Appendix 4D – Half Year Financial Report

CSR Limited
ABN 90 000 001 276
For the half year ended 30 September 2018

Details of the reporting periods	
Current:	Six months ended 30 September 2018
Previous corresponding:	Six months ended 30 September 2017

Results for announcement to the market[1]

				A$m
Revenue from ordinary activities	up	6%	to	**1,399.2**
Net profit after tax from ordinary activities, before significant items, attributable to members[2]	down	31%	to	**94.0**
Net profit after tax from ordinary activities, after significant items, attributable to members	down	77%	to	**26.8**

Net tangible assets

As at	**30 Sep 2018**	**30 Sep 2017**
Net tangible assets per share attributable to CSR shareholders	**$2.15**	$2.09

Dividends

Financial year ended	**31 March 2019**	**Franking**	**31 March 2018**	**Franking**
Interim	**13.0 cents**	100%	13.5 cents	50%
Final	**N/A**	N/A	13.5 cents	75%

Record date for determining entitlements to interim dividend	12 November 2018
Interim dividend payment date	11 December 2018

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (DRP) will operate for the interim dividend payable on 11 December 2018. The last date for receipt of the election notice for participation in the DRP is 13 November 2018, being the business day after the dividend record date of 12 November 2018. 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 19 November 2018. 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.
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 2018.

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 2018.

Directors

The directors of CSR Limited at any time during the half year ended 30 September 2018, or since that date, are as follows:

John Gillam (Chairman) (appointed as Chairman on 31 May 2018)
Jeremy Sutcliffe (resigned as Chairman and director on 31 May 2018)
Rob Sindel (Managing Director)
Christine Holman
Michael Ihlein
Matthew Quinn
Penny Winn

Review of Operations

A review of operations of the CSR group during the half year ended 30 September 2018 is set out in the 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 3 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*.

Michael Ihlein
Director
Sydney, 2 November 2018

Rob Sindel
Managing Director
Sydney, 2 November 2018

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

2 November 2018

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 2018, 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	2018	2017
Trading revenue – sale of goods		**1,399.2**	1,324.2
Cost of sales		(957.8)	(865.1)
Gross margin		**441.4**	459.1
Other income[1]		10.6	49.9
Warehouse and distribution costs		(135.7)	(128.0)
Selling, administration and other operating costs		(179.6)	(179.6)
Share of net profit of joint venture entities	15	7.1	7.4
Impairment of assets	3, 8	(63.3)	–
Other expenses[1]	3	(17.4)	(21.3)
Profit before finance cost and income tax		**63.1**	187.5
Interest income	5	1.7	0.6
Finance cost	5	(8.1)	(7.2)
Profit before income tax		**56.7**	180.9
Income tax expense	6	(24.5)	(51.3)
Profit after tax		**32.2**	129.6
Profit after tax attributable to:			
Non-controlling interests		5.4	10.9
Shareholders of CSR Limited[2]		26.8	118.7
Profit after tax		**32.2**	129.6
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	4	5.3	23.6
Diluted (cents per share)	4	5.3	23.4

1 Other expenses and Other income include significant items recorded in the half years ended 30 September 2018 and 30 September 2017. Refer to note 3 of the financial statements.
2 Net profit before significant items attributable to shareholders of CSR Limited is $94.0 million (2017: $136.6 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	Note	2018	2017
Profit after tax		**32.2**	129.6
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Hedge loss recognised in equity		(8.1)	(28.9)
Hedge loss transferred to statement of financial performance		4.4	15.4
Exchange differences arising on translation of foreign operations		(1.4)	(0.1)
Income tax benefit relating to these items		1.0	4.0
Items that will not be reclassified to profit or loss			
Actuarial gain (loss) on superannuation defined benefit plans		6.0	(1.5)
Income tax (expense) benefit relating to these items		(1.8)	0.5
Other comprehensive income (expense) – net of tax		0.1	(10.6)
Total comprehensive income		**32.3**	119.0
Total comprehensive income attributable to:			
Non-controlling interests		1.8	7.8
Shareholders of CSR Limited		30.5	111.2
Total comprehensive income		**32.3**	119.0

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 2018	As at 31 March 2018
Current assets			
Cash and cash equivalents		9.1	13.7
Receivables		326.7	295.7
Inventories		482.6	467.0
Other financial assets	14	19.6	11.4
Income tax receivable		10.3	7.0
Prepayments and other current assets		14.0	10.5
Total current assets		**862.3**	805.3
Non-current assets			
Receivables		78.2	76.5
Inventories		68.4	57.7
Investments accounted for using the equity method		46.6	43.6
Other financial assets	14	13.7	13.4
Property, plant and equipment	8	834.6	835.3
Goodwill	8	66.6	98.1
Other intangible assets	8	38.1	44.5
Deferred income tax assets		148.2	151.8
Other non-current assets		17.6	11.7
Total non-current assets		**1,312.0**	1,332.6
Total assets		**2,174.3**	2,137.9
Current liabilities			
Payables		313.0	305.2
Other financial liabilities	14	27.0	19.0
Tax payable		21.6	5.0
Provisions		172.6	177.0
Total current liabilities		**534.2**	506.2
Non-current liabilities			
Payables		3.6	3.7
Borrowings	10	77.6	28.0
Other financial liabilities	14	14.8	10.1
Provisions		309.0	308.4
Deferred income tax liabilities		2.6	7.4
Total non-current liabilities		**407.6**	357.6
Total liabilities		**941.8**	863.8
Net assets		**1,232.5**	1,274.1
Equity			
Issued capital	11	1,036.2	1,036.2
Reserves	13	(56.3)	(53.2)
Retained profits		207.3	244.4
Equity attributable to shareholders of CSR Limited		**1,187.2**	1,227.4
Non-controlling interests		45.3	46.7
Total equity		**1,232.5**	1,274.1

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 2018		1,036.2	(53.2)	244.4	1,227.4	46.7	1,274.1
Profit for the period		–	–	26.8	26.8	5.4	32.2
Total other comprehensive (expense) income – net of tax		–	(0.5)	4.2	3.7	(3.6)	0.1
Dividends paid	12	–	–	(68.1)	(68.1)	(3.2)	(71.3)
Acquisition of treasury shares		–	(2.5)	–	(2.5)	–	(2.5)
Share-based payments – net of tax		–	(0.1)	–	(0.1)	–	(0.1)
Balance at 30 September 2018		1,036.2	(56.3)	207.3	**1,187.2**	45.3	**1,232.5**
Balance at 1 April 2017		1,036.8	(73.4)	191.6	1,155.0	51.5	1,206.5
Profit for the period		–	–	118.7	118.7	10.9	129.6
Total other comprehensive (expense) – net of tax		–	(6.5)	(1.0)	(7.5)	(3.1)	(10.6)
Dividends paid	12	–	–	(65.6)	(65.6)	–	(65.6)
On-market share buy-back		(0.6)	–	–	(0.6)	–	(0.6)
Acquisition of treasury shares		–	(2.9)	–	(2.9)	–	(2.9)
Acquisition of non-controlling interest		–	(2.5)	–	(2.5)	–	(2.5)
Share-based payments – net of tax		–	3.1	–	3.1	–	3.1
Balance at 30 September 2017		1,036.2	(82.2)	243.7	1,197.7	59.3	1,257.0

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	2018	2017
Cash flows from operating activities			
Receipts from customers		1,528.0	1,447.8
Payments to suppliers and employees		(1,428.5)	(1,312.9)
Dividends and distributions received		4.1	9.0
Interest received		1.7	0.7
Income tax paid		(14.9)	(29.0)
Net cash from operating activities		**90.4**	115.6
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets		(94.3)	(55.0)
Proceeds from sale of property, plant and equipment and other assets		28.4	47.2
Costs associated with acquisition of businesses	7	–	(18.5)
Loans and receivables advanced		(2.3)	(6.0)
Net cash used in investing activities		**(68.2)**	(32.3)
Cash flows from financing activities			
On-market share buy-back		–	(0.6)
Net drawdown (repayment) of borrowings		49.6	(10.5)
Dividends paid[1]	12	(71.3)	(65.6)
Acquisition of shares by CSR employee share trust		(2.5)	(2.9)
Interest and other finance costs paid		(2.6)	(2.1)
Net cash used in financing activities		**(26.8)**	(81.7)
Net (decrease) increase in cash held		(4.6)	1.6
Cash at the beginning of the financial year		13.7	19.1
Effects of exchange rate changes		–	(0.2)
Cash at the end of the period		**9.1**	20.5

1 During the half year ended 30 September 2018, within the $71.3 million of dividends paid, dividends to CSR Limited shareholders were $68.1 million. Of the $68.1 million in dividends, $8.3 million was used to purchase CSR shares on market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining $59.8 million was paid in cash. Refer to note 12 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 2018 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 2018. 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 were the same as those applied to the annual financial statements as at and for the year ended 31 March 2018.

Use of 'HY19' and 'HY18' in this half year report refers to the half year ended 30 September 2018 and the half year ended 30 September 2017 respectively.

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 financial report.

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: As outlined below, the CSR group has adopted all amendments to Australian Accounting Standards which became applicable for the CSR group from 1 April 2018.

AASB 15 *Revenue from Contracts with Customers ('AASB 15'):* The CSR group has adopted AASB 15 from 1 April 2018 which resulted in changes in accounting policies.

The core principle of AASB 15 is that an entity recognises revenue related to the transfer of goods or services when control of the goods or services passes to the customer. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled to receive, in exchange for those goods or services. Specifically, AASB 15 introduces a 5-step approach to revenue recognition which the CSR group has adopted:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when (or as) the entity satisfies a performance obligation

In relation to Step 5, an assessment is performed as to whether control of the goods transfer to a customer over time or at a point in time. For a performance obligation satisfied at a point in time, revenue is recognised when the customer obtains control of the goods or service. For the Building Products and Glass segments, in most instances, control passes, and revenue is recognised at the point in time when the goods are delivered to the customer or the service performed. Revenue recognised overtime is not material to the CSR group. For the Aluminium segment, in most instances, and in line with contract terms and incoterms, control passes, and revenue is recognised when the goods are loaded onto the vessel on which the goods will be transported to the destination port. For the Property segment, revenue recognition under AASB 15 is assessed on a case by case basis considering the substance and circumstances of the transaction.

For each CSR segment, there may be circumstances when judgment is required based on the five indicators of control below:

- The entity has a present right to payment
- The customer has legal title
- The customer has physical possession
- The customer has significant risks and rewards of ownership
- The customer has accepted the asset

The transition provisions in AASB 15 require companies to adopt the new rules retrospectively. Following a comprehensive review of revenue recognised in the comparative period, the CSR group has determined that AASB 15 had no impact on revenue recognised. Therefore, there are no adjustments or restatements of comparative information in the current year in relation to the new standard.

AASB 9 *Financial Instruments ('AASB 9'):* The CSR group adopted phase 1 (classification and measurement of financial assets and liabilities) and phase 3 (hedge accounting) of AASB 9 as issued in December 2013, which resulted in changes to accounting policies and retrospective adjustments in the CSR Annual Report for the year ended 31 March 2015. The CSR group has adopted phase 2 (impairment, including expected credit loss) of AASB 9 from 1 April 2018. Phase 2 has not materially impacted the half year financial report.

New standards not yet applicable: Other than AASB 16 *Leases*, standards not yet applicable are not expected to have a material impact on the CSR group.

AASB 16 *Leases ('AASB 16'):* Released on 23 February 2016, AASB 16 will primarily affect the accounting treatment of leases by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The standard will be first applicable for the year commencing 1 April 2019 and the CSR group is currently in the process of quantifying the expected impact. The impact of this standard is expected to be material to the CSR group. However, until the CSR group completes a detailed review, it is not practicable to provide a reasonable estimate of the effect of this standard.

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 both an operating segment and reportable segment.

Building Products	Lightweight Systems (Gyprock plasterboard, Hebel autoclaved aerated concrete products, Cemintel fibre cement, Himmel Interior Systems, CSR Inclose™ and Rondo rolled formed steel products joint venture), Insulation (Bradford and Martini insulation, Bradford energy solutions and Edmonds ventilation systems), AFS walling systems, Bricks (PGH Bricks and Pavers and New Zealand Brick Distributors joint venture) and Roofing (Monier roofing).
Glass	The Glass business includes the operations of Viridian in Australia and New Zealand. Viridian is 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 and 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 are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

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

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	2018	2017	2018	2017	2018	2017	2018	2017
Building Products	887.2	862.5	142.7	145.8	26.2	25.5	116.5	120.3
Glass	200.5	192.1	14.6	9.7	7.5	7.5	7.1	2.2
Aluminium	311.5	269.6	28.8	60.8	5.8	10.7	23.0	50.1
Property	–	–	4.4	46.7	0.1	0.2	4.3	46.5
Segment total	**1,399.2**	1,324.2	**190.5**	263.0	**39.6**	43.9	**150.9**	219.1
Corporate[3]	–	–	(7.4)	(7.6)	0.3	0.3	(7.7)	(7.9)
Restructuring and provisions[4]	–	–	(1.1)	(2.4)	–	–	(1.1)	(2.4)
Total CSR group	**1,399.2**	1,324.2	**182.0**	253.0	**39.9**	44.2	**142.1**	208.8

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

For the half year ended 30 September $million	Note	2018	2017
Earnings before interest, tax and significant items		142.1	208.8
Net finance cost	5	(2.6)	(2.2)
Income tax expense		(40.1)	(59.0)
Profit after tax before significant items (before non-controlling interests)		**99.4**	147.6
Less: non-controlling interests		(5.4)	(11.0)
Profit after tax before significant items attributable to shareholders of CSR Limited	3	**94.0**	136.6
Significant items after tax attributable to shareholders of CSR Limited	3	(67.2)	(17.9)
Profit after tax attributable to shareholders of CSR Limited		**26.8**	118.7

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 30 September 2018	As at 31 March 2018	As at 30 September 2018	As at 30 September 2017
Building Products	979.0	919.1	22.1%	22.7%
Glass	172.3	239.3	4.1%	1.3%
Aluminium	142.8	120.0	38.6%	69.6%
Property	181.4	185.7	3.1%	30.6%
Segment total	**1,475.5**	1,464.1	–	–
Corporate	(38.0)	(38.8)	–	–
Total CSR group	**1,437.5**	1,425.3	**17.9%**	24.0%

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, 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 2018 is calculated as net assets of $1,232.5 million (31 March 2018: $1,274.1 million), excluding the following assets: cash of $9.1 million (31 March 2018: $13.7 million), net tax assets of $134.3 million (31 March 2018: $146.4 million), net superannuation assets of $17.4 million (31 March 2018: $11.4 million) and interest receivable of $nil (31 March 2018: $0.1 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of $278.1 million (31 March 2018: $289.0 million), net financial liabilities of $10.0 million (31 March 2018: $5.8 million), borrowings of $77.6 million (31 March 2018: $28.0 million) and interest payable of $0.1 million (31 March 2018: $nil).
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	2018	2017
Glass review and restructuring costs[1]	(75.9)	(15.3)
Remediation, supply disruption costs and other[2]	(3.1)	(6.0)
Significant items before finance cost and income tax	**(79.0)**	(21.3)
Discount unwind and hedge gain (loss) relating to product liability provision	(3.8)	(4.4)
Significant items before income tax	**(82.8)**	(25.7)
Income tax benefit on significant items	15.6	7.7
Significant items after tax	**(67.2)**	(18.0)
Significant items attributable to non-controlling interests	–	0.1
Significant items attributable to shareholders of CSR Limited	**(67.2)**	(17.9)
Net profit attributable to shareholders of CSR Limited	26.8	118.7
Significant items attributable to shareholders of CSR Limited	67.2	17.9
Net profit before significant items attributable to shareholders of CSR Limited	**94.0**	136.6
Earnings per share attributable to shareholders of CSR Limited before significant items[3]		
Basic (cents per share)	18.7	27.1
Diluted (cents per share)	18.6	27.0

1 During the half year ended 30 September 2018, the CSR group incurred costs associated with the review of the Glass segment which included the impairment of assets of $63.3 million and a provision for onerous lease costs of $10.6 million. Refer to note 8 for further detail. During the half year ended 30 September 2017, the Glass segment divested sites in Western Australia, Darwin and Cairns. Significant items recorded include the loss on disposal and associated restructuring expenditure of $6.6 million and a provision for onerous lease costs of $8.7 million.

2 During the half year ended 30 September 2018, the CSR group recorded a charge of $3.1 million as a result of the re-measurement of remediation and other provisions. An amount of $1.6 million has been recorded in Other income and $4.7 million in Other expenses. During the half year ended 30 September 2017, due to the temporary closure of the Thevenard port in South Australia, the Building Products segment incurred additional costs associated with the disruption of raw material (gypsum) supply of $4.6 million. In addition, the group recorded a charge of $0.7 million as a result of the re-measurement of warranty provisions and a charge of $0.7 million related to other costs.

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

4 Earnings per share

For the half year ended 30 September	2018	2017
Profit after tax attributable to shareholders of CSR Limited ($million)	26.8	118.7
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	503.3	503.2
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	504.8	506.8
Basic EPS (cents per share)	5.3	23.6
Diluted EPS (cents per share)	5.3	23.4

1 Calculated by reducing the total weighted average number of shares on issue of 504.3 million (2017: 504.4 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 997,007 (2017: 1,204,615).
2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 1,479,444 (2017: 3,542,319). 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 cost

For the half year ended 30 September $million	Note	2018	2017
Interest expense and funding costs		2.5	2.0
Discount unwind and hedge (gain) loss relating to product liability provision	3	3.8	4.4
Discount unwind of other non-current liabilities		0.5	0.4
Foreign exchange loss (net)		1.3	0.4
Finance cost		**8.1**	7.2
Interest income		(1.7)	(0.6)
Net finance cost		**6.4**	6.6
Finance cost included in significant items	3	(3.8)	(4.4)
Net finance cost before significant items		**2.6**	2.2

6 Income tax expense

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

For the half year ended 30 September $million	2018	2017
Profit before income tax	56.7	180.9
Income tax expense calculated at 30%	**17.0**	54.3
Decrease in income tax expense due to:		
Share of net profit of joint venture entities and rebates on dividend income	(2.1)	(2.1)
Non-taxable profit on property disposals	–	(2.0)
Non-deductible impairment of goodwill	9.2	–
Non-deductible expenditure and other	0.6	1.0
Income tax adjustments relating to prior years	(0.2)	0.1
Total income tax expense on profit	**24.5**	51.3

7 Business combinations

i) Current period

There have been no acquisitions in the half year ended 30 September 2018.

ii) Prior period

There were no acquisitions in the half year ended 30 September 2017.

Transactions occurring in this period related to prior period acquisitions

During the year ended 31 March 2017, pre-determined measures were met in relation to the purchase of Architectural Framework Systems and Viridian Limited Glass Partnership. This resulted in the payment of $15.0 million and $1.8 million in deferred consideration respectively during the half year ended 30 September 2017.

In addition, acquisition related costs of $1.7 million were paid in the half year ended 30 September 2017 in relation to CSR group's acquisition of Boral's minority interest in PGH Bricks & Pavers Pty Limited.

8 Property, plant and equipment and intangible assets

$million	30 September 2018	31 March 2018
Property, plant and equipment – at net book value		
Land and buildings	280.8	270.6
Plant and equipment	553.8	564.7
Total property, plant and equipment	**834.6**	835.3
Goodwill and other intangible assets – at net book value		
Goodwill	66.6	98.1
Other intangible assets	38.1	44.5
Total goodwill and other intangible assets	**104.7**	142.6

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 the higher of an asset or a CGU's fair value less costs of disposal and value in use. The value in use calculations are based on discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and 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 forms part of the Building Products segment: $66.6 million (31 March 2018: $66.9 million) and Glass segment: $nil (31 March 2018: $31.2 million).

At 30 September 2018, the CSR group has assessed whether there is any indication that an asset may be impaired. An indicator of impairment has been identified for the Glass CGU and Roofing CGU (disclosed within the Building Products segment) which have experienced reduced earnings before interest and tax compared to internal forecasts.

In accordance with AASB 136 *Impairment of Assets*, an impairment assessment has been performed for the Glass and Roofing CGU's at 30 September 2018.

Glass cash generating unit

The Glass CGU recorded earnings before interest, tax and significant items of $7.1 million, an increase of $4.9 million when compared to the half year ended 30 September 2017. Despite an improvement in the financial performance of the Glass CGU over the six months to 30 September 2018, this result remains below internal forecasts. Financial performance in sites servicing regional markets are experiencing weaker demand with increased competition impacting pricing and volumes. Future cash flows from the Glass CGU have been reforecast to reflect current trading and market conditions affecting the Glass CGU.

Following a detailed value in use impairment review of future cash flow projections, an impairment charge of $63.3 million has been recorded in the statement of financial performance for 30 September 2018. This impairment charge has been allocated to goodwill ($30.7 million), other intangible assets ($3.2 million) and plant and equipment ($29.4 million). This impairment charge fully impairs all goodwill previously recognised for the Glass CGU. In addition, onerous lease provisions of $10.6 million and other provisions of $0.5 million have been recorded at 30 September 2018.

Given that the impairment assessment is a critical accounting estimate, key assumptions and sensitivities in relation to the impairment assessment performed for the Glass CGU at 30 September 2018 are set out below:

Key assumptions for the Glass CGU:

- Post-tax discount rate: 9.0%
- Terminal growth rate: 2.5%
- Cash flows: 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 business activity, with average assumptions applied in the terminal year to ensure the cash flows are sufficiently stable to calculate the terminal value.

8 Property, plant and equipment and intangible assets (continued)

Glass cash generating unit (continued)

Impact of reasonable possible changes in key assumptions have been considered:

- Business cash contribution reduces by 10% for each year modelled: would result in an additional impairment charge to plant and equipment of $23.0 million.
- Post tax discount rate increases from 9.0% to 9.5%: would result in an additional impairment charge to plant and equipment of $14.0 million.
- Long term growth rate decreases from 2.5% to 2.0%: would result in an additional impairment charge to plant and equipment of $14.0 million.

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

Roofing cash generating unit

The carrying amount of the Roofing CGU at 30 September 2018 is $96.7 million and includes goodwill of $9.4 million (31 March 2018: $9.6 million) and other indefinite life intangible assets of $15.3 million (31 March 2018: $15.3 million).

Following a detailed value in use impairment review of future cash flow projections, at 30 September 2018, the recoverable amount of the Roofing CGU supports the carrying amount. Given that the impairment assessment is a critical accounting estimate, key assumptions and sensitivities in relation to the impairment assessment performed for the Roofing CGU at 30 September 2018 is set out below:

Key assumptions for the Roofing CGU:

- Post-tax discount rate: 9.0%
- Terminal growth rate: 2.5%
- Cash flows: 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 business activity, with average assumptions applied in the terminal year to ensure the cash flows are sufficiently stable to calculate the terminal value.

Impact of reasonable possible changes in key assumptions have been considered:

- Business cash contribution reduces by 10% for each year modelled: would result in an impairment charge to goodwill of $9.4 million and other intangibles assets of $3.1 million.
- Post tax discount rate increases from 9.0% to 9.5%: would result in an impairment charge to goodwill of $7.9 million.
- Long term growth rate decreases from 2.5% to 2.0%: would result in an impairment charge to goodwill of $7.5 million.

No other reasonable possible changes in key assumptions have been identified which may cause the carrying amount to exceed its recoverable amount.

9 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 2018, there were 290 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 2018, there were 303 such claims pending.

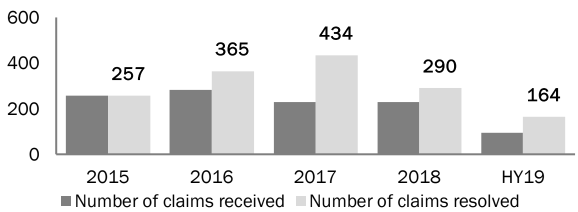
CSR has been settling claims since 1989. It has been, and remains, CSR's policy to ensure that all legitimate asbestos related claims, whether in Australia of the US, are resolved on a fair and equitable basis. Where there is a demonstrated liability, CSR will seek to offer a fair settlement and, in 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 2018, CSR had resolved approximately 4,600 claims in Australia and approximately 137,700 claims in the United States.

Claims experience

CSR's recent claims experience is summarised in the graph below.

Graph 1: Five year history – claim numbers



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

Basis of provision

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers compensation payments from available workers compensation insurers.

CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

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

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

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

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

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

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 2018 the central estimate was A$161.5 million calculated using a discount rate of 3.75%. On an undiscounted and inflated basis that central estimate would be A$214.8 million over the years to 2070, being the year 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 Nathan Associates, Inc produces a base case estimate or most likely outcome. At 30 September 2018, the base case estimate was US$48.0 million calculated using a discount rate of 2.6%. On an undiscounted and inflated basis that base case estimate would be US$55.3 million over the anticipated further life of the United States liability (40 years).

9 Product liability (continued)

Basis of provision (continued)

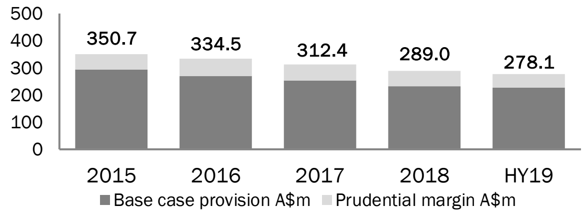
The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential 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.

At 30 September 2018, a provision of $278.1 million (31 March 2018: $289.0 million) has been made for all known claims and reasonably foreseeable future claims, and includes a prudential margin of $50.0 million (31 March 2018: $55.7 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 Nathan Associates, Inc 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 2018 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 from 2015 to the half year ended 30 September 2018 is summarised in the graph and table below.



Five year history – asbestos provision

$million	Year ended 31 March 2015	2016	2017	2018	Half year ended 30 September 2018
United States base case estimate US$	104.9	86.0	72.2	51.0	48.0
United States base case estimate A$	137.0	112.2	94.5	66.6	66.6
Australian central estimate A$	157.2	157.1	157.9	166.7	161.5
Subtotal A$	294.2	269.3	252.4	233.3	228.1
Prudential margin A$	56.5	65.2	60.0	55.7	50.0
Prudential margin %	*19.2%*	*24.2%*	*23.8%*	*23.9%*	*21.9%*
Total product liability provision A$	**350.7**	**334.5**	**312.4**	**289.0**	**278.1**

Capital structure and risk management

10 Borrowings and credit facilities

i) Borrowings

$million	As at 30 September 2018	As at 31 March 2018
Non-current borrowings – unsecured	77.6	28.0

ii) Credit facilities

The CSR group has a total of $325.0 million (31 March 2018: $325.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $82.0 million in financial year 2020, $161.0 million in financial year 2022 with the balance of $82.0 million in financial year 2023. As at 30 September 2018, $247.4 million of the standby facilities were undrawn (31 March 2018: $297.0 million undrawn).

11 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 31 March 2018	504,308,227	1,036.2
On issue 30 September 2018	**504,308,227**	**1,036.2**

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

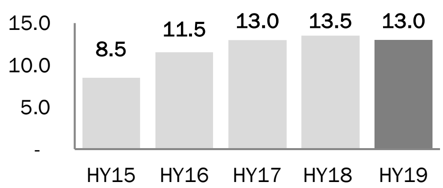
No shares were issued during the half year ended 30 September 2018 and the year ended 31 March 2018 under employee share plans as shares in respect of the plans were acquired on market. In accordance with CSR group's established dividend reinvestment plan (DRP), during the half year ended 30 September 2018 and the year ended 31 March 2018, 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 2018 are $2.15 (2017: $2.09). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,187.2 million (2017: $1,197.7million) less intangible assets of $104.7 million (2017: $142.5 million) divided by the number of issued ordinary shares of 504.3 million (2017: 504.3 million).

12 Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2017 Interim	13.0	Nil	65.6	13 December 2016
2017 Final	13.0	50%	65.6	4 July 2017
2018 Interim	13.5	50%	68.1	12 December 2017
2018 Final	13.5	75%	68.1	3 July 2018
2019 Interim[1]	13.0	100%[2]	65.6	11 December 2018

Interim dividend – cents per share



1 The interim dividend for the half year ended 30 September 2018 has not been recognised in this financial report because it was resolved to be paid after 30 September 2018. The amounts disclosed as recognised during the half year ended 30 September 2018 are the final dividend in respect of the financial year ended 31 March 2018.
2 Interim dividend of 13.0 cents per share, fully franked at 30.0% corporate tax rate.

13 Reserves

$million	As at 30 September 2018	As at 31 March 2018
Hedge reserve	(1.1)	(2.0)
Foreign currency translation reserve	(6.0)	(4.6)
Employee share reserve	37.4	37.5
Share based payment trust reserve	(24.2)	(21.7)
Non-controlling interest reserve	(59.1)	(59.1)
Other	(3.3)	(3.3)
Total reserves	**(56.3)**	(53.2)

14 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 at fair value, including their levels in the fair value hierarchy.

	As at 30 September 2018	As at 31 March 2018
$million	Level 2	Level 2
Financial assets at fair value		
Commodity swaps - aluminium	15.0	10.4
Commodity swaps – oil and electricity	12.0	3.6
Forward exchange rate contracts	4.4	9.3
Other	1.9	1.5
Total	**33.3**	24.8
Financial liabilities at fair value		
Commodity swaps - aluminium	21.4	23.5
Commodity swaps – oil and electricity	0.8	3.7
Forward exchange rate contracts	19.6	1.9
Total	**41.8**	29.1

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The CSR group has no Level 1 financial instruments in the fair value hierarchy.

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 2018 and no transfers in either direction in the financial year ended 31 March 2018.

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

15 Equity accounting information

Entity	Country of incorporation	Ownership interest at 30 September 2018	2017	Contribution to net profit for the half year ended 30 September ($million) 2018	2017
Building products					
Rondo Pty Limited	Australia	50%	50%	7.2	7.1
New Zealand Brick Distributors	New Zealand	50%	50%	–	0.3
Other	Australia	50%	50%	(0.1)	–
Contribution to net profit				**7.1**	7.4

For the half year ended 30 September $million	2018	2017
Share of net profit of joint venture entities		
Profit before income tax	10.1	10.6
Income tax expense	(3.0)	(3.2)
Contribution to net profit	**7.1**	7.4

16 Subsequent events

With the exception of the items disclosed below, there has not arisen in the interval between 30 September 2018 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 2018, refer to note 12.

17 Contingencies

i) Contingent liabilities

Claims and possible claims (other than product liability which is disclosed in note 9) 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, Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable claims with a provision of $30.6 million as at 30 September 2018 (31 March 2018: $29.1 million).

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

In the directors' opinion:

a) the financial statements and notes, set out on pages 4 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 CSR group's financial position as at 30 September 2018, 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*.

Michael Ihlein
Director
Sydney, 2 November 2018

Rob Sindel
Managing Director
Sydney, 2 November 2018

Deloitte.

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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 2018, 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 4 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 2018 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*.

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 2018 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

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants
Sydney, 2 November 2018