

Appendix 4D - Half Year Report

CSR Limited

ABN 90 000 001 276

For the half year ended 30 September 2014

Details of the reporting periods	
Current:	Six months ended 30 September 2014
Previous corresponding:	Six months ended 30 September 2013

Result for announcement to the market ¹

					A\$m
Revenue from ordinary activities	up	15%	to		\$1,005.4
Net profit after tax from ordinary activities, before significant items, attributable to members ²	up	72%	to		\$70.0
Net profit after tax from ordinary activities, after significant items, attributable to members	up	48%	to		\$68.4

Net tangible assets

As at	30 Sep 2014	30 Sep 2013
Net tangible assets per share	\$2.04	\$2.02

Dividends

Financial year ended	31 March 2015	31 March 2014	Franking
Interim	8.5 cents ^a	5.0 cents	0%
Final	NA	5.0 cents	0%

a) For Australian tax purposes, 100% of the dividend will be conduit foreign income.

Record date for determining entitlements to interim dividend	17 November 2014
Interim dividend payment date	16 December 2014

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (DRP) will operate for the interim dividend payable on 16 December 2014. The last date for receipt of the election notice for participation in the DRP is 18 November 2014, being the business day after the dividend record date of 17 November 2014. For the interim dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP.

DRP shares will be allocated at the arithmetic average of the daily volume weighted average market prices of shares in CSR sold on ASX's trading platform (including the closing single price auction but excluding all off-market trades) ("VWAP") on each day over a period of 10 trading days commencing on 24 November 2014. No discount will apply to shares issued under the DRP. For further details of the DRP please refer to the DRP Terms and Conditions available on CSR's website (www.csr.com.au).

¹ This document represents information provided pursuant to Listing Rule 4.2A of the Australian Securities Exchange. The information should be read in conjunction with CSR's most recent annual financial report, including the Financial Report for the year ended 31 March 2014. Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the Financial Report for the six months ended 30 September 2014.

² Net profit after tax before significant items is a non-IFRS measure used internally by management to assess the performance of the business and has been extracted or derived from CSR's financial statements for the six months ended 30 September 2014.

Half yearly report for the six months ended 30 September 2014

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)

CSR Limited **ABN 90 000 001 276**

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The half yearly report does not include all the notes of the type normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with the CSR Annual Report for the year ended 31 March 2014 and any announcements to the market made during the financial half year in accordance with the CSR group's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rule 3.1.

Directors' report

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)

The directors of CSR Limited present their report on CSR Limited and its controlled entities (CSR group) for the half year ended 30 September 2014.

Directors

The directors of CSR Limited at any time during the half year ended 30 September 2014, or since that date, are as follows:

Jeremy Sutcliffe (Chairman)
Rob Sindel (Managing Director)
Kathleen Conlon
Michael Ihlein
Rebecca McGrath
Matthew Quinn

Review of Operations

A detailed review of operations of the CSR group during the half year ended 30 September 2014 is set out in the attached results announcement to the market and forms part of this directors' report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of this report.

Rounding off

Amounts included in this directors' report and the financial report are rounded to the nearest tenth of a million dollars unless otherwise indicated. CSR Limited is a company of a kind referred to in ASIC Class Order 98/100 issued 10 July 1998.

The directors' report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the Corporations Act 2001.



Jeremy Sutcliffe
Chairman

Sydney, 5 November 2014



Rob Sindel
Managing Director

Sydney, 5 November 2014

The Board of Directors
CSR Limited
Trinity 3
39 Delhi Road
North Ryde NSW 2113

5 November 2014

Dear Board Members

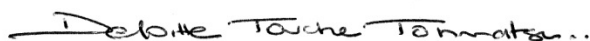
CSR Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CSR Limited.

As lead audit partner for the review of the financial statements of CSR Limited for the financial half-year ended 30 September 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants

Statement of financial performance

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

(\$ MILLION)	NOTE	2014	2013
Trading revenue - sale of goods		1,005.4	877.1
Cost of sales		(686.2)	(622.2)
Gross margin		319.2	254.9
Other income		25.7	27.2
Warehouse and distribution costs		(97.8)	(89.2)
Selling, administration and other operating costs		(135.6)	(119.0)
Share of net profit of joint venture entities	8	4.4	4.4
Other expenses		(2.6)	(7.4)
Profit before finance and income tax		113.3	70.9
Interest income	3	1.4	1.0
Finance cost	3	(10.6)	(11.4)
Profit before income tax		104.1	60.5
Income tax expense	4	(27.2)	(9.1)
Net profit		76.9	51.4
Net profit attributable to non-controlling interests		8.5	5.3
Net profit attributable to shareholders of CSR Limited^a		68.4	46.1

RECONCILIATION OF RETAINED PROFITS

Retained profits at the beginning of the financial year		39.4	(24.8)
Net profit attributable to shareholders of CSR Limited		68.4	46.1
Net gain recognised directly in retained profits		1.4	9.1
Total available for appropriation		109.2	30.4
Dividends provided for or paid	7	(25.3)	(10.6)
Retained profits at the end of the financial half year		83.9	19.8

EARNINGS PER SHARE (CENTS)

Basic earnings per share - based on net profit attributable to shareholders of CSR Limited ^b		13.6	9.1
Diluted earnings per share - based on net profit attributable to shareholders of CSR Limited ^b		13.6	9.1

a Net profit before significant items attributable to shareholders of CSR Limited is \$70.0 million (2013: \$40.6 million). Refer to Note 2 to the financial statements.

b Weighted average number of shares used in the calculation of earnings per share is 503.9 million (2013: 503.9 million). The total number of shares on issue (506.0 million) have been reduced by the number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest. During the period, 2,122,264 weighted average shares were held by the trust.

Notes to the financial statements are annexed.

Statement of comprehensive income

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
 HALF YEAR ENDED 30 SEPTEMBER

(\$ MILLION)	2014	2013
Net profit	76.9	51.4
Other comprehensive income (expense)		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences arising on translation of foreign operations	(0.8)	3.3
Hedge (profit) transferred to the statement of financial performance	(10.5)	(13.3)
Hedge (loss) profit recognised in equity	(9.7)	8.5
Income tax relating to these items	5.9	1.5
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gain on superannuation defined benefit plans	2.0	13.0
Income tax relating to these items	(0.6)	(3.9)
Other comprehensive (expense) income (net of tax)	(13.7)	9.1
Total comprehensive income	63.2	60.5
Total comprehensive income attributable to:		
Shareholders of CSR Limited	59.2	56.2
Non-controlling interests	4.0	4.3
Total comprehensive income	63.2	60.5

Notes to the financial statements are annexed.

Statement of financial position

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)

(\$ MILLION)	NOTE	AS AT 30 SEPTEMBER 2014	AS AT 31 MARCH 2014
Current assets			
Cash and cash equivalents		13.2	5.9
Receivables		290.5	251.1
Inventories		320.9	326.4
Other financial assets		10.5	15.6
Income tax receivable		30.2	30.2
Other current assets		4.5	6.3
Total current assets		669.8	635.5
Non-current assets			
Receivables		45.5	48.5
Inventories		61.3	66.1
Investments accounted for using the equity method		64.3	65.3
Other financial assets		6.0	0.4
Property, plant and equipment		837.9	842.3
Goodwill		64.5	29.2
Other intangible assets		37.6	31.4
Deferred income tax assets		254.8	272.8
Other non-current assets		21.9	16.8
Total non-current assets		1,393.8	1,372.8
Total assets		2,063.6	2,008.3
Current liabilities			
Payables		235.6	195.0
Borrowings		7.5	34.4
Other financial liabilities		13.8	1.4
Tax payable		11.3	6.7
Provisions		167.7	187.6
Other current liabilities		1.3	-
Total current liabilities		437.2	425.1
Non-current liabilities			
Payables		5.2	5.4
Other financial liabilities		6.9	-
Provisions		373.5	378.6
Deferred income tax liabilities		17.1	25.2
Other non-current liabilities		27.3	16.7
Total non-current liabilities		430.0	425.9
Total liabilities		867.2	851.0
Net assets		1,196.4	1,157.3
Equity			
Issued capital	6	1,042.2	1,042.2
Reserves		7.6	17.0
Retained profits		83.9	39.4
Equity attributable to shareholders of CSR Limited		1,133.7	1,098.6
Non-controlling interests		62.7	58.7
Total equity		1,196.4	1,157.3

Notes to the financial statements are annexed.

Statement of changes in equity

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

(\$ MILLION)	ISSUED CAPITAL	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE RESERVE	OTHER RESERVES	RETAINED PROFITS	EQUITY ATTRIBUTABLE TO CSR LTD SHAREHOLDERS	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 1 April 2014	1,042.2	6.0	(7.3)	21.6	(3.3)	39.4	1,098.6	58.7	1,157.3
Net profit	-	-	-	-	-	68.4	68.4	8.5	76.9
Actuarial gain on superannuation defined benefit plans	-	-	-	-	-	2.0	2.0	-	2.0
Exchange differences arising on translation of foreign operations	-	-	(0.8)	-	-	-	(0.8)	-	(0.8)
Hedge profit transferred to the statement of financial performance	-	(7.3)	-	-	-	-	(7.3)	(3.2)	(10.5)
Hedge loss recognised in equity	-	(6.5)	-	-	-	-	(6.5)	(3.2)	(9.7)
Income tax relating to components of other comprehensive income	-	4.0	-	-	-	(0.6)	3.4	1.9	5.3
Total comprehensive income for the financial half year	-	(9.8)	(0.8)	-	-	69.8	59.2	4.0	63.2
Payment of ordinary dividends	-	-	-	-	-	(25.3)	(25.3)	-	(25.3)
Accounting for share based payments	-	-	-	1.6	-	-	1.6	-	1.6
Income tax relating to share based payments	-	-	-	(0.4)	-	-	(0.4)	-	(0.4)
Balance at 30 September 2014	1,042.2	(3.8)	(8.1)	22.8	(3.3)	83.9	1,133.7	62.7	1,196.4
Balance at 1 April 2013	1,042.2	7.7	(9.7)	19.4	-	(24.8)	1,034.8	55.3	1,090.1
Net profit	-	-	-	-	-	46.1	46.1	5.3	51.4
Actuarial gain on superannuation defined benefit plans	-	-	-	-	-	13.0	13.0	-	13.0
Exchange differences arising on translation of foreign operations	-	-	3.3	-	-	-	3.3	-	3.3
Hedge profit transferred to the statement of financial performance	-	(9.0)	-	-	-	-	(9.0)	(4.3)	(13.3)
Hedge profit recognised in equity	-	5.7	-	-	-	-	5.7	2.8	8.5
Income tax relating to components of other comprehensive income	-	1.0	-	-	-	(3.9)	(2.9)	0.5	(2.4)
Total comprehensive income for the financial half year	-	(2.3)	3.3	-	-	55.2	56.2	4.3	60.5
Payment of ordinary dividends	-	-	-	-	-	(10.6)	(10.6)	-	(10.6)
Accounting for share based payments	-	-	-	0.9	-	-	0.9	-	0.9
Balance at 30 September 2013	1,042.2	5.4	(6.4)	20.3	-	19.8	1,081.3	59.6	1,140.9

Notes to the financial statements are annexed.

Statement of cash flows

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

(\$ MILLION)	NOTE	2014	2013
Cash flows from operating activities			
Receipts from customers		1,062.7	943.1
Payments to suppliers and employees		(961.8)	(918.5)
Dividends and distributions received		4.1	5.7
Interest received		1.8	1.2
Income tax paid		(9.8)	(6.9)
Net cash from operating activities		97.0	24.6
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		(53.4)	(36.0)
Proceeds from sale of property, plant and equipment and other non-current assets		60.4	41.6
Loans and receivables repaid (advanced)		0.8	(6.4)
Purchase of controlled entities and businesses, net of cash acquired	9	(36.7)	(1.8)
Costs associated with acquisition and disposal of businesses		(4.5)	(1.0)
Net cash used in investing activities		(33.4)	(3.6)
Cash flows from financing activities			
Net repayment of borrowings		(26.9)	(9.3)
Dividends paid		(25.3)	(10.6)
Interest and other finance costs paid		(4.3)	(4.0)
Net cash used in financing activities		(56.5)	(23.9)
Net increase (decrease) in cash held		7.1	(2.9)
Net cash at the beginning of the financial half year		5.9	11.9
Effects of exchange rate changes		0.2	0.9
Net cash at 30 September		13.2	9.9

Reconciliation of net cash

Reconciliation of net cash at the end of the financial period (as shown in the statement of cash flows) to the related items in the statement of financial position is as follows:

Cash at bank and on hand ^a	13.2	9.9
Net cash at 30 September	13.2	9.9

a Cash at bank and on hand, and any bank overdrafts held by CSR Limited are subject to set-off arrangements with other CSR group entities cash balances.

Notes to the financial statements are annexed.

Significant accounting policies

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

ADDITIONAL CASH FLOW INFORMATION

Non-cash financing and investing activities

During the financial half year ended 30 September 2014, \$25.3 million was paid in dividends, of which \$1.7 million was used to purchase CSR shares on market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining \$23.6 million paid in cash. The total amount has been disclosed as dividends paid in the statement of cash flows.

Credit standby facilities

The CSR group has a total of \$535.0 million (31 March 2014: \$535.0 million) committed standby facilities. These facilities have fixed maturity dates as follows: \$105.0 million in the second half of financial year 2015, \$165.0 million in financial year 2016, \$150.0 million in financial year 2017, \$85.0 million in financial year 2018, with the balance of \$30.0 million in financial year 2019. As at 30 September 2014, \$535.0 million of the standby facilities were undrawn. Subsequently, as of 1 October 2014, these available facilities have been reduced to \$430.0 million.

OTHER NOTES

BASIS OF PREPARATION

This half yearly report for CSR Limited and its controlled entities (CSR group) is a general purpose financial report prepared in accordance with the accounting standard AASB 134 "Interim Financial Reporting", the requirements of the Corporations Act 2001, other applicable accounting standards and interpretations, and complies with other requirements of the law and the Listing Rules of the Australian Securities Exchange Limited. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The financial report is based on historical cost, except for certain assets which are at deemed cost and the revalued amount of certain assets. In preparing this financial report, the CSR group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The half yearly report does not include all the notes of the type normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with the CSR Annual Report for the year ended 31 March 2014 and any announcements to the market made during the financial half year in accordance with the CSR group's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rule 3.1.

SIGNIFICANT ACCOUNTING POLICIES

With the exception of matters disclosed as a change in accounting policy, the accounting policies, estimation methods and measurement bases adopted in this report are consistent with those applied in the CSR Annual Report for the year ended 31 March 2014.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are critical judgements and key assumptions that management has made in the process of applying the CSR group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Product liability: CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. CSR's involvement in asbestos ceased with the disposition of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States. At 30 September 2014, a provision of \$361.2 million (31 March 2014: \$369.1 million) has been made for all known claims and reasonably foreseeable future claims. Refer to Note 12 for further details of the key assumptions and uncertainties in estimating this liability.

Asset impairment: Assets are reviewed for impairment at each reporting date in accordance with the CSR group accounting policy. Where a valuation is required, the valuation is determined using discounted cash flows. Management judgement is required in these valuations to forecast future cash flows and a suitable discount rate in order to calculate the present value. Future cash flows take into consideration forecast changes in the building cycle, aluminium prices and exchange rates where appropriate.

Cash flows are reforecast annually, covering the next ten years and a valuation calculated using a post-tax annual discount rate (31 March 2014: 10.2% for all segments other than Aluminium which uses 12.2%). Discounted cash flow projections over a ten year period are used and deemed appropriate given the cyclical nature of the markets in which the CSR group operates. The first five years represent financial plans forecast by management, based on the CSR group's view of the respective cycle, with years six to ten applying averaging assumptions to ensure cash flows in year ten are sufficiently stable to apply the terminal value. A terminal value is used from year eleven onwards including an annual growth rate (31 March 2014: 2.5%).

Measurement of provisions for restoration and environmental rehabilitation and legal claims: The CSR group is in the process of remediating land in relation to legacy factory sites and is involved in a number of ongoing legal disputes. Judgement is required in arriving at an estimate of future costs required to extinguish these obligations. Expert advice is relied upon (where available) and known facts at the date of this report are considered to arrive at the best estimate for future liabilities that the CSR group will incur. Given the nature of these issues, circumstances may change and estimates and provisions will be updated accordingly.

Provision for uninsured losses and future claims: The provision for uninsured losses and future claims relates to the CSR group's self insurance for workers' compensation program. CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, Western Australia and the Australian Capital Territory for workers' compensation insurance. As at 30 September 2014, a provision of \$30.7 million (31 March 2014: \$31.3 million) has been made for all known claims and reasonably foreseeable future claims. Management assesses the provision at each reporting date and obtains reports from independent experts annually.

Non consolidation of entities in which the CSR group holds more than 50%: The directors have also determined that they do not control Viridian Glass Limited Partnership even though the CSR group owns a 58% interest in this entity. It is not a controlled entity of CSR Limited because the decisions over the relevant activities of the entity require unanimous consent between the two partners.

Classification of joint arrangements: The agreements in relation to the existing joint arrangements require unanimous consent over the relevant activities between the group and at least one other participant. Where the CSR group is jointly and severally liable for the liabilities incurred by the partnership, it will classify the entity as a joint operation and recognise its direct right to the assets and liabilities. Where the CSR group and the parties to the agreements only have rights to the net assets of each of the partnerships under the arrangements, these entities will be classified as joint ventures of the group and accounted for using the equity method.

CHANGE IN ACCOUNTING POLICIES

(i) New or revised accounting standards

The CSR group has adopted all amendments to Australian Accounting Standards which became applicable from 1 April 2014.

Hedge accounting

The CSR group has elected to apply AASB 9 Financial Instruments from 1 April 2014. The new standard provides a simplified model for classifying and recognising financial instruments. It amends hedge accounting requirements to align more closely with an entity's risk management framework and permits entities to present changes in its own credit risk in respect of liabilities designated at fair value, which at reporting date are unrealised gains or losses, as other comprehensive income (OCI). See changes in accounting policy note for further details on the impact of the change in accounting policy.

(ii) Significant items classification

Significant items are those which by their size, nature or incidence are relevant in explaining the financial performance of the CSR group, and as such are disclosed separately.

Previously, the discount unwind adjustment of the product liability provision was disclosed as a finance cost. From 1 April 2014, the discount unwind adjustment has been recognised as a significant item given its non-trading nature within the segment information and significant items notes to allow for better interpretation of the CSR group's financial performance. Comparative figures have been adjusted accordingly.

CURRENCY

Unless otherwise shown in the financial statements, amounts are in Australian dollars, which is the CSR group's functional currency.

ROUNDING

Unless otherwise shown in the financial statements, amounts have been rounded to the nearest tenth of a million dollars and are shown by \$ million. CSR Limited is a company of the kind referred to in the Australian Securities and Investment Commission (ASIC) Class Order 98/100 issued 10 July 1998.

Change in accounting policies

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

As explained in significant accounting policies, the CSR group has adopted AASB 9 *Financial Instruments* as issued in December 2013, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The CSR group has adopted the two main phases relating to classification and measurement of financial assets and financial liabilities (Phase 1) and hedge accounting (Phase 3). The update to AASB 9 *Financial Instruments* as issued in July 2014 which includes impairment (Phase 2) has not yet been adopted by the CSR group, as it had not been issued at the beginning of the period being 1 April 2014.

Recognition and measurement of financial instruments

The policies were changed to comply with AASB 9 *Financial Instruments* as issued in December 2013 which replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities and the derecognition of financial instruments. It requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

While AASB 9 does not need to be applied until 1 January 2018, the CSR group has decided to adopt it early from 1 April 2014. On that date, the CSR group's management has assessed which business models apply to the financial assets held by the group at the date of initial application of AASB 9 (1 April 2014). There were no material effects identified from this assessment.

There were no changes in the levels of fair value measurement of the financial instruments as a result of the application of AASB 9.

Hedge accounting policy and impact of adopting AASB 9

The Group's hedge accounting policies were changed to comply with AASB 9 *Financial Instruments* as issued in December 2013 which replaces the provisions of AASB 139. The impact of these changes in the CSR group's accounting policy was on a prospective basis. The current year impact primarily relates to the impact of hedge accounting on a component of commodity price risk, which is now permitted under AASB 9. The impact for the six months ended 30 September 2014 on the individual line items in the financial statements as a result of adopting AASB 9 are summarised in the table below.

(\$ MILLION)	6 months ended 30 September 2014		
	2014 Prior to adoption	Profit Increase (Decrease)	2014 as presented
Statement of financial performance (extract)			
Other income (expenses)	20.6	5.1	25.7
Income tax expense	(25.7)	(1.5)	(27.2)
Net impact on profit for the period	(5.1)	3.6	(1.5)
Statement of comprehensive income (extract)			
<i>Items that may be reclassified to profit or loss</i>			
Hedge (loss) profit recognised in equity	(4.6)	(5.1)	(9.7)
Income tax relating to these items	4.4	1.5	5.9
Net impact on other comprehensive income (net of tax)	(0.2)	(3.6)	(3.8)
Net impact on total comprehensive income	(5.3)	-	(5.3)
EARNINGS PER SHARE (CENTS)			
Basic earnings per share - based on net profit (loss) attributable to shareholders of CSR Limited ^a	12.9	0.7	13.6
Diluted earnings per share - based on net profit (loss) attributable to shareholders of CSR Limited ^a	12.9	0.7	13.6

a Weighted number of shares used in the calculation of earnings per share is 503.9 million (2013: 503.9 million). Refer to the Statement of Financial Performance for details on calculation of weighted number of shares.

There has been no impact for the prior corresponding half-year ended 30 September 2013 following the adoption of AASB 9 Financial Instruments as issued in December 2013.

Notes to the financial report

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)

HALF YEAR ENDED 30 SEPTEMBER

1. SEGMENT INFORMATION

Operating and reportable segments

The CSR group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in their role as the chief operating decision makers (CODM) in assessing performance and in determining the allocation of resources. Operating segments are identified by management and the board of directors based on the nature of the product sold and production processes involved. Reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold as these are the sources of the CSR group's major risks and have the most effect on the rates of return. Each of the business units disclosed below has been determined as both an operating segment and reportable segment.

Building Products	Lightweight Systems (Gyprock plasterboard, Hebel aerated autoclaved concrete products, Cemintel fibre cement, Ceilector Ceiling Solutions, and Rondo rollformed steel products), Insulation (Bradford insulation, energy solutions and Edmonds ventilation systems) and AFS Walling Solutions. Bricks and Roofing (PGH bricks and Monier roofing).
Glass	The Glass business includes the operations of Viridian, Australia's leading architectural glass provider and the only manufacturer of float glass and hardcoated performance products in Australia. It operates two main businesses - manufacturing clear float, coated and bulk laminate glass in Victoria and downstream value-added processing of glass from a number of facilities across Australia. It also participates in a glass processing joint venture in New Zealand.
Aluminium	The Aluminium business unit relates to the CSR group's 70% interest in Gove Aluminium Finance Limited, which in turn holds a 36.05% interest in the Tomago aluminium smelter (i.e. an effective interest of 25.24%). Gove Aluminium Finance Limited sources alumina, has it toll manufactured by Tomago and then sells aluminium into predominantly the Asian market. Products from the aluminium business include aluminium ingots, billets and slabs.
Property	The Property business unit generates returns typically from the sale of former operating sites by advancing the sites through various stages of the development cycle. In addition, this business is currently involved in a small number of large-scale developments in New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.

Accounting policies and inter-segment transactions

The accounting policies used by the CSR group in reporting segments internally are the same as those disclosed in the significant accounting policies included within these financial statements, with the exception that significant items (i.e. those items which by their size, nature or incidence are relevant in explaining financial performance) are excluded from trading profits. This approach is consistent with the manner in which results are reported to the CODM.

Transfers of assets between segments are recognised at book value.

It is the CSR group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believes would be inconsistent. Reporting provided to the board of directors in respect of earnings is primarily measured based on earnings before interest and tax (EBIT), excluding significant items, with significant items reviewed and reported separately to the CODM.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

- corporate overheads;
- restructuring and provisions;
- net finance cost; and
- significant items.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

1. Segment information (continued)

(\$ MILLION)	PROFIT (LOSS) BEFORE INCOME TAX		INCOME TAX (EXPENSE) BENEFIT		NON-CONTROLLING INTERESTS		NET PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF CSR LIMITED	
	2014	2013 (Restated) ^a	2014	2013 (Restated) ^a	2014	2013	2014	2013
Business segments								
Building Products	63.1	51.8	(18.1)	(13.8)	(0.1)	-	44.9	38.0
Glass	0.5	(10.6)	-	3.3	-	-	0.5	(7.3)
Aluminium	41.4	24.2	(12.6)	(4.7)	(8.4)	(5.3)	20.4	14.2
Property	20.4	6.8	(4.8)	(0.1)	-	-	15.6	6.7
Segment total	125.4	72.2	(35.5)	(15.3)	(8.5)	(5.3)	81.4	51.6
Corporate ^b	(9.0)	(7.9)	1.7	2.3	-	-	(7.3)	(5.6)
Restructuring and provisions ^c	(2.3)	(3.0)	0.4	0.6	-	-	(1.9)	(2.4)
Earnings before interest and significant items	114.1	61.3	(33.4)	(12.4)	(8.5)	(5.3)	72.2	43.6
Net finance cost	(3.2)	(4.1)	1.0	1.1	-	-	(2.2)	(3.0)
Total before significant items	110.9	57.2	(32.4)	(11.3)	(8.5)	(5.3)	70.0	40.6
Significant items (Note 2)	(6.8)	3.3	5.2	2.2	-	-	(1.6)	5.5
Total after significant items	104.1	60.5	(27.2)	(9.1)	(8.5)	(5.3)	68.4	46.1

(\$ MILLION)	TOTAL REVENUE ^e		SHARE OF NET PROFIT OF JOINT VENTURES		DEPRECIATION AND AMORTISATION ^f	
	2014	2013	2014	2013	2014	2013
Business segments						
Building Products	609.7	519.1	5.0	6.1	19.8	18.7
Glass	143.0	137.1	0.4	(0.9)	4.8	5.9
Aluminium	254.1	223.0	-	-	13.7	13.5
Property	22.4	8.1	-	-	-	-
Segment total	1,029.2	887.3	5.4	5.2	38.3	38.1
Corporate ^b	-	-	-	-	0.5	0.6
Restructuring and provisions ^{c,d}	1.9	17.0	(1.0)	(0.8)	-	-
Interest income	1.4	1.0	-	-	-	-
Total	1,032.5	905.3	4.4	4.4	38.8	38.7

a On 1 April 2014 a change in accounting policy over the classification of the discount unwind for the asbestos liability was adopted by CSR Limited, resulting in a restatement of balances for the financial half year ended 30 September 2013. Refer to Significant Accounting Policies.

b Represents unallocated overhead and other revenues.

c Includes legal and managerial costs associated with long term product liabilities and minor product liability claims that arise from time to time, certain defined benefit superannuation liabilities and expenses, other payables, non-operating revenue and other costs (excluding those categorised as significant items).

d Restructuring and provisions revenues for the financial half year ended 30 September 2014 include \$1.9 million of significant items related to a reduction in legal disputes and warranties provision (2013: \$17.0 million related to a reduction in the product liability provision). Refer to Note 2.

e Inter-segment sales are negligible. Total revenue includes trading revenue, other income, interest income and dividend income from other entities and excludes share of net profit of associates.

f Depreciation and amortisation includes \$2.1 million (2013: \$1.6 million) amortisation of intangible assets. Other significant non-cash expenses such as movements in provisions and other rationalisation expenses which are significant items are disclosed in Note 2. Other non-cash expenses are immaterial.

There has not been a material change in the value of assets in each reportable segment during the financial half year ended 30 September 2014 with the exception of the AFS acquisition. The CSR Annual Report 2014 provides details of segment assets as at 31 March 2014.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

(\$ MILLION)	2014	2013 (Restated) ^a
2. Significant items		
Discount unwind of product liability provision ^a	(6.0)	(6.3)
Reduction in product liability provision ^b	-	17.0
Legal disputes and warranties ^c	1.9	(7.4)
Transaction costs	(2.7)	-
Total significant items before income tax	(6.8)	3.3
Income tax benefit on significant items	5.2	2.2
Significant items after tax	(1.6)	5.5
Significant items attributable to non-controlling interests	-	-
Significant items attributable to shareholders of CSR Limited	(1.6)	5.5
Net profit attributable to shareholders of CSR Limited	68.4	46.1
Significant items attributable to shareholders of CSR Limited	1.6	(5.5)
Net profit before significant items attributable to shareholders of CSR Limited	70.0	40.6
EARNINGS PER SHARE (CENTS)		
Before significant items		
Basic earnings per share - based on net profit attributable to shareholders of CSR Limited ^d	13.9	8.1
Diluted earnings per share - based on net profit attributable to shareholders of CSR Limited ^d	13.9	8.1

a On 1 April 2014 a change in accounting treatment over the classification of the discount unwind for the asbestos liability was adopted by CSR Limited, resulting in a restatement of balances for the financial half year ended 30 September 2013. Refer to Significant Accounting Policies.

b For the financial half year ended 30 September 2013, the CSR group recorded income in relation to its product liability provision of \$17 million, reflecting a decrease in the routine estimate of future asbestos related claims in the United States (after cash payments and adjustments for the present value of future claims).

c During the financial half year ended 30 September 2014, the CSR group recorded income in relation to the legal disputes provisions, reflecting an improved outlook and/or better outcome than previously expected. For the financial half year ended 30 September 2013, the CSR group recorded a charge of \$7.4 million in relation to product warranty claims and ongoing legal disputes as these matters advanced towards settlement.

d Weighted number of shares used in the calculation of earnings per share is 503.9 million (2013: 503.9 million). The total number of shares on issue (506.0 million) have been reduced by the number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest. During the period, 2,122,264 weighted average shares were held by the trust. Earnings per share based on net profit attributable to shareholders of CSR Limited before significant items has been restated for the change in accounting treatment over the classification of the discount unwind for the asbestos liability, resulting in an increase of 0.9 cents per share to 8.1 cents per share for the financial half year ended 30 September 2013.

3. Net finance cost

(\$ MILLION)	2014	2013
Interest expense	2.1	1.5
Discount unwind on other non-current provisions	0.5	1.1
Discount unwind on product liability provision	6.0	6.3
Funding costs	2.2	2.3
Foreign exchange (gain) loss	(0.2)	0.2
Finance cost	10.6	11.4
Interest income	(1.4)	(1.0)
Net finance cost	9.2	10.4
Discount unwind on product liability provision in significant items	(6.0)	(6.3)
Net finance cost before significant items^a	3.2	4.1

a On 1 April 2014 a change in accounting policy over the classification of the discount unwind for the asbestos liability was adopted by CSR Limited, resulting in a restatement of significant items for the financial half year ended 30 September 2013. Refer to Significant Accounting Policies.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

4. Income taxes

Reconciliation of income tax expense charged to the statement of financial performance with income tax calculated on profit before income tax:

(\$ MILLION)	2014	2013
Profit before income tax	104.1	60.5
Income tax expense calculated at 30%	31.2	18.2
(Decrease) increase in income tax expense due to:		
Share of net profit of associates and rebates on dividend income	(1.1)	(1.3)
Research and development offsets and other	(2.9)	(7.8)
Total income tax expense on profit	27.2	9.1

5. Net tangible assets per share^a

	30 SEPTEMBER 2014 \$	30 SEPTEMBER 2013 \$
Net tangible assets per share	2.04	2.02

a Calculated as net assets attributable to CSR Limited shareholders (\$1,133.7 million) less intangible assets (\$102.1 million) divided by the number of issued shares (506.0 million).

6. Issued capital

	ORDINARY SHARES FULLY PAID ^a	ISSUED CAPITAL (\$ MILLION)
On issue 31 March 2014	506,000,315	1,042.2
On issue 30 September 2014	506,000,315	1,042.2

a The shares are fully paid ordinary shares listed on the Australian Securities Exchange and carry one vote per share and the right to dividends.

7. Dividends

	FINANCIAL YEAR ENDING 31 MARCH	FRANKING PERCENTAGE	DATE PAID / PAYABLE	AMOUNT PER SHARE (CENTS)	TOTAL AMOUNT (\$MILLION)
Final dividend	2013	Nil	9 July 2013	2.1	10.6
Interim dividend	2014	Nil	17 December 2013	5.0	25.3
Final dividend	2014	Nil	8 July 2014	5.0	25.3
Interim dividend	2015	Nil	16 December 2014	8.5	43.0

The interim dividend in respect of ordinary shares for the half year ended 30 September 2014 has not been recognised in this financial report because the interim dividend was resolved to be paid subsequent to 30 September 2014.

Dividend reinvestment plan

CSR Limited has an established dividend reinvestment plan (DRP) under which the holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied in ordinary shares rather than be paid in cash. The company's DRP operated for all dividends paid during the period. Shares were acquired on-market and transferred to participants to satisfy any share obligations under the DRP and therefore had no effect on the number of shares on issue.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

8. Equity accounting information

Share of net profit of joint venture entities

(\$ MILLION)	2014	2013
Profit before income tax	6.2	6.8
Income tax expense	(1.8)	(2.4)
Total share of net profit	4.4	4.4

Name of entity	OWNERSHIP INTEREST AS AT 30 SEPTEMBER		CONTRIBUTION TO NET PROFIT - HALF YEAR ENDED 30 SEPTEMBER	
	2014	2013	2014	2013
	%	%	\$ MILLION	\$ MILLION
Rondo Pty Limited	50	50	3.8	5.2
Viridian Glass ^a	58	58	(0.5)	(1.7)
New Zealand Brick Distributors ^{a b}	50	50	0.9	0.6
Other non-material joint ventures			0.2	0.3
Total share of net profit			4.4	4.4

a These entities are limited partnerships in New Zealand.

b On 15 April 2013, a joint venture between CSR Limited's subsidiary, CSR Building Products (NZ) Limited and Brickworks Building Products (NZ) Pty Limited was established. This transaction involved the disposal of operating assets of the Bricks New Zealand business from CSR Building Products (NZ) Limited into the joint venture vehicle "NZ Brick Distributors Limited Partnership". A gain of \$1 million was recorded on the transaction. Consideration for the disposal was 50% of the shares of NZ Brick Distributors GP Limited entitling CSR group to a 50% share of profits of the NZ Brick Distributors Limited Partnership.

9. Acquisitions of businesses

The CSR group acquired 100% of the following business during the financial half year ended 30 September 2014:

- Architectural Framework Systems and Rediwall (together known as AFS) on 2 April 2014 (Building Products segment). AFS is a leader in permanent formwork walling solutions for the construction industry.

The primary reason for the acquisition was to continue CSR's growth in the Building Products segment.

The initial accounting for this acquisition has only been provisionally determined at 30 September 2014. At the date of finalisation of this report, the necessary market valuation and other calculations have not been finalised and the fair value of goodwill noted below has therefore only been provisionally determined based on the directors' best estimates. Acquisition related costs expensed were \$1.0 million.

Details of the purchase consideration and the fair value of assets and liabilities acquired are given below.

(\$ MILLION)	2014
Purchase consideration:	
Cash paid	36.7
Contingent consideration	12.4
Total Consideration	49.1

Value of net assets of controlled entities and businesses acquired

(\$ MILLION)	FAIR VALUE
	2014
Receivables	5.2
Inventories	2.3
Property, plant and equipment	8.3
Intangible assets	7.0
Payables	(6.8)
Provisions	(0.7)
Deferred tax liabilities	(1.5)
Net identifiable assets acquired	13.8
Goodwill acquired	35.3
Total consideration	49.1

The goodwill is attributable to the workforce, profitability and growth potential of the acquired business. It will not be deductible for tax purposes.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

9. Acquisitions of businesses (continued)

(i) Contingent earn-out

In the event that certain pre-determined earning measures are achieved by the subsidiary for the year ended 31 March 2015 and 31 March 2017, additional consideration may be payable in cash 60 days after each of the reporting periods. There is no limit to the maximum amount payable.

Contingent consideration of \$12.4m was estimated by calculating the present value of the future expected cash flows. The estimates are based on a pre-tax discount rate of 2.8%.

(ii) Purchase consideration - cash outflow

(\$ MILLION)	2014
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration	36.7
Less: cash acquired	-
Outflow of cash - investing activities	36.7

(iii) Adjustments in current reporting period related to YEM14 business acquisitions

During the financial year ended 31 March 2014, the CSR group acquired the assets of the following businesses:

- 70% of the equity of Martini Investments (Australia) Pty Limited ("Martini Business"), a polyester manufacturer and importer of high performance reflective insulation, effective 1 November 2013 (Building Products segment);
- Alsupply Aluminium Partitions on 1 May 2013 (Building Products segment); and
- Accent Powdercoaters on 1 May 2013 (Building Products segment).

The primary reason for these acquisitions was to continue CSR's growth in the building products segment.

The initial accounting for these acquisitions has now been fully determined resulting in the following adjustments to the acquisition accounting:

(\$ MILLION)	2014
Goodwill calculated for YEM14 on initial accounting	5.2
Adjustments to net identifiable assets acquired	0.5
Adjusted Goodwill for YEM14 business acquisitions	5.7

Full details of the purchase consideration and the fair value of assets and liabilities acquired are as disclosed in the CSR Annual Report 2014.

10. Subsequent events

Dividends

For dividends resolved to be paid after 30 September 2014, refer to Note 7.

Proposed formation of east coast bricks joint venture

On 4 April 2014, the CSR group and Boral announced their intention to form a joint venture to combine their brick operations on the east coast of Australia. The proposed joint venture would be owned 60% by the CSR group and 40% by Boral, reflecting the valuation of the two businesses. A submission was made at the time of announcement to the Australian Competition and Consumer Commission (ACCC).

On the 16 October 2014 the ACCC released a Statement Of Issues outlining areas of concern over the proposed transaction. The ACCC has advised its intention to reach a final decision on 18 December 2014. CSR group and Boral will continue to work with the ACCC on the issues identified.

11. Contingent liabilities

Contingent liabilities/assets

Claims and possible claims (other than product liability which is discussed in Note 12) have arisen in the course of business against entities in the CSR group and made by entities in the CSR group. Based on legal advice obtained, the directors believe that any resultant liability or asset will not materially affect the financial position of the CSR group.

The parent entity has undertaken to provide financial support, as and when required, to certain wholly-owned controlled entities so as to enable those entities to pay their debts as and when such debts become due and payable.

Workers' compensation

CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable future claims with a provision of \$30.7 million as at 30 September 2014 (31 March 2014: \$31.3 million).

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

12. Product liability

CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the disposition of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.

In Australia, asbestos related personal injury claims have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos, by people who lived near factories operated by former subsidiaries of CSR, as well as residents of and visitors to Wittenoom. As at 30 September 2014, there were 481 such claims pending.

In the United States, claims are made by people who allege exposure to asbestos fibre used in the manufacture of products containing asbestos or in the installation or use of those products. As at 30 September 2014, there were 506 such claims pending.

CSR has been settling claims since 1989. As at 30 September 2014, CSR had resolved approximately 3,746 claims in Australia and approximately 137,100 claims in the United States.

CSR's recent claims experience can be summarised as follows:

	HALF YEAR ENDED 30 SEPTEMBER	YEAR ENDED 31 MARCH			
	2014	2014	2013	2012	2011
Number of claims received	120	339	347	435	412
Number of claims resolved	147	804	488	418	634
Amount spent on settlements (A\$ million) ^a	11.7	29.2	31.0	34.7	32.5
Average cost per resolved claim (A\$)	79,690	36,411	63,553	83,067	51,300

^a Excludes external legal costs, net of insurance recoveries.

The annual amounts paid by CSR in respect of asbestos related claims vary year on year depending on the number and types of claims received and resolved during each year, the litigation or other determination of particular claims or issues and any determination by management to resolve claims that may have been received in earlier years.

Basis of provision

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers' compensation payments from available workers' compensation insurers. CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in each of the United States and Australia. CSR has appointed Finity Consulting Pty Limited, as the independent expert to estimate the Australian liabilities. CSR has appointed Gnarus Advisors LLC as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities.

Many factors are relevant to the independent experts' estimates of future asbestos liabilities, including:

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation; and
- the discount rate applied to future payments.

There are a number of assumptions and limitations that impact on the assessments made by CSR's experts, including the following:

- assumptions used in the modelling are based on the various considerations referred to above;
- the future cost of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by various academic material on the epidemiology of asbestos related diseases that is considered by the experts to be authoritative;
- the analysis is limited to liability in the respective jurisdictions of Australia and the United States that are the subject of the analysis of that expert and to the asbestos related diseases that are currently compensated in those jurisdictions; and
- the effect of possible events that have not yet occurred which are currently impossible to quantify, such as medical and epidemiological developments in the future in treating asbestos diseases, future court and jury decisions on asbestos liabilities, and legislative changes affecting liability for asbestos diseases.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

12. Product liability (continued)

In Australia the methodology used by Finity Consulting Pty Limited produces the central estimate of future asbestos liabilities which represents the average expectation of the range of possible outcomes. At 30 September 2014 the central estimate was A\$161.3 million calculated using a pre-tax discount rate of 4.75%. On an undiscounted and inflated basis that central estimate would be A\$249.1 million over the period to 2064, being the period that the Australian independent expert advises CSR is relevant for the estimation of CSR's future Australian asbestos liabilities.

In the United States the methodology used by Gnarus Advisors LLC produces a base case estimate or most likely outcome. At 30 September 2014 the base case estimate was US\$114.7 million calculated using a pre-tax discount rate of 3.9%. On an undiscounted and inflated basis that base case estimate would be US\$150.8 million over the anticipated further life of the United States liability (40 years).

The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential margin is determined by the CSR directors at the balance date, having regard to the prevailing litigation environment, any material uncertainties that may affect future liabilities and the applicable long term Australian dollar to United States dollar exchange rate. As evidenced by the analysis below, due, in particular, to the fluctuations in exchange rate, the prudential margin has varied over the past five years. The directors anticipate that the prudential margin will continue to fluctuate within a range approximating 10% to 30% depending on the prevailing circumstances at each balance date.

The table below shows CSR's asbestos provision from 2011 to the half year ended 30 September 2014:

(\$ MILLION)	HALF YEAR ENDED 30 SEPTEMBER	YEAR ENDED 31 MARCH			
	2014	2014	2013	2012	2011
United States base case estimate US\$	114.7	123.5	194.0	199.2	191.8
United States base case estimate A\$	131.6	133.5	185.8	191.8	185.9
Australian central estimate A\$	161.3	161.8	158.3	172.7	180.1
Sub total A\$	292.9	295.3	344.1	364.5	366.0
Prudential Margin A\$	68.3	73.8	79.7	77.2	82.9
Prudential Margin %	23.3%	25.0%	23.2%	21.2%	22.7%
Total product liability provision A\$	361.2	369.1	423.8	441.7	448.9

At 30 September 2014, a provision of \$361.2 million (31 March 2014: \$369.1 million) has been made for all known claims and reasonably foreseeable future claims, and includes a prudential margin of \$68.3 million above the aggregate most likely estimate of the future asbestos liabilities in Australia and the United States as determined by Finity Consulting Pty Limited and Gnarus Advisors LLC respectively.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 30 September 2014 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially under or over state CSR's asbestos liability.

However, taking into account the provision already included in CSR's financial statements and current claims management experience, CSR is of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on the CSR group's financial condition.

Process agreed with the Foreign Investment Review Board (FIRB)

On 22 December 2010, CSR sold its Sucrogen business, to Wilmar International Limited (Wilmar). The sale of Sucrogen to Wilmar required approval from the Commonwealth Treasurer (via the FIRB).

As part of the approval process, and as further evidence of CSR's commitment to responsibly managing its asbestos related liabilities, CSR has put in place a process for the external oversight of any repatriation of capital by CSR to its shareholders during the period of seven years following the sale of Sucrogen (subject to limited earlier termination provisions).

As part of this process, CSR has entered into an agreement with an independent body, The Trust Company (TTC), pursuant to which CSR must demonstrate that CSR has fulfilled certain requirements prior to any repatriation of funds to its shareholders other than half yearly or annual dividends paid by CSR in accordance with its usual practice and its dividend policy in force from time to time.

These requirements include that:

- CSR's asbestos liabilities have been reviewed by an additional independent expert;
- CSR intends to retain its 'investment grade' credit rating following any repatriation; and
- an approved accounting firm has expressed an opinion that the decision of CSR's directors that a particular repatriation of capital would not materially prejudice creditors, including current and reasonably foreseeable future asbestos claimants, was formed on a reasonable basis.

In accordance with the agreement with TTC, documentation was provided by CSR to TTC to demonstrate that the above requirements were fulfilled in relation to the special dividend and the capital return which were paid to CSR shareholders on 2 February and 3 March 2011 respectively.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

13. Fair value measurement of financial instruments

The fair value measurement principles adopted in this report are consistent with those applied in the CSR Annual Report for the year ended 31 March 2014.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition of fair value, grouped into Level(s) 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(\$ MILLION)	AS AT 30 SEPTEMBER 2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Aluminium				
Aluminium commodity swaps	-	7.8	-	7.8
Pulp				
Pulp commodity swaps	-	0.4	-	0.4
Other financial instruments				
Restricted cash	-	3.5	-	3.5
Forward exchange rate agreements	-	4.8	-	4.8
Total	-	16.5	-	16.5

(\$ MILLION)	AS AT 30 SEPTEMBER 2014			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
Aluminium				
Aluminium commodity swaps	-	3.5	-	3.5
Small-scale technology certificates (STC)				
STC forwards	-	-	-	-
Pulp				
Pulp commodity swaps	-	-	-	-
Other financial instruments				
Forward exchange rate agreements	-	17.2	-	17.2
Total	-	20.7	-	20.7

(\$ MILLION)	AS AT 31 MARCH 2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Aluminium				
Aluminium commodity swaps	-	6.2	-	6.2
Pulp				
Pulp commodity swaps	-	0.2	-	0.2
Other financial instruments				
Restricted cash	-	3.4	-	3.4
Forward exchange rate agreements	-	6.2	-	6.2
Total	-	16.0	-	16.0

(\$ MILLION)	AS AT 31 MARCH 2014			
	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value				
Small-scale technology certificates (STC)				
STC forwards	-	-	-	-
Pulp				
Pulp commodity swaps	-	-	-	-
Other financial instruments				
Forward exchange rate agreements	-	1.4	-	1.4
Total	-	1.4	-	1.4

Directors' declaration

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
HALF YEAR ENDED 30 SEPTEMBER

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes, set out on pages 5 to 20 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2014, and of its performance as represented by the results of its operations and its cash flows, for the financial half year ended on that date;
- (b) there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors pursuant to section 303(5) of the Corporations Act 2001.



Jeremy Sutcliffe
Chairman

Sydney, 5 November 2014



Rob Sindel
Managing Director

Sydney, 5 November 2014

Independent Auditor's Review Report to the Members of CSR Limited

We have reviewed the accompanying half-year financial report of CSR Limited, which comprises the statement of financial position as at 30 September 2014, and the statement of financial performance, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CSR Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

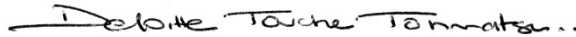
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CSR Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants
Sydney, 5 November 2014