CSL Limited

ABN: 99 051 588 348

ASX Full-year information
30 June 2015

Lodged with the ASX under Listing Rule 4.3A.

Contents

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Appendix 4E

Full-year ended 30 June 2015

(Previous corresponding period:
Year ended 30 June 2014)

Results for Announcement to the Market

	2015 US$m	2014 US$m
Sales revenue	5,458.6	5,334.8
Total other revenues	169.4	189.5
Total revenue and other income	**5,628.0**	**5,524.3**
Profit before income tax expense	1,714.0	1,604.3
Income tax expense	(335.0)	(297.3)
Reported Net profit after tax attributable to members of the parent entity	**1,379.0**	**1,307.0**

Reported

- Sales revenue up 2.3% to US$5.46 billion.
- Net profit after tax for the year attributable to members of the parent entity up 5.5% to US$1.38 billion.

Constant Currency [1] and adjusted for Novartis Influenza Vaccine acquisition costs

- **Sales revenue at constant currency up 7.5% to US$5.73 billion.**
- **Operational net profit after tax for the year at constant currency up 9.7% to US$1.43 billion.**

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

Dividends

	Amount per security	Franked amount per security
Final dividend (determined subsequent to balance date#)	US$0.66	Unfranked *
Interim dividend (paid on 10 April 2015)	US$0.58	Unfranked
Final dividend (prior year, paid on 3 October 2014)	US$0.60	Unfranked
# Record date for determining entitlements to the dividend:	9 September 2015	

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

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

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

Additional Information

NTA Backing

	30 June 2015	30 June 2014
Net tangible asset backing per ordinary security	**US$3.92**	US$4.71

Changes in controlled entities

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

Audit report

The audit report is contained in the attached Financial Report.

E H C Bailey
Company Secretary

12 August 2015

Directors' Report

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

1. Directors

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

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

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

2. Company Secretaries

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

3. Directors' Attendances at Meetings

The table below shows the number of directors' meetings held (including meetings of Board Committees) and number of meetings attended by each of the directors of CSL during the year. In addition, a Capital Structuring Committee was set up to oversee the Euro 350 million private placement offering in the US. The Capital Structuring Committee comprised Mr B R Brook (Chair), Ms M E McDonald and Ms C E O'Reilly and met on two occasions during the year. The directors also visited various of the CSL Group's operations inside and outside Australia and met with local management.

	Board of Directors		Audit & Risk Management Committee		Securities & Market Disclosure Committee	Human Resources & Remuneration Committee		Innovation & Development Committee		Nomination Committee	
	A	*B*	*A*	*B*	*A*	*A*	*B*	*A*	*B*	*A*	*B*
J Shine	8	8	2[1]		11	5[1]		4	4	3	3
J H Akehurst	7	8				6	6	3[1]		3	3
D W Anstice	8	8				5	6	3	4	3	3
B R Brook	8	8	5	5		1[1]		4[1]		3	3
M McDonald	8	8	5	5		2[1]		3[1]		3	3
P R Perreault	8	8	5[2]		11	6[2]		4	4	3[2]	
C E O'Reilly	8	8	5	5		5	6	4[1]		3	3
M A Renshaw	8	8				1[1]		4	4	3	3

[1] Attended for at least part in ex officio capacity
[2] Attended for at least part by invitation

A Number of meetings (including meetings of Board Committees) attended during the period.
B Maximum number of meetings that could have been attended during the period.

4. Principal Activities

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

5. Operating and Financial Review and Future Prospects

(a) Financial Review

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

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

Summary NPAT

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

a) Translation Currency Effect $91.4m

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

b) Transaction Currency Effect $(58.6)m

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

Summary Sales

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

c) Constant Currency Effect $274.3m

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

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

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

(b) Operating Review

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

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

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

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

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

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

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

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

Strong demand for Berinert® continued. Berinert® (C1-esterase inhibitor concentrate) is used for the treatment of acute attacks in patients with hereditary angioedema. In 2012, the U.S. FDA approved a label expansion to include self-administration and now in excess of 75% of patients are self-administering Berinert®.

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

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

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

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

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

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

(c) Future Prospects (including Key Risks)

In the medium term CSL expects to continue to grow through developing differentiated plasma-derived and recombinant products, receiving royalty flows from the exploitation of the Human Papillomavirus Vaccine by Merck & Co, Inc, and the commercialisation of CSL's technology. Over the longer term CSL intends to develop new products which are protected by its own intellectual property and which are high margin human health medicines marketed and sold by CSL's global operations.

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

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

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

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

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

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

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

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

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

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

6. Dividends

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

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

2014-2015 An interim dividend of US$0.58 per share, unfranked, was paid on 10 April 2015. CSL's Directors have determined a final dividend of US$0.66 per ordinary share, unfranked, for the year ended 30 June 2015.

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

Total dividends for the 2014-2015 year are:

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

7. Significant changes in the State of Affairs

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

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

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

8. Significant events after year end

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

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

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

9. Health, Safety and Environmental Performance

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

The Total Recordable Incident Rate continues to record improved performance. For our Australian operations, Tier 3 status was maintained with regard to CSL Limited's self-insurance licence granted by the Safety, Rehabilitation and Compensation Commission; further, said licence was extended for a period of eight (8) years.

No environmental breaches have been notified by the Environmental Protection Authority in Victoria, Australia or by any other equivalent interstate or foreign government agency in relation to CSL's Australian, Europe, North American or Asia Pacific operations during the year ended 30 June 2015.

Environmental obligations and waste discharge quotas are regulated under applicable Australian and foreign laws. Environmental performance is monitored and subjected from time to time to government agency audits and site inspections. The EHS2 function continues to refine standards, processes and data collection systems to ensure we are well prepared for new regulatory requirements.

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

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

Further details related to Environment, Health, Safety and Sustainability performance can be found in CSL's sustainability report, Our Corporate Responsibility, available on CSL's website, www.csl.com.au.

10. Directors' Shareholdings and Interests

At the date of this report, the interests of the directors who held office at 30 June 2015 in the shares, options and performance rights of CSL are set out in the Remuneration Report – Tables 10 and 14 for executive Key Management Personnel (KMP) and Table 15 for Non-Executive Directors. It is contrary to Board policy for KMP to limit exposure to risk in relation to these securities. From time to time the Company Secretary makes inquiries of KMP as to their compliance with this policy.

11. Directors' Interests in Contracts

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

12. Performance Rights and Options

As at the date of this report, the number of unissued ordinary shares in CSL under options and under performance rights are set out in Note 18 of the Financial Statements.

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

The number of options and performance rights exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in CSL is set out in Note 18 of the Financial Statements. Since the end of the financial year, 3,617 shares were issued under CSL's Performance Rights Plan.

13. Indemnification of Directors and Officers

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

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

(a) an ongoing and unlimited indemnity to the relevant director against liability incurred by that director in or arising out of the conduct of the business of CSL or of a subsidiary (as defined in the *Corporations Act 2001*) or in or arising out of the discharge of the duties of that director. The indemnity is given to the extent permitted by law and to the extent and for the amount that the relevant director is not otherwise entitled to be, and is not actually, indemnified by another person or out of the assets of a corporation, where the liability is incurred in or arising out of the conduct of the business of that corporation or in the discharge of the duties of the director in relation to that corporation;

(b) that CSL will maintain, for the term of each director's appointment and for seven years following cessation of office, an insurance policy for the benefit of each director which insures the director against liability for acts or omissions of that director in the director's capacity or former capacity as a director; and

(c) the relevant director with a right of access to Board papers relating to the director's period of appointment as a director for a period of seven years following that director's cessation of office. Access is permitted where the director is, or may be, defending legal proceedings or appearing before an inquiry or hearing of a government agency or an external administrator, where the proceedings, inquiry or hearing relates to an act or omission of the director in performing the director's duties to CSL during the director's period of appointment.

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

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

CSL paid insurance premiums of US$897,198 in respect of a contract insuring each individual director of CSL and each full time executive officer, director and secretary of CSL and its controlled entities, against certain liabilities and expenses (including liability for certain legal costs) arising as a result of work performed in their respective capacities, to the extent permitted by law.

14. Indemnification of auditors

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

15. Auditor independence and non-audit services

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

Details of the amounts paid or payable to the entity's auditor, Ernst & Young, for non-audit services provided during the year are set out below. The directors, in accordance with the advice received from the Audit and Risk Management Committee, are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

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

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

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

The signing partner for the auditor is to be rotated at least every five years, and the auditor is required to make an independence declaration annually. CSL notes that, in accordance with the requirements of the Corporations Act, the Board and the Audit and Risk Management Committee has approved Mr Glenn Carmody to act as the signing partner for Ernst & Young for a sixth year in 2015-16 (as a result of some changes in personnel at Ernst

& Young which directly affected the transition plans for the replacement of Ernst & Young's signing partner).

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of CSL Limited

In relation to our audit of the financial report of CSL Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Glenn Carmody
Partner
12 August 2015

16. Rounding

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

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17. Remuneration Report

Dear Shareholder,

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

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

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

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

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

We welcome feedback on this Report and our remuneration practices.

John Akehurst Chairman Human Resources and Remuneration Committee	John Shine AO Chairman CSL Limited

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

Format of the 2015 Remuneration Report:

1 Introduction

This Remuneration Report (Report) describes CSL's remuneration framework and sets out the remuneration arrangements for the 2015 financial year. This Report has been prepared in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations 2001*. It has been audited pursuant to section 308(3C) of the *Corporations Act 2001*.

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

2 Remuneration Governance

Through an effective remuneration framework, CSL:

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

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

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

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

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

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

HRRC Activities

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

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

Changes in executive KMP

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

Contractual provisions for executive KMP

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

Duration of contract	Notice Period Employee	Notice Period CSL*	Termination Payment
No Fixed Term	Six months	Six months	12 months

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

Independent external consultants

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

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

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

3 Executive KMP Remuneration

3.1 Remuneration Framework

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

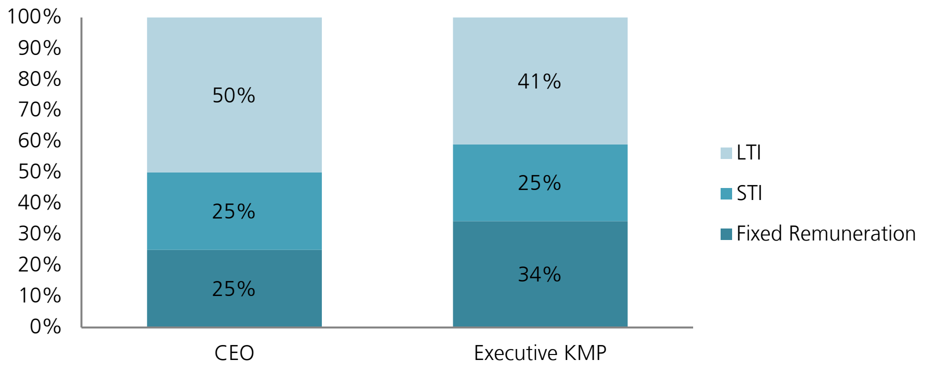
Changes to the remuneration framework in 2015 focused on increasing both STI and LTI potential, as these elements of our remuneration framework reflect an "at risk" element of pay. This has been used to better align the executive KMP's total target remuneration to the markets where CSL operates and the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

Total Target Remuneration and Mix

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

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

Average Total Target Remuneration mix for CEO and executive KMP



Fixed Remuneration (FR)

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

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

[3] V Romberg was an executive KMP member of the SLG for the period 1 January 2015 to 30 June 2015.
[4] M Sontrop was an executive KMP member of the SLG for the period 1 July 2014 to 31 December 2014.

Variable Remuneration

Short Term Incentive (STI)

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

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

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

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

Feature	Description
Instrument	The STI award is delivered in the form of cash.
Award Target	The STI target is set as a percentage of FR. In 2015 the CEO had a STI target of 100% of FR and other executive KMP had a STI target in the range of 60% to 85% of FR. All executive KMP have a potential maximum STI outcome of 150% of their STI target. If the outcome of any performance metric falls below a threshold, there is a zero contribution to STI from this component.
Performance Hurdle	All executive KMP are assessed against agreed CSL financial and business performance targets for identified measures that drive overall company performance and achievement of strategic objectives. These measures include: • Financial performance; • Research and Development investment, and the achievement of key milestones as agreed for the business year in order to drive short term and long term growth opportunities. This investment ensures CSL will continue to innovate and meet market demands for new therapies, higher efficacy of treatments and develop novel responses to life threatening diseases; and • Key operational metrics – comprising measures designed to assess the efficiency and quality of operations. The Board considers the performance against agreed budget targets for each of these measures and determines the overall financial and business performance outcome to be applied to the proportion of STI driven by company performance for the executive KMP. For the CEO CSL financial and business performance drives 60% of the STI outcome, for other executive KMP it drives 50% of the outcome. Individual performance objectives are a mix of financial and non-financial measures relevant to the executive KMP's role. The individual performance objectives for the CEO drive 40% of the STI outcome, for other executive KMP it drives 50% of the outcome. The objectives for executive KMP are set by the CEO and the Chairman and Board are responsible for setting and agreeing the performance objectives for the CEO. An individual's objectives consist of four categories: • Quantified performance outcomes – achievement of specific CSL financial objectives and business outcomes relevant to the executive KMP's area of accountability (forming up to 60% for those executive KMP with P&L responsibilities); • Achievement of specific strategic objectives aligned to longer term growth – delivery of CSL milestones that are required for longer term growth (forming up to 20% for those executive KMP with P&L responsibilities and up to 80% for functional leaders); • Delivery of improvements and change initiatives in operations, risk management, compliance and health and safety. This objective also includes managing to CSL's standards in areas of quality, safety of medicines, health, operational safety and environment and maintaining high personal and organisational levels of compliance and quality (forming up to 20% for all executive KMP); and • Leadership performance – attracting, developing and retaining talent, appropriately protecting CSL's reputation and demonstrating high standards of personal leadership and behaviour and CSL values.
Deferral Terms	For the executive KMP SLG[5] members, 33% of any STI payment related to the period as a member of this group will be deferred in Notional Shares with the number of Notional Shares being calculated based on CSL's volume weighted average share price during the five trading days immediately preceding the grant date. The Notional Shares are deferred for three years and will be forfeited upon resignation. A "good leaver" (includes cessation of employment due to death, total and permanent disablement, retirement, redundancy or any other reason as determined by the Board in its discretion) will retain their Notional Shares with payment at award maturity. The vesting value is a cash amount equivalent to the relevant number of Notional Shares granted multiplied by CSL's volume weighted average share price during the five trading days immediately preceding the vesting date. No dividends are paid on deferred Notional Shares.
Deferral Clawback	100% of the deferred award can be clawed back by the Board where there is a misstatement of financials or an executive KMP breaches obligations.

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

Long Term Incentive (LTI)

The objective of the LTI Plan is to align long term executive KMP reward with the sustained creation of shareholder value through the allocation of awards that are subject to the satisfaction of long term performance conditions. A summary of the 2015 LTI plan (granted 1 October 2014) is provided below:

<table>
<tr><th>Feature</th><th>Options</th><th>Performance Rights</th></tr>
<tr><td rowspan="2">Grant Value</td><td>The grant value is set as a percentage of FR as at 1 September 2014. In October 2014 the LTI grant value for the CEO was 60% of FR and for executive KMP outside of Australia it was 40% of FR.
The award is granted in one tranche.</td><td>The grant value is set as a percentage of FR as at 1 September 2014. In October 2014 the LTI grant value for the CEO was 100% of FR and for other executive KMP it was 65% of FR.
The above grant value (“base” amount) will be divided into two equal tranches with an additional 25% of the tranche two “base” amount to be granted. The additional 25% grant is only eligible for vesting where performance against the Earnings per Share growth (EPSg) performance measure, exceeds target.</td></tr>
<tr><td colspan="2">The number of Options and Performance Rights granted is determined by the fair value which is calculated by an external provider, PricewaterhouseCoopers. The fair value is calculated using a Black-Scholes methodology and, for Options and Performance Rights subject to a market condition, a Monte Carlo simulation model which takes into consideration factors such as the performance hurdles and probability of those hurdles being achieved, share price volatility, life of the award, dividend yield, risk free rate and share price at grant.
Each Option and Performance Right is to acquire one share in the Company. An executive KMP must pay an exercise price of A$73.93 when electing to exercise the Options. There is no payment on the exercise of Performance Rights.</td></tr>
<tr><td>Performance Period</td><td colspan="2">The four year performance period applies from 1 July 2014 to 30 June 2018.</td></tr>
<tr><td>Performance Hurdle</td><td>During the four year vesting period an executive KMP must meet their performance expectations as defined in their work plans and assessed by the Board for the CEO, and by the CEO with approval of the Board for remaining executive KMP. The Board believes it is important that an employee maintains satisfactory levels of performance during the vesting period and that failure to do so will result in forfeiture of any unvested grant.
The Options only have value where the share price on exercise exceeds the exercise price, thus aligning this component of remuneration with shareholder return as expressed by share price.</td><td>• Tranche 1: Vesting of tranche 1 will be subject to CSL’s relative Total Shareholder Return (rTSR) performance hurdle measured against a cohort of like global Pharmaceutical and Biotechnology companies that have manufacturing operations, a research and development pipeline, and a comparable market capitalisation for the recommended rTSR peer group companies.
• Tranche 2: Vesting of tranche 2 will be subject to CSL achieving its “Target” EPSg performance hurdles.
• Tranche 3: Vesting of tranche 3 will be subject to CSL achieving its “Upside” EPSg performance hurdles.
During the four year vesting period an executive KMP must not fail to meet their performance expectations as defined in their work plan and assessed by the Board. Where an executive KMP fails to meet expectations the grant is forfeited.
These performance hurdles were chosen as the Board believes both EPSg and rTSR provide a link between executive KMP reward and shareholder wealth and align the interests of CSL and shareholders.</td></tr>
<tr><td>Vesting Schedule</td><td>If the performance hurdle is met the award will vest 100%.</td><td>For those Performance Rights in Tranche 1 (subject to the rTSR Performance Measure):
• No Performance Rights will vest if CSL’s TSR performance is less than the 50th percentile;
• If performance is at the 50th percentile, then 50% of the Performance Rights will vest; and
• An additional 2% of Performance Rights will vest for each one percentile increase above the 50th percentile up to the 75th percentile at which 100% of the Performance Rights will vest.
For those Performance Rights in Tranche 2 (subject to the “Target” EPSg Performance Measure):
• No Performance Rights will vest if CSL’s EPSg is less than 8%.
• Vesting for the EPSg “Target” Performance Rights will occur on a straight line scale from 35% vesting where EPSg is at 8% through to 100% vesting where EPSg is at 13%.</td></tr>
</table>

Feature	Options	Performance Rights
		For those Performance Rights in Tranche 3 subject to the EPSg "Upside" Performance Measure: • Where EPSg is above 13%, vesting will occur on a straight line scale from 0% vesting at EPSg of 13% through to 100% vesting where EPSg is at 15%.
Retesting	There is no retesting of the LTI awards.	
Cessation of Employment	A "good leaver" will retain a pro-rata number of Options and Performance Rights based on time elapsed since the grant date. Any retained Options and Performance Rights will be held subject to original terms and conditions including test date. For any vested Options and Performance Rights a shorter expiry date of six months from vesting will apply. For other leavers the Options and Performance Rights will lapse on cessation of employment.	
Clawback	100% of the award can be forfeited by the Board where there is a misstatement of financials or an executive KMP breaches obligations.	
Dividends	No dividends are paid on unvested LTI awards.	

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

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

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

LTI - Executive Deferred Incentive Plan (EDIP)

In its absolute discretion, the Board may also offer executive KMP (including the CEO) an LTI award under the EDIP based on retention risk or market indicators. An award under EDIP allows for greater alignment with global market practice where the remuneration mix typically includes a higher LTI component, part or all of which is in the form of equity which vests without application of business hurdles other than continued satisfactory service. The award has a three year vesting period reflecting U.S. market practice.

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

Feature	Description
Instrument	The award is delivered in the form of Notional Shares. The Notional Shares are converted to cash at the end of the vesting period.
Grant Value	The grant value was set as a percentage of FR as at 1 September 2014. In October 2014 the CEO's grant value was 40% of FR and other executive KMP grant values were in the range of 10% to 35% of FR. The number of Notional Shares granted is calculated using CSL's volume weighted average share price during the five trading days immediately preceding the grant date.
Vesting Period	A three year vesting period applies.
Performance Hurdle	During the three year vesting period an executive KMP must not fail to meet their performance expectations as defined in their work plan and assessed by the Board. The Board believes it is important that an employee maintains satisfactory levels of performance during the vesting period and that failure to do so will result in forfeiture of any unvested EDIP grant.
Vesting Value	A cash amount equivalent to the relevant number of Notional Shares granted multiplied by CSL's volume weighted average share price during the five trading days immediately preceding the vesting date.
Cessation of Employment	A "good leaver" will retain a pro-rata number of Notional Shares based on time elapsed since the grant date. Any retained Notional Shares will be held subject to original terms and conditions including vesting date. For other leavers the Notional Shares will be forfeited on cessation of employment.
Clawback	100% of the award can be forfeited by the Board where there is a misstatement of financials or an executive KMP breaches obligations.
Dividends	No dividends are paid on EDIP awards.

Clawback

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

Change of Control Provisions

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

Securities Dealing

The CSL Group Securities Dealing Policy prohibits employees from using price protection arrangements (e.g. hedging) in respect of CSL securities, or allowing them to be used. The Policy also provides that no CSL securities can be used in connection with a margin loan. Upon vesting of an award an employee may only deal in their CSL securities in accordance with the Policy. A breach of the Policy may result in disciplinary action. A copy of the CSL Group Securities Dealing Policy is available on the CSL Limited website at 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 2015, the aggregate number of CSL shares under a) and b) above was 0.54% of the total number of CSL shares on issue.

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

- the subject of outstanding offers of shares or share options to, or outstanding share options held by employees in Australia; and

- issued to employees in Australia under the Company's equity plans in the five year period preceding the offer,

in each case, after disregarding offers to or holdings of exempt offer recipients, must not exceed 10% of the total number of CSL shares on issue at the time of the offer.

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

2015 STI outcomes

Executive KMP STI outcomes for the 2015 financial year were assessed by the Board against CSL financial and business performance targets and against individual objectives agreed at the start of the performance year. These objectives are derived from the CSL long term Strategic Plan and their achievement will ensure CSL achieves its 2015 business plan and budget. Objectives were designed to ensure longer term strategic focus as well as focus on delivering annual targets. CSL's statutory financial and business performance is described in the following table. Further information relating to the contribution to STI derived from the financial component is provided in the covering letter to this report. The STI awards for 2015 which resulted from this are listed in Table 1 below.

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

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

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

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

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

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

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

Table 1: Executive KMP STI awards made in 2015

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

[8] The Australian dollar (AUD) bonus awards during the year ended 30 June 2015 have been converted to US dollars (USD) at an average exchange rate for the year.
[9] P Perreault, A Cuthbertson, G Naylor, R Repella, V Romberg and M Sontrop have 33% of their Actual STI Award amount related to period as an executive KMP member of the SLG deferred for three years.
[10] The STI Payment for V Romberg reflects payment for the period as executive KMP being 1 January 2015 to 30 June 2015.

2015 LTI outcomes

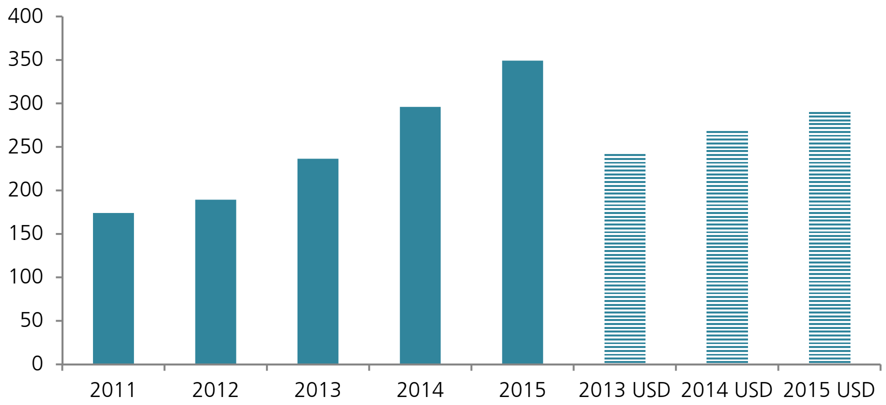
The performance measures for the LTI Plan, namely Earnings per Share growth (EPSg) and relative Total Shareholder Return (rTSR) provide a direct link between executive KMP reward and the long term creation of shareholder wealth.

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

Table 2: CSL share price and dividend payments over the past five years

Financial Year	Dividends Paid during the year (A$)	Share Price 1 July (A$)	Share Price 30 June (A$)
2015	1.39	66.55	86.47
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

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



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

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

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

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

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

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

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

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

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

In 2015 testing of the 2009, 2010 and 2011 LTI awards was conducted. The performance hurdles were EPSg and rTSR and vesting occurred where EPSg was at 10% and rTSR at or above the 50th percentile. Table 6 details the October 2014 vesting outcomes of LTI awards granted in 2009, 2010 and 2011.

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

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

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

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

Table 7: Executive KMP LTI awards made in 2015

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

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

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

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

[13] The number of Notional Shares is calculated based on the average market value of shares at the time of grant. For the October 2014 grant this was A$73.93.
[14] The EDIP award has a 1 October 2014 grant date with a 30 September 2017 vesting date.
[15] The LTI award of Options has a grant date of 1 October 2014 and a vesting date of August 2018. The exercise price for the award is A$73.93.
[16] The number of Options is calculated based on an assessment of the fair market value of the instruments in accordance with the accounting standards (refer to Note 18 in the Financial Statements). The Options had a fair value of A$12.29.
[17] The LTI award of Performance Rights has a grant date of 1 October 2014 and a vesting date of August 2018.
[18] The number of Performance Rights is calculated based on an assessment of the fair market value of the instruments in accordance with the accounting standards (refer to Note 18 in the Financial Statements). The Performance Rights in Tranche 1 had a fair value of A$47.69 and tranches 2 and 3 had a fair value of A$68.64.
[19] Assumes vesting has occurred at First Test Date.

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

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

Feature	2007 - 2010	2011 - 2012	2013 – 2014
Instrument	60% Performance Options and 40% Performance Rights	20% Performance Options and 80% Performance Rights	Performance Rights
Tranches	Three tranches: T1 - 25% of grant, T2 - 35% of grant and T3 - 40% of grant	Two tranches: T1 - 50% of grant and T2 - 50% of grant	
Performance Period	T1 – 2 years, T2 – 3 years and T3 – 4 years	T1 – 3 years and T2 – 4 years	
Performance Hurdle	Performance Options - EPSg Performance Rights - rTSR	50% - EPSg 50% - rTSR	
Peer Group	Selected ASX Top 100	Selected ASX Top 100	MSCI Gross Pharmaceutical Index
Vesting Schedule	EPSg 10% or above – 100% vesting	EPSg 10% or above - 100% vesting	EPSg < 8% – 0% vesting
	rTSR at or above 50th percentile – 100% vesting	rTSR below 50th percentile - 0% vesting	EPSg 8% to 12% - Straight line vesting from 50% to 100%
		rTSR at 50th percentile - 50% vesting	EPSg 12% or above – 100% vesting
		rTSR between 50th and 75th percentile - Straight line vesting from 50% to 100%	rTSR at or below performance of MSCI Gross Pharmaceutical Index – 0% vesting
		rTSR at or above 75th percentile - 100% vesting	rTSR exceeds performance of MSCI Gross Pharmaceutical Index – 100% vesting
Retesting Opportunities	T1 – 3 retests, T2 – 2 retests and T3 – 1 retest	1 retest per tranche, after an additional 12 months	

Performance Option and Performance Right Holdings

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

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

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

[20] Performance Options (less exercise price) and Performance Rights vested during the year, multiplied by the share price at the date of vesting. This differs from the amounts recorded as "Share Based Payments" in Table 12. Table 12 is prepared in accordance with accounting standards that require the fair value of each instrument to be determined and for the total value of each grant to be expensed over the vesting period. Table 12 therefore includes amounts related to multiple grants of LTI instruments, the majority of which will vest in future years. The LTI vested has been converted from AUD to USD using the 2015 average exchange rate

[21] The value at exercise date has been determined by the share price at the close of business on exercise date less the Performance Option/Performance Right exercise price (if any) multiplied by the number of Performance Options/Performance Rights exercised during 2015. The AUD value was converted to USD at an average exchange rate for the year.

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

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

The assumptions inherent in the valuation of Performance Options and Performance Rights granted to executive KMP, amongst others, during the financial year and the fair value of each Performance Option and Performance Right are set out in Note 18. No Options or Performance Rights have been granted since the end of the financial year. The Performance Options and Performance Rights have been provided at no cost to the recipients.

During the reporting period, executive KMP were issued the shares on exercise of Performance Options and Performance Rights as set out in Table 11. An executive KMP is required to pay an exercise price when electing to exercise the Performance Options.

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

Executive	Instrument	2015			2014		
		Date of Grant	Number of Shares Issued	Price Paid per Share (A$)	Date of Grant	Number of Shares Issued	Price Paid per Share (A$)
Current executive KMP							
P Perreault	Options	1 October 2009 1 October 2010 5 October 2011	28,220 4,680 9,310	33.68 33.45 29.34	1 October 2008 1 October 2010	19,100 4,680	37.91 33.45
	Rights	1 October 2010 5 October 2011	6,150 10,350	- -	1 October 2009 1 October 2010	2,992 6,150	- -
G Boss	Options	1 October 2009	22,220	33.68	-	-	-
	Rights	1 October 2010 5 October 2011	6,150 5,260	- -	1 October 2009 1 October 2010	2,360 6,150	- -
L Cowan	Options	1 October 2009	3,420	33.68	-	-	-
	Rights	-	-	-	1 October 2009	544	-
A Cuthbertson	Options	1 October 2009 1 October 2010 5 October 2011	22,240 6,070 7,600	33.68 33.45 29.34	1 October 2010	6,070	33.45
	Rights	1 October 2010 5 October 2011	7,980 8,440	- -	1 October 2009 1 October 2010	2,360 7,980	- -
K Etchberger	Options	1 October 2008	9,780	37.91	2 October 2006 1 October 2007	6,312 9,360	17.48 35.46
	Rights	1 October 2010 5 October 2011	4,500 4,010	- -	1 October 2009 1 October 2010	1,648 4,500	- -
G Naylor	Options	1 October 2007	13,620	35.46	-	-	-
	Rights	-	-	-	-	-	-
R Repella	Options	-	-	-	-	-	-
	Rights	-	-	-	-	-	-

Executive	Instrument	2015			2014		
		Date of Grant	Number of Shares Issued	Price Paid per Share (A$)	Date of Grant	Number of Shares Issued	Price Paid per Share (A$)
V Romberg	Options	-	-	-	-	-	-
	Rights	-	-	-	-	-	-
Former executive KMP							
M Sontrop	Options	1 October 2009 1 October 2010 5 October 2011	24,100 4,350 4,670	33.68 33.45 29.34	1 October 2010	4,350	33.45
	Rights	1 October 2010 5 October 2011	5,720 5,190	- -	1 October 2009 1 October 2010	2,560 5,720	- -

3.3 Executive KMP Statutory Remuneration Disclosure

Table 12 below has been prepared in accordance with Section 300A of the *Corporations Act 2001* (Cth). The table details the nature and amount of each element of remuneration paid or awarded for services provided during the year (the cash bonus amounts are for services performed during 2015 but will be paid after the end of the financial year).

How remuneration is measured

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

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

- 33% of STI awards are deferred into notional shares for three years. These are recognised as an expense over four years, being the year of the award and the three year deferral period. While the number of notional shares is determined based on the share price when granted, as they are eventually settled in cash the amount expensed each year changes along with the share price. These changes can increase or decrease remuneration in a given year and may be significant if there are large movements in the share price. This is also the case for notional shares issued under the EDIP, which are recognised over a three year period.

- Performance Options and Performance Rights issued under the LTI Plan are recognised over the performance period (three or four years depending on the year of award) based on the market value on the day they are granted to the executive. The remuneration recognised incorporates the risk that the performance targets may not be met and may be significantly different to the value of the rights if and when they vest to the executive. The accounting value of these Performance Options and Performance Rights is set on the day they are granted and is not revisited.

- In some circumstances, amounts are recorded as LTI remuneration when no shares vest to the executive KMP and in other cases there can be negative remuneration from LTIs in a given year if performance or service conditions are not met.

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

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

[24] The AUD compensation paid during the years ended 30 June 2014 and 30 June 2015 have been converted to USD at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.
[25] 2014 Cash salary and fees have been restated to correct a double count of annual leave. 2014 Deferred incentive figures have been restated to reflect expensing over a four year period.
[26] The Performance Rights and Performance Options have been valued using a combination of the Binomial and Black Scholes option valuation methodologies including Monte Carlo simulation as at the grant date adjusted for the probability of hurdles being achieved. This valuation was undertaken by PricewaterhouseCoopers. The amounts disclosed have been determined by allocating the value of the Performance Options and Performance Rights evenly over the period from grant date to vesting date in accordance with applicable accounting standards. As a result, the current year includes Performance Options and Performance Rights that were granted in prior years.
[27] The fair value of the deferred incentive (STI deferral) has been measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.
[28] The fair value of the cash settled deferred payment (EDIP) has been measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.
[29] In 2014 L Cowan was executive KMP for the period 31 March 2014 to 30 June 2014.
[30] In 2015 V Romberg was executive KMP for the period 1 January 2015 to 30 June 2015.
[31] J Lever was the former SVP Human Resources and retired from this role 30 March 2014.
[32] I Sieper was the former EVP Commercial Operations and retired from this role 30 June 2014.

Executive	Year[25]	Short term benefits			Post-employment	Other long term		Share Based Payments[26]			Total (US$)	% of remuneration performance related
		Cash salary and fees (US$)	Cash bonus (US$)	Non-monetary benefits (US$)	Superannuation (US$)	Long service leave (US$)	Deferred incentive (US$)[27]	Performance Rights (US$)	Performance Options (US$)	Cash settled deferred payment (US$)[28]		
M Sontrop[33] EVP Manufacturing Operations & Planning	2015	329,852	156,476	48,844	(9,638)	5,924	70,882	119,172	7,363	230,204	959,079	61%
	2014	592,922	329,570	60,873	41,488	12,905	64,500	281,518	33,870	312,636	1,730,282	59%

4 Non-Executive Director Remuneration

4.1 Remuneration Framework

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

Feature	Description
Strategy objective	CSL's NED remuneration strategy is designed to enable CSL to attract and retain suitably qualified directors with appropriate experience and expertise and remunerate them appropriately for their Board responsibilities and activities on Board committees.
Aggregate fees approved by shareholders	The current fee pool for NEDs of A$3,000,000 was approved by shareholders on 15 October 2014 and has applied from 1 July 2014. The annual total of NED fees including superannuation contributions is within this agreed limit. NEDs may be reimbursed for reasonable expenses incurred by them in the course of discharging their duties and this reimbursement is not included within this limit.
Remuneration reviews	The Board reviews NED fees on an annual basis in line with general industry practice. Fees are set with reference to the responsibilities and time commitments expected of NEDs along with consideration to the level of fees paid to NEDs of comparable companies.
Independence of NEDs	To ensure independence and impartiality is maintained, NEDs do not receive any performance related remuneration.
NED shareholdings	NEDs participate in the Non-Executive Directors' Share Plan (the NED Share Plan) approved by shareholders at the 2002 annual general meeting, as amended. The NED Share Plan requires that each NED takes at least 20% of their after-tax director's base fee (excluding superannuation guarantee contributions) in the form of shares in CSL Limited. Shares are purchased by NEDs on-market at prevailing share prices, twice yearly, after the announcement of CSL's half and full year results.
Post-Employment Benefits	Superannuation contributions are made in accordance with the current Superannuation Guarantee legislation which satisfies CSL's statutory superannuation obligations. Contributions are included in the base fee. NEDs are not entitled to any compensation on cessation of appointment.
Employment Contracts	There are no specific employment contracts with NEDs. NEDs are appointed under a letter of appointment and are subject to ordinary election and rotation requirements as stipulated in the ASX Listing Rules and CSL Limited's constitution.

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

4.2 Non-Executive Director Fees

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

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

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

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

4.3 Non-Executive Director Statutory Remuneration Disclosure

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

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

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

[34] The AUD compensation paid during the years ended 30 June 2014 and 30 June 2015 have been converted to USD at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.
[35] As disclosed in the section titled "Non-Executive Director Remuneration", NEDs participate in the NED Share Plan under which NEDs are required to take at least 20% of their after-tax base fees (excluding superannuation guarantee contributions) in the form of shares in the Company which are purchased on-market at prevailing share prices. The value of this remuneration element is included in cash, salary and fees.
[36] I Renard ceased to be a NED on 16 October 2013.

5 Executive KMP and Non-executive Director Shareholding

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

Executive KMP Shareholdings

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

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

Executive	Balance at 1 July 2014	Shares acquired on exercise of Performance Options during year	Shares acquired on exercise of Performance Rights during year	(Shares Sold) / Purchased	Balance at 30 June 2015
Current executive KMP					
P Perreault	19,571	42,210	16,500	(42,210)	36,071
G Boss	1,112	22,220	11,410	(27,375)	7,367
L Cowan	-	3,420	-	(3,420)	-
A Cuthbertson	69,368	35,910	16,420	(9,750)	111,948
K Etchberger	28,170	9,780	8,510	(24,373)	22,087
G Naylor	40,499	13,620	-	(16,254)	37,865
R Repella	-	-	-	-	-
V Romberg[37]	475	-	-	49	524
Former executive KMP					
M Sontrop[38]	664	33,120	10,910	(44,417)	277

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

Non-executive Director Shareholdings

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

Table 15: Non-executive Director Shareholdings

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

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

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

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

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

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

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

John Shine AO	Paul Perreault
Chairman	Managing Director
Melbourne	
12 August 2015	

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

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* Rapivab is a trademark of BioCryst Pharmaceuticals, Inc.

CSL Limited

CSL Financial Statements 30 June 2015

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2015

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

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

Consolidated Balance Sheet
As at 30 June 2015

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

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

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

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

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

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

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

Contents

About this Report

Notes to the financial statements:

Corporate information

CSL Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL Limited and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of directors on 12 August 2015.

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

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, International Financial Reporting Standards (IFRS) and the Corporations Act 2001. It presents information on a historical cost basis, except for financial assets and liabilities (including derivative instruments), which have been measured at fair value. Amounts have been rounded off to the nearest hundred thousand dollars.

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

b. Principles of consolidation

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

The financial statements of the subsidiaries are prepared using consistent accounting policies and for the same reporting period as the parent company.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full. The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated as it is controlled by the Group.

c. Foreign currency

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

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

d. Other accounting policies

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

e. Key judgements and estimates

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

Note 3:	Tax	Page 11
Note 4:	Inventories	Page 14
Note 5:	People Costs	Page 14
Note 7:	Intangible Assets	Page 17
Note 15:	Trade Receivables & Payables	Page 34

f. The notes to the financial statements

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

g. Significant changes in the current reporting period

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

Our Current Performance

Note 1: Segment Information

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

The Group's operating segments are:

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

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

Inter-segment sales

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

Geographical areas of operation

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

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

Note 2: Revenue and Expenses

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

Recognition and measurement of revenue

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

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

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

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

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

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

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

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

Recognition and measurement of expenses

Finance costs: Includes interest expense and borrowing costs. These are recognised as an expense when incurred, except where borrowing costs are directly attributable to the acquisition or construction of a qualifying asset. In this case they are capitalised as part of the cost of the asset. Interest-bearing liabilities and borrowings are stated at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the borrowings' period using the effective interest method.

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

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

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

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

Goods and Services Tax and other foreign equivalents (GST)

Revenues, expenses and assets are recognised net of GST, except where GST is not recoverable from a taxation authority, in which case it is recognised as part of an asset's cost of acquisition or as part of the expense.

Note 3: Tax

	2015 US$m	2014 US$m
a. Income tax expense recognised in the statement of comprehensive income		
Current tax expense		
Current year	**344.6**	326.9
Deferred tax expense		
Origination and reversal of temporary differences	**16.3**	(21.8)
Total deferred tax expense/(recovery)	**16.3**	(21.8)
Over provided in prior years	**(25.9)**	(7.8)
Income tax expense	**335.0**	297.3
b. Reconciliation between tax expense and pre-tax net profit		
The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	**1,714.0**	1,604.3
Income tax calculated at 30% (2014: 30%)	**514.2**	481.3
Effects of different rates of tax on overseas income	**(152.4)**	(165.5)
Research and development	**(13.6)**	(13.1)
Over provision in prior year	**(25.9)**	(7.8)
Other non-deductible expenses	**12.7**	2.4
Income tax expense	**335.0**	297.3
c. Income tax recognised directly in equity		
Deferred tax benefit		
Share-based payments	**(5.3)**	6.2
Income tax (expense)/benefit recognised in equity	**(5.3)**	6.2
d. Deferred tax assets and liabilities		
Deferred tax asset	**274.4**	299.1
Deferred tax liability	**(138.2)**	(127.7)
Net deferred tax asset	**136.2**	171.4
Deferred tax balances reflect temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Inventories	**87.0**	127.2
Property, plant and equipment	**(83.9)**	(64.7)

	2015 US$m	2014 US$m
Intangible assets	**(85.3)**	(57.0)
Trade and other payables	**17.0**	31.8
Recognised carry-forward tax losses	**48.9**	7.8
Retirement liabilities, net	**29.2**	24.4
Research and development offsets	**15.3**	36.0
Trade and other receivables	**7.5**	(6.9)
Other assets	**(3.9)**	(3.4)
Other liabilities and provisions	**84.3**	53.1
Tax bases not in net assets – share-based payments	**5.0**	2.7
	121.1	151.0
Amounts recognised in equity		
Share-based payments	**15.1**	20.4
	15.1	20.4
Net deferred tax asset	**136.2**	171.4

e. **Movement in temporary differences during the year**

	2015 US$m	2014 US$m
Opening balance	**171.4**	147.3
Credited/(charged) to profit before tax	**(16.3)**	21.8
Credited/(charged) to other comprehensive income	**13.7**	(5.4)
Credited to equity	**(5.3)**	6.2
Currency translation difference	**(27.3)**	1.5
Closing balance	**136.2**	171.4

Unrecognised deferred tax assets

	2015 US$m	2014 US$m
Deferred tax assets have not been recognised for the following items*:		
Tax losses with no expiry date	**0.4**	0.6

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

Current taxes

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

Deferred taxes

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

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

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

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

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

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

Key Judgements and Estimates - Tax

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

Note 4: Inventories

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

Raw Materials

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

Work in Progress

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

Finished Products

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

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

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

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

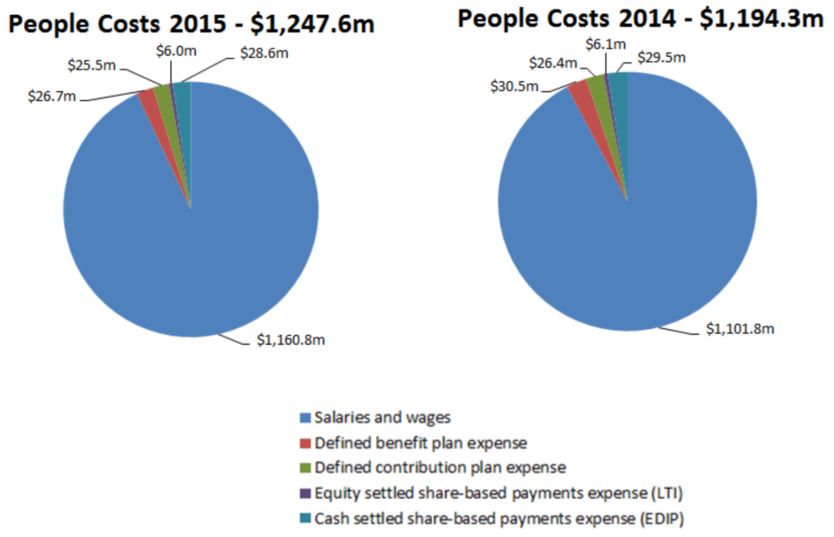
Key judgements and estimates - Inventory

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

Note 5: People Costs

a. Employee benefits

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



Salaries and wages

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

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

Defined benefit plans

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

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

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

Present value is based on expected future payments to the reporting date, calculated by independent actuaries using the projected unit credit method. Past service costs are recognised in income on the earlier of the date of plan amendments or curtailment, and the date that the Group recognises restructuring related costs.

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

Key judgements and estimates – People Costs

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

Defined contribution plans

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

Equity settled share-based payments expense

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

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

Outstanding share-based payment equity instruments

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

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

 # The exercise price at which GESP plan shares are issued is calculated at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. Accordingly the exercise price and the final number of shares to be issued is not yet known (and may differ from the assumptions and fair values disclosed above). The number of shares which may ultimately be issued from entitlements granted on 1 March 2015 has been estimated based on information available as at 30 June 2015.

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

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

Cash-settled share-based payments expense

On 1 October 2014, 268,760 notional shares were granted to employees under the Executive Deferred Incentive Plan (EDIP) (October 2013: 364,233). The notional shares will generate a cash payment to participants in three years' time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary of grant.

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

b. Key management personnel disclosures

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

Total compensation for key management personnel

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

Our Future

Note 6: Research & Development

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

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

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

Note 7: Intangible Assets

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

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

Goodwill

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

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

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

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

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

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

Intellectual property

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

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

All intellectual property has a finite life.

Software

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

Recognition and measurement

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life of the asset. The amortisation period and method is reviewed at each financial year end at a minimum.

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

Impairment of intangible assets

Assets with finite lives are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets that have an indefinite useful life (including goodwill) are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired.

An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Key judgements and estimates

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

Note 8: Property, Plant and Equipment

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

Property, plant and equipment

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

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

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

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

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

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

Assets under Finance Leases

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

Leasehold improvements

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

Note 9: Deferred Government Grants

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

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

Returns, Risk & Capital Management

Note 10: Shareholder Returns

Dividends

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

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

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

Earnings per Share

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

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

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

On-market Share Buyback

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

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

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

[2] Subsequent to 30 June 2015, 3,617 shares were issued, as required under the Employee Performance Rights Plan. There have been no other ordinary shares issued since the reporting date and before the completion of this financial report.

Contributed Equity

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

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

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

Note 11: Financial Risk Management

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

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

The primary risks these give rise to are:

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

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

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

Risk management approach

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

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

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

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

a. Foreign exchange risk

The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies to protect the Group against exchange rate movements. Contracts to buy and sell foreign currencies are also entered into from time to time to offset purchase and sale obligations.

The Group reduces its foreign exchange risk on net investments in foreign operations by denominating external borrowings in currencies that match the currencies of its foreign investments.

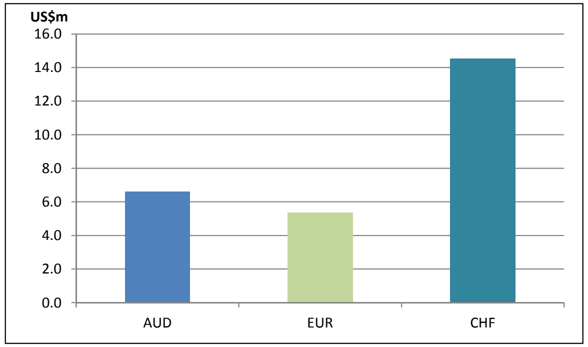
Due to the international nature of the Group's operations, it incurs foreign exchange risk in most group entities. In order to manage the stand alone financial results of group entities, these entities enter into forward exchange contracts with financial institutions. Many of the exposures managed in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

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

Sensitivity analysis – USD values

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

Equity – sensitivity to general movement of 1%
Any change in equity is recorded in the Foreign Currency Translation Reserve.



This calculation is based on changing the actual exchange rate of US Dollars to all AUD, EUR & CHF as at 30 June 2015 by 1% and applying these adjusted rates to the net assets (excluding investments in subsidiaries) of the foreign currency denominated financial statements of various Group entities.

b. Interest rate risk

At 30 June 2015, it is estimated that a general movement of one percentage point in the interest rates applicable to investments of cash and cash equivalents would have changed the Group's profit after tax by approximately $3.9m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end.

At 30 June 2015, it is estimated that a general movement of one percentage point in the interest rates applicable to floating rate unsecured bank loans would have changed the Group's profit after tax by approximately $4.0m. This calculation is based on applying a 1% movement to the total of the Group's floating rate unsecured bank loans at year end.

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

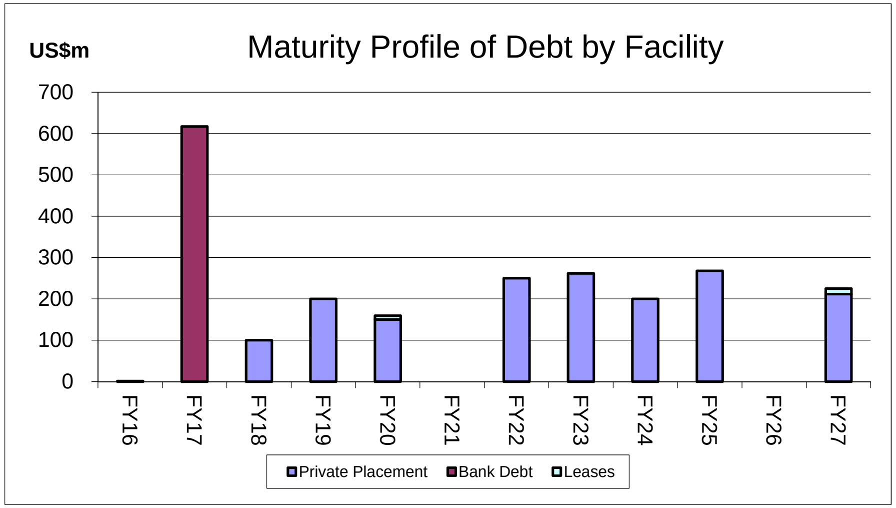
- Three revolving committed bank facilities totalling $617m. These facilities mature in November 2016. Interest on the facilities is paid quarterly in arrears at a variable rate. As at the reporting date the Group had $140.6m in undrawn funds available under these facilities;

- US$1,250m of Senior Unsecured Notes in the US Private Placement market. The notes mature in March 2018 (US$100m), November 2018 (US$200m), March 2020 (US$150m), November 2021 (US$250m), March 2023 (US$150m), November 2023 (US$200m), March 2025 (US$100m) and November 2026 (US$100m). The weighted average interest rate on the notes is fixed at 3.41%;

- EUR350m of Senior Unsecured Notes in the US Private Placement market. The Notes mature in November 2022 (EUR100m), November 2024 (EUR150m) and November 2026 (EUR100m). The weighted average interest rate on the notes is fixed at 1.90%;

- Finance leases with an average lease term of 9 years (2014: 11 years). The weighted average discount rate implicit in the leases is 4.93% (2014: 5.19%). The Group's lease liabilities are secured by leased assets of $15.5 million (2014: $15.5m). In the event of default, leased assets revert to the lessor.

The Group is in compliance with all debt covenants. The maturity profile of the Group's debt is shown in the following chart.



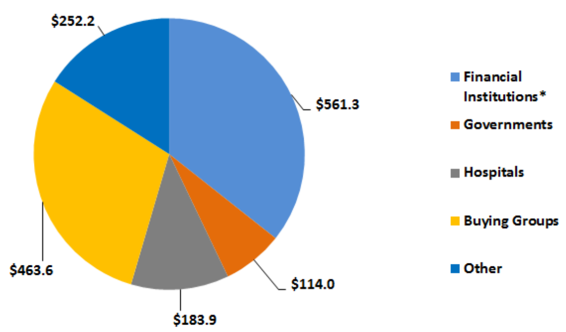
c. Credit Risk

The Group only invests its cash and cash equivalent financial assets with financial institutions having a credit rating of at least 'A' or better, as assessed by independent rating agencies.

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

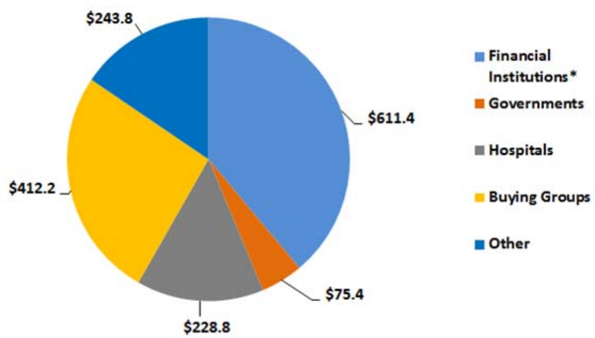
[4] Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date. All interest rates on floating rate financial assets and liabilities are subject to reset within the next six months.

Credit quality of financial assets (30 June 2015)



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

Credit quality of financial assets (30 June 2014)



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

Financial assets are considered impaired where there is evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if a financial asset is impaired include ageing and timing of expected receipts and the credit worthiness of counterparties. Where required, a provision for impairment is created for the difference between the financial asset's carrying amount and the present value of estimated future receipts. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

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

Government or government-backed entities (such as hospitals) often account for a significant proportion of trade receivables. As a result, the Group carries receivables from a number of Southern European governments. The credit risk associated with trading in these countries is considered on a country-by-country basis and the Group's trading strategy is adjusted accordingly. The factors taken into account in determining the credit risk of a particular country include recent trading experience, current economic and political conditions and the likelihood of continuing support from agencies such as the European Central Bank. An analysis of trade receivables that are past due and, where required, the associated provision for impairment, is as follows. All other financial assets are less than 30 days overdue.

Trade Receivables

	Gross		Provision		Net	
	2015	2014	**2015**	2014	**2015**	2014
	US$m	US$m	**US$m**	US$m	**US$m**	US$m
Trade receivables:						
current	**772.5**	706.1	**4.8**	2.3	**767.7**	703.8
less than 30 days overdue	**46.7**	68.8	**1.2**	1.3	**45.5**	67.5
between 30 and 90 days overdue	**41.2**	47.8	**1.2**	1.2	**40.0**	46.6
more than 90 days overdue	**55.5**	52.4	**17.7**	42.3	**37.8**	10.1
	915.9	875.1	**24.9**	47.1	**891.0**	828.0

d. Funding and liquidity risk

The following table analyses the Group's financial liabilities.

	2015	2014
Interest-bearing liabilities and borrowings	**US$m**	US$m
Current		
Bank overdrafts – Unsecured	**1.3**	2.4
Lease liability – Secured	**1.9**	3.2
	3.2	5.6
Non-current		
Bank loans – Unsecured	**617.0**	613.9
Senior Unsecured Notes - Unsecured	**1,637.9**	1,245.0
Lease liability - Secured	**22.8**	25.8
	2,277.7	1,884.7

Interest-bearing liabilities and borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities and borrowings are stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The following table categorises the financial liabilities into relevant maturity periods, taking into account the remaining period at the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the balance sheet.

	Contractual payments due									
	1 year or less US$m		Between 1 year and 5 years US$m		Over 5 years US$m		Total US$m		Average interest Rate %	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Trade and other payables (non-interest bearing)	**718.0**	650.8	**-**	-	**-**	-	**718.0**	650.8	**-**	-
Bank loans – unsecured (floating rates)	**6.5**	6.6	**620.2**	623.8	**-**	-	**626.7**	630.4	**1.1%**	1.1%
Bank overdraft – unsecured (floating rates)	**1.3**	2.4	**-**	-	**-**	-	**1.3**	2.4	**0.0%**	0.0%
Senior unsecured notes (fixed rates)	**50.1**	42.7	**636.2**	465.2	**1,329.4**	1,085.1	**2,015.7**	1,593.0	**3.1%**	3.4%
Lease liabilities (fixed rates)	**3.3**	1.6	**14.1**	8.2	**20.4**	21.5	**37.8**	31.3	**4.9%**	5.1%
Other financial liabilities (non-interest bearing)	**1.8**	1.3	**-**	-	**-**	-	**1.8**	1.3	**-**	-
	781.0	705.4	**1,270.5**	1,097.2	**1,349.8**	1,106.6	**3,401.3**	2,909.2		

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

Fair value of financial assets and financial liabilities

The carrying value of financial assets and liabilities is materially the same as the fair value. The following methods and assumptions were used to determine the net fair values of financial assets and liabilities.

Cash

The carrying value of cash equals fair value, due to the liquid nature of cash.

Trade and other receivables/payables

The carrying value of trade and other receivables/payables with a remaining life of less than one year is deemed to be equal to its fair value.

Derivatives

Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at reporting date. The gain or loss on re-measurement is recognised in the statement of comprehensive income. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Interest bearing liabilities

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

The Group also has external loans payable that have been designated as a hedge of its investment in foreign subsidiaries (known as a net investment hedge).

An effective hedge is one that meets certain criteria. Gains or losses on the net investment hedge that relate to the effective portion of the hedge are recognised in equity. Gains or losses relating to the ineffective portion, if any, are recognised in the consolidated statement of comprehensive income.

Valuation of financial instruments

For financial instruments measured and carried at fair value, the Group uses the following to categorise the method used:

- Level 1: Items traded with quoted prices in active markets for identical liabilities
- Level 2: Items with significantly observable inputs other than quoted prices in active markets
- Level 3: Items with unobservable inputs (not based on observable market data)

All derivatives are classified as level 2 financial liabilities.

There were no transfers between Level 1 and 2 during the year.

Note 12: Equity and Reserves

a. Contributed Equity

	2015 US$m	2014 US$m
Ordinary shares issued and fully paid	-	-
Share buy-back reserve	**(3,560.4)**	(2,797.8)
Total contributed equity	**(3,560.4)**	(2,797.8)

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

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance for ordinary share contributed equity has been reduced to nil, and a reserve created to reflect the excess value of shares bought over the original amount of subscribed capital. Refer to Note 10 for further information about on-market share buy-backs.

Information relating to employee performance option plans and GESP, including details of shares issued under the scheme, is set out in Note 5.

b. Reserves

Movement in reserves

	Share-based payments reserve (i) US$m		**Foreign currency translation reserve (ii) US$m**		**Total US$m**	
	2015	2014	**2015**	2014	**2015**	2014
Opening balance	**138.8**	127.0	**599.5**	451.3	**738.3**	578.3
Share-based payments expense	**6.0**	6.1	**-**	-	**6.0**	6.1
Deferred tax on share-based payments	**6.3**	5.7	**-**	-	**6.3**	5.7
Net exchange gains / (losses) on translation of foreign subsidiaries, net of hedge	**-**	-	**(444.1)**	148.2	**(444.1)**	148.2
Closing balance	**151.1**	138.8	**155.4**	599.5	**306.5**	738.3

Nature and purpose of reserves

i. Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options, performance rights and GESP rights issued to employees.

ii. Foreign currency translation reserve

Where the functional currency of a subsidiary is not US dollars, its assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates. All resulting exchange differences are recognized in other comprehensive income and in the foreign currency translation reserve in equity. Exchange differences arising from borrowings designated as hedges of net investments in foreign entities are also included in this reserve.

Note 13: Commitments and Contingencies[4]

a. Commitments

Operating leases entered into relate predominantly to leased land and rental properties. The leases have varying terms and renewal rights. Rental payments under the leases are predominantly fixed, but generally contain inflation escalation clauses.

Finance leases entered into relate predominantly to leased plant and equipment. The leases have varying terms but lease payments are generally fixed for the life of the agreement. In some instances, at the end of the lease term the Group has the option to purchase the equipment.

No operating or finance lease contains restrictions on financing or other leasing activities.

Commitments in relation to non-cancellable operating leases, finance leases and capital expenditure contracted but not provided for in the financial statements are payable as follows:

	Operating Leases US$m		Finance Leases US$m		Capital Commitments US$m		Total US$m	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Not later than one year	**40.4**	39.8	**2.8**	4.4	**135.6**	99.3	**178.8**	143.5
Later than one year but not later than five years	**131.9**	123.0	**9.7**	10.2	**10.9**	1.1	**152.5**	134.3
Later than five years	**316.9**	259.4	**19.6**	24.6	**-**	-	**336.5**	284.0
Sub-total	**489.2**	422.2	**32.1**	39.2	**146.5**	100.4	**667.8**	561.8
Future finance charges	**-**	-	**(7.4)**	(10.2)	**-**	-	**(7.4)**	(10.2)
Total	**489.2**	422.2	**24.7**	29.0	**146.5**	100.4	**660.4**	551.6

[4] Commitments and contingencies are disclosed net of the amount of GST (or equivalent) recoverable from, or payable to, a taxation authority

The present value of finance lease liabilities is as follows:

	2015 US$m	2014 US$m
Not later than one year	**1.9**	3.2
Later than one year but not later than five years	**6.7**	6.3
Later than five years	**16.1**	19.5
Total	**24.7**	29.0

b. Contingent assets and liabilities

Litigation

On 7 October 2013 the Group announced that it had signed an agreement to settle the US antitrust class action litigation for $64m. The plaintiffs had claimed that the Group and a competitor, along with an industry trade association, conspired to restrict output and fix and raise prices of certain plasma-derived therapies in the U.S. The settlement was approved by the U.S. Federal Court as fair and reasonable on 22 January 2014 and became final on 31 March 2014. The settlement amount was included as an expense and was paid during the prior financial year.

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

Efficiency of Operation

Note 14: Cash and Cash Equivalents, Cash Flows

	2015 US$m	2014 US$m
Reconciliation of cash and cash equivalents		
Cash at bank and on hand	**186.8**	393.0
Cash deposits	**370.0**	215.7
Less bank overdrafts	**(1.3)**	(2.4)
Total cash and cash equivalents	**555.5**	606.3
Reconciliation of Profit after tax to Cash Flows from Operations		
Profit after tax	**1,379.0**	1,307.0
Non-cash items in profit after tax		
Depreciation, amortisation and impairment charges	**181.3**	194.9
(Gain)/loss on disposal of property, plant and equipment	**0.7**	-
Share-based payments expense	**6.0**	6.2
Changes in assets and liabilities:		
Increase in trade and other receivables	**(127.3)**	(90.1)
(Increase)/decrease in inventories	**(272.2)**	31.2
Increase in retirement benefit assets	**(0.3)**	(6.5)
(Increase)/decrease in net tax assets	**54.0**	(51.8)
Increase/(decrease) in trade and other payables	**53.7**	(23.6)
Increase in provisions	**-**	5.2
Increase/(decrease) in retirement benefit liabilities	**88.7**	(11.8)
Net cash inflow from operating activities	**1,363.6**	1,360.7
Non-cash financing activities		
Acquisition of plant and equipment by means of finance leases	**2.9**	5.0

Cash, cash equivalents and bank overdrafts

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. They are made up of:

- Cash on hand.
- At call deposits with banks or financial institutions.
- Investments in money market instruments with original maturities of six months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash at the end of the financial year is net of bank overdraft amounts.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from or payable to a taxation authority are presented as part of operating cash flows.

Note 15: Trade Receivables and Payables

a. Trade and other receivables

	2015 US$	2014 US$
Current		
Trade receivables	**915.9**	875.1
Less: Provision for impairment loss	**(24.9)**	(47.1)
	891.0	828.0
Sundry receivables	**67.5**	86.3
Prepayments	**45.2**	39.1
Carrying amount of current trade and other receivables[6]	**1,003.7**	953.4
Non-Current		
Related parties - Loans to employees	**0.1**	0.1
Long term deposits/other receivables	**11.1**	8.1
Carrying amount of non-current other receivables[5]	**11.2**	8.2

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

[5] The carrying amount disclosed above is a reasonable approximation of fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable disclosed above. Refer to Note 11 for more information on the risk management policy of the Group and the credit quality of trade receivables.

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

As at 30 June 2015, the Group had made provision for impairment of $24.9m (2014: $47.1m).

	2015 US$m	2014 US$m
Opening balance at 1 July	**47.1**	40.9
Additional allowance/(utilised/written back)	**(15.1)**	4.5
Currency translation differences	**(7.1)**	1.7
Closing balance at 30 June	**24.9**	47.1

Non-trade receivables do not include any impaired or overdue amounts and it is expected they will be received when due. The Group does not hold any collateral in respect to other receivable balances.

Key judgements and estimates

In applying the Group's accounting policy to trade and other receivables with governments and related entities in South Eastern Europe as set out in Note 11, significant judgement is involved in first assessing whether or not trade or other receivable amounts are impaired and thereafter in assessing the extent of impairment. Matters considered include recent trading experience, current economic and political conditions and the likelihood of continuing support from agencies such as the European Central Bank.

b. Trade and other payables

	2015 US$m	2014 US$m
Current		
Trade payables	**257.8**	213.9
Accruals and other payables	**420.6**	387.2
Share-based payments (EDIP)	**22.4**	30.3
Carrying amount of current trade and other payables	**700.8**	631.4
Non-current		
Share-based payments (EDIP)	**17.2**	19.4
Carrying amount of non-current other payables	**17.2**	19.4

Trade and other payables represent amounts reflected at notional amounts owed to suppliers for goods and services provided to the Group prior to the end of the financial year that are unpaid. Trade and other payables are non-interest bearing and have various repayment terms but are usually paid within 30 to 60 days of recognition.

Receivables and payables include the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included in other receivables or payables in the balance sheet.

Note 16: Provisions

	Employee benefits US$m		Other US$m		Total US$m	
	2015	2014	**2015**	2014	**2015**	2014
Current	**82.5**	86.1	**1.8**	4.0	**84.3**	90.1
Non-current	**31.5**	35.4	**0.4**	0.6	**31.9**	36.0

Other provisions are recognised when all three of the following conditions are met:

- The Group has a present legal or constructive obligation arising from past transactions or events.
- It is probable that an outflow of resources will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

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

Detailed information about the employee benefits is presented in Note 5.

Other Notes

Note 17: Related Party Transactions

Ultimate controlling entity

The ultimate controlling entity is CSL Limited, otherwise described as the parent company.

Related party transactions

The parent company entered into the following transactions during the year with related parties in the Group.

Wholly owned subsidiaries

- Loans were advanced and repayments received on the long term intercompany accounts.
- Interest was charged on outstanding intercompany loan account balances.
- Sales and purchases of products.
- Licensing of intellectual property.
- Provision of marketing services by controlled entities.
- Management fees were received from a controlled entity.
- Management fees were paid to a controlled entity.

The transactions were undertaken on commercial terms and conditions.

Payment for intercompany transactions is through intercompany loan accounts and may be subject to extended payment terms.

Ownership interests in related parties

All transactions with subsidiaries have been eliminated on consolidation.

Subsidiaries

The following table lists the Group's material subsidiaries.

		Percentage owned	
Company	**Country of Incorporation**	**2015 %**	**2014 %**
CSL Limited	Australia		
Subsidiaries of CSL Limited:			
CSL Behring (Australia) Pty Ltd	Australia	100	100
CSL Behring LLC	USA	100	100
CSL Plasma Inc	USA	100	100
CSL Behring GmbH	Germany	100	100
CSL Behring AG	Switzerland	100	100
CSL Behring Recombinant Facility AG	Switzerland	100	100

Key management personnel transactions with the Group

Key management personnel, and their related entities, have conducted the following transactions with the Group. These transactions occur as part of a normal supplier relationship on 'arm's length' terms.

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

Note 18: Detailed Information – People Costs

a. Defined benefit plans

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

The surplus/deficit for each defined benefit plan operated by the Group is as follows:

	June 2015 $m			June 2014 $m		
Pension Plan	**Plan Assets**	**Accrued benefit**	**Plan surplus/ (deficit)**	**Plan Assets**	**Accrued benefit**	**Plan surplus/ (deficit)**
CSL Pension Plan (Australia) - provides a lump sum benefit upon exit	**29.7**	**(22.1)**	**7.6**	35.6	(31.2)	4.4
CSL Behring AG Pension Plan (Switzerland) - provides an ongoing pension	**434.2**	**(489.5)**	**(55.3)**	416.5	(414.2)	2.3
CSL Behring Union Pension Plan (USA) – provides an ongoing pension	**61.2**	**(74.4)**	**(13.2)**	60.0	(65.5)	(5.5)
CSL Behring GmbH Supplementary Pension Plan (Germany) – provides an ongoing pension	**-**	**(127.4)**	**(127.4)**	-	(129.9)	(129.9)
bioCSL GmbH Pension Plan (Germany) – provides an ongoing pension	**-**	**(1.9)**	**(1.9)**	-	(2.2)	(2.2)
CSL Behring KG Pension Plan (Germany) – provides an ongoing pension	**-**	**(9.2)**	**(9.2)**	-	(8.6)	(8.6)
CSL Plasma GmbH Pension Plan (Germany) – provides an ongoing pension	**-**	**(0.2)**	**(0.2)**	-	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan) – provides a lump sum benefit upon exit	**-**	**(11.9)**	**(11.9)**	-	(13.1)	(13.1)
CSL Behring S.A. Pension Plan (France) - provides a lump sum benefit upon exit	**-**	**(0.8)**	**(0.8)**	-	(0.7)	(0.7)
CSL Behring S.p.A Pension Plan (Italy) - provides a lump sum benefit upon exit	**-**	**(1.2)**	**(1.2)**	-	(1.5)	(1.5)
Total	**525.1**	**(738.6)**	**(213.5)**	512.1	(667.1)	(155.0)

In addition to the plans listed above, CSL Behring GmbH employees are members of two multi-employer plans administered by an unrelated third party. CSL Behring and their employees make contributions to the plans and receive pension entitlements on retirement. Participating employers may have to make additional contributions in the event that the plans have insufficient assets to meet their obligations. However, there is insufficient information available to determine this amount on an employer by employer basis. The contributions made by CSL Behring are determined by the Plan Actuary and are designed to be sufficient to meet the obligations of the plans based on actuarial assumptions. Contributions made by CSL Behring are expensed in the year in which they are made.

Movements in Accrued benefits and assets

During the financial year the value of accrued benefits increased by $71.5m. The increase is attributable to three main factors:

- Service cost charged to the profit and loss of $40.6m. This amount represents the increased benefit entitlement of members, arising from an additional year of service and salary increases, which are taken into account in the calculation of the accrued benefit.
- Actuarial adjustments, due to lower discount rates at the end of the year than originally anticipated by the actuary, generated an increase in accrued benefits of $90.5m. These adjustments do not affect the profit and loss as they are recorded in Other Comprehensive Income.
- Foreign currency movements had a $50.4m favourable impact on the value of accrued benefits, these movements are taken to the Foreign Currency Translation Reserve.

In the prior year the value of accrued benefits increased by $63.7m. Service costs contributed only $23.8m of the increase as a credit arose from a reduction in plan benefits. The balance of the increase was largely attributable to movements in the discount rate used to value the liability, which are taken directly to equity.

Plan assets increased by $13.0m during the financial year. The increase is attributable to the following factors:

- Investment returns on plan assets of $24.5m
- Contributions made by employer and employee of $24.6m
- Benefits paid by the plans of $13.2m
- The balance of the movement is largely caused by unfavourable foreign currency movements which are taken directly to the Foreign Currency Translation Reserve.

In the prior year plan assets increased by $75.9m. $18.0m of the increase was attributable to employer and employee contributions and $36.8m to investment returns earned on plan assets. The balance of the increase was largely attributable to movements in foreign currency exchange rates which are taken directly to the Foreign Currency Translation Reserve.

The principal actuarial assumptions, expressed as weighted averages, at the reporting date are:	**2015 %**	2014 %
Discount rate	**1.7%**	2.4%
Future salary increases	**2.2%**	2.3%
Future pension increases	**0.4%**	0.4%

Plan Assets

The major categories of total plan assets are as follows:	**2015 $m**	2014 $m
Cash	**35.1**	29.4
Instruments quoted in active markets:		
Equity Instruments	**200.0**	195.6
Bonds	**213.9**	213.0
Unquoted investments – property	**71.4**	68.7
Other assets	**4.7**	5.4
Total Plan assets	**525.1**	512.1

Sensitivity Analysis

The variable with the most significant impact on the defined benefit obligation is the discount rate applied in the calculation of accrued benefits. A decrease in the average discount rate applied to the calculation of accrued benefits of 0.25% would increase the defined benefit obligation by $36.4m. An increase in the average discount rate of 0.25% would reduce the defined benefit obligation by $33.8m.

The defined benefit obligation will be discharged over an extended period as members exit the plans. The plan actuaries have estimated that the following payments will be required to satisfy the obligation. The actual payments will depend on the pattern of employee exits from the Group's plans.

Year ended 30 June 2016	$18.7m
Between two and five years	$83.6m
Between five and ten years	$128.7m
Beyond ten years	$507.6m

b. Share-based payments – equity settled

Share-based long term incentives (LTI) issued between October 2010 and October 2011

Changes were made to the terms and conditions of performance rights and performance options granted since October 2010. The number of employees who received grants was also reduced following the introduction of the Executive Deferred Incentive Plan (EDIP). Employees receiving a grant under the plan received 80% of their entitlement in performance rights and 20% in performance options. Subject to performance hurdles being satisfied, 50% of the LTI award will vest after 3 years, with the remaining 50% vesting after the fourth anniversary of the award date. Earnings per share (EPS) and total shareholder return (TSR) measures are applied to both performance rights and performance options as detailed in the Remuneration Report.

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

Share-based long term incentives (LTI) issued between October 2012 and October 2013

LTI grants in October 2010 and 2011 were made up of performance rights and performance options. Changes were made to the plan in October 2012 so that LTI grants would subsequently be made up of solely performance rights. The hurdles for this and future grants were to be set and measured in US dollars in line with the Group's presentation currency. Subject to performance hurdles being satisfied, 50% of the LTI award will vest after three years, with the remaining 50% vesting after the fourth anniversary of the award date.

Other changes included an adjustment to graduated vesting for the compound EPS hurdle and moving to measuring relative TSR by comparison with an international index of Pharma and Biotech companies, rather than using an ASX comparator group.

Share-based long term incentives (LTI) issued in October 2014

LTI grants in October 2014 reintroduced performance options for Executive KMP based outside Australia and changes were made to the vesting period and to performance hurdles. Performance Rights grants made in 2014 will vest over a four year performance period with no re-test. The EPS growth test has been retained but now has a wider sliding scale with 100% vesting occurring at a 13% compound annual growth rate (previously 12%) and the potential for additional vesting on the achievement of stretch EPS growth targets has been introduced. The relative TSR test is against a cohort of global pharmaceutical and biotechnology companies and progressive vesting has been reintroduced with 50% vesting where CSL's performance is at the 50^{th} percentile rising to 100% vesting at the 75^{th} percentile. Performance Options also vest over a four year period and have no performance hurdles. The options only have value when the share price on exercise exceeds the exercise price. The company does not provide loans to fund the exercise of options.

Global Employee Share Plan (GESP)

The Global Employee Share Plan (GESP) allows employees to make contributions from after tax salary up to a maximum of A$3,000 per six month contribution period. The employees receive the shares at a 15% discount to the 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.

Recognition and measurement

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

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

Valuation assumptions and fair values of equity instruments granted

The model inputs for performance rights, options and GESP awards granted during the year ended 30 June 2015 included:

	Fair Value[6]	Share Price	Exercise Price	Expected volatility[7]	Life assumption	Expected dividend yield	Risk free interest rate
	A$	A$	A$				
Performance Rights (by grant date)							
1 October 2014 – Tranche 1	$47.69	$73.93	Nil	20.0%	4 years	2.0%	2.86%
1 October 2014 – Tranche 2 & Tranche 3	$68.64	$73.93	Nil	20.0%	4 years	2.0%	2.86%
1 January 2015 – Tranche 1	$62.55	$87.79	Nil	20.0%	3.75 years	2.0%	2.17%
1 January 2015 – Tranche 2 & Tranche 3	$81.92	$87.79	Nil	20.0%	3.75 years	2.0%	2.17%
1 April 2015 – Tranche 1	$63.07	$92.52	Nil	20.0%	3.5 years	2.0%	1.75%
1 April 2015 – Tranche 2 & Tranche 3	$86.75	$92.52	Nil	20.0%	3.5 years	2.0%	1.75%
Performance Options (by grant date)							
1 October 2014	$12.29	$73.93	$73.93	20.0%	4 years	2.0%	2.86%
1 April 2015	$22.08	$92.52	$73.93	20.0%	3.5 years	2.0%	1.75%
GESP (by grant date)[8]							
1 September 2014	$13.03	$73.87	$60.84	20.0%	6 months	2.0%	2.50%
1 March 2015	$29.15	$92.24	$63.09	20.0%	6 months	2.0%	1.89%

[6] Options and rights granted are subject to a service condition. Since October 2010 grants of performance rights and options now consist of a market vesting condition TSR hurdle and a non market vesting condition EPS hurdle equally applied to each grant.
[7] 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.
[8] 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.

c. Share-based payments – cash settled

The notional shares under the Executive Deferred Incentive Plan generate a cash payment to participants in three years' time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary of grant.

Recognition and measurement

The fair value of the cash-settled notional shares is measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period. The ultimate cost of these transactions will be equal to the fair value at settlement date. The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is carried out as follows:

- At each reporting date between grant and settlement, the fair value of the award is determined.
- During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date.
- All changes in the liability are recognised in employee benefits expense for the period.
- The fair value of the liability is determined by reference to the CSL Limited share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.
- The following table lists the inputs to the valuation models used during the year for EDIP purposes.

	2015			2014		
Grant date	**October 2014**	**October 2013**	**October 2012**	October 2013	October 2012	October 2011
Fair value of grants at reporting date	**A$83.62**	**A$84.88**	**A$86.15**	A$64.36	A$65.32	A$66.30
Dividend yield (%)	**1.5%**	**1.5%**	**1.5%**	1.5%	1.5%	1.5%

Note 19: Detailed Information – Shareholder Returns

	Consolidated Entity	
	2015	2014
Note	**US$m**	US$m
Retained earnings		
Opening balance at 1 July	**5,221.5**	4,417.7
Net profit for the year	**1,379.0**	1,307.0
Dividends	**(535.4)**	(521.5)
Actuarial gain/(loss) on defined benefit plans	**(78.0)**	23.7
Deferred tax on actuarial gain/(loss) on defined benefit plans	**13.7**	(5.4)
Closing balance at 30 June	**6,000.8**	5,221.5
Performance Options Plan		
Options exercised under Performance Option plans as follows		
nil issued at A$17.48 (2014: 43,220 issued at A$17.48)	**-**	0.7
59,313 issued at A$35.46 (2014: 113,385 issued at A$35.46)	**1.9**	3.6
52,040 issued at A$37.91 (2014: 139,087 issued at A$37.91)	**1.7**	4.8
712,752 issued at A$33.68 (2014: nil issued at A$33.68)	**20.6**	-
75,327 issued at A$33.45 (2014: 77,493 issued at A$33.45)	**2.2**	2.5
95,775 issued at A$29.34 (2014: nil issued at A$29.34)	**2.4**	0.0
	28.8	11.6
Global Employee Share Plan (GESP)		
Shares issued to employees under Global Employee Share Plan (GESP)		
• 64,668 issued at A$60.84 on 5 September 2014	**3.7**	3.1
• 71,294 issued at A$63.09 on 6 March 2015	**3.5**	3.5
	7.2	6.6

Note 20: Auditors Remuneration

During the year the following fees were paid or were payable for services provided by CSL's auditor and by the auditor's related practices:

Audit Services	2015 US$	2014 US$
Ernst & Young	**1,079,423**	865,366
Ernst & Young related practices	**2,383,228**	2,459,847
Total remuneration for audit services	**3,462,651**	3,325,213
Other services		
Ernst & Young		
- compliance and other services	**215,252**	-
Ernst & Young related practices		
- compliance and other services	**153,836**	118,989
Total remuneration for non-audit services	**369,088**	118,989
Total remuneration for all services rendered	**3,831,739**	3,444,202

Note 21: Deed of Cross Guarantee

On 22 October 2009, a deed of cross guarantee was executed between CSL Limited and some of its wholly owned entities, namely CSL International Pty Ltd, CSL Finance Pty Ltd, CSL Biotherapies Pty Ltd (now bioCSL (Australia) Pty Ltd) and Zenyth Therapeutics Pty Ltd. During the year ended 30 June 2013, bioCSL Pty Ltd, CSL Behring (Australia) Pty Ltd and CSL Behring (Privigen) Pty Ltd were added to the deed. Under this deed, each company guarantees the debts of the others. By entering into the deed, these specific wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The entities that are parties to the deed represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by CSL Limited, they also represent the 'Extended Closed Group'. A consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2015 and 30 June 2014 and a consolidated balance sheet as at each date for the Closed Group is set out below.

Income Statement	**Consolidated Closed Group**	
	2015 A$m	2014 A$m
Continuing operations		
Sales revenue	**762.2**	720.7
Cost of sales	**(467.7)**	(484.4)
Gross profit	**294.5**	236.3
Sundry revenues	**199.1**	113.6
Dividend income	**1,290.3**	1,145.6
Interest income	**55.4**	18.7
Research and development expenses	**(189.3)**	(175.2)
Selling and marketing expenses	**(64.0)**	(60.3)
General and administration expenses	**(113.2)**	(103.1)
Finance costs	**(6.3)**	31.5
Profit before income tax expense	**1,466.5**	1,207.1
Income tax expense	**(49.0)**	(11.0)
Profit for the year	**1,417.5**	1,196.1

Balance sheet	2015 A$m	2014 A$m
Current assets		
Cash and cash equivalents	**490.3**	349.8
Trade and other receivables	**189.4**	104.0
Inventories	**217.6**	175.9
Total Current Assets	**897.3**	629.7
Non-current assets		
Trade and other receivables	**18.4**	15.4
Other financial assets	**19,050.2**	19,006.1
Property, plant and equipment	**641.5**	609.4
Deferred tax assets	**56.6**	83.4
Intangible assets	**51.3**	45.0
Retirement benefit assets	**9.9**	4.6
Total Non-Current Assets	**19,827.9**	19,763.9
Total assets	**20,725.2**	20,393.6
Current liabilities		
Trade and other payables	**180.8**	164.2
Provisions	**43.4**	41.6
Deferred government grants	**2.8**	2.3
Total Current Liabilities	**227.0**	208.1
Non-current liabilities		
Trade and other payables	**23.1**	21.6
Interest-bearing liabilities and borrowings	**510.7**	-
Deferred tax liabilities	**11.8**	10.6
Provisions	**12.0**	13.3
Deferred government grants	**41.6**	43.4
Retirement benefit liabilities	**-**	-
Total Non-Current Liabilities	**599.2**	88.9
Total liabilities	**826.2**	297.0
Net assets	**19,899.0**	20,096.6
Equity		
Contributed equity	**(3,316.5)**	(2,351.5)
Reserves	**160.5**	158.2
Retained earnings	**23,055.0**	22,289.9
TOTAL EQUITY	**19,899.0**	20,096.6

Summary of movements in consolidated retained earnings of the Closed Group	2015 A$m	2014 A$m
Retained earnings at beginning of the financial year	**22,289.9**	21,652.3
Net profit	**1,417.5**	1,196.1
Actuarial gain/(loss) on defined benefit plans, net of tax	**4.6**	4.1
Dividends provided for or paid	**(657.0)**	(562.6)
Retained earnings at the end of the financial year	**23,055.0**	22,289.9

Note 22: Parent Entity Information

		2015 A$m	2014 A$m
	Information relating to CSL Limited ('the parent entity')		
(a)	**Summary financial information**		
	The individual financial statements for the parent entity show the following aggregate amounts:		
	Current assets	**268.8**	140.9
	Total assets	**2,377.0**	2,222.6
	Current liabilities	**83.1**	94.4
	Total liabilities	**686.7**	203.6
	Contributed equity	**(3,316.5)**	(2,351.5)
	Share-based payments reserve	**129.2**	127.3
	Retained earnings	**4,877.6**	4,243.2
	Net Assets & Total Equity	**1,690.3**	2,019.0
	Profit or loss for the year	**1,251.9**	1,055.4
	Total comprehensive income	**1,252.5**	1,056.2

(b) Guarantees entered into by the parent entity

The parent entity provides certain financial guarantees in the ordinary course of business. No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial. These guarantees are mainly related to debt facilities of the Group. In addition, the parent entity provides guarantees to some subsidiaries in respect of certain receivables from other group companies.

(c) Contingent liabilities of the parent entity

The parent entity did not have any material contingent liabilities as at 30 June 2015 or 30 June 2014. For information about guarantees given by the parent entity, please refer above and to Note 21.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any material contractual commitments for the acquisition of property, plant and equipment as at 30 June 2015 or 30 June 2014.

Note 23: Subsequent Events

On 27 October 2014, CSL announced that it had agreed to acquire Novartis' global influenza vaccine business, which will be combined with bioCSL's existing influenza vaccine business to create the number two global player in the influenza vaccine industry. This transaction closed on 31 July 2015. The purchase price was US$275m, and in addition CSL paid $23m for net cash ($24m) and the assumption of tax liabilities ($1m). Since the fair value of net assets acquired is anticipated to be greater than the consideration paid, it is expected that the acquisition will give rise to a gain which will be recorded in the profit and loss statement in the Group accounts for the six months ended 31 December 2015. At this stage management are still assessing the fair value of the net assets acquired and are not in a position to accurately estimate the gain. The acquisition was funded by a new debt facility in the amount of $400m entered into on 28 July 2015 with a $300m drawdown to fund the purchase price.

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

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

Note 24: New and Revised Accounting Standards

a. New and revised standards and interpretations adopted by the Company

The Group has adopted, for the first time, certain standards and amendments to accounting standards. None of the changes have impacted on the Group's accounting policies nor have they required any restatement.

b. New and revised standards and interpretations not yet adopted by the Company

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the June 2015 reporting period. An assessment of the impact of these new standards and interpretations is set out below.

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

Year ended 30 June 2017:

- AASB 2015-1, changes to AASB5 – Non Current Assets held for sale, and changes in AASB7 Financial Instruments – Disclosure

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

Year ended 30 June 2018[9]: AASB 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. Management are currently assessing the impact of the new standard and believe that the impact to the Group will be limited. The recognition and measurement of the majority of the Group's revenue is expected to be unaffected by the introduction of AASB15. However, further assessment is required of whether certain transactions, principally in Southern Europe, include a financing component in the pricing. Should the Group determine that this is the case the financing component will be recognised as finance income and the balance of the invoiced amount recorded as a sale.

Year ended 30 June 2019: AASB 9: Financial Instruments

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

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[9] The International Accounting Standards Board have deferred the introduction of this standard by one year, the AASB are expected to follow.

Directors' Declaration

1) In the opinion of the Directors:

   a. the financial statements and notes of the company and of the Group are in accordance with the *Corporations Act 2001 (Cth),* including:

      i. giving a true and fair view of the company's and Group's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

      ii. complying with Australian Accounting Standards and *Corporations Regulations 2001.*

   b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2) About this Report (a) in the notes to the financial statements confirms that the financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001 (Cth)* for the financial period ended 30 June 2015.

4) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 21 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 22 October 2009.

This declaration is made in accordance with a resolution of the directors.

John Shine AO
Chairman

Paul Perreault
Managing Director

Melbourne

August 12 2015

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's report to the members of CSL Limited

Report on the financial report

We have audited the accompanying financial report of CSL Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the notes to the financial statements, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Building a better working world

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. the financial report of CSL Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in section 17 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Glenn Carmody
Partner
Melbourne
12 August 2015