CSR Limited
ABN 90 000 001 276
For the half year ended 30 September 2019

Details of the reporting periods	
Current:	Six months ended 30 September 2019
Previous corresponding:	Six months ended 30 September 2018

Results for announcement to the market[1]

				A$m
Revenue from continuing operations	down	4%	to	**1,150.1**
Net profit after tax from continuing operations, before significant items, attributable to members[2]	down	20%	to	**71.6**
Net profit after tax from continuing operations, after significant items, attributable to members	down	19%	to	**68.8**
Net profit after tax attributable to members	up	157%	to	**68.8**

Net tangible assets

As at	**30 Sep 2019**	**30 Sep 2018**
Net tangible assets per share attributable to CSR shareholders	**$2.10**	$2.15

Dividends

Financial year ended	**31 March 2020**	**Franking**	**31 March 2019**	**Franking**
Interim ordinary	**10.0 cents**	50%	13.0 cents	100%
Interim special	**4.0 cents**	50%	N/A	N/A
Final	**N/A**	N/A	13.0 cents	50%

Record date for determining entitlements to interim dividends	11 November 2019
Interim dividend payment date	10 December 2019

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (DRP) will operate for the interim dividends payable on 10 December 2019. The last date for receipt of the election notice for participation in the DRP is 12 November 2019, being the business day after the dividend record date of 11 November 2019. For the interim dividends, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP.

DRP shares will be allocated at the arithmetic average of the daily volume weighted average market prices of shares in CSR sold on ASX's trading platform (including the closing single price auction but excluding all off-market trades) ("VWAP") on each day over a period of 10 trading days commencing on 18 November 2019. 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 2019. A reconciliation to net profit after tax is included in Note 2 to the CSR half year financial statements.

DIRECTORS' REPORT

The directors of CSR Limited present their report on CSR Limited and its controlled entities (CSR group) for the half year ended 30 September 2019.

Directors

The directors of CSR Limited at any time during the half year ended 30 September 2019, or since that date, are as follows:

John Gillam (Chairman)
Julie Coates (appointed as Managing Director on 2 September 2019)
Rob Sindel (retired as Managing Director on 2 September 2019)
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 2019 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*.

John Gillam	Julie Coates
Director	Managing Director
1 November 2019	1 November 2019

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

1 November 2019

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 2019, 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	2019	2018
Continuing operations			
Trading revenue – sale of goods		**1,150.1**	1,198.7
Cost of sales		(798.5)	(822.2)
Gross margin		**351.6**	376.5
Other income[1]		1.4	10.5
Warehouse and distribution costs		(101.8)	(104.8)
Selling, administration and other operating costs		(145.8)	(152.5)
Share of net profit of joint venture entities	16	7.7	7.1
Other expenses[1]		–	(4.9)
Profit before finance costs and income tax from continuing operations		**113.1**	131.9
Interest income	5	1.8	1.7
Finance costs	5	(10.6)	(7.2)
Profit before income tax from continuing operations		**104.3**	126.4
Income tax expense	6	(29.3)	(36.3)
Profit after tax from continuing operations		**75.0**	90.1
Loss after tax from discontinued operations	8	–	(57.9)
Profit after tax		**75.0**	32.2
Profit after tax attributable to:			
Non-controlling interests		6.2	5.4
Shareholders of CSR Limited[2]		68.8	26.8
Profit after tax		**75.0**	32.2
Earnings per share from continuing operations attributable to shareholders of CSR Limited			
Basic (cents per share)	4	13.8	16.8
Diluted (cents per share)	4	13.8	16.8
Earnings per share from profit attributable to shareholders of CSR Limited			
Basic (cents per share)	4	13.8	5.3
Diluted (cents per share)	4	13.8	5.3

1 Other expenses and Other income include significant items recorded in the half year ended 30 September 2018. Refer to note 3 of the financial statements.
2 Net profit from continuing operations before significant items attributable to shareholders of CSR Limited is $71.6 million (2018: $89.6 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	2019	2018
Profit after tax		**75.0**	32.2
Other comprehensive income (expense), net of tax			
Items that may be reclassified to profit or loss			
Hedge profit (loss) recognised in equity		1.0	(8.1)
Hedge (profit) loss transferred to statement of financial performance		(5.1)	4.4
Exchange differences arising on translation of foreign operations		(0.3)	(1.4)
Income tax benefit relating to these items		1.2	1.0
Items that will not be reclassified to profit or loss			
Actuarial (loss) gain on superannuation defined benefit plans		(4.5)	6.0
Income tax benefit (expense) relating to these items		1.3	(1.8)
Other comprehensive (expense) income – net of tax		(6.4)	0.1
Total comprehensive income		**68.6**	32.3
Total comprehensive income attributable to:			
Non-controlling interests		6.6	1.8
Shareholders of CSR Limited		62.0	30.5
Total comprehensive income		**68.6**	32.3
Total comprehensive income attributable to shareholders of CSR Limited arises from:			
Continuing operations		**62.0**	86.6
Discontinued operations	8	–	(56.1)
Total comprehensive income attributable to shareholders of CSR Limited		**62.0**	30.5

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

Statement of financial position

$million	Note	As at 30 September 2019	As at 31 March 2019
Current assets			
Cash and cash equivalents		141.6	50.0
Receivables		253.8	455.9
Inventories		413.9	377.9
Other financial assets	15	43.9	27.2
Income tax receivable		2.9	5.2
Prepayments and other current assets		12.4	10.4
Total current assets		**868.5**	926.6
Non-current assets			
Receivables		52.6	25.8
Inventories		64.3	74.7
Investments accounted for using the equity method		40.2	40.4
Other financial assets	15	15.5	17.6
Property, plant and equipment	9	722.3	709.6
Right-of-use lease assets	19	159.1	–
Goodwill	9	59.0	57.2
Other intangible assets	9	22.0	23.7
Deferred income tax assets		124.7	104.3
Other non-current assets		6.7	11.2
Total non-current assets		**1,266.4**	1,064.5
Total assets		**2,134.9**	1,991.1
Current liabilities			
Payables		255.5	260.9
Lease liabilities	19	33.1	–
Other financial liabilities	15	29.0	16.8
Tax payable		21.2	6.1
Provisions		137.8	156.2
Total current liabilities		**476.6**	440.0
Non-current liabilities			
Payables		3.3	3.6
Lease liabilities	19	174.4	–
Other financial liabilities	15	11.7	4.7
Provisions		281.6	297.2
Deferred income tax liabilities		12.3	12.2
Other non-current liabilities		4.9	2.3
Total non-current liabilities		**488.2**	320.0
Total liabilities		**964.8**	760.0
Net assets		**1,170.1**	1,231.1
Equity			
Issued capital	12	989.3	1,028.8
Reserves	14	(41.3)	(38.4)
Retained profits		162.8	187.6
Equity attributable to shareholders of CSR Limited		**1,110.8**	1,178.0
Non-controlling interests		59.3	53.1
Total equity		**1,170.1**	1,231.1

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 2019		1,028.8	(38.4)	187.6	1,178.0	53.1	1,231.1
Adjustment on adoption of AASB 16 (net of tax)	19	–	–	(25.5)	(25.5)	(0.4)	(25.9)
Restated balance at 1 April 2019		1,028.8	(38.4)	162.1	1,152.5	52.7	1,205.2
Profit for the period		–	–	68.8	68.8	6.2	75.0
Total other comprehensive (expense) income – net of tax		–	(3.6)	(3.2)	(6.8)	0.4	(6.4)
Dividends paid	13	–	–	(64.9)	(64.9)	–	(64.9)
On-market share buy-back		(39.5)	–	–	(39.5)	–	(39.5)
Acquisition of treasury shares		–	(0.1)	–	(0.1)	–	(0.1)
Share-based payments – net of tax		–	0.8	–	0.8	–	0.8
Balance at 30 September 2019		989.3	(41.3)	162.8	**1,110.8**	59.3	**1,170.1**
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	13	–	–	(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

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	2019	2018
Cash flows from operating activities			
Receipts from customers		1,290.1	1,528.0
Payments to suppliers and employees		(1,165.0)	(1,428.5)
Dividends and distributions received		6.4	4.1
Interest received		1.8	1.7
Income tax paid		(16.9)	(14.9)
Net cash from operating activities		**116.4**	90.4
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets		(65.7)	(94.3)
Proceeds from sale of property, plant and equipment and other assets		82.1	28.4
Proceeds from sale of Glass division[1]	8	78.5	–
Purchase of businesses, net of cash acquired	7	(2.3)	–
Loans and receivables repaid (advanced)		9.6	(2.3)
Net cash inflow (outflow) from investing activities		**102.2**	(68.2)
Cash flows from financing activities			
On-market share buy-back		(39.5)	–
Net drawdown of borrowings		–	49.6
Dividends paid[2]	13	(64.9)	(71.3)
Acquisition of shares by CSR employee share trust		(0.1)	(2.5)
Lease payments[3]		(16.7)	–
Interest and other finance costs paid[4]		(5.9)	(2.6)
Net cash used in financing activities		**(127.1)**	(26.8)
Net increase (decrease) in cash held		91.5	(4.6)
Cash at the beginning of the financial year		50.0	13.7
Effects of exchange rate changes		0.1	–
Cash at the end of the period		**141.6**	9.1

1 Cash flow from discontinued operations is disclosed in note 8 to the financial statements.
2 Of the $64.9 million in dividends paid to CSR shareholders during the half year ended 30 September 2019, $5.1 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.
3 Lease payments were disclosed within Payments to suppliers and employees for the half year ended 30 September 2018.
4 In accordance with AASB 16 *Leases* the interest and other finance costs paid for the half year ended 30 September 2019 includes finance costs relating to leases of $4.8m. Refer to notes 5 and 19 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 2019 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 2019. 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 2019.

Use of 'HY20' and 'HY19' in this half year report refers to the half year ended 30 September 2019 and the half year ended 30 September 2018 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: The CSR group has adopted all amendments to Australian Accounting Standards which became applicable for the CSR group from 1 April 2019. Further information on the impact of adopting AASB 16 *Leases* is contained in Note 19.

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

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

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

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

Other:

- provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements;
- 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; and
- summarises the impact of new accounting standards.

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, Cemintel fibre cement, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Construction Systems (Hebel autoclaved aerated concrete products, AFS walling systems and CSR Inclose™), Energy and Roofing Solutions (Bradford and Martini insulation, Bradford energy solutions, Edmonds ventilation systems and Monier roofing) and Bricks (PGH Bricks and Pavers and New Zealand Brick Distributors joint venture).
Property	The Property business unit generates returns typically from the sale of former operating sites 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.
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.

Discontinued operations – Glass

The Glass business was disposed on 31 January 2019 and has been reclassified as a discontinued operation. The Glass business included 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.

Accounting policies and inter-segment transactions

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

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

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

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

2 Segment information (continued)

For the half year ended 30 September $million	Trading revenue[1]		EBITDA before significant items[2]		Depreciation and amortisation		Earnings before interest, tax and significant items	
Business segment	2019	2018	2019	2018	2019	2018	2019	2018
Building Products	839.4	887.2	137.5	142.7	41.6	26.2	95.9	116.5
Property	–	–	(1.5)	4.4	0.7	0.1	(2.2)	4.3
Aluminium	310.7	311.5	31.3	28.8	5.9	5.8	25.4	23.0
Corporate[3]	–	–	(4.1)	(7.4)	1.4	0.3	(5.5)	(7.7)
Restructuring and provisions[4]	–	–	(0.2)	(1.1)	0.3	–	(0.5)	(1.1)
Continuing operations	**1,150.1**	1,198.7	**163.0**	167.4	**49.9**	32.4	**113.1**	135.0
Glass discontinued operations	–	200.5	–	14.6	–	7.5	–	7.1
Total CSR group	**1,150.1**	1,399.2	**163.0**	182.0	**49.9**	39.9	**113.1**	142.1

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

For the half year ended 30 September $million	Note	2019	2018
Continuing operations earnings before interest, tax and significant items		113.1	135.0
Net finance costs	5	(4.8)	(1.7)
Income tax expense		(30.5)	(38.3)
Profit after tax from continuing operations before significant items (before non-controlling interests)		**77.8**	95.0
Less: non-controlling interests		(6.2)	(5.4)
Profit after tax from continuing operations before significant items attributable to shareholders of CSR Limited		**71.6**	89.6
Significant items after tax from continuing operations attributable to shareholders of CSR Limited	3	(2.8)	(4.9)
Profit after tax from continuing operations attributable to shareholders of CSR Limited		**68.8**	84.7
Loss from discontinued operations attributable to shareholders of CSR Limited	8	–	(57.9)
Profit after tax attributable to shareholders of CSR Limited		**68.8**	26.8

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 30 September 2019	As at 31 March 2019	As at 30 September 2019	As at 30 September 2018
Building Products	932.5	947.4	19.4%	22.1%
Property	173.6	224.5	18.2%	3.1%
Aluminium	137.2	140.3	27.9%	38.6%
Corporate	(68.4)	(63.2)	–	–
Continuing operations	**1,174.9**	1,249.0	**19.9%**	20.2%
Discontinued operations - Glass	–	–	–	4.1%
Total CSR group	**1,174.9**	1,249.0	**19.9%**	17.9%

1 Trading revenue excludes net gain on disposal of assets, interest income, dividend income from other entities, share of net profit of joint venture entities and other income. Inter-segment sales are negligible.
2 EBITDA before significant items is earnings before interest, tax, depreciation, amortisation and significant items.
3 Represents unallocated overhead expenditure and other revenues.
4 Represents restructuring and provisions. Includes legal and managerial costs associated with long term product liabilities and minor product liability claims that arise from time to time, certain defined benefit superannuation liabilities and expenses, non-operating revenue and other costs (excluding those categorised as significant items).
5 Funds employed is net assets of the CSR group less certain non-trading assets and liabilities. Funds employed at 30 September 2019 is calculated as net assets of $1,170.1 million (31 March 2019: $1,231.1 million), excluding the following assets: cash of $141.6 million (31 March 2019: $50.0 million), net tax assets of $94.1 million (31 March 2019: $91.2 million), net superannuation assets of $1.3 million (31 March 2019: $8.2 million), net financial assets of $16.7 million (31 March 2019: $21.3 million), deferred consideration receivable of nil (31 March 2019: $78.5 million) and interest receivable of $0.6 million (31 March 2019: $0.9 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of $259.1 million (31 March 2019: $268.0 million).
6 Return on funds employed (ROFE) is calculated based on EBIT before significant items for the 12 months to period end divided by average funds employed. ROFE is not a measure used for Corporate costs which are considered in the context of the CSR group result. Property ROFE varies due to timing of projects.

3 Significant items

For the half year ended 30 September $million	Note	2019	2018
Significant items from continuing operations			
Remediation, supply disruption and other costs[1]		–	(3.1)
Significant items from continuing operations before finance costs and income tax		–	(3.1)
Discount unwind and hedging relating to product liability provision		(4.0)	(3.8)
Income tax benefit on significant items from continuing operations		1.2	2.0
Significant items after tax from continuing operations		**(2.8)**	(4.9)
Significant items attributable to non-controlling interests		–	–
Significant items from continuing operations attributable to shareholders of CSR Limited		**(2.8)**	(4.9)
Loss from discontinued operations after tax attributable to shareholders of CSR Limited[2]	8	–	(57.9)
Significant items and discontinued operations loss attributable to shareholders of CSR Limited		**(2.8)**	(62.8)
Net profit attributable to shareholders of CSR Limited[3]		68.8	26.8
Significant items and discontinued operations loss attributable to shareholders of CSR Limited		2.8	62.8
Net profit from continuing operations before significant items attributable to shareholders of CSR Limited[4]		**71.6**	89.6
Earnings per share from continuing operations attributable to shareholders of CSR Limited before significant items[5]			
Basic (cents per share)		14.4	17.8
Diluted (cents per share)		14.4	17.8

1 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.

2 On 31 January 2019, the CSR group completed the sale of the Viridian Glass segment. The Viridian Glass segment has been classified as a discontinued operation and all transactions related to that business for the six months to 30 September 2018 have been included in the loss after tax from discontinued operations amount of $57.9 million. This includes significant items recorded at 30 September 2018 of $62.3 million (mainly in relation to the impairment of assets of $53.5 million and a provision for onerous lease costs of $7.4 million) and net profit after tax of $4.4 million generated by the business. Refer to note 8 for further details.

3 Net profit attributable to shareholders of CSR Limited includes net profit after tax of $4.4 million generated by the Viridian glass segment during the half year ended 30 September 2018.

4 Net profit from continuing operations before significant items attributable to shareholders of CSR Limited for the half year ended 30 September 2018 of $89.6 million excludes net profit generated by the Viridian Glass segment. Net profit before significant items attributable to shareholders of CSR Limited (including net profit of discontinued operations) was $94.0 million during the half year ended 30 September 2018.

5 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	2019	2018
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	496.8	503.3
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	497.5	504.8
Profit after tax from continuing operations attributable to shareholders of CSR Limited ($million)	68.8	84.7
Basic EPS from continuing operations (cents per share)	13.8	16.8
Diluted EPS from continuing operations (cents per share)	13.8	16.8
Profit after tax attributable to shareholders of CSR Limited ($million)	68.8	26.8
Basic EPS (cents per share)	13.8	5.3
Diluted EPS (cents per share)	13.8	5.3

1 Calculated by reducing the total weighted average number of shares on issue of 497.3 million (2018: 504.3 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 0.5 million (2018: 1.0 million).

2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 0.7 million (2018: 1.5 million). Performance rights granted under the LTI Plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

5 Net finance costs

For the half year ended 30 September $million	Note	2019	2018
Net finance costs from continuing operations			
Interest expense and funding costs		1.1	2.3
Finance cost - leases	19	4.8	–
Discount unwind and hedging relating to product liability provision	3	4.0	3.8
Discount unwind of other non-current liabilities		0.4	0.4
Foreign exchange loss (net)		0.3	0.7
Finance costs		**10.6**	7.2
Interest income		(1.8)	(1.7)
Net finance costs		**8.8**	5.5
Finance costs included in significant items	3	(4.0)	(3.8)
Net finance costs before significant items		**4.8**	1.7
Net finance costs from discontinued operations		–	0.9

6 Income tax expense

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

For the half year ended 30 September $million	2019	2018
Profit before income tax from continuing operations	104.3	126.4
Loss before income tax from discontinued operations	–	(69.7)
	104.3	56.7
Income tax expense calculated at 30%	**31.3**	17.0
Increase (decrease) in income tax expense due to:		
Share of net profit of joint venture entities and rebates on dividend income	(2.2)	(2.1)
Non-deductible impairment of goodwill	–	9.2
Non-taxable profit on property disposals	(0.1)	–
Non-deductible expenditure and other	0.6	0.6
Income tax adjustments relating to prior years	(0.3)	(0.2)
Total income tax expense on profit	**29.3**	24.5
Income tax expense is attributable to:		
Profit from continuing operations	29.3	36.3
Loss from discontinued operations	–	(11.8)
Total income tax expense on profit	**29.3**	24.5

7 Business combinations

During the half year ended 30 September 2019, the Building Products segment acquired the business assets of an entity for consideration of $2.3 million, resulting in preliminary goodwill of $1.8 million being recorded. The acquisition accounting will be finalised prior to 31 March 2020. There were no acquisitions in the half year ended 30 September 2018.

8 Discontinued operations

The sale of the Viridian Glass business was announced on 28 November 2018. This transaction included the sale of the glass businesses in both Australia and New Zealand and the Viridian property site at Dandenong, Victoria. The sale was completed on 31 January 2019 and is reported as a discontinued operation in the comparative period. The Viridian property site at Ingleburn was retained by CSR and subsequently sold on 28 March 2019. This completed the divestment of all Viridian assets.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

The below information presented is for the six months ended 30 September 2018.

$million	2018
Revenue	200.5
Expenses	(194.3)
Profit before income tax	6.2
Income tax expense	(1.8)
Profit after income tax before significant items	**4.4**
Impairment of assets, onerous leases and other costs after tax, recorded as significant items	(62.3)
Loss after tax from discontinued operations	**(57.9)**
Hedge profit	0.6
Exchange differences on translation	1.0
Actuarial gain on superannuation defined benefit plans	0.2
Other comprehensive income from discontinued operations, net of tax	**1.8**
Total comprehensive loss from discontinued operations, net of tax	**(56.1)**

Net cash inflow from discontinued operations for the six months ended 30 September:

$million	2019	2018
Net cash from operating activities	–	16.2
Net cash from investment activities[1]	78.5	(5.4)
Net cash generated by the Glass business	**78.5**	10.8

1 The deferred consideration of $78.5 million was received on 31 July 2019 in accordance with the sale agreement. This has been disclosed as proceeds from sale of business in the CSR group statement of cash flow.

9 Property, plant and equipment and intangible assets

$million	30 September 2019	31 March 2019
Property, plant and equipment – at net book value		
Land and buildings	258.1	252.7
Plant and equipment	464.2	456.9
Total property, plant and equipment	**722.3**	709.6
Goodwill and other intangible assets – at net book value		
Goodwill	59.0	57.2
Other intangible assets	22.0	23.7
Total goodwill and other intangible assets	**81.0**	80.9

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 and trade names with indefinite lives forms part of the Building Products segment: $59.0 million and $1.6 million respectively (31 March 2019: $57.2 million and $1.6 million respectively).

In accordance with AASB 136 *Impairment of Assets*, at 30 September 2019 the CSR group assessed whether there was any indication that an asset may be impaired. Following a detailed review of all cash generating units, no indicators of impairment have been identified. Details of impairments recorded in the year ended 31 March 2019 are set out below:

Roofing cash generating unit

During the year ended 31 March 2019, the Roofing CGU experienced a shortfall in earnings when compared to internal forecasts, with the business experiencing weaker demand. Following a detailed value in use impairment review of future cash flow projections, an impairment charge of $32.8 million was recorded in the statement of financial performance for 31 March 2019. This impairment charge was allocated to goodwill ($9.8 million), other intangible assets ($16.0 million), plant and equipment ($6.2 million) and equity accounted investments ($0.8 million). This impairment charge fully impaired all goodwill and indefinite life intangibles previously recognised for the Roofing CGU.

Glass cash generating unit

During the half year ended 30 September 2018, following a detailed value in use impairment review of future cash flow projections for the Glass CGU, an impairment charge of $63.3 million was recorded in the statement of financial performance. This impairment charge was allocated to goodwill ($30.7 million), other intangible assets ($5.3 million), plant and equipment ($26.7 million) and other assets ($0.6 million). This impairment charge fully impaired all goodwill previously recognised for the Glass CGU. In addition, onerous lease provisions of $10.6 million and other provisions of $0.5 million were recorded at 30 September 2018. The sale of the Glass CGU was announced on 28 November 2018 and completed on 31 January 2019. The Glass CGU is reported in these financial statements as a discontinued operation, refer to note 8.

10 Product liability

Background

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

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

Default judgements have been sought and obtained against CSR in the US, without CSR being present or represented (and for damages that are excessive and of a nature that would not be recognised in Australia). Australian law does not recognise the jurisdiction of US courts in such matters. There have not been any US judgements enforced against CSR. As at 30 September 2019, CSR had resolved approximately 4,800 claims in Australia and approximately 137,850 claims in the United States.

Basis of provision

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

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

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 (Australian liability 2.50% and US liability 2.10%); and
- the discount rate applied to future payments (Australian liability 2.50% and US liability 3.60%).

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

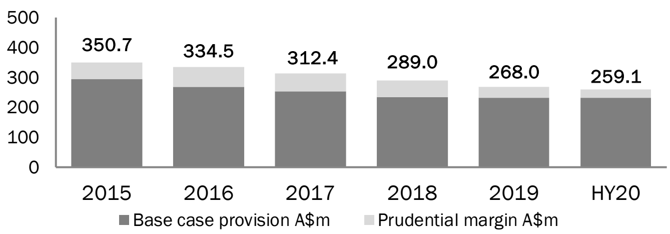
- assumptions used in the modelling are based on the various considerations referred to above;
- the future cost of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by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

The product liability provision is determined 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.

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 2019 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially under or overstate CSR's asbestos liability.

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

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



$million	As at 30 September 2019	As at 31 March 2019
Base case estimate	232.4	232.3
Prudential margin	26.7	35.7
Prudential margin %	*11.5%*	*15.4%*
Total product liability provision	259.1	268.0

Capital structure and risk management

11 Credit facilities

The CSR group has a total of $320.0 million (31 March 2019: $325.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $161.0 million in financial year 2022, $134.0 million in financial year 2023 with the balance of $25.0 million in financial year 2024. As at 30 September 2019, $320.0 million of the standby facilities were undrawn (31 March 2019: $325.0 million undrawn).

12 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 31 March 2019	502,061,531	1,028.8
Shares bought back on market and cancelled	(10,607,765)	(39.5)
On issue 30 September 2019	**491,453,766**	**989.3**

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 2019 and the year ended 31 March 2019 under employee share plans as shares in respect of the plans were acquired on market. In accordance with the CSR group's established dividend reinvestment plan (DRP), during the half year ended 30 September 2019 and the year ended 31 March 2019, 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.

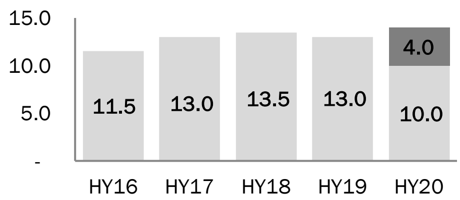
Net tangible assets per ordinary share at the half year ended 30 September 2019 are $2.10 (2018: $2.15). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,110.8 million (2018: $1,187.2 million) less intangible assets of $81.0 million (2018: $104.7 million) divided by the number of issued ordinary shares of 491.5 million (2018: 504.3 million).

During the year ended 31 March 2019, the company announced that as part of its ongoing capital management strategy, it would undertake an on-market share buy back of up to $100 million. The share buy-back commenced in March 2019 and remains ongoing.

13 Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2018 Interim	13.5	50%	68.1	12 December 2017
2018 Final	13.5	75%	68.1	3 July 2018
2019 Interim	13.0	100%	65.6	11 December 2018
2019 Final	13.0	50%	64.9	2 July 2019
2020 Interim ordinary[1]	10.0	50% [2]	49.1	10 December 2019
2020 Interim special[1]	4.0	50% [2]	19.7	10 December 2019

Interim dividend – cents per share



1 The interim dividends for the half year ended 30 September 2019 have not been recognised in this financial report because it was resolved to be paid after 30 September 2019. The amounts disclosed as recognised during the half year ended 30 September 2019 are the final dividend in respect of the financial year ended 31 March 2019.
2 Interim ordinary and special dividends of 10.0 and 4.0 cents per share respectively, 50% franked at 30.0% corporate tax rate.

14 Reserves

$million	As at 30 September 2019	As at 31 March 2019
Hedge reserve	9.7	13.0
Foreign currency translation reserve	(3.7)	(3.4)
Employee share reserve	39.5	38.7
Share based payment trust reserve	(24.4)	(24.3)
Non-controlling interest reserve	(59.1)	(59.1)
Other	(3.3)	(3.3)
Total reserves	**(41.3)**	(38.4)

15 Financial risk management

Fair value measurement of financial instruments

The table below provides an analysis of hedge accounted financial instruments that are measured subsequent to initial recognition at fair value, including their levels in the fair value hierarchy.

$million	As at 30 September 2019 Level 2	As at 31 March 2019 Level 2
Financial assets at fair value		
Commodity swaps - aluminium	48.8	29.8
Commodity swaps – oil and electricity	6.9	11.8
Forward exchange rate contracts	1.6	1.2
Other	2.1	2.0
Total	**59.4**	44.8
Financial liabilities at fair value		
Commodity swaps - aluminium	18.8	0.2
Commodity swaps – oil and electricity	2.0	0.5
Forward exchange rate contracts	19.7	20.6
Other	0.2	0.2
Total	**40.7**	21.5

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 2019 and no transfers in either direction in the financial year ended 31 March 2019.

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

Other

16 Equity accounting information

		Ownership interest at 30 September		Contribution to net profit for the half year ended 30 September ($million)	
Entity	Country of incorporation	2019	2018	2019	2018
Building products					
Rondo Pty Limited	Australia	50%	50%	7.5	7.2
New Zealand Brick Distributors	New Zealand	50%	50%	0.2	–
Other	Australia	50%	50%	–	(0.1)
Contribution to net profit				**7.7**	7.1

For the half year ended 30 September $million	2019	2018
Share of net profit of joint venture entities		
Profit before income tax	11.0	10.1
Income tax expense	(3.3)	(3.0)
Contribution to net profit	**7.7**	7.1

17 Subsequent events

With the exception of the items disclosed below, there has not arisen in the interval between 30 September 2019 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 2019, refer to note 13.

Sale of surplus land at Horsley Park

On 1 November 2019, the group announced the sale of Stage 2 of surplus land at Horsley Park, New South Wales. The sale of the 20-hectare site is expected to generate cash proceeds of approximately $140 million and profit before tax of approximately $90 million. The cash proceeds and profit before tax will be recognised in two 10-hectare stages, which are expected to be recorded in the financial years ending 31 March 2021 and 31 March 2023.

18 Contingencies

i) Contingent liabilities

Claims and possible claims (other than product liability which is disclosed in note 10) have arisen in the course of business against entities in the CSR group and made by entities in the CSR group. Based on legal advice obtained, the directors believe that any resultant liability or asset will not materially affect the financial position of the CSR group.

ii) Workers' compensation

CSR Limited is a licensed self-insurer in New South Wales, Queensland, Victoria, 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 $29.3 million as at 30 September 2019 (31 March 2019: $29.1 million).

19 Leases

i) The CSR group's leasing activities and accounting policy

The CSR group leases various properties, equipment and cars. Property leases typically are for a period of 5 to 10 years and often have extension options and equipment and car leases are typically for a period of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

AASB 16 *Leases* 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 CSR group adopted AASB 16 on 1 April 2019.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the CSR group's incremental borrowing rate. Residual value guarantees are only held in relation to certain equipment leases. These are not material to the CSR group.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs.
- An estimate of restoration or make good costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of financial performance. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT equipment and office equipment such as photocopiers.

Critical accounting estimate – determining the lease term

Extension options are included in most property leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension options are held by the CSR group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension term. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was immaterial.

ii) Impact of adoption on 1 April 2019

On adoption of AASB 16, the CSR group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the CSR group's incremental borrowing rate as at 1 April 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.4%.

In applying AASB 16 for the first time, the CSR group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.
- The exclusion of initial direct costs for the measurement of the right-to-use asset at the date of initial application.
- Relying on previous assessments as to whether a lease is onerous.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The CSR group has also elected not to apply AASB 16 to contracts that were not identified as containing a lease under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*. The recognition of the lease liability can be reconciled to the operating lease commitments disclosed at 31 March 2019 as follows:

$million	
Operating lease commitments disclosed at 31 March 2019	**147.1**
Discounted using the CSR group's incremental borrowing rate of 4.4%	(13.1)
(Less): short term leases and low value leases recognised on a straight-line basis as expense	(9.7)
Add: adjustments as a result of different treatment of extension and termination options	93.3
Lease liability recognised as at 1 April 2019	**217.6**

19 Leases (continued)

ii) Impact of adoption on 1 April 2019 (continued)

Certain right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. All other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet at 31 March 2019. In accordance with AASB 16, the CSR group has not restated comparatives as permitted under the specific transition provisions in the standard. Following implementation of the standard on 1 April 2019:

- Property, plant and equipment increased by $165.1m to recognise the net right-of-use asset, after the impairment of onerous leases.
- Lease liabilities increased by $217.6m.
- Onerous lease provisions decreased by $18.8m.
- Retained earnings was reduced by $23.6m.
- Deferred tax assets increased by $11.4m.
- Equity accounted investments decreased by $1.3m.

In addition, as part of the implementation of AASB 16, the CSR group reviewed all make good obligations in relation to property leases and recognised an additional provision of $5.6m at 1 April 2019. As a result, the right-of-use assets increased by $3.3m and retained earnings reduced by $2.3m due to the accumulated depreciation relating to the right-of-use asset. The impact on retained earnings and the comparative period disclosures (HY19) is not material for restatement.

iii) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

For the half year ended 30 September $million	2019	2018
Right-of-use assets		
Properties	145.8	–
Equipment	6.5	–
Vehicles	6.8	–
Total right-of-use assets	**159.1**	–
Lease liabilities		
Current	33.1	–
Non-current	174.4	–
Total lease liabilities	**207.5**	–

iv) Amounts recognised in the statement of financial performance

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

For the half year ended 30 September $million	2019	2018
Depreciation charge for right-of-use assets		
Properties	12.9	–
Equipment	1.1	–
Vehicles	2.0	–
Total depreciation charge for right-of-use assets	**16.0**	–
Interest expense (included in finance cost)	4.8	–
Expense relating to short term and low value leases	6.8	–

The impact on the CSR group on the consolidated statement of financial performance is set out below:

For the half year ended 30 September $million	2019	2018
Increase in earnings before interest, tax, depreciation and amortisation (EBITDA)	19.5	–
Increase in earnings before interest and tax (EBIT)	3.5	–
Decrease in net profit after tax	(0.9)	–

The statement of cash flows for 30 September 2019 includes cash outflows for lease payments of $16.7 million and lease interest of $4.8 million within ‘cash flows from financing activities’. The cash flows for the half year ended 30 September 2018 have not been restated, with the cash outflow associated with lease payments included in ‘payments to suppliers and employees’ within ‘cash flows from operating activities’.

The segment disclosures for 30 September 2019, as detailed in note 2, incorporates the impact of AASB 16. This resulted in a net decrease to funds employed (impact at 1 April 2019 on the CSR group was $37.3 million) and increase to EBIT of approximately $3.5m for the six months ending 30 September 2019. The combination of these impacts has resulted in the ROFE for Building Products and the CSR group increasing by approximately 1% for the half year ended 30 September 2019, with the full year impact for 31 March 2020 expected to be similar.

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 22 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 2019, and of its performance as represented by the results of its operations and its cash flows, for the financial half year ended on that date;

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

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

John Gillam	Julie Coates
Director	Managing Director
1 November 2019	1 November 2019

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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 2019, 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 23.

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 2019 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 2019 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

J L Gorton

J L Gorton
Partner
Chartered Accountants
Sydney, 1 November 2019