invested in systems that enable improved effectiveness and efficiency during the recruitment process to support this goal.

CSL is proud of its strong diversity position which has been achieved through the fostering of a highly inclusive Company culture. CSL's leaders across the globe are encouraged to facilitate initiatives that support diversity and flexible working practices. This was reinforced through the comprehensive roll out of our "Mutual Respect in the Workplace" training program. A recent survey of our leaders has shown that they embrace flexible work practices as a means to improve productivity and job satisfaction, and see it as an important leadership tool.

Diversity has been a particular focus of the Board and Senior Management over the past few years and the career development and promotion of qualified and talented employees have been proactively supported this year through the introduction of an enhanced career development program for our senior high potential employees.

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 again achieved 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 (see pages 43 and 44).

Our Thanks

CSL has over 13,000 employees in more than 27 countries working to develop, produce and deliver safe and effective therapies that enable the many thousands of people who depend on them to lead healthy lives. This is the fundamental reason for everything we do at every level in the Company.

Your Board of Directors recognises and appreciates that our continuing international success is built on the strong commitment and teamwork of CSL's management and staff throughout the world.



John Shine AO

Chairman



Paul Perreault

Chief Executive Officer
and Managing Director

CSL Behring

CSL Behring develops therapies to treat rare and serious conditions as though patients' lives depend on them – because they do.

Around the world, CSL Behring brings life-saving and life-enhancing therapies to 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.

We listen carefully to the concerns of the patients and caregivers we serve and then work to address their needs. Not only do we provide safe and effective products aimed at delivering a better quality of life,

CSL Behring also offers programs and educational tools that help patients and families manage the daily challenges of living with a chronic condition. We also collaborate with patient groups and policy makers around the world to advocate for patient access to care.

CSL Behring has a long history of manufacturing innovative products in state-of-the-art facilities. We use the most sophisticated methods available and meet or exceed stringent international safety and quality standards. Each step of our manufacturing process from plasma donor to patient reflects the Company's unyielding commitment to ensuring its products are safe.

We are a global leader in biotherapies, with substantial markets in North America, Europe, Australia, Latin America, the

Middle East and Asia. CSL Behring is committed to maintaining a reliable and consistent product supply, while continuing to expand its pipeline of new and improved plasma and recombinant therapies, by using cost-effective, high-yield manufacturing processes, efficient operations and highly skilled personnel.

Headquartered in King of Prussia, Pennsylvania (US), CSL Behring operates manufacturing plants in Kankakee, Illinois (US), Bern (Switzerland), Marburg (Germany), and in Melbourne, Australia. Regional sales and distribution centres are located throughout the world.

CSL Behring is committed to saving lives and improving the quality of life for people with rare and serious diseases worldwide.



In September 2013 at our Kankakee site, CSL's Board participated in a ceremonial ribbon cutting dedication for new facilities and systems which will significantly increase capacity, including a new base fractionation facility, an Alburex® bulk purification facility, a new filling area and several final container finishing departments.



China is a significant market for our albumin products and Bern has recently introduced a serialisation program that tracks each individual vial of AlbuRx® from manufacturer to end user – adding to patient safety.

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®

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
- Humanalbumin®

Hereditary Angioedema

- Berinert®

Other Critical 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.

Polyvalent 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

CSL Behring continued

Privigen® – A Flagship IVIg

Since launching in 2007 as the world's first 10% proline-stabilized intravenous immunoglobulin (IVIg), Privigen® has performed well in numerous major geographies as one of CSL Behring's flagship products in a large and growing portfolio of therapies used in treating a range of conditions, most notably primary immunodeficiency (PID), secondary immunodeficiency (SID), idiopathic thrombocytopenic purpura (ITP), and chronic inflammatory demyelinating polyneuropathy (CIDP).

During fiscal year 2013/14, Privigen® continued to deliver strong results in multiple regions. The Company's Intercontinental region was particularly

successful with this brand, driving rapid and unprecedented expansion into new markets including Russia, Turkey, Iran and Algeria via product approvals and launches.

Globally, Privigen® is expected to gain a sizeable presence in the neurology space with its labeled indication for CIDP in Europe and with the CIDP indication approved in Canada in May 2014.

100 million grams of Privigen®

Meeting this commercial potential requires significant strategic planning and capital investment. In May 2014, only six years into production, our Bern manufacturing site reached the 100 million

gram (100 tons) mark in the manufacture of Privigen®. This has been achieved through improvements in technology and productivity, strong teamwork, and a project that brought about a significant increase in manufacturing capacity. Privigen® is currently registered in more than 55 countries.

For thousands of patients with rare and serious diseases, the 100 million grams of Privigen® produced in Bern has provided a reliable supply of safe and efficacious therapy. In 2016, a new 15 million gram capacity Privigen® manufacturing facility is due to become operational at our Broadmeadows site in Melbourne, Australia.



Inside the IgLAB bulk manufacturing facility in Bern where chromatography and virus filtration operations are carried out for Privigen® and Hizentra®.



Privigen® is currently registered in more than 55 countries.

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.

- **Biostat® /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 Behring continued

CEO joins Australian Trade Mission to Japan, China and Korea



CSL's CEO Paul Perreault is introduced to President of South Korea, Park Geun-hye by Australian Prime Minister, Tony Abbott.

As CEO of Australia's largest biopharmaceutical company with a leading global position in healthcare and innovation, Paul Perreault was invited to join Australian Prime Minister Tony Abbott's trade delegation to Japan, China and Korea in April 2014. These countries are important strategic markets for CSL, given their combined gross domestic product of US\$15 trillion and collective population of 1.5 billion.

"My role was to talk to Japanese, Chinese and Korean business leaders to share some of our experiences with them," said Paul. "We had valuable discussions with key officials about how business operates

in their regions and how we can bring innovation by opening trade channels."

With a sales office and manufacturing site in Japan, CSL has had a long-standing presence in the country. Paul said his focus for this part of the trip was to gain a better understanding of how to work more effectively with regulators and the government. In China, Paul said the mission afforded him an opportunity to open discussions with health authorities and others to determine how CSL could both help expand healthcare in China and share global best practices in the plasma sector.

A Model of Strength and Endurance



Robbie and Tricia with Karen Lewis, Assistant Manager at CSL Plasma's Dayton Ohio collection centre.

Robbie Skrinak looks like any 15-year-old teenager but what most people don't know is he has Common Variable Immune Disease (CVID), characterized by low levels of serum immunoglobulins (antibodies) causing increased susceptibility to infection.

"Robbie was sick within the first couple weeks after we brought him home from the hospital" says his mother Tricia. "From that point on, he was always sick. Robbie was our fifth child so I knew something was not right. Diagnosed with CVID when he was four, Robbie now receives subcutaneous Hizentra® every week. We have been very happy with his treatment and outlook on life".

Robbie enjoys tennis but due to chronic fatigue caused by CVID he mostly enjoys computers, chess and magic cards. "Robbie is a computer genius" says Tricia.

Adopt-a-Patient visits to the CSL Plasma centre in Dayton are important to Robbie and his parents. "Without the donors, there would be no Robbie" says Tricia. "He is our light. Robbie is our model of strength and endurance. The CSL Plasma Adopt-a-Patient program really helps because I believe when people can connect a face to a need they are more willing to help make a difference. For us, that means donors continue to donate plasma and employees work together for patients like Robbie. Thank you CSL!"

During the past three years, 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. In April 2014, CSL Plasma opened its 100th collection centre. 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

CSL Behring’s plasma collection business, CSL Plasma, has collection centres throughout the US and Germany, along with plasma testing laboratories and logistics centres in both countries.

Millions of donations every year 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 has its headquarters in Boca Raton, Florida (US), logistics centres in Indianapolis, Indiana (US) and Mesquite, Texas (US), and a plasma-testing laboratory in Knoxville, Tennessee (US).

The Company’s German operations include a plasma-testing laboratory in Goettingen and a logistics centre in Schwalmstadt.

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

US Headquarters
Boca Raton, Florida

US Testing Laboratory
Knoxville, Tennessee

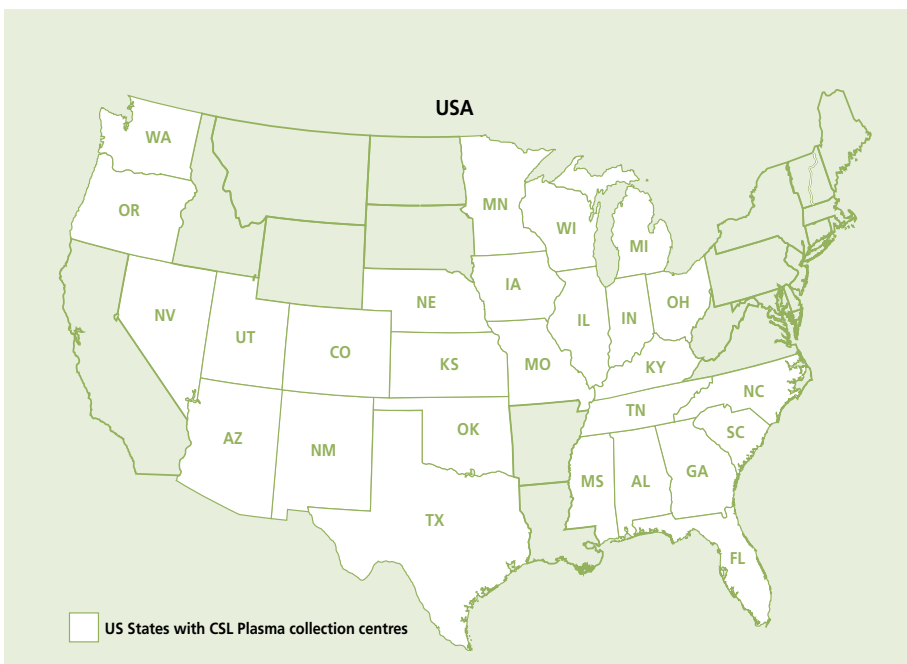
US Logistics Centres
Indianapolis, Indiana
Mesquite, Texas

EU Headquarters
Marburg, Germany

EU Testing Laboratory
Goettingen, Germany

EU Logistics Centre
Schwalmstadt, Germany

US States and German cities with CSL Plasma collection centres



CSL Behring continued

Jenn stays fit and healthy



With a love for the outdoors and physical fitness, last year alone Jenn Koles cycled more than 4,000 miles and peddled up hills and mountains totalling more than 330,000 feet – more than 11 times the height of Mount Everest. “When I am outdoors, I enjoy the ability to get away and be in an open space to explore and smell fresh air. I feel like there is an unlimited area for me to enjoy when I’m on my bike and cycling helps me get away from stress.”

One source of stress in Jenn’s life is von Willebrand disease or VWD, the most common hereditary bleeding disorder affecting about one percent of the population. Caused when von Willebrand factor (a blood protein necessary for clotting) is missing or not working properly, VWD is equally likely to affect men and women.

“I had multiple surgeries before I was 18 that all resulted in severe bleeding. It was not until I went for a consult to have my wisdom teeth removed at the age of 18 that tests determined I had a bleeding disorder. Jenn manages VWD with Humate-P® (plasma-derived factor VIII/von Willebrand factor complex) which restores the clotting factor missing from her blood.

When not on the bike, Jenn enjoys snowboarding, snowshoeing, hiking, rock climbing and writing about the outdoors. She also serves as a member of the VWD Consumer Advisory Board for CSL Behring, where she shares her story with women and men who are managing VWD. “It’s critical that people with VWD learn about the importance of exercise, fitness and stress management,” says Jenn. “In life, my goal is to be as happy and as healthy as I can.”



Hizentra® subcutaneous immunoglobulin offers patients the convenience of at-home self administration.

Hizentra® approved in Japan



Hizentra® subcutaneous immunoglobulin therapy is now available in Japan following product approval in September 2013 by the Japanese Ministry of Health, Labour and Welfare.

Among presenters at the January 2014 Hizentra® launch event was Professor Shigeaki Nonoyama (above) from the Department of Pediatrics, National Defense Medical College, in Saitama, Japan.

Hizentra® brings Primary Immunodeficiency (PID) and Secondary Immunodeficiency (SID) patients access to the convenience of this first and only 20% subcutaneous immunoglobulin therapy for treatment of these conditions.

Ben's future is looking bright



Growing up near his family's dairy farm, Ben Davies developed an enthusiasm for working with animals. Now a teenager, Ben raises pigs and cattle and occasionally travels more than a thousand miles to show them in exhibitions.

"Ben has always been an outdoor kid with a great sense of adventure," said his mother, Traci. "However, as a boy, he was frequently ill."

When Ben was eight years old, he was finally diagnosed with Primary Immunodeficiency (PID), a group of serious diseases of the immune system affecting millions of children and adults worldwide. For people living with PID, infections may be common, severe, long-lasting, and/or hard to cure.

Hizentra® every two weeks

Nowadays, Ben self-administers Hizentra®, a subcutaneous immunoglobulin, once every two weeks. This bi-weekly treatment regimen helps Ben keep up with his life as an active teenager. "I can go on trips and go to shows." Ben no longer sees treating his condition as infringing on his time.

Ben heads off to college in the next year and Traci is excited for his prospects. "I think his future is very bright. PID has taught him a lot about himself. He's learned a lot about acceptance, responsibility and taking control of what he can control."

bioCSL

bioCSL's unique public health role in Australia – past, present and future



Spider venom being collected to produce antivenom.

As part of our Australian heritage, bioCSL plays a critical role in protecting Australians against the ever-present threat of an influenza pandemic and in providing assured access to uniquely Australian antivenoms and Q fever vaccine.

An influenza pandemic can have global catastrophic consequences, both socially and economically. Maintaining the capability to rapidly develop, manufacture and distribute pandemic vaccine is critical to protecting populations during a pandemic emergency. Australia has this national capability through bioCSL.

Our efforts to combat influenza pandemics commenced in 1919 when CSL (bioCSL's parent company) produced 3 million doses of a vaccine to fight the Spanish influenza epidemic. Over the years we have developed bird flu vaccine for stockpiling by Governments in our region and we were one of the first manufacturers in the world to respond to the swine flu pandemic in 2009.

Not only does Australia seek to protect itself from infectious diseases emerging from outside the country, it also has to deal with many native biological threats. Australia is home to some of the world's most venomous creatures including the Taipan, Funnel Web Spider and Box Jelly Fish and bioCSL is the sole producer of Australian antivenoms internationally.

CSL released the first antivenom (for the Tiger snake) in 1930 after years of scientific collaboration with the Walter and Eliza Hall Institute. Today, bioCSL manufactures 11 different types of antivenoms for the Australian community. Because antivenoms are species-specific and are used in relatively small volumes, they have limited commercial potential. Partnerships between national Governments and local manufacturers underpin ongoing antivenom production.

Australia also has one of the known highest rates of Q fever infection in the world. Q fever is a highly infectious disease that is carried by animals and passed to humans. It is an influenza-like illness that can cause chronic fatigue syndrome, heart inflammation and hepatitis.

Q fever was first named in 1935 after an outbreak of febrile illness among abattoir workers in Australia. Sir MacFarlane-Burnet identified the bacterium responsible, *Coxiella burnetii*, which survives in dust and is carried by cattle, sheep and native Australian animals like kangaroos. Those most at risk of infection are veterinarians, abattoir workers, sheep shearers and farmers, but anyone who comes into contact with animals can be infected.

Following extensive research and development efforts by CSL and Professor Barrie Marmion, production of a vaccine for the prevention of Q fever commenced in 1981. Today, Australia is the only country to recommend Q fever vaccination to at-risk groups and bioCSL remains today the only producer of Q fever vaccine in the world.

Pandemic preparedness for Australia, along with antivenom and Q fever production, are non-commercial activities provided by bioCSL to the Australian Government for the benefit of the Australian community. We are proud of the role we have played in the history of these important public health measures and are committed to an ongoing partnership with the Australian Government to ensure the provision of these products and services into the future.



Production of a vaccine for the prevention of Q fever commenced in 1981 following extensive research and development by CSL and Professor Barrie Marmion.

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

Vaccines

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:

Advantan*	Eczema and psoriasis
Antivenoms	Envenomation
BenPen®	Bacterial infections
Burinex*	Oedema
Cervidil*	Complications during childbirth requiring induced labour
Copaxone*	Multiple Sclerosis
Finacea*	Rosacea
Flomaxtra*	Benign prostatic hyperplasia
Fucidin*	Bacterial infections
Modavigil*	Excessive daytime sleepiness in narcolepsy
Palexia*	Moderate to severe chronic pain
Scheriproct*	Haemorrhoids, proctitis and anal fissures
Tramal*	Moderate to severe pain
Vesicare*	Overactive Bladder Syndrome
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
Crucell		• Dukoral	• Vivotif Oral
Ferring Pharmaceuticals Pty Ltd		• Cervidil	
Grunenthal GmbH		• Tramal	• Palexia
Bayer Healthcare Pharmaceuticals Inc.		• Advantan • Finacea	• Scheriproct
Valneva		• Jespect	
Leo Pharmaceutical Products Limited AS		• Burinex	• Fucidin
Novartis		• Menjugate • Menveo	• Rabipur
Teva		• Copaxone	• Modavigil
Sandoz		• BenPen	
Valeant		• Tetrabenazine	

Research and Development

World Federation of Hemophilia Congress 2014 in Melbourne

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 (or clotting factors) used for the treatment of haemophilia A, haemophilia B, and the most common inherited bleeding disorder in the world, von Willebrand disease (vWD).

In May 2014, CSL was a platinum sponsor of the World Federation of Hemophilia (WFH) World Congress, held for the first

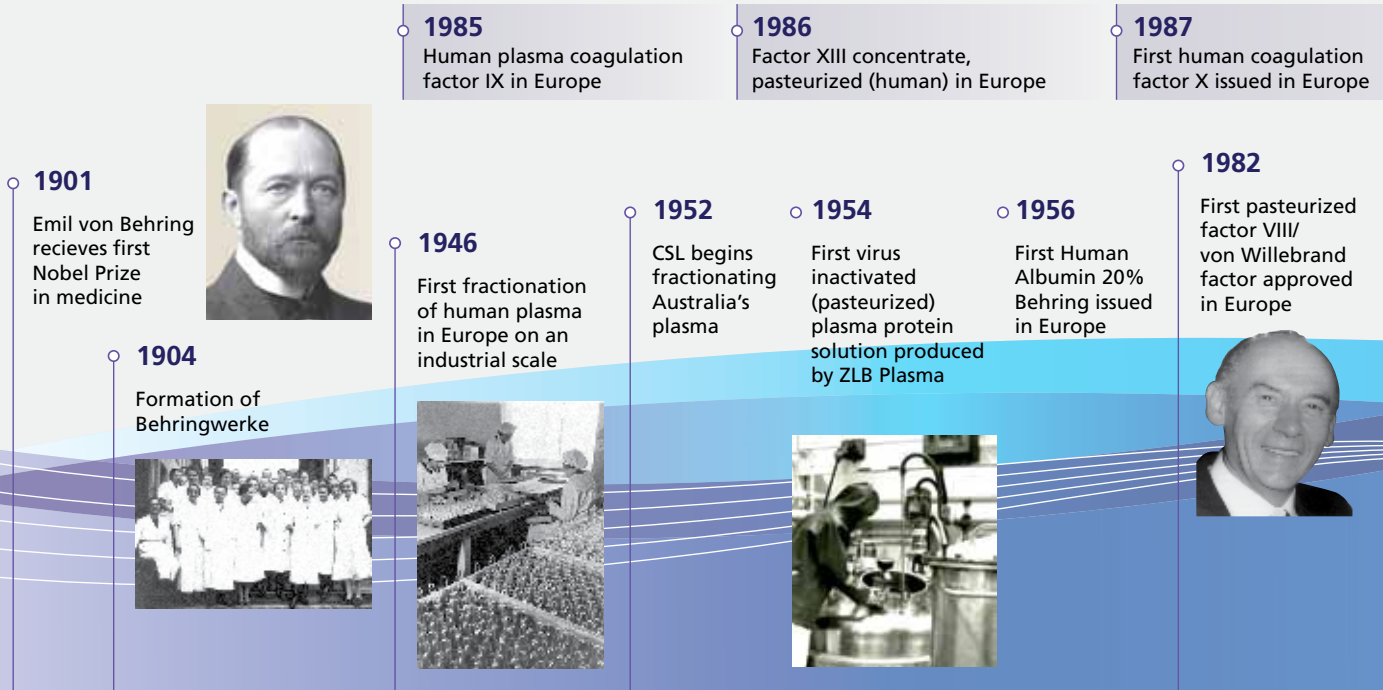
time in Melbourne, Australia. The WFH is an international not-for-profit organisation that improves and sustains care for people with inherited bleeding disorders.

The WFH World Congress is the largest global gathering for the bleeding disorders community. Congress attendees included patients, physicians, nurses, social workers, psychologists, geneticists and scientists. Around 4,000 delegates attended from more than 120 countries, including over 150 CSL employees and members of the CSL Board.

As a world leader in coagulation therapies the WFH provided the perfect platform for CSL to showcase its technical expertise, R&D product pipeline, state-of-the-art manufacturing facilities and commitment to the bleeding disorders community.

Andrew Cuthbertson, CSL's Chief Scientific Officer, together with several CSL scientists and clinicians, updated patients and physicians on our advancements in the development of a family of novel longer-acting recombinant coagulation factor medicines which if successful should result in a marked reduction in frequency of administration compared to current treatments and significantly increase convenience for patients. CSL is rapidly advancing these novel coagulation products through the clinic reinforcing our long-term commitment to developing innovative treatments to improve the lives of those living with rare bleeding disorders.

CSL's commitment to improving the lives of people with bleeding disorders



New Biotechnology Facility Officially Opened

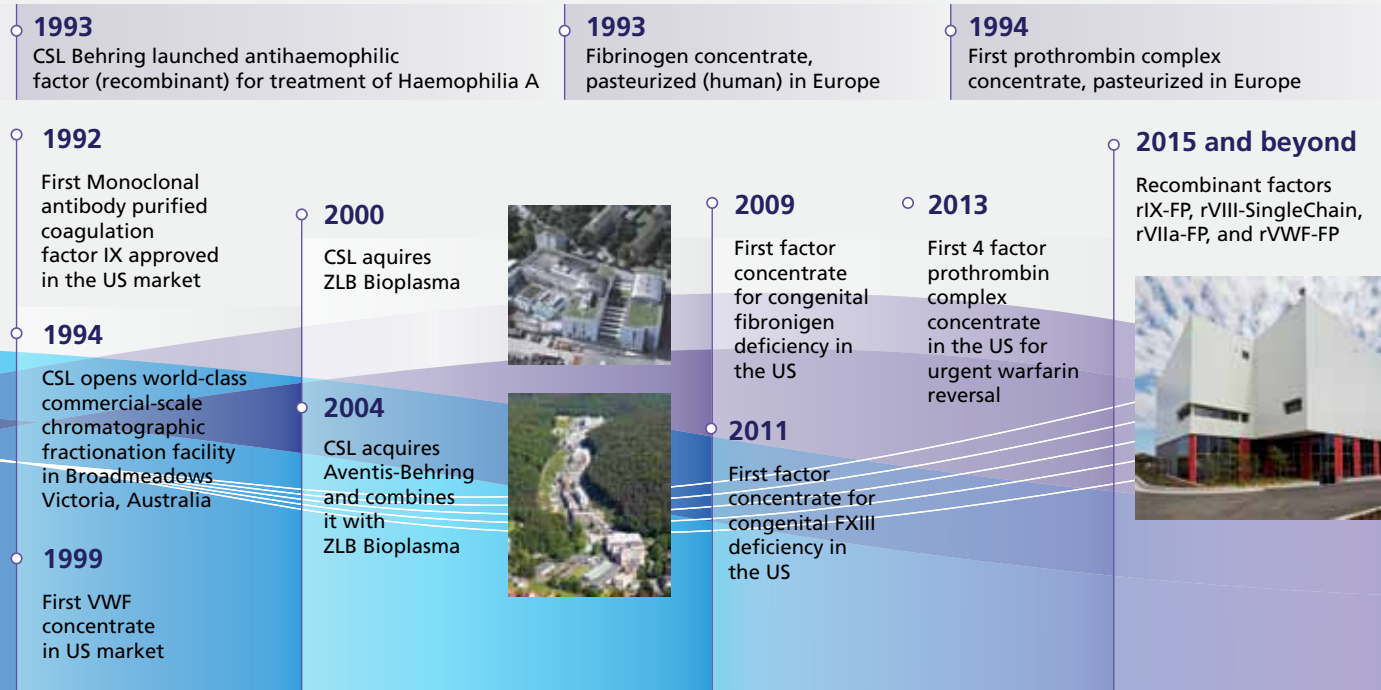
One of the flagship events of the World Federation of Hemophilia (WFH) 2014 Congress was the official opening of CSL's Biotechnology Manufacturing Facility (BMF) in Broadmeadows, the largest and most advanced facility of its kind in Australia.

Adjacent to the CSL Behring Broadmeadows manufacturing plant, the BMF will produce novel recombinant therapies on a large scale for international clinical trials. This will advance CSL's specialist capabilities in recombinant-based research and support the development of our R&D pipeline, which currently includes recombinant therapies for a range of rare and serious diseases, including bleeding disorders, inflammatory conditions and cancer.

The first therapy to be manufactured in the BMF will be a coagulation factor (rVIIa-FP) for the treatment of haemophilia. This is one of several longer-acting coagulation factors being developed which aims to significantly reduce the number of injections required to maintain normal blood clotting in people with bleeding disorders. Clinical trials of rVIIa-FP in patients are expected to commence later this year. The facility will produce 'bulk intermediate' product which will then be shipped to our Marburg site to undergo finishing processes before it is supplied to clinical trial sites around the world.

The opening ceremony was attended by the Australian Government's Minister for Industry and the Victorian State Premier, along with senior members from the National Blood Authority and Australian Red Cross Blood Service. More than 80 guests including representatives from government, medical research institutes, universities, industry associations and patient organisations, were able to enjoy tours of the BMF.

The world-class facility is key to the ongoing success of CSL's global R&D strategy and reflects our commitment to provide better treatment options for people who suffer from bleeding disorders and other life-threatening conditions.



Research and Development continued

Research and Development Strategy

Immunoglobulins

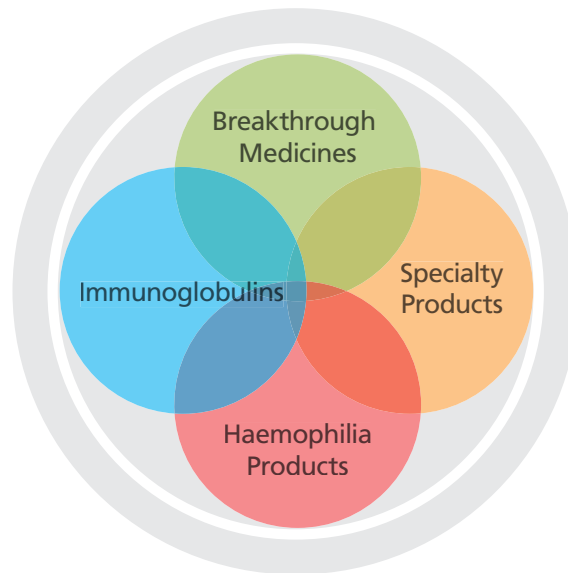
Products such as Hizentra® and Privigen®.

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.



Haemophilia Products

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

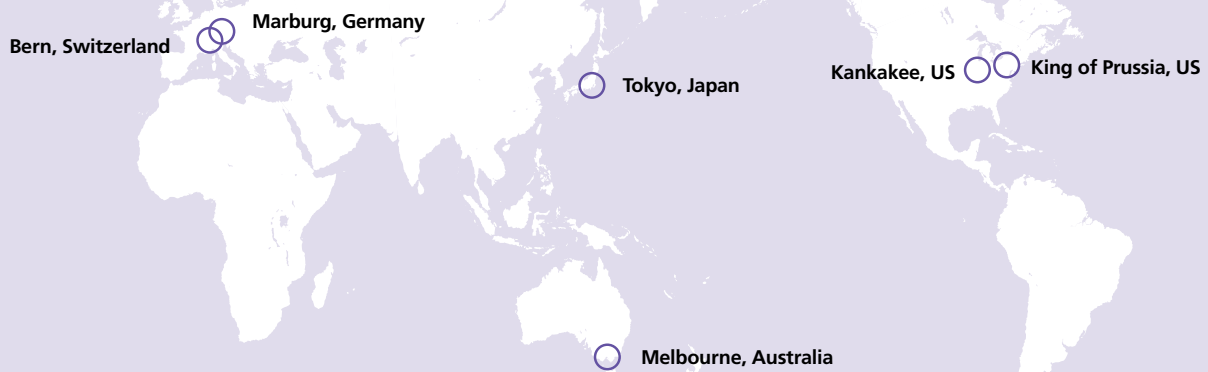
Direction: Support and enhance plasma products and develop a novel recombinant portfolio with a focus on scientific and product innovation and patient benefit.

Specialty Products

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

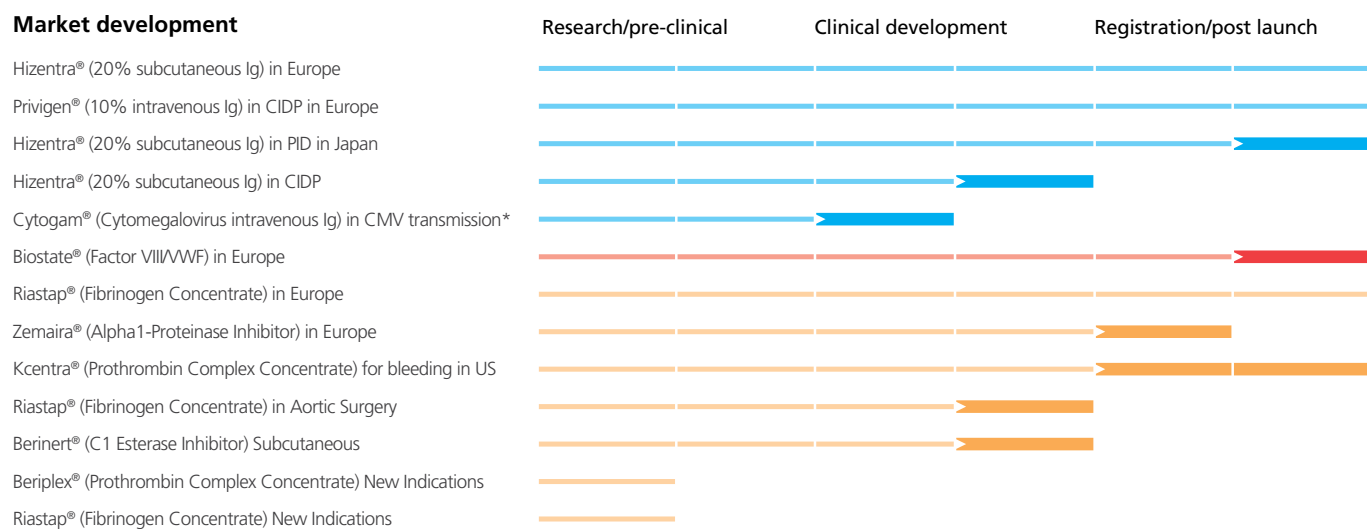
Direction: Leverage our high quality, broad specialty plasma products portfolio through new markets, novel indications and new modes of administration.

Research and Development Operations employ over 1000 scientists globally.

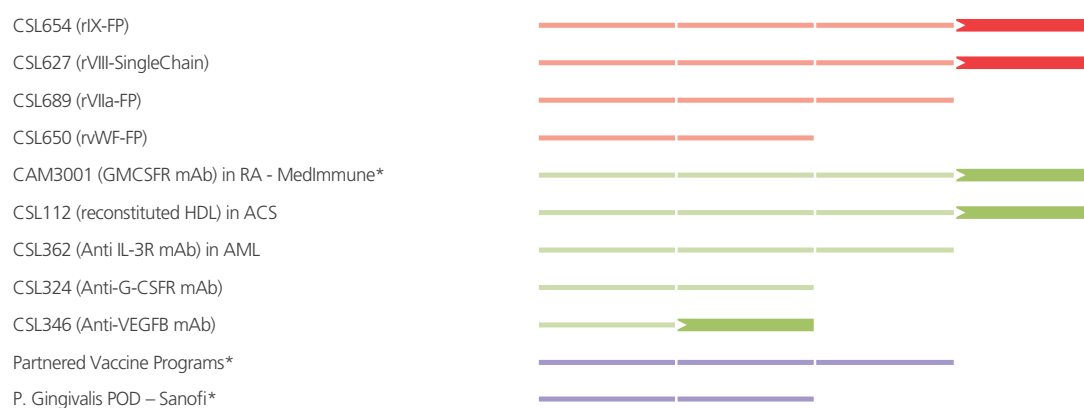


CSL's Global Research and Development Pipeline Achievements 2013-2014

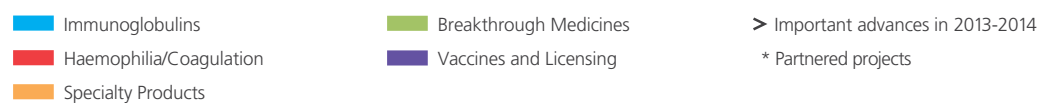
Market development



New product development



Core capabilities



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



John Shine, AO



Paul Perreault



John Akehurst

John Shine AO

BSc (Hon), PhD, DSc, FAA – (Age 68)
Pharmaceutical Industry and Medicine (resident in NSW)
Independent: Yes

Chairman

Professor 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, he 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.



David Anstice



Bruce Brook



Marie McDonald

Paul Perreault

BA Psychology – (Age 57)
International Pharmaceutical industry (resident in US)
Independent: No

Chief Executive Officer and Managing Director

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. Paul 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. He has also worked in senior leadership roles with Wyeth, Centeon, Aventis Bioservices and Aventis Behring. Paul was previously Chairman of the Global Board for the Plasma Protein Therapeutics Association. He has had more than 30 years experience in the global healthcare industry.

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



Christine O'Reilly



Maurice Renshaw



Edward Bailey
Company Secretary

John Akehurst

MA (Oxon), FIMechE – (Age 65)
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.

David Anstice

BEC – (Age 66)
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, Japan 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.

Bruce Brook

BCom, BAcc, FCA, MAICD – (Age 59)
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 Boart Longyear Limited and Newmont Mining Corporation. Mr Brook has previously been Chairman of Energy Developments Limited and a Director of 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.

Marie McDonald

BSc (Hon), LLB (Hon) – (Age 58)
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.

Christine O'Reilly

BBus – (Age 53)
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 Care Australia. 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.

Maurice Renshaw

BPharm – (Age 67)
International Pharmaceutical Industry (resident in NSW)
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 international pharmaceutical industry.

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

Edward Bailey

LLB, BCom, FGIA – (Age 48)

Company Secretary

Global Leadership Group



Paul Perreault



Gordon Naylor



Andrew Cuthbertson

Paul Perreault

BA Psychology – (Age 57)

Chief Executive Officer and Managing Director

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. Paul 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. He has also worked in senior leadership roles with Wyeth, Centeon, Aventis Bioservices and Aventis Behring. Paul was previously Chairman of the Global Board for the Plasma Protein Therapeutics Association. He has had more than 30 years' experience in the global healthcare industry.

Gordon Naylor

BEng (Hons), DipCompSc, MBA – (Age 51)

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. 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.

Andrew Cuthbertson

BMedSci, MBBS, PhD, FTSE – (Age 59)

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.



Mary Sontrop



Greg Boss



Karen Etchberger



Ingolf Sieper



Bob Repella



Jill Lever



Laurie Cowan

Mary Sontrop

BAppSc, Grad Dip Health Admin,
Grad Dip Quality Mgt, MBA – (Age 57)

Executive Vice President, Manufacturing and Planning

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.

Greg Boss

JD, BS (Hon) – (Age 53)

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 CSL Behring, a position he continues to hold. In addition, Greg is also responsible for risk management for the Group. Prior to joining CSL, Greg was Vice President and Senior Counsel for CB Richard Ellis International.

Karen Etchberger

PhD – (Age 56)

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 and enterprise project management. 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 2001 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.

Ingolf Sieper

MD, BA – (Age 59)

Executive Vice President, Commercial Operations (until 30 June 2014)

Ingolf was appointed Executive Vice President, Commercial Operations in 2011. He is responsible for all sales and marketing activities globally for CSL Behring. Ingolf joined a CSL predecessor company in 1986 and has a strong background in marketing and management in the coagulation, diagnostic and plasma protein divisions. Among the roles in which he has served, Ingolf was Vice President and General Manager, Commercial Operations, Central Europe, with responsibility for CSL Behring's commercial activities in Germany, Switzerland, Austria and Slovenia.

Bob Repella

BSc (Pharmacy), MBA – (Age 55)

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

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

Jill Lever

BA (Hon) – (Age 58)

Senior Vice President, Human Resources (until 30 March 2014)

Jill joined CSL Limited as Senior Vice President, Human Resources in 2009. She heads the global Human Resources function and works with the Managing Director and Board on strategic matters relating to talent, succession, organizational culture and executive remuneration. Originally from the UK, Jill held a number of human resources roles with the Royal Dutch Shell Group in Europe, the Middle East, South America and Asia Pacific before working in the finance and mining sectors in Melbourne.

Laurie Cowan

BS (Finance), MS (Organizational Development) – (Age 50)

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

Laurie was appointed as Senior Vice President, Human Resources in April 2014 and is responsible for leading Human Resources practices and objectives that promote 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.

Share Information

CSL Limited

**Issued Capital Ordinary Shares:
475,087,269 as at 30 June 2014**

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 of the Company 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 the Company itself.

CSL ordinary shares have been traded on the Australian Stock Exchange since 30 May 1994. Melbourne is the Home Exchange.

Substantial Shareholders

As at 30 June 2014, 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 2014, there were no significant foreign shareholdings in CSL.

Distribution of Shareholdings as at 30 June 2014

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	75,736	26,472,236	5.57
1,001 - 5,000	24,111	56,795,211	11.96
5,001 - 10,000	4,268	29,444,872	6.20
10,001 - 100,000	1,844	33,894,423	7.13
100,001 and over	65	328,480,527	69.14
Total shareholders and shares on issue¹	106,024	475,087,269	100.00

Unmarketable Parcels	Minimum Parcel Size	Holders	Units
Minimum A\$500.00 parcel at A\$66.55 per unit	8	496	1,298

¹ As at 30 June 2014, CSL had entered into contracts to buy back an additional 299,000 ordinary shares, with settlement and amendment to the share register pending. The cancellation of these shares has been reflected in the reconciliation of outstanding shares in Note 20 to the Financial Report.

Shareholder Information

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 facsimile:
61 3 9473 2500

Investor enquiries online:
www.investorcentre.com/contact

Website:
www.investorcentre.com

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 above 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 CHES 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

Shareholders as at 30 June 2014

	Shareholders	Shares
Australian Capital Territory	1,863	2,441,437
New South Wales	30,721	201,580,983
Northern Territory	283	290,600
Queensland	12,034	15,481,404
South Australia	5,668	9,633,310
Tasmania	1,363	1,569,562
Victoria	35,299	227,748,485
Western Australia	13,965	11,355,650
International Shareholders	4,828	4,985,838
Total shareholders and shares on issue¹	106,024	475,087,269

¹ As at 30 June 2014, CSL had entered into contracts to buy back an additional 299,000 ordinary shares, with settlement and amendment to the share register pending. The cancellation of these shares has been reflected in the reconciliation of outstanding shares in Note 20 to the Financial Report.

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 the Company's website. 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 Notice of Meeting and Proxy.

The Annual General Meeting will be held at the Function Centre, National Tennis Centre, Melbourne Park, Batman Avenue, Melbourne at 10:00am on Wednesday 15 October 2014. 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 is a participating member of eTree and proud to support this environmental scheme encouraging

security holders to register to access all their communications electronically. Our partnership with eTree is an ongoing commitment to driving sustainable initiatives that help security holders contribute to a greener future.

For every email address registered at www.eTree.com.au/csl, a donation of up to \$1 is made to Landcare Australia towards reforestation projects to help restore degraded plant, animal and water resources. With your support, CSL has registered over 19,363 email addresses, which in turn has facilitated the planting of more than 55,865 trees in Australia and New Zealand.

We also encourage you to visit eTree if your email address has changed and you need to update it. For every updated registration, \$1 dollar will be donated to Landcare Australia. To register, you will need your Security Holder Reference Number (SRN) or Holder Identification Number (HIN).

Shareholder Information continued

CSL's Twenty Largest Shareholders as at 30 June 2014

Shareholder	Account	Shares	% Total Shares
1 HSBC Custody Nominees (Australia) Limited		134,283,382	28.27
2 J P Morgan Nominees Australia Limited		73,700,335	15.51
3 National Nominees Limited		53,069,191	11.17
4 Citicorp Nominees Pty Limited		24,790,768	5.22
5 BNP Paribas Nominees Pty Ltd	DRP A/c	10,347,886	2.18
6 Citicorp Nominees Pty Limited	Colonial First State Inv A/c	5,620,832	1.18
7 AMP Life Limited		2,880,580	0.61
8 UBS Wealth Management Australia Nominees Pty Ltd		2,016,548	0.42
9 RBC Investor Services Australia Nominees Pty Limited	BKCUST A/c	1,408,884	0.30
10 HSBC Custody Nominees (Australia) Limited	NT-Comnwlth Super Corp A/c	1,209,133	0.25
11 Mutual Trust Pty Ltd		1,188,322	0.25
12 Argo Investments Limited		1,101,952	0.23
13 BNP Paribas Nominees Pty Ltd	Agency Lending DRP A/c	1,010,041	0.21
14 Bainpro Nominees Pty Limited		992,500	0.21
15 Australian Foundation Investment Company Limited		858,860	0.18
16 National Nominees Limited	DB A/c	829,670	0.17
17 D W S Nominees Pty Ltd		793,090	0.17
18 Navigator Australia Ltd	MLC Investment SETT A/c	739,806	0.16
19 Custodial Services Limited	Beneficiaries Holding A/c	644,402	0.14
20 Milton Corporation Limited		592,198	0.12
Top 20 holders of ordinary fully paid shares		318,078,380	66.95
Remaining holders balance		157,008,889	33.05
Total shares on issue¹		475,087,269	100.00

In addition, as at 30 June 2014, a substantial shareholder notice has been received from:

Commonwealth Bank of Australia and its subsidiaries

¹ As at 30 June 2014, CSL had entered into contracts to buy back an additional 299,000 ordinary shares with settlement and amendment to the share register pending. The cancellation of these shares has been reflected in the reconciliation of outstanding shares in Note 20 to the Financial Report.

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 the Company's principal corporate governance practices in place during the financial year ended 30 June 2014.

The Board believes that the Company complies with the recommendations contained in the 2nd edition of the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations', released in June 2010 (the Corporate Governance Principles and Recommendations). A checklist summarising the Company's compliance with the 2nd edition of the Corporate Governance Principles and Recommendations is available on the Company's website (see www.csl.com.au/about/governance.htm).

In March 2014, the ASX Corporate Governance Council released the 3rd edition of the Corporate Governance Principles and Recommendations, which applies to ASX listed companies in respect of their first full financial year commencing on or after 1 July 2014. Accordingly, the 3rd edition of the Corporate Governance Principles and Recommendations will apply to CSL for its financial year ending 30 June 2015. The Board intends to ensure that its corporate governance practices comply with the recommendations in the 3rd edition, and the Company's Corporate Governance Statement for its financial year ending 30 June 2015 will report its compliance against those recommendations.

This statement has been approved by the Board.

1. The Board of Directors

1.1 The CSL Board Charter

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

The Board has delegated the day-to-day management of the Company, 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.

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. Those committees are:

- 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 charter setting out its composition and responsibilities. A description of each committee and their responsibilities is set out below. The Board also delegates specific responsibilities to ad hoc committees from time to time.

The CSL Board Charter sets guidelines as to the desired term of service of non-executive directors. The CSL Board Charter provides that non-executive directors should be able

to serve for at least 8 years before retiring from the Board, subject to re-election by shareholders. This charter also recognises that whilst board renewal is essential, a mixture of skills and differing periods of service provides for balance and optimal outcomes at a board level. Prior to the expiry of a director's current term of office, the Board reviews that director's performance. In the event that such performance is considered less than effective, the Board may decide that it will not support the re-election of that director.

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 the Company'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.

The CSL Board Charter is available on the Company's website (see www.csl.com.au/about/governance.htm).

1.2 Composition of the Board

Throughout the year there were between eight and nine directors on the Board. On 14 August 2013, Marie McDonald was appointed to the Board as a non-executive director (and was elected by shareholders on 16 October 2013 at the Company's annual

Corporate Governance continued

general meeting). On 16 October 2013, Ian Renard retired from the Board. One of the current directors - Paul Perreault, Managing Director - is the only executive director.

The CSL Board Charter provides that a majority of directors should be independent. No director acts as a nominee or representative of any particular shareholder. A profile of each current director, including details of their skills, expertise, relevant experience, term of office and Board committee memberships can be found on pages 30 and 31 of this Report.

The Chairman of the Board, John Shine, is an independent, non-executive director. He is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board to the public. The Chairman sets the agenda for Board meetings and manages their conduct and facilitates open and constructive communication between the Board, management, and the public.

1.3 Independence

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

All CSL directors are aware of, and adhere to, their obligation under the Corporations Act to disclose to the Board any interests or relationships that they, or any associate of theirs, may have in a matter that relates to the affairs of the Company, and any other matter that may affect their independence. As required by law, details of any related party dealings are set out in full in Note 28 of the financial report. All directors have agreed to give the Company notice of changes to their relevant interests in Company shares within five days to enable both them and the Company to comply with the ASX Listing Rules. If a potential conflict of interest exists on a matter before the Board then (unless the remaining directors determine otherwise), the director concerned does not receive the relevant briefing papers, and takes no part in the Board's consideration of the matter nor exercises any influence over other members of the Board.

In addition to considering issues that may arise from disclosure by directors from time to time under these obligations, the Board makes an annual assessment of each non-executive director to determine whether it considers the director to be independent. The Board considers that an independent director is a director who is independent of management and free of any business or other relationship that could, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and independent judgment.

Information about any such interests or relationships, including any related financial or other details, is assessed by the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a director's unfettered and independent judgment. As part of this process the Board takes into account a range of relevant matters including:

- information contained in specific disclosures made by directors pursuant to their obligations under the CSL Board Charter and the Corporations Act;
- any past employment relationship between the director and the Company;
- any shareholding the director or any of his or her associates may have in the Company;
- any association or former association the director may have with a professional adviser or consultant to the Company;
- any other related party transactions whether as a supplier or customer of the Company or as party to a contract with the Company other than as a director of the Company;
- any other directorships held by the director;
- any family or other relationships a director may have with another person having a relevant relationship or interest; and
- has the director been a director for such a period that his or her independence may be compromised.

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.

If a director has a current or former association with a supplier, professional adviser or consultant to the CSL Group, that supplier, adviser or consultant will be considered material:

- from the Company's point of view, if the annual amount payable by the CSL Group to the supplier, adviser or consultant exceeds 5% of the consolidated expenses of the CSL Group; and
- from the director's point of view, if that amount exceeds 5% of the supplier's, adviser's or consultant's total revenues.

Similarly, a customer of the CSL Group would be considered material for this purpose:

- from the Company's point of view, if the annual amount received by the CSL Group from the customer exceeds 5% of the consolidated revenue of the CSL Group; and

- from the director's point of view, if that amount exceeds 5% of the customer's total expenses.

In addition to assessing the relationship in a quantitative sense, the Board also considers qualitative factors, such as the nature of the goods or services supplied, the period since the director ceased to be associated and their general subjective assessment of the director.

1.4 Nomination Committee

The functions and responsibilities of the Nomination Committee are documented in a formal charter approved by the Board.

The Nomination Committee comprises all of the independent directors. The Nomination Committee is chaired by the Board Chairman.

Details of the Nomination Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 30 and 31 of this Report.

The Nomination Committee is responsible for reviewing the Board's membership and making recommendations on any new appointments. In making recommendations for new directors, the Nomination Committee seeks to ensure that any new director will complement or maintain the skills, experience, expertise and diversity of the Board necessary to enable it to oversee the delivery of the Company's objectives and strategy. 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.

The Nomination Committee is also responsible for:

- setting and following the procedure for the selection of new directors for nomination;
- conducting regular reviews of the Board's succession plans to enable it to maintain the mix of skills, experience, expertise and diversity that the Board is looking to achieve;
- regularly reviewing the membership of Board committees; and
- conducting annual performance reviews of the Board, individual directors, and the Board committees.

Details of Nomination Committee 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.

The Nomination Committee Charter is available on the Company's website (see www.csl.com.au/about/governance.htm).

1.5 Director Appointments

One new director was appointed to the Board during the financial year. Marie McDonald was appointed to the Board on 14 August 2013 and was elected at the 2013 Annual General Meeting. One director retired from the Board during the financial year. Ian Renard retired as a director as at the conclusion of the 2013 Annual General Meeting. John Akehurst was re-elected as a director at the 2013 Annual General Meeting.

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

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

The Company provides its shareholders with all material information (that is in the Company'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).

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

- the Company's financial, strategic, operational and risk management position;
- the culture and values of the Company;
- 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 the Company'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 the Company and the industry

and environment within which it operates. As part of this program, directors have the opportunity to visit Company facilities, including all major operating sites in the US, Europe and Australia, and to attend meetings and information sessions with the Company's local management and employees.

1.6 Performance Evaluation

As mentioned above, 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;
- the composition of the Board and each Committee, focussing on the skills, experience, expertise and diversity of the Board necessary to enable it to oversee the delivery of the Company'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 has suggested a number of new processes and procedures that aim to improve the performance and effectiveness of the Board, including:

- enhancing the peer review process for individual directors;
- increasing the level of input received from executive management in respect of the Board and committee evaluation processes; and
- implementing an updated plan and timetable for Board engagement on strategy.

These new processes and procedures have been agreed by the Board and implemented by the Company.

The Nomination Committee is responsible for evaluating the performance of the Managing Director, 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 the Company'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 these processes during the last financial year.

2. Audit and Risk Management

2.1 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 the Company for the full year then ended as required by the Corporations Act;
- that the Company'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 2014.

2.2 Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for assisting the Board in fulfilling its financial reporting, risk management and compliance responsibilities. The functions and responsibilities of the Audit and Risk Management Committee are set

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out in a charter. Broadly, the Audit and Risk Management Committee is responsible for:

- overseeing the Company's system of financial reporting and safeguarding its integrity;
- overseeing risk management and compliance systems and the internal control framework, as set out in the Company's internal Risk Framework (see section 2.3 below);
- monitoring the activities and effectiveness of the internal audit function;
- monitoring the activities and performance of the external auditor and coordinating its operation with the internal audit function; and
- providing full reports to the Board on all matters relevant to the Audit and Risk Management Committee's responsibilities.

The Audit and Risk Management Committee has (in conjunction with management) reported to the Board as to the Company's effective management of its material business risks in respect of the financial year ended 30 June 2014.

The roles and responsibilities of the Audit and Risk Management Committee are reviewed annually.

The Audit and Risk Management Committee currently comprises three independent non-executive directors. The Audit and Risk Management Committee's charter provides that a majority of the Audit and Risk Management Committee must be independent directors, and that the Committee Chair must be an independent director who is not also Chairman of the Board. Executive directors may not be members of the Audit and Risk Management Committee. Members are chosen having regard to their qualifications and training to ensure that each is capable of considering and contributing to the matters for which the Audit and Risk Management Committee is responsible.

Details of the Audit and Risk Management Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 30 and 31 of this Report.

The Audit and Risk Management Committee meets at least four times a year, and 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 other director may attend any meeting of the Audit and Risk Management Committee in an ex officio capacity. Details of Audit and Risk Management Committee 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.

The Audit and Risk Management Committee Charter is available on the Company's website (see www.csl.com.au/about/governance.htm).

2.3 Risk Framework

The Company 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 the Company, 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 the Company'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 business unit and manufacturing site in the Group has its own Risk Management Committee which reports to the Corporate Risk Management Committee on a quarterly basis, and the 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 below). 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.

2.4 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. The Company's external auditor for the financial year was Ernst & Young, who were appointed by shareholders at the 2002 Annual General Meeting. A description of the procedure followed in appointing Ernst & Young is set out in the notice of the 2002 Annual General Meeting.

The Audit and Risk Management Committee has established guidelines to ensure the independence of the external auditor. The external audit partner is to be rotated at least every five years, and the auditor is required to make an independence declaration annually. Information about the total remuneration of the external auditor, including details of remuneration for any non-audit services, can be found in Note 30 of the financial report.

The Audit and Risk Management Committee is satisfied that the provision of those non-audit services by the external auditor was consistent with auditor independence.

The external auditor attends each Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

2.5 Internal Auditor

Another important function of the Audit and Risk Management Committee is to review and monitor the performance of the Company's internal audit operation.

The role of the Company'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 the Company's risk management processes (including the state of any material risks) and internal compliance and control systems.

The Company's internal auditor for the financial year was PricewaterhouseCoopers.

As noted above in section 2.3, 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 the Company, including its controlled entities and their operations.

In addition, the Company's internal auditor may be requested to perform investigative reviews on suspected fraudulent activities or Whistleblower complaints. In line with the Company's Whistleblower Policy, any complaint made against the Managing Director, any member of the Company's Global Leadership Group or any regional Whistleblower reports co-ordinator, must be investigated by the Company'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.

3. Human Resources and Remuneration

3.1 Competitiveness of Remuneration and Human Resources

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

3.2 Remuneration Report

Detail on the Company's remuneration policies and practices are set out in the Remuneration Report on pages 52 to 73 of the Director's Report attached to the financial report. The Remuneration Report includes details of the remuneration of directors and other key management personnel of the consolidated entity, details of the Company's short-term incentive plans, details of the Company's long-term incentive plans and the terms of the retirement benefit scheme for non-executive directors (which only had operation for one (now retired) non-executive director).

3.3 Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee Charter provides that the Committee should consist of at least three members, all of whom are non-executive directors, and that the Committee Chair must be an independent director. Executive

directors may not be members of the Human Resources and Remuneration Committee.

The Human Resources and Remuneration Committee is responsible for assisting the Board in fulfilling its responsibilities with respect to human resources and remuneration matters.

Details of the Human Resources and Remuneration Committee and its charter are set out in the Remuneration Report on page 55 of the Directors' Report attached to the financial report.

The Human Resources and Remuneration Committee meets at least four times a year. Details of Committee 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.

The Human Resources and Remuneration Committee Charter is available on the Company's website (see www.csl.com.au/about/governance.htm).

4. Innovation and Development

4.1 Governance of Innovation and Development

The Board is committed to ensuring that the Company's investments in innovation, research and development are undertaken in ways that are most likely to create long term value for shareholders.

4.2 Innovation and Development Committee

The Innovation and Development Committee is responsible for providing the Board with oversight of CSL's technology, research and product development opportunities. The functions and responsibilities of the Innovation and Development Committee are documented in a formal charter approved by the Board. The Innovation and Development Committee is authorised by the Board to:

- monitor the strategic direction of CSL's technology, research and product development programs;
- provide guidance on issues and priorities, additions to the research and development pipeline and significant development milestones; and
- oversee the management of risk associated with the research and development projects.

The Innovation and Development Committee currently comprises four members, being three independent non-executive directors and the Managing Director. The Committee Chair must be an independent director.

Details of the Innovation and Development Committee's current members, including their qualifications and experience, are set out in the directors' profiles on pages 30

and 31 of this Report. The Company's Chief Scientific Officer is a required attendee. Any other director may attend any meeting of the Innovation and Development Committee in an ex officio capacity.

The Innovation and Development Committee generally meets four times a year. Details of Innovation and Development Committee 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.

The Innovation and Development Committee Charter is available on the Company's website (see www.csl.com.au/about/governance.htm).

5. Market Disclosure

5.1 Communications and External Disclosure

The Company has a Communications and External Disclosure Policy. This policy operates in conjunction with the Company's more detailed internal continuous disclosure policy. Together, these policies are designed to facilitate the Company'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.

The Communications and External Disclosure Policy is available on the Company's website (see www.csl.com.au/about/governance.htm).

5.2 Securities and Market Disclosure Committee

Significant ASX announcements (such as announcements of financial results, market guidance or major transactions) are the subject of full Board approval. In circumstances where it is impractical to convene a Board meeting, the Board has also delegated authority to a Securities and Market Disclosure Committee (that may be convened at short notice) to enable the Company to comply with urgent continuous

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disclosure obligations, including any request for a trading halt or approval of any disclosure. From time to time, the Securities and Market Disclosure Committee may also be specifically authorised by the Board to approve requested amendments to significant ASX announcements following full Board review.

Subject to the above, the Securities and Market Disclosure Committee also has authority to:

- approve the form and substance of less significant disclosures to be made by the Company to the ASX, with the objective of ensuring that the Company meets its reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules (Disclosure Obligations);
- approve any request to the ASX for a trading halt in the Company's securities for the purpose of managing its Disclosure Obligations. In unscheduled and urgent circumstances where it is impractical for the Securities and Market Disclosure Committee to be convened, any of the Chief Executive Officer, the Chief Financial Officer or the Company Secretary may authorise a request for a trading halt if they consider it necessary to ensure compliance by the Company with its Disclosure Obligations;
- approve the allotment and issue, and registration of transfers of securities;
- make determinations on matters relating to the location of the share register; and
- effect compliance with other formalities which may be urgently required in relation to matters affecting the share capital.

The Securities and Market Disclosure Committee comprises a minimum of any two directors, one of whom must be an independent director. Details of Securities and Market Disclosure Committee 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.

The Securities and Market Disclosure Committee Charter is available on the Company's website (see www.csl.com.au/about/governance.htm).

5.3 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. 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 the Company's website; and

- annual general meetings, including webcasting which permits shareholders worldwide to view proceedings.

The Company has a dedicated Governance page on the Company's website (see www.csl.com.au/about/governance.htm) which supplements the communication to shareholders in the annual report regarding the Company's corporate governance policies and practices. That web page also contains copies of many of the Company's governance-related documents, policies and information.

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 the Company's communications strategies whenever reasonably practicable to reflect any such developments.

A copy of the Company's Communications and External Disclosure Policy is available on the Company's website (see www.csl.com.au/about/governance.htm).

6. Securities Trading

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of Company securities, aligning their interests with those of the Company. It 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 Company securities.

The Company has a comprehensive securities trading 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 Company securities.

The policy prohibits directors and employees from buying or selling securities in the Company when they are in possession of price sensitive information which is not generally available to the market. In addition, the policy identifies certain "blackout periods" during which no directors or employees are allowed to trade in Company securities (unless exceptional circumstances apply, the person has no inside information, and special approval is obtained to sell (but not buy) Company securities). Directors and

employees are reminded that procuring others to trade in Company securities when in possession of price sensitive information is also a breach of the law and the securities trading policy. Acquisitions of securities under the employee share and option plans are exempt from the prohibition under the Corporations Act.

A procedure of internal notification and approval applies to directors and designated senior employees wishing to buy or sell Company securities. Directors and designated senior employees are forbidden from making such transactions without the prior approval of the Chairman (in the case of directors) and the Company Secretary (in the case of designated senior employees). Directors also have specific disclosure obligations under the Corporations Act and the corresponding ASX Listing Rules.

A copy of the Company's Securities Dealing Policy is available on the Company's website (see www.csl.com.au/about/governance.htm) and has also been lodged with the ASX in accordance with Listing Rule 12.9.

7. Corporate Responsibility

The Company's approach to Corporate Responsibility is guided by its Group Values, Code of Responsible Business Practice and related policies.

7.1 Group Values

The Company has developed a set of values common to the diverse business units that form the CSL Group. The CSL 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.

7.2 Code of Responsible Business Practice

The Board adopted the current version of its Code of Responsible Business Practice (the Code) as of 1 July 2013. Based upon the CSL Group Values and guiding principles, the Code outlines the Company's commitment to responsible business practices and ethical standards. The Code replaced the previous edition of the Code of Responsible Business Conduct and sets out the rights and obligations that all employees have in the conduct of the Company's business. These rights and obligations relate to:

- business integrity, including statements relating to compliance with applicable laws and standards, ethical and transparent business practices, privacy and political donations;
- the safety and quality of products, including statements on bioethics (including animal ethics) and human rights principles;

- maintaining a safe, fair and rewarding workplace, which covers many employee relations issues such as:
 - o recruitment and selection;
 - o equal employment opportunity/ workplace harassment;
 - o learning and development;
 - o health and safety;
 - o rehabilitation;
 - o professional behaviour;
 - o recognition of service; and
 - o disciplinary action and employee counselling;
- the community, incorporating policy statements on charitable donations;
- environmental management; and
- compliance with the Code.

In accordance with the Code, the Company 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 the Company'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. For example, employees, contractors, suppliers and partners can report concerns, anonymously if they wish, through the Company's website to the Company's independently operated Whistleblower Hotline.

The Code has been distributed to all employees and an enhanced training program has been implemented across the CSL Group.

The Company expects its contractors and suppliers to comply not only with the laws of the countries in which they operate, but also with internationally accepted best practice. It therefore expects that its contractors and suppliers also observe the principles set out in the Code.

A copy of the Code can be accessed in multiple languages on the Company's website (see <http://www.csl.com.au/about/code-of-responsible-business-practice.htm>).

7.3 Diversity

7.3.1 Diversity at CSL

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

Diversity benefits individuals, teams, the Company as a whole and its customers. CSL acknowledges that each employee brings to his or her 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 the Company.

As outlined in the Code, CSL respects and encourages diversity in all its forms.

Gender Diversity at CSL

As at 31 December 2013 and reported to the Board in March 2014, females represented 56% of CSL employees, 42% of CSL's management staff and 30% of the CSL Group's senior executive positions, that is, Vice President and above levels (Senior Executive Positions). During the 2013-2014 financial year four of nine Senior Executive Position appointments or promotions have been female.

The Company has continued to consolidate and build its strong gender diversity position during 2013-2014 and the Board and Senior Management accredit this to the Company's highly inclusive culture, which benefits from all forms of personal diversity.

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 financial year, were achieved again for the 2013-2014 financial year.

There are two female directors currently serving on the Board, representing 25% of the Board members.

Each year, the Board undertakes a comprehensive and focussed review of gender metrics across all areas where management discretion can be said to operate – this includes matters connected with talent, performance, remuneration decisions and access to leadership learning. A range of gender metrics are compiled both globally and by country of employment. Consistent with the data obtained in the 2012-2013 financial year, this year's gender metrics data was again viewed to be healthy and consistent with the general population mix.

In addition to CSL's global commitment to diversity, the Company also encourages our local businesses in all countries in which CSL operates to undertake gender diversity and family-friendly initiatives that are aligned with local practice and culture.

For example, at the Parkville, Victoria site in Australia, the Thinking Kids Children's Centre continues to allow parents every opportunity to advance fulfilling careers while maintaining the fine balance of caring for their children.

In Bern, Switzerland, the Company formally introduced the option for employees to work from their home office for one or one-half day per week. This program has been very popular with both female and male employees, with 45 agreements in respect of the program entered into since inception on 1 July 2013.

In Kankakee, US, CSL was represented by a senior female leader in the Women in Leadership Panel Discussion – hosted by the Kankakee County Chamber of Commerce, where local leaders in business and government discussed their personal and educational backgrounds, work experiences and career path, with a focus on leadership.

In Tokyo, Japan, CSL offers parents of young children (under 6 years of age) the option to reduce their working day by up to 2 hours (up to 3 hours if children are under 1 year old).

In every country in which CSL operates, the Company complies with legislated diversity reporting requirements.

7.3.2 Report on measurable objectives for 2013-2014:

In the Company's 2013 Annual Report, CSL announced four measurable objectives for achieving gender diversity to be undertaken in the 2013-2014 financial year. The Board is pleased to report that all objectives were met:

- **Build on the education and communication done in 2012-2013 to progress the business case for, and increase the use of, flexible working arrangements for CSL employees:**

In December 2013, a survey of senior leaders was undertaken to assess practice and understanding of flexible working concepts. Survey results indicated a high level of engagement and enthusiasm for the topic of flexible working. Senior leaders expect flexible working to grow globally and believe that the Company will further utilise flexible work as part of everyday business practices.

Currently, CSL offers many different types of flexible working arrangements, including part-time hours. Part time work is offered at all sites and globally 15% of CSL's employees are part time, 96% of which are female. The Company is committed to building on the positive leadership attitudes towards flexible working.

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- **Provide enhanced career development support to assist CSL employees at or above Director level to achieve the next career level:**

A representative sample of Director level employees and their managers participated in the pilot program of myCareer. To support our global workforce the program offered participants a blended approach of career development self-assessments, development workshops (in-person and virtual), online resources, and individual sessions with a career advisor. The program also offered participants' managers tools for providing career coaching to the participant. Initial feedback has been positive and we will evaluate how to take these tools further into the organization.

- **Implement a new, highly accessible Equal Employment Opportunity programme to provide a consistent core of EO training for CSL employees globally:**

A global Mutual Respect in the Workplace program was rolled out in March 2014. The course, which complements the Code, includes topics such as defining respect and identifying disrespect; bullying, harassment and discrimination; how to handle and report instances of disrespect; and a manager's responsibility to react. The goal is to ensure all managers have a consistent understanding of what is required globally at CSL in regards to mutual respect. At the same time the program implementation considered local law, policy or practice. To date, 91% of managers and above have completed the program with refreshers required bi-annually.

- **Review the outcomes of the 2013 Employee Opinion Survey from a gender perspective and report findings to senior management and the Board:**

The 2013 Employee Opinion Survey outcomes were analysed from a gender perspective and the findings presented to the Board and Senior Management in March 2014. The analysis of the data was undertaken at the Group level and by geographic region and provided an opportunity to identify possible differences in the responses of females and males to survey questions and categories. At the Group level, females responded the same or more favourably than males across all dimensions and there were no individual

questions with a female response significantly less favourable than the male response. The highest favourable female responses related to career development and work life balance. Further analysis of the 2013 Employee Opinion Survey will be undertaken at site and functional levels during 2014-2015.

7.3.3 Measurable objectives supporting Gender diversity for 2014-2015

The Board has set the following measurable objectives for the financial year commencing 1 July 2014:

- **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 CSL, including identification of any gender and diversity influenced reasons;**
- **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;**
- **Create a flexible work arrangement philosophy for the CSL Group, which will provide guidance in establishing local policies and practices; and**
- **For any nominations of Directors by the Board, or appointments of other Key Management Personnel, a representative gender candidate pool will be established.**

CSL will report against these measurable objectives in its 2015 Annual Report.

A copy of the CSL Diversity Policy is available on the Company's website (see www.csl.com.au/about/governance.htm).

7.4 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 the Company's operations to ensure that the Company is acting with Integrity (one of the Company's core values) at all times.

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

A copy of the Company's Anti-Bribery and Anti-Corruption Policy is available on the Company's website (see www.csl.com.au/about/governance.htm).

7.5 Supporting Policies

The CSL Group policy framework provides for four levels of policy making within the CSL Group as follows:

- Board Policies cover any operational issue of strategic importance that applies to all CSL Group business units and all CSL Group employees and are approved by the Board;
- Global Policies cover issues of an operational nature requiring consistent implementation across all CSL Group business units and are approved by a member of the Executive Management Group;
- Business Unit/Function Policies cover issues of an operational nature requiring consistent implementation within a specific business unit or function within the CSL Group and are approved by the head of the relevant business unit or function; and
- Local Policies cover issues that apply to a particular geographic area (e.g. site, country or region) and are approved by the appropriate site, country or regional leader.

The framework ensures that policy issues are reviewed and approved at the appropriate level within the CSL Group and that the principles outlined in the Code are properly implemented.

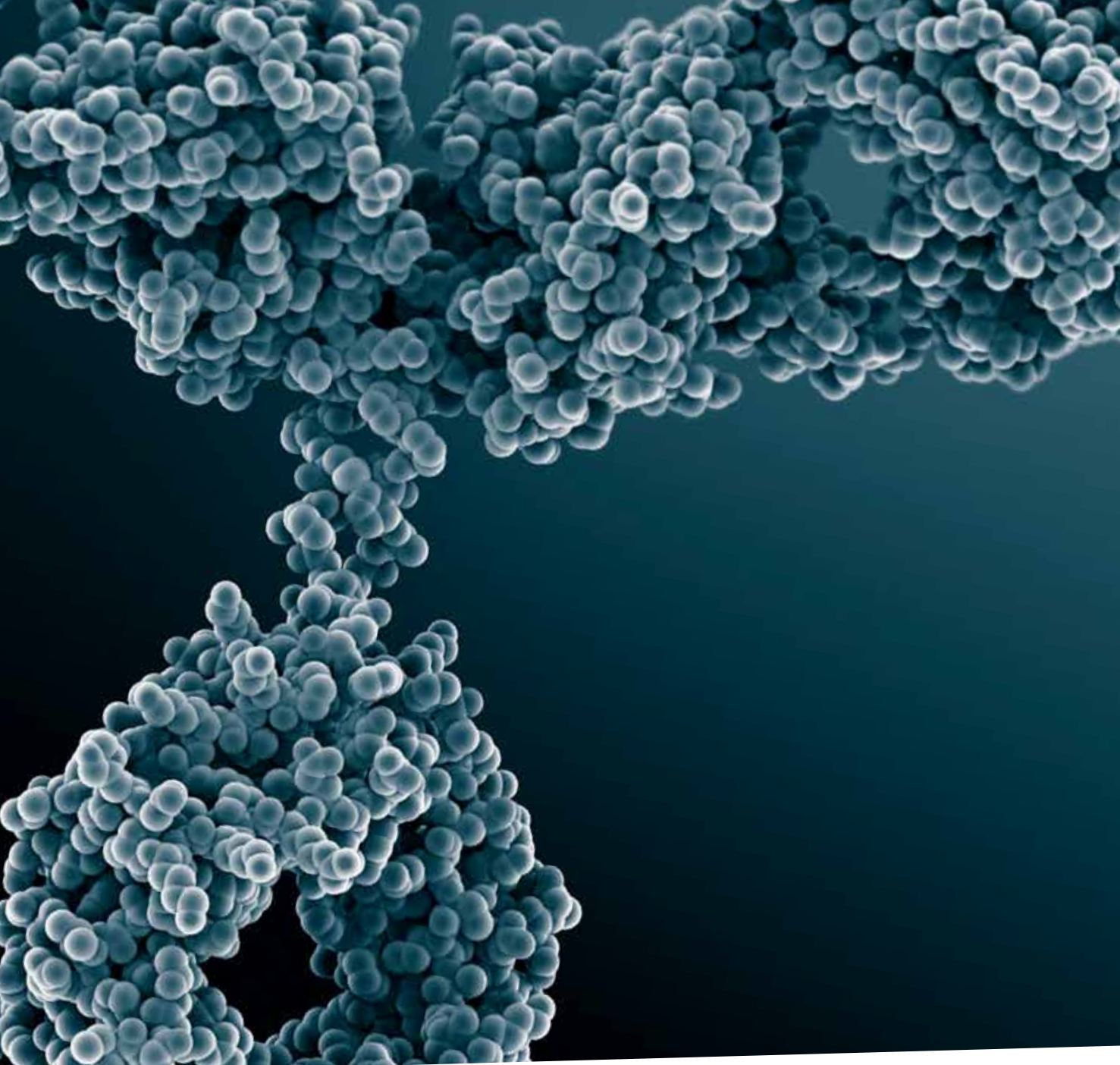
Communication of the CSL Group policy framework has been undertaken to ensure that all employees have a clear understanding of the policy structure and decision making processes within the CSL Group.

7.6 Ongoing policy review and new policy development

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



John Shine AO
Chairman
13 August 2014



CSL Limited
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Directors' Report

The Board of Directors of CSL Limited has pleasure in presenting their report on the consolidated entity for the year ended 30 June 2014.

1. Directors

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

Professor J Shine AO (Chairman)

Mr P R Perreault (Managing Director and Chief Executive Officer)

Mr J H Akehurst

Mr D W Anstice

Mr B R Brook

Ms C E O'Reilly

Mr M A Renshaw

Ms M E McDonald was appointed as a Director on 14 August 2013 and continues in office as at the date of this report.

Mr I A Renard AM retired at the Annual General Meeting held on 16 October 2013.

Particulars of the directors' qualifications, independence, experience, all directorships of public listed companies held for the past three years, special responsibilities, ages and the period for which each has been a director are set out in the Directors' Profiles section of the Annual Report.

2. Company Secretary

Mr E H Bailey, B.Com/LLB, FGIA, was appointed to the position of Company Secretary on 1 January 2009 and continues in office at the date of this report. Mr Bailey joined CSL Limited in 2000 and had occupied the role of Assistant Company Secretary from 2001. Before joining CSL Limited, Mr Bailey was a Senior Associate with Arthur Robinson & Hedderwicks. On 16 August 2011, Mr J Levy, CPA, was appointed as Assistant Company Secretary. Mr Levy has held a number of senior finance positions within the Group since joining CSL Limited in 1989.

3. Directors' Attendances at Meetings

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

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

¹ Attended for at least part in ex officio capacity

² Attended for at least part by invitation

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

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

4. Principal Activities

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

5. Operating and Financial Review and Future Prospects

(a) Financial Review

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

(b) Operating Review

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

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

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

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

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

Specialty products sales of US\$848 million grew 18% in constant currency terms. In April 2013 the U.S. Food and Drug Administration (FDA) approved Kcentra® (4 factor prothrombin complex concentrate) for urgent warfarin reversal in patients with acute major bleeding. This was followed in December 2013 with approval for an expanded indication to include the urgent reversal of acquired coagulation factor deficiency induced by vitamin K antagonist (e.g. warfarin) therapy in adult patients needing urgent surgery or other invasive procedures. These developments have underpinned

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

Summary NPAT

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

a) Translation Currency Effect (\$31.9m)

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

b) Transaction Currency Effect \$28.6m

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

Summary Sales

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

c) Constant Currency Effect \$40.4m

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

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

Directors' Report *continued*

strong growth in U.S. demand for Kcentra®. The U.S. Centres for Medicare and Medicaid Services approved a new technology add-on payment for Kcentra® in August 2013 recognising its significant clinical advancement for reversing the effects of warfarin in patients who experience acute major bleeding. Kcentra® was granted Orphan Drug Marketing Exclusivity for a period of 7 years effective December 2013 based on the approved surgical indication.

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

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

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

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

Group EBIT margin² grew modestly to 29.7%.

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

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

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

(c) *Future Prospects*

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

Over the longer term the Company intends to develop new products which are protected by its own intellectual property and which are high margin human health medicines marketed and sold by the Company's global operations.

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

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

Further comments on likely developments and expected results of certain aspects of the operations of the consolidated entity and on the business strategies and prospects for future financial years of the consolidated entity, are contained in the Year in Review in the Annual Report and in section 5 (b) of this Directors' Report. Additional information of this nature can be found on the Company's website, www.csl.com.au. Any further information of this nature has been omitted as it would unreasonably prejudice the interests of the Company to refer further to such matters.

6. Dividends

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

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

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

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

Total dividends for the 2013-2014 year are:

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

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

7. Significant Changes in the State of Affairs

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

There were no other significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report or the financial statements.

8. Significant Events after Year End

Other than as disclosed in the financial statements, the Directors are not aware of any other matter of circumstance which has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated entity, results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

9. Health, Safety and Environmental Performance

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

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

No environmental breaches have been notified by the Environmental Protection Authority in Victoria, Australia or by any other equivalent interstate or foreign government agency in relation to the Company's Australian, Europe, North American or Asia Pacific operations during the year ended 30 June 2014.

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

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

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

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

10. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2014 in the shares, options and performance rights of the Company are set out in the Remuneration Report – Table 18 for Executive Key Management Personnel and Table 22 for Non-Executive Directors. It is contrary to Board policy for key management personnel to limit exposure to risk in relation to these securities. From time to time the Company Secretary makes inquiries of key management personnel as to their compliance with this policy.

11. Directors' Interests in Contracts

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

12. Performance Rights and Options

As at the date of this report, the number of unissued ordinary shares in the Company under options and under performance rights are set out in Note 27 of the Financial Statements.

Holders of options or performance rights do not have any right, by virtue of the options or performance rights, to participate in any share issue by the Company or any other body corporate or in any interest issued by any registered managed investment scheme.

The number of options and performance rights exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in the Company is set out in Note 27 of the Financial Statements. Since the end of the financial year, 4,025 shares were issued under the Company's Performance Rights Plan.

Directors' Report continued

13. Indemnification of Directors and Officers

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

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

- (a) an ongoing and unlimited indemnity to the relevant director against liability incurred by that director in or arising out of the conduct of the business of the Company or of a subsidiary (as defined in the *Corporations Act 2001 (Cth)*) 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 the Company will maintain, for the term of each director's appointment and for seven years following cessation of office, an insurance policy for the benefit of each director which insures the director against liability for acts or omissions of that director in the director's capacity or former capacity as a director; and
- (c) the relevant director with a right of access to Board papers relating to the director's period of appointment as a director for a period of seven years following that director's cessation of office. Access is permitted where the director is, or may be, defending legal proceedings or appearing before an inquiry or hearing of a government agency or an external administrator, where the proceedings, inquiry or hearing relates to an act or omission of the director in performing the director's duties to the Company during the director's period of appointment.

In addition to the Director's Deeds, Rule 95 of the Company's constitution requires the Company to indemnify each "officer" of the Company and of each wholly owned subsidiary of the Company out of the assets of the Company "to the relevant extent" against any liability incurred by the officer in the conduct of the business of the Company or in the conduct of the business of such wholly owned subsidiary of the Company or in the discharge of the duties of the officer unless incurred in circumstances which the Board resolves do not justify indemnification.

For this purpose, "officer" includes a director, executive officer, secretary, agent, auditor or other officer of the Company. The indemnity only applies to the extent the Company is not precluded by law from doing so, and to the extent that the officer is not otherwise entitled to be or is actually indemnified by another person, including under any insurance policy, or out of the assets of a corporation, where the liability is incurred in or arising out of the conduct of the business of that corporation or in the discharge of the duties of the officer in relation to that corporation.

The Company paid insurance premiums of US\$1,133,741 in respect of a contract insuring each individual director of the

Company and each full time executive officer, director and secretary of the Company and its controlled entities, against certain liabilities and expenses (including liability for certain legal costs) arising as a result of work performed in their respective capacities, to the extent permitted by law.

14. Indemnification of Auditors

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

15. Auditor independence and Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the entity's auditor, Ernst & Young, for non-audit services provided during the year are set out below. The directors, in accordance with the advice received from the Audit and Risk Management Committee, are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001 (Cth)*. 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 (Cth)* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure that they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

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

Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services in respect to the year ended 30 June 2013:

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

16. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$100,000 (where rounding is applicable) unless specifically stated otherwise under the relief available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Message from the Board

Dear Shareholder,

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

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

The format of our Remuneration Report in 2014 has been streamlined to assist shareholders with ease of reading. We have added new commentary on page 62 to describe the consequences of a Change of Control event under our Long Term Incentive (LTI) plans and have also provided details of the Board's discretion on clawing back or cancelling Short Term Incentive (STI) bonuses.

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

Our STI approach is built on individual work plans which, taken as a whole, will deliver the Group's annual business plan and contribute to its longer term strategic objectives. The aggregate of all STI awards for Executive KMP is governed by the Group's overall business performance across a range of financial measures. Individual Executive KMP are then rewarded based on achievement of their work plans for the current year which include activities which will benefit shareholders in future years. We have described our approach on page 57 of this report. The Board believes that basing STI awards on a combination of the overall business result, the individual's achievement of their specific work plan objectives and their overall contribution to the integrated business, is the best driver of sustained high performance for the Group.

In October 2013, an award of Performance Rights was made to Executive KMP as participants in the LTI plan, described on page 58. The hurdles for this grant are set and measured in US dollars in line with our reporting currency.

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

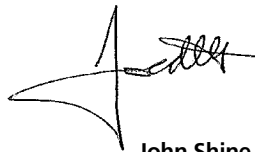
Over the last five years there have been a series of changes to CSL's Executive KMP as a number of senior executives retired and new appointments were made. Six KMP are now based outside Australia, with the remaining two being based in Australia. The Group generates approximately 42% of its revenues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

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

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



John Akehurst
Chairman
Human Resources and Remuneration Committee



John Shine AO
Chairman
CSL Limited

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

Directors' Report continued

17. Remuneration Report

Introduction

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

Key Changes Commencing in the 2015 Financial Year

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

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

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

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

Long Term Incentive

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

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

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

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

Short Term Incentive

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

Total Fixed Reward

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

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

Key Management Personnel

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

NEDs

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

Disclosed Executives

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

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

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

Table 2: Short Term Incentive Plan individual performance multiple outcomes

	CSL Group Financial Performance					
	Threshold	Target -	Target	Target +	Maximum	
Individual Performance Rating	1	0%	0%	0%	0%	0%
	2	0%	0%	0%	0%	0%
	3	0%	40%	60%	75%	85%
	4	40%	60%	100%	110%	120%
	5	60%	80%	110%	120%	150%

Directors' Report *continued*

Table 3: Key Management Personnel

Name	Position	Term as KMP in 2014
Non-Executive Directors (NEDs) - Current		
Professor John Shine	Chairman	Full Year
Mr John Akehurst	Non-Executive Director	Full Year
Mr David Anstice	Non-Executive Director	Full Year
Mr Bruce Brook	Non-Executive Director	Full Year
Ms Marie McDonald	Non-Executive Director – appointed 14 August 2013	Part Year
Ms Christine O'Reilly	Non-Executive Director	Full Year
Mr Maurice Renshaw	Non-Executive Director	Full Year
Non-Executive Directors (NEDs) - Former		
Mr Ian Renard	Non-Executive Director – retired 16 October 2013	Part Year
Managing Director and Chief Executive Officer		
Mr Paul Perreault	Managing Director and Chief Executive Officer (CEO)	Full Year
Disclosed Executive KMP - Current		
Mr Greg Boss	Executive Vice President Legal & Group General Counsel	Full Year
Ms Laurie Cowan	Senior Vice President Human Resources – appointed 31 March 2014	Part Year
Dr Andrew Cuthbertson	Chief Scientific Officer	Full Year
Ms Karen Etchberger	Executive Vice President Quality and Business Services	Full Year
Mr Gordon Naylor	Chief Financial Officer	Full Year
Dr Ingolf Sieper	Executive Vice President Commercial Operations	Full Year
Ms Mary Sontrop	Executive Vice President Manufacturing Operations & Planning	Full Year
Disclosed Executive KMP – Former		
Mr Edward Bailey	Company Secretary – role no longer KMP effective 30 June 2013	--
Mr Jeff Davies	Former Executive Vice President, CSL Biotherapies – ceased employment 31 December 2012	--
Ms Jill Lever	Former Senior Vice President Human Resources – retired from this role 30 March 2014	Part Year
Dr Brian McNamee	Former Managing Director – concluded in role 30 June 2013 and ceased employment 15 October 2013	--
Mr Peter Turner	Former Executive Director – retired 17 October 2012	--

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

Remuneration Governance

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

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

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

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

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

Independent External Consultants

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

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

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

Current Remuneration Framework

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

Through an effective remuneration framework the Group aims to:

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

Directors' Report continued

Components and Mix of Executive Remuneration

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

Base Salary	Variable Reward	
Total Fixed Reward	Short Term Incentive	Long Term Incentive
<ul style="list-style-type: none"> • Base salary and benefits; and • Based on market and internal relativities, individual performance, qualifications and experience. 	<ul style="list-style-type: none"> • For the Strategic Leadership Group, 67% of the STI outcome is paid in September after financial year end. For all other Executive KMP 100% of the STI outcome is paid in September after the financial year end; and • STI outcome is based on CSL's financial performance and individual performance objectives linked to CSL strategy. 	<ul style="list-style-type: none"> • 33% of the STI outcome of the Strategic Leadership Group is deferred into Notional Shares at face value of the award; • The Notional Shares are deferred for three years; and • The Notional Shares are subject to clawback and will be forfeited on cessation of employment unless departure is due to "Good Leaver" reasons.
		<ul style="list-style-type: none"> • Performance Rights subject to internal and external performance hurdles; • 50% of award subject to relative Total Shareholder Return; • 50% of award subject to Earnings per Share growth; • Performance is measured over a three year period for 50% of the award (one tranche) and four years for remaining tranche; • One retest per tranche after an additional 12 months; and • Additional Notional Share (EDIP) award for Executive KMP based outside Australia – three year restriction period with minimum individual performance hurdle.

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

Remuneration Components

Total Fixed Reward

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

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

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

Short Term Incentive

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

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

Feature	Description
Participation in 2014	The Managing Director and CEO and Executive KMP.
Instrument	The STI award is delivered in the form of cash. For the Strategic Leadership Group 33% of any payment will be deferred in Notional Shares at the face value of the award. The Notional Shares are converted to cash at the end of the vesting period.
Award Value	<p>The potential STI award value is set as a percentage of actual base salary paid during the year. In 2014 the Managing Director and CEO had a maximum STI target of 100% of base salary and other Executive KMP had a maximum STI target in the range of 50% to 85% of base salary.</p> <p>All Executive KMP have a maximum STI outcome of 100% of their STI target and no award is made where performance objectives have not been met.</p>
Performance Hurdle	<p>Individual performance objectives are a mix of financial and non-financial measures and the weighting of objectives is structured according to whether those Executive KMP have P&L responsibilities or functional responsibilities. The objectives which govern the payment to each Executive KMP are selected by the Managing Director and CEO during the Group's planning process to reflect the contribution required from each individual (and the part of the business for which they have responsibility) in order for the Group to meet its agreed business plan and budget for the year. These objectives are approved by the Board and recorded in the Group's performance management system. The Board is responsible for setting the performance objectives for the Managing Director and CEO.</p> <p>An individual's objectives are aligned to the following four categories:</p> <ul style="list-style-type: none"> • Quantified performance outcomes – achievement of the Group's financial objectives and business outcomes relevant to the Executive KMP's area of accountability (forming up to 60% for those Executive KMP with P&L responsibilities); • Achievement of specific strategic objectives aligned to longer term growth – delivery of CSL Group milestones that are required for longer term growth (forming up to 20% for those Executive KMP with P&L responsibilities and up to 80% for functional leaders); • Building a strong and sustainable business – delivery of improvements and change initiatives in operational excellence, risk management, compliance and ensuring operational excellence in the health and safety environment. This objective also includes managing to the Group's standards in areas of quality, safety of medicines, health, operational safety and environment and maintaining high personal and organisational levels of compliance and quality (forming up to 20% for all Executive KMP); and • Leadership performance – attracting, developing and retaining talent, appropriately protecting the Group's reputation and demonstrating high standards of personal leadership and behaviour.
Performance Assessment	A formal review of each Executive KMP's progress against objectives is conducted twice annually by the Managing Director and CEO. Following the full year performance review, the Managing Director and CEO makes recommendations to the HRRC and subsequently to the Board regarding the level of STI payment to be made to each Executive KMP. The HRRC and the Board assess both individual performance against objectives for all Executive KMP including the Managing Director and CEO, and business performance at the end of the financial year and approve the actual STI payments to be made.
Deferral Terms	For the Strategic Leadership Group, 33% of any STI payment will be deferred in Notional Shares with the number of Notional Shares being calculated based on CSL's volume weighted average share price during the five trading days immediately preceding the grant date. The Notional Shares are deferred for three years and will be forfeited upon resignation. A "good leaver" (includes cessation of employment due to death, total and permanent disablement, retirement, redundancy or any other reason as determined by the Board in its discretion) will retain their Notional Shares with payment at award maturity. The vesting value is a cash amount equivalent to the relevant number of Notional Shares granted multiplied by CSL's volume weighted average share price during the five trading days immediately preceding the vesting date. No dividends are paid on deferred Notional Shares.

Directors' Report *continued*

Long Term Incentive

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

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

Feature	Description														
Participation in 2014	The Managing Director and CEO and Executive KMP.														
Instrument	The award is delivered in the form of Performance Rights. On vesting each Performance Right entitles the participant to one ordinary share.														
Grant Value	<p>The grant value is set as a percentage of base salary as at 1 September 2013. In October 2013 the LTI grant value for the Managing Director and CEO was 60% of base salary and for other Executive KMP it was in the range of 55% to 65% of base salary.</p> <p>The number of Performance Rights granted is determined by the fair value which is calculated by an external provider, PricewaterhouseCoopers. The fair value is calculated using a Black-Scholes methodology and, for Performance Rights subject to a market condition, a Monte Carlo simulation model which takes into consideration factors such as the performance hurdles and probability of those hurdles being achieved, share price volatility, life of the award, dividend yield, risk free rate and share price at grant.</p>														
Performance Period	For 50% of the Performance Rights granted, a three year performance period applies from 1 October 2013 to 30 September 2016. The remaining 50% of Performance Rights are subject to a four year performance period to 30 September 2017.														
Performance Hurdle	<p>The 2014 LTI grant made in October 2013 is subject to two performance hurdles:</p> <ul style="list-style-type: none"> • 50% of the Performance Rights will be tested against CSL's relative Total Shareholder Return (rTSR) measured against the performance of an international index of pharmaceutical and biotech companies, specifically, the MSCI Gross Pharmaceuticals Index; and • 50% of the Performance Rights will be measured against Earnings per Share growth (EPSg). <p>These performance hurdles were chosen as the Board believes both EPSg and rTSR provide a link between Executive KMP reward and shareholder wealth and align interests of the Group and our shareholders.</p>														
Vesting Schedule	<table border="1"> <thead> <tr> <th>CSL rTSR performance</th> <th>% of award that vests</th> </tr> </thead> <tbody> <tr> <td>CSL's rTSR performance is below the performance of the MSCI Gross Pharmaceuticals Index</td> <td>0% vesting</td> </tr> <tr> <td>CSL's rTSR performance exceeds the performance of the MSCI Gross Pharmaceuticals Index</td> <td>100% vesting</td> </tr> <tr> <th>CSL EPS performance</th> <th>% of award that vests</th> </tr> <tr> <td>EPS growth below 8%</td> <td>0% vesting</td> </tr> <tr> <td>EPS growth between 8% and 12%</td> <td>Progressive vesting from 50% - 99% vesting (1.25% increases for every 0.1% increase in EPSg)</td> </tr> <tr> <td>EPS growth at or above 12%</td> <td>100%</td> </tr> </tbody> </table>	CSL rTSR performance	% of award that vests	CSL's rTSR performance is below the performance of the MSCI Gross Pharmaceuticals Index	0% vesting	CSL's rTSR performance exceeds the performance of the MSCI Gross Pharmaceuticals Index	100% vesting	CSL EPS performance	% of award that vests	EPS growth below 8%	0% vesting	EPS growth between 8% and 12%	Progressive vesting from 50% - 99% vesting (1.25% increases for every 0.1% increase in EPSg)	EPS growth at or above 12%	100%
CSL rTSR performance	% of award that vests														
CSL's rTSR performance is below the performance of the MSCI Gross Pharmaceuticals Index	0% vesting														
CSL's rTSR performance exceeds the performance of the MSCI Gross Pharmaceuticals Index	100% vesting														
CSL EPS performance	% of award that vests														
EPS growth below 8%	0% vesting														
EPS growth between 8% and 12%	Progressive vesting from 50% - 99% vesting (1.25% increases for every 0.1% increase in EPSg)														
EPS growth at or above 12%	100%														
Retesting	Performance Rights that do not vest over the initial performance period as outlined above will be retested over the initial performance period plus a further 12 months. Performance Rights that have not vested at that time will lapse.														
Cessation of Employment	A "good leaver" will retain a pro-rata number of Performance Rights based on time elapsed since the grant date. Any retained Performance Rights will be held subject to original terms and conditions including test date. For any vested Performance Rights a shorter expiry date of six months from vesting will apply. For other leavers the Performance Rights will lapse on cessation of employment.														
Dividends	No dividends are paid on unvested LTI awards.														

Executive Deferred Incentive Plan

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

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

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

Directors' Report continued

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

Table 4: Executive KMP STI awards made in 2014

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

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

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

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

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

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

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

Table 6: Executive KMP LTI awards made in 2014

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

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

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

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

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

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

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

Directors' Report *continued*

Clawback

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

Minimum Shareholding

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

Change of Control Provisions

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

Securities Dealing

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

Cap on Issue of Equity to Employees

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

- 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 2014, the aggregate number of CSL shares under a) and b) above was 0.56% of the total number of CSL shares on issue.

In addition, to satisfy a condition of the exemption granted by the Australian Securities and Investments Commission from certain prospectus and licensing laws, CSL must ensure that, at the time of each offer of shares or share options under an employee equity plan, the aggregate number of CSL shares which are:

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

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

Linking Executive Remuneration and Business Performance for 2014

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

2014 STI outcomes

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

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

Objective	Outcome	Achievement
Financials ¹¹	On Target	<ul style="list-style-type: none"> Revenue was up 8% at US\$5,524.3m; EBIT was up 11% at US\$1,637.2m; and NPAT was up 8% at US\$1,307.0m.
Strategic Initiatives	Above Target	<ul style="list-style-type: none"> Regulatory approval was received in the USA for bi-weekly administration of Hizentra and surgical use of Kcentra; Japanese approval was received for Hizentra in the treatment of primary immune deficiency and secondary immune deficiency; CSL112 clinical trials commenced; A license agreement was granted to Janssen Biotech, Inc. for CSL362; Finalisation of the USA antitrust class action litigation was achieved; Capacity expansion programs were implemented to plan; 18 new plasma collection centres were opened in the USA; and The CSL Behring Biotechnology Manufacturing Facility opened at the Broadmeadows site.
Employees	Above Target	<ul style="list-style-type: none"> Seamless CEO succession; Review of global STI framework with revised framework to launch 1 July 2014; Succession planning for Executive KMP and key roles completed; Launch of the global leadership and career management modules; Diversity targets have been achieved (for further details refer to the Diversity section of the Annual Report); and Health and safety – reduction in the lost time injury frequency rate.

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

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

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

Directors' Report continued

2014 LTI outcomes

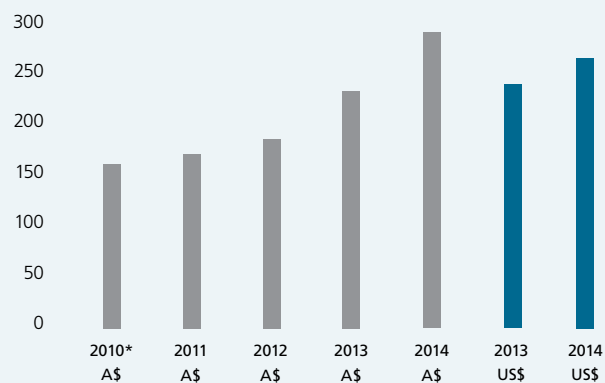
The performance measures for the LTI Plan, namely Earnings per Share growth (EPSg) and relative Total Shareholder Return (rTSR) provide a direct link between Executive KMP reward and shareholder wealth.

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

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

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

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



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

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

Table 9: Compound Annual Growth in basic EPS¹²

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contractual Provisions for Executive KMP

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

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

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

Directors' Report continued

Executive KMP Remuneration

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

Table 13: Statutory Remuneration Disclosure - Executive KMP Remuneration¹⁵

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

¹⁵ The AUD compensation paid during the years ended 30 June 2013 and 30 June 2014 have been converted to USD at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.

¹⁶ The Performance Rights and Performance Options have been valued using a combination of the Binomial and Black Scholes option valuation methodologies as at the grant date adjusted for the probability of hurdles being achieved. This valuation was undertaken by PricewaterhouseCoopers. The amounts disclosed have been determined by allocating the value of the Performance Options and Performance Rights evenly over the period from grant date to vesting date in accordance with applicable accounting standards. As a result, the current year includes Performance Options that were granted in prior years.

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

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

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

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

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

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

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

Table 15: Executive KMP Remuneration Components in 2014

Executive	Total Fixed Remuneration ²⁷	Variable Remuneration					Total	Total (100%)
		Cash based Bonuses ²⁸	Share Based Payments – Long Term Incentive			Total		
			Performance Options	Performance Rights	Cash Settled Deferred Payment			
Current Executive KMP								
P Perreault	41%	33%	1%	11%	14%	26%	100%	
G Boss	41%	23%	2%	17%	17%	36%	100%	
L Cowan	60%	18%	0%	0%	22%	22%	100%	
A Cuthbertson	45%	30%	2%	21%	2%	25%	100%	
K Etchberger	45%	23%	2%	16%	14%	32%	100%	
G Naylor	46%	30%	2%	21%	1%	24%	100%	
I Sieper	42%	27%	1%	12%	18%	31%	100%	
M Sontrop	43%	25%	2%	14%	16%	32%	100%	
Former Executive KMP								
J Lever	52%	20%	2%	20%	6%	28%	100%	

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

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

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

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

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

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

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

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

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

Directors' Report continued

Performance Options and Performance Rights Holdings

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

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

Executive	Instrument	Balance at 1 July 2013	Number Granted	Number Exercised	Number Lapsed / Forfeited	Balance at 30 June 2014	Number vested during the year	Balance at 30 June 2014	
								Vested	Unvested
Current Executive KMP									
P Perreault	Options	75,300	-	23,780	-	51,520	4,680	-	51,520
	Rights	55,612	20,020	9,142	-	66,490	9,142	-	66,490
G Boss	Options	41,040	-	-	-	41,040	4,680	4,680	36,360
	Rights	33,980	6,700	8,510	-	32,170	8,510	-	32,170
L Cowan	Options	3,420	-	-	-	3,420	-	-	3,420
	Rights	544	-	544	-	-	544	-	-
A Cuthbertson	Options	49,580	-	6,070	-	43,510	6,070	-	43,510
	Rights	50,220	11,160	10,340	-	51,040	10,340	-	51,040
K Etchberger	Options	55,092	-	15,672	-	39,420	3,430	26,210	13,210
	Rights	25,508	5,880	6,148	-	25,240	6,148	-	25,240
G Naylor	Options	94,580	-	-	-	94,580	7,360	40,080	54,500
	Rights	62,092	13,900	-	-	75,992	12,662	12,662	63,330
I Sieper	Options	17,360	-	-	-	17,360	-	-	17,360
	Rights	21,344	8,200	1,224	-	28,320	1,224	-	28,320
M Sontrop	Options	42,140	-	4,350	-	37,790	4,350	-	37,790
	Rights	33,560	8,200	8,280	-	33,480	8,280	-	33,480
Former Executive KMP									
J Lever ²⁹	Options	26,260	-	2,540	-	23,720	2,540	-	23,720
	Rights	24,348	5,820	4,788	-	25,380	4,788	-	25,380

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

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

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

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

Executive	Instrument	2014			2013		
		Date of Grant	Number of Shares Issued	Price Paid per Share (A\$)	Date of Grant	Number of Shares Issued	Price Paid per Share (A\$)
Current Executive KMP							
P Perreault	Options	1 October 2008	19,100	37.91	1 October 2007	20,460	35.46
		1 October 2010	4,680	33.45			
	Rights	1 October 2009	2,992	-	1 October 2008	5,500	-
		1 October 2010	6,150	-	1 October 2009	2,618	-
G Boss	Options	-	-	-	1 October 2007	9,900	35.46
					1 October 2008	15,040	37.91
	Rights	1 October 2009	2,360	-	1 October 2008	4,340	-
		1 October 2010	6,150	-	1 October 2009	2,065	-
L Cowan	Options	-	-	-	-	-	-
	Rights	1 October 2009	544	-	-	-	-
A Cuthbertson	Options	1 October 2010	6,070	33.45	1 October 2007	17,760	35.46
					1 October 2008	16,840	37.91
	Rights	1 October 2009	2,360	-	1 October 2008	4,860	-
		1 October 2010	7,980	-	1 October 2009	2,065	-
K Etchberger	Options	2 October 2006	6,312	17.48	-	-	-
		1 October 2007	9,360	35.46			
	Rights	1 October 2009	1,648	-	1 October 2008	2,820	-
		1 October 2010	4,500	-	1 October 2009	1,442	-
G Naylor	Options	-	-	-	-	-	-
	Rights	-	-	-	1 October 2008	5,500	-
					1 October 2009	2,618	-
I Sieper	Options	-	-	-	1 October 2008	5,540	37.91
	Rights	1 October 2009	1,224	-	1 October 2008	2,400	-
					1 October 2009	1,071	-
M Sontrop	Options	1 October 2010	4,350	33.45	1 October 2007	11,280	35.46
					1 October 2008	18,420	37.91
	Rights	1 October 2009	2,560	-	1 October 2008	5,300	-
		1 October 2010	5,720	-	1 October 2009	2,240	-
Former Executive KMP							
J Lever	Options	1 October 2010	2,540	33.45	-	-	-
	Rights	1 October 2009	1,448	-	1 October 2009	1,267	-
		1 October 2010	3,340	-			

Directors' Report continued

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

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

Executive	Balance at 1 July 2013	Shares acquired on exercise of Performance Options during year	Shares acquired on exercise of Performance Rights during year	(Shares Sold) / Purchased	Balance at 30 June 2014
Current Executive KMP					
P Perreault	10,429	23,780	9,142	(23,780)	19,571
G Boss	6,088	-	8,510	(13,486)	1,112
L Cowan	-	-	544	(544)	-
A Cuthbertson	69,798	6,070	10,340	(16,840)	69,368
K Etchberger	16,314	15,672	6,148	(9,964)	28,170
G Naylor	55,540	-	-	(15,041)	40,499
I Sieper	-	-	1,224	(1,224)	-
M Sontrop	615	4,350	8,280	(12,581)	664
Former Executive KMP					
J Lever ³⁰	1,267	2,540	4,788	(5,255)	3,340

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

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

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

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

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

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

³¹ Assumes vesting has occurred at First Test Date.

Non-Executive Director Remuneration

Overview of remuneration strategy and arrangements

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

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

Directors' Report continued

Non-Executive Director Fees

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

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

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

Non-Executive Director Remuneration for 2014

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

Table 21: Statutory Remuneration Disclosure - Non-Executive Director Remuneration³²

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

³² The AUD compensation paid during the years ended 30 June 2013 and 30 June 2014 have been converted to USD at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.

³³ As disclosed in the section titled "Non-Executive Director Remuneration", Non-Executive Directors participate in the NED Share Plan under which Non-Executive Directors are required to take at least 20% of their after-tax base fees (excluding superannuation guarantee contributions) in the form of shares in the Company which are purchased on-market at prevailing share prices. The value of this remuneration element is included in cash salary and fees.

Non-Executive Director Shareholdings

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

Table 22: Non-Executive Director Shareholdings

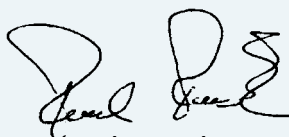
Non-Executive Director	Balance at 1 July 2013	(Shares sold) / purchased	Balance at 30 June 2014
J Shine	6,249	2,372	8,621
J Akehurst	31,000	284	31,284
D Anstice	8,199	2,357	10,556
B Brook	3,719	335	4,054
M McDonald	-	176	176
C O'Reilly	1,556	285	1,841
I Renard ³⁴	19,053	147	19,200
M Renshaw	8,257	285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

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

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



John Shine AO
Chairman



Paul Perreault
Managing Director

Melbourne
13 August 2014



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Auditor's Independence Declaration to the Directors of CSL Limited

In relation to our audit of the financial report of CSL Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Kevin Carmody
Partner
13 August 2014

CSL Limited

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2014

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

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

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

CSL Limited

Consolidated Balance Sheet

As at 30 June 2014

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

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

CSL Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2014

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

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

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

CSL Limited

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2014

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

For non-cash financing activities refer to note 25.

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

CSL Limited and its controlled entities**Notes to the Financial Statements**

For the Year Ended 30 June 2014

1 Corporate information

CSL Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL Limited and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of the directors on 13 August 2014.

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

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001 (Cth)*. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial report has been prepared under the historical cost convention, except for "at fair value through profit or loss" financial assets and liabilities (including derivative instruments), that have been measured at fair value.

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

Critical accounting estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report are disclosed in note 1(ee).

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars.

Adoption of accounting standards

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

(b) Principles of consolidation**i. Subsidiaries**

The consolidated financial statements comprise the financial statements of CSL Limited and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. The financial statements of the subsidiaries are prepared using consistent accounting policies and for the same reporting period as the Parent Company.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Further detail is provided in Note 1(n).

ii. Employee share trust

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

(c) Segment reporting

Operating segments, as defined in note 2, are reported in a manner consistent with the internal reporting to the chief operating decision maker. The Chief Executive Officer is considered to be the chief operating decision maker.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation

i. Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of CSL Limited (the parent entity of the Group) are measured in Australian Dollars which is that entity's functional currency (see Note 35).

ii. Presentation currency

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

iii. Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in functional currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

iv. Group companies

The results of foreign subsidiaries are translated into US Dollars at average exchange rates. Assets and liabilities of foreign subsidiaries are translated to US Dollars at exchange rates prevailing at balance date. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income and in the foreign currency translation reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain on sale or loss on sale where applicable.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable. The Group recognises revenue when: the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Group and the specific criteria have been met for each of the Group's activities as described below.

i. Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to buyers external to the Group. Sales revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

ii. Interest income

Interest income is recognised as it accrues (using the effective interest rate method).

iii. Other revenue

Other revenue is recognised as it accrues.

iv. Dividend income

Dividend income is recognised when the shareholder's right to receive the payment is established.

(f) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to an expense item are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the expenses that they are intended to compensate. Government grants received for which there are no future related costs are recognised in the statement of comprehensive income immediately. Government grants relating to the purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are released to the statement of comprehensive income on a straight line basis over the expected useful lives of the related assets.

(g) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to the acquisition or construction of a qualifying asset in which case they are capitalised as part of the cost of that asset.

(h) Goods and Services Tax and other foreign equivalents (GST)

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from a taxation authority in which case it is recognised as part of an asset's cost of acquisition or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included in other receivables or payables in the balance sheet. Cash flows are presented in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from or payable to a taxation authority are presented as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, a taxation authority.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(i) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent company is able to control the timing of the reversal of temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities are related to the same taxable entity or group and the same taxation authority.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or in equity, respectively.

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

(j) Cash, cash equivalents and bank overdrafts

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. The balance sheet comprises cash on hand, at call deposits with banks or financial institutions and investments in money market instruments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In the balance sheet, bank overdrafts are included within current interest bearing liabilities and borrowings. For the purposes of the cash flow statement, cash at the end of the financial year is net of bank overdraft amounts.

(k) Trade and other receivables

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

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

(l) Inventories

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

(m) Investments and other financial assets

The Group's financial assets have been classified into one of the categories noted below. The classification depends on the purpose for which the investments were acquired. The Group determines the classification of its investments at initial recognition and re-evaluates this designation at each financial year end when allowed and appropriate.

i. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Financial assets at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. After initial recognition, assets in this category are carried at fair value. Gains and losses on financial assets held for trading are recognised in the statement of comprehensive income when they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method and are included in trade and other receivables in the balance sheet. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

Regular purchases and sales of financial assets are recognised on the date when the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The fair values of investments that are actively traded in organised financial markets are determined by reference to market prices. For investments that are not actively traded, fair values are determined using valuation techniques.

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

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

(n) Business combinations

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the identifiable net assets acquired, the difference is recognised immediately in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

(o) Property, plant and equipment

Land, buildings, capital work in progress and plant and equipment assets are recorded at historical cost less, where applicable, associated depreciation and any accumulated impairment losses. Land and capital work in progress assets are not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of an asset. Costs incurred subsequent to an asset's acquisition, including the cost of replacement parts, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the statement of comprehensive income when incurred.

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

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

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

Assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Items of property, plant and equipment are derecognised upon disposal or when no further economic benefits are expected from their use or disposal. Gains and losses on disposals of items of property, plant and equipment are determined by comparing proceeds with carrying amounts. Gains and losses are included in the statement of comprehensive income when realised.

(p) Impairment of assets

Goodwill and other assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Assets with finite lives are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

(q) Leasehold improvements

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement whichever is the shorter.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(r) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities and borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(s) Goodwill and intangibles

i. Goodwill

On acquisition of another entity, the identifiable net assets acquired (including contingent liabilities assumed) are measured at their fair value. The excess of the fair value of the purchase consideration plus incidental expenses, over the fair value of the identifiable net assets, is brought to account as goodwill. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Goodwill is not amortised. Instead, following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

ii. Intangible Assets and Intellectual Property

Intangible assets and intellectual property (collectively referred to as intangible assets in this note) acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

iii. IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 10 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has the intention and ability to use the asset.

iv. Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any development expenditure recognised is amortised over the period of expected benefit from the related project.

(t) Trade and other payables

Liabilities for trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. Trade and other creditors are non-interest bearing and have various repayment terms but are usually paid within 30 to 60 days of recognition.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(u) Interest-bearing liabilities and borrowings

Interest-bearing liabilities and borrowings are recognised initially at fair value net of transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities and borrowings are stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of comprehensive income over the period of borrowings using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) Derivative financial instruments

The Group uses derivative financial instruments in the form of forward foreign currency contracts to hedge risks associated with foreign currency. Such derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Group also has external loans payable that have been designated as a hedge of its investment in foreign subsidiaries (net investment hedge). Gains or losses on the hedging instruments relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion, if any, are recognised immediately in the consolidated statement of comprehensive income.

(w) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising from past transactions or events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions recognised reflect management's best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows required to settle the obligation at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(x) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave, expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and the portion of long service leave expected to be paid within twelve months is recognised in the current provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

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

(y) Pension plans

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

A liability or asset in respect of defined benefit pension plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, periods of service, and the extent to which plan members contribute to their benefit through increased contributions based on age (risk sharing).

Expected future payments are discounted using market yields at the reporting date on national government bonds with maturity and currency that match, as closely as possible, the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions (both demographic and financial) are recognised in retained earnings as incurred.

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

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation are taken into account in measuring the net liability or asset.

Contributions to defined contribution pension plans are recognised as an expense as they become payable.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(z) Share-based payment transactions

i. Equity-settled transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity settled transactions). There are currently two plans in place to provide these benefits, namely the 'Employee Performance Rights Plan' and the 'Global Employee Share Plan'.

Under the 'Employee Performance Rights Plan', certain Group executives and employees are granted options or performance rights over CSL Limited shares which only vest if the Group and the individual achieve certain performance hurdles.

Under the 'Global Employee Share Plan', all employees are granted the option to acquire discounted CSL Limited shares.

The fair value of options or rights is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is independently measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights. The fair value at grant date is independently determined using a combination of the Binomial and Black Scholes valuation methodologies, taking into account the terms and conditions upon which the options and rights were granted. The fair value of the options granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the number of options and rights that are expected to vest is revised. The employee benefit expense recognised each period takes into account the most recent estimate of the number of options and rights that are expected to vest. No expense is recognised for options and rights that do not ultimately vest, except where vesting is conditional upon a market condition and that market condition is not met.

ii. Cash-settled transactions

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

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

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

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

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

(aa) Contributed equity / Share buy-back reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where the Group reacquires its own shares, for example as a result of a share buy-back, those shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid to acquire the shares, including any directly attributable transaction costs net of income taxes, is recognised directly as a reduction from equity.

(bb) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(cc) New and revised standards and interpretations adopted by the Company

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

AASB 119 Employee Benefits

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

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

There are also new disclosures such as quantitative sensitivity disclosures.

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

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

AASB 13 Fair Value Measurement

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

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

AASB 2011-4

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

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

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

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

Year ended 30 June 2015:

AASB 1031: Materiality

AASB 2012-3, Interpretation 21 (Levies)

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

AASB 2013-5, Investment Entities

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

AASB 2014-1, Amendments to Australian Accounting Standards

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

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

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

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

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

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of significant accounting policies (continued)

(dd) New and revised standards and interpretations adopted by the Company (continued)

Year ended 30 June 2019: AASB 9: Financial Instruments

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

(ee) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent financial years are discussed below.

i. Testing goodwill and intangible assets for impairment

On an annual basis, the Group determines whether goodwill and its indefinite lived intangible assets are impaired in accordance with the accounting policy described in note 1(p). In the context of goodwill allocated to specific cash generating units, this requires an estimation of the recoverable amount of the cash generating units using a value in use discounted cash flow methodology. In the context of indefinite lived intangible assets, this requires an estimation of the discounted net cash inflows that may be generated through the use or sale of the intangible asset. The assumptions used in estimating the carrying amount of goodwill and indefinite lived intangibles are detailed in note 12.

ii. Income taxes

Management adopts a risk-based approach to assessing uncertain tax positions, and recognition and recoverability of deferred tax assets. In assessing this risk judgements are required about the application of income tax legislation in jurisdictions in which the Group operates. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the carrying amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet. In such circumstances an adjustment to the carrying value of a deferred tax item will result in a corresponding credit or charge to the statement of comprehensive income.

iii. Trade and other receivables

Government or Government backed entities, such as hospitals, often account for a significant proportion of the aggregate trade receivable balances attributable to the various countries in which the Group operates. In particular countries, most notably Spain, Greece, Italy and Portugal, there is some heightened uncertainty as to the timeframe in which trade receivables are likely to be recovered from Government and Government related entities and/or the amount likely to be recovered from them due to heightened concerns over sovereign risk. Accordingly, in applying the Group's accounting policy in respect to trade and other receivables as set out in note 1(k), and particularly in respect to debts owed by Government and Government related entities in these countries, significant judgement is involved in first assessing whether or not trade or other receivable amounts are impaired and thereafter in assessing the extent of impairment.

iv. Inventories

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

2 Segment Information

Description of Segments

Reportable segments are:

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

Geographical areas of operation

The Group operates predominantly in three specific geographic areas, namely Australia, the United States of America, and Germany. The rest of the Group's operations are spread across many countries and are collectively disclosed as 'Rest of World' in note 2.

Segment Accounting Policies

Inter-segment sales are carried out on an arm's length basis and reflect current market prices. Segment accounting policies are the same as the Group's policies described in note 1. During the financial year, there were no changes in segment accounting policies.

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

2 Segment information (continued)

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

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

2 Segment information (continued)

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

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Segment information (continued)

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

Consolidated Entity

2014 US\$m	2013 US\$m restated
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3 Revenue and expenses from continuing operations

Revenue

Sales revenue	5,334.8	4,950.4
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Other revenue

Royalties	120.7	129.7
Finance revenue from other persons and/or corporations	20.1	29.4
Rent	1.3	1.3
Other revenue	47.4	18.7
Total other revenues	189.5	179.1
Total revenue from continuing operations	5,524.3	5,129.5

Finance costs

Interest expense:		
Other persons and/or corporations	53.0	47.7
Total finance costs	53.0	47.7

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

Consolidated Entity

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

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

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

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

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

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

Conversions, calls, subscription or issues after 30 June 2014

Subsequent to 30 June 2014, 4,025 shares were issued, as required under the Employee Performance Rights Plan. There have been no other ordinary shares issued since the reporting date and before the completion of this financial report. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of ordinary or potential ordinary shares since the reporting date and before the completion of this financial report.

Options and performance rights

Options and performance rights granted to employees are considered to be potential ordinary shares that have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share.

	Consolidated Entity	
	2014 US\$m	2013 US\$m restated
6 Cash and cash equivalents		
Cash at bank and on hand	393.0	203.5
Cash deposits	215.7	558.7
Total cash and cash equivalents	608.7	762.2

Note 25(a) contains a reconciliation of the above figures to cash at the end of the financial year as shown in the statement of cash flows.

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

	Consolidated Entity	
	2014 US\$m	2013 US\$m restated
7 Trade and other receivables		
Current		
Trade receivables	875.1	778.5
Less: Provision for impairment loss (i)	(47.1)	(40.9)
	828.0	737.6
Sundry receivables	86.3	77.2
Prepayments	39.1	35.7
Carrying amount of current trade and other receivables*	953.4	850.5
Non-current		
Related parties		
Loans to other employees	0.1	0.2
Long term deposits/other receivables	8.1	8.4
Carrying amount of non-current trade and other receivables*	8.2	8.6

* The carrying amount disclosed above is a reasonable approximation of fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable disclosed above. Refer to note 34 for more information on the risk management policy of the Group and the credit quality of trade receivables.

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

As at 30 June 2014, the Group had current trade receivables which were impaired and had a nominal value of \$47.1m (2013: \$40.9m). These receivables have been provided for within the Group's provisions for impairment loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. Movements in the provision for impairment loss are reconciled as follows:

Opening balance at 1 July	40.9	46.2
Additional allowance/(utilised/written back)	4.5	(7.2)
Currency translation differences	1.7	1.9
Closing balance at 30 June	47.1	40.9

Debts which are past due and not impaired are set out in the credit risk analysis in note 34.

(ii) Other receivables

The other classes within trade and other receivables do not contain impaired or overdue receivable amounts and it is expected that all of these amounts will be received when due. The Group does not hold any collateral in respect to other receivable balances.

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

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

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

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

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

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

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

Consolidated Entity

	2014 US\$m	2013 US\$m restated
11 Deferred tax assets and liabilities		
Deferred tax asset	299.1	262.3
Deferred tax liability	(127.7)	(115.0)
Net deferred tax asset/(liability)	171.4	147.3
Deferred tax balances reflect temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Trade and other receivables	(6.9)	0.9
Inventories	127.2	107.8
Property, plant and equipment	(64.7)	(58.7)
Intangible assets	(57.0)	(76.6)
Other assets	(3.4)	(0.7)
Trade and other payables	31.8	15.7
Interest bearing liabilities	-	0.1
Other liabilities and provisions	53.1	58.9
Retirement assets/(liabilities)	24.4	29.8
Tax bases not in net assets – share based payments	2.7	26.6
Recognised carry-forward tax losses	24.8	17.3
Research and development offsets	19.0	10.2
	151.0	131.3
Amounts recognised in equity		
Capital raising costs	-	1.8
Share based payments	20.4	14.2
	20.4	16.0
Net deferred tax asset/(liability)	171.4	147.3
Movement in temporary differences during the year		
Opening balance	147.3	87.4
Credited/(charged) to profit before tax	21.8	47.2
Credited/(charged) to other comprehensive income	(5.4)	4.2
Credited/(charged) to equity	6.2	11.3
Currency translation difference	1.5	(2.8)
Closing balance	171.4	147.3
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses:		
Expiry date in less than 1 year	-	-
No expiry date	0.6	0.6
	0.6	0.6

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available for utilisation in the entities that have recorded these losses.

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

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

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

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

	Consolidated Entity	
	2014 US\$m	2013 US\$m <i>restated</i>
12 Intangible Assets (continued)		
Impairment tests for cash generating units containing goodwill		
For the purpose of impairment testing, goodwill is allocated to the business unit which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:		
CSL Behring	719.7	676.3
CSL Intellectual Property	11.4	11.2
Closing balance of goodwill as at 30 June	731.1	687.5

The impairment tests for these cash generating units are based on value in use calculations. These calculations use cash flow projections based on actual operating results and the three-year strategic business plan, after which a terminal value is calculated based on a business valuation multiple. The valuation multiple has been calculated based on independent external analyst views, long term government bond rates and the company's pre-tax cost of debt. Projected cash flows have been discounted by using the implied pre-tax discount rate 9.4% (2013: 9.5%) associated with the business valuation multiple discussed above. Each unit's recoverable amount exceeds the carrying value of its net assets, inclusive of goodwill. It is not considered a reasonable possibility for a change in assumptions to occur that would lead to a unit's recoverable amount falling below the carrying value of each unit's respective net assets.

	Consolidated Entity	
	2014 US\$m	2013 US\$m <i>restated</i>
13 Retirement benefit assets and liabilities		
Retirement benefit assets		
Non-current defined benefit plans (refer note 26)	6.7	-
Retirement benefit liabilities		
Non-current defined benefit plans (refer note 26)	161.7	167.2

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

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

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

The Company is in compliance with all debt covenants.

Note 34 has further information about the Group's exposure to interest rate risk, foreign exchange risk and the fair value of financial assets and liabilities.

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

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

Restructuring

A restructuring provision is recognised when the main features of the restructuring are planned. Restructuring plans must set out the businesses, locations and approximate number of employees affected and the expenditures that will be undertaken, together with an implementation timetable. There must be a demonstrable commitment and valid expectation in those affected that the restructuring plan will be implemented prior to a provision being recognised.

Onerous contracts

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs, over the estimated cash flows to be received in relation to certain contracts, having regard to the risks of the activities relating to the contracts. During the prior financial year the final onerous contract matter relating to the acquisition of Aventis Behring was resolved in the Company's favour. Accordingly the provision is no longer required and has been reversed.

Discounting

Where the effect of discounting is determined to be material to the provision, the net estimated cash flows are discounted using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability.

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

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

The Group has entered into forward currency contracts as an economic hedge against variations in the value of certain trade payable amounts due to currency fluctuations. All movements in the fair value of these forward currency contracts are recognised in the profit and loss when they occur.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

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

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company.

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

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

	Consolidated Entity	
	2014 US\$m	2013 US\$m restated
(i) Options exercised under Performance Option plans as disclosed in note 27 were as follows:		
- 43,220 issued at A\$17.48 (2013: 97,762 issued at A\$17.48)	0.7	1.8
- 113,385 issued at A\$35.46 (2013: 342,918 issued at A\$35.46)	3.6	12.6
- nil issued at A\$36.23 (2013: 3,240 issued at A\$36.23)	-	0.1
- 139,087 issued at A\$37.91 (2013: 393,166 issued at A\$37.91)	4.8	15.4
- 656 issued at A\$32.50 (2013: 7,104 issued at A\$32.50)	-	0.2
- 77,493 issued at A\$33.45 (2013: 2,550 issued at A\$33.45)	2.5	0.1
- nil issued at A\$29.34 (2013: 6,940 issued at A\$29.34)	-	0.2
	11.6	30.4
(ii) Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in note 27 were as follows:		
- 68,515 issued at A\$50.40 on 6 September 2013	3.1	2.8
- 66,419 issued at A\$57.43 on 7 March 2014	3.5	2.9
	6.6	5.7

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

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

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

Nature and purpose of reserves

(i) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options and performance rights and global employee share plan rights issued to employees.

(ii) Foreign currency translation reserve

As disclosed in note 1 (a), the Group's presentation currency is US dollars. Operating results are translated into US dollars at average exchange rates for subsidiaries with a functional currency other than US dollars. For those subsidiaries, assets and liabilities are translated to US dollars at exchange rates prevailing at balance date and resulting exchange differences are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to the foreign currency translation reserve in equity.

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

	Notes	Consolidated Entity	
		2014 US\$m	2013 US\$m restated
22 Retained earnings			
Opening balance at 1 July		4,417.7	3,723.6
Net profit for the year		1,307.0	1,211.4
Dividends	23	(521.5)	(499.4)
Actuarial gain/(loss) on defined benefit plans		23.7	(22.1)
Deferred tax on actuarial gain/(loss) on defined benefit plans		(5.4)	4.2
Closing balance at 30 June		5,221.5	4,417.7
23 Dividends			
Dividends paid			
Dividends recognised in the current year by the Group are:			
Final ordinary dividend of \$0.52 per share, unfranked, paid on 4 October 2013 (2013: A\$0.47 per share, unfranked)		255.8	247.1
Interim ordinary dividend of \$0.53 per share, unfranked, paid on 4 April 2014 (2013: \$0.50 per share, unfranked)		265.7	252.3
		521.5	499.4
Dividends not recognised at year end			
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of \$0.60 per fully paid ordinary share, unfranked (2013: ordinary dividend of \$0.52 per share, unfranked). The final dividend is expected to be paid on 3 October 2014. Based on the number of shares on issue as at reporting date, the aggregate amount of the proposed dividend would be:		284.9	253.4
The actual aggregate dividend amount paid out of profits will be dependent on the actual number of shares on issue at dividend record date.			

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

	Notes	Consolidated Entity	
		2014 US\$m	2013 US\$m restated
24 Equity			
Total equity at the beginning of the financial year		3,017.7	3,487.4
Total comprehensive income for the period		1,473.5	1,108.2
Movement in contributed equity	20	(819.5)	(1,109.2)
Dividends	23	(521.5)	(499.4)
Movement in share based payments reserve	21	11.8	30.7
Total equity at the end of the financial year		3,162.0	3,017.7
25 Statement of Cash Flows			
(a) Reconciliation of cash and cash equivalents and non-cash financing and investing activities			
<i>Cash at the end of the year is shown in the cash flow statement as:</i>			
Cash at bank and on hand	6	393.0	203.5
Cash deposits	6	215.7	558.7
Bank overdrafts	15	(2.4)	(2.4)
		606.3	759.8
(b) Reconciliation of Profit after tax to Cash Flows from Operations			
Profit after tax		1,307.0	1,211.4
Non-cash items in profit after tax			
Depreciation, amortisation and impairment charges		194.9	201.6
(Gain)/loss on disposal of property, plant and equipment		-	0.6
Share based payments expense		6.2	53.1
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(90.1)	(14.1)
(Increase)/decrease in inventories		31.2	(162.8)
(Increase)/decrease in retirement benefit assets		(6.5)	-
Increase/decrease in net tax assets and liabilities		(51.8)	(47.1)
Increase/(decrease) in trade and other payables		(23.6)	85.6
Increase/(decrease) in provisions		5.2	(31.8)
Increase/(decrease) in retirement benefit liabilities		(11.8)	15.2
Net cash inflow from operating activities		1,360.7	1,311.7
(c) Non-cash financing activities			
Acquisition of plant and equipment by means of finance leases		5.0	2.4

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

Consolidated Entity

	2014 US\$m	2013 US\$m restated
26 Employee benefits		
A reconciliation of the employee benefits recognised is as follows:		
Retirement benefit assets – non-current (note 13)	6.7	-
Provision for employee benefits – current (note 17)	86.1	81.6
Retirement benefit liabilities – non-current (note 13)	161.7	167.2
Provision for employee benefits – non-current (note 17)	35.4	33.4
	283.2	282.2

Number of FTEs

	2014	2013
The number of full time equivalents employed at 30 June	12,196	11,285

(a) Defined benefit plans

The Group sponsors a range of defined benefit pension plans that provide either a lump sum or ongoing pension benefits for its worldwide employees upon retirement. Entities of the Group who operate the defined benefit plans contribute to the respective plans in accordance with the Trust Deeds, following the receipt of actuarial advice.

Consolidated Entity

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

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

	Consolidated Entity		
	2014 US\$m	2013 US\$m restated	2012 US\$m restated
26 Employee benefits (continued)			
(a) Defined benefit plans (continued)			
Amounts for the current and previous periods are as follows:			
Defined benefit obligation	667.1	603.4	546.6
Plan assets	512.1	436.2	385.4
Surplus/(deficit)	(155.0)	(167.2)	(161.2)
Experience adjustments on plan liabilities	(2.5)	(51.6)	(60.3)
Experience adjustments on plan assets	27.2	37.7	(9.0)
Actual return on plan assets	36.8	49.8	8.8
Consolidated Group			
	2014 US\$m	2013 US\$m restated	
Changes in the present value of the defined benefit obligation are as follows:			
Opening balance	603.4	546.7	
Service cost	23.8	21.5	
Interest cost	15.3	16.4	
Contributions by members	7.1	6.1	
Actuarial (gains)/losses	2.5	51.6	
Benefits paid	(13.6)	(19.3)	
Past service costs #	-	(20.7)	
Other movements	0.8	0.5	
Currency translation differences	27.8	0.6	
Closing balance	667.1	603.4	
<i>The present value of the defined benefit obligation comprises:</i>			
Present value of wholly unfunded obligations	156.2	142.2	
Present value of funded obligations	510.9	461.2	
	667.1	603.4	
Changes in the fair value of plan assets are as follows:			
Opening balance	436.2	385.4	
Interest income	9.6	10.3	
Actuarial gains/(losses) on plan assets	27.2	39.5	
Contributions by employer	18.0	10.8	
Contributions by members	7.1	6.1	
Benefits paid	(7.6)	(15.7)	
Other movements	(0.2)	(0.2)	
Currency translation differences	21.8	-	
Closing balance	512.1	436.2	

past service costs arise as a consequence of a reduction in plan benefits

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

	Consolidated Entity	
	2014 US\$m	2013 US\$m restated
26 Employee benefits (continued)		
(a) Defined benefit plans (continued)		
The major categories of total plan assets are as follows:		
Cash	29.4	30.6
Investments quoted in active markets:		
Equity instruments	195.6	154.9
Bonds	213.0	182.7
Unquoted investments:		
Property	68.7	62.5
Other assets	5.4	5.5
Total Plan Assets	512.1	436.2
Expenses/(gains) recognised in the statement of comprehensive income are as follows:		
Current service costs	24.7	22.5
Net Interest cost	5.7	6.1
Past service costs [#]	0.1	(20.7)
Total included in employee benefits expense	30.5	7.9
[#] past service costs arise as a consequence of a reduction in plan benefits		
The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:		
Discount rate	2.4%	2.5%
Future salary increases	2.3%	2.2%
Future pension increases	0.4%	0.4%

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

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

Surplus/(deficit) for each defined benefit plan on a funding basis	Plan assets ² US\$m	Accrued benefit ² US\$m	Plan surplus / (deficit) US\$m
Consolidated Entity – June 2014			
CSL Pension Plan (Australia)*	35.6	(31.2)	4.4
CSL Behring AG Pension Fund (Switzerland) #	416.5	(414.2)	2.3
CSL Behring Union Pension Plan (US UPP) #	60.0	(65.5)	(5.5)
CSL Behring GmbH Supplementary Pension Plan (Germany) #	-	(129.9)	(129.9)
CSL Pharma GmbH Pension Plan (Germany) #	-	(2.2)	(2.2)
CSL Behring KG Pension Plan (Germany) #	-	(8.6)	(8.6)
CSL Plasma GmbH Pension Plan (Germany) #	-	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan)*	-	(13.1)	(13.1)
CSL Behring S.A. Pension Plan (France)*	-	(0.7)	(0.7)
CSL Behring S.p.A Pension Plan (Italy)*	-	(1.5)	(1.5)
	512.1	(667.1)	(155.0)

* indicates a plan that pays a lump sum benefit upon exit

indicates a plan that pays an ongoing pension

Consolidated Entity – June 2013 (restated)

CSL Pension Plan (Australia)	33.7	(34.3)	(0.6)
CSL Behring AG Pension Fund (Switzerland)	347.7	(357.9)	(10.2)
CSL Behring Union Pension Plan (US UPP)	54.8	(68.9)	(14.1)
CSL Behring GmbH Supplementary Pension Plan (Germany)	-	(116.0)	(116.0)
CSL Pharma GmbH Pension Plan (Germany)	-	(2.0)	(2.0)
CSL Behring KG Pension Plan (Germany)	-	(7.7)	(7.7)
CSL Plasma GmbH Pension Plan (Germany)	-	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(14.7)	(14.7)
CSL Behring S.A. Pension Plan (France)	-	(0.4)	(0.4)
CSL Behring S.p.A Pension Plan (Italy)	-	(1.3)	(1.3)
	436.2	(603.4)	(167.2)

² Plan assets at net market value and accrued benefits have been calculated at 30 June, being the date of the most recent financial statements of the plans.

In addition to the above, CSL Behring GmbH employees are members of two multi-employer pension plans ("Penka 1" and "Penka 2") administered by an unrelated third party. CSL Behring and the employees make contributions to the plans and receive pension entitlements on retirement. CSL is aware that there is the potential for the employer to have to make additional contributions in the event that the multi-employer fund does not have sufficient assets to pay all benefits. There is insufficient information available for the scheme to be shown at the CSL Group level because the pension assets cannot be split between the participating companies. The company's contributions are advised by the funds and are designed to cover expected liabilities based on actuarial assumptions. CSL Behring GmbH contribute 400% of the employee contribution to Penka 1 from 1 January 2013, previously the rate was 300% of the employee contribution (2014: €5.2m, 2013: €4.5m) and 100% of the employee contribution to Penka 2 (2014: €0.7m, 2013: €0.6m). Until the change in contribution rate for Penka 1 neither of these contribution rates has changed since 2007. Contributions are expensed in the year in which they are made.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

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

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

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

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

(b) Defined contribution plans

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

	Consolidated Entity	
	2014 US\$m	2013 US\$m
27 Share based payments		
(a) Recognised share based payments expenses		
The expense recognised for employee services rendered during the year is as follows:		
Expense arising from equity-settled share-based payment transactions	6.1	16.2
Expense arising from cash-settled share-based payment transactions	29.5	36.9
	35.6	53.1

(b) Share based payment schemes

The Company operates the following schemes that entitles key management personnel and senior employees to purchase shares in the Company under and subject to certain conditions:

Employee Performance Rights Plan (the plan)

The Employee Performance Rights Plan was approved by special resolution at the annual general meeting of the Company on 16 October 2003 and subsequently amended with effect from October 2006. All share based long term incentives issued under the original plan and granted prior to April 2006 were exercised or lapsed by June 2009.

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

27 Share based payments (continued)

(b) Share based payment schemes (continued)

Share based long term incentives issued between May 2006 and October 2009

The plan, as originally approved, governed the provision of share based long term incentives in the form of performance rights issued between The Employee Performance Rights Plan was amended with effect from October 2006. Under the amended plan, share based long term incentives issued between October 2006 and October 2009 comprise grants made to executives of both performance rights and performance options, each subject to a different performance hurdle. Each long-term incentive grant generally consisted of 50% performance rights and 50% performance options. Grants of performance rights and performance options were issued for nil consideration. The plan, as amended, retained the TSR performance hurdle and provided for 100% vesting of performance rights at the expiration of their vesting period if the Company's TSR performance was at or above the 50th percentile on the relevant test date. Under the revised plan, performance options were subject to an earnings per share (EPS) performance hurdle. 10% compound EPS growth per annum is required for the performance options to vest at the expiration of their vesting period. EPS growth is measured from 30 June in the financial year preceding the grant of options until 30 June in the financial year prior to the relevant test date. Vested performance options entitle the holder to one ordinary share on payment of an exercise price equal to the volume weighted average CSL share price over the week up to and including the date of grant. Performance rights and performance options issued between October 2006 and October 2009 were issued for a term of seven years. A portion, namely 25%, of the number of instruments granted becomes exercisable, subject to satisfying the relevant performance hurdle, after the second anniversary of the date of grant. Again, subject to satisfying the relevant performance hurdle, further portions of 35% and 40% of the number of instruments granted become exercisable after the third and fourth anniversaries post date of grant, respectively. If the portion tested at the applicable anniversary meets the relevant performance hurdle, that portion of rights and options vest and become exercisable until the expiry date. If the portion tested fails to meet the performance hurdle the portion is carried over to the next anniversary and retested. After the fifth anniversary, any performance rights and performance options not vested lapse. Importantly, there is an individual employee hurdle requiring an executive to obtain for the financial year prior to exercise of the Performance Rights and Performance Options, a satisfactory (or equivalent) rating under the Company's performance management system. The last grant of performance rights and options to be issued on these terms was in October 2009.

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

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

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

Share based long term incentives issued since October 2012

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

Global Employee Share Plan (GESP)

The 'Global Employee Share Plan' (GESP) operates whereby employees make contributions from after tax salary up to a maximum of A\$3,000 per each six month contribution period. The employees receive the shares at a 15% discount to the applicable market rate, as quoted on the ASX on the first day or the last day of the six month contribution period, whichever is lower.

Executive Deferred Incentive Plan (EDIP)

On 1 October 2013, 364,233 notional shares were granted to employees under the Executive Deferred Incentive Plan (2012: 421,250). This plan provides for a grant of notional shares which will generate a cash payment to participants in three years time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary.

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

27 Share based payments (continued)

(c) Outstanding share based payment equity instruments

The number and exercise price for each share based payment scheme outstanding is presented as follows. All options and rights are settled by physical delivery of shares.

June 2014	Opening Balance	Granted	Exercised	Forfeited	Lapsed	Closing balance	Exercise Price	Expiry date	Vested at 30 June 2014
Options (by grant date)							A\$		
2 October 2006	43,220	-	43,220	-	-	-	\$17.48	2-Oct-13	-
1 October 2007	174,533	-	113,385	35	-	61,113	\$35.46	30-Sep-14	61,113
1 October 2008	253,515	-	139,087	1,180	655	112,593	\$37.91	30-Sep-15	112,593
1 April 2009	656	-	656	-	-	-	\$32.50	31-Mar-16	-
1 October 2009	985,469	-	-	8,947	-	976,522	\$33.68	30-Sep-16	-
1 October 2010	200,101	-	77,493	911	-	121,697	\$33.45	30-Sep-17	23,640
1 October 2011	247,910	-	-	2,816	-	245,094	\$29.34	30-Sep-18	-
	1,905,404	-	373,841	13,889	655	1,517,019			197,346
Performance Rights (by grant date)									
2 October 2006	7,818	-	7,818	-	-	-	Nil	2-Oct-13	-
1 October 2007	27,915	-	15,753	-	-	12,162	Nil	30-Sep-14	12,162
1 October 2008	49,402	-	29,512	500	-	19,390	Nil	30-Sep-15	19,390
1 April 2009	600	-	-	-	-	600	Nil	31-Mar-16	600
1 October 2009	159,291	-	107,987	761	-	50,543	Nil	30-Sep-16	50,543
1 October 2010	262,979	-	115,441	1,199	-	146,339	Nil	30-Sep-17	17,470
1 October 2011	275,491	-	-	3,129	-	272,362	Nil	30-Sep-18	-
1 October 2012	247,780	-	-	4,386	-	243,394	Nil	30-Sep-19	-
1 October 2013	-	142,240	-	-	-	142,240	Nil	30-Sep-20	-
1 April 2014	-	8,416	-	-	-	8,416	Nil	30-Sep-20	-
	1,031,276	150,656	276,511	9,975	-	895,446			100,165
GESP (by grant date)									
1 March 2013	68,515	-	68,515	-	-	-	\$50.40	31-Aug-13	-
1 September 2013	-	66,419	66,419	-	-	-	\$57.43	28-Feb-14	-
1 March 2014 #	-	72,224	-	-	-	72,224	\$56.57	31-Aug-14	-
	68,515	138,643	134,934	-	-	72,224			
Total	3,005,195	289,299	785,286	23,864	655	2,484,689			297,511

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

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

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

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

27 Share based payments (continued)

(c) Outstanding share based payment equity instruments (continued)

The number and exercise price for each share based payment scheme outstanding is presented as follows. All options and rights are settled by physical delivery of shares.

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

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

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

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

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

27 Share based payments (continued)

(d) Valuation assumptions and fair values of equity instruments granted

	Fair Value ¹	Share Price	Exercise Price	Expected volatility ²	Life assumption	Expected dividend yield	Risk free interest rate
Performance Rights (by grant date)	A\$	A\$	A\$				
2 October 2006 – Tranche 1	\$14.20	\$18.01	Nil	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	\$13.32	\$18.01	Nil	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	\$12.47	\$18.01	Nil	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	\$28.65	\$35.93	Nil	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	\$26.78	\$35.93	Nil	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	\$25.20	\$35.93	Nil	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	\$30.27	\$36.56	Nil	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	\$29.06	\$36.56	Nil	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	\$27.57	\$36.56	Nil	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	\$33.30	\$38.75	Nil	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	\$31.72	\$38.75	Nil	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	\$30.15	\$38.75	Nil	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	\$27.55	\$32.10	Nil	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	\$26.55	\$32.10	Nil	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	\$25.50	\$32.10	Nil	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	\$28.91	\$33.44	Nil	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	\$27.72	\$33.44	Nil	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	\$26.31	\$33.44	Nil	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	\$26.59	\$32.94	Nil	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	\$26.23	\$32.94	Nil	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	\$23.75	\$29.34	Nil	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	\$23.41	\$29.34	Nil	27.0%	4 years	2.5%	3.52%
1 October 2012 – Tranche 1	\$35.52	\$45.76	Nil	21.0%	3 years	2.0%	2.41%
1 October 2012 – Tranche 2	\$34.69	\$45.76	Nil	21.0%	4 years	2.0%	2.50%
1 October 2013 – Tranche 1	\$49.86	\$64.53	Nil	21.0%	3 years	2.0%	3.11%
1 October 2013 – Tranche 2	\$49.00	\$64.53	Nil	21.0%	3 years	2.0%	3.31%
1 April 2014 – Tranche 1	\$51.59	\$69.47	Nil	21.0%	2.5 years	2.0%	3.25%
1 April 2014 – Tranche 2	\$51.04	\$69.47	Nil	21.0%	3.5 years	2.0%	3.47%

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

² The expected volatility is based on the historic volatility (calculated based on the remaining life assumption of each equity instrument), adjusted for any expected changes to future volatility due to publicly available information.

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

27 Share based payments (continued)

(d) Valuation assumptions and fair values of equity instruments granted (continued)

	Fair Value ¹	Share Price	Exercise Price	Expected volatility ²	Life assumption	Expected dividend yield	Risk free interest rate
Options (by grant date)	A\$	A\$	A\$				
2 October 2006 – Tranche 1	\$5.71	\$18.01	\$17.48	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	\$5.83	\$18.01	\$17.48	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	\$5.96	\$18.01	\$17.48	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	\$12.06	\$35.93	\$35.46	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	\$12.33	\$35.93	\$35.46	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	\$12.59	\$35.93	\$35.46	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	\$12.64	\$36.56	\$36.23	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	\$12.92	\$36.56	\$36.23	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	\$13.18	\$36.56	\$36.23	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	\$13.31	\$38.75	\$37.91	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	\$13.58	\$38.75	\$37.91	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	\$13.85	\$38.75	\$37.91	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	\$9.27	\$32.10	\$32.50	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	\$9.73	\$32.10	\$32.50	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	\$10.15	\$32.10	\$32.50	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	\$10.34	\$33.44	\$33.68	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	\$10.87	\$33.44	\$33.68	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	\$11.36	\$33.44	\$33.68	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	\$8.46	\$32.94	\$33.45	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	\$8.90	\$32.94	\$33.45	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	\$6.34	\$29.34	\$29.34	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	\$6.77	\$29.34	\$29.34	27.0%	4 years	2.5%	3.52%
GESP (by grant date)³							
1 March 2012	\$4.92	\$32.79	\$27.87	21.0%	6 months	2.0%	2.41%
1 September 2012	\$6.61	\$44.06	\$37.45	21.0%	6 months	2.0%	2.41%
1 March 2013	\$9.00	\$59.98	\$50.98	21.0%	6 months	2.0%	2.41%
1 September 2013	\$11.57	\$69.00	\$57.43	21.0%	6 months	2.0%	2.41%
1 March 2014	\$15.11	\$71.68	\$56.57	21.0%	6 months	2.0%	2.41%

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

² The expected volatility is based on the historic volatility (calculated based on the remaining life assumption of each equity instrument), adjusted for any expected changes to future volatility due to publicly available information.

³ The fair value of GESP equity instruments is estimated based on the assumptions prevailing on the grant date. In accordance with the terms and conditions of the GESP plan, shares are issued at the lower of the ASX market price on the first and last dates of the contribution period.

CSL Limited and its controlled entities

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For the Year Ended 30 June 2014

27 Share based payments (continued)

(e) Cash-settled EDIP

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

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

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

(f) Recognised cash-settled share based payments liability

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

28 Key management personnel disclosures

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

Non-executive directors

J Shine
 J Akehurst
 D W Anstice
 B Brook
 M McDonald (appointed 14 August 2013)
 C O'Reilly
 I A Renard (retired 16 October 2013)
 M A Renshaw

Executive directors

P Perreault (Chief Executive Officer & Managing Director)

Executives

G Naylor (Chief Financial Officer)
 A Cuthbertson (Chief Scientific Officer)
 G Boss (Group General Counsel)
 I Sieper (Executive VP, Commercial Operations)
 M Sontrop (Executive VP, Operations)
 K Etchberger (Executive VP, Quality & Business Services)
 E Bailey (Company Secretary, role ceased to be KMP 30 June 2013)
 J Lever (Senior VP, Human Resources, retired 30 March 2014)
 L Cowan (Senior VP, Human Resources, appointed 31 March 2014)

CSL Limited and its controlled entities
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	Consolidated Entity	
	US\$ 2014	US\$ 2013
28 Key management personnel disclosures		
(a) Total compensation for key management personnel		
Remuneration elements		
Total of short term remuneration elements	12,512,354	18,038,296
Total of post-employment elements	543,812	644,096
Total of other long term elements	1,506,695	1,913,093
Total of share based payments	4,971,575	14,567,816
Total of all remuneration elements¹	19,534,436	38,070,033

The basis upon which remuneration amounts have been determined is further described in the remuneration report included in section 17 of the Directors' Report.

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

(b) Other key management personnel transactions with the company or its controlled entities

The key management personnel and their related entities have the following transactions with entities within the Group that occur within a normal supplier relationship on terms no more favourable than those which it would be reasonable to expect the entity would have achieved if dealing on arm's length in similar circumstances.

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

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

29 Non key management personnel related party disclosure

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Identity of related parties

The parent company has a related party relationship with its subsidiaries (see note 32) and with its key management personnel (see note 28).

Other related party transactions

The Parent Company entered into the following transactions during the year with related parties in the Group:

Wholly owned subsidiaries

- Loans were advanced and repayments received on the long term intercompany accounts;
- Interest was charged on outstanding intercompany loan account balances;
- Sales and purchases of products;
- Licensing of intellectual property;
- Provision of marketing services by controlled entities;
- Management fees were received from a controlled entity; and
- Management fees were paid to a controlled entity.

The sales, purchases and other services were undertaken on commercial terms and conditions.

Payment for intercompany transactions is through intercompany loan accounts and may be subject to extended payment terms.

Partly owned subsidiaries

- No transactions occurred during the year.

Transactions with key management personnel and their related parties

Disclosures relating to key management personnel are disclosed in note 28.

Transactions with other related parties

During the year, the parent and subsidiaries made contributions to defined benefit and contribution pension plans as disclosed in note 26.

Ownership interests in related parties

The ownership interests in related parties in the Group are disclosed in note 32. All transactions with subsidiaries have been eliminated on consolidation.

Consolidated Entity

	2014 US\$	2013 US\$
30 Remuneration of Auditors		
During the year the following fees were paid or were payable for services provided by the auditor of the parent entity and its related practices:		
(a) Audit services		
Ernst & Young	865,366	900,811
Ernst & Young related practices	2,492,591	2,313,038
Total remuneration for audit services	3,357,957	3,213,849
(b) Other services		
Ernst & Young		
- compliance and other services	-	56,452
Ernst & Young related practices		
- compliance and other services	86,245	114,135
Total remuneration for non-audit services	86,245	170,587
Total remuneration for all services rendered	3,444,202	3,384,436

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

	Consolidated Entity	
	2014 US\$m	2013 US\$m
31 Commitments and contingencies		
(a) Operating leases		
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Not later than one year	39.8	31.6
Later than one year but not later than five years	123.0	101.1
Later than five years	259.4	233.0
	422.2	365.7
Operating leases entered into relate predominantly to leased land and rental properties. The leases have varying terms and renewal rights. Rental payments under the leases are predominantly fixed, but generally contain inflation escalation clauses. No operating lease contains restrictions on financing or other leasing activities.		
(b) Finance leases		
Commitments in relation to finance leases are payable as follows:		
Not later than one year	4.4	4.5
Later than one year but not later than five years	10.2	11.4
Later than five years	24.6	21.5
Total minimum lease payments	39.2	37.4
Future finance charges	(10.2)	(11.0)
Finance lease liability	29.0	26.4
The present value of finance lease liabilities is as follows:		
Not later than one year	3.2	3.3
Later than one year but not later than five years	6.3	7.3
Later than five years	19.5	15.8
	29.0	26.4
Finance lease – current liability (refer note 15)	3.2	3.3
Finance lease – non-current liability (refer note 15)	25.8	23.1
	29.0	26.4
Finance leases entered into relate predominantly to leased plant and equipment. The leases have varying terms but lease payments are generally fixed for the life of the agreement. In some instances, at the end of the lease term the Group has the option to purchase the equipment. No finance leases contain restrictions on financing or other leasing activities.		
(c) Capital commitments		
During the year, the capital expenditure contracted for but not provided for in the financial statements, payable:		
Not later than one year	99.3	101.5
Later than one year but not later than five years	1.1	6.1
Later than five years	-	-
	100.4	107.6

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

Consolidated Entity

	2014 US\$m	2013 US\$m
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31 Commitments and contingencies (continued)**(d) Contingent assets and liabilities****Guarantees**

The Group provides certain financial guarantees in the ordinary course of business. No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial.

Service agreements

The maximum contingent liability for benefits under service agreements, in the event of an involuntary redundancy, is between 3 to 12 months. Agreements are held with key management personnel who take part in the management of Group entities. The maximum liability that could arise, for which no provisions are included in the financial statements is as follows:

Service agreements	6.2	6.3
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Litigation

On 7 October 2013 the Group announced that it had signed an agreement to settle for \$64m the US antitrust class action litigation in which the plaintiffs had claimed that the Group and a competitor, along with an industry trade association, conspired to restrict output and fix and raise prices of certain plasma-derived therapies in the U.S. The settlement was approved by the U.S. Federal Court as fair and reasonable on 22 January 2014 and become final on 31 March 2014. The settlement amount has been included as an expense and was paid during the financial year.

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

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

32 Controlled Entities

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

	Country of incorporation	Percentage Owned		
		2014 %	2013 %	
Company:				
CSL Limited	Australia			
Subsidiaries of CSL Limited:				
CSL Employee Share Trust	Australia	100	100	
bioCSL Pty Ltd	Australia	100	100	
bioCSL (Australia) Pty Ltd	Australia	100	100	
bioCSL (NZ) Limited	New Zealand	100	100	(a)
bioCSL Inc	USA	-	100	(b)
Cervax Pty Ltd	Australia	74	74	
Iscotec AB	Sweden	100	100	(a)
Zenyth Therapeutics Pty Ltd	Australia	100	100	
Zenyth Operations Pty Ltd	Australia	100	100	
Amrad Pty Ltd	Australia	100	100	
CSL Behring (Australia) Pty Ltd	Australia	100	100	
CSL Behring (NZ) Limited	New Zealand	100	-	(a)(c)
CSL Behring (Privigen) Pty Ltd	Australia	100	100	
CSL International Pty Ltd	Australia	100	100	
CSL Finance Pty Ltd	Australia	100	100	
CSL Behring ApS	Denmark	100	100	(a)
CSL UK Holdings Limited	England	100	100	(a)
ZLB Bioplasma UK Limited	England	100	100	(a)
CSL Behring sp.z.o.o.	Poland	100	100	(a)
CSLB Holdings Inc	USA	100	100	(a)
bioCSL Inc	USA	100	100	(d)
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	100	100	(a)
CSL Behring LLC	USA	100	100	(a)
CSL Plasma Inc	USA	100	100	(a)
CSL Behring Canada Inc.	Canada	100	100	(a)
CSL Behring Brazil Comercio de Produtos Farmaceuticos Ltda	Brazil	100	100	(a)
CSL Behring KK	Japan	100	100	(a)
CSL Behring S.A. de C.V.	Mexico	100	100	(a)
CSL Behring S.A.	France	100	100	(a)
bioCSL GmbH	Germany	100	100	(a)
CSL Behring Foundation for Research and Advancement of Patient Health	USA	100	100	(a)
CSL Behring Verwaltungs GmbH	Germany	100	100	(a)
CSL Behring Beteiligungs GmbH & Co KG	Germany	100	100	(a)
CSL Plasma GmbH	Germany	100	100	(a)
CSL Behring GmbH	Germany	100	100	(a)
CSL Behring GmbH	Austria	100	100	(a)
CSL Behring S.A.	Spain	100	100	(a)
CSL Behring A.B.	Sweden	100	100	(a)
CSL Behring S.p.A.	Italy	100	100	(a)
CSL Behring N.V.	Belgium	100	100	(a)
CSL Behring B.V	Netherlands	100	100	(a)
CSL Behring Lda	Portugal	100	100	(a)
CSL Behring MEPE	Greece	100	100	(a)
CSL Behring Asia Pacific Limited	Hong Kong	100	100	(a)
CSL (Shanghai) Biotherapies Consulting Ltd	China	100	100	(a)
CSL Behring S.A.	Argentina	100	100	(a)
CSL Behring Panama S.A.	Panama	100	100	(a)
CSL Behring s.r.o.	Czech Republic	100	100	(a)
CSL Behring K.f.t.	Hungary	100	100	(a)
CSL Behring AS	Turkey	100	-	(c)
CSL Behring Holdings Ltd.	England	100	100	(a)
CSL Behring UK Ltd.	England	100	100	(a)
CSL Behring AG	Switzerland	100	100	(a)
CSL Finance GmbH	Germany	100	-	(c)
CSL Behring Holdings GmbH	Germany	100	-	(c)
CSL Behring Recombinant Facility AG	Switzerland	100	-	(c)

(a) Audited by affiliates of the Company auditors.

(b) Entity dissolved on 20 February 2014

(c) Entity incorporated during the year

(d) Previously CSL Biotherapies Inc

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

33 Deed of Cross Guarantee

On 22 October 2009, a deed of cross guarantee was executed between CSL Limited and some of its wholly owned entities, namely CSL International Pty Ltd, CSL Finance Pty Ltd, CSL Biotherapies Pty Ltd (now bioCSL (Australia) Pty Ltd) and Zenyth Therapeutics Pty Ltd. During the prior year bioCSL Pty Ltd, CSL Behring (Australia) Pty Ltd and CSL Behring (Privigen) Pty Ltd were added to the deed. Under this deed, each company guarantees the debts of the others. By entering into the deed, these specific wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The entities that are parties to the deed represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by CSL Limited they also represent the 'Extended Closed Group'. In respect to the Closed Group comprising the aforementioned entities, set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2014 and a consolidated balance sheet as at that date.

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

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

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

Balance sheet	Consolidated Closed Group	
	2014 A\$m	2013 A\$m
33 Deed of Cross Guarantee (continued)		
CURRENT ASSETS		
Cash and cash equivalents	349.8	621.1
Trade and other receivables	104.0	117.6
Inventories	175.9	196.6
Total Current Assets	629.7	935.3
NON-CURRENT ASSETS		
Trade and other receivables	15.4	45.3
Other financial assets	19,006.1	19,006.1
Property, plant and equipment	609.4	584.3
Deferred tax assets	83.4	67.9
Intangible assets	45.0	24.1
Retirement benefit assets	4.6	-
Total Non-Current Assets	19,763.9	19,727.7
TOTAL ASSETS	20,393.6	20,663.0
CURRENT LIABILITIES		
Trade and other payables	164.2	190.9
Provisions	41.6	46.9
Deferred government grants	2.3	1.0
Total Current Liabilities	208.1	238.8
NON-CURRENT LIABILITIES		
Trade and other payables	21.6	15.5
Deferred tax liabilities	10.6	14.9
Provisions	13.3	13.0
Deferred government grants	43.4	39.9
Retirement benefit liabilities	-	0.6
Total Non-Current Liabilities	88.9	83.9
TOTAL LIABILITIES	297.0	322.7
NET ASSETS	20,096.6	20,340.3
EQUITY		
Contributed equity	(2,351.5)	(1,464.7)
Reserves	158.2	152.7
Retained earnings	22,289.9	21,652.3
TOTAL EQUITY	20,096.6	20,340.3

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

	Consolidated Closed Group	
	2014 A\$m	2013 A\$m
33 Deed of Cross Guarantee (continued)		
Summary of movements in consolidated retained earnings of the Closed Group		
Retained earnings at beginning of the financial year	21,652.3	3,415.8
Net profit	1,196.1	18,712.9
Actuarial gain/(loss) on defined benefit plans, net of tax	4.1	1.8
Dividends provided for or paid	(562.6)	(478.2)
Retained earnings at the end of the financial year	22,289.9	21,652.3

34 Financial Risk Management Objectives and Policies

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

The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's policy is to use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to manage specifically identified risks as approved by the board of directors. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security. The accounting policy applied by the Group in respect to derivative financial instruments is outlined in note 1(v). Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks.

Market Risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency other than the entity's functional currency and net investments in foreign operations. The Group's Treasury risk management policy is to hedge contractual commitments denominated in a foreign currency.

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies to protect the Group against exchange rate movements. Contracts to buy and sell foreign currencies are entered into from time to time to offset purchase and sale obligations in order to maintain a desired hedge position.

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

34 Financial Risk Management Objectives and Policies (continued)

(a) Foreign exchange risk (continued)

The table below summarises by currency the US dollar value of forward exchange agreements at balance date. Foreign currency amounts are translated at rates prevailing at reporting date. Entities in the group enter into forward contracts to hedge foreign currency receivables from other entities within the Group. These receivables are eliminated on consolidation, however, the hedges are in place to protect the entities from movements in exchange rates that would give rise to a profit or loss impact.

	Average Exchange Rate		2014		2013	
	2014	2013	Buy US\$m	Sell US\$m	Buy US\$m	Sell US\$m
US Dollar¹						
3 months or less	1.1419	1.2265	0.4	(277.7)	14.0	(228.0)
Swiss Francs						
3 months or less	0.8912	0.9442	365.2	(49.0)	324.6	(85.1)
Argentina Peso						
3 months or less	8.1318	5.3758	-	(12.7)	-	(15.6)
Euro						
3 months or less	0.7318	0.7666	520.1	(371.2)	479.1	(348.2)
Pounds Sterling						
3 months or less	0.5873	0.6550	-	(16.7)	0.7	(24.2)
Hungarian Florint						
3 months or less	227.10	226.66	-	(8.9)	-	(3.2)
Japanese Yen						
3 months or less	101.26	98.90	0.6	(15.5)	2.7	(16.4)
Swedish Kroner						
3 months or less	6.7406	6.7266	0.7	(17.0)	1.6	(15.9)
Danish Kroner						
3 months or less	5.4654	5.7103	-	(12.9)	-	(9.3)
Mexican Peso						
3 months or less	12.9625	12.9995	0.5	(47.5)	-	(42.5)
Brazilian Real						
3 months or less	2.1937	2.1989	-	(23.2)	-	(15.9)
Czech Koruna						
3 months or less	20.13	19.95	-	(2.2)	-	(1.8)
Chinese Renimbi						
3 months or less	6.2073	6.1453	-	(83.9)	-	(48.4)
New Zealand Dollar						
3 months or less	1.1421	1.2819	-	(0.6)	-	(2.7)
Polish Zloty						
3 months or less	3.0463	3.3097	3.8	(15.1)	-	(3.2)
Australian Dollar						
3 months or less	1.0618	1.0816	121.2	(58.4)	78.6	(40.9)
			1,012.5	(1,012.5)	901.3	(901.3)

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

The Group reduces its foreign exchange risk on net investments in foreign operations, by denominating external borrowings in currencies that match the currencies of its foreign investments.

CSL Limited and its controlled entities Notes to the Financial Statements

For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies (continued)

(b) Interest rate risk

The Group is exposed to interest rate risk through primary financial assets and liabilities. In accordance with the Group entities approved risk management policies, derivative financial instruments such as interest rate swaps are used to hedge interest rate risk exposures. As at 30 June 2014, no derivative financial instruments hedging interest rate risk were outstanding (2013: Nil).

The following tables summarise interest rate risk for financial assets and financial liabilities, the effective interest rates as at balance date and the periods in which they reprice.

	Fixed interest rate maturing in:					Total	Average interest Rate
	Floating rate ⁽¹⁾	1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing		
Consolidated Entity – June 2014	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	%
Financial Assets							
Cash and cash equivalents	608.7	-	-	-	-	608.7	1.6%
Trade and other receivables	-	-	-	-	961.6	961.6	-
Other financial assets	-	-	-	-	1.3	1.3	-
	608.7	-	-	-	962.9	1,571.6	
Financial Liabilities							
Trade and other payables	-	-	-	-	650.8	650.8	-
Bank loans – unsecured	613.9	-	-	-	-	613.9	1.1%
Bank overdraft – unsecured	2.4	-	-	-	-	2.4	0.0%
Senior unsecured notes	-	-	300.0	945.0	-	1,245.0	3.4%
Lease liabilities	-	3.2	6.3	19.5	-	29.0	5.2%
Other financial liabilities	-	-	-	-	1.3	1.3	-
	616.3	3.2	306.3	964.5	652.1	2,542.4	

	Fixed interest rate maturing in:					Total	Average interest Rate
	Floating rate ⁽¹⁾	1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing		
Consolidated Entity – June 2013	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	%
Financial Assets							
Cash and cash equivalents	762.2	-	-	-	-	762.2	3.0%
Trade and other receivables	-	-	-	-	859.1	859.1	-
Other financial assets	-	-	-	-	1.5	1.5	-
	762.2	-	-	-	860.6	1,622.8	
Financial Liabilities							
Trade and other payables	-	-	-	-	671.1	671.1	-
Bank loans – unsecured	406.6	-	-	-	-	406.6	1.0%
Bank overdraft – unsecured	2.4	-	-	-	-	2.4	2.2%
Senior unsecured notes	-	-	-	1,243.5	-	1,243.5	3.4%
Lease liabilities	-	3.3	7.3	15.8	-	26.4	5.9%
Other financial liabilities	-	-	-	-	3.8	3.8	-
	409.0	3.3	7.3	1,259.3	674.9	2,353.8	

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

CSL Limited and its controlled entities

Notes to the Financial Statements

For the Year Ended 30 June 2014

34 Financial Risk Management Objectives and Policies (continued)

(c) Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. However, over the longer-term, permanent changes in foreign exchange and interest rates would give rise to a Group statement of comprehensive income impact.

At 30 June 2014 it is estimated that a general movement of one percentage point in the interest rates applicable to investments of cash and cash equivalents would have changed the Group's profit after tax by approximately \$4.2m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end. All other financial asset amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

At 30 June 2014 it is estimated that a general movement of one percentage point in the interest rates applicable to floating rate unsecured bank loans would have changed the Group's profit after tax by approximately \$3.9m. This calculation is based on applying a 1% movement to the total of the Group's unsecured bank loans at year end. All other interest bearing debt amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

It is estimated that a general movement of one percentage point in the value of the US Dollar against other currencies would change the Group's profit after tax by approximately \$3.6m for the year ended 30 June 2014 comprising \$1.3m and \$2.3m against the Euro and Swiss Franc respectively. This calculation is based on changing the actual exchange rate of US Dollars to all other currencies during the year by 1% and applying these adjusted rates to the translation of the foreign currency denominated financial statements of various Group entities.

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

These sensitivity estimates may not apply in future years due to changes in the mix of profits derived in different currencies and in the Group's net debt levels.

(d) Credit Risk

Credit risk represents the extent of credit related losses that the Group may be subject to on amounts to be exchanged under financial instruments contracts or the amount receivable from trade and other debtors. Management has established policies to monitor and limit the exposure to credit risk on an on-going basis.

Transactions involving derivative financial instruments are with counterparties with whom the Group has a signed netting agreement as well as sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Group's policy is to only invest its cash and cash equivalent financial assets with financial institutions having a credit rating of at least 'A' or better, as assessed by independent rating agencies.

The Group minimises the credit risks associated with trade and other debtors by undertaking transactions with a large number of customers in various countries. Entities in the Group undertake a review of the credit worthiness of customers, prior to granting credit, using trade references and credit reference agencies.

The maximum exposure to credit risk at balance date is the carrying amount, net of any provision for impairment, of each financial asset in the balance sheet.

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

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

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

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

34 Financial Risk Management Objectives and Policies (continued)

(d) Credit Risk (continued)

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

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

Financial assets are considered impaired where there is objective evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if an impairment exists include ageing and timing of expected receipts and the credit worthiness of counterparties. A provision for impairment is created for the difference between the assets carrying amount and the present value of estimated future cash flows. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

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

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

34 Financial Risk Management Objectives and Policies (continued)

(e) Funding and liquidity risk

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

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

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

The below table shows the profile of financial liabilities:

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

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

34 Financial Risk Management Objectives and Policies (continued)

(f) Fair values

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

The following methods and assumptions were used to determine the net fair values of financial assets and liabilities:

Trade and other receivables/payables

The carrying value of trade and other receivables/payables with a remaining life of less than one year is deemed to reflect its fair value.

Other financial assets – derivatives

Forward exchange contracts are 'marked to market' using market prices for similar instruments. Derivatives are classified as level 2 financial liabilities.

Interest bearing liabilities and borrowings

Fair value is calculated using quoted prices in active markets.

Other financial assets – other

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

Financial liabilities are classified into Levels:

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

(g) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern whilst providing returns to shareholders and benefits to other stakeholders. The Group aims to maintain a capital structure which reflects the use of a prudent level of debt funding so as to reduce the Group's cost of capital without adversely affecting either of their credit ratings.

Each year the Directors determine the dividend taking into account factors such as liquidity and the availability of franking credits. The full year dividend, as disclosed in note 23, represents a payout ratio of 42% of Net Profit after Tax.

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

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

	2014 A\$m	2013 A\$m
35 Information relating to CSL Limited ('the parent entity')		
(a) Summary financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Current assets	140.9	32.5
Total assets	2,222.6	2,636.8
Current liabilities	94.4	149.0
Total liabilities	203.6	229.4
Contributed equity	(2,351.5)	(1,464.7)
Share based payments reserve	127.3	122.4
Retained earnings	4,243.2	3,749.7
	2,019.0	2,407.4
Profit or loss for the year	1,055.4	1,398.8
Total comprehensive income	1,056.2	1,400.0

(b) Guarantees entered into by the parent entity

The parent entity provides certain financial guarantees in the ordinary course of business. No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial. These guarantees are mainly related to debt facilities of the Group. In addition the parent entity provides guarantees to some subsidiaries in respect of certain receivables from other group companies.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013. For information about guarantees given by the parent entity, please refer above.

(d) Contractual commitments for the acquisition of property, plant or equipment

Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:

Not later than one year	11.3	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	11.3	-

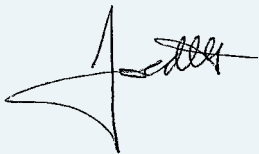
36 Subsequent events

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


CSL Limited and its controlled entities Directors' Declaration

- (1) In the opinion of the Directors:
- (a) the financial report, and the remuneration report included in the directors' report of the company and of the Group are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (i) giving a true and fair view of the company's and Group's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*.
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (2) Note 1(a) to the financial statements confirms that the financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- (3) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001 (Cth)* for the financial period ended 30 June 2014.
- (4) (4) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 22 October 2009.

This declaration is made in accordance with a resolution of the directors.



John Shine AO
Chairman



Paul Perreault
Managing Director

Melbourne
13 August 2014



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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 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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



Opinion

In our opinion:

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

Report on the remuneration report

We have audited the Remuneration Report included in section 17 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

Glenn Carmody
Partner
Melbourne
13 August 2014

Medical Glossary

Acute Myeloid Leukaemia (AML) is a type of cancer that affects the blood and bone marrow.

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).

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 (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.

Chromatography is a technique for separating molecules based on differential absorption and elution. It involves the flow of a fluid carrier over a non-mobile absorbing phase.

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.

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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.

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).

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CSL Limited ABN 99 051 588 348

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.

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.

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).

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).

Subcutaneous is the administration of drugs or fluids into the subcutaneous tissue, which is located just below the skin.

Von Willebrand Disease (vWD) is a hereditary disorder caused by defective or deficient Von Willebrand factor, a protein involved in normal blood clotting.

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Further Information

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