

Appendix 4D – Half Year Report

CSR Limited

ABN 90 000 001 276

For the half year ended 30 September 2015

Details of the reporting periods	
Current:	Six months ended 30 September 2015
Previous corresponding:	Six months ended 30 September 2014

Result for announcement to the market ¹

				A\$m
Revenue from ordinary activities	up	14%	to	\$1,144.5
Net profit after tax from ordinary activities, before significant items, attributable to members ²	up	32%	to	\$92.4
Net profit after tax from ordinary activities, after significant items, attributable to members	up	13%	to	\$77.6

Net tangible assets

<i>As at</i>	30 Sep 2015	30 Sep 2014
Net tangible assets per share attributable to CSR shareholders	\$2.12	\$2.04

Dividends

<i>Financial year ended</i>	31 March 2016	31 March 2015	Franking
Interim	11.5 cents ^a	8.5 cents	0%
Final	N/A	11.5 cents	0%

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

Record date for determining entitlements to interim dividend	16 November 2015
Interim dividend payment date	15 December 2015

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (DRP) will operate for the interim dividend payable on 15 December 2015. The last date for receipt of the election notice for participation in the DRP is 17 November 2015, being the business day after the dividend record date of 16 November 2015. 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 23 November 2015. 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 4.3A of the Australian Securities Exchange.

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 2015.

CSR Limited

Half year report for the six months ended 30 September 2015

CSR Limited
ABN 90 000 001 276

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The half year report does not include all the notes normally included in an annual report. Accordingly, this report should be read in conjunction with the CSR Annual Report for the year ended 31 March 2015 and any announcements to the market made during the financial half year in accordance with the CSR group's continuous disclosure obligations arising under the *Corporations Act 2001*.



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 2015.

Directors

The directors of CSR Limited at any time during the half year ended 30 September 2015, 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 review of operations of the CSR group during the half year ended 30 September 2015 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 directors' 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, 4 November 2015



Rob Sindel
Managing Director

Sydney, 4 November 2015

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

4 November 2015

Dear Board Members

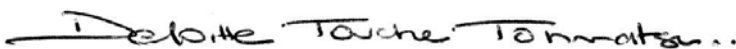
CSR Limited

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 2015, 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



JA Leotta
Partner
Chartered Accountants

Statement of financial performance

for the half year ended 30 September

\$million	Note	2015	2014
Trading revenue - sale of goods		1,144.5	1,005.4
Cost of sales		(751.3)	(686.2)
Gross margin		393.2	319.2
Other income		19.2	25.7
Warehouse and distribution costs		(108.2)	(97.8)
Selling, administration and other operating costs		(161.2)	(135.6)
Share of net profit of joint venture entities	C2	6.6	4.4
Other expenses		(18.8)	(2.6)
Profit before finance and income tax		130.8	113.3
Interest income	D1	1.3	1.4
Finance cost	D1	(9.6)	(10.6)
Profit before income tax		122.5	104.1
Income tax expense	B3	(32.7)	(27.2)
Profit after tax for the period		89.8	76.9
Profit after tax attributable to:			
Non-controlling interests		12.2	8.5
Shareholders of CSR Limited ¹		77.6	68.4
Profit after tax for the period		89.8	76.9
Earnings per share attributable to shareholders of CSR Limited²			
Basic (cents per share)		15.4	13.6
Diluted (cents per share)		15.4	13.6

¹ Net profit before significant items attributable to shareholders of CSR Limited is \$92.4 million (2014: \$70.0 million). Refer to note B2 to the financial statements.

² Weighted average number of shares used in the calculation of earnings per share is 504.7 million (2014: 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, 1,266,569 (2014: 2,122,264) weighted average shares were held by the trust.

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	2015	2014
Profit after tax for the period	89.8	76.9
Other comprehensive income, net of income tax		
<i>Items that may be reclassified to profit or loss</i>		
Hedge profit (loss) recognised in equity	13.8	(9.7)
Hedge (profit) transferred to profit or loss	(1.0)	(10.5)
Share of gain on changes in fair value of cash flow hedges of joint ventures	0.1	-
Exchange differences arising on translation of foreign operations	(1.8)	(0.8)
Income tax (expense) benefit relating to these items	(3.9)	5.9
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gain on superannuation defined benefit plans	28.5	2.0
Income tax expense relating to these items	(8.5)	(0.6)
Other comprehensive income (expense) - net of tax	27.2	(13.7)
Total comprehensive income for the period	117.0	63.2
Total comprehensive income attributable to		
Non-controlling interests	14.5	4.0
Shareholders of CSR Limited	102.5	59.2
Total comprehensive income for the period	117.0	63.2

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

Statement of financial position

\$million	Note	As at 30 September 2015	As at 31 March 2015
Current assets			
Cash and cash equivalents		33.9	68.4
Receivables		325.6	268.7
Inventories		383.7	320.0
Other financial assets	E4	47.8	30.4
Income tax receivable		12.5	12.3
Other current assets		9.1	5.1
Total current assets		812.6	704.9
Non-current assets			
Receivables		51.9	51.4
Inventories		70.9	76.2
Investments accounted for using the equity method		60.6	63.3
Other financial assets	E4	11.1	11.9
Property, plant and equipment		862.3	821.3
Goodwill		69.4	66.1
Other intangible assets		45.3	42.1
Deferred income tax assets		245.3	261.9
Other non-current assets		22.3	20.2
Total non-current assets		1,439.1	1,414.4
Total assets		2,251.7	2,119.3
Current liabilities			
Payables		270.4	236.8
Other financial liabilities	E4	35.8	28.6
Tax payable		15.6	20.8
Provisions		174.6	180.1
Total current liabilities		496.4	466.3
Non-current liabilities			
Payables		19.1	16.3
Borrowings	D3	12.0	-
Other financial liabilities	E4	6.2	10.4
Provisions		361.7	366.4
Deferred income tax liabilities		19.7	18.7
Other non-current liabilities		5.7	35.2
Total non-current liabilities		424.4	447.0
Total liabilities		920.8	913.3
Net assets		1,330.9	1,206.0
Equity			
Issued capital	D2	1,042.2	1,042.2
Reserves	D4	17.9	17.1
Retained profits		125.8	86.4
Equity attributable to shareholders of CSR Limited		1,185.9	1,145.7
Non-controlling interests		145.0	60.3
Total equity		1,330.9	1,206.0

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 2015		1,042.2	17.1	86.4	1,145.7	60.3	1,206.0
Profit for the period		-	-	77.6	77.6	12.2	89.8
Total other comprehensive income		-	7.8	28.5	36.3	3.3	39.6
Income tax on other comprehensive income		-	(2.9)	(8.5)	(11.4)	(1.0)	(12.4)
Dividends paid	D5	-	-	(58.2)	(58.2)	-	(58.2)
Acquisition of treasury shares		-	(5.2)	-	(5.2)	-	(5.2)
Non-controlling interests on acquisition of subsidiary		-	0.2	-	0.2	70.2	70.4
Share-based payments		-	1.4	-	1.4	-	1.4
Income tax on share-based payments		-	(0.5)	-	(0.5)	-	(0.5)
Balance at 30 September 2015		1,042.2	17.9	125.8	1,185.9	145.0	1,330.9
Balance at 1 April 2014		1,042.2	19.9	39.9	1,102.0	55.2	1,157.2
Profit for the period		-	-	68.4	68.4	8.5	76.9
Total other comprehensive (expense) income		-	(14.6)	2.0	(12.6)	(6.4)	(19.0)
Income tax on other comprehensive income (expense)		-	4.0	(0.6)	3.4	1.9	5.3
Dividends paid	D5	-	-	(25.3)	(25.3)	-	(25.3)
Share-based payments		-	1.6	-	1.6	-	1.6
Income tax on share-based payments		-	(0.3)	-	(0.3)	-	(0.3)
Balance at 30 September 2014		1,042.2	10.6	84.4	1,137.2	59.2	1,196.4

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	2015	2014
Cash flows from operating activities			
Receipts from customers		1,228.0	1,062.7
Payments to suppliers and employees		(1,130.8)	(961.8)
Dividends and distributions received		7.0	4.1
Interest received		1.5	1.8
Income tax paid		(30.0)	(9.8)
Net cash from operating activities		75.7	97.0
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets		(53.4)	(53.4)
Proceeds from sale of property, plant and equipment and other assets		23.7	60.4
Purchase of controlled entities and businesses, net of cash acquired	C1	(10.9)	(36.7)
Costs associated with acquisition of businesses		(4.5)	(4.5)
Loans and receivables repaid		0.4	0.8
Net cash used in investing activities		(44.7)	(33.4)
Cash flows from financing activities			
Net repayment of borrowings		-	(26.9)
Dividends paid ¹	D5	(58.2)	(25.3)
Acquisition of shares by CSR employee share trust		(5.2)	-
Interest and other finance costs paid		(2.0)	(4.3)
Net cash used in financing activities		(65.4)	(56.5)
Net (decrease) increase in cash held		(34.4)	7.1
Net cash at the beginning of the financial period		68.4	5.9
Effects of exchange rate changes		(0.1)	0.2
Net cash at the end of the financial period		33.9	13.2

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

¹ During the financial period ended 30 September 2015, \$58.2 million was paid in dividends, of which \$5.9 million was used to purchase CSR shares on market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining \$52.3 million paid in cash. The total amount has been disclosed as dividends paid in the statement of cash flows.

Notes to the half year financial report

A 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 2015 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. 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 2015. 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. Except to the extent described below, the significant judgements made by management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended 31 March 2015.

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 Investments Commission (ASIC) Class Order 98/100 issued 10 July 1998.

COMPARATIVE INFORMATION: Where applicable, comparative information has been reclassified in order to comply with current period disclosure requirements, the impact of which is not material to the half year financial report.

NEW OR REVISED ACCOUNTING STANDARDS: The CSR group has adopted all amendments to Australian Accounting Standards which became applicable from 1 April 2015. There have been no new or revised accounting standards which materially impacted the half year financial report. Standards not yet applicable are not expected to have a material impact on the CSR group.

CHANGE IN ESTIMATES: CSR Limited changed its estimate of the discount rates used to calculate the present value of employee benefits in accordance with *AASB 119 Employee Benefits*. Government bond rates were previously used as the discount rate. From 1 April 2015, corporate bond rates, as assessed and published by independent actuarial firm Milliman, are publicly available for use by corporate companies, and are deemed to better represent market yields. The favourable impact of discounting employee benefits using corporate bond rates of \$24.9 million was recognised in other comprehensive income in the period ended 30 September 2015, with no impact on the statement of financial performance.

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B Results for the half year

B1 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 both an operating segment and reportable segment.

Building Products Lightweight Systems (Gyprock plasterboard, Hebel autoclaved aerated concrete products, Cemintel fibre cement, Ceilctor ceiling solutions, Potter interior systems and Rondo rollformed steel products joint venture), Insulation (Bradford and Martini insulation, Bradford energy solutions and Edmonds ventilation systems), AFS walling systems, Bricks (Boral CSR Bricks and New Zealand Brick Distributors joint venture) and Roofing (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 hard coated performance products in Australia. It manufactures clear float, coated and bulk laminate glass in Victoria and 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 ingot, billet and slab.

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, 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 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 (including product liability provisions);
- net finance cost; and
- significant items.

B1 Segment information (continued)

\$million	Revenue ¹		EBITDA ²		Depreciation and amortisation		Earnings before interest, tax and significant items	
	2015	2014	2015	2014	2015	2014	2015	2014
Building Products	733.9	609.7	112.5	82.9	22.6	19.8	89.9	63.1
Glass	151.8	143.0	7.2	5.3	4.9	4.8	2.3	0.5
Aluminium	260.2	254.1	68.2	55.1	13.5	13.7	54.7	41.4
Property	18.1	22.4	16.2	20.4	-	-	16.2	20.4
Segment total	1,164.0	1,029.2	204.1	163.7	41.0	38.3	163.1	125.4
Corporate ³	1.0	1.4	(9.5)	(8.5)	0.3	0.5	(9.8)	(9.0)
Restructuring and provisions ⁴	-	1.9	(4.0)	(2.3)	-	-	(4.0)	(2.3)
Total CSR group	1,165.0	1,032.5	190.6	152.9	41.3	38.8	149.3	114.1

Reconciliation of Earnings before interest and significant items to Profit after tax

\$million	Note	2015	2014
Earnings before interest, taxation and significant items		149.3	114.1
Net finance costs	D1	(2.5)	(3.2)
Tax expense		(37.7)	(32.4)
Profit after tax before significant items (before non-controlling interests)		109.1	78.5
Less: non-controlling interests		(16.7)	(8.5)
Profit after tax before significant items attributable to shareholders of CSR Limited	B2	92.4	70.0
Significant items after tax attributable to shareholders of CSR Limited	B2	(14.8)	(1.6)
Profit after tax for the period attributable to shareholders of CSR Limited		77.6	68.4

Business segment	Funds employed (\$million) ⁵		Return on funds employed ⁶ (%)	
	As at 30 September 2015	As at 31 March 2015	As at 30 September 2015	As at 30 September 2014
Building products	905.4	823.6	17.0%	12.6%
Glass	191.1	181.0	2.6%	(2.1%)
Aluminium	196.4	177.1	61.7%	34.5%
Property	140.0	125.5	19.6%	28.0%
Segment total	1,432.9	1,307.2	-	-
Corporate	(18.8)	(29.1)	-	-
Total CSR group	1,414.1	1,278.1	19.9%	13.9%

¹ Revenue includes trading revenue, other income, interest income and dividend income from other entities and excludes share of net profit of associates. Inter-segment sales are negligible.

² EBITDA is earnings before interest, taxation, depreciation, amortisation and significant items.

³ Represents unallocated overhead expenditure and other revenues, including interest income.

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, other payables, 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 2015 is calculated as net assets of \$1,330.9 million, excluding the following assets: cash (\$33.9 million), net tax assets (\$222.5 million), net financial assets (\$16.9 million) and interest receivable (\$0.4 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision (\$344.1 million), net superannuation liabilities (\$0.8 million) and borrowings (\$12.0 million).

Funds employed at 31 March 2015 is calculated as net assets of \$1,206.0 million, excluding the following assets: cash (\$68.4 million), net tax assets (\$234.7 million), net financial assets (\$3.3 million) and interest receivable (\$0.7 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision (\$350.7 million) and net superannuation liabilities (\$28.5 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 the timing of projects.

B2 Significant items

\$million	2015	2014
Discount unwind and hedge gain relating to product liability provision	(5.5)	(6.0)
Legal disputes and warranties ¹	-	1.9
Transaction and integration costs ²	(18.8)	(2.7)
Total significant items before income tax	(24.3)	(6.8)
Income tax benefit on significant items	5.0	5.2
Significant items after tax	(19.3)	(1.6)
Significant items attributable to non-controlling interests	4.5	-
Significant items attributable to the shareholders of CSR Limited	(14.8)	(1.6)
Net profit attributable to the shareholders of CSR Limited	77.6	68.4
Significant items attributable to the shareholders of CSR Limited	14.8	1.6
Net profit before significant items attributable to shareholders of CSR Limited	92.4	70.0
Earnings per share attributable to shareholders of CSR Limited before significant items³		
Basic (cents per share)	18.3	13.9
Diluted (cents per share)	18.3	13.9

¹ 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 a better outcome than previously expected.

² During the financial half years ended 30 September 2015 and 30 September 2014, the CSR group incurred costs associated with potential and completed acquisitions, including integration costs relating to Boral CSR Bricks Pty Limited which formed on 1 May 2015 (refer note C1). In addition, adjustments were recorded as a result of the fair value re-measurement of contingent consideration on previous acquisitions.

³ Weighted number of shares used in the calculation of earnings per share is 504.7 million (2014: 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, 1,266,569 (2014: 2,122,264) weighted average shares were held by the trust.

B3 Income tax expense

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

\$million	2015	2014
Profit before income tax	122.5	104.1
Income tax expense calculated at 30% (2014: 30%)	36.8	31.2
(Decrease) increase in income tax expense due to:		
Share of net profit of associates and rebates on dividend income	(1.7)	(1.1)
Non-taxable profit on property disposals	(5.9)	-
Non-deductible expenditure and other	3.5	(2.9)
Total income tax expense on profit	32.7	27.2

C Group structure

C1 Business combinations

i) Current period

Boral CSR Bricks Pty Limited

Background

On 4 April 2014, CSR and Boral Limited announced an intention to combine each Company's brick operations on the east coast of Australia. The Australian Competition and Consumer Commission announced on 18 December 2014 it would not oppose the proposed transaction. Subsequently, on 1 May 2015, CSR and Boral announced the completion of the transaction and formation of the combined venture.

The new venture, Boral CSR Bricks Pty Limited ('BCB') is owned 60% by CSR and 40% by Boral, reflecting the valuation of the two businesses. There was effectively no cash consideration as part of the transaction except for typical working capital and closing adjustments.

The purpose of the transaction is to drive efficiencies across the combined network of operations.

Consolidation of Boral CSR Bricks into CSR group

The structure of the transaction has seen the CSR group consolidate the operating results and assets and liabilities of the newly formed company, BCB, from 1 May 2015.

Structure of transaction

The effect of the transaction was that CSR and Boral transferred their bricks business assets into the newly formed entity in return for shares in BCB and loans to BCB. The net impact of the transaction is summarised below.

	Boral	CSR	BCB Total
Fair value of net assets contributed by each entity (\$million)	82.4	123.6	206.0
Number of shares in BCB issued to each entity at \$1 each (\$million)	70.4	105.6	176.0
Debt issued by each entity to BCB (\$million)	12.0	18.0	30.0

Preliminary acquisition accounting for the transaction

In accordance with *AASB 3 Business Combinations*, the CSR group:

- transferred the CSR bricks business to BCB at carrying value at 30 April 2015;
- recorded the Boral bricks business in BCB at fair value at 1 May 2015.

At the date of finalisation of this half year report, the necessary acquisition accounting calculations have not been finalised. Therefore, the initial accounting and fair value of acquired net assets for this acquisition has been provisionally determined at 30 September 2015 based on best estimates. Details of the effective purchase consideration and the fair value of the Boral bricks assets and liabilities acquired are given below.

	\$million
Consideration	
Ordinary shares issued to Boral ¹	70.4
Loan payable to Boral	12.0
Total consideration	82.4
Assets acquired and liabilities assumed	
Trade and other receivables	20.4
Inventories	34.1
Property, plant and equipment	48.6
Deferred tax assets	4.0
Trade and other payables	(15.5)
Provisions	(9.2)
Fair value of net assets acquired	82.4

¹ Promissory notes were issued by Boral Bricks Pty Limited in exchange for the shares issued by BCB. These promissory notes were then settled when BCB acquired the Boral bricks assets.

As part of the transaction BCB paid \$4.0 million related to typical working capital and closing adjustments.

Revenue and profit contribution

If the non-controlling interest's share of BCB Revenue and Profit before income tax and non-controlling interests (PBT) were excluded from the CSR group results for the half year ended 30 September 2015, CSR group Revenue and PBT would have been lower by \$49.9 million and \$1.6 million respectively, compared to the prior corresponding period.

Acquisition related costs

The CSR group has incurred acquisition related costs of \$13.5 million related to legal fees, due diligence, stamp duty and other costs. These costs have been expensed and included within transaction and integration costs in significant items (refer note B2) in the year they were incurred.

Accounting for non-controlling interest

The CSR group recognised the non-controlling interest in the acquired entity based on the non-controlling interest's proportionate share of BCB's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

C1 Business combinations (continued)

i) Current period (continued)

Other acquisitions during the period

During the period ended 30 September 2015, the CSR group acquired assets relating to:

- Australian Glass Group (Glass segment) for cash consideration of \$3.3 million with goodwill of \$2.6 million arising as a result of the acquisition.
- Pacific Non-Wovens (Building Products segment) for cash consideration of \$2.3 million, with no goodwill arising as a result of the acquisition.
- Picton Hopkins (Building Products segment) for cash consideration of \$1.3 million with goodwill of \$0.8 million arising as a result of the acquisition.

ii) Prior period

The CSR group acquired 100% of Architectural Framework Systems (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 accounting for this acquisition was finalised during the year ended 31 March 2015. Details of the purchase consideration and the fair value of assets and liabilities acquired are given below.

	Note	\$million
Purchase consideration		
Cash paid	(a)	36.7
Contingent consideration	(b)	12.4
Total consideration		49.1
Assets acquired and liabilities assumed		
Trade and other receivables		5.2
Inventories		2.3
Property, plant and equipment		8.3
Intangible assets		7.0
Trade and other payables		(6.8)
Provisions		(0.7)
Deferred tax liabilities		(1.5)
Fair value of net assets acquired		13.8
Goodwill arising on acquisition		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.

a) Purchase consideration - cash outflow

Outflow of cash - investing activities	\$million
Outflow of cash to acquire subsidiaries, net of cash acquired	36.7

Acquisition related costs expensed were \$1.8 million.

b) Contingent earn-out

In the event that certain pre-determined earnings 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 \$12.4 million was estimated at acquisition date by calculating the present value of the future expected cash flows.

Other acquisitions during the period

During the year ended 31 March 2015, two trade centres were acquired by the Building Products segment, with total consideration paid of \$1.4 million and goodwill of \$0.6 million arising in relation to the acquisitions.

C2 Equity accounting information

\$million	2015	2014
Share of net profit of joint venture entities		
Profit before income tax	8.1	6.2
Income tax expense	(1.5)	(1.8)
Contribution to net profit	6.6	4.4

Entity	Segment	Ownership interest		Contribution to net profit (\$million)	
		2015	2014	2015	2014
Viridian Glass ¹	Glass	58%	58%	0.4	(0.5)
Rondo Pty Limited	Building products	50%	50%	4.9	3.8
New Zealand Brick Distributors ¹	Building products	50%	50%	0.6	0.9
Other non-material joint ventures	Building products			0.7	0.2
Contribution to net profit				6.6	4.4

¹ These entities are limited partnerships in New Zealand. As disclosed in the 2015 annual report, Viridian Glass 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.

D Capital structure and financing

D1 Net finance costs

\$million	2015	2014
Interest expense	0.5	2.1
Discount unwind of other non-current provisions	0.5	0.5
Discount unwind and hedge gain relating to product liability provision	5.5	6.0
Funding costs	1.7	2.2
Foreign exchange loss (gain)	1.4	(0.2)
Finance cost	9.6	10.6
Interest income	(1.3)	(1.4)
Net finance cost	8.3	9.2
Finance costs included in significant items	(5.8)	(6.0)
Net finance cost before significant items	2.5	3.2

D2 Issued capital

	Ordinary shares fully paid	Issued capital \$million
On issue 31 March 2015	506,000,315	1,042.2
On issue 30 September 2015	506,000,315	1,042.2

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

D3 Borrowings and credit standby facilities

Borrowings at 30 September 2015 of \$12.0 million relate to loans held by Boral CSR Bricks Pty Limited (BCB) and mature on 1 May 2018. This facility is payable to Boral Limited and arose as part of the formation of BCB (refer note C1).

The CSR group has a total of \$372.0 million (31 March 2015: \$382.0 million) committed standby facilities. These facilities have fixed maturity dates as follows: \$25.0m in 2016, \$112.0 million in 2017, \$105.0 million in 2018, with the balance of \$130.0 million in 2019. As at 30 September 2015, \$372.0 million of the standby facilities were undrawn.

D4 Reserves

\$million	As at 30 September 2015	As at 31 March 2015
Hedge reserve	9.2	2.5
Foreign currency translation reserve	(5.0)	(3.2)
Employee share reserve	25.4	24.5
Other reserves	(11.7)	(6.7)
Total reserves	17.9	17.1

D5 Dividends

Type of dividend	Cents per share	Total amount \$million	Date paid/payable
2014 Final – unfranked	5.0	25.3	8 July 2014
2015 Interim – unfranked	8.5	43.0	16 December 2014
2015 Final – unfranked	11.5	58.2	7 July 2015
2016 Interim – unfranked ¹	11.5	58.2	15 December 2015

¹ The interim dividend in respect of ordinary shares for the half year ended 30 September 2015 has not been recognised in this financial report because the interim dividend was resolved to be paid subsequent to 30 September 2015.

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.

D6 Net tangible assets per share

\$	30 September 2015	30 September 2014
Net tangible assets per share ¹	2.12	2.04

¹ Calculated as net assets attributable to CSR Limited shareholders (\$1,185.9 million) less intangible assets (\$114.7 million) divided by the number of shares (506.0 million).

E Other items

E1 Subsequent events

With the exception of the items disclosed below, there has not arisen in the interval between 30 September 2015 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 2015, refer to note D5.

E2 Product liability

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 2015, there were 469 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 2015, there were 572 such claims pending.

CSR has been settling claims since 1989. As at 30 September 2015, CSR had resolved approximately 3,850 claims in Australia and approximately 137,100 claims in the United States.

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.

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

	Half year ended	Year ended 31 March			
	30 September 2015	2015	2014	2013	2012
Number of claims received	125	258	339	347	435
Number of claims resolved	108	257	804	488	418
Amount spent on settlements (A\$ million) ¹	9.1	25.0	29.2	31.0	34.7
Average cost per resolved claim (A\$)	84,259	97,276	36,411	63,553	83,067

¹ Excludes external legal costs, net of insurance recoveries.

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.

E2 Product liability (continued)

Basis of provision (continued)

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.

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 2015 the central estimate was A\$153.3 million calculated using a discount rate of 4.25%. On an undiscounted and inflated basis that central estimate would be A\$226.1 million over the period to 2066, 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 2015 the base case estimate was US\$97.3 million calculated using a discount rate of 3.4%. On an undiscounted and inflated basis that base case estimate would be US\$122.9 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 2012 to the half year ended 30 September 2015:

\$million	Half year ended		Year ended 31 March		
	30 September 2015	2015	2014	2013	2012
United States base case estimate US\$	97.3	104.9	123.5	194.0	199.2
United States base case estimate A\$	138.8	137.0	133.5	185.8	191.8
Australian central estimate A\$	153.3	157.2	161.8	158.3	172.7
Subtotal A\$	292.1	294.2	295.3	344.1	364.5
Prudential margin A\$	52.0	56.5	73.8	79.7	77.2
Prudential margin %	17.8%	19.2%	25.0%	23.2%	21.2%
Total product liability provision A\$	344.1	350.7	369.1	423.8	441.7

E2 Product liability (continued)

Basis of provision (continued)

At 30 September 2015, a provision of \$344.1 million (31 March 2015: \$350.7 million) has been made for all known claims and reasonably foreseeable future claims, and includes a prudential margin of \$52.0 million (31 March 2015: \$56.5 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 2015 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) which was acquired by Perpetual Limited in 2013, 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 2011 and 3 March 2011 respectively.

E3 Contingencies

Contingent liabilities

Claims and possible claims (other than product liability which is discussed in note E2) 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.

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 \$29.8 million as at 30 September 2015 (31 March 2015: \$29.2 million).

E4 Fair value of financial instruments

Recognition and measurement

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 2015. 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 2015				As at 31 March 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value								
Commodity swaps	-	50.7	-	50.7	-	37.2	-	37.2
Other financial instruments								
Forward exchange rate contracts	-	8.2	-	8.2	-	5.1	-	5.1
Total	-	58.9	-	58.9	-	42.3	-	42.3
Financial liabilities at fair value								
Commodity swaps	-	0.1	-	0.1	-	-	-	-
Other financial instruments								
Forward exchange rate contracts	-	41.9	-	41.9	-	39.0	-	39.0
Total	-	42.0	-	42.0	-	39.0	-	39.0

Directors' Declaration

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 21 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 2015, 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*.



Jeremy Sutcliffe
Chairman

Sydney, 4 November 2015



Rob Sindel
Managing Director

Sydney, 4 November 2015

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

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of CSR Limited, which comprises the statement of financial position as at 30 September 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half year as set out on pages 5 to 22.

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 2015 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.

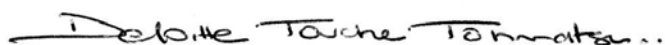
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirmed 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 2015 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, 4 November 2015