CSL Limited

ABN: 99 051 588 348

Annual Financial Report

for the year ended 30 June 2014

CSL Limited

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2014

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

Earnings per share (based on net profit for the period)	**5**	**US$**	US$ restated
Basic earnings per share		**2.701**	2.429
Diluted earnings per share		**2.691**	2.421

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

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

CSL Limited

Consolidated Balance Sheet

As at 30 June 2014

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

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

CSL Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2014

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

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

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

CSL Limited

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2014

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

For non-cash financing activities refer to note 25.

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

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

1. Corporate information

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

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

Summary of significant accounting policies

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

(a) Basis of preparation

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

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

Critical accounting estimates

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

Rounding of amounts

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

Adoption of accounting standards

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

(b) Principles of consolidation

i. Subsidiaries

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

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

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

ii. Employee share trust

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

1. Summary of significant accounting policies (continued)

(c) Segment reporting

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

(d) Foreign currency translation

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

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

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

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

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

(e) Revenue recognition

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

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

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

iii. Other revenue
Other revenue is recognised as it accrues.

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

1. Summary of significant accounting policies (continued)

(f) Government grants

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

(g) Borrowing costs

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

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

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

(i) Income tax

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

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

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

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

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

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

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

(j) Cash, cash equivalents and bank overdrafts

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

1. Summary of significant accounting policies (continued)

(k) Trade and other receivables

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

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

(l) Inventories

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

(m) Investments and other financial assets

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

i. Financial assets at fair value through profit and loss

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

ii. Loans and receivables

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

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

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

1. Summary of significant accounting policies (continued)

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

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

(n) Business combinations

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

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

(o) Property, plant and equipment

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

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

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

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

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

(p) Impairment of assets

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

(q) Leasehold improvements

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

1. Summary of significant accounting policies (continued)

(r) Leases

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

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

(s) Goodwill and intangibles

i. Goodwill

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

ii. Intangible Assets and Intellectual Property

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

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

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

iii. IT development and software

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

iv. Research and development costs

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

1. Summary of significant accounting policies (continued)

(t) Trade and other payables

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

(u) Interest-bearing liabilities and borrowings

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

(v) Derivative financial instruments

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

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

(w) Provisions

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

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

(x) Employee benefits

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

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

(y) Pension plans

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

(z) Share-based payment transactions

i. Equity-settled transactions

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

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

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

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

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

ii. Cash-settled transactions

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(aa) Contributed equity / Share buy-back reserve

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

(bb) Earnings per share

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

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

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

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

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

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

There are also new disclosures such as quantitative sensitivity disclosures.

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

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

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

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

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

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

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

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

Year ended 30 June 2015:

AASB 1031: Materiality

AASB 2012-3, Interpretation 21 (Levies)

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

AASB 2013-5, Investment Entities

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

AASB 2014-1, Amendments to Australian Accounting Standards

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

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

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

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

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

Year ended 30 June 2019: AASB 9: Financial Instruments

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

(ee) Critical accounting estimates and judgements

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

i. Testing goodwill and intangible assets for impairment

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

ii. Income taxes

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

iii. Trade and other receivables

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

iv. Inventories

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

2 Segment Information

Description of Segments
Reportable segments are:

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

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

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

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

2 Segment Information (continued)

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

2 Segment Information (continued)

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

2 Segment Information (continued)

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

	Consolidated Entity	
	2014 US$m	2013 US$m restated
3 Revenue and expenses from continuing operations		
Revenue		
Sales revenue	**5,334.8**	4,950.4
Other revenue		
Royalties	**120.7**	129.7
Finance revenue from other persons and/or corporations	**20.1**	29.4
Rent	**1.3**	1.3
Other revenue	**47.4**	18.7
Total other revenues	**189.5**	179.1
Total revenue from continuing operations	**5,524.3**	5,129.5
Finance costs		
Interest expense:		
Other persons and/or corporations	**53.0**	47.7
Total finance costs	**53.0**	47.7

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

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

	Notes	Consolidated Entity 2014 US$m	2013 US$m restated
4 Income tax expense			
Income tax expense recognised in the statement of comprehensive income			
Current tax expense			
Current year		**326.9**	301.4
Deferred tax expense			
Origination and reversal of temporary differences	**11**	**(21.8)**	(47.2)
Total deferred tax expense		**(21.8)**	(47.2)
Over provided in prior years		**(7.8)**	(4.3)
Income tax expense		**297.3**	249.9

Reconciliation between tax expense and pre-tax net profit

The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	Notes	2014 US$m	2013 US$m restated
Accounting profit before income tax		**1,604.3**	1,461.3
Income tax calculated at 30% (2013: 30%)		**481.3**	438.4
Research and development		**(13.1)**	(13.7)
Other (non-assessable revenue)/non-deductible expenses		**2.4**	(0.6)
Effects of different rates of tax on overseas income		**(165.5)**	(169.9)
Over provision in prior year		**(7.8)**	(4.3)
Income tax expense		**297.3**	249.9
Income tax recognised directly in equity			
Deferred tax benefit			
Share based payments		**6.2**	11.3
Income tax benefit recognised in equity	**11**	**6.2**	11.3

	Consolidated Entity	
	2014	2013
	US$m	US$m restated
5 Earnings Per Share		
Earnings used in calculating basic and dilutive earnings per share comprises:		
Profit attributable to ordinary shareholders	**1,307.0**	1,211.4

	Number of shares	
	2014	2013
Weighted average number of ordinary shares used in the calculation of basic earnings per share:	**483,822,940**	498,606,572
Effect of dilutive securities:		
Employee share options	**823,106**	755,853
Employee performance rights	**960,813**	935,133
Global employee share plan	**17,411**	17,966
Adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share:	**485,624,270**	500,315,524

Conversions, calls, subscription or issues after 30 June 2014

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

Options and performance rights

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

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

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

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

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

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

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

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

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

(ii) Other receivables

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

		Consolidated Entity	
		2014 **US$m**	2013 US$m restated
8	**Inventories**		
	Raw materials and stores at the lower of cost and net realisable value	**383.1**	367.1
	Work in progress at the lower of cost and net realisable value	**588.1**	564.7
	Finished goods at the lower of cost and net realisable value	**673.3**	707.6
	Total inventories at the lower of cost and net realisable value	**1,644.5**	1,639.4

9	**Other financial assets**		
	Current		
	At fair value through the profit or loss:		
	Managed financial assets (held for trading)	**0.3**	0.5
	Total current other financial assets as at 30 June	**0.3**	0.5
	Non-current		
	At fair value through the profit or loss:		
	Managed financial assets (held for trading)	**1.0**	1.0
	Total non-current other financial assets as at 30 June	**1.0**	1.0

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

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

	Consolidated Entity	
	2014	2013
	US$m	US$m restated

11 Deferred tax assets and liabilities

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

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

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

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

	Consolidated Entity	
	2014	2013
	US$m	US$m restated

12 Intangible Assets (continued)

Impairment tests for cash generating units containing goodwill
For the purpose of impairment testing, goodwill is allocated to the business unit which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

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

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

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

(a) The Group has three revolving committed bank facilities. These facilities mature in November 2016. Interest on the facilities is paid quarterly in arrears at a variable rate. As at the reporting date the Group had $191.5 million in undrawn funds available under these facilities.

(b) Represents US$1,250.0 million of Senior Unsecured Notes placed into the US Private Placement market. The notes mature in March 2018 (US$100m), November 2018 (US$200m), March 2020 (US$150m), November 2021 (US$250m), March 2023 (US$150m), November 2023 (US$200m), March 2025 (US$100m) and November 2026 (US$100m). The weighted average interest rate on the notes is fixed at 3.41%.

(c) Finance leases have an average lease term of 11 years (2013: 12 years). The weighted average discount rate implicit in the leases is 5.19% (2013: 5.85%). The Group's lease liabilities are secured by leased assets of $15.5 million (2013: $15.5m). In the event of default, leased assets revert to the lessor.

The Company is in compliance with all debt covenants.

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

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

Restructuring

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

Onerous contracts

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

Discounting

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

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

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

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

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

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

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

		Consolidated Entity	
		2014 **US$m**	2013 US$m restated
(i)	Options exercised under Performance Option plans as disclosed in note 27 were as follows		
	- 43,220 issued at A$17.48 (2013: 97,762 issued at A$17.48)	**0.7**	1.8
	- 113,385 issued at A$35.46 (2013: 342,918 issued at A$35.46)	**3.6**	12.6
	- nil issued at A$36.23 (2013: 3,240 issued at A$36.23)	**-**	0.1
	- 139,087 issued at A$37.91 (2013: 393,166 issued at A$37.91)	**4.8**	15.4
	- 656 issued at A$32.50 (2013: 7,104 issued at A$32.50)	**-**	0.2
	- 77,493 issued at A$33.45 (2013: 2,550 issued at A$33.45)	**2.5**	0.1
	- nil issued at A$29.34 (2013: 6,940 issued at A$29.34)	**0.0**	0.2
		11.6	30.4
(ii)	Shares issued to employees under Global Employee Share Plan (GESP) as disclosed in note 27 were as follows:		
	- 68,515 issued at A$50.40 on 6 September 2013	**3.1**	2.8
	- 66,419 issued at A$57.43 on 7 March 2014	**3.5**	2.9
		6.6	5.7

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

	Consolidated Entity	
	2014 US$m	2013 US$m restated

21 Reserves

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

Nature and purpose of reserves

(i) *Share based payments reserve*

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

(ii) *Foreign currency translation reserve*

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

	Note	Consolidated Entity 2014 US$m	2013 US$m restated
22 Retained earnings			
Opening balance at 1 July		**4,417.7**	3,723.6
Net profit for the year		**1,307.0**	1,211.4
Dividends	**23**	**(521.5)**	(499.4)
Actuarial gain/(loss) on defined benefit plans		**23.7**	(22.1)
Deferred tax on actuarial gain/(loss) on defined benefit plans		**(5.4)**	4.2
Closing balance at 30 June		**5,221.5**	4,417.7

23 Dividends

Dividends paid

Dividends recognised in the current year by the Group are:

	2014 US$m	2013 US$m restated
Final ordinary dividend of $0.52 per share, unfranked, paid on 4 October 2013 (2013: A$0.47 per share, unfranked)	**255.8**	247.1
Interim ordinary dividend of $0.53 per share, unfranked, paid on 4 April 2014 (2013: $0.50 per share, unfranked)	**265.7**	252.3
	521.5	499.4

Dividends not recognised at year end

	2014 US$m	2013 US$m restated
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of $0.60 per fully paid ordinary share, unfranked (2013: ordinary dividend of $0.52 per share, unfranked). The final dividend is expected to be paid on 3 October 2014. Based on the number of shares on issue as at reporting date, the aggregate amount of the proposed dividend would be:	**284.9**	253.4

The actual aggregate dividend amount paid out of profits will be dependent on the actual number of shares on issue at dividend record date.

24 Equity

	Notes	Consolidated Entity 2014 US$m	2013 US$m restated
Total equity at the beginning of the financial year		**3,017.7**	3,487.4
Total comprehensive income for the period		**1,473.5**	1,108.0
Movement in contributed equity	**20**	**(819.5)**	(1,109.2)
Dividends	**23**	**(521.5)**	(499.4)
Movement in share based payments reserve	**21**	**11.8**	30.7
Total equity at the end of the financial year		**3,162.0**	3,017.7

25 Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents and non-cash financing and investing activities

Cash at the end of the year is shown in the cash flow statement as:

	Notes	2014 US$m	2013 US$m restated
Cash at bank and on hand	**6**	**393.0**	203.5
Cash deposits	**6**	**215.7**	558.7
Bank overdrafts	**15**	**(2.4)**	(2.4)
		606.3	759.8

(b) Reconciliation of Profit after tax to Cash Flows from Operations

	2014 US$m	2013 US$m restated
Profit after tax	**1,307.0**	1,211.4
Non-cash items in profit after tax		
Depreciation, amortisation and impairment charges	**194.9**	201.6
(Gain)/loss on disposal of property, plant and equipment	**-**	0.6
Share based payments expense	**6.2**	53.1
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(90.1)**	(14.1)
(Increase)/decrease in inventories	**31.2**	(162.8)
(Increase)/decrease in retirement benefit assets	**(6.5)**	-
Increase/decrease in net tax assets and liabilities	**(51.8)**	(47.1)
Increase/(decrease) in trade and other payables	**(23.6)**	85.6
Increase/(decrease) in provisions	**5.2**	(31.8)
Increase/(decrease) in retirement benefit liabilities	**(11.8)**	15.2
Net cash inflow from operating activities	**1,360.7**	1,311.7

(c) Non cash financing activities

	2014 US$m	2013 US$m
Acquisition of plant and equipment by means of finance leases	**5.0**	2.4

	Consolidated Entity	
	2014 US$m	2013 US$m restated

26 Employee benefits

A reconciliation of the employee benefits recognised is as follows:

Retirement benefit assets – non-current (note 13)	**6.7**	-
Provision for employee benefits – current (note 17)	**86.1**	81.6
Retirement benefit liabilities – non-current (note 13)	**161.7**	167.2
Provision for employee benefits – non-current (note 17)	**35.4**	33.4
	283.2	282.2

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

(a) Defined benefit plans

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

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

Amounts for the current and previous periods are as follows:

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

	Consolidated Entity	
	2014 US$m	2013 US$m restated

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

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

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

	Consolidated Entity	
	2014	2013 restated
26 Employee benefits (continued)		
(a) Defined benefit plans (continued)		
The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:		
Discount rate	**2.4%**	2.5%
Future salary increases	**2.3%**	2.2%
Future pension increases	**0.4%**	0.4%

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

* indicates a plan that pays a lump sum benefit upon exit
# indicates a plan that pays an ongoing pension

Consolidated Entity – June 2013 (restated)			
CSL Pension Plan (Australia)	33.7	(34.3)	(0.6)
CSL Behring AG Pension Fund (Switzerland)	347.7	(357.9)	(10.2)
CSL Behring Union Pension Plan (US UPP)	54.8	(68.9)	(14.1)
CSL Behring GmbH Supplementary Pension Plan (Germany)	-	(116.0)	(116.0)
CSL Pharma GmbH Pension Plan (Germany)	-	(2.0)	(2.0)
CSL Behring KG Pension Plan (Germany)	-	(7.7)	(7.7)
CSL Plasma GmbH Pension Plan (Germany)	-	(0.2)	(0.2)
CSL Behring KK Retirement Allowance Plan (Japan)	-	(14.7)	(14.7)
CSL Behring S.A. Pension Plan (France)	-	(0.4)	(0.4)
CSL Behring S.p.A Pension Plan (Italy)	-	(1.3)	(1.3)
	436.2	(603.4)	(167.2)

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

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

26 Employee benefits (continued)

(a) Defined benefit plans (continued)

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

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

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

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

(b) Defined contribution plans

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

	Consolidated Entity	
	2014	2013
	US$m	US$m
27 Share based payments		
(a) Recognised share based payments expenses		
The expense recognised for employee services rendered during the year is as follows:		
Expense arising from equity-settled share-based payment transactions	**6.1**	16.2
Expense arising from cash-settled share-based payment transactions	**29.5**	36.9
	35.6	53.1

(b) Share based payment schemes

The Company operates the following schemes that entitles key management personnel and senior employees to purchase shares in the Company under and subject to certain conditions:

Employee Performance Rights Plan (the plan)

The Employee Performance Rights Plan was approved by special resolution at the annual general meeting of the Company on 16 October 2003 and subsequently amended with effect from October 2006. All share based long term incentives issued under the original plan and granted prior to April 2006 were exercised or lapsed by June 2009.

27 Share based payments (continued)

(b) Share based payment schemes (continued)

Share based long term incentives issued between May 2006 and October 2009

The Employee Performance Rights Plan was amended with effect from October 2006. Under the amended plan, share based long term incentives issued between October 2006 and October 2009 comprise grants made to executives of both performance rights and performance options, each subject to a different performance hurdle. Each long-term incentive grant generally consisted of 50% performance rights and 50% performance options. Grants of performance rights and performance options were issued for nil consideration. The plan, as amended, retained the TSR performance hurdle and provided for 100% vesting of performance rights at the expiration of their vesting period if the Company's TSR performance was at or above the 50th percentile on the relevant test date. Under the revised plan, performance options were subject to an earnings per share (EPS) performance hurdle. 10% compound EPS growth per annum is required for the performance options to vest at the expiration of their vesting period. EPS growth is measured from 30 June in the financial year preceding the grant of options until 30 June in the financial year prior to the relevant test date. Vested performance options entitle the holder to one ordinary share on payment of an exercise price equal to the volume weighted average CSL share price over the week up to and including the date of grant. Performance rights and performance options issued between October 2006 and October 2009 were issued for a term of seven years. A portion, namely 25%, of the number of instruments granted becomes exercisable, subject to satisfying the relevant performance hurdle, after the second anniversary of the date of grant. Again, subject to satisfying the relevant performance hurdle, further portions of 35% and 40% of the number of instruments granted become exercisable after the third and fourth anniversaries post date of grant, respectively. If the portion tested at the applicable anniversary meets the relevant performance hurdle, that portion of rights and options vest and become exercisable until the expiry date. If the portion tested fails to meet the performance hurdle the portion is carried over to the next anniversary and retested. After the fifth anniversary, any performance rights and performance options not vested lapse. Importantly, there is an individual employee hurdle requiring an executive to obtain for the financial year prior to exercise of the Performance Rights and Performance Options, a satisfactory (or equivalent) rating under the Company's performance management system. The last grant of performance rights and options to be issued on these terms was in October 2009.

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

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

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

Share based long term incentives issued since October 2012

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

Global Employee Share Plan (GESP)

The 'Global Employee Share Plan' (GESP) operates whereby employees make contributions from after tax salary up to a maximum of A$3,000 per each six month contribution period. The employees receive the shares at a 15% discount to the applicable market rate, as quoted on the ASX on the first day or the last day of the six month contribution period, whichever is lower.

Executive Deferred Incentive Plan (EDIP)

On 1 October 2013, 364,233 notional shares were granted to employees under the Executive Deferred Incentive Plan (2012: 421,250). This plan provides for a grant of notional shares which will generate a cash payment to participants in three years time, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the three year anniversary.

27 Share based payments (continued)

(c) Outstanding share based payment equity instruments

The number and exercise price for each share based payment scheme outstanding is presented as follows. All options and rights are settled by physical delivery of shares.

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

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

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

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

27 Share based payments (continued)

(c) Outstanding share based payment equity instruments (continued)

The number and exercise price for each share based payment scheme outstanding is presented as follows. All options and rights are settled by physical delivery of shares.

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

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

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

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

27 Share based payments (continued)

(d) Valuation assumptions and fair values of equity instruments granted

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
Performance Rights (by grant date)	**A$**	**A$**	**A$**				
2 October 2006 – Tranche 1	$14.20	$18.01	Nil	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$13.32	$18.01	Nil	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$12.47	$18.01	Nil	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$28.65	$35.93	Nil	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$26.78	$35.93	Nil	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$25.20	$35.93	Nil	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$30.27	$36.56	Nil	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$29.06	$36.56	Nil	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$27.57	$36.56	Nil	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	$33.30	$38.75	Nil	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	$31.72	$38.75	Nil	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	$30.15	$38.75	Nil	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	$27.55	$32.10	Nil	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	$26.55	$32.10	Nil	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	$25.50	$32.10	Nil	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	$28.91	$33.44	Nil	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	$27.72	$33.44	Nil	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	$26.31	$33.44	Nil	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	$26.59	$32.94	Nil	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	$26.23	$32.94	Nil	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	$23.75	$29.34	Nil	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	$23.41	$29.34	Nil	27.0%	4 years	2.5%	3.52%
1 October 2012 – Tranche 1	$35.52	$45.76	Nil	21.0%	3 years	2.0%	2.41%
1 October 2012 – Tranche 2	$34.69	$45.76	Nil	21.0%	4 years	2.0%	2.50%
1 October 2013 – Tranche 1	$49.86	$64.53	Nil	21.0%	3 years	2.0%	3.11%
1 October 2013 – Tranche 2	$49.00	$64.53	Nil	21.0%	3 years	2.0%	3.31%
1 April 2014 – Tranche 1	$51.59	$69.47	Nil	21.0%	2.5 years	2.0%	3.25%
1 April 2014 – Tranche 2	$51.04	$69.47	Nil	21.0%	3.5 years	2.0%	3.47%

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

[2] The expected volatility is based on the historic volatility (calculated based on the remaining life assumption of each equity instrument), adjusted for any expected changes to future volatility due to publicly available information.

27 Share based payments (continued)

(d) Valuation assumptions and fair values of equity instruments granted (continued)

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
Options (by grant date)	**A$**	**A$**	**A$**				
2 October 2006 – Tranche 1	$5.71	$18.01	$17.48	27.0%	2 years	1.5%	5.67%
2 October 2006 – Tranche 2	$5.83	$18.01	$17.48	27.0%	3 years	1.5%	5.67%
2 October 2006 – Tranche 3	$5.96	$18.01	$17.48	27.0%	4 years	1.5%	5.67%
1 October 2007 – Tranche 1	$12.06	$35.93	$35.46	29.0%	2 years	1.5%	6.45%
1 October 2007 – Tranche 2	$12.33	$35.93	$35.46	29.0%	3 years	1.5%	6.45%
1 October 2007 – Tranche 3	$12.59	$35.93	$35.46	29.0%	4 years	1.5%	6.45%
1 April 2008 – Tranche 1	$12.64	$36.56	$36.23	32.0%	2 years	1.5%	6.00%
1 April 2008 – Tranche 2	$12.92	$36.56	$36.23	32.0%	3 years	1.5%	6.00%
1 April 2008 – Tranche 3	$13.18	$36.56	$36.23	32.0%	4 years	1.5%	6.00%
1 October 2008 – Tranche 1	$13.31	$38.75	$37.91	33.0%	2 years	1.5%	5.22%
1 October 2008 – Tranche 2	$13.58	$38.75	$37.91	33.0%	3 years	1.5%	5.22%
1 October 2008 – Tranche 3	$13.85	$38.75	$37.91	33.0%	4 years	1.5%	5.22%
1 April 2009 – Tranche 1	$9.27	$32.10	$32.50	33.0%	2 years	1.5%	3.94%
1 April 2009 – Tranche 2	$9.73	$32.10	$32.50	33.0%	3 years	1.5%	3.94%
1 April 2009 – Tranche 3	$10.15	$32.10	$32.50	33.0%	4 years	1.5%	3.94%
1 October 2009 – Tranche 1	$10.34	$33.44	$33.68	33.0%	2 years	1.5%	5.16%
1 October 2009 – Tranche 2	$10.87	$33.44	$33.68	33.0%	3 years	1.5%	5.16%
1 October 2009 – Tranche 3	$11.36	$33.44	$33.68	33.0%	4 years	1.5%	5.16%
1 October 2010 – Tranche 1	$8.46	$32.94	$33.45	30.0%	3 years	2.5%	4.83%
1 October 2010 – Tranche 2	$8.90	$32.94	$33.45	30.0%	4 years	2.5%	4.91%
1 October 2011 – Tranche 1	$6.34	$29.34	$29.34	27.0%	3 years	2.5%	3.44%
1 October 2011 – Tranche 2	$6.77	$29.34	$29.34	27.0%	4 years	2.5%	3.52%
GESP (by grant date)[3]							
1 March 2012	$4.92	$32.79	$27.87	21.0%	6 months	2.0%	2.41%
1 September 2012	$6.61	$44.06	$37.45	21.0%	6 months	2.0%	2.41%
1 March 2013	$9.00	$59.98	$50.98	21.0%	6 months	2.0%	2.41%
1 September 2013	$11.57	$69.00	$57.43	21.0%	6 months	2.0%	2.41%
1 March 2014	$15.11	$71.68	$56.57	21.0%	6 months	2.0%	2.41%

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

[2] The expected volatility is based on the historic volatility (calculated based on the remaining life assumption of each equity instrument), adjusted for any expected changes to future volatility due to publicly available information.

[3] The fair value of GESP equity instruments is estimated based on the assumptions prevailing on the grant date. In accordance with the terms and conditions of the GESP plan, shares are issued at the lower of the ASX market price on the first and last dates of the contribution period.

27 Share based payments (continued)

(e) Cash-settled EDIP

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

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

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

(f) Recognised cash-settled share based payments liability

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

28 Key management personnel disclosures

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

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

(a) ***Total compensation for key management personnel***

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

The basis upon which remuneration amounts have been determined is further described in the remuneration report included in section 16 of the Directors' Report.
[1] This note discloses remuneration of individuals defined as KMP for the relevant period.

(b) Other key management personnel transactions with the company or its controlled entities

The key management personnel and their related entities have the following transactions with entities within the Group that occur within a normal supplier relationship on terms no more favourable that those which it would be reasonable expect the entity would have achieved if dealing on arm's length in similar circumstances.

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

29 Non key management personnel related party disclosure

Ultimate Controlling Entity

The ultimate controlling entity is CSL Limited.

Identity of related parties

The parent company has a related party relationship with its subsidiaries (see note 32) and with its key management personnel (see note 28).

Other related party transactions

The Parent Company entered into the following transactions during the year with related parties in the Group:

Wholly owned subsidiaries

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

The sales, purchases and other services were undertaken on commercial terms and conditions.

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

Partly owned subsidiaries

- No transactions occurred during the year.

Transactions with key management personnel and their related parties

Disclosures relating to key management personnel are disclosed in note 28.

Transactions with other related parties

During the year, the parent and subsidiaries made contributions to defined benefit and contribution pension plans as disclosed in note 26.

Ownership interests in related parties

The ownership interests in related parties in the Group are disclosed in note 32. All transactions with subsidiaries have been eliminated on consolidation.

	Consolidated Entity	
	2014	2013
	US$	US$

30 Remuneration of Auditors

During the year the following fees were paid or were payable for services provided by the auditor of the parent entity and its related practices:

	2014 US$	2013 US$
(a) Audit services		
Ernst & Young	**865,366**	900,811
Ernst & Young related practices	**2,492,591**	2,313,038
Total remuneration for audit services	**3,357,957**	3,213,849
(b) Other services		
Ernst & Young		
- compliance and other services	**-**	56,452
Ernst & Young related practices		
- compliance and other services	**86,245**	114,135
Total remuneration for non audit services	**86,245**	170,587
Total remuneration for all services rendered	**3,444,202**	3,384,436

31 Commitments and contingencies

(a) Operating leases	**2014 US$m**	2013 US$m
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Not later than one year	**39.8**	31.6
Later than one year but not later than five years	**123.0**	101.1
Later than five years	**259.4**	233.0
	422.2	365.7

Operating leases entered into relate predominantly to leased land and rental properties. The leases have varying terms and renewal rights. Rental payments under the leases are predominantly fixed, but generally contain inflation escalation clauses. No operating lease contains restrictions on financing or other leasing activities.

	Consolidated Entity	
	2014	2013
	US$m	US$m

31 Commitments and contingencies (continued)

(b) Finance leases

Commitments in relation to finance leases are payable as follows:		
Not later than one year	**4.4**	4.5
Later than one year but not later than five years	**10.2**	11.4
Later than five years	**24.6**	21.5
Total minimum lease payments	**39.2**	37.4
Future finance charges	**(10.2)**	(11.0)
Finance lease liability	**29.0**	26.4
The present value of finance lease liabilities is as follows:		
Not later than one year	**3.2**	3.3
Later than one year but not later than five years	**6.3**	7.3
Later than five years	**19.5**	15.8
	29.0	26.4
Finance lease – current liability (refer note 15)	**3.2**	3.3
Finance lease – non-current liability (refer note 15)	**25.8**	23.1
	29.0	26.4

Finance leases entered into relate predominantly to leased plant and equipment. The leases have varying terms but lease payments are generally fixed for the life of the agreement. In some instances, at the end of the lease term the Group has the option to purchase the equipment. No finance leases contain restrictions on financing or other leasing activities.

(c) Capital commitments

During the year, the capital expenditure contracted for but not provided for in the financial statements, payable:		
Not later than one year	**99.3**	101.5
Later than one year but not later than five years	**1.1**	6.1
Later than five years	**-**	-
	100.4	107.6

(d) Contingent assets and liabilities

Guarantees

The Group provides certain financial guarantees in the ordinary course of business. No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial.

Service agreements

The maximum contingent liability for benefits under service agreements, in the event of an involuntary redundancy, is between 3 to 12 months. Agreements are held with key management personnel who take part in the management of Group entities. The maximum liability that could arise, for which no provisions are included in the financial statements is as follows:

Service agreements	**6.2**	6.3

Litigation

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

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

32 Controlled Entities

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

	Country of incorporation	Percentage Owned		
		2014	2013	
		%	%	
Company:				
CSL Limited	Australia			
Subsidiaries of CSL Limited:				
CSL Employee Share Trust	Australia	**100**	100	
bioCSL Pty Ltd	Australia	**100**	100	
bioCSL (Australia) Pty Ltd	Australia	**100**	100	
bioCSL (NZ) Limited	New Zealand	**100**	100	(a)
bioCSL Inc	USA	**-**	100	(b)
Cervax Pty Ltd	Australia	**74**	74	
Iscotec AB	Sweden	**100**	100	(a)
Zenyth Therapeutics Pty Ltd	Australia	**100**	100	
Zenyth Operations Pty Ltd	Australia	**100**	100	
Amrad Pty Ltd	Australia	**100**	100	
CSL Behring (Australia) Pty Ltd	Australia	**100**	100	
CSL Behring (NZ) Limited	New Zealand	**100**	-	(a)(c)
CSL Behring (Privigen) Pty Ltd	Australia	**100**	100	
CSL International Pty Ltd	Australia	**100**	100	
CSL Finance Pty Ltd	Australia	**100**	100	
CSL Behring ApS	Denmark	**100**	100	(a)
CSL UK Holdings Limited	England	**100**	100	(a)
ZLB Bioplasma UK Limited	England	**100**	100	(a)
CSL Behring sp.z.o.o.	Poland	**100**	100	(a)
CSLB Holdings Inc	USA	**100**	100	(a)
bioCSL Inc	USA	**100**	100	(d)
ZLB Bioplasma (Hong Kong) Limited	Hong Kong	**100**	100	(a)
CSL Behring LLC	USA	**100**	100	(a)
CSL Plasma Inc	USA	**100**	100	(a)
CSL Behring Canada Inc.	Canada	**100**	100	(a)
CSL Behring Brazil Comercio de Produtos Farmaceuticals Ltda	Brazil	**100**	100	(a)
CSL Behring KK	Japan	**100**	100	(a)
CSL Behring S.A. de C.V.	Mexico	**100**	100	(a)
CSL Behring S.A.	France	**100**	100	(a)
bioCSL GmbH	Germany	**100**	100	(a)
CSL Behring Foundation for Research and Advancement of Patient Health	USA	**100**	100	(a)
CSL Behring Verwaltungs GmbH	Germany	**100**	100	(a)
CSL Behring Beteiligungs GmbH & Co KG	Germany	**100**	100	(a)
CSL Plasma GmbH	Germany	**100**	100	(a)
CSL Behring GmbH	Germany	**100**	100	(a)
CSL Behring GmbH	Austria	**100**	100	(a)
CSL Behring S.A.	Spain	**100**	100	(a)
CSL Behring A.B.	Sweden	**100**	100	(a)
CSL Behring S.p.A.	Italy	**100**	100	(a)
CSL Behring N.V.	Belgium	**100**	100	(a)
CSL Behring B.V	Netherlands	**100**	100	(a)
CSL Behring Lda	Portugal	**100**	100	(a)
CSL Behring MEPE	Greece	**100**	100	(a)

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

32 Controlled Entities (continued)

	Country of incorporation	Percentage Owned 2014 %	2013 %	
CSL International Pty Ltd (continued)				
CSL Behring Asia Pacific Limited	Hong Kong	**100**	100	(a)
CSL (Shanghai) Biotherapies Consulting Ltd	China	**100**	100	(a)
CSL Behring S.A.	Argentina	**100**	100	(a)
CSL Behring Panama S.A.	Panama	**100**	100	(a)
CSL Behring s.r.o.	Czech Republic	**100**	100	(a)
CSL Behring K.f.t.	Hungary	**100**	100	(a)
CSL Behring AS	Turkey	**100**	-	(c)
CSL Behring Holdings Ltd.	England	**100**	100	(a)
CSL Behring UK Ltd.	England	**100**	100	(a)
CSL Behring AG	Switzerland	**100**	100	(a)
CSL Finance GmbH	Germany	**100**	-	(c)
CSL Behring Holdings GmbH	Germany	**100**	-	(c)
CSL Behring Recombinant Facility AG	Switzerland	**100**	-	(c)

(a) Audited by affiliates of the Company auditors.
(b) Entity dissolved on 20 February 2014
(c) Entity incorporated during the year
(d) Previously CSL Biotherapies Inc

33 Deed of Cross Guarantee

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

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

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

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

33 Deed of Cross Guarantee (continued)

Balance sheet

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

34 Financial Risk Management Objectives and Policies

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

The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's policy is to use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to manage specifically identified risks as approved by the board of directors. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security. The accounting policy applied by the Group in respect to derivative financial instruments is outlined in note 1(v). Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks.

Market Risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency other than the entity's functional currency and net investments in foreign operations. The Group's Treasury risk management policy is to hedge contractual commitments denominated in a foreign currency.

The Group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies to protect the Group against exchange rate movements. Contracts to buy and sell foreign currencies are entered into from time to time to offset purchase and sale obligations in order to maintain a desired hedge position.

34 Financial Risk Management Objectives and Policies (continued)

The table below summarises by currency the US dollar value of forward exchange agreements at balance date. Foreign currency amounts are translated at rates prevailing at reporting date. Entities in the group enter into forward contracts to hedge foreign currency receivables from other entities within the Group. These receivables are eliminated on consolidation, however, the hedges are in place to protect the entities from movements in exchange rates that would give rise to a profit or loss impact.

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

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

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

34 Financial Risk Management Objectives and Policies (continued)

(b) Interest rate risk

The Group is exposed to interest rate risk through primary financial assets and liabilities. In accordance with the Group entities approved risk management policies, derivative financial instruments such as interest rate swaps are used to hedge interest rate risk exposures. As at 30 June 2014, no derivative financial instruments hedging interest rate risk were outstanding (2013: Nil).

The following tables summarise interest rate risk for financial assets and financial liabilities, the effective interest rates as at balance date and the periods in which they reprice.

		Fixed interest rate maturing in					
Consolidated Entity – June 2014	Floating rate (1)	1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	Average interest Rate
	US$m	US$m	US$m	US$m	US$m	US$m	%
Financial Assets							
Cash and cash equivalents	**608.7**	**-**	**-**	**-**	**-**	**608.7**	**1.6%**
Trade and other receivables	**-**	**-**	**-**	**-**	**961.6**	**961.6**	**-**
Other financial assets	**-**	**-**	**-**	**-**	**1.3**	**1.3**	**-**
	608.7	**-**	**-**	**-**	**962.9**	**1,571.6**	
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**650.8**	**650.8**	**-**
Bank loans – unsecured	**613.9**	**-**	**-**	**-**	**-**	**613.9**	**1.1%**
Bank overdraft – unsecured	**2.4**	**-**	**-**	**-**	**-**	**2.4**	**0.0%**
Senior unsecured notes	**-**	**-**	**300.0**	**945.0**	**-**	**1,245.0**	**3.4%**
Lease liabilities	**-**	**3.2**	**6.3**	**19.5**	**-**	**29.0**	**5.2%**
Other financial liabilities	**-**	**-**	**-**	**-**	**1.3**	**1.3**	**-**
	616.3	**3.2**	**306.3**	**964.5**	**652.1**	**2,542.4**	

		Fixed interest rate maturing in					
Consolidated Entity – June 2013	Floating rate (1)	1 year or less	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	Average interest rate
	US$m	US$m	US$m	US$m	US$m	US$m	%
Financial Assets							
Cash and cash equivalents	762.2	-	-	-	-	762.2	3.0%
Trade and other receivables	-	-	-	-	859.1	859.1	-
Other financial assets	-	-	-	-	1.5	1.5	-
	762.2	-	-	-	860.6	1,622.8	
Financial Liabilities							
Trade and other payables	-	-	-	-	671.1	671.1	-
Bank loans – unsecured	406.6	-	-	-	-	406.6	1.0%
Bank overdraft – unsecured	2.4	-	-	-	-	2.4	2.2%
Senior unsecured notes	-	-	-	1,243.5	-	1,243.5	3.4%
Lease liabilities	-	3.3	7.3	15.8	-	26.4	5.9%
Other financial liabilities	-	-	-	-	3.8	3.8	-
	409.0	3.3	7.3	1,259.3	674.9	2,353.8	

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

34 Financial Risk Management Objectives and Policies (continued)

(c) Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. However, over the longer-term, permanent changes in foreign exchange and interest rates would give rise to a Group statement of comprehensive income impact.

At 30 June 2014 it is estimated that a general movement of one percentage point in the interest rates applicable to investments of cash and cash equivalents would have changed the Group's profit after tax by approximately $4.2m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end. All other financial asset amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

At 30 June 2014 it is estimated that a general movement of one percentage point in the interest rates applicable to floating rate unsecured bank loans would have changed the Group's profit after tax by approximately $3.9m. This calculation is based on applying a 1% movement to the total of the Group's unsecured bank loans at year end. All other interest bearing debt amounts are subject to fixed rate and therefore not subject to interest rate movements in the ordinary course.

It is estimated that a general movement of one percentage point in the value of the US Dollar against other currencies would change the Group's profit after tax by approximately $3.6m for the year ended 30 June 2014 comprising $1.3m and $2.3m against the Euro and Swiss Franc respectively. This calculation is based on changing the actual exchange rate of US Dollars to all other currencies during the year by 1% and applying these adjusted rates to the translation of the foreign currency denominated financial statements of various Group entities.

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

These sensitivity estimates may not apply in future years due to changes in the mix of profits derived in different currencies and in the Group's net debt levels.

(d) **Credit Risk**

Credit risk represents the extent of credit related losses that the Group may be subject to on amounts to be exchanged under financial instruments contracts or the amount receivable from trade and other debtors. Management has established policies to monitor and limit the exposure to credit risk on an on-going basis.

Transactions involving derivative financial instruments are with counterparties with whom the Group has a signed netting agreement as well as sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Group's policy is to only invest its cash and cash equivalent financial assets with financial institutions having a credit rating of at least ‘A’ or better, as assessed by independent rating agencies.

The Group minimises the credit risks associated with trade and other debtors by undertaking transactions with a large number of customers in various countries. Entities in the Group undertake a review of the credit worthiness of customers, prior to granting credit, using trade references and credit reference agencies.

The maximum exposure to credit risk at balance date is the carrying amount, net of any provision for impairment, of each financial asset in the balance sheet.

34 Financial Risk Management Objectives and Policies (continued)

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

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

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

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

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

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

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

34 Financial Risk Management Objectives and Policies (continued)

(e) Funding and liquidity risk

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

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

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

The below table shows the profile of financial liabilities:

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

34 Financial Risk Management Objectives and Policies (continued)

(f) Fair values

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

The following methods and assumptions were used to determine the net fair values of financial assets and liabilities:

Trade and other receivables/payables

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

Other financial assets – derivatives

Forward exchange contracts are 'marked to market' using market prices for similar instruments. Derivatives are classified as level 2 financial liabilities.

Interest bearing liabilities and borrowings

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

Financial liabilities are classified into Levels:

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

(g) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern whilst providing returns to shareholders and benefits to other stakeholders. The Group aims to maintain a capital structure which reflects the use of a prudent level of debt funding so as to reduce the Group's cost of capital without adversely affecting either of their credit ratings.

Each year the Directors determine the dividend taking into account factors such as liquidity and the availability of franking credits. The full year dividend, as disclosed in note 23, represents a payout ratio of 42% of Net Profit after Tax.

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

	2014	2013
	A$m	A$m

35 Information relating to CSL Limited ('the parent entity')

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 A$m	2013 A$m
Current assets	**140.9**	32.5
Total assets	**2,222.6**	2,636.8
Current liabilities	**94.4**	149.0
Total liabilities	**203.6**	229.4
Contributed equity	**(2,351.5)**	(1,464.7)
Share based payments reserve	**127.3**	122.4
Retained earnings	**4,243.2**	3,749.7
	2,019.0	2,407.4
Profit or loss for the year	**1,055.4**	1,398.8
Total comprehensive income	**1,056.2**	1,400.0

(b) Guarantees entered into by the parent entity

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

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013. For information about guarantees given by the parent entity, please refer above.

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

Capital expenditure contracted for at balance date but not provided for in the financial statements, payable:

	2014 A$m	2013 A$m
Not later than one year	**11.3**	-
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	11.3	-

36 Subsequent events

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

CSL Limited and its controlled entities
Directors' Declaration

(1) In the opinion of the Directors:

(a) the financial report, and the remuneration report included in the directors' report of the company and of the Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and Group's financial position as at 30 June 2014 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and Corporations Regulations 2001.

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

(2) Note 1(a) to the financial statements confirms that the financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(3) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2014.

(4) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 22 October 2009.

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

John Shine AO
Chairman

Paul Perreault
Managing Director

Melbourne
13 August 2014