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ABN 90 000 001 276

4 November 2021

Mr Corey Lian
Adviser - Listings Compliance
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Corey,

CSR Limited (CSR) Appendix 4D for the half year ended 30 September 2021

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

The following associated documents will be provided separately for lodgement:

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

CSR Limited will present its half year results at 10.00am AEDT via webcast available from CSR's website Annual meetings and results webcasts | CSR or Click here.

Yours faithfully

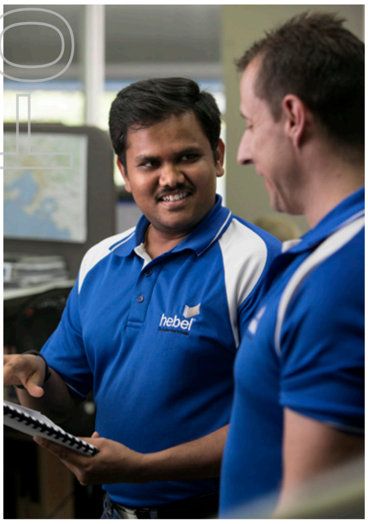
Debbie Schroeder
Company Secretary

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

4 NOVEMBER 2021

CSR LIMITED

HALF YEAR REPORT INCORPORATING APPENDIX 4D – FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021



CSR

APPENDIX 4D

Details of the company and reporting periods

Company name: ABN: Current reporting period: Previous corresponding reporting period:	CSR Limited 90 000 001 276 Six months ended 30 September 2021 Six months ended 30 September 2020

Results for announcement to the market[1]

				A$m
Revenue from ordinary activities	up	6%	to	**1,138.3**
Net profit after tax from ordinary activities, before significant items, attributable to members[2]	up	30%	to	**86.6**
Net profit after tax from ordinary activities, after significant items, attributable to members	up	167%	to	**156.6**

Net tangible assets

As at	30 Sep 2021	30 Sep 2020
Net tangible assets per share attributable to CSR shareholders	**$2.01**	$2.18

Dividends

Financial year ended	31 March 2022	Franking	31 March 2021	Franking
Interim ordinary	**13.5 cents**	100%	8.5 cents	100%
Interim special	N/A	N/A	4.0 cents	100%
Final ordinary	N/A	N/A	14.5 cents	100%
Final special	N/A	N/A	9.5 cents	100%

Record date for determining entitlements to interim dividends	10 November 2021
Interim dividend payment date	10 December 2021

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (DRP) will operate for the interim dividends payable on 10 December 2021. The last date for receipt of the election notice for participation in the DRP is 11 November 2021, being the business day after the dividend record date of 10 November 2021. 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 2021. No discount will apply to shares issued under the DRP. For further details of the DRP please refer to the DRP Terms and Conditions available on CSR's website (www.csr.com.au).

1 This document represents information provided pursuant to Listing Rule 4.2A of the Australian Securities Exchange and should be read in conjunction with the most recent annual financial report.

2 Net profit after tax before significant items is a non-IFRS measure used internally by management to assess the performance of the business and has been extracted or derived from CSR's financial statements for the half year ended 30 September 2021. 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 2021.

Directors

The directors of CSR Limited at any time during the half year ended 30 September 2021, or since that date, are as follows:

John Gillam (Chairman)
Julie Coates (Managing Director and CEO)
Nigel Garrard
Christine Holman
Michael Ihlein (to 25 June 2021)
Matthew Quinn
Penny Winn

Review of Operations

A review of operations of the CSR group during the half year ended 30 September 2021 is set out in the results announcement to the market and on pages 3 to 7 of this half year report, and forms part of this directors' report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration made under section 307C of the *Corporations Act 2001* is set out on page 8 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
Chairman
4 November 2021

Julie Coates
Managing Director and CEO
4 November 2021

OPERATING AND FINANCIAL REVIEW

CSR delivers half year net profit after tax (before significant items) of $86.6 million, up 30%

Trading revenue[1] of $1.1 billion for the six months ended 30 September 2021 (HY22), up 6% on the prior comparable period.

Earnings before interest and tax (EBIT before significant items) of $132.6 million, up 41% included the following results:

- **Building Products** – EBIT of $120.6 million up 25%, reflecting positive conditions in the detached market, strong operational execution, manufacturing performance and good cost control in a COVID constrained environment.
- **Property** – EBIT of $6.6 million was delivered following the Moss Vale site sale. The final transaction at Horsley Park was secured in July 2021. In total, this project is expected to generate proceeds of $408 million by the year ending 31 March 2025 (YEM25).
- **Aluminium** – EBIT increased to $18.3 million, up from $6.2 million in the prior comparable period with performance reflecting improved spot pricing and hedged position.

Net profit after tax[1] of $86.6 million, up 30%.

Statutory net profit after tax of $156.6 million, up from $58.7 million which included a significant item relating to the recognition of $71.2 million in carry forward capital tax losses.

Earnings per share[1] of 17.9 cents, up from 13.7 cents.

Interim dividend per share of 13.5 cents (fully franked), up from previous interim dividend of 8.5 cents and a special dividend of 4.0 cents.

A$m unless stated[1]	HY22	HY21	change
Trading revenue	**1,138.3**	**1,075.5**	6%
EBIT			
Building Products	120.6	96.3	25%
Property	6.6	1.7	288%
Aluminium	18.3	6.2	195%
Corporate (including restructure and provisions)	(12.9)	(9.8)	
Group EBIT	**132.6**	**94.4**	41%
Net finance costs	(5.9)	(0.8)	
Tax expense	(36.5)	(25.0)	
Non-controlling interests	(3.6)	(2.2)	
Net profit after tax before significant items[1]	**86.6**	**66.4**	30%
Significant items after tax	70.0	(7.7)	
Statutory net profit after tax	**156.6**	**58.7**	167%

1 All references are before significant items unless stated. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the half year ended 30 September 2021 (HY22). All comparisons are to the half year ended 30 September 2020 (HY21) unless otherwise stated.

Net profit after tax (before significant items) of $86.6 million for the six months ending 30 September 2021, up 30% with increased earnings across all businesses.

Statutory net profit after tax of $156.6 million includes significant items of $70.0 million (after tax). This includes the recognition of a deferred tax asset of $71.2 million in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of forecast property sales which are expected to generate capital gains, that will utilise these carry forward tax losses over the next five years.

Tax expense of $36.5 million (before significant items) was up from $25.0 million due to the higher pre-tax profits. CSR's effective tax rate for the year (before significant items) was 28.8% in line with prior periods.

Cash flow from operating activities of $69.5 million was down reflecting higher tax payments and the benefit of one-off working capital initiatives in the prior comparable period.

Capital expenditure (excluding property) of $12.8 million impacted by COVID restrictions and the prior comparable period included the acquisition of the Bradford Brendale, QLD site for $16 million.

Property capital expenditure of $23.8 million was higher than the prior comparable period of $18.0 million following increased expenditure to deliver the Horsley Park transactions.

Net cash of $130.7 million decreased from the net cash position of $250.8 million as of 31 March 2021 following payment of the $116.5 million final and special dividends in July 2021.

Product liability – As of 30 September 2021, the asbestos provision reduced to $221.4 million from $231.0 million as at 31 March 2021. CSR paid asbestos related claims of $11.6 million (including legal costs) compared to $8.8 million in the prior comparable period.

Building Products – maximising opportunity from current market position

Construction market conditions by segment

	HY22	HY21	change
Australia Residential Commencements (6 months – 000s)			
Detached[1]	68.5	49.3	39%
Medium density[1]	15.3	15.9	(4%)
High density[1]	17.6	21.6	(18%)
Total Residential Commencements	**101.4**	**86.8**	17%
Non-residential (A$B)[2]	22.7	24.6	(8%)
Alterations & Additions (A$B)[2]	5.5	4.8	14%
NZ consents (6 months - 000s)[3]	**21.7**	**18.4**	18%

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

As the majority of CSR's products are utilised at the end of the construction process, this usually results in product sales occurring on average two quarters after a residential housing commencement. Based on this measure, total detached residential commencements (on a two quarter lag basis for the 6 months to March 2021) were up 39% compared to the prior comparable period. The strong growth in commencements was supported by the Australian Government's HomeBuilder stimulus.

Over the past six months, a number of factors have created delays in the construction process including extended COVID lockdowns in some regions, a tightening labour supply market and supply chain constraints for broader industry materials. This is extending the timing of completions particularly for new detached projects. With many projects underway, the pipeline of activity is expected to be completed across the 2022 calendar year.

The high density market has continued to slow over the past few years, falling by approximately 45% from a peak in 2016. The non-residential market was down 8% (on a work done basis to 30 September 2021) with both social and commercial projects slowing due to the impact of COVID lockdowns. The alterations & additions market was up 14% supported by ongoing strength in renovation activity during the period. The New Zealand residential market remained reasonably strong during the period but was also impacted by COVID lockdowns and supply chain disruptions.

Building Products results - Strong cost control and operational efficiency lift earnings by 25%

A$m unless stated[1]	HY22	HY21	change
Revenue	821.1	797.1	3%
EBIT	120.6	96.3	25%
Funds employed[2]	854.5	903.5	(5%)
EBIT/revenue	14.7%	12.1%	
Return on funds employed[3]	23.7%	18.6%	

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

Trading revenue from Building Products was $821.1 million up 3% on the prior comparable period, with growth in volumes from the detached housing market partly offset by COVID disruptions and declines in the high density and commercial markets.

EBIT of $120.6 million was up 25%. EBIT margin of 14.7% was up from 12.1%, reflecting strong market conditions, improved operational leverage as well as strong cost control in a COVID constrained environment. The return on funds employed of 23.7% increased from 18.6%.

Building Products outlook for the financial year ending 31 March 2022

Building activity during the period grew in line with expectations going into the year. Declines in high density and commercial construction partly offset the strong detached market. It is expected that activity in the second half, which has fewer trading days than the first half, will reflect the traditional seasonality of the building industry. Completion times for projects continue to lengthen, reflecting supply chain congestion, cost pressures and labour constraints which are impacting the broader industry.

The diversified nature of Building Products across product, geography and end markets positions the business well for the second half and beyond. This is supported by continued focus on maximising market opportunity, executing strategy and maintaining cost and operational discipline while returning to more normalised levels of investment.

Building Products Business Performance

MASONRY & INSULATION

43%

- HY22 revenue $356m (3% above HY21)
- Increased volumes from strong detached market activity
- PGH and Bradford EBIT higher with increased volumes improving operational leverage

INTERIOR SYSTEMS

40%

- HY22 revenue $324m (6% above HY21)
- Gyprock – volume growth benefitting from strong position in detached housing across all markets in Australia
- Commercial fit-out volumes impacted by ongoing COVID shutdowns in Australia and NZ as well as lower office fit-out activity
- EBIT higher following operational improvement and cost management

CONSTRUCTION SYSTEMS

17%

- HY22 revenue $141m (3% below HY21)
- Cemintel volumes increasing following growth in residential housing
- Hebel and AFS volumes lower due to slowdown in high density segment
- EBIT higher with cost discipline and operational improvements offsetting volume declines

Property

Good progress on key development projects

A$m unless stated[1]	HY22	HY21	change
EBIT	**6.6**	1.7	288%
Funds employed[2]	153.0	174.2	(12%)

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

CSR's Property business continued to make good progress on key development projects. Property delivered EBIT of $6.6 million compared to $1.7 million in the prior comparable period when no significant transactions were completed. The result included the sale of a site at Moss Vale in the southern highlands of NSW.

Property is expected to generate EBIT of approximately $34 million in YEM22, which includes completion of the next tranche of Horsley Park and other smaller transactions at Chirnside Park, VIC and Thornton, QLD.

In July 2021, CSR announced the sale of the final 12.4 hectares of land at Horsley Park for total proceeds of $124 million. This sale is expected to generate Property EBIT of approximately $62 million and is anticipated to be recorded in the financial year ending 31 March 2025 (YEM25). CSR has now sold all available sites at Horsley Park generating proceeds of $408 million. The total of completed and contracted transactions, delivered over a six year period, is expected to generate EBIT in excess of $230 million from the 52 hectare site.

Completed and contracted transactions at Horsley Park

Tranche	Size	Proceeds	Project EBIT	Completion
Stage 1	10.1ha	$58m	$32m	Completed
Stage 2.1	11.7ha	$80m	$52m	Completed
Stage 2.2a	4ha	$28m	$18m	YEM22
Stage 2.2b	5ha	$34m	$22m	YEM23
Stage 3a	8.6ha	$84m	$48m	YEM24
Stage 3b/c	12.4ha	$124m	$62m	YEM25
Total	**52ha**	**$408m**	**$234m**	

CSR has also secured the sale of the 41 hectare site at Warner, QLD. This sale is expected to generate Property EBIT of approximately $30 million and is expected to be recorded in the financial year ending 31 March 2023 (YEM23).

Aluminium

EBIT higher reflecting improved A$ aluminium price

A$m unless stated[1]	HY22	HY21	change
Sales (tonnes)	**103,467**	**102,526**	1%
A$ realised price[2]	3,065	2,715	13%
Revenue	**317.2**	**278.4**	14%
EBIT	**18.3**	**6.2**	195%
Funds employed[3]	112.3	140.6	(20%)
EBIT/revenue	5.8%	2.2%	
Return on funds employed[4]	28.1%	29.1%	

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

The realised aluminium price in Australian dollars (including hedging and premiums) of A$3,065 was up 13% following the sharp increase in the A$ aluminium price.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 103,467 tonnes were up 1% from the prior comparable period due to the timing of shipments. Trading revenue of $317.2 million was up 14% due to higher LME aluminium prices and premiums.

The Australian dollar averaged 75 US cents an increase from 69 US cents in the prior comparable period, while the average MJP ingot premium for the period was US$166.75 per tonne, compared to US$80.50 per tonne (Platts Metals Week – Main Japanese Port ingot premium).

EBIT of $18.3 million was up from $6.2 million due to the higher A$ aluminium price. Alumina costs increased due to the linkage to the higher LME aluminium price, along with an increase in other input costs including coke. The overall cost of electricity declined due to a lower coal cost pass through.

GAF has secured contracts for 100% of alumina requirements through to the end of calendar year 2024, all of which are effectively linked to the US$ LME aluminium price.

GAF Aluminium Hedge Book position

Given Tomago's high energy cost (which is not correlated to LME aluminium prices), CSR's approach is to take advantage of profitable pricing by hedging when possible. A significant hedge book is in place through to March 2026.

As of 29 October 2021	Balance of YEM22	YEM23	YEM24	YEM25	YEM26
Average price A$ per tonne (excludes premiums)	A$2,826	A$2,971	A$2,960	A$3,053	$A3,192
A% of net aluminium exposure hedged	92%	90%	74%	57%	24%

YEM22 EBIT scenario

The remainder of YEM22 is 92% hedged enabling additional disclosure. The table below provides a YEM22 EBIT range based on various A$ per tonne aluminium spot prices. This assumes all cost areas are unchanged.

As of 29 October 2021	Aluminium average spot price A$/t for the balance of YEM22		
	A$3,000	A$3,300	A$3,700
YEM22 EBIT A$m	A$35m	A$38m	A$41m

Sustainability

In mid 2020, CSR announced its new strategy to ensure the business is resilient for future market changes which is backed by its purpose: **Building Solutions for a Better Future.**

Sustainability is a foundation pillar of this strategy which is encompassed by ensuring sustainability is at the forefront of our decisions and actions. CSR's sustainability strategy is focused on the following:

- Workplace health, safety and diversity – inspiring our people by creating a safe and diverse place to work and grow
- Climate change – managing the risks and opportunities of climate change
- Environment – reducing the impact of our operations on the environment
- Community – engaging and supporting our local communities
- Sustainable Procurement and Modern Slavery – create an efficient supply chain to enhance the experience of our customers

Further details on CSR's approach to sustainability over the past year will be included in the 2021 CSR Sustainability Report which will be published in December 2021.

Workplace health and safety

Workplace health and safety is our first and overriding priority for all of our people.

Throughout this year, we have operated within the COVID environment with the health and safety of our teams remaining our first priority. Following on from extensive planning completed in 2020, we continued to execute a number of business contingency plans, personal hygiene and social distancing measures at all sites in line with government and Safe Work Australia guidelines. CSR also launched upgraded support for mental health and wellness with a number of tools and resources as part of our Wellbeing@CSR and 24/7 access to support for employees and their families through the Employee Assistance Program.

Paid leave for COVID vaccinations for all employees

To support our employees and to keep our workplaces and teams safe, CSR encouraged all employees to get vaccinated and ensured employees could attend vaccination appointments during work hours without loss of pay.

Safety performance improving

CSR has progressed its safety agenda while ensuring we adapted to changing regulations and guidelines during the extended lockdowns that impacted some regions in 2021. The business is now well adapted to utilising new technology to ensure safety remains our top priority despite the loss of valuable face to face time at some sites.

In the second half of YEM21, we moved to a centralised Workplace Health, Safety and Environment (WHSE) team across all of CSR. This team, in partnership with the executive leadership team and operational leaders prepared a three year WHSE strategy to guide our path forward this year. Following this reorganisation, we have seen steady improvement in our performance over the past six months as measured by total recordable injury frequency rate (TRIFR) declining from 13.3 in April 2021 to 11.6 in September 2021 (per million work hours). We are very proud of the 116 sites who achieved zero recordable injuries in the 12 months to 30 September 2021.

Diversity

The diversity of CSR's employees remains fundamental to its success. As of 30 September 2021, 50% of CSR board members are female with 33% of the executive team and 34% of the direct reports to the executive team are women.

CSR has a number of initiatives in place to support gender diversity. Over the last two years, CSR has developed and launched the "Flex@CSR Framework" to promote a range of flexible work practices to support working families at CSR. Flexibility in return to office arrangements will continue to be reviewed following extended lockdowns in some regions.

Mitigating the impacts of climate change

As part of mitigating the impacts of climate change from our operations, in 2009 CSR set four intensity targets to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas (GHG) emissions, solid waste to landfill and potable water usage using 2009/10 as the base year. At the time, CSR was one of the first manufacturing companies in Australia to set specific environmental targets.

Over the next ten years, CSR has progressed its approach to climate risk and opportunities covering many of the key recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) framework. This includes the development of new sustainability targets to the year 2030 which were announced in June 2020. These targets include: 50% of electricity generated by renewable energy, a 20% reduction in energy consumption per tonne of saleable product and a 30% reduction in GHG emissions per tonne of saleable product.

Supporting sustainable cities and communities

When CSR announced its sustainability targets to 2030, one of the five UN Sustainable Development Goals it identified was Goal 11 – Sustainable Cities and Communities. We have developed a target to 2030 to have 5% of our indirect procurement spend to be spent with social enterprises to align with this goal. The indirect categories were chosen as they provide a wider scope for selecting suppliers than some of CSR's other suppliers such as raw materials.

CSR has now launched a program to track our social spending with existing suppliers. By working with our supplier network, we have identified key areas of social spending with disability enterprises and indigenous owned businesses.

Sustainable Procurement and Modern Slavery

CSR uses over 5,500 suppliers across a range of procurement categories. We have developed our overall procurement capabilities across CSR, while addressing supply chain sustainability risks including modern slavery.

CSR continues to build on work commenced in 2019 to integrate sustainability within CSR's procurement activities in line with ISO 20400 Sustainable Procurement Guidance and to ensure CSR has access to best practice in this area.

CSR's Modern Slavery statement for the year ended 31 March 2021 was published in September 2021. CSR has progressed a number of initiatives to assess and address modern slavery risks, including analysis of CSR's supply chains beyond Tier 1 suppliers and provided a modern slavery risk profile for suppliers up to Tier 10 which was mapped to country and industry ratings.

Deloitte.

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

4 November 2021

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 2021, 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

J L Gorton

J L Gorton
Partner
Chartered Accountants

HALF YEAR FINANCIAL REPORT

Statement of financial performance

For the half year ended 30 September

$million	Note	2021	2020
Trading revenue – sale of goods		**1,138.3**	1,075.5
Cost of sales		(783.3)	(770.5)
Gross profit		**355.0**	305.0
Other income[1]		9.4	12.1
Warehouse and distribution costs		(103.3)	(96.1)
Selling, administration and other operating costs		(134.3)	(129.2)
Share of net profit of joint venture entities	16	7.3	7.2
Other expenses[1]		(1.5)	(12.4)
Profit before finance costs and income tax		**132.6**	86.6
Interest income	5	0.3	1.0
Finance costs	5	(8.0)	(5.0)
Profit before income tax		**124.9**	82.6
Income tax benefit (expense)	6	35.3	(21.7)
Profit after tax		**160.2**	60.9
Profit after tax attributable to:			
Non-controlling interests		3.6	2.2
Shareholders of CSR Limited[2]		156.6	58.7
Profit after tax		**160.2**	60.9
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	4	32.3	12.1
Diluted (cents per share)	4	32.1	12.1

1 Other expenses includes an amount of $1.3 million relating to the change in accounting policy for Software-as-a-Service, refer note 1 of the financial statements. For the half year ended 30 September 2020 Other income and Other expense include significant items, refer note 3 of the financial statements.
2 Net profit before significant items attributable to shareholders of CSR Limited is $86.6 million (2020: $66.4 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	2021	2020
Profit after tax	160.2	60.9
Other comprehensive (expense) income, net of tax		
Items that may be reclassified to profit or loss		
Hedge (loss) profit recognised in equity	(285.6)	29.9
Hedge loss (profit) transferred to statement of financial performance	41.5	(10.4)
Exchange differences arising on translation of foreign operations	1.2	(3.1)
Income tax benefit (expense) relating to these items	73.2	(5.9)
Items that will not be reclassified to profit or loss		
Actuarial gain on superannuation defined benefit plans	–	8.3
Income tax expense relating to these items	–	(2.5)
Other comprehensive (expense) income – net of tax	(169.7)	16.3
Total comprehensive (expense) income	(9.5)	77.2
Total comprehensive (expense) income attributable to:		
Non-controlling interests	(51.7)	8.0
Shareholders of CSR Limited	42.2	69.2
Total comprehensive (expense) income	(9.5)	77.2

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 2021	As at 31 March 2021
Current assets			
Cash and cash equivalents		130.7	250.8
Receivables		223.0	224.2
Inventories		335.9	313.8
Property holdings		46.9	40.7
Other financial assets	15	58.4	63.0
Income tax receivable		13.7	0.4
Prepayments and other current assets		11.7	8.9
Total current assets		**820.3**	901.8
Non-current assets			
Receivables		18.1	23.4
Property holdings		112.4	102.6
Investments accounted for using the equity method		43.3	35.4
Other financial assets	15	68.5	57.7
Property, plant and equipment	8	674.6	693.7
Right-of-use lease assets	9	124.9	127.2
Goodwill	8	58.3	58.3
Other intangible assets	8	11.4	13.6
Deferred income tax assets		266.0	144.9
Other non-current assets		12.0	12.4
Total non-current assets		**1,389.5**	1,269.2
Total assets		**2,209.8**	2,171.0
Current liabilities			
Payables		278.9	256.7
Lease liabilities	9	29.9	30.2
Other financial liabilities	15	169.8	71.1
Tax payable		–	46.9
Provisions		123.4	131.6
Total current liabilities		**602.0**	536.5
Non-current liabilities			
Lease liabilities	9	137.4	141.1
Other financial liabilities	15	198.9	86.0
Provisions		242.6	252.7
Other non-current liabilities		2.7	2.7
Total non-current liabilities		**581.6**	482.5
Total liabilities		**1,183.6**	1,019.0
Net assets		**1,026.2**	1,152.0
Equity			
Issued capital	12	966.7	966.7
Reserves	14	(203.8)	(89.6)
Retained profits		281.3	241.2
Equity attributable to shareholders of CSR Limited		**1,044.2**	1,118.3
Non-controlling interests		(18.0)	33.7
Total equity		**1,026.2**	1,152.0

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

Statement of changes in equity

For the half year ended 30 September

$million	Note	Issued capital	Reserves	Retained profits	CSR Limited interest	Non-controlling interests	Total equity
Balance at 1 April 2021		966.7	(89.6)	241.2	1,118.3	33.7	1,152.0
Profit for the period		–	–	156.6	156.6	3.6	160.2
Total other comprehensive expense – net of tax		–	(114.4)	–	(114.4)	(55.3)	(169.7)
Dividends paid		–	–	(116.5)	(116.5)	–	(116.5)
Acquisition of treasury shares		–	(3.2)	–	(3.2)	–	(3.2)
Share-based payments – net of tax		–	3.4	–	3.4	–	3.4
Balance at 30 September 2021		966.7	(203.8)	281.3	**1,044.2**	(18.0)	**1,026.2**
Balance at 1 April 2020		966.7	(45.7)	144.0	1,065.0	60.5	1,125.5
Change in accounting policy[1]		–	–	(0.5)	(0.5)	–	(0.5)
Restated balance at 1 April 2020		966.7	(45.7)	143.5	1,064.5	60.5	1,125.0
Profit for the period		–	–	58.7	58.7	2.2	60.9
Total other comprehensive income – net of tax		–	4.7	5.8	10.5	5.8	16.3
Acquisition of treasury shares		–	(0.5)	–	(0.5)	–	(0.5)
Acquisition of non-controlling interest		–	(0.1)	–	(0.1)	–	(0.1)
Share-based payments – net of tax		–	(0.6)	–	(0.6)	–	(0.6)
Balance at 30 September 2020		966.7	(42.2)	208.0	1,132.5	68.5	1,201.0

1 Balances have been restated to reflect the Group's change in accounting policy for capitalised costs relating to Software-as-a-Service (SaaS) arrangements. Refer to note 1 for further details.

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	2021	2020
Cash flows from operating activities			
Receipts from customers		1,258.8	1,215.1
Payments to suppliers and employees		(1,117.5)	(1,053.0)
Dividends and distributions received		–	9.9
Interest received		0.3	0.7
Income tax paid		(72.1)	(51.0)
Net cash from operating activities		**69.5**	121.7
Cash flows from investing activities			
Proceeds from sale of property holdings and other assets		22.2	14.6
Purchase relating to property holdings		(23.8)	(18.0)
Purchase of property, plant and equipment and other assets		(12.8)	(35.1)
Purchase of businesses, net of cash acquired	7	–	(0.7)
Payments for financial assets[1]		(38.8)	–
Loans and receivables repaid		4.0	0.3
Net cash outflow from investing activities		**(49.2)**	(38.9)
Cash flows from financing activities			
Net repayment of borrowings		–	(320.0)
Dividends paid	13	(116.5)	–
Acquisition of shares by CSR employee share trust		(3.2)	(0.5)
Lease payments	9	(16.1)	(17.2)
Interest and other finance costs paid[2]		(5.2)	(6.7)
Net cash used in financing activities		**(141.0)**	(344.4)
Net decrease in cash held		(120.7)	(261.6)
Cash at the beginning of the financial year		250.8	414.8
Effects of exchange rate changes		0.6	(0.1)
Cash at the end of the period		**130.7**	153.1

1 Payments for financial assets include $37.8 million in collateral payments against unrealised losses on derivative instruments, under credit support and future account agreements.

2 In accordance with AASB 16 *Leases* the interest and other finance costs paid for the half year ended 30 September 2021 includes finance costs relating to leases of $3.6 million (2020: $4.2 million). Refer to notes 5 and 9 for further details.

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

Notes to the half year financial report

1 Basis of preparation

Basis of preparation: This half year report for CSR Limited and its controlled entities (CSR group) is prepared in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting*, the requirements of the *Corporations Act 2001*, other applicable accounting standards and interpretations, and complies with other requirements of the law and the Listing Rules of the Australian Securities Exchange Limited. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half year report does not include all the notes normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with the CSR Annual Report for the year ended 31 March 2021 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 2021. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities. The significant judgements made by management in applying the CSR group accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual financial statements as at and for the year ended 31 March 2021. In addition, following the recognition of carry forward capital tax losses in HY22, 'treatment of tax losses' has also been included as a significant judgement and critical accounting estimate, refer to note 6.

Use of 'HY22' and 'HY21' in this half year report refers to the half year ended 30 September 2021 and the half year ended 30 September 2020 respectively.

Impact of COVID-19 pandemic: The CSR group has managed, and continues to manage, the risks arising from the COVID-19 global pandemic, with any known impacts included in the half year report for the period ended 30 September 2021.

CSR's response includes a financial response plan that incorporates financial forecasts over the near term, which are regularly updated for any material changes in market conditions. In addition to a CSR group business continuity plan (BCP), all CSR businesses have tailored BCPs, which are specific to their business with operational responses implemented at varying levels of construction activity.

To mitigate the impacts of COVID-19, governments have provided businesses with financial assistance. CSR did not qualify for the Australian JobKeeper Payment scheme. During HY22 the CSR group qualified for the New Zealand Wage Subsidy and received an amount of NZ$0.1 million which was distributed to employees who were stood down due to the lockdown.

As of 30 September 2021, the CSR group had:

- net cash position of $130.7 million, calculated as cash and cash equivalents less borrowings, as disclosed in the statement of financial position;
- nil borrowings, with available undrawn borrowing facilities of $420.0 million, as disclosed in note 11;
- positive cash inflow from operating activities of $69.5 million, as disclosed in the statement of cash flows; and
- net current assets of $218.3 million, calculated as current assets of $820.3 million less current liabilities of $602.0 million, as disclosed in the statement of financial position.

On the basis of reviews of the financial forecasts and consideration of the financial position summarised above, as at the date these financial statements are authorised for issue, the directors of CSR Limited consider it is appropriate for the going concern basis to be adopted in the preparation of this 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 from 1 April 2021.

Accounting policy change: In April 2021, the IFRS Interpretations Committee published an agenda decision relating to the configuration and customisation costs for cloud computing arrangements (commonly known as Software-as-a-Service). As a result, the CSR group has adopted a change in accounting policy for capitalisation of intangible assets. Under the revised accounting policy, costs that would have been previously capitalised as intangible assets are treated as operating expenditure where the group cannot demonstrate the ability to control the relevant software.

In accordance with Australian Accounting Standards the change in accounting policy has been adopted retrospectively and prior comparative periods have been restated.

For the half year ending 30 September 2021, the change in accounting policy has resulted in a decrease in earnings before interest and tax of $1.3 million and decrease in net profit after tax of $0.9 million. These costs would have previously been capitalised as an intangible asset and amortised over the useful life of the intangible asset. This cost has also been recorded in 'other expenses' in the Statement of Financial Performance and within Building Products earnings before interest and tax.

The change in accounting policy has been retrospectively applied and impacted the prior year financial statements as follows:

- a decrease in intangible assets at 1 April 2020 of $0.2 million.
- a decrease in equity accounted investments at 1 April 2020 of $0.3 million.
- a decrease in retained earnings at 1 April 2020 of $0.5 million.
- the impact on the statement of financial performance for HY21 and deferred tax balances at 1 April 2020 was not material.

Where relevant, comparative information has been restated and changes have been footnoted throughout the financial statements.

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

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

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

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

Other:

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

Key financial performance and balance sheet items

2 Segment information

Operating and reportable segments

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

Each of the business units disclosed below has been determined as a reportable segment.

Building Products	The Building Products business unit comprises Interior Systems (Gyprock plasterboard, Martini, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Construction Systems (Hebel autoclaved aerated concrete products, AFS walling systems and Cemintel fibre cement), and Masonry and Insulation (Bradford insulation, Bradford energy solutions, Edmonds ventilation systems, Monier roofing, PGH Bricks and Pavers and New Zealand Brick Distributors joint venture).
Property	The Property business unit generates returns typically from the sale of former operating sites. In addition, this business is currently involved in a small number of large-scale developments in New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.
Aluminium	The Aluminium business unit relates to the CSR group's 70% interest in Gove Aluminium Finance Limited, which in turn holds a 36.05% interest in the Tomago aluminium smelter (i.e. an effective interest of 25.24%). Gove Aluminium Finance Limited sources alumina, has it toll manufactured by Tomago and then sells aluminium into predominantly the Asian market. Products from the aluminium business include aluminium ingot, billet and slab.

Accounting policies and inter-segment transactions

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

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

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

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

2 Segment information (continued)

For the half year ended 30 September $million	Trading revenue[1]		EBITDA before significant items[2]		Depreciation and amortisation		Earnings before interest, tax and significant items	
Business segment	2021	2020	2021	2020	2021	2020	2021	2020
Building Products	821.1	797.1	158.4	137.8	37.8	41.5	120.6	96.3
Property	–	–	6.6	1.7	–	–	6.6	1.7
Aluminium	317.2	278.4	24.2	12.1	5.9	5.9	18.3	6.2
Corporate[3]	–	–	(9.7)	(7.1)	1.3	1.3	(11.0)	(8.4)
Restructuring and provisions[4]	–	–	(1.9)	(1.4)	–	–	(1.9)	(1.4)
Total CSR group	**1,138.3**	1,075.5	**177.6**	143.1	**45.0**	48.7	**132.6**	94.4

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

For the half year ended 30 September $million	Note	2021	2020
Earnings before interest, tax and significant items		132.6	94.4
Net finance costs	5	(5.9)	(0.8)
Income tax expense		(36.5)	(25.0)
Profit after tax before significant items (before non-controlling interests)		**90.2**	**68.6**
Less: non-controlling interests		(3.6)	(2.2)
Profit after tax before significant items attributable to shareholders of CSR Limited		**86.6**	**66.4**
Significant items after tax attributable to shareholders of CSR Limited	3	70.0	(7.7)
Profit after tax attributable to shareholders of CSR Limited		**156.6**	**58.7**

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 30 September 2021	As at 31 March 2021	As at 30 September 2021	As at 30 September 2020
Building Products	854.5	843.8	23.7%	18.6%
Property	153.0	139.5	36.1%	1.4%
Aluminium	112.3	136.0	28.1%	29.1%
Corporate	(45.0)	(54.8)	–	–
Total CSR group	**1,074.8**	1,064.5	**24.8%**	17.0%

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, 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 2021 is calculated as net assets of $1,026.2 million (31 March 2021 $1,152.0 million), excluding the following assets: cash of $130.7 million (31 March 2021: $250.8 million), net tax assets of $279.7 million (31 March 2021: $98.4 million), net superannuation assets of $8.0 million (31 March 2021: $8.4 million) and interest receivable of $0.6 million (31 March 2021: $0.7 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of $221.4 million (31 March 2021: $231.0 million) and net financial liabilities of $246.2 million (31 March 2021: $39.8 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	2021	2020
Strategy implementation and re-organisation costs[1]		–	(11.8)
Lease adjustments for previously impaired leases[2]		–	4.0
Significant items before finance costs and income tax		–	(7.8)
Discount unwind and hedging relating to product liability provision	5	(1.8)	(3.2)
Recognition of capital tax losses[3]	6	71.2	–
Income tax benefit on significant items		0.6	3.3
Significant items after tax		**70.0**	(7.7)
Significant items attributable to non-controlling interests		–	–
Significant items attributable to shareholders of CSR Limited		**70.0**	(7.7)
Net profit attributable to shareholders of CSR Limited		156.6	58.7
Significant items attributable to shareholders of CSR Limited		(70.0)	7.7
Net profit before significant items attributable to shareholders of CSR Limited		**86.6**	66.4
Earnings per share attributable to shareholders of CSR Limited before significant items[4]			
Basic (cents per share)		17.9	13.7
Diluted (cents per share)		17.8	13.7

1 During the half year ended 30 September 2020, the CSR group incurred costs associated with strategy implementation including the re-organisation and streamlining of the operating model to drive efficiency of business performance.
2 During the half year ended 30 September 2020, the CSR group sub-let a leased site where the leased asset had previously been impaired through significant items. A receivable for the sub-lease income has been recorded during the period, resulting in a gain of $4.0m.
3 During the half year ended 30 September 2021, the CSR group recognised a deferred tax asset of $71.2 million in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of forecast property sales which are expected to generate capital gains, that will utilise these carry forward tax losses over the next five years.
4 The basis of calculation is consistent with the earnings per share disclosure in the statement of financial performance. Refer note 4.

Recognition and measurement

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

4 Earnings per share

For the half year ended 30 September	2021	2020
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	484.9	485.1
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	487.1	485.8
Profit after tax attributable to shareholders of CSR Limited ($million)	156.6	58.7
Basic EPS (cents per share)	32.3	12.1
Diluted EPS (cents per share)	32.1	12.1

1 Calculated by reducing the total weighted average number of shares on issue of 485.4 million (2020: 485.4 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 0.5 million (2020: 0.3 million).
2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 2.2 million (2020: 0.7 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	2021	2020
Interest expense and funding costs		1.6	2.5
Finance cost relating to leases	9	3.6	4.2
Discount unwind and hedging relating to product liability provision	3	1.8	3.2
Discount unwind of other non-current liabilities		0.4	0.4
Foreign exchange loss (gain)		0.6	(5.3)
Finance costs		**8.0**	5.0
Interest income		(0.3)	(1.0)
Net finance costs		**7.7**	4.0
Finance costs included in significant items	3	(1.8)	(3.2)
Net finance costs before significant items		**5.9**	0.8

6 Income tax

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

For the half year ended 30 September $million	2021	2020
Profit before income tax	124.9	82.6
Income tax expense calculated at 30%	(37.5)	(24.8)
Decrease (increase) in income tax expense due to:		
Recognition of capital tax losses	71.2	–
Share of net profit of joint venture entities and rebates on dividend income	2.1	2.1
(Non-deductible expenditure)/non-assessable income and other	(0.3)	1.0
Income tax adjustments relating to prior years	(0.2)	–
Total income tax benefit (expense)	**35.3**	(21.7)

Significant judgement and critical accounting estimate – treatment of tax losses

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

During the half year ended 30 September 2021, the CSR group recognised a deferred tax asset of $71.2 million in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of forecast property sales which are expected to generate capital gains, that will utilise these carry forward tax losses over the next five years.

The gross value of unused tax losses for which no deferred tax asset has been recognised are $38.0 million (31 March 2021: $36.5 million). Unused tax losses were predominately generated by a New Zealand subsidiary and it is not considered probable that the unrecognised tax losses will be utilised in the foreseeable future.

The gross value of unused capital losses for which no deferred tax asset has been recognised are $353.5 million (31 March 2021: $590.9 million). These unrecognised capital losses were predominately generated from the sale of the Viridian Glass business, and it is not considered probable that the unrecognised capital losses will be utilised in the foreseeable future.

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

7 Business combinations

There have been no acquisitions in the half year ended 30 September 2021.

During the year ended 31 March 2021, deferred consideration of $0.7 million was paid in relation to an acquisition that occurred during the year ended 31 March 2020.

8 Property, plant and equipment and intangible assets

$million	30 September 2021	31 March 2021
Property, plant and equipment – at net book value		
Land and buildings	273.2	288.0
Plant and equipment	401.4	405.7
Total property, plant and equipment	**674.6**	693.7
Goodwill and other intangible assets – at net book value		
Goodwill	58.3	58.3
Other intangible assets	11.4	13.6
Total goodwill and other intangible assets	**69.7**	71.9

Significant judgement and critical accounting estimate – carrying value assessment

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

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

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

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

The carrying amount of goodwill and trade names with indefinite lives forms part of the Building Products segment: $58.3 million and $1.6 million respectively (31 March 2021: $58.3 million and $1.6 million respectively).

In accordance with AASB 136 *Impairment of Assets*, at 30 September 2021 the CSR group assessed whether there was any indication that an asset may be impaired. Following a review of all cash generating units at 30 September 2021, no indicators of impairment have been identified, and the carrying amounts of the cash generating units are considered recoverable.

AFS cash generating unit

AFS is a business within the Building Products segment and provides permanent formwork walling solutions for the construction industry. At 30 September 2021, the carrying value of the AFS CGU was $70 million, which included goodwill and other intangibles of $38 million.

During the year ended 31 March 2021, the business experienced a shortfall in earnings when compared to internal forecasts, mainly due to reductions in market activity for the New South Wales apartment segment. In the period to 30 September 2021, an operational improvement plan was implemented, which has yielded positive results despite the impact of COVID-19 restrictions during the period.

Following a detailed review of the business performance for the six months to 30 September 2021, no indicators of impairment have been identified. As a result, the impairment assessment performed at 31 March 2021 remains appropriate and the carrying value of the assets are deemed recoverable.

Given that the impairment assessment is a critical accounting estimate, key assumptions and sensitivities in relation to the AFS CGU impairment assessment performed at 31 March 2021 are set out below:

- Cash flow forecasts: The cash flows were modelled over a five-year period with a terminal value used from year six onwards. The first five years represent financial plans forecast by management, based on the CSR group's view of the most recent outlook on building activity levels, with the terminal year representing long-term average activity levels. These estimates were informed by a review of a sample of external forecasts and assumed a recovery in market activity.
- Post-tax discount rate: The valuation was calculated using a post-tax annual discount rate of 9.0%.
- Terminal value: The terminal value annual growth rate assumed was 2.0%.

Based on the assessment performed at 31 March 2021, the recoverable amount of the AFS CGU was estimated to exceed its carrying amount at 31 March 2021 by $5 million. The impact of reasonable possible changes in key assumptions was also considered:

- A 10% reduction in the volumes throughout the period modelled would result in an impairment of $24 million.
- A 1% increase in the discount rate applied (from 9% to 10%) would result in an impairment of $8 million.
- A 1% decrease in the terminal annual growth rate (from 2% to 1%) would result in an impairment of $5 million.

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

Further details on the process for assessing the recoverability of assets is set out in the financial statements for the year ended 31 March 2021.

9 Leases

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

$million	30 September 2021	31 March 2021
Right-of-use assets		
Properties	111.2	116.5
Equipment	9.4	6.3
Vehicles	4.3	4.4
Total right-of-use assets	**124.9**	127.2
Lease liabilities		
Current	29.9	30.2
Non-current	137.4	141.1
Total lease liabilities	**167.3**	171.3

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

For the half year ended 30 September $million	2021	2020
Depreciation charge for right-of-use assets	14.2	15.4
Interest expense (included in finance cost)	3.6	4.2
Expense relating to short term and low value leases	6.6	5.9

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

For the half year ended 30 September $million	2021	2020
Lease payments	16.1	17.2
Interest	3.6	4.2
Total lease cash outflows included in ‘cash flows from financing activities’	**19.7**	21.4

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 2021, CSR had resolved approximately 5,200 claims in Australia and approximately 137,900 claims in the United States.

Basis of provision

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

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

CSR obtained independent expert advice as at 31 March 2021 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. The actuarial estimates have been reassessed by the company at the half year based on developments during the period.

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

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation (Australian liability 2.50% and US liability 2.0%); and
- the discount rate applied to future payments (Australian liability 2.25% and US liability 1.70%).

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

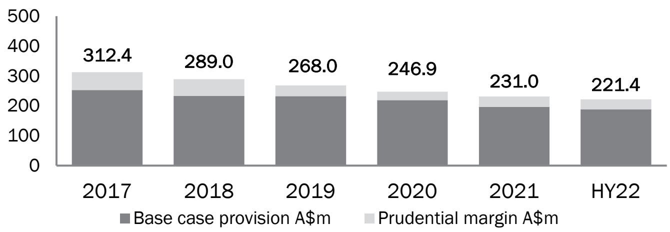
- assumptions used in the modelling are based on the various considerations referred to above;
- the future cost of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by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

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

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 30 September 2021 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 2021	As at 31 March 2021
Base case estimate	188.1	196.1
Prudential margin	33.3	34.9
Prudential margin %	*17.7%*	*17.8%*
Total product liability provision	221.4	231.0

Capital structure and risk management

11 Credit facilities

At 30 September 2021, the CSR group has a total of $420.0 million (31 March 2021: $420.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $154.0 million in financial year 2023, $191.0 million in financial year 2024 with the balance of $75.0 million in financial year 2025. As at 30 September 2021, $420.0 million of the standby facilities were undrawn (31 March 2021: $420.0 million undrawn).

12 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 31 March 2021	485,382,776	966.7
Shares bought back on market and cancelled	–	–
On issue 30 September 2021	**485,382,776**	**966.7**

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

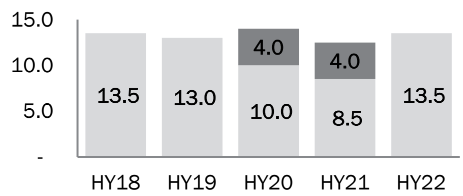
No shares were issued during the half year ended 30 September 2021 and the year ended 31 March 2021 under employee share plans, as shares in respect of the plans were acquired on market. During the half year ended 30 September 2021 and the year ended 31 March 2021, eligible shareholders were able to 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 2021 are $2.01 (2020: $2.18). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,044.2 million (2020: $1,132.5 million) less intangible assets of $69.7 million (2020: $72.7 million) divided by the number of issued ordinary shares of 485.4 million (2020: 485.4 million).

13 Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2020 Interim ordinary	10.0	50%	49.1	10 December 2019
2020 Interim special	4.0	50%	19.7	10 December 2019
2020 Final	–	–	–	–
2021 Interim ordinary	8.5	100%	41.3	8 December 2020
2021 Interim special	4.0	100%	19.4	8 December 2020
2021 Final ordinary	14.5	100%	70.4	2 July 2021
2021 Final special	9.5	100%	46.1	2 July 2021
2022 Interim ordinary[1]	13.5	100% [2]	65.5	10 December 2021

Interim dividend – cents per share



1 The interim dividend for the half year ended 30 September 2021 has not been recognised in this financial report because it was resolved to be paid after 30 September 2021.
2 Interim ordinary dividend of 13.5 cents per share, 100% franked at 30.0% corporate tax rate.

14 Reserves

$million	As at 30 September 2021	As at 31 March 2021
Hedge reserve	(148.1)	(32.5)
Foreign currency translation reserve	(4.1)	(5.3)
Employee share reserve	45.8	42.4
Share based payment trust reserve	(28.6)	(25.4)
Non-controlling interests reserve	(68.8)	(68.8)
Total reserves	**(203.8)**	(89.6)

15 Financial risk management

Fair value measurement of financial instruments

The table below provides an analysis of hedge accounted financial instruments that are measured subsequent to initial recognition of fair value. The CSR group only has Level 2 financial instruments in the fair value hierarchy.

	As at 30 September 2021			As at 31 March 2021		
$million	Current[1]	Non-current	Total	Current[1]	Non-current	Total
Financial assets at fair value						
Commodity swaps – aluminium	–	0.1	0.1	0.3	0.6	0.9
Commodity swaps – alumina/aluminium	–	12.7	12.7	–	–	–
Commodity swaps – oil	3.4	2.6	6.0	–	–	–
Commodity swaps – electricity	0.4	1.7	2.1	0.2	0.1	0.3
Commodity swaps – gas	0.4	–	0.4	0.1	–	0.1
Forward exchange rate contracts	27.6	12.8	40.4	46.3	46.7	93.0
Collateral with financial institutions[2]	26.5	34.3	60.8	16.1	6.9	23.0
Other	0.1	4.3	4.4	–	3.4	3.4
Total	**58.4**	**68.5**	**126.9**	**63.0**	**57.7**	**120.7**
Financial liabilities at fair value						
Commodity swaps – aluminium	155.6	173.1	328.7	59.6	69.7	129.3
Commodity swaps – alumina/aluminium	10.4	–	10.4	5.8	7.1	12.9
Commodity swaps – oil	–	–	–	0.6	2.7	3.3
Commodity swaps – electricity	1.2	0.5	1.7	3.5	5.6	9.1
Commodity swaps – gas	0.4	–	0.4	0.5	–	0.5
Forward exchange rate contracts	2.2	25.3	27.5	1.1	0.9	2.0
Total	**169.8**	**198.9**	**368.7**	**71.1**	**86.0**	**157.1**

1 Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.
2 Collateral against unrealised losses on derivative instruments, under credit support and futures account agreements.

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 2021 and no transfers in the financial year ended 31 March 2021.

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	2021	2020	2021	2020
Building products					
Rondo Building Services Pty Limited	Australia	50%	50%	7.0	6.8
New Zealand Brick Distributors	New Zealand	50%	50%	0.3	0.3
Other	Australia	50%	50%	–	0.1
Contribution to net profit				**7.3**	7.2

For the half year ended 30 September $million	2021	2020
Share of net profit of joint venture entities		
Profit before income tax	10.4	10.3
Income tax expense	(3.1)	(3.1)
Contribution to net profit	**7.3**	7.2

17 Subsequent events

With the exception of the items disclosed below, there has not arisen in the interval between 30 September 2021 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 2021, refer to note 13.

Sale of land at Warner

On 4 November 2021, the CSR group announced the sale of the 41 hectare site at Warner, Queensland. This sale is expected to generate earnings before interest and tax of approximately $30 million and is expected to be recorded in the financial year ending 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 $22.3 million as at 30 September 2021 (31 March 2021: $22.8 million).

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

In the directors' opinion:

a) the financial statements and notes, set out on pages 9 to 25 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 2021, 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
Chairman
4 November 2021

Julie Coates
Managing Director and CEO
4 November 2021

Deloitte.

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of CSR Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 September 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 9 to 26.

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

- Giving a true and fair view of the Group's financial position as at 30 September 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

JLGorton

DELOITTE TOUCHE TOHMATSU

J L Gorton
Partner
Chartered Accountants
Sydney, 4 November 2021