CSR Limited
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www.csr.com.au
ABN 90 000 001 276

4 November 2022

Mr Justin Nelson
Principal Adviser - Listings Compliance
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Justin,

CSR Limited (CSR) Appendix 4D for the half year ended 30 September 2022

In accordance with the Listing Rules, I enclose an Appendix 4D and half year-financial report for immediate release.

The following associated documents will be provided separately for lodgement:

- Notification of Dividend (Appendix 3A.1);
- Media Release; and
- Half Year Presentation.

CSR Limited will present its half year results at 10.00am AEDT via webcast available from CSR's website https://www.csr.com.au/investors-and-news/webcasts or Click here.

Yours faithfully

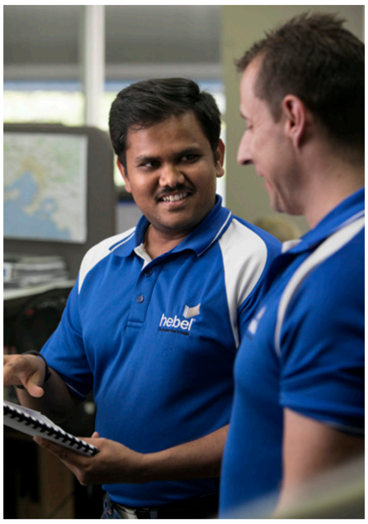
Jill Hardiman
Company Secretary

This announcement has been authorised for release by the Board of Directors of CSR Limited.

4 NOVEMBER 2022

CSR LIMITED

HALF YEAR REPORT INCORPORATING APPENDIX 4D – FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022



APPENDIX 4D

Details of the company and reporting periods

Company name: ABN: Current reporting period: Previous corresponding reporting period:	CSR Limited 90 000 001 276 Six months ended 30 September 2022 Six months ended 30 September 2021

Results for announcement to the market[1]

				A$m
Revenue from ordinary activities	up	14%	to	**1,296.3**
Net profit after tax from ordinary activities, before significant items, attributable to members[2]	up	27%	to	**110.1**
Net profit after tax from ordinary activities, after significant items, attributable to members	down	34%	to	**104.0**

Net tangible assets

As at	**30 Sep 2022**	**30 Sep 2021**
Net tangible assets per share attributable to CSR shareholders	**$2.34**	$2.01

Dividends

Financial year ended	**31 March 2023**	**Franking**	**31 March 2022**	**Franking**
Interim ordinary	16.5 cents	100%	13.5 cents	100%
Final ordinary	N/A	N/A	18.0 cents	100%

Record date for determining entitlements to interim dividends	10 November 2022
Interim dividend payment date	9 December 2022

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (DRP) will operate for the interim dividend payable on 9 December 2022. The last date for receipt of the election notice for participation in the DRP is 11 November 2022, being the business day after the dividend record date of 10 November 2022. 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 18 November 2022. 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 and should be read in conjunction with the most recent annual financial report.

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 half year ended 30 September 2022. A reconciliation to net profit after tax is included in Note 2 to the CSR half year financial statements.

DIRECTORS' REPORT

The directors of CSR Limited present their report on CSR Limited and its controlled entities (CSR group) for the half year ended 30 September 2022.

Directors

The directors of CSR Limited at any time during the half year ended 30 September 2022, or since that date, are as follows:

John Gillam (Chair of the board)
Julie Coates (Managing Director and CEO)
Nigel Garrard
Christine Holman
Matthew Quinn
Penny Winn

Review of Operations

A review of operations of the CSR group during the half year ended 30 September 2022 is set out in the results announcement to the market and on pages 3 to 6 of this half year report, 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 7 and forms part of this directors' report.

Rounding

CSR Limited is a company of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued 24 March 2016. In accordance with that Instrument, amounts in this Directors' Report and the half year financial report are rounded to the nearest tenth of a million dollars unless otherwise stated.

The directors' report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

John Gillam Chair of the board 4 November 2022	Julie Coates Managing Director and CEO 4 November 2022

OPERATING AND FINANCIAL REVIEW

CSR delivers half year net profit after tax (before significant items) of $110.1 million, up 27%

Trading revenue[1] of $1.3 billion for the six months ended 30 September 2022 (HY23), up 14% on the prior comparable period.

Earnings before interest and tax (EBIT before significant items) of $171.3 million, up 29% included the following results:

- **Building Products** – EBIT of $139.2 million, up 15%, reflecting good execution across end markets, price discipline and cost management. Return on funds employed increased to 28% from 24%.
- **Property** – EBIT of $27.6 million which included completion of the next tranche at Horsley Park, NSW. This compared to $6.6 million in the prior comparable period due to the timing of transactions.
- **Aluminium** – EBIT of $17.4 million, down from $18.3 million, with higher aluminium pricing offset by higher raw material and input costs.

Net profit after tax[1] of $110.1 million, up 27%.

Statutory net profit after tax of $104.0 million, down from $156.6 million with the prior comparable period including a significant item relating to the recognition of $71.2 million in carry forward capital tax losses.

Earnings per share[1] of 22.8 cents, up from 17.9 cents.

Interim dividend per share of 16.5 cents (fully franked) declared, up from previous interim dividend of 13.5 cents.

A$m unless stated[1]	HY23	HY22	change
Trading revenue	**1,296.3**	**1,138.3**	14%
EBIT			
Building Products	139.2	120.6	15%
Property	27.6	6.6	318%
Aluminium	17.4	18.3	(5%)
Corporate (including restructure and provisions)	(12.9)	(12.9)	-
Group EBIT	**171.3**	**132.6**	29%
Net finance costs	(13.9)	(5.9)	
Income tax expense	(46.0)	(36.5)	
Non-controlling interests	(1.3)	(3.6)	
Net profit after tax before significant items[1]	**110.1**	**86.6**	27%
Significant items after tax	(6.1)	70.0	
Statutory net profit after tax	**104.0**	**156.6**	(34%)

1 All references are before significant items unless stated. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the half year ended 30 September 2022 (HY23). All comparisons are to the half year ended 30 September 2021 (HY22) unless otherwise stated.

Net profit after tax (before significant items) of $110.1 million was up 27%, with increased earnings for Building Products and Property.

Statutory net profit after tax of $104.0 million down from $156.6 million with the prior comparable period including a significant item of $71.2 million relating to the recognition of a deferred tax asset in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019.

Net finance costs[1] of $13.9 million was up from $5.9 million due to foreign exchange volatility impacting Aluminium.

Tax expense[1] of $46.0 million (before significant items) was up from $36.5 million due to the higher pre-tax profits. CSR's effective tax rate for the year (before significant items) was 29% in line with the prior comparable period.

Capital expenditure (excluding property) of $30.2 million up from $12.8 million, with the prior comparable period impacted by COVID restrictions.

Property capital expenditure of $22.5 million was in line with the prior comparable period and included expenditure to deliver the Horsley Park, NSW transactions.

Net cash of $142.1 million decreased from the net cash position of $177.7 million as of 31 March 2022. Cash flows for the half year included dividend payments of $87.4 million and the on-market share buy-back of $22.4 million which commenced in July 2022. During the six months ending 30 September 2022, prior hedging prepayments of $91.3 million were also refunded.

Cash flows from operating activities of $5.1 million was impacted by working capital outflows due to timing of Aluminium shipments and Building Products revenue growth and increased inventory valuation due to higher raw material and production costs.

Product liability – As of 30 September 2022, the asbestos provision reduced to $201.8 million from $213.3 million as at 31 March 2022. CSR paid asbestos related claims of $14.0 million (including legal costs) compared to $11.6 million in the prior comparable period.

Building Products

Construction market conditions by segment

	HY23	HY22	change
Australia Residential Commencements (6 months – 000s)			
Detached[1]	63.4	68.5	(7%)
Medium density[1]	18.0	15.3	17%
High density[1]	18.4	17.5	5%
Total Residential Commencements	**99.8**	**101.3**	(1%)
Non-residential (A$bn)[2]	24.0	24.0	-
Alterations & Additions (A$bn)[2]	5.6	5.7	(2%)
NZ consents (6 months - 000s)[3]	25.2	21.7	16%

1 Source ABS data – (original basis two quarter lag – i.e. 6 months to March).
2 Source ABS, BIS Oxford Economic forecast (value of work done – 6 months to September).
3 Source Statistics New Zealand – (residential consents 2 quarter lag – 6 months to March).

As the majority of CSR's products are utilised at the end of the construction process, this usually results in product sales occurring on average two quarters after a residential housing commencement. Based on this measure, total detached residential commencements (on a two quarter lag basis for the six months to March 2022) were down 7% compared to the prior comparable period. The decline in commencements reflects the unwind of the Australian Government's HomeBuilder and other stimulus.

Over the past six months, a number of factors continue to create delays in the construction process including adverse weather conditions on the east coast of Australia, tight labour supply market and ongoing supply chain constraints for broader building industry materials. This is extending the timing of completions particularly for new detached projects. With current detached commencements exceeding completions, the size of the detached pipeline remains over 50% higher than historic averages, supporting completions' activity into 2023.

Commencements in the medium and high density market have recovered post covid restrictions, but with the long lead times to convert commencement to work done, current activity remains weak in these segments but is expected to improve in coming periods. The non-residential market was flat (on a work done basis to 30 September 2022) with a recovery in commercial projects offset by softer social activity. Non-residential activity is forecast to firm with approvals sustaining at near record levels. The Alterations & Additions market was down 2%, but with total activity and lead indicators remaining at elevated levels. The New Zealand residential market was robust during the period, driven by continued growth in the non-detached residential market.

Building Products results – EBIT higher with good execution across the business

A$m unless stated[1]	HY23	HY22	change
Revenue	**910.0**	**821.1**	11%
EBIT	**139.2**	**120.6**	15%
Funds employed[2]	907.6	854.5	6%
EBIT/revenue	15.3%	14.7%	
Return on funds employed[3]	28.0%	23.7%	

1 Before significant items.
2 Excludes cash and tax balances and certain other non-trading assets and liabilities at 30 September. A reconciliation of funds employed is included in Note 2 in the half year financial report.
3 Based on EBIT (before significant items) for the 12 months to 30 September divided by average funds employed.

Trading revenue from Building Products was $910.0 million up 11% on the prior comparable period, with good execution across end markets and pricing discipline.

EBIT of $139.2 million was up 15%. EBIT margin of 15.3% was up from 14.7%, reflecting price discipline, product mix and continued cost management across the business.

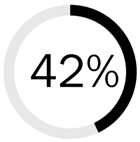
Building Products outlook for the financial year ending 31 March 2023

In Building Products, the business has entered the second half with good momentum. There continues to be strong underlying demand for building products and good pipeline visibility. CSR remains confident in the ability to manage the inflationary environment across product categories.

The diversified nature of Building Products across product, build cycle, geography and end markets positions the business well for the second half and into YEM24. This is supported by continued focus on executing strategy and maintaining cost and operational discipline. The strategy work continues to enable the business to become more responsive to customer demand, improve efficiency and capture opportunities across more products and building segments.

Building Products Business Performance

MASONRY & INSULATION



- HY23 revenue $381m (7% above HY22)

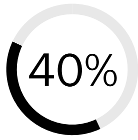
Results

- Increased revenue with disciplined price management and product mix
- Bradford performance very strong with increased revenues and earnings
- PGH Bricks and Monier Roofing pricing higher to manage increasing costs with good execution of delivery into weather disrupted market

Priorities

- Medium to long-term PGH Bricks network investment strategy assessing opportunities to improve quality, productivity and energy efficiency across factory network
  - PGH Oxley, QLD capacity expansion project of 10 million bricks remains on track for March 2023
- Bradford SKUs rationalised in first half unlocking capacity in higher margin products
  - Focused on longer runs and reduced changeovers
- Bradford Brendale, QLD 10% capacity expansion on track and on budget to be online in 2023
- Integrated planning work continuing to provide improved visibility and order management, enhanced pricing discipline and better customer service

INTERIOR SYSTEMS



- HY23 revenue $364m (12% above HY22)

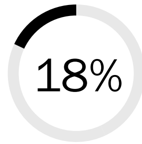
Results

- Continued revenue and volume growth in Gyprock reflected strong end markets and market position. Pricing discipline and operational improvements ensured that margin was maintained in high inflationary environment
- EBIT growth also included improved performance in Commercial Interiors
- Leveraging strength of Gyprock brand as it celebrates 75 years of innovation and performance in Australia

Priorities

- Incremental manufacturing investment at Gyprock Wetherill Park, NSW to improve productivity and lower energy consumption
- Consolidating leadership of Gyprock through ongoing range optimisation with new product launches and improved customer experience
- Gyprock Trade Network ongoing improvement of in-store experience driving strong connection to customers

CONSTRUCTION SYSTEMS



- HY23 revenue $165m (17% above HY22)

Results

- Strong volume and revenue performance reflects growth in Hebel and AFS and price discipline
- Cemintel and Hebel cladding share growth has accelerated
- Ongoing supply chain benefit - opened new Sydney distribution centre in HY23

Priorities

- Hebel factory well placed to deliver growth with further upside from technology improvements
- Continue to optimise Cemintel operations capacity and expand growth with local and import supply chains
- Business planning initiatives an important step in meeting increasing demand
- Building portfolio specifications across commercial sectors utilising project tracking capability

Property

Good progress on key development projects

A$m unless stated[1]	HY23	HY22	change
EBIT	**27.6**	6.6	318%
Funds employed[2]	**167.4**	153.0	9%

1 Before significant items.
2 Excludes cash and tax balances and certain other non-trading assets and liabilities at 30 September. A reconciliation of funds employed is included in Note 2 in the half year financial report.

CSR's Property business continued to make good progress on key development projects. Property delivered EBIT of $27.6 million, including the sale of Stage 2.2b of Horsley Park, NSW.

Property outlook for the financial year ending 31 March 2023

In Property, contracted EBIT for YEM23 is expected to be approximately $68 million which includes completion of the sale at Warner, QLD in addition to the likely realisation of other smaller transactions during the balance of the year.

Aluminium

Higher pricing offset by increased raw material costs

A$m unless stated[1]	HY23	HY22	change
Sales (tonnes)	**103,603**	**103,467**	-
A$ realised price[2]	3,729	3,065	22%
Revenue	**386.3**	**317.2**	22%
EBIT	**17.4**	**18.3**	(5%)
Funds employed[3]	157.0	112.3	40%
EBIT/revenue	4.5%	5.8%	
Return on funds employed[4]	28.8%	28.1%	

1 Before significant items.
2 Realised price in A$ per tonne (including hedging and premiums).
3 Excludes cash, tax and hedging balances and certain other non-trading assets and liabilities at 30 September. A reconciliation of funds employed is included in Note 2 in the half year financial report.
4 Based on EBIT (before significant items) for the 12 months to 30 September divided by average funds employed.

The realised aluminium price in Australian dollars (including hedging and premiums) of A$3,729 was up 22% following the increase in the A$ aluminium price.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 103,603 tonnes were in line with the prior comparable period. Trading revenue of $386.3 million was up 22% due to higher LME aluminium prices and premiums.

The Australian dollar averaged 70 US cents, a decrease from 75 US cents in the prior comparable period. The average MJP ingot premium for the period was US$163.5 per tonne, compared to US$166.75 per tonne (Platts Metals Week – Main Japanese Port ingot premium) in the prior comparable period.

EBIT of $17.4 million was down from $18.3 million, with positive contribution from improved pricing and premiums, in addition to Tomago power compensation payment of $16 million for power disruption in June 2022. This was offset by an increase in alumina cost due to higher LME prices and escalation in raw material coke and pitch costs due to reduced supply from China and other supply chain issues.

GAF Aluminium Hedge Book position

As of 24 October 2022	Balance of YEM23	YEM24	YEM25	YEM26	YEM27
Average price A$ per tonne (excludes premiums)	A$3,061	A$3,089	A$3,198	A$3,430	A$3,828
A% of net aluminium exposure hedged	95%	84%	71%	66%	29%

Aluminium outlook for the financial year ending 31 March 2023

In Aluminium, the ongoing cost volatility makes forecasting challenging, however the best estimate for YEM23 EBIT is currently in the range of $8 million to $24 million. The current elevated cost environment is likely to remain over the next 12-18 months.

Sustainability

As part of mitigating the impact of climate change from our operations, in 2009 CSR set four intensity targets to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas (GHG) emissions, solid waste to landfill and potable water usage. At the time, CSR was one of the first manufacturing companies in Australia to set specific environmental targets.

In 2020, CSR established new targets to 2030 across energy and greenhouse gas, renewable energy, water, waste, biodiversity and social procurement. Over the last two years, CSR has developed initiatives to deliver on these targets, with detailed reporting on progress as well as a governance structure to monitor performance. In 2022, an independent review was completed of the work underway and the alignment to the achievement of the 2030 targets.

This year, an overarching Sustainability Framework was also developed which is aligned to the company’s strategy. This framework also ensures that all sustainability actions and targets are linked together across the full breadth of environmental, social and governance (ESG) topics.

Further work is now underway to define specific targets and actions to support this framework. This includes the refinement of goals and metrics across the five key pillars of CSR’s Sustainability Framework. Once finalised, this work will be integrated into CSR’s sustainability strategy in 2023.

Further details on CSR’s approach to sustainability over the past year will be included in the 2022 CSR Sustainability Report which will be published in December 2022.

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
CSR Limited
Triniti 3
39 Delhi Road
North Ryde NSW 2113

4 November 2022

Dear Directors

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 half year ended 30 September 2022, 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

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants

HALF YEAR FINANCIAL REPORT

Statement of financial performance

For the half year ended 30 September

$million	Note	2022	2021
Trading revenue – sale of goods		**1,296.3**	1,138.3
Cost of sales		(912.6)	(783.3)
Gross profit		**383.7**	355.0
Other income		46.4	9.4
Warehouse and distribution costs		(133.7)	(103.3)
Selling, administration and other operating costs		(133.6)	(134.3)
Share of net profit of joint venture entities	16	8.5	7.3
Other expenses[1]		(6.3)	(1.5)
Profit before finance costs and income tax		**165.0**	132.6
Interest income	5	0.7	0.3
Finance and other costs	5	(17.0)	(8.0)
Profit before income tax		**148.7**	124.9
Income tax (expense) benefit	6	(43.4)	35.3
Profit after tax		**105.3**	160.2
Profit after tax attributable to:			
Non-controlling interests		1.3	3.6
Shareholders of CSR Limited[2]		104.0	156.6
Profit after tax		**105.3**	160.2
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	4	21.5	32.3
Diluted (cents per share)	4	21.4	32.1

1 For the half year ended 30 September 2022 Other expenses include significant items, refer note 3 to the financial statements. For the half year ended 30 September 2021, Other expenses include an amount of $1.3 million relating to the change in accounting policy for Software-as-a-Service.
2 Net profit before significant items attributable to shareholders of CSR Limited is $110.1 million (2021: $86.6 million). Refer to note 3 of the financial statements.

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of comprehensive income

For the half year ended 30 September

$million	2022	2021
Profit after tax	**105.3**	160.2
Other comprehensive income (expense), net of tax		
Items that may be reclassified to profit or loss		
Hedge profit (loss) recognised in equity	346.1	(285.6)
Hedge loss transferred to statement of financial performance	48.7	41.5
Exchange differences arising on translation of foreign operations	(1.8)	1.2
Income tax (expense) benefit relating to these items	(118.4)	73.2
Other comprehensive income (expense) – net of tax	274.6	(169.7)
Total comprehensive income (expense)	**379.9**	(9.5)
Total comprehensive income (expense) attributable to:		
Non-controlling interests	80.7	(51.7)
Shareholders of CSR Limited	299.2	42.2
Total comprehensive income (expense)	**379.9**	(9.5)

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

Statement of financial position

$million	Note	As at 30 September 2022	As at 31 March 2022
Current assets			
Cash and cash equivalents		142.1	177.7
Receivables		272.4	228.4
Inventories		412.4	374.1
Property holdings		39.4	53.0
Other financial assets	15	65.9	98.3
Income tax receivable		8.1	8.9
Prepayments and other current assets		16.1	8.5
Total current assets		**956.4**	948.9
Non-current assets			
Receivables		21.9	22.7
Property holdings		122.7	113.9
Investments accounted for using the equity method		45.7	40.1
Other financial assets	15	52.7	114.8
Property, plant and equipment	8	669.1	666.1
Right-of-use lease assets	9	124.1	126.0
Goodwill	8	59.9	59.9
Other intangible assets	8	9.0	10.1
Deferred income tax assets		190.7	332.8
Other non-current assets		11.4	11.7
Total non-current assets		**1,307.2**	1,498.1
Total assets		**2,263.6**	2,447.0
Current liabilities			
Payables		302.3	314.4
Lease liabilities	9	32.4	30.0
Other financial liabilities	15	64.8	251.5
Tax payable		4.1	13.1
Provisions		126.9	138.8
Total current liabilities		**530.5**	747.8
Non-current liabilities			
Lease liabilities	9	129.1	135.5
Other financial liabilities	15	164.8	379.4
Provisions		221.0	232.8
Other non-current liabilities		2.1	2.1
Total non-current liabilities		**517.0**	749.8
Total liabilities		**1,047.5**	1,497.6
Net assets		**1,216.1**	949.4
Equity			
Issued capital	12	944.3	966.7
Reserves	14	(101.9)	(293.7)
Retained profits		350.6	334.0
Equity attributable to shareholders of CSR Limited		**1,193.0**	1,007.0
Non-controlling interests		23.1	(57.6)
Total equity		**1,216.1**	949.4

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the half year ended 30 September

$million	Note	Issued capital	Reserves	Retained profits	CSR Limited interest	Non-controlling interests	Total equity
Balance at 1 April 2022		966.7	(293.7)	334.0	1,007.0	(57.6)	949.4
Profit for the period		–	–	104.0	104.0	1.3	105.3
Total other comprehensive income – net of tax		–	195.2	–	195.2	79.4	274.6
Dividends paid		–	–	(87.4)	(87.4)	–	(87.4)
On-market share buy-back	12	(22.4)	–	–	(22.4)	–	(22.4)
Acquisition of treasury shares		–	(4.3)	–	(4.3)	–	(4.3)
Share-based payments – net of tax		–	0.9	–	0.9	–	0.9
Balance at 30 September 2022		944.3	(101.9)	350.6	**1,193.0**	23.1	**1,216.1**
Balance at 1 April 2021		966.7	(89.6)	245.3	1,122.4	35.4	1,157.8
Profit for the period		–	–	156.6	156.6	3.6	160.2
Total other comprehensive expense – net of tax		–	(114.4)	–	(114.4)	(55.3)	(169.7)
Dividends paid		–	–	(116.5)	(116.5)	–	(116.5)
Acquisition of treasury shares		–	(3.2)	–	(3.2)	–	(3.2)
Share-based payments – net of tax		–	3.4	–	3.4	–	3.4
Balance at 30 September 2021		966.7	(203.8)	285.4	1,048.3	(16.3)	1,032.0

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

Statement of cash flows

For the half year ended 30 September

$million	Note	2022	2021
Cash flows from operating activities			
Receipts from customers		1,385.8	1,258.8
Payments to suppliers and employees		(1,353.7)	(1,117.5)
Dividends and distributions received		2.5	–
Interest received		0.3	0.3
Income tax paid		(29.8)	(72.1)
Net cash inflow from operating activities		**5.1**	69.5
Cash flows from investing activities			
Proceeds from sale of property holdings and other assets		57.6	22.2
Purchase relating to property holdings		(22.5)	(23.8)
Purchase of property, plant and equipment and other intangible assets		(30.2)	(12.8)
Receipts (payments) for financial assets		90.0	(38.8)
Loans and receivables (advanced) repaid		(0.5)	4.0
Net cash inflow (outflow) from investing activities		**94.4**	(49.2)
Cash flows from financing activities			
On-market share buy-back	12	(22.4)	–
Dividends paid	13	(87.4)	(116.5)
Acquisition of shares by CSR employee share trust		(4.3)	(3.2)
Lease payments	9	(15.8)	(16.1)
Interest and other finance costs paid[1]		(5.0)	(5.2)
Net cash outflow from financing activities		**(134.9)**	(141.0)
Net decrease in cash held		(35.4)	(120.7)
Cash at the beginning of the financial year		177.7	250.8
Effects of exchange rate changes		(0.2)	0.6
Cash at the end of the period		**142.1**	130.7

1 In accordance with AASB 16 *Leases* the interest and other finance costs paid for the half year ended 30 September 2022 includes finance costs relating to leases of $3.4 million (2021: $3.6 million). Refer to notes 5 and 9 for further details.

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

Notes to the half year financial report

1 Basis of preparation

Basis of preparation: This half year report for CSR Limited and its controlled entities (CSR group) is 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 half year report does not include all the notes 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 2022 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. With the exception of new accounting standards outlined below, the accounting policies and measurement bases adopted in this report are consistent with those applied in the CSR Annual Report for the year ended 31 March 2022. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities. The significant judgements made by management in applying the CSR group accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual financial statements as at and for the year ended 31 March 2022.

Use of 'HY23' and 'HY22' in this half year report refers to the half year ended 30 September 2022 and the half year ended 30 September 2021 respectively.

Impact of COVID-19 pandemic: The CSR group has managed, and continues to manage, the risks arising from the COVID-19 global pandemic, with any known impacts included in the half year report for the period ended 30 September 2022.

As at the date these financial statements are authorised for issue, the directors of CSR Limited consider it appropriate that the group is able to continue as a going concern and pay its debts as and when they become due and payable.

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 a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued 24 March 2016.

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

New or revised accounting standards: The CSR group has adopted all amendments to Australian Accounting Standards which became applicable from 1 April 2022.

New standards not yet applicable: standards not yet applicable are not expected to have a material impact on the CSR group.

NOTES TO THE HALF YEAR FINANCIAL REPORT: The notes are organised into the following sections:

Key financial performance and balance sheet items: provides a breakdown of individual line items in the statement of financial performance and statement of financial position, and other information that is considered most relevant to users of the half year report. This section includes significant items (note 3). Significant items are those which by their size and nature or incidence are relevant in explaining the financial performance of the CSR group, and as such are disclosed separately.

Capital structure and risk management: provides information about the capital management practices of the CSR group and shareholder returns for the period.

Other:

- provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements; and
- provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the CSR group's financial position and performance.

Key financial performance and balance sheet items

2 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 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 a reportable segment.

Building Products	The Building Products business unit comprises Interior Systems (Gyprock plasterboard, Martini, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Construction Systems (Hebel autoclaved aerated concrete products, AFS walling systems and Cemintel fibre cement), and Masonry and Insulation (Bradford insulation, Bradford energy solutions, Edmonds ventilation systems, Monier roofing, PGH Bricks and Pavers and New Zealand Brick Distributors joint venture).
Property	The Property business unit generates returns typically from the sale of former operating sites. 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.
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 ingot, billet and slab.

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, with the exception that significant items (i.e. those items which by their size and 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 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 costs; and
- significant items.

2 Segment information (continued)

For the half year ended 30 September $million	Trading revenue[1]		EBITDA before significant items[2]		Depreciation and amortisation		Earnings before interest, tax and significant items	
Business segment	2022	2021	2022	2021	2022	2021	2022	2021
Building Products	910.0	821.1	174.3	158.4	35.1	37.8	139.2	120.6
Property	–	–	27.6	6.6	–	–	27.6	6.6
Aluminium	386.3	317.2	23.2	24.2	5.8	5.9	17.4	18.3
Corporate[3]	–	–	(10.5)	(9.7)	1.0	1.3	(11.5)	(11.0)
Restructuring and provisions[4]	–	–	(1.4)	(1.9)	–	–	(1.4)	(1.9)
Total CSR group	**1,296.3**	1,138.3	**213.2**	177.6	**41.9**	45.0	**171.3**	132.6

Reconciliation of earnings before interest, tax and significant items to profit after tax

For the half year ended 30 September $million	Note	2022	2021
Earnings before interest, tax and significant items		171.3	132.6
Net finance costs	5	(13.9)	(5.9)
Income tax expense		(46.0)	(36.5)
Profit after tax before significant items (before non-controlling interests)		**111.4**	**90.2**
Less: non-controlling interests		(1.3)	(3.6)
Profit after tax before significant items attributable to shareholders of CSR Limited		**110.1**	**86.6**
Significant items after tax attributable to shareholders of CSR Limited	3	(6.1)	70.0
Profit after tax attributable to shareholders of CSR Limited		**104.0**	**156.6**

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 30 September 2022	As at 31 March 2022	As at 30 September 2022	As at 30 September 2021
Building Products	907.6	830.0	28.0%	23.7%
Property	167.4	166.1	42.4%	36.1%
Aluminium	157.0	121.3	28.8%	28.1%
Corporate	(42.7)	(47.3)	–	–
Total CSR group	**1,189.3**	1,070.1	**29.2%**	24.8%

1 Trading revenue excludes net gain on disposal of assets, interest income, dividend income from other entities, share of net profit of joint venture entities and other income. Inter-segment sales are negligible.
2 EBITDA before significant items is earnings before interest, tax, depreciation, amortisation and significant items.
3 Represents unallocated overhead expenditure and other revenues.
4 Represents restructuring and provisions. 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, non-operating revenue and other costs (excluding those categorised as significant items).
5 Funds employed is net assets of the CSR group less certain non-trading assets and liabilities. Funds employed at 30 September 2022 is calculated as net assets of $1,216.1 million (31 March 2022 $949.4 million), excluding the following assets: cash of $142.1 million (31 March 2022: $177.7 million), net tax assets of $194.7 million (31 March 2022: $328.6 million), net superannuation assets of $7.8 million (31 March 2022: $8.3 million) and interest receivable of $0.5 million (31 March 2022: $0.1 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of $201.8 million (31 March 2022: $213.3 million) and net financial liabilities of $116.5 million (31 March 2022: $422.1 million).
6 Return on funds employed (ROFE) is calculated based on EBIT before significant items for the 12 months to period end divided by average funds employed. ROFE is not a measure used for Corporate costs, which are considered in the context of the CSR group result. Property ROFE varies due to timing of projects.

3 Significant items

For the half year ended 30 September $million	Note	2022	2021
Software-as-a-Service implementation costs	(i)	(6.3)	–
Significant items before finance costs and income tax		**(6.3)**	–
Discount unwind and hedging relating to product liability provision	5	(2.4)	(1.8)
Recognition of capital tax losses	(ii)	–	71.2
Income tax benefit on significant items		2.6	0.6
Significant items after tax		**(6.1)**	70.0
Significant items attributable to non-controlling interests		–	–
Significant items after tax attributable to shareholders of CSR Limited		**(6.1)**	70.0
Net profit after tax attributable to shareholders of CSR Limited		104.0	156.6
Significant items after tax attributable to shareholders of CSR Limited		6.1	(70.0)
Net profit after tax before significant items attributable to shareholders of CSR Limited		**110.1**	86.6
Earnings per share attributable to shareholders of CSR Limited before significant items[1]			
Basic (cents per share)		22.8	17.9
Diluted (cents per share)		22.7	17.8

1 The basis of calculation is consistent with the earnings per share disclosure in the statement of financial performance. Refer note 4.

Note	Description	Further explanation
(i)	Software-as-a-Service implementation costs	During the half year ended 30 September 2022, the Building Products segment incurred implementation costs of $6.3 million in relation to Software-as-a-Service arrangements which are now required to be expensed due to a change in international accounting guidance.
(ii)	Recognition of capital tax losses	During the half year ended 30 September 2021, the CSR group recognised a deferred tax asset of $71.2 million in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of forecast property sales which are expected to generate capital gains, that will utilise these carry forward tax losses.

Recognition and measurement

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

4 Earnings per share

For the half year ended 30 September	2022	2021
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	482.9	484.9
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	485.3	487.1
Profit after tax attributable to shareholders of CSR Limited ($million)	104.0	156.6
Basic EPS (cents per share)	21.5	32.3
Diluted EPS (cents per share)	21.4	32.1

1 Calculated by reducing the total weighted average number of shares on issue of 483.9 million (2021: 485.4 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 1.0 million (2021: 0.5 million).
2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 2.4 million (2021: 2.2 million). Performance rights granted under the LTI Plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

5 Net finance costs

For the half year ended 30 September $million	Note	2022	2021
Interest expense and funding costs		1.6	1.6
Finance cost relating to leases	9	3.4	3.6
Discount unwind and hedging relating to product liability provision	3	2.4	1.8
Discount unwind of other non-current liabilities		0.4	0.4
Foreign exchange loss		9.2	0.6
Finance and other costs		**17.0**	8.0
Interest income		(0.7)	(0.3)
Net finance costs		**16.3**	7.7
Finance costs included in significant items	3	(2.4)	(1.8)
Net finance costs before significant items		**13.9**	5.9

6 Income tax

Reconciliation of income tax expense charged to the statement of financial performance:

For the half year ended 30 September $million	2022	2021
Profit before income tax	148.7	124.9
Income tax expense calculated at 30%	**(44.6)**	(37.5)
Decrease (increase) in income tax expense due to:		
Recognition of capital tax losses	–	71.2
Share of net profit of joint venture entities and rebates on dividend income	2.5	2.1
Non-deductible expenditure and other	(0.5)	(0.3)
Income tax adjustments relating to prior years	(0.8)	(0.2)
Total income tax (expense) benefit	**(43.4)**	35.3

Significant judgement and critical accounting estimate – treatment of tax losses

Carry forward tax losses or unused tax credits are recognised as a deferred tax asset to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

As at 30 September 2022, the CSR group has a deferred tax asset of $35.7 million (31 March 2022: $43.9 million) in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of forecasted property sales, which are expected to generate capital gains that will utilise these carry forward tax losses.

The net amount of tax losses, capital losses and rebates carried forward for which no deferred tax asset has been recognised is set out below:

Value of tax losses, capital losses and rebates carried forward (net)	30 September 2022 ($million)	31 March 2022 ($million)
CSR group	107.3	107.8

The gross value of unused tax losses for which no deferred tax asset has been recognised are $35.0 million (31 March 2022: $36.9 million). Unused tax losses were predominately generated by a New Zealand subsidiary and it is not considered probable that the unrecognised tax losses will be utilised in the foreseeable future.

The gross value of unused capital losses for which no deferred tax asset has been recognised are $325.0 million (31 March 2022: $325.0 million). These unrecognised capital losses were predominately generated from the sale of the Viridian Glass business, and it is not considered probable that the unrecognised capital losses will be utilised in the foreseeable future.

Unused capital and tax losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

7 Business combinations

During the half year ended 30 September 2022, the Building Products segment invested in an entity for cash consideration of $1.3 million.

During the year ended 31 March 2022, the Building Products segment acquired the business assets of an entity for total consideration of $2.0 million with goodwill arising of $1.6 million. The Building Products segment also invested in an entity for cash consideration of $0.9 million.

8 Property, plant and equipment and intangible assets

$million	30 September 2022	31 March 2022
Property, plant and equipment – at net book value		
Land and buildings	277.2	285.7
Plant and equipment	391.9	380.4
Total property, plant and equipment	**669.1**	666.1
Goodwill and other intangible assets – at net book value		
Goodwill	59.9	59.9
Other intangible assets	9.0	10.1
Total goodwill and other intangible assets	**68.9**	70.0

Significant judgement and critical accounting estimate – carrying value assessment

The CSR group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill and trade names with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests for impairment are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is determined each reporting period using the CGU's fair value which is calculated using the discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and to determine a suitable discount rate in order to calculate the present value of these future cash flows. Future cash flows take into consideration forecast changes in the building cycle, aluminium prices and exchange rates where appropriate.

If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount with any impairment recognised immediately in the statement of financial performance.

The carrying amount of goodwill and trade names with indefinite lives forms part of the Building Products segment: $59.9 million and $1.6 million respectively (31 March 2022: $59.9 million and $1.6 million respectively).

In accordance with AASB 136 *Impairment of Assets*, at 30 September 2022 the CSR group assessed whether there was any indication that an asset may be impaired. Following a review of all cash generating units at 30 September 2022, the carrying amounts of the cash generating units are considered recoverable and no impairment has been identified.

AFS cash generating unit

AFS is a business within the Building Products segment and provides permanent formwork walling solutions for the construction industry. At 30 September 2022, the carrying value of the AFS CGU was $74 million, which included goodwill and other intangibles of $38 million.

In the period to 30 September 2022, while sales volumes are ahead of internal forecasts, the business experienced a decrease in earnings primarily due to higher raw material, production and distribution costs.

Given the business has indefinite life intangible assets and due to the limited headroom in the impairment model for the year ended 31 March 2022, a detailed impairment review of future cash flow projections was performed.

Key assumptions used in the impairment assessment are set out below:

- Cash flow forecasts: The cash flows are modelled over a five-year period with a terminal value used from year six onwards. The first five years represent financial plans forecast by management, based on the CSR group's view of the most recent outlook on building activity levels and the current climate-related regulations in place, with the terminal year representing long-term average activity levels. These estimates are informed by a review of a sample of external forecasts available as at the date of these financial statements.
- Post-tax discount rate: The valuation was calculated using a post-tax annual discount rate of 9.25% (31 March 2022: 9.0%).
- Terminal value: The terminal value annual growth rate assumed was 2.0% (31 March 2022: 2.0%).

In addition, the impairment assessment assumes that the operational improvement plan will continue to be delivered, including revenue growth across various segments and geographies.

Following the detailed impairment review of future cash flow projections, the recoverable amount of the AFS CGU is estimated to exceed the carrying amount of the CGU at 30 September 2022 by $7 million. The impact of reasonable possible changes in key assumptions has also been considered:

- A 10% reduction in the volumes throughout the period modelled would result in an impairment of $19 million.
- A 1% increase in the discount rate applied (from 9.25% to 10.25%) would result in an impairment of $3 million.
- A 1% decrease in the terminal annual growth rate (from 2% to 1%) would result in an impairment of $1 million.

No other reasonable possible changes in key assumptions have been identified.

9 Leases

The statement of financial position shows the following amounts relating to leases:

$million	30 September 2022	31 March 2022
Right-of-use assets		
Properties	110.6	112.4
Equipment	7.9	8.3
Vehicles	5.6	5.3
Total right-of-use assets	**124.1**	126.0
Lease liabilities		
Current	32.4	30.0
Non-current	129.1	135.5
Total lease liabilities	**161.5**	165.5

The statement of financial performance contains the following amounts relating to leases:

For the half year ended 30 September $million	2022	2021
Depreciation charge for right-of-use assets	13.8	14.2
Interest expense (included in finance cost)	3.4	3.6
Expense relating to short term and low value leases	7.2	6.6

The statement of cashflows contains the following amounts within ‘financing activities’ relating to leases:

For the half year ended 30 September $million	2022	2021
Lease payments	15.8	16.1
Interest	3.4	3.6
Total lease cash outflows included in ‘cash flows from financing activities’	**19.2**	19.7

10 Product liability

Background

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.

CSR has been settling claims since 1989. It has been, and remains, CSR's policy to ensure that all legitimate asbestos related claims, whether in Australia or the US, are resolved on a fair and equitable basis. Where there is a demonstrated liability, CSR will seek to offer a fair settlement and, in the case of US claimants, one that is consistent with claim settlement values in Australia.

Default judgements have been sought and obtained against CSR in the US, without CSR being present or represented (and for damages that are excessive and of a nature that would not be recognised in Australia). Australian law does not recognise the jurisdiction of US courts in such matters. There have not been any US judgements enforced against CSR. As at 30 September 2022, CSR had resolved approximately 5,400 claims in Australia and approximately 137,900 claims in the United States.

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.

CSR obtained independent expert advice as at 31 March 2022 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. The actuarial estimates have been reassessed by the company at the half year based on developments during the period.

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 (Australian liability 3.25% and US liability 2.30%); and
- the discount rate applied to future payments (Australian liability 3.25% and US liability 1.90%).

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

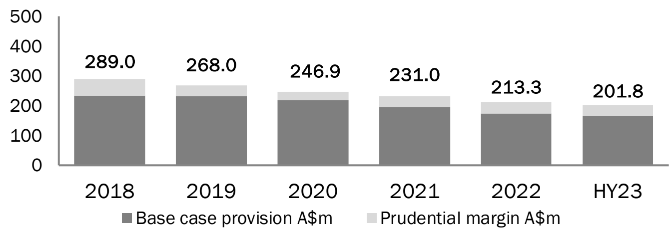
- assumptions used in the modelling are based on the various considerations referred to above;
- the future cost of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by 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.

The product liability provision is determined by aggregating the Australian and United States estimates, 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 and any material uncertainties that may affect future liabilities. As evidenced by the analysis below, 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.

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 2022 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 overstate 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.

CSR's asbestos provision is summarised in the graph and table below:



$million	As at 30 September 2022	As at 31 March 2022
Base case estimate	166.1	174.8
Prudential margin	35.7	38.5
Prudential margin %	*21.5%*	*22.0%*
Total product liability provision	201.8	213.3

Capital structure and risk management

11 Credit facilities

At 30 September 2022, the CSR group has a total of $330.0 million (31 March 2022: $420.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $25.0 million in financial year 2024, $55.0 million in financial year 2025, $130.0 million in financial year 2026 with the balance of $120.0 million in financial year 2027. As at 30 September 2022, $330.0 million of the standby facilities were undrawn (31 March 2022: $420.0 million undrawn).

12 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 1 April 2022	485,382,776	966.7
Shares bought back on market and cancelled[2]	(5,007,291)	(22.4)
On issue 30 September 2022	**480,375,485**	**944.3**

1 Fully paid ordinary shares are listed on the Australian Securities Exchange and carry one vote per share and the right to dividends.
2 Subsequent to 30 September 2022, an additional 385,125 shares with a total value of $1.7m have been settled and cancelled.

Treasury shares are shares in CSR Limited that are held by the CSR Limited Share Plan Trust ('Trust') for the purpose of issuing shares under the CSR employee shares plans and the CSR executive incentive plans. No ordinary shares were issued during the half year ended 30 September 2022 and the year ended 31 March 2022 under employee share plans, as shares in respect of the plans were acquired on market by the Trust.

Number of treasury shares	
Opening balance as at 1 April 2022	750,812
Acquisition of shares by the Trust (average price of $4.53 per share)	949,333
Allocation of shares under executive incentive plans	(980,361)
Closing balance as at 30 September 2022	**719,784**

During the half year ended 30 September 2022 and the year ended 31 March 2022, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on market and did not have any impact on issued capital.

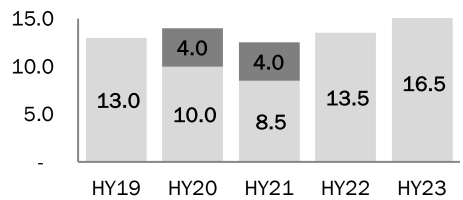
Net tangible assets per ordinary share at the half year ended 30 September 2022 are $2.34 (2021: $2.01). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,193.0 million (2021: $1,044.2 million) less intangible assets of $68.9 million (2021: $69.7 million) divided by the number of issued ordinary shares of 480.4 million (2021: 485.4 million).

During the period ended 30 September 2022, the company announced that as part of its ongoing capital management strategy, it would undertake an on-market share buy back of up to $100 million. The share buy-back commenced in July 2022 and remains ongoing.

13 Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2021 Interim ordinary	8.5	100%	41.3	8 December 2020
2021 Interim special	4.0	100%	19.4	8 December 2020
2021 Final ordinary	14.5	100%	70.4	2 July 2021
2021 Final special	9.5	100%	46.1	2 July 2021
2022 Interim ordinary	13.5	100%	65.5	10 December 2021
2022 Final ordinary	18.0	100%	87.4	1 July 2022
2023 Interim ordinary[1]	16.5	100%[2]	79.2	9 December 2022

Interim dividend – cents per share



1 The interim dividend for the half year ended 30 September 2022 has not been recognised in this financial report because it was resolved to be paid after 30 September 2022.
2 Interim ordinary dividend of 16.5 cents per share, 100% franked at 30.0% corporate tax rate.

14 Reserves

$million	As at 30 September 2022	As at 31 March 2022
Hedge reserve	(39.8)	(236.8)
Foreign currency translation reserve	(7.2)	(5.4)
Employee share reserve	49.6	48.7
Share based payment trust reserve	(35.7)	(31.4)
Non-controlling interests reserve	(68.8)	(68.8)
Total reserves	**(101.9)**	(293.7)

15 Financial risk management

Fair value measurement of financial instruments

The table below provides an analysis of hedge accounted financial instruments that are measured subsequent to initial recognition of fair value.

		As at 30 September 2022			As at 31 March 2022		
$million	Level	Current[1]	Non-current	Total	Current[1]	Non-current	Total
Financial assets at fair value							
Commodity swaps – aluminium	2	26.9	26.1	53.0	–	0.2	0.2
Commodity swaps – alumina/aluminium	2	2.5	–	2.5	–	37.4	37.4
Commodity swaps – oil	2	6.1	0.9	7.0	7.4	4.0	11.4
Commodity swaps – electricity	2	9.9	4.9	14.8	5.3	3.1	8.4
Commodity futures – electricity	1	12.3	15.3	27.6	5.0	9.0	14.0
Forward exchange rate contracts	2	7.6	0.1	7.7	37.6	16.5	54.1
Payments in advance[2]	2	–	–	–	42.8	40.3	83.1
Other	2	0.6	5.4	6.0	0.2	4.3	4.5
Total		**65.9**	**52.7**	**118.6**	98.3	114.8	213.1
Financial liabilities at fair value							
Commodity swaps – aluminium	2	26.6	32.4	59.0	237.5	366.4	603.9
Commodity swaps – alumina/aluminium	2	–	31.9	31.9	9.9	–	9.9
Commodity swaps – oil	2	0.1	0.7	0.8	–	–	–
Commodity swaps – electricity	2	–	–	–	0.1	–	0.1
Forward exchange rate contracts	2	31.4	91.7	123.1	2.5	7.9	10.4
Futures margin[3]	1	6.7	8.1	14.8	1.5	5.1	6.6
Total		**64.8**	**164.8**	**229.6**	251.5	379.4	630.9

1 Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.
2 Payments in advance against unrealised losses on derivative instruments.
3 Futures margin as required for hedging under futures account agreements.

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).

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). The CSR group has no Level 3 financial instruments in the fair value hierarchy.

There were no transfers from Level 2 to Level 1 and Level 3 during the financial half year ended 30 September 2022 and no transfers in the financial year ended 31 March 2022.

The fair value amounts shown above are not necessarily indicative of the amounts that the CSR group would realise upon disposition, nor do they indicate the CSR group's intent or ability to dispose of the financial instrument.

Other

16 Equity accounting information

		Ownership interest at 30 September		Contribution to net profit for the half year ended 30 September ($million)	
Entity	Country of incorporation	2022	2021	2022	2021
Building products					
Rondo Building Services Pty Limited	Australia	50%	50%	8.5	7.0
New Zealand Brick Distributors	New Zealand	50%	50%	–	0.3
Other	Australia	50%	50%	–	–
Contribution to net profit				**8.5**	7.3

For the half year ended 30 September $million	2022	2021
Share of net profit of joint venture entities		
Profit before income tax	12.1	10.4
Income tax expense	(3.6)	(3.1)
Contribution to net profit	**8.5**	7.3

17 Subsequent events

With the exception of the items disclosed below, there has not arisen in the interval between 30 September 2022 and the date of this report, any other matter or circumstance that has significantly affected or may significantly affect the operations of the CSR group, the results of those operations or the state of affairs of the CSR group in subsequent financial periods.

Dividends

For dividends resolved to be paid after 30 September 2022, refer to note 13.

18 Contingencies

i) Contingent liabilities

Claims and possible claims (other than product liability which is disclosed in note 10) 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.

ii) Workers' compensation

CSR Limited is a licensed self-insurer in New South Wales, Queensland, Victoria and Western Australia for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable claims with a provision of $23.5 million as at 30 September 2022 (31 March 2022: $23.3 million).

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

In the directors' opinion:

a) the financial statements and notes, set out on pages 8 to 24 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 CSR group's financial position as at 30 September 2022, 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 made pursuant to section 303(5) of the *Corporations Act 2001*.

John Gillam
Chair of the board
4 November 2022

Julie Coates
Managing Director and CEO
4 November 2022

Deloitte.

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of CSR Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 September 2022, and the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 25.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 September 2022 and of 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities 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 Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 30 September 2022 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*.

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 Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants
Sydney, 4 November 2022