

CSL Limited

ABN: 99 051 588 348

ASX Half-year Information 31 December 2013

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction
with the 30 June 2013 Annual Report.

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Appendix 4D
Half-year ended 31 December 2013

(Previous corresponding period:
Half-year ended 31 December 2012)

Results for Announcement to the Market

Reported

- Revenues from continuing operations up 4.6% to US\$2.7 billion.
- Net profit after tax for the period attributable to members up 3.4% to US\$645.7 million.

*Constant Currency*¹

- Sales revenue at constant currency up 5% to US\$2.6 billion.
- Net profit after tax for the period at constant currency up 2% to US\$635.5 million.

Dividends

	Amount per security (US cents)	Franked amount per security (US cents)
Interim dividend (determined subsequent to balance date)	53.00¢	Unfranked*
Interim dividend from the previous corresponding period	50.00¢	Unfranked
Final dividend (prior year)	52.00¢	Unfranked

Record date for determining entitlements to the dividend: 12 March 2014

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

The Company's Dividend Reinvestment Plan remains suspended and does not apply to the interim dividend.

Explanation of results

For further explanation of the results please refer to the accompanying press release and "Review of Operations" in the Directors' Report that is within the Half-year Report.

The half year financial statements are presented in US\$ unless otherwise stated.

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 Half-year Report (which includes the Directors' Report) and Media Release.

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 (b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior year ("transaction currency effect"). The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

Summary NPAT

Reported Net Profit after Tax	\$645.7m
Translation Currency Effect (a)	\$ (9.1m)
Transaction Currency Effect (b)	\$ (1.1m)
Constant Currency Net Profit after Tax *	\$635.5m

(a) Translation Currency Effect (\$9.1m)

Average Exchange rates used for calculation in major currencies (six months to Dec 13/Dec 12) were as follows: USD/EUR (0.75/0.79); USD/CHF(0.92/0.95)

(b) Transaction Currency Effect (\$1.1m)

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	\$2,574.2m
Currency Effect (c)	\$21.0 m
Constant Currency Sales *	\$2,595.2m

c) Constant Currency Effect \$21.0m

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

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

CSL Limited

Half-year Report – 31 December 2013

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This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by CSL Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CSL Limited Directors' Report

The Board of Directors of CSL Limited has pleasure in presenting their report on the consolidated entity for the half-year ended 31 December 2013.

Directors

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

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

Ms M E McDonald was appointed director from 14 August 2013 and continues in office at the date of this report.

Mr I A Renard, AM was a director from the beginning of the financial year until his retirement on 16 October 2013.

Review of Operations

For the half year ended 31 December 2013, total revenue was of the Group was US\$2.7 billion, up 5% compared to the prior comparative period. Reported net profit after tax was US\$646 million for the six months ended 31 December 2013, up 3% when compared to the prior comparative period.

CSL Behring sales of US\$2.4 billion grew 6% in constant currency terms, when compared to the prior comparable period.

Immunoglobulin product sales of US\$1,085 million grew 7% in constant currency terms in a global market that remains robust. Demand for subcutaneous immunoglobulin (SCIG) was strong in both the U.S. and Europe. Hizentra[®] offers patients the convenience of self administration at home.

Intravenous immunoglobulin sales growth was underpinned by strong demand for Carimune[®] in the US and Brazil. Privigen also contributed to growth, benefiting from a full six months of sales with an expanded indication in Europe to include its use in the treatment of chronic inflammatory demyelinating polyneuropathy.

Albumin sales of US\$313 million grew 7% in constant currency terms. Albumin demand in Europe was solid, boosted by cautionary statements from the regulator in relation to the use of hydroxyethyl starches, which are sometimes used as an alternative to albumin. This growth follows a very strong prior comparable period, which was driven by sales in China.

Haemophilia product sales of US\$550m million declined 4% in constant currency terms. Humate[®] sales in the U.S. were strong arising from increased usage in surgery. However, this was offset by the conclusion of a number of treatment programs for immune tolerance therapy patients. In addition the timing of plasma derived haemophilia product sales in tender markets can be uneven. Recombinant FVIII sales declined 1% in constant currency terms, influenced by the number of clinical trials underway for new generation recombinant factor VIII products where patients receive clinical trial products at no cost.

Specialty products sales of US\$403 million grew 16% in constant currency terms. In April 2013 the U.S. Food and Drug Administration (FDA) approved Kcentra[®] for urgent warfarin reversal in patients with acute major bleeding. This was followed in December 2013 with approval for an expanded indication to include the urgent reversal of acquired coagulation factor deficiency induced by vitamin K antagonist (e.g. warfarin) therapy in adult patients needing urgent surgery or other invasive procedures. These developments have underpinned

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

Strong demand continues for Berinert[®], which is used for the treatment of acute attacks in patients with hereditary angioedema. The U.S. FDA approval in 2012 of a label expansion to include self administration is underpinning new patient take up.

bioCSL sales of US\$217 million declined 7% in constant currency terms. Influenza sales totalled A\$94m. Strong demand in the US was more than offset by a reduction in European sales following market exit by bioCSL's business partner in that region. GARDASIL* sales grew strongly arising from higher than expected uptake in Australia.

CSL Intellectual Property revenue was US\$101 million, driven by granting of a license to Janssen Biotech, Inc., to progress CSL's acute myeloid leukaemia product currently in development. Also contributing to growth were royalty contributions from Human Papillomavirus Vaccines.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding of Amounts

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

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

John Shine AO
Chairman

Paul Perreault
Managing Director

12 February 2014



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Auditor's Independence Declaration to the Directors of CSL Limited

In relation to our review of the financial report of CSL Limited for the half-year ended 31 December 2013, 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 February 2014

CSL Limited and its controlled entities
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2013

	Notes	Consolidated Entity	
		December 2013 US\$m	December 2012 restated US\$m
Sales revenue		2,574.2	2,482.3
Cost of sales		(1,231.2)	(1,188.9)
Gross profit		1,343.0	1,293.4
Other revenue	4(a)	127.5	101.4
Research and development expenses		(229.3)	(190.2)
Selling and marketing expenses		(242.1)	(242.3)
General and administration expenses	4(c)	(170.4)	(162.5)
Finance costs	4(b)	(26.3)	(24.4)
Profit before income tax expense		802.4	775.4
Income tax expense	5	(156.7)	(150.8)
Net profit for the period		645.7	624.6
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of hedges on net foreign investments	11	75.1	129.3
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit plans, net of tax		19.3	(30.2)
Total other comprehensive income/(expense)		94.4	99.1
Total comprehensive income for the period		740.1	723.7
Earnings per share (based on net profit for the period)		Cents	Cents
Basic earnings per share	6	133.02	124.22
Diluted earnings per share	6	132.59	123.84

CSL Limited and its controlled entities
Consolidated Balance Sheet
As at 31 December 2013

	Notes	Consolidated Entity	
		December 2013 US\$m	June 2013 restated US\$m
CURRENT ASSETS			
Cash and cash equivalents	7	694.0	762.2
Trade and other receivables		920.8	850.5
Inventories		1,696.2	1,639.4
Current tax assets		53.1	6.7
Other financial assets		2.9	0.5
Total Current Assets		3,367.0	3,259.3
NON-CURRENT ASSETS			
Trade and other receivables		8.6	8.6
Other financial assets		1.0	1.0
Property, plant and equipment	8	1,684.4	1,587.2
Deferred tax assets		276.2	262.3
Intangible assets		895.7	855.7
Retirement benefit assets	14	4.5	-
Total Non-Current Assets		2,870.4	2,714.8
TOTAL ASSETS		6,237.4	5,974.1
CURRENT LIABILITIES			
Trade and other payables		546.5	647.9
Interest-bearing liabilities	9	6.5	5.7
Current tax liabilities		156.2	159.9
Provisions		76.4	88.4
Deferred government grants		0.9	0.9
Derivative financial instruments		2.6	3.8
Total Current Liabilities		789.1	906.6
NON-CURRENT LIABILITIES			
Trade and other payables		11.7	23.2
Interest bearing liabilities	9	1,785.4	1,673.2
Deferred tax liabilities		127.2	115.0
Provisions		34.0	34.2
Deferred government grants		38.4	37.0
Retirement benefit liabilities	14	159.0	167.2
Total Non-Current Liabilities		2,155.7	2,049.8
TOTAL LIABILITIES		2,944.8	2,956.4
NET ASSETS		3,292.6	3,017.7
EQUITY			
Contributed equity	10	(2,190.5)	(1,978.3)
Reserves	11	656.2	578.3
Retained earnings		4,826.9	4,417.7
TOTAL EQUITY		3,292.6	3,017.7

CSL Limited and its controlled entities
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2013

	Ordinary shares	Foreign currency translation reserve	Share based payment reserve	Retained earnings	Total
	US\$m	US\$m	US\$m	US\$m	US\$m
At 1 July 2013	(1,978.3)	451.3	127.0	4,417.7	3,017.7
Profit for the period	-	-	-	645.7	645.7
Other comprehensive income	-	75.1	-	19.3	94.4
Total comprehensive income for the half year	-	75.1	-	665.0	740.1
Transactions with owners in their capacity as owners					
Share based payments	11	-	2.8	-	2.8
Dividends	12	-	-	(255.8)	(255.8)
Share buy back	10	(233.9)	-	-	(233.9)
Share issues					
- Employee share scheme	10	13.1	-	-	13.1
Tax adjustment ¹	10	8.6	-	-	8.6
Balance as at 31 December 2013	(2,190.5)	526.4	129.8	4,826.9	3,292.6
At 1 July 2012					
Adjustment arising from the adoption of AASB119	(869.1)	536.6	96.3	3,712.9	3,476.7
	-	-	-	11.4	11.4
Profit for the period	-	-	-	624.6	624.6
Other comprehensive income	-	129.3	-	(30.2)	99.1
Total comprehensive income for the half year	-	129.3	-	594.4	723.7
Transactions with owners in their capacity as owners					
Share based payments	11	-	11.3	-	11.3
Dividends	12	-	-	(247.1)	(247.1)
Share buy back		(473.6)	-	-	(473.6)
Share issues					
- Employee share scheme		29.5	-	-	29.5
Tax adjustment ¹		(8.8)	-	-	(8.8)
Balance as at 31 December 2012	(1,322.0)	665.9	107.6	4,071.6	3,523.1

¹ In the period ended 31 December 2013 the Group successfully resolved an outstanding tax matter with the ATO relating to equity raising costs. In the prior comparative period CSL had received amended assessment notices and had reversed the benefit originally recognised in the 2009 financial year. The successful resolution of the matter reinstates the original benefit.

CSL Limited and its controlled entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2013

	Consolidated Entity	
	December 2013 US\$m	December 2012 US\$m
	Notes	
Cash flows from Operating Activities		
Receipts from customers (inclusive of goods and services tax)	2,682.0	2,564.4
Payments to suppliers and employees (inclusive of goods and services tax)	(1,949.3)	(1,722.0)
	732.7	842.2
Interest received	10.8	19.7
Income taxes paid	(206.6)	(167.8)
Borrowing costs	(24.4)	(24.1)
Net cash inflow / (outflow) from operating activities	512.5	670.2
Cash flows from Investing Activities		
Proceeds from sale of property, plant and equipment	0.1	-
Payments for property, plant and equipment	(170.4)	(231.9)
Payments for intangible assets	(18.6)	(5.2)
Receipts from other financial assets	-	0.2
Net cash inflow / (outflow) from investing activities	(188.9)	(236.9)
Cash flows from Financing Activities		
Proceeds from issue of shares	13.1	29.5
Payment for shares bought back	(241.7)	(480.8)
Dividends paid	(255.8)	(247.1)
Receipts on closure of foreign exchange hedges	-	0.1
Proceeds from borrowings	9	-
Repayment of borrowings	9	(170.0)
Net cash inflow / (outflow) from financing activities	(386.3)	(868.3)
Net increase (decrease) in cash and cash equivalents	(62.7)	(435.0)
Cash and cash equivalents at the beginning of the period	759.8	1,168.2
Exchange rate variations on foreign cash and cash equivalent balances	(7.3)	18.5
Cash and cash equivalents at the end of the period	689.8	751.7
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the period as shown in the statement of cash flows is reconciled as follows:		
Cash and cash equivalents	7	756.7
Bank overdrafts	(4.2)	(5.0)
	689.8	751.7

CSL Limited and its controlled entities

Notes to the financial statements

For the half-year ended 31 December 2013

1 Corporate Information

CSL Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL Limited and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of the directors on 12 February 2014. A description of the nature of the Group's operations and its principal activities is included in the directors' report.

2 Summary of Significant Accounting Policies

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

(a) Basis of Accounting

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of CSL Limited as at 30 June 2013.

It is also recommended that the half-year financial report be considered together with any public announcements made by CSL Limited and its controlled entities during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations arising under ASX listing rules.

(b) Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements.

The half-year financial report has been prepared under the historical cost convention, except for "at fair value through profit and loss" financial assets and liabilities (including derivative instruments), that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

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

(c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations effective as of 1 July 2013.

New standards, interpretations and amendments adopted by the Company

The Company applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include AASB 10 *Consolidated Financial Statements*, AASB 119 *Employee Benefits* and AASB 13 *Fair Value Measurement*. As required by AASB 134, the nature and the effect of these changes are disclosed below.

CSL Limited and its controlled entities

Notes to the financial statements

For the half-year ended 31 December 2013

AASB 119 Employee Benefits

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

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

There are also new disclosures such as quantitative sensitivity disclosures.

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

The effect of the adoption of AASB 119 has been applied retrospectively and the prior period comparatives have been adjusted accordingly. Refer to Note 14 for details of the adjustments.

AASB 7 Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). As the Group is not setting off financial instruments in accordance with AASB 7 and does not have relevant offsetting arrangements, the amendment does not currently have an impact on the Company.

AASB 13 Fair Value Measurement

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

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

(d) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of CSL Limited and its subsidiaries as at 31 December 2013 ('the Group').

CSL Limited and its controlled entities

Notes to the financial statements

For the half-year ended 31 December 2013

3 Segment Information

Reportable segments are:

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

Geographical areas of operation

The Group operates predominantly in three specific geographic areas, namely Australia, the United States of America, and Germany. The rest of the Group's operations are spread across many countries and are collectively disclosed as 'Rest of World' in note 3.

Segment Accounting Policies

Inter-segment sales are carried out on an arm's length basis and reflect current market prices. Segment accounting policies are the same as the Group's policies described in note 2. During the financial year, there were no changes in segment accounting policies.

Restatement of prior year comparables

The company undertook an internal reorganisation of its Australian business with effect from 1 January 2013. With effect from that date the Australian plasma operations of the company were integrated with CSL Behring and bioCSL was established as a standalone business focussing on the manufacturing and supply of biotherapeutic products. Previously both operations had been components of the Other Human Health segment.

The final component of the Other Human Health segment was Research & Development expenses on projects where the company has yet to determine the ultimate commercialisation strategy. Expenses relating to these projects are now included in the new segment "CSL Intellectual Property". This new segment incorporates income generated by the Group from the commercialisation of intellectual property with unrelated third parties. This was previously reported in the Intellectual Property segment.

The new definition has been applied to the comparative financial information as if the changes in structure had been effective from 1 July 2012, this has been done to facilitate comparability over multiple reporting periods.

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2013

3 Segment information (continued)

	CSL Behring December 2013 US\$m	bioCSL December 2013 US\$m	CSL Intellectual Property December 2013 US\$m	Intersegment Elimination December 2013 US\$m	Consolidated Group December 2013 US\$m
Sales to external customers	2,356.9	217.3	-	-	2,574.2
Inter-segment sales	-	-	-	-	-
Other revenue / Other income (excl interest income)	2.0	13.7	101.1	-	116.8
Total segment revenue	2,358.9	231.0	101.1	-	2,691.0
Interest income					10.7
Unallocated revenue / income					-
Consolidated revenue					2,701.7
Segment EBIT	792.8	14.1	41.8	-	848.7
Unallocated revenue / income less unallocated costs					(30.7)
Consolidated EBIT					818.0
Interest income					10.7
Finance costs					(26.3)
Consolidated profit before tax					802.4
Income tax expense					(156.7)
Consolidated net profit after tax					645.7
Amortisation	15.0	-	-	-	15.0
Depreciation	62.6	6.9	3.5	-	73.0
Segment EBITDA	870.4	21.0	45.3	-	936.7
Unallocated revenue / income less unallocated costs					(30.7)
Unallocated depreciation and amortisation					6.2
Consolidated EBITDA					912.2

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2013

3 Segment information (continued)

	CSL Behring December 2013 US\$m	bioCSL December 2013 US\$m	CSL Intellectual Property December 2013 US\$m	Intersegment Elimination December 2013 US\$m	Consolidated Group December 2013 US\$m
Segment assets	5,520.0	373.5	30.2	(92.2)	5,831.5
Other unallocated assets					497.7
Elimination of amounts between operating segments and unallocated					(91.8)
Total assets					6,237.4
Segment liabilities	2,077.2	123.9	4.6	(92.2)	2,113.5
Other unallocated liabilities					923.1
Elimination of amounts between operating segments and unallocated					(91.8)
Total liabilities					2,944.8
	CSL Behring December 2012 restated US\$m	bioCSL December 2012 restated US\$m	CSL Intellectual Property December 2012 restated US\$m	Intersegment Elimination December 2012 restated US\$m	Consolidated Group December 2012 restated US\$m
Sales to external customers	2,232.7	249.6	-	-	2,482.3
Inter-segment sales	-	-	-	-	-
Other revenue / Other income (excl interest income)	2.0	10.1	71.9	-	84.0
Total segment revenue	2,234.7	259.7	71.9	-	2,566.3
Interest income					17.1
Unallocated revenue / income					0.3
Consolidated revenue					2,583.7
Segment EBIT	795.2	11.0	10.7	-	816.9
Unallocated revenue / income less unallocated costs					(34.2)
Consolidated EBIT					782.7
Interest income					17.1
Finance costs					(24.4)
Consolidated profit before tax					775.4
Income tax expense					(150.8)
Consolidated net profit after tax					624.6
Amortisation	14.8	-	-	-	14.8
Depreciation	57.9	13.5	4.2	-	75.6
Segment EBITDA	867.9	24.5	14.9	-	907.3
Unallocated revenue / income less unallocated costs					(34.2)
Unallocated depreciation and amortisation					7.5
Consolidated EBITDA					880.6

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2013

3 Segment information (continued)

	CSL Behring June 2013 restated US\$m	bioCSL June 2013 restated US\$m	CSL Intellectual Property June 2013 restated US\$m	Intersegment Elimination June 2013 restated US\$m	Consolidated Group June 2013 restated US\$m
Segment assets	5,116.2	369.8	27.9	(54.2)	5,459.7
Other unallocated assets					1,560.8
Elimination of amounts between operating segments and unallocated					(1,046.4)
Total assets					5,974.1
Segment liabilities	2,103.1	121.1	4.2	(54.2)	2,174.2
Other unallocated liabilities					1,828.6
Elimination of amounts between operating segments and unallocated					(1,046.4)
Total liabilities					2,956.4

Geographic areas	Australia US\$m	United States US\$m	Germany US\$m	Rest of world US\$m	Total US\$m
December 2013					
External sales revenue	272.5	979.2	387.7	934.8	2,574.2
December 2012					
External sales revenue	308.5	946.4	385.8	841.6	2,482.3

CSL Limited and its controlled entities
Notes to the financial statements
For the half-year ended 31 December 2013

4 Revenue, Income and Expenses from continuing operations

	Consolidated Entity	
	December 2013	December 2012 restated
	US\$m	US\$m
(a) Other Revenue		
Interest income	10.7	17.1
Rent	0.6	0.7
Royalties	78.7	68.4
Sundry	37.5	15.2
	127.5	101.4
(b) Finance Costs		
Interest paid / payable	26.3	24.4
(c) Other Expenses		
General and administration expenses:		
Expense of share based payments	20.4	23.2
Amortisation of intellectual property and software	15.0	14.8
Other relevant expenses		
Depreciation and amortisation of property, plant and equipment	79.2	83.1
Net foreign exchange losses	15.1	3.3

5 Income Tax

The reconciliation between income tax expense and the consolidated entity's applicable tax rate is as follows:

Profit from continuing activities before income tax expense	802.4	775.4
Income tax calculated at 30%	240.7	232.6
Tax effect of non-assessable / non-deductible items		
Research and development	(8.7)	(7.9)
Other (non-assessable revenue)/non-deductible expenses	(0.2)	(2.3)
Effects of different rates of tax on overseas income	(73.5)	(74.1)
Under (over) provision in previous year	(1.6)	2.5
Income tax expense	156.7	150.8

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6 Earnings Per Share

	Consolidated Entity	
	December 2013	December 2012 restated
	US\$m	US\$m
The following reflects the income and share information used in the calculation of basic and diluted earnings per share:		
Earnings used in calculating basic earnings per share	645.7	624.6
	Number of shares	
	December 2013	December 2012
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	485,354,422	502,807,390
Effect of dilutive securities:		
Share options	688,737	589,189
Performance rights	865,677	935,837
Global employee share plan	4,199	11,465
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	486,913,035	504,343,881

Refer to note 10 for a reconciliation of the movement in issued shares.

Conversions, calls, subscription or issues after 31 December 2013

Subsequent to the reporting date 622 ordinary shares were issued, as required under the Employee Performance Rights Plan. There have been no other ordinary shares issued since the reporting date and before the completion of this financial report. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

7 Cash and cash equivalents

	Consolidated Entity	
	December 2013	June 2013
	US\$m	US\$m
Cash at bank and on hand	332.5	203.5
Cash deposits	361.5	558.7
Total cash and cash equivalents	694.0	762.2

8 Property, Plant and Equipment

During the half-year ended 31 December 2013, the Group acquired assets with a cost of \$164.9m (2012: \$225.0m).

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9 Borrowings and repayments

For the half year ended 31 December 2013, the Group has repaid \$1.9m of interest bearing debt related to finance lease repayments and received proceeds in the amount of \$100.0m from a drawdown on a 3rd party debt facility in the US.

As at balance date the Group had \$291.8m in undrawn liquidity available under its bank debt facilities.

10 Contributed Equity

	Consolidated Entity	
	December 2013 US\$m	June 2013 US\$m
Ordinary shares issued and fully paid	-	-
Share buy-back reserve	(2,190.5)	(1,978.3)
Total contributed equity	(2,190.5)	(1,978.3)

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

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

Movements in the contributed equity

	Number of Shares	US\$m
<i>Ordinary shares</i>		
Balance as at 1 July 2013	487,352,182	(1,978.3)
Shares issued to CSL employees through participation in:		
- Performance Option Plan	322,138	9.9
- Performance Rights Plan	208,632	-
- Global Employee Share Plan	68,515	3.2
Shares acquired under the Share Buy Back	(3,838,109)	(233.9)
Tax adjustment	-	8.6
Balance as at 31 December 2013	484,113,358	(2,190.5)

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11 Reserves

	Consolidated Entity	
	December 2013 US\$m	June 2013 US\$m
<i>Composition</i>		
Share based payments reserve (i)	129.8	127.0
Foreign currency translation reserve (ii)	526.4	451.3
	656.2	578.3

Nature and purpose of reserves

(i) Share based payments reserve

The share based payments reserve is used to recognise the fair value of options and performance rights issued but not exercised.

(ii) Foreign currency translation reserve

As disclosed in note 2b, the Group's presentation currency is US dollars. Operating results are translated into US dollars at average exchange rates for subsidiaries with a functional currency other than US dollars. For those subsidiaries, assets and liabilities are translated to US dollars at exchange rates prevailing at balance date and resulting exchange differences are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to the foreign currency translation reserve in equity.

12 Dividends

	Consolidated Entity	
	December 2013 US\$m	December 2012 US\$m
<i>Ordinary shares</i>		
Dividends provided for or paid during the half-year	255.8	247.1

Dividends not recognised at the end of the half-year

Since the end of the half-year the directors have recommended the payment of an interim dividend of 53.00 US cents (2012 – 50.00 US cents) per fully paid ordinary share, unfranked. The aggregate amount of the proposed interim dividend expected to be paid on 4 April 2014 out of retained earnings at 31 December 2013, but not recognised as a liability at the end of the half-year, is:

	256.6	249.1
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13 NTA Backing

	December 2013	June 2013 restated
	\$	\$
Net tangible asset backing per ordinary security	4.95	4.44

14 Retirement Benefit Liabilities

The Group sponsors a range of defined benefit pension plans that provide pension benefits for its worldwide employees upon retirement. Entities of the Group who operate the defined benefit plans contribute to the respective plans in accordance with the Trust Deeds, following the receipt of actuarial advice. Full details of the Group's plans can be found in the June 2013 Financial Statements.

AASB119 has been applied retrospectively. There are two changes to prior period financials as a result of the application of the new standard.

AASB119 allows for the recognition of risk sharing where the plan members contribute to their benefit through increased contributions based on age, this has the effect of reducing the defined benefit obligation of the CSL Behring AG (Switzerland) plan which is the only Group plan that includes such risk sharing. This has reduced the amount of the defined benefit obligation as set out in the table below and is results in a change in the value of Retirement Benefit Liabilities in the Balance Sheet. In accordance with the requirements of AASB 108 Changes in Accounting Estimates and Errors the offsetting amount is reflected in Retained Earnings brought forward.

Expected returns on plan assets of defined benefit plans are no longer a component of the calculation of defined benefit contributions charged to the profit and loss. Instead, interest on net defined benefit obligation net of the plan assets for the Group's funded plans (those in Switzerland, USA and Australia) is recognised in profit or loss, calculated using the discount rate used to measure the net pension obligation or asset. This has increased the contribution expense recognised in the prior period, this adjustment is tax effected and the resultant reduction in net profit after tax is offset by an increase in Other Comprehensive Income.

Impact of transition to AASB119:

	As at December 2012 US\$m	As at June 2013 US\$m
<i>Impact of the adoption of Risk Sharing</i>		
Decrease/(increase) in the defined benefit plan obligation (non current)	12.8	(0.5)
Decrease in deferred tax asset (non current)	1.4	-
Increase/(decrease) in Opening Retained Earnings	11.4	(0.5)
<i>Impact of the calculation of defined benefit contribution expense</i>		
Restatement of Defined benefit contribution expense	3.0	6.1
Tax Effect	0.7	1.2
Restatement of Other Comprehensive Income	2.3	4.9

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	December 2013 US\$m
Movements in the net liability for defined benefit obligations recognised in the balance sheet	
<i>Net liability for defined benefit obligation:</i>	
Opening balance	167.2
Contributions received	(8.7)
Benefits paid	(1.8)
Expense recognised in the statement of comprehensive income	2.2
Actuarial (gains)/losses recognised in equity	(9.3)
Currency translation differences	4.9
Closing balance	154.5

Defined Benefit Plan liabilities are discounted to present value using a corporate or government bond rate as at the date of the Actuarial assessment. Over the six months to December 2013 most jurisdictions in which the Group operates Defined Benefit Plans have experienced a modest decrease in the appropriate discount rate.

	December 2013	June 2013
The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:		
Discount rate	2.6%	2.5%
Future salary increases	2.3%	2.2%
Future pension increases	0.4%	0.4%

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15 Share Based Payment Plans

(a) Long Term Incentives

On 1 October 2013, 142,240 performance rights were granted to senior executives under the CSL Performance Rights Plan. The exercise price for the performance rights is Nil. The performance rights will become exercisable between 30 September 2016 and 30 September 2018. The fair value of the performance rights granted is estimated as at the date of grant using an adjusted form of the Black-Scholes model, taking into account the terms and conditions upon which the performance rights were granted.

Performance rights granted in October 2013 have two performance hurdles with each hurdle applying to half of each tranche. The performance rights tested against an Earnings per Share (EPS) hurdle will vest on a sliding scale with 50% of the rights vesting if the group achieves 8% compound annual growth in USD-denominated EPS over the relevant period, rising to 100% vesting if the compound annual growth rate in USD-denominated EPS reaches 12% over the relevant period. The performance rights tested against a comparator group will only vest if the total shareholder return for CSL, denominated in USD, exceeds the growth in the MSCI Gross Pharma Index for the relevant period.

The following table lists the inputs to the model used for performance rights issued in the half-year ended 31 December 2013:

	December 2013
Dividend yield (%)	2.0%
Expected volatility (%)	21.0%
Risk-free interest rate (%)	3.2%
 <i>Fair Value of Performance Rights</i>	
3 year vesting	A\$49.86
4 year vesting	A\$49.00

(b) Executive Deferred Incentive Plan

On 1 October 2013, 351,100 notional shares were granted to employees under the Executive Deferred Incentive Plan. This plan provides for a grant of notional shares which will generate a cash payment to participants in three years time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary.

The following table lists the inputs to the model used for grant issued in the half-year ended 31 December 2013:

	December 2013
Dividend yield (%)	2.0%
Fair Value of Grant at reporting date, adjusted for the dividend yield and the number of days left in the vesting period	A\$66.19

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16 Commitments and contingencies

(a) Capital commitments

	December 2013 US\$m	June 2013 US\$m
During the half year, the capital expenditure contracted for but not provided for in the financial statements, payable:		
Not later than one year	68.2	101.5
Later than one year but not later than five years	0.1	6.1
Later than five years	-	-
	68.3	107.6

(b) Contingent assets and liabilities

Litigation

On 7 October 2013 the Group announced that it had signed an agreement to settle for \$64m the US antitrust class action litigation in which the plaintiffs had claimed that the Group and a competitor, along with an industry trade association, conspired to restrict output and fix and raise prices of certain plasma-derived therapies in the U.S. The settlement was approved by the U.S. Federal Court as fair and reasonable on 22 January 2014 and is expected to become final on 30 March 2014. The settlement amount has been included as an expense in the half year ended 31 December 2013.

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

The directors believe that future payment of a material amount in respect of litigation is remote. The Group has disclaimed liability for, and is vigorously defending, all current material claims and actions that have been made.

CSL Limited

Directors' Declarations

The directors declare that:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, and:
 - (i) give a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution of directors.

John Shine AO
Chairman

Paul Perreault
Managing Director

Melbourne
12 February 2014

To the members of CSL Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CSL Limited, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CSL Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CSL Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Glenn Carmody
Partner
Melbourne
12 February 2014