CSR LIMITED

ANNUAL REPORT 2019

CSR

CONTENTS

ABOUT CSR

Formed in 1855, CSR is one of Australia's oldest manufacturing companies. Today it is a leading building products company in Australia and New Zealand and is the name behind some of the market's most trusted and recognised brand names.

$2.3b
Revenue in YEM19

2,900+
CSR employees

165+
Manufacturing and distribution sites

18,000+
Customers across Australia and New Zealand

↓20%
Lost time injuries down 20% in YEM19

$158,369
Donated to CSR Community Support Program in YEM19

$3m
Allocated to energy saving reduction projects in YEM19

↓2.6%
Reduction in CO_2-e emissions in 2018

AGM DETAILS

CSR's Annual General Meeting (AGM) will be held at the Northside Conference Centre, corner Oxley Street and Pole Lane, Crows Nest NSW on Wednesday 26 June 2019.

PAGE **10** *CSR has a long relationship with the reality TV series The Block and its architect Julian Brenchley. The above photo is from the latest series which featured a group of apartments at The Gatwick in St Kilda near Melbourne.*

CSR Limited ABN 90 000 001 276

A FOCUS ON GROWTH AND INNOVATION

CSR's building products and services reach homes and buildings across Australia and New Zealand where people live, work and play. We are investing in new building systems designed and manufactured in Australia which help our customers reduce construction time and deliver better energy efficiency, comfort and design.

COVER AND PAGE **21** *Hebel's $75 million factory expansion showcases the best in class in automation and manufacturing expertise.*

PAGE **13** *Bradford and Monier are expanding their offering to enable customers to get more value out of their roof in terms of design and functionality while maximising energy efficiency.*

FINANCIAL OVERVIEW

Trading revenue of $2.3 billion was up 4% on the prior year following revenue growth in all businesses.

FIVE YEAR PERFORMANCE OVERVIEW Year ended 31 March ($ million unless stated)	Continuing operations[1]				
	2019	2018	2017	2016	2015
Operating results					
Trading revenue	**2,322.8**	2,237.7	2,468.3	2,298.8	2,023.4
Earnings before interest and tax (EBIT)					
Building Products[2]	**206.5**	214.1	202.8	167.6	119.7
Property	**38.8**	47.8	15.0	23.3	30.2
Aluminium	**36.6**	79.5	93.1	104.1	104.3
Viridian	**–**	–	7.0	8.1	3.1
Segment total	**281.9**	341.4	317.9	303.1	257.3
Corporate and restructuring and provisions[2, 3]	**(16.9)**	(21.1)	(19.9)	(26.3)	(21.9)
CSR EBIT	**265.0**	320.3	298.0	276.8	235.4
Net profit after tax (before significant items)	**181.7**	210.6	183.8	166.0	146.5
Net profit after tax (after significant items)	**78.0**	188.8	177.9	142.3	125.5
Financial position					
Shareholders' funds	**1,231.1**	1,274.1	1,206.5	1,317.2	1,206.0
Total assets	**1,991.1**	2,136.0	2,097.1	2,215.8	2,119.3
Net cash / (debt)	**50.0**	(14.3)	(11.4)	70.9	68.4
Key data per share					
Earnings before significant items (cents)	**36.1**	41.9	36.5	32.9	29.1
Earnings after significant items (cents)	**15.5**	37.5	35.3	28.2	24.9
Dividend (cents)	**26.0**	27.0	26.0	23.5	20.0
Payout ratio	**72.0**	64.4	71.2	71.4	68.7
Key measures					
Profit margin (EBIT/trading revenue) (%)	**11.4**	14.3	12.1	12.0	11.6
Return on funds employed (ROFE) (%)[4]	**21.8**	27.8	21.6	20.7	18.4
Employees (Number of people employed)[5]	**2,960**	4,282	4,193	3,578	3,134

1 From continuing operations for 2018 and 2019, which excludes the Viridian Glass business which was sold on 31 January 2019.
2 From 1 April 2016 there was a change in internal reporting which resulted in a transfer of operating expenditure from Corporate to Building Products.
3 Represents unallocated overhead and other revenues.
4 ROFE is calculated as EBIT before significant items for the 12 months to 31 March divided by average funds employed which excludes cash, tax balances and certain other non-trading assets and liabilities as at 31 March.
5 2019 excludes employees of Viridian Glass.

CSR Group EBIT from continuing operations of $265 million was down 17%. Good operational performance in Building Products and Property was offset by the expected decline in earnings from Aluminium following the significant step-up in energy costs.

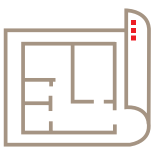
BUILDING PRODUCTS

EBIT of $206.5 million, down 4% included $14 million invested in innovation and new building systems to deliver long-term growth.

$206.5m
EBIT IN YEM19

PROPERTY

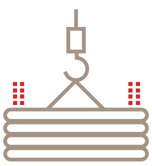
EBIT of $38.8 million, down from $47.8 million included settlements from Chirnside Park, VIC and Horsley Park, NSW.



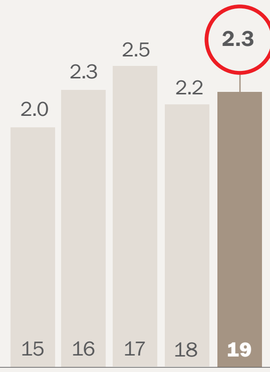
$38.8m
EBIT IN YEM19

ALUMINIUM

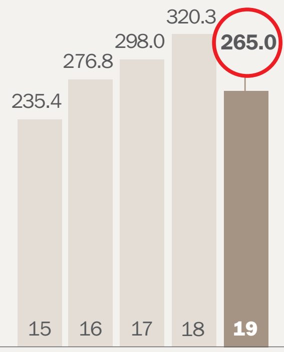
EBIT of $36.6 million, down from $79.5 million as the significant step-up in electricity costs was partly offset by the higher realised aluminium price.



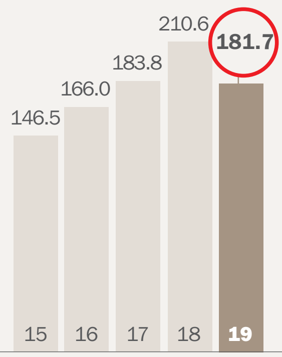
$36.6m
EBIT IN YEM19



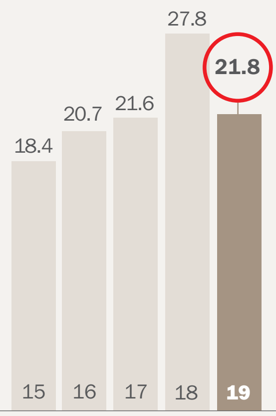
TRADING REVENUE[1]
Year ended 31 March ($ billion)



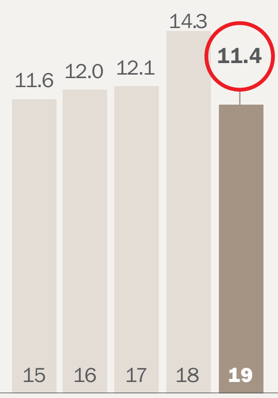
GROUP EBIT[1]
Year ended 31 March ($ million)



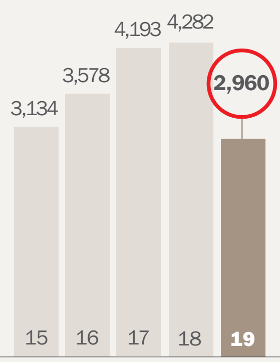
NET PROFIT AFTER TAX[1]
BEFORE SIGNIFICANT ITEMS
Year ended 31 March ($ million)



RETURN ON FUNDS EMPLOYED[1]
Year ended 31 March (%)



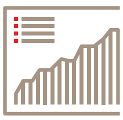
EBIT MARGIN[1]
Year ended 31 March (%)



EMPLOYEES[5]
Year ended 31 March

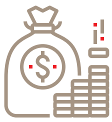
CHAIRMAN'S MESSAGE

Delivering a strong operational and financial position for CSR.



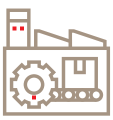
$131m

Total dividends to be paid for YEM19



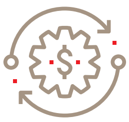
$100m

Share buyback launched in March 2019



$75m

Completed $75 million expansion of Hebel Somersby operation



$188m

Cash proceeds from previous transactions to be received in YEM20

The 12 months ended 31 March 2019 was a significant year in CSR's history as we approach our 165th year in Australia in 2020.

Our strategy over the last eight years has been to invest in our core Building Products and Property businesses and ensure we are more resilient to future changes in the construction cycle.

We have seen the results from this work in the past year with good operational performance in Building Products despite the residential construction market slowing during the last six months.

Property also delivered another strong result as we progress a number of projects which will provide a sustainable earnings stream over the next 10 years.

The completion of the $75 million new Hebel factory at Somersby, NSW was a pivotal step in this strategy. This is the most significant expansion project undertaken by CSR for many years. Hebel has seen significant growth across all key construction segments including detached and multi-residential housing and commercial and infrastructure projects. This new plant enables us to improve efficiency and increase production as the only manufacturer of autoclaved aerated concrete panels in Australia and New Zealand.

When planning for the new factory began over three years ago, we identified several areas where we could develop a world class facility which minimises raw materials and energy use, improves safety and leverages our product expertise.

The new factory delivers a number of sustainable outcomes which also reduces costs and improves efficiency – particularly with water and energy use.

Another key milestone this year was the completion in January 2019 of the $222 million sale of Viridian Glass. Viridian and its customers operate separately from CSR's other building products businesses and Viridian is exposed to high energy intensity and increasing import competition. This transaction enables Viridian to align its footprint and cost structure to operate more effectively as a standalone business.

$100 million share buyback to improve shareholder returns

CSR's strong operational cash flow will enable the company to undertake capital management and return surplus capital to our shareholders with the $100 million on-market share buyback launched in March 2019. We have also maintained our policy of paying dividends between 60-80% of full year net profit after tax (before significant items). We have resolved to pay a final dividend of 13.0 cents per share, franked at 50% which will bring the full year dividend to 26.0 cents per share. A total of $131 million in dividends will be paid to our shareholders this year.

The Viridian sale ensured that CSR ended the financial year in a very strong financial position with net cash of $50 million, in addition to $188 million in cash proceeds from previous transactions which will be received during the current financial year. Our strong financial position provides flexibility to invest in new building systems and ongoing Property projects which are expected to deliver increased returns over the next few years.

Operating results

For the year ended 31 March 2019, CSR's net profit after tax from continuing operations (before significant items) was $181.7 million and our statutory net profit was $78.0 million which included an after-tax loss of $60.9 million related to the Viridian Glass business.

Strong operating performance in Building Products and Property was offset by the expected decline in earnings from Aluminium due to the significant step-up in electricity related costs.

Managing director succession

In December 2018, CSR's Managing Director and CEO Rob Sindel indicated his intention to step down from his position within the coming 12 months. Rob has been an outstanding Managing Director at CSR. Under his leadership over the past eight years, the company's financial performance has improved dramatically, and he has set CSR up for success by building a more resilient business through diversification of our Building Products' earnings and the Property portfolio.

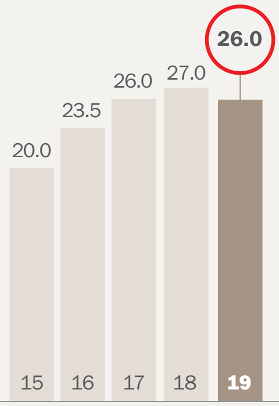
The search to appoint a successor to Rob is well progressed and is expected to be completed prior to CSR's Annual General Meeting to be held on 26 June 2019. Rob will be assisting with the transition process and is expected to step down from his role later this year.

On behalf of the board, we want to thank Rob for his service to CSR over the past 11 years. We wish him all the very best with his future endeavours.

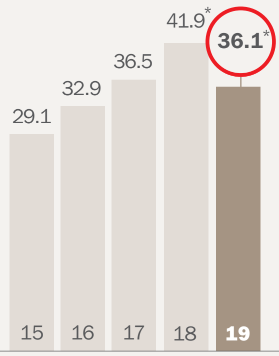
CSR is starting a new chapter in its long history and we are in a strong financial and operating position due to the commitment and dedication of the 3,000 CSR employees across Australia and New Zealand. A sincere thanks to all of them, and also to our shareholders for your continued support.

JOHN GILLAM, CHAIRMAN

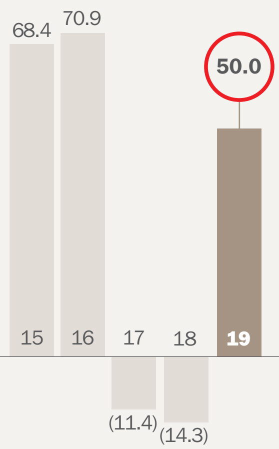
8 MAY 2019



CSR DIVIDENDS
Year ended 31 March (cents per share)



EARNINGS PER SHARE BEFORE SIGNIFICANT ITEMS
Year ended 31 March (cents per share)
* Continuing operations only



NET CASH/(DEBT)
Year ended 31 March ($ million)

MANAGING DIRECTOR'S REVIEW

Adapting to changing market conditions with operations that are safer, more efficient and have lower cost structures.

During the last few years, we have capitalised on the strength in the housing market and invested in our operations to ensure that our operational footprint adapts to changing market conditions.

As a result, our operations are now safer, more efficient and have lower cost structures.

We are also developing the next phase of growth initiatives and investing in our enlarged Property portfolio. Over 10% of our revenue is from products and services that did not exist within the CSR portfolio five years ago. This is continuing with $14 million invested in a number of growth initiatives including the development of the Inclose façade system. Inclose completed its first major project this year with the construction of a student accommodation facility at the Australian National University in Canberra.

Our investments in new building systems, digital services and ongoing Property projects are expected to deliver increased returns over the next few years.

Sustainability

We have also continued to improve the sustainability of our operations this year. Our sustainability goals are aligned to three key areas: the environment, our people and the community.

Environment – To date we have exceeded our 2020 targets for waste and emissions with further work underway to reduce water consumption and energy. In the last year, our work on reducing emissions and improving efficiency helped drive a 2.6% reduction in total CO_2-e emissions – despite high levels of production in line with strong demand from the construction market. As we approach 2020, we are developing new targets to 2030 with a focus on climate-related risks and opportunities.

People – Safety continues to be a top priority for our businesses. We have seen a significant improvement this year with a 20% reduction in the rate of lost time injuries. While we are pleased with our progress this year, we have more work to do to ensure no one is injured at CSR. Our focus in the year ahead is to continue to invest in our people and systems to develop an engaging and proactive approach to safety.

Community – We continue to partner with a number of organisations to maintain our social licence to operate through positive interactions with the community. This includes engagement with local communities located near our sites, in addition to our extensive involvement with mentoring local students where our employees donated 633 hours during the year.

Outlook

Regarding the outlook for the year ending 31 March 2020 (YEM20), CSR confirmed:

Building Products – Volumes in the first month of YEM20 remain consistent with the final quarter of YEM19. Mixed economic signals make it difficult to predict building activity levels for the year ahead. CSR is making changes to its operating footprint and overheads to mitigate the impact on earnings. Longer-term, demand for CSR's building products will be supported by housing activity driven by population growth, high employment and a stable environment for interest rates.

WE HAVE CONTINUED OUR INVESTMENT IN A NUMBER OF GROWTH INITIATIVES INCLUDING THE CSR CONNECT DIGITAL CUSTOMER PLATFORM.

Property – Whilst the quantum of earnings may fluctuate due to the timing of transactions, the ongoing development of a number of major projects will underpin Property earnings over the next 10 years.

Aluminium – Currently 71% of net aluminium exposure for YEM20 is hedged at an average price of A$2,718 per tonne (excluding ingot premiums) as of 30 April 2019.

Thank you and farewell

After nearly nine years as Managing Director and CEO now is the right time to hand over the leadership of the company.

CSR has had a long successful history and I am very proud to have led the company through what has been a period of growth in our core Building Products and Property businesses.

The success of the company over such a long period is a direct reflection of the dedication and hard work of our employees. It is the effort of our employees driven by the focus on helping our customers which has made my time at CSR so enjoyable and rewarding.

The trust in our values and the desire to always do the right thing has stood CSR in good stead and will continue to define our culture for many years to come.

I would especially like to thank all of our employees who have supported me during my tenure at CSR. My time at CSR has been an extremely rewarding period of my life and sincere thanks to the many friends and colleagues.

Thank you also to our Board and shareholders, you have been so supportive of both me and the company. CSR will continue to thrive driven by the collective goodwill of our people, our customers and our many stakeholders.

ROB SINDEL, MANAGING DIRECTOR

8 MAY 2019

CSR'S STRATEGY	STRATEGIC RATIONALE	HIGHLIGHTS
Strengthen and invest	▪ Investing in our people, systems and capabilities ▪ Optimise the business portfolio to deliver targeted returns of 15% ROFE through the cycle	▪ 20% improvement in safety LTIFR in YEM19 ▪ Launched Achieve@CSR performance management system and rolled-out across all employees ▪ Sale of Viridian Glass to focus on core building products businesses
Smarter, faster, easier	▪ Delivering solutions which make it faster and easier to build ▪ Investing in building systems that reduce construction complexity	▪ Doubled AFS Rediwall capacity at Minto, NSW ▪ Completed first major project with Inclose façade system at the ANU in Canberra
Changing the way we live and work	▪ Adapting to the way we live and work is changing with greater demand for higher density living, aged care, social infrastructure (e.g. schools and hospitals) ▪ Understanding the needs of people designing, constructing and occupying different types of buildings	▪ Completed the $75m new Hebel manufacturing site which is expanding share in all market segments ▪ Growth in new products including Cemintel commercial façades and Gyprock EC08 Complete acoustic and fire rated environmental plasterboard
Comfort and energy efficiency	▪ Improving the comfort, quality and energy performance of homes and buildings ▪ Setting the standards for the built environment	▪ Leading energy solutions provider to new build market ▪ Continued expansion of Bradford's suite of polyester insulation, solar, battery storage and ventilation products
Customer	▪ Improving the end-to-end supply chain for our customers ▪ Investments in digital services to improve internal fulfilment processes while enhancing and personalising the customers' journey	▪ Reached the four year milestone for the industry-leading digital CSR Connect platform which provides digital access and support for products, pricing, orders, delivery and invoicing ▪ Expanded customer survey which provides daily digital feedback across ordering, delivery and pick-up

BUILDING PRODUCTS

Building Products trading revenue of $1.7 billion, up 1% with higher pricing and improved product mix offsetting the moderate reduction in volumes in the second half of the year.

MARKET OVERVIEW

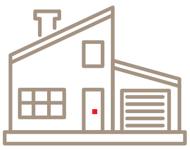
Total residential commencements on a one quarter lag basis for the 12 months to 31 March 2019 of 221,700 were up 2% compared to the previous 12 month period.

Detached housing on the east coast of Australia increased by 3%, while Western Australia was down 10%. The medium density market slowed during the period, down 3% while the high-rise segment increased following the commencement of a number of major projects in Victoria.

The non-residential market has strengthened with approvals, having reached over $50 billion, now driving work done activity in the commercial and social sectors. The alterations and additions market also improved, while the New Zealand market remained reasonably strong across all segments.

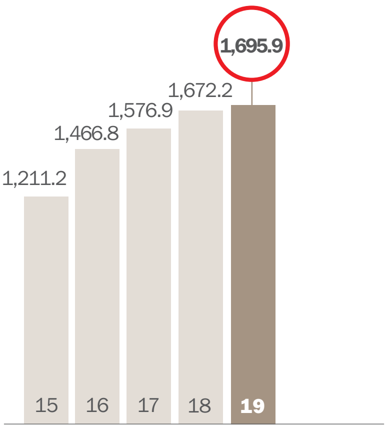
1%

Trading revenue up 1% with higher pricing and improved product mix

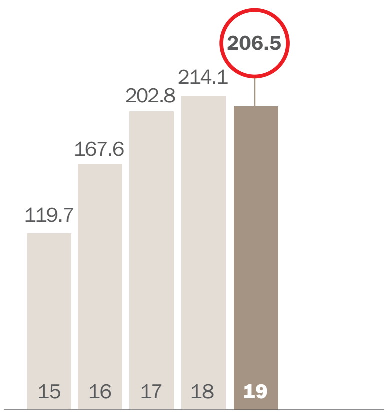


52%

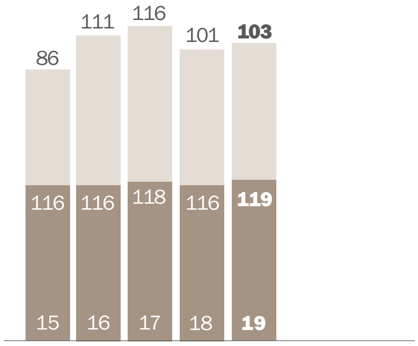
CSR exposure to detached housing market which has remained relatively stable over the last few years



BUILDING TRADING REVENUE
Year ended 31 March ($ million)



BUILDING PRODUCTS EBIT
Year ended 31 March ($ million)



BUILDING PRODUCTS HOUSING STARTS
Year ended 31 March ($ million)
Source: ABS, one quarter lag

Multi-residential Detached housing

BUILDING PRODUCTS PERFORMANCE

Trading revenue from Building Products was $1.7 billion, up 1%, with higher pricing and improved product mix offsetting the moderate reduction in volumes in the second half of the year.

EBIT was $206.5 million which included $14 million invested in CSR's digital customer platform, Inclose façade system and a number of other growth initiatives.

Inclose recently completed its first major student accommodation project at the Australian National University in Canberra, ACT with the next project underway at an inner Sydney High School re-development.

EBIT margin of 12.2% was down from 12.8% due to increased growth investments and changes in product mix including increased volumes of imported products partly offset by operational improvements.

WALLING FROM
BASEMENT TO PENTHOUSE

When Indigo Building Group was developing its Primrose35 project in Brisbane, it would not forgo quality for speed (or anything else) but it was also focused on efficiency so it chose AFS permanent formwork walling solutions.

With its two walling systems Logicwall and Rediwall, AFS delivered a complete solution for the project from the basement areas right through to the floors upstairs.

David Hunt, Director of Indigo Building Group noted "aside from their inherent quality, the Logicwall and Rediwall systems offer incomparable ease and speed of construction – Logicwall let us build a floor per day. Primrose35 was our third development using AFS walling solutions – we are already underway on our fourth."

JULIAN BRENCHLEY, LEAD ARCHITECT OF *THE BLOCK* WITH HIS OWN HOUSE HE DESIGNED

THE BLOCK ARCHITECT RENOVATES HIS OWN HOME

Australians' love affair with renovating and restoring older homes has skyrocketed since the reality TV series The Block began in 2003.

And if there's one man in Australia who knows how to breathe new life into older properties – it's the hit show's lead architect, Julian Brenchley.

For the past 14 years, Julian and his team have sourced the houses, designed the exteriors and dealt with all the planning permits for The Block – developing luxury real estate in hip suburbs of Sydney and Melbourne. So, when it came time for Julian to unleash his creative design force on renovating his own home, he knew exactly what he wanted to do and the best materials to use.

"When it came to the exterior design, it was important to use brick because it's a premium product that helps celebrate the older style of the house, but I wanted to contrast that with sleek, modern, fibre cement cladding."

He chose CSR products to help him perfect the look and feel.

"I've been using CSR products for years – on The Block and in other projects – and I've always found them great to work with," Julian says.

Julian used Cemintel's BareStone and Surround cladding for the upper level of the house.

To provide a contrast to the sleek cladding and complement the heritage and style of the house, Julian used PGH Bricks' Balmerino Blend, from the Dry Pressed Architectural range, on the front fence and ground floor of the new extension, and in smaller parts throughout the house.

According to Julian, material selection was not only central to achieving the look, but to also ensure the build and renovation process was seamless and efficient. "Choosing this particular type of cladding with this style of brick helped us to celebrate and merge both the old and new elements of the building perfectly.

"The products are great and the CSR team is also super to work with. Their technical team are exemplary – they offer so much knowledge and support," concludes Julian.

GYPROCK IN FASHION

Gyprock featured in the re-development of Queensland's largest leisure and fashion destination at Pacific Fair.

The overall goal of the Pacific Fair $670 million redevelopment was to seamlessly blend the existing centre's structure with the new design. The project was brought to life with an immense quantity of building materials, machinery and manpower, providing over 100 additional local construction jobs. Over 15,000 litres of paint (enough to fill 6.4 swimming pools), 168,000 tonnes of concrete and 40,000 sqm of Gyprock plasterboard was used in the build.

For the internal fit out of the new cinema and foyer area, Gyprock systems were used to meet the fire and acoustic performance requirements including Fyrchek. Fyrchek is a fire and acoustic grade board, with a specially processed glass fibre-reinforced gypsum core for use in fire rated wall and ceiling systems, and where improved acoustic performance is required.

Fit for purpose, Gyprock's 13mm standard plasterboard was specified throughout the food court and shopping areas. A great food court and shopping area means increased foot traffic, so it was important to ensure the desired outcome was achieved.

"This is a high performance, acoustic wall system that is cost effective, easy to construct and comprises lightweight building components."

Overall, the new centre offers a unique shopping experience that has attracted many new customers from across Australia and is a must-see attraction for international tourists to the Gold Coast area in Queensland.

THE REDEVELOPMENT OF PACIFIC FAIR SHOPPING CENTRE FEATURES GYPROCK

THE WINNING HOME USING HEBEL POWERPANEL^{XL}

IT'S A WRAP!

WINNING HOME DESIGN ACHIEVES THE IDEAL LOOK WITH HEBEL

When Australian House & Garden magazine held a nation-wide competition for a home that was "My Ideal House", Hebel PowerPanel^{XL} was a natural choice for the winning design.

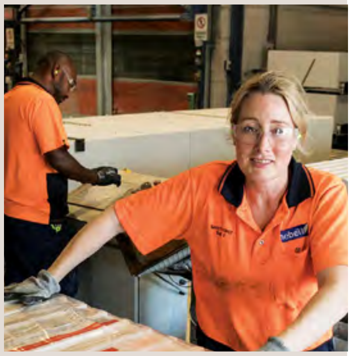
The winner was Sydney architect Madeleine Blanchfield, who used Hebel on both the upper and ground floors to create a home with what she describes as a "super high end" appearance while being easy and economical to build. Mirvac's New South Wales Operations Manager, Shane Hannah, said the use of Hebel PowerPanel^{XL} on the house had been "a massive advantage" in many ways.

"One of the most important things about Hebel is that it speeds up the building process," he said. "It's easy to use, and once it's installed on the outside, we can start internal works before the render is applied."

Once Hebel has been rendered, it's waterproof. This means there is no need to have drainage holes installed throughout the build. He added that the homeowner would benefit from the high thermal and acoustic performance of Hebel and it is also the best option in terms of speed of construction.

"Overall, we were very excited to achieve the look of a super high end house with products that are very quick and easy to use. It's a great outcome." said Shane.

BUILDING PRODUCTS' PERFORMANCE

LIGHTWEIGHT SYSTEMS		CONSTRUCTION SYSTEMS	
GYPROCK®	CEMINTEL®	afs smarter permanent formwork.™	hebel® The better way to build
			
BUSINESS OVERVIEW **GYPROCK** is Australia's leading manufacturer of gypsum based products including plasterboard, cornice and compounds.	**CEMINTEL** provides engineered fibre cement systems and internal lining products.	**AFS** is a leader in load bearing permanent formwork walling solutions to deliver faster, lower cost construction.	**HEBEL** is Australia's only manufacturer of autoclaved, aerated concrete (AAC) that is used in residential, commercial and infrastructure applications.
RESULTS Earnings were down following lower volumes due to the moderation in demand from multi-residential projects and weak markets in Western Australia, partly offset by improved pricing.	Earnings were higher following growth in fibre cement façade systems and prefinished panels. Improved operational performance including cost reduction and plant efficiency initiatives also contributed to the result.	AFS increased earnings with growth in Rediwall volumes as a result of increased market penetration and following the launch of a new product range.	Earnings were slightly ahead of the previous year with lower sales from the New South Wales apartment market offset by growth in detached housing.
HIGHLIGHTS ▪ Investing in the customer service experience including store upgrades across its 60 Gyprock Trade Centre locations. ▪ A number of new products and systems were launched during the year including perforated flexible plasterboard with acoustic performance and a boundary wall system for high density developments.	▪ Strong growth continues with the commercial façade products such as Barestone, Surround and Territory range which has featured in some landmark projects including construction of the Western Sydney Stadium.	▪ Added a further 25% to capacity at the Rediwall manufacturing facility at Minto, NSW and purchased a new development site in Victoria to support market growth. ▪ Increasing presence in the growing markets of aged care, townhouses and student accommodation.	▪ The $75 million new manufacturing site at Somersby, NSW opened in April 2019 and incorporates world leading AAC technology. ▪ It will double capacity at lower cost and deliver new product capabilities. ▪ Additionally it will include best practice environmental and waste management.

ENERGY AND ROOFING SOLUTIONS

Bradford

BRADFORD supplies a full range of thermal, acoustic and fire insulation and energy saving products for homes and commercial buildings.

Earnings increased following growth in Energy Solutions. While core glasswool insulation volumes were steady, this was offset by higher energy and raw material costs.

- Bradford Energy Solutions has expanded its alliances with a number of major builders to provide solar PV and battery storage as a standard inclusion in the new build market.
- Bradford expanded with a number of innovations including the SpacerX, a patented roof spacer system for concealed fixed roofs which improves speed of construction.

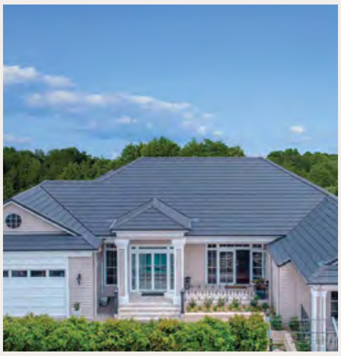
martini

MARTINI manufactures environmentally sustainable, high-quality thermal and acoustic polyester fibre products for a variety of industries.

Earnings were in line with the prior year with growth from the commercial market in both aesthetic decorative products and functional acoustic boards.

- Growth continues in the commercial sector with the business expanding into the Western Australian market following a bolt-on acquisition completed in February 2019.
- Recent projects include Google's new office in Pyrmont, NSW, the Hyatt Regency hotel in Sydney and the CSIRO building in the ACT.

MONIER ROOFING



MONIER is one of Australia's leading roofing experts, with over 100 years of manufacturing quality roofing products underpinned by its commitment to innovation.

Earnings were down due to higher installation costs and increased margin pressure in both Australia and New Zealand.

- Expansion of the solar roofing range continues including the new Inline Solar products which provide an integrated solar panel system into the roofline.
- Investment in the Elemental lightweight roofing range and Colour Lock technology continues.

BRICKS

PGH BRICKS & PAVERS

PGH is one of Australia's largest manufacturers, innovators and marketers of clay bricks, walling systems and façade solutions for homes and commercial applications.

Earnings were slightly down from the previous year following lower volumes from multi-residential and commercial segments while cost increases including energy were recovered in pricing. PGH is consolidating its operating network in New South Wales and Queensland to ensure its cost structure and footprint are aligned to changing market conditions.

- Investment in product development continues following the launch of PGH Styles – an inspiring, practical guide to choosing bricks and external materials.
- Growth of Corium and InBrick cladding systems continues.
- Corium enables the natural look of brick to be used in mid to high-rise buildings while InBrick brings brick to pre-cast concrete panels.

PROPERTY

Property transactions continue to deliver significant earnings for CSR while we have a pipeline of development projects over the next ten years.

PROPERTY OVERVIEW

Property EBIT of $38.8 million

CSR's Property division recorded EBIT of $38.8 million which included the first parcel of surplus land at Horsley Park, NSW. The sale of the 10-hectare industrial site generated EBIT of $32 million with cash settlement to occur in the second half of YEM20. Site rehabilitation continues on the remaining 20-hectares of surplus land at Horsley Park.

The result also includes earnings from Chirnside Park, VIC. The Chirnside Park development is nearing completion. As of 31 March 2019, this project has delivered $44 million in EBIT.

$38.8m

CSR Property delivered $38.8m in EBIT in YEM19

165+

CSR Property manages over 165 owned and leased manufacturing and distribution sites across Australia and New Zealand

SCHOFIELDS PROJECT TO INCLUDE 1,250+ FUTURE HOMES

Zoning nearing completion for major residential project at Schofields

The PGH factory at Schofields, NSW is located on a 70-hectare site in a rapidly growing residential area in northwest Sydney.

CSR Property has teamed up with PGH Bricks to re-develop this site as a future residential estate for 1,250+ homes. Schofields is an infill location with great access to transport infrastructure including the new Sydney Metro Northwest due for completion in 2019.

Work first began in 2012 to rehabilitate the quarry at the site and begin the re-zoning process to transform the manufacturing site and surplus lands to a future residential development.

The rezoning process is due for completion in calendar 2019 with Stage 1 (approximately 400 lots) to begin development in YEM21.

HORSLEY PARK, NSW

CURRENT PROJECTS UNDERWAY

CHIRNSIDE PARK, VIC

- Project has delivered $44 million in EBIT as of 31 March 2019
- Marketing and construction continuing on the townhouses and duplexes in Stage 6 during YEM20 and YEM21

SCHOFIELDS, NSW

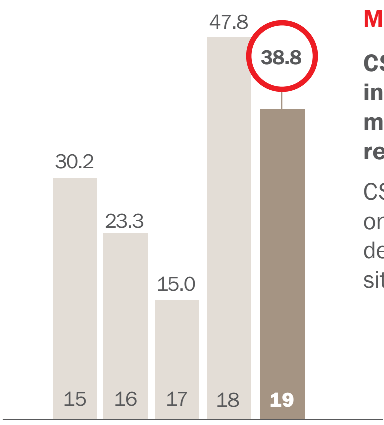
- 70ha – future residential
- Approximately 1,250+ lots
- Quarry rehabilitation underway
- Rezoning due for completion in mid-2019

HORSLEY PARK, NSW

- 30ha – surplus industrial land
- Stage 1 – 10ha sold in YEM19 for EBIT of $32 million
- Stage 2 – 20ha site development progressing

BRENDALE, QLD

- Marketing and construction continues of ~30ha industrial development



PROPERTY EBIT
Year ended 31 March ($ million)

MAXIMISING VALUE

CSR is accelerating investment in key Property sites as the market for industrial and residential sites remains strong.

CSR's Property division focuses on maximising financial returns by developing former manufacturing sites and industrial land for sale.

CSR has an inhouse Property team which covers a wide range of activities including:

- Maximising value of operational footprint
- Generating returns through various stages of the development cycle
- Providing an opportunistic approach to the stage development process
- Managing numerous projects through rehabilitation, zoning and planning consent

ALUMINIUM

Higher pricing offset by increased electricity costs.

ALUMINIUM OVERVIEW

Realised aluminium price up 11%

The realised aluminium price in Australian dollars (including hedging and premiums) was up 11% to A$2,939 per tonne.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 213,280 tonnes were slightly up from 212,801 in the previous year. Trading revenue of $626.9 million was up 11%, reflecting the 11% improvement in the realised aluminium price.

US dollar aluminium prices traded in a wide range during the year with the average cash price per tonne of US$2,035 down slightly from US$2,045 in the prior year.

The Australian dollar averaged 72.95 US cents during the year compared to 77.36 US cents in the prior year, while the average ingot premium for the year was US$112 per tonne slightly ahead of US$111 per tonne in the previous year (Platts Metals Week – Main Japanese Port ingot premium).

EBIT lower due to higher electricity costs

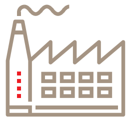
EBIT of $36.6 million was down 54% largely due to the new electricity supply contract which took effect from November 2017. This increased total electricity-related costs by $61 million compared to the prior year.

Production costs also increased due to higher raw material costs, up $22 million, including coke and pitch. This was partially offset by operational improvements at Tomago.

Alumina costs were also higher during the year due to the weaker Australian dollar. GAF's current alumina contract which is linked to the US$ aluminium price expires in December 2019.

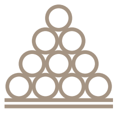
Secured new alumina contract

A new two-year contract is now in place for 50% of alumina volumes which is also linked to the US$ aluminium price. A contract for the balance of GAF's requirements is expected to be finalised within the first half of YEM20.



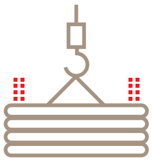
25.2%

CSR holds an effective 25.2% interest in the Tomago aluminium smelter located near Newcastle, NSW



11%

Increase in realised aluminium prices in YEM19



~600,000 tonnes

Tomago aluminium production each year – some 25% of Australia's primary aluminium production

MAJOR MILESTONE FOR TOMAGO WITH INGOT CHAIN AUTOMATION

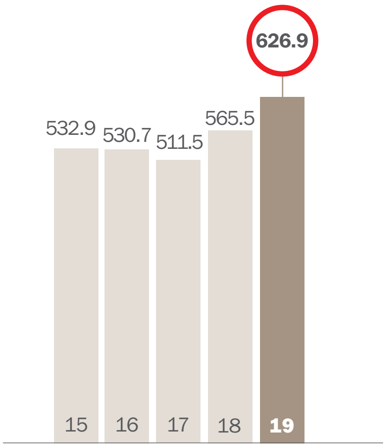
In 2018, Tomago celebrated the culmination of months of engineering and design work with the completion of their automated ingot-casting project.

The project is a major milestone for Tomago, combining existing automatic features with new automated dams, increased launder depth, remote monitoring and remote operation. It also represents a step change in operator safety and casting machine predictability.

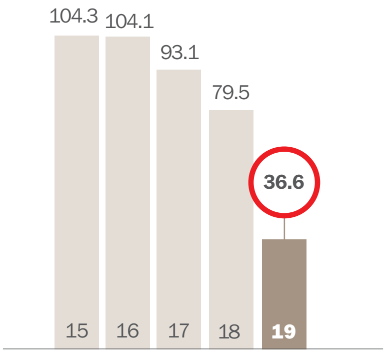
Cast Products Production Scheduler, Craig Rainbird said,

“This project has immediately brought our castings systems into the future at Tomago. It drastically reduces interaction between operators and molten metal, by having all four casting units run from a central control room rather than local control panels, and eliminates the need for operators to be near the pouring area during cast start”.

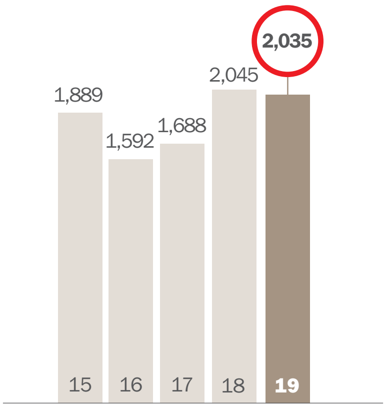
The central control room facilitates four ingot chains being run at once by three operators, minimising exposure to molten metal and manual tasks, while increasing the operator’s ability to monitor the entire process, from hot metal delivery to removal of the finished product.



ALUMINIUM TRADING REVENUE
Year ended 31 March ($ million)



ALUMINIUM EBIT
Year ended 31 March ($ million)



AVERAGE LME US$ ALUMINIUM CASH PRICE
Year ended 31 March (US$ per tonne)

INVESTING IN A SUSTAINABLE FUTURE

CSR remains committed to sustainable practices by contributing to a positive impact on the environment while also improving the energy efficiency, comfort and performance of homes and buildings.

SUSTAINABILITY SUMMARY

During the year, CSR continued to improve the sustainability of our operations across three key areas: the environment, our people and the community.

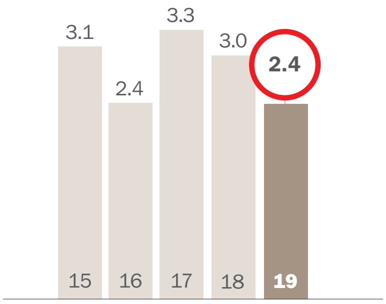
Innovation is a key driver to improve our performance across all of these areas and has led to more investment in new technologies and process improvements to reduce energy and emissions intensity.

This year we are reviewing our sustainability targets post 2020 which follows on from our four intensity targets set by CSR in 2010. These targets set a 2020 goal of a 20% reduction per tonne of saleable product in energy, greenhouse gas emissions, solid waste and potable water usage using 2009/10 as the base year. To date, we have exceeded our 2020 targets for waste and CO_2-e with further work underway to reduce water consumption and energy use in the year ahead.

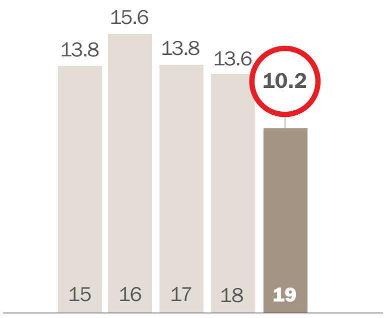
This will help frame our new targets to 2030. This process includes consultation with stakeholders to identify key target areas for CSR and is being undertaken with reference to two key frameworks: Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (SDG).

CSR is committed to sustainable practices by contributing to a positive impact on the environment while also improving the energy efficiency, comfort and performance of homes and buildings.

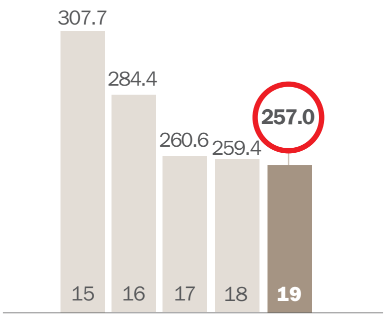
Full details of CSR's sustainability agenda and data are included in CSR's Sustainability Report which is available on CSR's website at www.csr.com.au.



LOST TIME INJURY FREQUENCY RATE
Year ended 31 March
(per million work hours)



TOTAL RECORDABLE INJURY FREQUENCY RATE
Year ended 31 March
(per million work hours)



TOTAL SCOPE CO_2-e
Year ended 30 June
(Kg/tonne of product)

OUR PEOPLE

CSR recognises that a sustainable workplace is one that provides a safe, rewarding and diverse environment for our employees.

- Wellbeing, health and safety – The wellbeing, health and safety of CSR's employees, contractors and visitors is a core value and good management of safety is an absolute business imperative. We are investing in our people and systems to develop an engaging and proactive approach to safety.
- Diversity – CSR believes that a diverse workforce improves business decision making, leading to better organisational relationships and ultimately better solutions for our customers.
- Investing in our people – This investment enables us to deliver great customer experiences now and into the future and enhances the experience of our employees and helps them achieve their best.
- Culture – Our goal is to build an achievement orientated high performance culture at CSR.

20%
Improvement in safety LTIFR in YEM19

33%
of CSR's directors are women

25%
Improvement in safety TRIFR in YEM19

21%
CSR's female participation in the business improved to 21% from 18%.

OUR ENVIRONMENT

CSR is committed to minimising the impact on the environment with specific targets to reduce emissions and raw material use.

- Investments in energy saving initiatives across our sites contributed to a 2.6% decrease in CO_2-e emissions.
- Major projects included the $2 million solar farm at PGH Bricks in Golden Grove, South Australia which is forecast to provide around 25% of the site's electricity requirements. The solar plant includes 3,088 solar panels and 31 inverters which feed electricity into the factory.
- This year we are reviewing our sustainability targets post 2020 and developing new targets to 2030 with a focus on climate-related risks and opportunities.

↓ 2.6%
Decrease in CO_2-e emissions in 2018

↓ 16.5%
Decrease in total scope CO_2-e per tonne of saleable product over the last five years

2020 target
Exceeded 2020 target to minimise waste production and CO_2-e emissions per tonne of saleable product

↓ 0.1%
Reduction in waste sent to landfill in 2018. A 14% improvement over the last five years

OUR COMMUNITY

One of our key sustainability pillars is based on proactively maintaining our social licence to operate through greater interaction and positive impacts on the community.

- We continue to partner with a number of organisations in line with our commitment to operate in a sustainable manner and to gain the confidence of the communities in which we operate.
- Community relations site planning is underway at key sites to ensure we engage with the local communities and neighbours affected by our operations.
- Teams across CSR have supported a number of charities to build new facilities with product donations as well as technical support and installation expertise.

$158,369
Donated to CSR Community Support Program in YEM19

6 years
CSR volunteers donated their time for Business Clean Up Day at sites across Australia

633 hours
CSR volunteered with ABCN Student Mentor program in 2018

519 students
Mentored by CSR employees in 2018

INNOVATION AT CSR

CSR is developing building systems and customer platforms to make it faster and easier to build. We are helping our customers reduce construction time, access the information they need and deliver better energy efficiency, comfort and design.

Innovation at CSR is building on CSR's core values through a number of initiatives that support the building and construction industry:

- Development of enhanced services and new products for our core brands
- Utilising new technologies in both material science and digital services
- Building organic growth ideas using lean start-up and growth hacking methodologies
- Internal incubation of new business streams
- Expanding our business portfolio into adjacencies
- Using a variety of investment models matched to business maturity and risk

Our initiatives are aligned into three themes: **Customer, Digital and Collaboration**.

Customer and Digital

We are focused on increasing our understanding of the needs of our customers, by developing and implementing strategies based on our findings and improving accessibility to key information.

- We receive daily digital feedback from CSR customers regarding their experiences across three key areas of ordering, delivery and pick-up of CSR products allowing our teams to recognise what we do well and implement improvement programs on feedback trends.
- Our industry-leading digital CSR Connect platform enables customers to use their phones, tablets and PCs to access and receive support on all key customer information for products, pricing, orders, delivery and invoicing.
- Key customer experiences are being digitised and automated to improve internal process efficiencies while enhancing and personalising the user experience.
- CSR customer journey mapping continues to set the direction for our marketing and sales approach that caters for changing customer needs.
- Business analytics supports the business to make improved decisions, from insights gathered on customer and market related analysis and utilising leading digital tools and systems.

Collaboration

We continue to create opportunities for collaboration across CSR with the mandate to develop and implement CSR wide initiatives.

In addition, we are continuing with an ongoing structured lean start-up program, ensuring new business models and ideas are investigated to seek both business growth opportunities and continue to upskill employees on innovation methodology and new team environments.

With over 110 participants business wide, our lean start-up program is highly valued by our people for the exposure to new thinking, experiences and personal development.

HEBEL'S NEW EXPANSION SHOWCASES BEST IN CLASS

Hebel's new $75 million manufacturing facility in Somersby, NSW was completed in April 2019 and is one of CSR's most significant expansion projects completed for several years.

This landmark project provides new capacity to meet the growing demand from the Australian and New Zealand construction market for Hebel's innovative and quality autoclaved aerated concrete (AAC) products. This new facility is utilising the best technology from around the world combined with decades of local manufacturing expertise. The plant showcases the best practices in automation and environmental and waste management.

Throughout the design process, Hebel liaised with a number of stakeholders including the NSW Central Coast Council and the NSW Office of Environment and Heritage which included consultation with neighbouring properties.

The design and construction of the plant is focused on a number of key themes:

Safety

- Increased automation across the factory including fabrication and packaging areas to reduce manual handling

Energy

- Utilising a 10MW unmanned boiler system to maximise steam production
- Connectivity between autoclaves enables up to 30% of steam to be transferred between autoclaves with remaining steam reused back in the boiler system
- Production processes can be timed to minimise operation during peak electricity load periods

Water

- Aiming to have zero water waste from the plant by utilising a number of water sources including storm water captured on site
- Water and steam reuse is maximised in the production process

Local sourcing

- Collaboration with local manufacturers for major equipment including the autoclaves and raw material storage silos to ensure quality and longevity

Raw material storage and production

- Underground storage of raw materials to minimise manual handling and dust emissions

Waste

- Dust captured and recycled back into the manufacturing process

CSR product expertise

A number of CSR products were utilised in the construction including:

- AFS Rediwall incorporated in below ground raw material storage bays
- Bradford glasswool used for 200mm industrial grade insulation for autoclaves
- Hebel external panels with new designs and coatings

CSR INNOVATION DELIVERING NEW FAÇADE SYSTEMS

In response to demand for improved façade systems in Australia and the need for more efficient, high performance construction solutions, Inclose launched in 2016 as Australia's only dedicated panelised rainscreeen façade manufacturer.

Inclose provides complete façade systems, suitable for commercial or multi-residential projects, designed and pre-fabricated offsite at our factory in Port Kembla, NSW. The system has a number of sustainability benefits including minimising construction waste and improving productivity on site.

In 2018, Inclose completed a major student accommodation project at ANU in Canberra, ACT. The project included 6,500m^2 of façade, using a brick slip cladding and factory installed windows in two buildings being constructed using cross laminated timber. Work is now underway on a new high school being built in inner Sydney.

OUR PEOPLE

People are key to our success at CSR and we recognise that a sustainable workplace is one that is safe, rewarding and diverse for our employees.

PROACTIVE SAFETY

Our safety strategy focuses on both the leadership and behavioural dimensions of safety as well as the physical risks in our operations.

We promote an engaging and proactive approach to safety including the use of lead indicators that cover both behavioural and inherent safety risks. Importantly CSR management is held accountable for safety performance and driving engagement, compliance and improvement initiatives. We promote and support our employees to also take personal ownership for their safety and that of their workmates.

HEALTHY BODY AND MIND

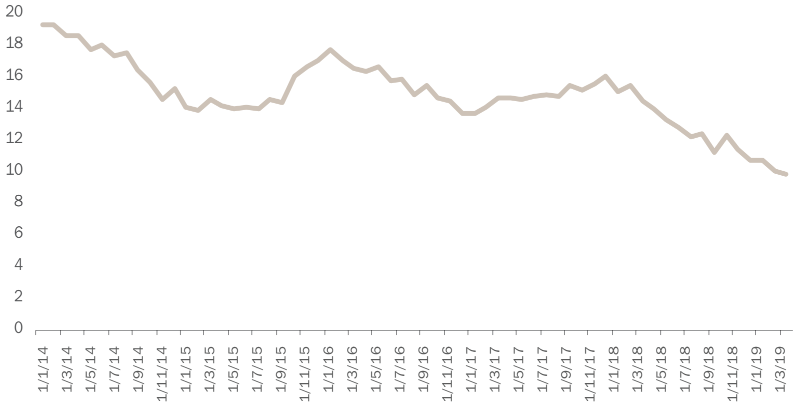
CSR has developed a number of initiatives to improve overall health and wellbeing while at work.

These include programs promoting fitness and exercise, health checks and mental health support.

Mental health, psychological injuries and aggravators continue to be a growing community and workplace challenge. Research indicates that one in four people are affected by mental health concerns.

For CSR, the feedback to date is that the most common form of psychological injury is the result of anxiety or stress. There are a number of resources in CSR for employees to help manage these issues with further work underway to increase awareness and assist in identifying where help may be needed.

TOTAL RECORDABLE INJURY FREQUENCY RATE
(per million work hours)



TRAINING AND DEVELOPMENT

Over the past eight years we have developed a suite of leadership training programs designed to provide our leaders with the knowledge, skills and networks to enable them to perform at their best. These programs have become a well-regarded part of our employee value proposition.

A major training and performance initiative this year was the launch of Achieve@CSR. Achieve@CSR is a contemporary performance management framework that has been co-designed with our employees and was rolled-out across 2,000 employees during YEM19.

A key part of the program is a new assessment matrix which is linked to pay decisions. The training program also focuses on generating performance insights using real time feedback through the Achieve @CSR app to drive motivation and improvement.

Achieve@CSR represents a significant investment in our people and is designed to build an achievement orientated, high performance culture at CSR. The scale of the roll-out of this program contributed to the doubling of training hours completed this year.

A DIVERSE ENVIRONMENT

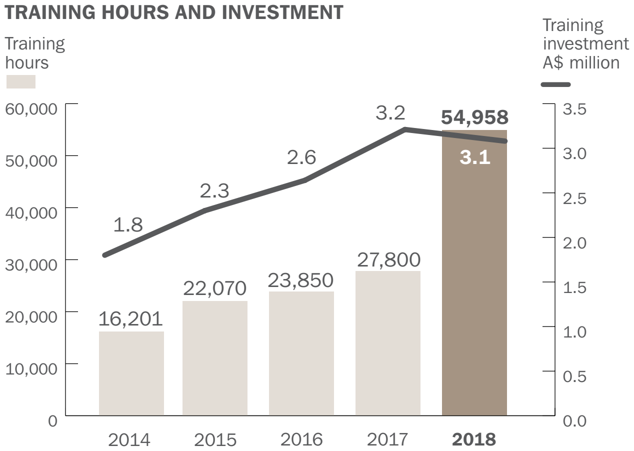
The communities and customers we serve are diverse and our workforce is changing as well.

CSR believes that a diverse workforce improves business decision making, leading to better organisational relationships and ultimately better solutions for our customers. Diversity also assists in improving the financial results at CSR.

YEM19 DIVERSITY ACHIEVEMENTS

Leadership and culture	Career Management	Recruitment and retention
▪ Completed 2,500 on-line training modules focusing on Fairness, Respect and Diversity ▪ Achieved gender pay equity through established bi-annual processes and detailed pay reporting by job grade ▪ Diversity reporting within the organisation was maintained to drive more informed recruitment decisions ▪ The CEO led diversity council meetings throughout the year to implement and review diversity initiatives ▪ Diversity initiatives were promoted, shared and leveraged throughout the organisation through targeted communication	▪ Rolled out Achieve@CSR, our new performance management system, including specific training and support tools for development and career conversations ▪ Developed a range of Experience Maps to help employees plan their careers ▪ Developed Flex@CSR framework to promote a range of flexible work and remuneration practices ▪ Launched Parental Assist Team to help support women through their parental leave and return to work program ▪ Insights from the female talent review were leveraged to further support female talent within the business units ▪ Promoted and sponsored the Women in Industry Awards with 10 finalists nominated and two category winners from CSR	▪ Female applications and appointments both improved during YEM19 ▪ Voluntary turnover of women reduced by 5% during YEM19

TRAINING HOURS AND INVESTMENT



$3.1m

Invested in training in YEM19

54,958

Hours of training completed in YEM19

OUR ENVIRONMENT

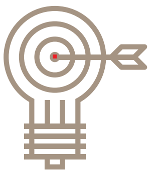
CSR is committed to contributing to an overall positive impact on the environment and reducing reliance on non-renewable resources.

OUR ENVIRONMENTAL COMMITMENT

CSR has an active program to reduce its impact on the environment which is overseen by the Board and the Workplace Health, Safety & Environment Committee.

Each business in CSR has a plan which commits site management to:

- Comply with government environmental regulations
- Identify and address key environmental risks
- Improve environmental awareness of employees and contractors
- Reduce greenhouse gas emissions and use of resources
- Continued focus on improving the energy efficiency of our operations.



2020 target

Exceeded 2020 target to minimise waste production and CO_2-e emissions per tonne of saleable product

CREATING 30 MILLION SUSTAINABLE BRICKS FROM WASTE

PGH Bricks to recycle clay waste from Melbourne's Parkville tunnel project to create 30 million sustainable bricks.

PGH Bricks is demonstrating its commitment to environmentally sustainable manufacturing by utilising clay waste from Melbourne's Parkville tunnel project. The raw material will be converted into new bricks, made predominantly for residential construction, at the business's Thomastown facility located in Victoria.

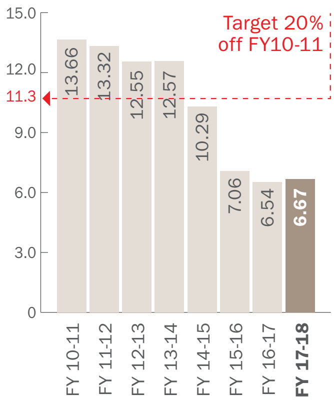
PGH is very committed to recycling this type of material as much as possible.

"We are very committed to recycling this type of material as much as possible. Not only is it better for the environment – re-using waste rather than sending it to landfill – there's also the social benefit of its use to build homes for new residents in the suburbs of Melbourne."
ANDREW PEACHEY PGH BRICKS

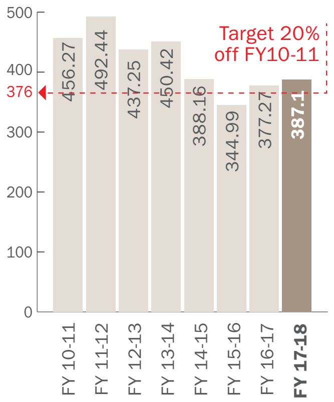
Normally this clay is extracted from a CSR quarry, so recycling waste from construction sites also serves to provide longevity at the Thomastown facility.

To make way for the new underground Parkville Station (one of five stations being built as part of the $11 billion Metro Tunnel Project) an equivalent of 80 Olympic-sized swimming pools worth of land will be excavated, translating to a monumental number of bricks.

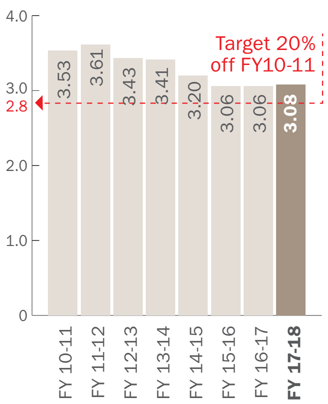
WASTE PRODUCTION TO LANDFILL
Kg/Tonne of Product



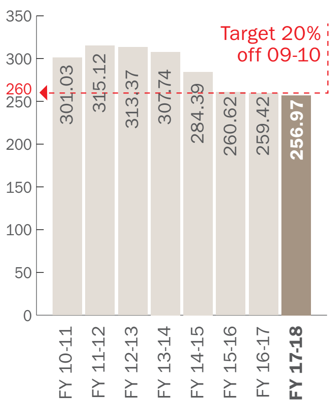
POTABLE WATER CONSUMPTION
Ltr/Tonne of Product



ENERGY CONSUMPTION
GJ/Tonne of Product



TOTAL SCOPE CO_2-e
Kg/Tonne of Product



PROGRESS TOWARDS 2020 SUSTAINABILITY GOALS

We have previously articulated our commitment to contribute to an overall positive impact on the environment with specific targets to reduce greenhouse gas emissions and waste production and the consumption of energy and water used in production.

Each CSR business unit sets goals to improve performance and reduce environmental impact and these are regularly reviewed by senior management and the Workplace Health, Safety & Environment Committee. CSR's operations are making good progress towards our 2020 goal of a 20% reduction per tonne of saleable product in energy consumption, in CO_2-e emissions, solid waste to landfill and potable water usage using 2009/10 as the base year. To date we have exceeded our targets for waste and CO_2-e with further work underway to reduce water consumption and energy use in the year ahead.

CSR ENERGY IMPROVEMENT FUND

In 2017, CSR established a $20 million fund specifically targeting energy saving reduction projects to reduce reliance on external providers. The key aim of the fund which is overseen by CSR's Energy and Carbon Management Committee, is to bring forward projects that may not normally have met the internal business benchmarks and payback periods.

All environmental data is for the period 1 July 2017 to 30 June 2018 to be consistent with the National Greenhouse Reporting (NGER) scheme.

In the last year, CSR has completed three major renewable energy projects with an investment of $3 million.

Completed projects in YEM19:

- 367kW solar project at Bradford Insulation – Ingleburn, NSW
- 1MW solar project at PGH Bricks – Golden Grove, SA
- Off-peak electricity management project at Hebel Somersby, NSW

A number of new energy efficiency projects are under review at other sites in the CSR network.

$3m
Allocated to energy saving reduction projects in YEM19

THE SOLAR FARM AT GOLDEN GROVE IN SOUTH AUSTRALIA IS A $2 MILLION INVESTMENT, CONSISTING OF 3,080 SOLAR PANELS AND 31 INVERTERS.

OUR COMMUNITY

Our relations with the community can have a direct impact on our ability to operate each of our sites successfully.

WORKING IN THE COMMUNITY

One of our three sustainability pillars is based on proactively maintaining our social licence to operate through greater interaction and positive impacts on the community.

To achieve this aim, we continue to partner with local communities and support a number of charitable organisations. This is in line with our commitment to operate in a sustainable manner.

Community relations

- Site level engagement with local communities and neighbours affected by our operations

Community support program

- Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations. In YEM19, CSR and its employees donated $158,369 to the charities in the program
- Provides volunteer support for various activities and campaigns during the year

Student mentor program

- CSR commenced working with the Australian Business and Community Network (ABCN) in 2011 to provide mentoring and coaching programs in schools in high need areas
- In 2018, CSR volunteers donated time to support over 500 students

Building product donations

- CSR supports a number of charities to build new facilities with product donations as well as technical support and installation expertise

COMMUNITY RELATIONS

Community consultation with stakeholders at PGH in Golden Grove, SA

PGH Bricks in Golden Grove, SA is part of a group of manufacturers who regularly meet with local residents to discuss issues occurring in the Golden Grove area. PGH has joined with Austral Brick, Hanson and Clay Minerals to meet along side the EPA, Department of State Development and the local council for bi-annual meetings in the Tea Tree Gully local council chambers.

These meetings enable the industry to work together on solutions to minimise the impact of manufacturing on the local residents and enable residents and other stakeholders to agree on key issues and opportunities.

Dust was highlighted as an area for improvement so PGH has undertaken a number of steps to minimise dust including:

- Improved enclosures in a clay storage bay
- Regular dust control
- Installed sprinklers around the factory to reduce dust.

GYPROCK BUILD A HOUSE FOR LIFE

Gyprock part of project to build "A House for Life"

Gyprock provided products and technical advice for the University of Wollongong and TAFE NSW project to design a net-zero energy home specifically designed for people living with dementia and other age-related diseases.

The project was part of the Solar Decathlon, an international competition that challenges collegiate teams to design, construct and operate solar powered houses that are sustainable, stylish and cost-effective.

Gyprock's EC08 Complete was a key product in the design for its high level of recycled content and superior performance against mould, impact damage and moisture – contributing to a healthier and more durable home environment.

After the test build completed in Wollongong, the project was dismantled and transported to Dubai for the international competition with the team placing second overall.

STUDENTS FROM CARWATHA COLLEGE IN VICTORIA

AUSTRALIAN BUSINESS AND COMMUNITY NETWORK

CSR is part of ABCN's *Business Class program* which is designed to connect disadvantaged schools with corporate organisations in one-on-one partnerships to create sustainable, positive, long-term change. Driven by the unique needs of the school, each partnership is tailored to provide strategic support and collaborative action.

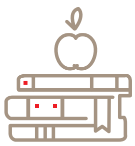
One of the highlights of the year was the partnership between the Monier Roofing business and Carwatha College in Victoria. The partnership includes career days, Victorian Certificate of Applied Learning (VCAL) program exploration and staff mentoring.

A recent initiative is the Opportunity Knocks program attended by 24 students.

The day includes discussion on careers paths, plant tours and sessions on sales, estimating, customer service, construction and finance.

Small groups also discussed current employment, education after high school, recruitment and future aspirations.

The students participated in a tour of the concrete roof tile plant at Springvale. They learnt how roof tiles are manufactured led by members of the operations team.



633 hours
Volunteered with ABCN Student Mentor Program

RISK MANAGEMENT

There are a number of risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR's control, can influence performance across CSR's businesses.

Risk management at CSR is an iterative process, each cycle enhances our understanding of our risks and deepens our engagement with stakeholders including employees, contractors, regulatory bodies, government, shareholders and the community.

A range of factors, some of which are beyond CSR's control, can influence the performance of CSR. CSR's risk management policy is available on our website at http://www.csr.com.au/investor-relations-and-news/corporate-governance.

MATERIALITY TABLE

Key areas of materiality	Risks	Monitor and manage risk
Aluminium, currency and debt markets	▪ CSR's results are impacted by movements in the global US dollar price for aluminium and currency fluctuations. ▪ Some risks related to the aluminium operation cannot be hedged including regional price premiums, global relativity of price of electricity and inputs such as alumina and petroleum coke, changes to the joint venture structure or potential operational issues at the Tomago smelter including electricity curtailments.	▪ CSR has a policy to hedge both US dollar sales and foreign currency exposure when specific targets are met, with the primary objective of reducing short-to-medium term earnings volatility. This policy is monitored regularly by CSR's Finance Committee which includes CSR's MD, CFO, Group Treasurer and the General Manager of Gove Aluminium Finance. ▪ CSR regularly monitors cash flow and the group financial position as part of the Finance Committee's function. ▪ CSR is actively engaged with the Tomago operating committee through its position on the Tomago board. Tomago undertakes separate material risk analysis to identify and mitigate potential operational risks.
Australian construction markets and competitor activity	▪ Approximately 75% of CSR's total revenue is generated from product and services supplied into the new residential construction sector of Australia and New Zealand which is impacted by several macro-economic factors. ▪ Changes in ownership in the construction sector has resulted in larger customers representing an increasing proportion of CSR's revenue. ▪ As a supplier to the construction market, CSR is subject to a number of competitive forces including other domestic and international suppliers and new technologies which could replace existing building methods.	▪ Reviews of market activity are factored into CSR's monthly reporting, quarterly forecasting and annual budget and planning cycles, which in turn drive capacity and capital planning. Furthermore, the nature of CSR's building products is that they are typically sold late in the construction process, giving CSR some visibility of changes in market conditions before specifically impacting demand. ▪ CSR is actively developing and acquiring new products, services and distribution networks to improve its position in the market and provide a comprehensive service offering. ▪ The release of future land supply for residential development relies on the coordination of government and regulatory bodies with builders and developers to deliver infrastructure and services for new projects.
Digital and cyber security	▪ Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets. ▪ CSR network and data risks for cyber security breaches.	▪ CSR has developed its CSR Connect digital platform which provides 24/7 access to all customer account pricing, ordering, delivery and invoicing data. ▪ A cyber security improvement plan and alignment to ISO27001 standard is progressing.

Key areas of materiality	Risks	Monitor and manage risk
Employee and community engagement	▪ An engaged and diverse workforce is critical to CSR's long term success. ▪ This includes managing the transition to a new MD, CSR's aging workforce, transferring technical skills and sales relationships as well as promoting trade apprenticeships across the building sector. ▪ CSR recognises that it plays an important role in the success and prosperity of local communities as an employer, operator of major manufacturing sites and developer of its legacy property assets.	▪ CSR has developed a suite of leadership and training programs to provide our people with the knowledge, skills and support to enable them to perform at their best. ▪ Succession and contingency planning is in place across all business units. ▪ New Flex@CSR program launched to support working parents as well as promoting flexible working arrangements more broadly across CSR. ▪ Community relations site planning underway at key sites.
Energy and climate change	▪ CSR's manufacturing operations use significant amounts of energy including electricity and gas. ▪ These energy costs are increasing, particularly for Tomago aluminium which in turn impacts its cost competitiveness compared to global smelters. ▪ The transition to a low carbon economy and mitigating the potential impacts of climate change, as well as government regulations and planning may impact the availability and nature of energy supply as well as how we manage our land assets and business processes.	▪ CSR has committed to a 20% per tonne reduction of greenhouse gas emissions, potable water consumption and solid waste production to landfill per tonne of saleable product by 2020 using 2009/10 as the base year. ▪ Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories. ▪ CSR's Energy and Carbon Management Committee oversees risks related to electricity and gas pricing and management. ▪ Alternative energy sources including solar power are also under review in addition to site specific energy reduction initiatives. ▪ The potential climate change impact on key physical assets has been completed with transitional climate risks to be reviewed as part of the Taskforce on Climate Change Task Force on Climate-related Financial Disclosures (TCFD) framework. Work is also underway to finalise emissions targets for 2030. ▪ Established a $20 million CSR Energy Improvement Fund to deliver energy saving projects across its manufacturing sites.
Product liability	▪ Previous involvement in asbestos in Australia and exporting asbestos to the United States. ▪ CSR ceased asbestos mining in 1966 and divested remaining interests in 1977.	▪ CSR meets all valid claims in both Australia and the United States on an equitable basis. ▪ The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US dollar exchange rate.
Supply chain and product compliance	▪ CSR relies on an extensive supply chain to manufacture and distribute its products and services. ▪ This supply chain can be impacted by natural, political or technological disruptions which the company reviews to develop alternative supply options and minimise the risk of potential supply dislocation. ▪ Changes in building codes requires ongoing assessment to ensure products are fit for purpose and compliant with all relevant codes. This includes additional risks associated with supply and install services.	▪ CSR has a quality management system to ensure that all products manufactured or supplied consistently meet the requirements and specifications of international and national quality standards and customer expectations. ▪ CSR has launched a two-year work plan to develop and implement its sustainable procurement strategy. This process will also align CSR with the proposed requirements of the Australian Modern Slavery legislation.
Workplace health and safety	▪ CSR has a stated long term objective of achieving zero harm to CSR people across all operations.	▪ The board Workplace Health, Safety & Environment Committee regularly reviews initiatives targeting improved safety performance across CSR's businesses.

Note: Material risks are listed alphabetically

BOARD OF DIRECTORS

JOHN GILLAM

BCom, FAICD, FAIM.

Chairman since 1 June 2018, non-executive director since December 2017.

Other CSR responsibilities
Member of the Remuneration & Human Resources Committee.

Experience and expertise
John joined Wesfarmers Limited in 1997 and held a number of senior leadership roles in the company over 20 years, including CEO of the Bunnings Group from 2004 to 2016, Managing Director of CSBP from 2002 to 2004 and Chairman of Officeworks from 2007 to 2016.

Other directorships/offices held
- Chairman of BlueFit Pty Limited (2018 to current)
- Chairman of Trinity Grammar School, Kew (2018 to current)
- Director of Heartwell Foundation (2009 to current)
- Director of Clontarf Foundation (2017 to current)

ROB SINDEL

BENG, MBA, GAICD, FIEAust.

Appointed to the board as an executive director in December 2010 and managing director in January 2011. Rob joined CSR in April 2008 as executive general manager of CSR Lightweight Systems. In October 2009, he was appointed CEO of CSR Building Products.

Other CSR responsibilities
Attends committee meetings by invitation.

Experience and expertise
Rob has extensive experience obtained from executive management and senior leadership gained from his 30 year career in the construction industry both in Australia and the United Kingdom. Rob's experience and expertise is in manufacturing, sales and marketing in Business to Business environments, strategic management and operating in high-risk industries.

Other directorships/offices held
- Director (2013 to current) and chair of the Remuneration Committee (2015 to current) of the Green Building Council of Australia
- Director of Orora Limited and member of the Human Resources Committee (2019 to current)
- Director of the Australian Business and Community Network (2013 to current), an organisation that works with schools in high need areas
- Member of the UNSW Australian School of Business Advisory Council

CHRISTINE HOLMAN

PGDipBA, MBA, GAICD.

Non-executive director since October 2016.

Other CSR responsibilities
Member of the Workplace Health, Safety & Environment Committee and Risk & Audit Committee.

Experience and expertise
Christine was formerly commercial director at Telstra Broadcast Services until March 2016 and chief financial officer and commercial director of Globecast Australia until June 2015. Christine also spent seven years at Capital Investment Group involved in strategy, business development and mergers and acquisitions. Christine has over 20 years' experience across the technology, private equity and digital sectors in a variety of functions including finance, commercial, technology and marketing.

Other directorships/offices held
- Non-executive director of WiseTech Global Limited (2018 to current)
- Non-executive director of Blackmores Limited (2019 to current)
- Non-executive director of The Moorebank Intermodal Company, a Federal Government Business Enterprise (2018 to current)
- Non-executive director of The Bradman Foundation (2016 to current)
- Non-executive director of the State Library of NSW Foundation (2017 to current)
- Non-executive director of the T20 World Cup 2020 Cricket Board (2018 to current)
- Previously a non-executive director of HT&E Limited (November 2015 to December 2018)
- Previously a non-executive director of Vocus Group Limited (August 2017 to November 2017)

MIKE IHLEIN

BBUS (Accounting), FAICD, FCPA, FFIN, MFEI.

Non-executive director since July 2011.

Other CSR responsibilities
Chairman of the Risk & Audit Committee and member of the Workplace Health, Safety & Environment Committee.

Experience and expertise
Mike was formerly chief executive officer and executive director of Brambles Limited until November 2009, prior to which he was Brambles' chief financial officer for four years. Mike has also had a long career with Coca-Cola Amatil Limited including seven years as chief financial officer and executive director and a number of senior operational, finance, business development and treasury roles including managing director of Coca-Cola Amatil Poland.

Other directorships/offices held

- Non-executive director of Scentre Group (2014 to current)
- Non-executive director (2012 to current) and chair of the People & Culture Committee (2015 to current) of Snowy Hydro Limited
- Non-executive director of Kilfinan Australia Limited (2016 to current)
- Previously a non-executive director of Murray Goulburn Co-operative Co Ltd (2012 to 2017)

MATTHEW QUINN

BSc (HONS), ACA, ARCS.

Non-executive director since August 2013.

Other CSR responsibilities
Chairman of the Remuneration & Human Resources Committee and member of the Risk & Audit Committee.

Experience and expertise
Matthew was formerly managing director of Stockland, a position held until January 2013. Matthew's management career with Stockland spanned 12 years, and he has an extensive background in commercial, retail, industrial and residential property investment and development.

Other directorships/offices held

- Chairman of Class Super (Director since 2015, chair since February 2017 to current)
- Chairman of TSA Management Group Holdings Pty Limited (2018 to current)
- Non-executive director of Regis Healthcare Limited (2018 to current)
- Member of the Australian Business and Community Network Scholarship Foundation
- Previously chairman of Carbonxt Group Limited (2013 to 2018)

PENNY WINN

BCOM, MBA, GAICD.

Non-executive director since November 2015.

Other CSR responsibilities
Chairman of the Workplace Health, Safety & Environment Committee and a member of the Remuneration & Human Resources Committee.

Experience and expertise
Penny was formerly director Group Retail Services with Woolworths responsible for leading the Logistics and Information Technology divisions and the Customer Engagement teams, a position held until October 2015. Penny has over 30 years of experience in retail in senior management roles in Australia and overseas.

Other directorships/offices held

- Chairman of Port Waratah Coal Services Ltd (2015 to current)
- Non-executive director of Caltex Australia Limited (2015 to current)
- Non-executive director of Goodman Limited and Goodman Funds Management Limited (2018 to current)

DIRECTORS' REPORT

The board of directors of CSR Limited (CSR) presents its report of the consolidated entity, being CSR and its controlled entities (CSR group), for the year ended 31 March 2019. The information appearing on pages 32 to 52 forms part of the directors' report and is to be read in conjunction with the following information:

Principal activities

The principal activities of entities in the CSR group during the year included the manufacture and supply of building products in Australia and New Zealand.

In Australia, the CSR group has an interest in the smelting of aluminium through its 70% interest in Gove Aluminium Finance Limited, which owns 36.05% of the Tomago aluminium smelter located near Newcastle, NSW.

CSR also maximises returns from the sale of its surplus land by advancing sites through stages of the development process.

Review of operations and financial results

A review of CSR group operations and the results for the year ended 31 March 2019 is set out on the inside front cover to page 29 and pages 53 to 94 of the annual report and forms part of the directors' report. This includes the summary of consolidated results as well as an overview of the group's strategy, material risks and future prospects.

Significant changes

The sale of the Viridian Glass business was announced on 28 November 2018 and was completed during the year ended 31 March 2019. For details of the sale refer to note 9.

On 25 February 2019, CSR announced an on-market share buy-back of up to $100 million. The share buy-back represents a return of surplus capital expected to be generated by CSR. The timing of the buy-back and the number of shares to be purchased will depend on share price levels, cash flow generation and capital requirements.

There have been no other significant changes to the CSR group in the financial year ended 31 March 2019.

Events after balance sheet date

On 8 May 2019, the board resolved to pay a final dividend of 13.0 cents per ordinary share for the year ended 31 March 2019 to be paid on 2 July 2019. This dividend will be 50% franked at the 30% corporate tax rate.

The final dividend for the financial year ended 31 March 2019 has not been recognised in this financial report.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the CSR group's operations, the results of those operations or the CSR group's state of affairs in future financial years.

Dividends and distributions to shareholders

Dividends through the year have been as follows:

- a final dividend of 13.5 cents per ordinary share (75% franked at the 30% corporate tax rate), with respect to the financial year ended 31 March 2018, was paid on 3 July 2018; and
- an interim dividend of 13.0 cents per ordinary share (100% franked at the 30% corporate tax rate) was paid on 11 December 2018 (as set out in note 18 to the financial statements on page 73).

No other distributions were paid during the year.

Options over share capital

Other than as disclosed in the Remuneration Report:

- no CSR options were granted to executives or non-executive directors during the year;
- there were no unissued shares or interests in CSR subject to options at the date of this report; and
- no CSR shares or interests were issued pursuant to exercised options during or since the end of the year.

Indemnities and insurance

Under rule 101 of CSR's constitution, CSR indemnifies every person who is or has been an officer of CSR, to the extent permitted by law and subject to the restrictions in sections 199A and 199B of the *Corporations Act 2001* against:

- liability incurred by that person as an officer of CSR (including liabilities incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director); and
- reasonable legal costs incurred in defending an action for a liability or an alleged liability incurred by that person as such an officer of CSR (including such legal costs incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director).

For the purposes of rule 101 of CSR's constitution, 'officer' means a director, secretary and executive officer of CSR (as defined in the *Corporations Act 2001*).

CSR has entered into a deed of indemnity, insurance and access with current and former directors of CSR and its subsidiaries. Under each director's deed, CSR indemnifies the director against all costs, losses or liabilities, including without limitation, legal costs and expenses, on a full indemnity basis, incurred by the director in their capacity as a director of CSR or, in some cases as a director of a CSR subsidiary. The deeds also provides directors certain rights of access to board papers and require CSR to maintain insurance cover for directors. No director or officer of CSR has received benefits under an indemnity from CSR during or since the end of financial year.

CSR's external auditor is not indemnified under rule 101 of CSR's constitution or any agreement.

During the year, CSR paid premiums in respect of insurance contracts for the year ended 31 March 2019 and, since the end of the year, CSR has paid, or agreed to pay, premiums in respect of such contracts for the year ended 31 March 2020. The insurance contracts insure against certain liability (subject to exclusion) incurred by persons who are or have been directors or officers of CSR and its controlled entities.

In accordance with normal commercial practice, the insurance contract prohibits disclosure of the nature of the liability covered by, or the premium payable under, the contract of insurance. No claims under the indemnities have been made against CSR during or since the end of the year.

Performance in relation to environmental regulation

The board places a high priority on environmental issues and is satisfied that adequate systems are in place for the management of CSR's compliance with applicable environmental regulations under the laws of the Commonwealth, States and Territories of Australia and of New Zealand. CSR is not aware of any pending prosecutions relating to environmental issues, nor is CSR aware of any environmental issues, not provided for, which would materially affect the business as a whole.

Political donations

CSR attended a small number of events organised by political parties such as conferences in the year ended 31 March 2019. CSR's businesses are often involved in a degree of interaction with all levels of government. CSR assists all sides of politics in the development of policy in fields where CSR has specific expertise. No fees were paid to attend these events (2018: $nil) and as such disclosure to the Australian Electoral Commission was not required.

Auditor independence

There is no current or former partner or director of Deloitte Touche Tohmatsu, CSR's auditor, who is, or was at any time during the year ended 31 March 2019, an officer of the CSR group. No auditor played a significant role in the CSR group audit for the year ended 31 March 2019 in reliance on a declaration made under section 342A of the *Corporations Act 2001*. The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 34.

Non-audit services

Details of the amounts paid or payable to the CSR group auditor, Deloitte Touche Tohmatsu, for non-audit services provided by that firm during the year are shown in note 32 to the financial statements on page 92. In accordance with written advice provided by the Risk & Audit Committee, the directors are satisfied that the provision of non-audit services during the year by Deloitte Touche Tohmatsu:

- is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*; and
- did not compromise the auditor independence requirements of the *Corporations Act 2001* in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

Proceedings on behalf of CSR

No proceedings have been brought, or intervened in, on behalf of CSR, nor has any application for leave been made in respect of CSR under section 237 of the *Corporations Act 2001*.

Remuneration of directors and key management personnel (KMP)

The remuneration report on pages 35 to 52 provides: a summary of the board's remuneration policy and practices during the past year as they apply to directors and other KMP (as defined by the Accounting Standard AASB 124 *Related Party Disclosures*); the relationship between remuneration policy and the CSR group's performance; and the remuneration details for each director and other KMP.

Directors, company secretary, directors' meetings and directors' shareholdings

On 31 May 2018 John Gillam succeeded Jeremy Sutcliffe as Chairman, who retired from the board on the same date. There were no other changes to the board in the year ended 31 March 2019.

The names of directors who held office at 8 May 2019, as well as details about current directors' period of appointment, qualifications, experience, special responsibilities, current directorships and directorships for the past three years of other listed companies, are on pages 30 and 31 and forms part of the directors' report.

The qualifications and experience of the company secretary at 8 May 2019 are as follows:

Debbie Schroeder
BED (HONS), LLB, GAICD, AGIA.

Joined CSR in 2001 and has been company secretary since 2010. In 2018, Debbie was appointed head of Risk and Internal Audit. Prior to joining CSR, Debbie was a lawyer at Tress Cocks & Maddox and Landers & Rogers. Debbie has extensive experience in corporations law and corporate governance, risk management and compliance, dispute resolution, employment law, and insurance. Debbie holds a Graduate Diploma in Applied Corporate Governance, is an Associate of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors (AICD).

The number of meetings of the company's board of directors and each board committee held during the year ended 31 March 2019, and the number of meetings attended by each director are detailed in Table 1 below. The directors' relevant interests in shares in CSR or a related body corporate as at the date of this report are detailed in the remuneration report on pages 50 and 52. Other than as disclosed elsewhere in this report, no director:

- has any relevant interest in debentures of, or interests in a registered scheme made available by, CSR or a related body corporate;
- has any rights or options over shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate; or
- is a party to or entitled to a benefit under any contracts that confer a right to call for or deliver shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate.

Table 1: Meetings of directors

Year ended 31 March 2019	CSR Board		Risk & Audit Committee		Workplace Health, Safety & Environment Committee		Remuneration & Human Resources Committee	
	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]
John Gillam[3]	13	13	1	3	n/a	–	4	4
Christine Holman[4]	13	13	n/a	3	4	4	4	4
Michael Ihlein[5]	13	13	4	4	4	4	n/a	3
Matthew Quinn[6]	13	13	4	4	n/a	–	4	4
Jeremy Sutcliffe[7]	2	2	n/a	1	n/a	–	1	1
Penny Winn[8]	13	13	4	4	4	4	n/a	4
Rob Sindel	13	13	4	4	4	4	4	4

1 Meetings held while a member.
2 Meetings attended.
3 A member of the Risk & Audit Committee until 31 July 2018.
4 Director was not a member of the Risk & Audit Committee during YEM19.
5 Director is not a member of the Remuneration & Human Resources Committee.
6 Director is not a member of the Workplace Health, Safety & Environment Committee.
7 Resigned 31 May 2018.
8 Director was not a member of the Remuneration & Human Resources Committee during YEM19.

John Gillam
Chairman
Sydney, 8 May 2019

Rob Sindel
Managing Director
Sydney, 8 May 2019

Deloitte.

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

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www.deloitte.com.au

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

8 May 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 audit of the financial statements of CSR Limited for the financial year ended 31 March 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 audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants

REMUNERATION REPORT

1 Basis of preparation

This remuneration report provides a summary of CSR's remuneration policy and practices during the past financial year as they apply to CSR directors and executives.

The remuneration report has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001* and Corporations Regulation 2M.3.03 and has been audited by CSR's external auditor.

The report contains an overview which is intended to provide a 'plain English' explanation for shareholders of the key management personnel (KMP) and senior executives' actual remuneration outcomes for the year ended 31 March 2019 (YEM19) and the remuneration framework. The report also details proposed changes for the financial year ended 31 March 2020 (YEM20).

Consistent with prior years, actual remuneration of executive KMP has been included in the remuneration report in note 4. In the interests of transparency, year-on-year analysis is also provided on aggregate remuneration for senior executives (as defined in note 2).

Overview

2 Key management personnel (KMP) and senior executives

KMP for the year ended 31 March 2019 are detailed in the table below. KMP are as defined by the Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124).

CSR's KMP are the non-executive directors, the managing director and the chief financial officer. This is consistent with the assessment performed in prior years.

Table 1: Key management personnel

Name	Position	Term as KMP
Non-executive directors (NEDs)		
John Gillam[1]	Chairman	Full year
Jeremy Sutcliffe[1]	Chairman	To 31 May 2018
Christine Holman	Director	Full year
Michael Ihlein	Director	Full year
Matthew Quinn	Director	Full year
Penny Winn	Director	Full year
Executive KMP		
Rob Sindel[2]	Managing Director	Full year
David Fallu	Chief Financial Officer	Full year

1 Effective from 31 May 2018, John Gillam succeeded Jeremy Sutcliffe as Chairman who retired from the board on the same date.
2 On 14 December 2018, Rob Sindel announced his intention to retire from CSR. It is expected that Mr Sindel will leave CSR during YEM20. Further detail is included in note 11 of the remuneration report.

Senior executives of CSR are detailed in the table below. These senior executives are not KMP as defined by AASB 124. In some cases, where aspects of remuneration apply to other senior roles within CSR, the term 'executive' is also used.

Table 2: Senior executives

Name	Position	Term as senior executive
Ian Hardiman	Executive General Manager – New Business, Innovation and Technology	Full year
Peter Moeller	Executive General Manager – Viridian	To 15 September 2018
Luke Murphy	Executive General Manager – Human Resources	Full year
Andrew Mackenzie	General Manager – Property	Full year
Nick Pezet	Executive General Manager – PGH Bricks	Full year
Andrea Pidcock	Executive General Manager – Lightweight Systems	Full year
Anthony Tannous	Executive General Manager – Bradford	Full year
Mark White	General Manager – Aluminium	Full year

3 Overview of remuneration approach and framework

CSR's remuneration framework is based on the principles that remuneration is performance driven, aligns with shareholder interests and provides market competitive remuneration opportunities. The key features of CSR's executive remuneration and non-executive director fee frameworks are outlined below, with further details provided in the body of the report.

Table 3: CSR executive remuneration framework

Feature	Explanation
Market positioning	▪ Fixed remuneration is positioned at the market median against the Korn Ferry Hay Group industrial and services database for roles of comparative size, or relative to their counterparts in related industries. ▪ Variable remuneration provides executives the opportunity to earn upper quartile total remuneration for stretch performance.
Fixed and variable pay mix	▪ Total remuneration is comprised of fixed plus variable (or 'at risk') remuneration. ▪ A significant proportion of the total remuneration opportunity for senior executives is variable and 'at risk' based on performance.
Short term incentive (STI) plan	▪ The STI plan provides rewards to executives for achievement of business financial performance metrics (60% weighting), individual performance goals (20% weighting), and customer objectives (20% weighting). ▪ In addition, 20% of the total STI earned by executive KMP and senior executives is deferred into shares.
Long term incentive (LTI) plan	▪ The Performance Rights Plan (PRP) provides CSR executives with grants of performance rights that vest based on: - CSR's three year total shareholder return (TSR) relative to the TSR of other S&P/ASX 200 index constituents (the peer group); - CSR's compound annual growth in earnings per share (EPS) over three years; and - the board's assessment of achieving set strategic objectives in the areas of Growth, Portfolio and Digital at the end of the three year performance period (YEM17 PRP award only). ▪ Any performance rights which vest will be converted automatically into shares. ▪ Holders of performance rights are not entitled to dividends until the rights have vested and converted into shares. ▪ There are no retests for grants after the YEM15 grant.

Table 4: Non-executive director fees framework

Feature	Explanation
Market comparison	▪ Non-executive directors are paid a base fee for service to the board which includes one committee membership, with an additional fee for service to subsequent board committees. ▪ The fees are set with consideration to the fees paid in companies of a similar size and complexity and are inclusive of superannuation.
Fee pool	▪ The fee pool is currently $1,450,000 per annum including superannuation.

4 Actual remuneration

The actual remuneration disclosure has been prepared to provide shareholders with a view of CSR's remuneration structure and how remuneration was paid to the executive KMP for the year ended 31 March 2019. The board believes presenting information in this way provides shareholders with increased clarity and transparency of executive KMP remuneration, clearly showing the amounts awarded for each remuneration component (fixed, short and long term) within the financial year. This disclosure differs from the statutory remuneration disclosures contained in note 12, with a summary of the differences detailed in the table below.

Table 5: Comparison of actual and statutory remuneration disclosures

	Fixed remuneration	Short term incentive	Long term incentive	Leave accruals	Other benefits
Actual remuneration disclosures	Cash salary, superannuation contributions and other eligible salary sacrifice benefits	STI award for YEM19, inclusive of the 20% STI deferral, expressed as a cash value	Value of LTIs that have vested during the year, calculated based on the number of shares valued using the five day volume weighted average price (VWAP) prior to issue of the shares. Excludes the value of unvested LTIs at 31 March 2019	Not included	Includes Universal Share Ownership Plan (USOP), and other costs relating to company business or contractual obligations, where the benefit has been received
Statutory remuneration disclosures	As above	STI award for YEM19, exclusive of STI deferral, plus amortisation of STI deferrals relating to current year and prior two years	Value of LTIs recorded in accordance with accounting standards (based on fair value determined at grant date expensed over the vesting period). The amount for YEM19 relates to YEM17 to YEM19 LTI grants	Included	As above, except where PRPs are granted as part of contractual obligations. These are expensed over the vesting period

4 Actual remuneration (continued)

Actual remuneration received by executive KMP is set out in the table below. The remuneration disclosure is prepared on the basis summarised in table 5. No termination benefits were paid to executive KMP during the year.

Table 6: Actual remuneration received by executive KMP

Year ended 31 March 2019 $	Fixed remuneration	Short term incentive[1]	Long term incentive	Other benefits[2]	Total
Rob Sindel	1,278,625	943,986	1,985,320	–	4,207,931
David Fallu	605,594	437,906	–	1,547	1,045,047
Total	1,884,219	1,381,892	1,985,320	1,547	5,252,978

1 The STI award represented 105% of Mr Sindel's target STI opportunity and 141% of Mr Fallu's target STI opportunity for YEM19.
2 Other benefits included USOP and travel expenditure, all of which related directly to company business.

Given the flat organisation structure of the company and following a review of senior executives against the criteria for determining executive KMP, only the managing director and chief financial officer qualify as executive KMP.

The year-on-year change in total actual remuneration for senior executives is summarised in the table below and is prepared on the basis outlined in table 5. The analysis excludes the executive KMP, Mr Sindel and Mr Fallu.

Table 7: Senior executive remuneration

Year ended 31 March $	Fixed remuneration	Annualised average fixed remuneration[1]	Underlying increase in fixed remuneration[2]	Short term incentive	Long term incentive	Other benefits[3]	Total[4]	Change in total
2019	**3,888,575**	**520,462**	**3.6%**	**2,034,160**	**2,133,142**	**16,302**	**8,072,179**	**(0.2%)**
2018	4,042,921	505,365		2,204,738	1,808,054	34,268	8,089,981	

1 Annualised average fixed remuneration per senior executive. This excludes the former Executive General Manager – Viridian who left the business on 15 September 2018.
2 The underlying increase in fixed remuneration excludes the former Executive General Manager – Viridian who left on 15 September 2018. The actual change in aggregate fixed remuneration is a decrease of 3.8%.
3 Other benefits include USOP, travel expenditure and relocation costs, related to company business or contractual obligations.
4 Total remuneration does not include a termination payment of $584,452 which was paid to Mr Moeller consistent with his contractual obligation following the strategic review of Viridian. At the discretion of the board, and consistent with the PRP and STI deferral rules, Mr Moeller was approved as a good leaver. As a result 93,629 performance rights remain on foot for the YEM17 and YEM18 plans representing the pro-rata of the outstanding performance rights based on the percentage of the performance period served for each plan. Deferred STI shares of 14,549 from the YEM17 and YEM18 STI plans will also be held until their original vesting dates. There was no accelerated vesting of either performance rights or deferred STI shares. No grant of performance rights was made to Mr Moeller for the YEM19 PRP and no STI will be awarded for YEM19.

5 Performance outcomes

Table 8: Summary of performance outcomes for the year ended 31 March 2019

Remuneration	Performance outcome
Total remuneration	▪ Total remuneration expense increased for executive KMP due to the value of LTI's that vested in YEM19 compared to YEM18 and an increase in the STI awarded. ▪ Senior executive total remuneration decreased for YEM19 as there was one fewer senior executive for part of the year.
Short term incentive (STI)	▪ YEM19 STI increased for executive KMP compared to YEM18 due to performance relating to individual and customer objectives. ▪ YEM19 STI decreased for senior executives compared to YEM18 as there was one fewer senior executive for part of the year. ▪ YEM19 CSR group EBIT result was slightly above target.
Long term incentive (LTI)	▪ In YEM19, EPS and TSR performance hurdles for the YEM16 PRP were met resulting in a full vesting of the EPS grant and TSR grant. ▪ In July 2018, the YEM15 PRP TSR was re-tested and the balance of unvested rights lapsed. ▪ The value of LTI that vested in YEM19 increased compared to YEM18 due to a higher number of rights vesting and increase in VWAP. ▪ Further detail is contained in note 9.

6 Remuneration framework changes

The board continually reviews the design of the remuneration framework to ensure the design is 'fit for purpose'. This means the remuneration framework supports the overall business strategy, is aligned with shareholder interests, is competitive with market practices and is simple for both participants and shareholders to understand. The board has reviewed both the STI and LTI plans with changes outlined below.

Changes impacting YEM19 remuneration

Consistent with the YEM18 remuneration report, no amendments have been made in relation to the LTI and STI plans for YEM19.

Changes impacting YEM20 remuneration

No changes have been made for the YEM20 STI plan, which is detailed in table 11.

A strategic review was completed of the LTI plan performance hurdles. The board has determined to change the performance hurdles as follows:

Table 9: Changes to hurdles and weightings of the LTI plan for YEM20

Performance hurdle	YEM20	YEM19	Detailed explanation
Relative TSR	–	50%	▪ Following a strategic review of performance hurdles for the PRP, relative TSR has been replaced with absolute TSR as described below.
Absolute TSR	50%	–	▪ Absolute TSR will be measured over the three year performance period commencing 1 April 2019. ▪ Absolute TSR is the percentage growth in shareholder value, which measures the changes in share price, taking into account dividends and capital returns. ▪ The board believes absolute TSR is a more appropriate measure for the PRP as it more directly aligns with shareholder interests and provides transparency and focus of eligible executives in driving both earnings and share price growth. ▪ Performance hurdles will be set by the board for absolute TSR to ensure they are sufficiently demanding and align with shareholder interests. Targets set will consider historical TSR performance of CSR, its cost of capital and projected earnings through the performance period. These hurdles will be detailed in the 2019 Notice of Meeting and the Remuneration Report for the year ending 31 March 2020.
EPS	50%	50%	▪ EPS will continue to be measured on an averaged basis over the three year performance period rather than point to point. The board believes this better addresses the cyclicality of the business and incentivises participants to improve performance year on year by removing the current exposure solely to the final year of the performance period. ▪ The board will assess average EPS over the three year performance period and this result will then be compared against the hurdles set by the board. The EPS performance hurdles will be set at 5% to 10% compound growth for target and stretch performance respectively.

Remuneration Policy

7 Remuneration governance

CSR's remuneration governance framework is set out below. Whilst the board retains ultimate responsibility, CSR's remuneration policy is implemented through the Remuneration & Human Resources Committee. The composition and functions of the Remuneration & Human Resources Committee, which oversees remuneration issues and human resources matters, are set out in the charter available from the CSR website. The charter was reviewed and updated during the year.

Figure 1: CSR's remuneration governance framework

CSR Board

- Overall responsibility for the remuneration strategy and outcomes for executives and non-executive directors.
- Reviews and, as appropriate, approves recommendations from the CSR Remuneration & Human Resources Committee.

Remuneration & Human Resources Committee

Management and Board remuneration policy

Monitors, recommends and reports to the board on:

- Alignment of remuneration incentive policies and guidelines for executive managers and senior employees with long-term growth, shareholder value and behaviours consistent with company values.
- Superannuation arrangements.
- Employee share plans.
- Recruitment, retention and termination policies and procedures for senior management.
- Board remuneration including the terms and conditions of appointment and retirement, non-executive remuneration within aggregate approved by shareholders.
- Overseeing induction of new non-executive directors and evaluation of board performance.
- The remuneration of the managing director and senior executives.

Human Resources, Talent Management and Diversity

Monitors, recommends and reports to the board on:

- The adequacy of talent pools for senior management succession.
- The effectiveness of CSR's diversity policies and initiatives, including an annual assessment of performance against measurable objectives and the relative proportion of women at all levels.
- Management development frameworks and individual development progress for key talent.
- Monitoring surveys conducted by the company in relation to the culture of the organisation.
- Initiatives to improve and drive a strong performance culture.
- Assessing performance against CSR's compliance with external reporting requirements.

Managing Director and Executive General Manager – Human Resources

Provides information to the Remuneration & Human Resources Committee for the Committee to recommend on:

- Incentive targets and outcomes.
- Remuneration policy.
- Long and short term incentive participation.
- Individual remuneration and contractual arrangements for executives.

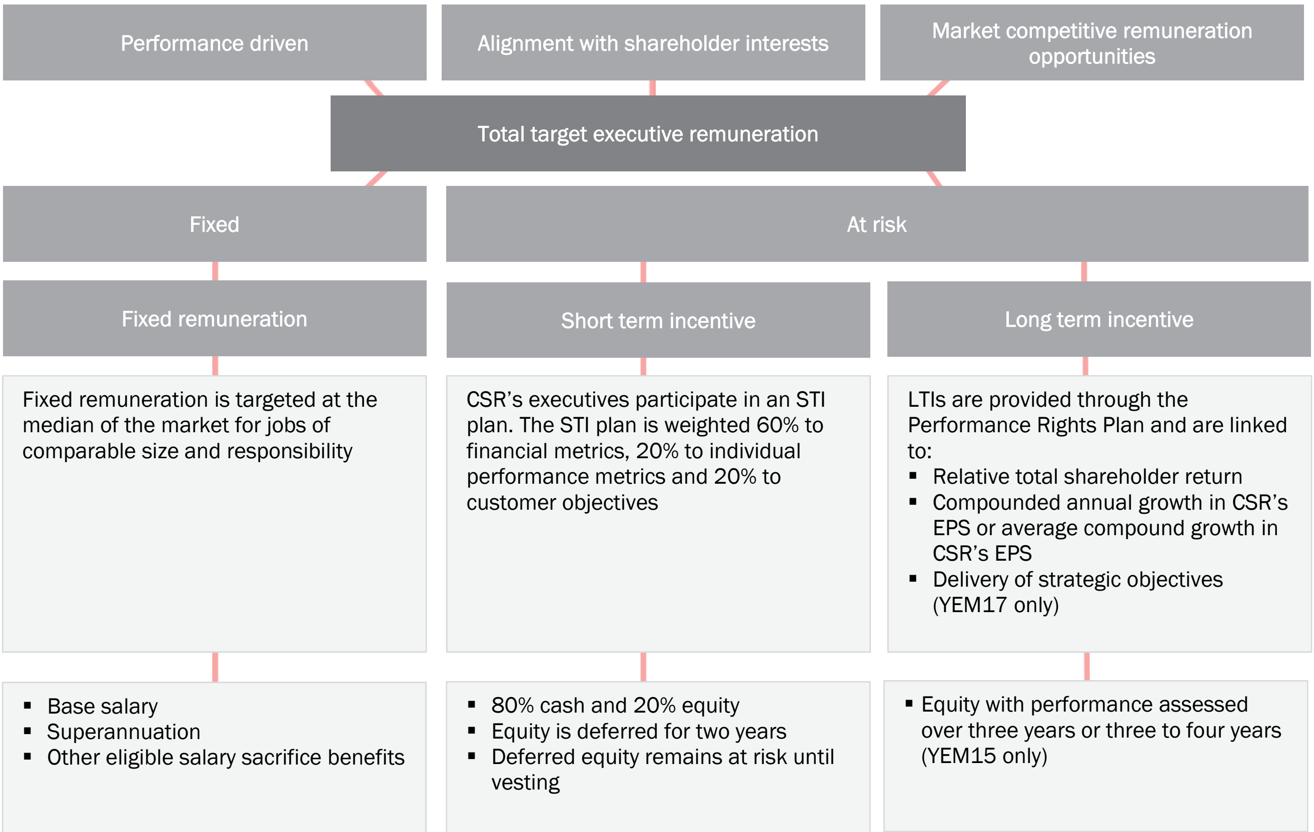
External advisors

- Provide independent advice, information and recommendations relevant to remuneration decisions.
- Throughout the year, the Remuneration & Human Resources Committee and management received information from external providers Ernst & Young, Korn Ferry Hay Group, Herbert Smith Freehills and Mercer Consulting (Australia) Pty Ltd related to remuneration market data and analysis, market practice on the structure and design of incentive programs (both long term and short term), performance testing of existing long term incentives and legislative and regulatory requirements.
- There were no remuneration recommendations received from external providers during the year.

8 Remuneration strategy

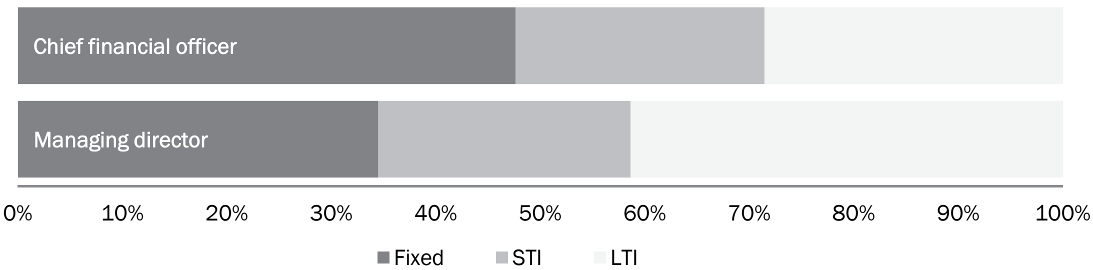
The core elements of CSR's remuneration strategy for the executive KMP and senior executives are outlined below.

Figure 2: CSR's remuneration strategy and structure



The key principles on which CSR's executive remuneration policy is based are outlined below.

Table 10: Key principles of CSR's executive remuneration policy

<table>
<tr><th>Objective</th><th>Explanation</th></tr>
<tr><td>Performance driven</td><td>Remuneration should reward executives based on annual performance against business plans and longer term shareholder returns. The variable components of remuneration (both short term and long term) are driven by challenging targets focussed on both external and internal measures of financial and non-financial performance.
A significant proportion of executive remuneration is 'at risk'. The following remuneration mix chart sets out the remuneration mix as fixed remuneration, target STI and the maximum value of the LTI granted during the year for the executive KMP.

</td></tr>
<tr><td>Market competitive remuneration opportunities</td><td>Remuneration opportunities, including those elements which can be earned subject to performance, are set at competitive levels that will attract, motivate and retain high quality executives.
Executive remuneration is reviewed annually. CSR aims to provide market-competitive remuneration against jobs of comparable size and responsibility (as measured by the Korn Ferry Hay Group job evaluation system and by position matching against equivalent roles from organisations with similar market capitalisation, revenue and EBIT) as follows:
▪ fixed remuneration for executives is targeted at market median; and
▪ variable remuneration (through STI and LTI) provides the opportunity to earn total remuneration (fixed remuneration plus variable remuneration) that reaches the top quartile of the market for superior performance.</td></tr>
</table>

8 Remuneration strategy (continued)

Table 10: Key principles of CSR's executive remuneration policy (continued)

Objective	Explanation
Alignment with shareholder interests	Executives' remuneration is aligned with shareholder interests through a significant emphasis on variable remuneration. Incentive plans and performance measures are aligned with CSR's short and long-term success. Ownership of CSR shares is encouraged through the use of equity as the vehicle for the LTI plan, the STI deferral plan for executive KMP and senior executives, the Universal Share Ownership Plan (USOP) where CSR matches either $500 or $1,000 of CSR shares purchased after tax by eligible employees and the ability to forgo part of fixed remuneration to acquire shares up to a maximum value of $5,000 annually through the Employee Share Acquisition Plan (ESAP). Executive KMP and senior executives are required to hold, or make progress towards holding, a minimum CSR shareholding equivalent to 50% of their fixed annual remuneration.

9 Composition of remuneration

The components of the fixed and variable or 'at risk' remuneration (STI and LTI) are detailed below.

(i) Fixed remuneration

Fixed remuneration comprises base salary, superannuation and other eligible salary sacrifice benefits. As discussed above, fixed remuneration is targeted at the median of the market for jobs of comparable size and responsibility. In some cases, superior performance or strong market demand for specific job categories may justify above-median fixed remuneration.

Fixed remuneration is reviewed annually or on promotion. There are no guaranteed increases included in any executives' contracts. Employees are able to forgo part of their fixed remuneration to acquire CSR shares under the Employee Share Acquisition Plan (ESAP), discussed in note 9(iv), up to a maximum salary sacrifice of $5,000 annually or for other eligible salary sacrifice benefits.

(ii) At risk remuneration – short term incentive plan

Table 11: Details of the short term incentive plan

Purpose	To drive individual and team performance to deliver annual business plans and increase shareholder value.
Frequency and timing	Awards are determined on an annual basis with performance measured over the year to 31 March with payment made in July.
Financial measures	The quantum of the STI pool is determined by EBIT before significant items, which assesses the amount of pre-tax profit generated by the business. The STI plan is weighted 60% to EBIT financial metrics. Financial performance for YEM19 STI awards was measured against EBIT at the organisational level that best reflects the role's influence. All executives and eligible employees had at least 50% of their financial component aligned to the CSR financial result (EBIT) with the remaining 50% of the financial component aligned with the financial performance (EBIT) of the business unit which best reflects the role's influence. Hence, the measures used in the YEM19 STI plan are: ▪ corporate roles: CSR EBIT before significant items (100%*); and ▪ business unit executive roles: business unit EBIT before significant items (50%*) and CSR EBIT before significant items (50%*). * Expressed as a percentage of the STI financial component. STI financial component typically comprises 60% of target STI. Return on Funds Employed (ROFE) is also assessed by the board to ensure the effectiveness with which capital is deployed within the business is measured and rewarded. The financial targets are set each year by the managing director, in consultation with the business unit executives and are approved by the board. The managing director's targets are set each year by the board. The threshold financial performance is 95% of the budget approved by the board, below which no financial component can be paid. Target financial performance equates to the approved budget while stretch performance is 110% of the approved budget. These parameters apply at both the CSR and business unit level.
Individual objectives used (and rationale)	The STI plan is weighted 20% to individual objectives that are set for each participant and are aligned to the business plan. These objectives include safety, health and environment, meeting customer needs and becoming supplier of choice, leadership and development of people, sales targets, operational improvement, restructuring and rationalisation plans, production targets, growth and other personally attributable goals.
Customer objectives	The STI plan is weighted 20% to customer objectives. Customer objectives are set at a group level and business unit level. The objectives are focussed on driving improvements in the customer experience through the use of real time data on the order and delivery experience, adoption of our digital platform CSR Connect, building capability in customer facing staff and improving use of data to drive customer insights and value.

9 Composition of remuneration (continued)

Table 11: Details of the short term incentive plan (continued)

Assessment of performance against measures	At the end of the CSR financial year, each participant's performance is assessed based on financial results for CSR and the relevant businesses. A review by the executive's manager is undertaken to determine performance against the relevant individual objectives for each executive. The Remuneration & Human Resources Committee approves KMP and senior executive STIs and the overall STI pool in aggregate. STI assessments and recommendations are made by an executive's immediate manager, as he or she is best placed to assess the individual's performance. All recommendations are reviewed and approved by the business unit general manager, the human resources executive general manager and the managing director. Payment for the individual component is normally dependent on the business financial result. Should either CSR or the applicable business unit fail to reach threshold EBIT performance set by the board, then only 50% of the individual and customer component will be eligible for payment. Should both CSR and the applicable business unit not reach the EBIT threshold set, then any payment for the individual and customer component will be at the discretion of the board. The payout, based on performance, is between a minimum of 0% and a maximum of 200% of target however the managing director is capped at 100%.
Board discretion	The intention is to minimise discretionary adjustments to the plan outcomes. However, the board and the managing director retain discretion in certain circumstances to alter payments having regard to: ▪ CSR's overall financial performance; ▪ any significant changes in AUD price for aluminium compared with the prices assumed in the budget; ▪ occurrence of a fatality, regardless of fault; ▪ maintenance and preservation of the company's assets and reputation; ▪ development and attention to customer relationships; ▪ any short term action which causes market share loss or other damage to CSR; and ▪ other special circumstances (e.g. acquisitions and divestments).
Service condition	New starters with CSR or people promoted into eligible roles can participate in the STI with pro rata entitlements if they have been in the role for more than three months of the relevant financial year. For staff who retire, die or are retrenched during the performance period, the managing director and the board have discretion in awarding a payment. Unless the board determines otherwise, no payment will be made to participants who cease employment voluntarily, or have their employment terminated for inadequate performance or for cause, before the end of the performance year.
Equity deferral	Under the STI deferral plan, 20% of any STI earned by executive KMP and senior executives is delivered in CSR shares. These shares must be held in trust subject to trading restrictions and have a continued service requirement for a minimum of two years. During this restriction period, the shares are subject to forfeiture if the executive resigns or is terminated for cause. No further performance conditions will apply and shares will fully vest to the executive at the end of the restriction period if the continued service requirement is met. As the shares are awarded in lieu of a full cash STI payment and relate to an incentive that has already been earned, the board has determined that during the restriction period, executives are entitled to all dividend and voting entitlements applying to the shares held in trust in their name. An important feature of the STI deferral plan rules is the clawback provisions which can allow the board to withhold some or all of the deferred equity in the event of fraud, financial errors, misstatements or misrepresentations.

9 Composition of remuneration (continued)

(iii) At risk remuneration – long term incentive plan

CSR's LTI program aims to:

- drive performance and deliver strategic objectives that create long-term shareholder value;
- provide executives with the opportunity to build their interests in CSR equity; and
- attract, motivate and retain the necessary executive talent to deliver and sustain business performance and increase returns to shareholders.

All securities referred to in this report are granted by CSR Limited.

Table 12: Features of the long term incentive plan – summary of the PRP

<table>
<tr><td>Participation</td><td>Managing director, direct reports and selected key roles are eligible subject to approval by the board.</td></tr>
<tr><td>Grant frequency</td><td>Grants are made on an annual basis.</td></tr>
<tr><td>Type of award</td><td>Grants of performance rights are subject to service requirements and performance vesting criteria. If performance conditions are met, CSR shares will be purchased on market and transferred to participants. Refer to 'Performance period and conditions' below for more detail.</td></tr>
<tr><td>Vesting and performance period</td><td>YEM16 to YEM19 PRP: Awards are subject to a three year vesting period. Immediately following completion of the vesting period, the performance conditions (detailed below) are tested to determine whether, and to what extent, awards vest. To the extent that performance rights have not vested following the testing, they will lapse (i.e. participants forfeit their interests in the performance rights).
YEM15 PRP: Awards are subject to a three year vesting period. If some or all of the awards do not vest at the initial three year test date, they are carried forward and the performance period is extended by 12 months and retested over a four year performance period to determine if any additional vesting is achieved. Performance for both tranches is measured over this extended period to try and mitigate any distortion caused by business and commodity cycles or capital investment decisions. Following retesting in July 2018 the balance of unvested rights lapsed.</td></tr>
<tr><td>How is performance assessed and why is it assessed that way?</td><td>Relative TSR performance compared to the constituents of the S&P/ASX 200 index is considered appropriate given CSR's size and mix of businesses.
EPS performance hurdles were implemented in YEM12. Compound growth in EPS assesses the success of the business in generating continued growth in earnings and aligns the effort of executive KMP and senior executives with shareholder interests.</td></tr>
<tr><td>Performance period and conditions</td><td>The weighting of PRP grants allocated to each performance hurdle is illustrated below.
<table>
<tr><th></th><th colspan="3">Weighting of grant</th></tr>
<tr><th>Year of grant</th><th>Relative TSR (Tranche A)</th><th>EPS (Tranche B)</th><th>Strategic objectives (Tranche C)</th></tr>
<tr><td>YEM18 – YEM19</td><td>50%</td><td>50%</td><td>–</td></tr>
<tr><td>YEM17</td><td>30%</td><td>40%</td><td>30%</td></tr>
<tr><td>YEM15 – YEM16</td><td>50%</td><td>50%</td><td>–</td></tr>
</table>
Relative TSR (Tranche A)

TSR measures the percentage growth in shareholder value, taking into account share price growth, dividends and capital returns.
TSR performance is assessed against the constituents of the S&P/ASX 200 index defined at the start of the performance period with the following vesting schedule applying:

<table>
<tr><th>TSR of CSR relative to the peer group</th><th>Proportion of Tranche A to vest</th></tr>
<tr><td>Below the 50th percentile</td><td>0%</td></tr>
<tr><td>At the 50th percentile</td><td>50%</td></tr>
<tr><td>Between the 50th percentile and the 75th percentile</td><td>Straight-line vesting between 50% and 100% (e.g. each percentile improvement will result in an additional 2% vesting)</td></tr>
<tr><td>75th percentile or greater</td><td>100%</td></tr>
</table>

For the purposes of the TSR calculation, the start and end share prices will be calculated based on 10 trading days VWAP.
</td></tr>
</table>

9 Composition of remuneration (continued)

Table 12: Features of the long term incentive plan – summary of the PRP (continued)

Performance period and conditions

EPS (Tranche B)

- EPS is defined as net profit after tax per share before significant items. The board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

For the YEM17 to 19 PRP grants:

- EPS is measured on an averaged basis over the three year performance period rather than point to point.
- The EPS performance hurdles have been set at 5% to 10% compound growth for target and stretch performance respectively.
- Target performance is calculated by taking the total EPS from the performance period using actual EPS of the base year and compounding 5% per annum for three years, and dividing the result by three. Stretch performance is calculated by taking the total EPS from the performance period using actual EPS of the base year and compounding 10% per annum for three years and dividing the result by three.

The performance hurdles for the YEM17 to YEM19 PRP grants are illustrated below:

	YEM19		YEM18		YEM17	
EPS performance hurdle	Target	Stretch	Target	Stretch	Target	Stretch
Cumulative EPS required over next three years (cps)	140.0	154.0	120.8	132.9	108.9	119.8
Average EPS required over next three years (cps)	46.7	51.3	40.3	44.3	36.3	39.9

Average EPS growth (% CAGR) between 5% and 10% will result in vesting between 50% and 100% increasing on a straight-line basis.

For the YEM15 to 16 PRP grants:

- The annual compound EPS growth over the period from commencement of the performance period to the test date.
- The board sets a threshold vesting schedule of 7% compound growth in EPS per year, with the following vesting schedule applying:

EPS target range (compound growth per annum)	Proportion of Tranche B to vest
Below 7% compound EPS	0%
Equal to 7% compound EPS	50%
Between 7% and 12% compound EPS	Between 50% and 100% increasing on a straight-line basis
Greater than 12% compound EPS	100%

Strategic objectives (Tranche C) – YEM17 PRP grant only

There are three objectives and each objective is equally weighted with 5% to 10% of the overall grant being allocated for target and stretch performance respectively. The objectives as set by the board are:

- **Growth:** A specific EBIT growth objective to be derived from new products and services beyond 'business as usual'.
- **Portfolio:** To increase CSR's exposure to its core building materials businesses through strategic acquisitions and to reduce exposure to non-core businesses through divestments. The board will have regard to profit and Return on Funds Employed (ROFE) when assessing the contribution from any acquisitions.
- **Digital:** Further development and execution of CSR's digital strategy that will drive significant change in customer engagement, improved efficiencies and superior commercial outcomes.

Treatment of capital return

There is no entitlement to a capital return. However, the board may make an adjustment to the number of shares underlying unvested performance rights that would be awarded to the participant if and when the performance rights vested. The number of additional shares underlying the performance rights corresponds to the cash amount per share returned to shareholders, and is intended to ensure that the value of awards of PRP holders is not eroded by capital returns. Capital returns are included as part of TSR performance.

Treatment on vesting

For all PRP grants, rights are eligible for one CSR share per one performance right on vesting.

9 Composition of remuneration (continued)

Table 12: Features of the long term incentive plan – summary of the PRP (continued)

Sales restrictions post vesting	Shares transferred to participants on the vesting of performance rights are subject to the CSR share trading policy.
Treatment of dividends	There is no entitlement to dividends on performance rights under the plan during the performance period.
Treatment on cessation of employment	Unvested awards: Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interest in the unvested shares. However, if the cessation of employment is the result of retirement, redundancy, total or permanent disablement, death or any other special circumstances at the board's discretion, board policy is to retain awards in the plan subject to ongoing performance hurdles following cessation of employment, i.e. awards remain 'on foot'. In exercising this discretion, the board would not generally accelerate vesting and would apply pro rata assessments for plans on foot. Vested awards: Awards that have vested are transferred to participants immediately at the time of vesting.
Treatment on change of control	Unvested awards: The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro rata assessments for plans on foot. Vested awards: Awards that have vested are transferred to participants at the time of vesting.
Prohibition of hedging arrangements	Participants will forfeit their interests in unvested shares if they enter into any hedging transaction in relation to those shares in breach of CSR's Share Trading Policy. At 31 March 2019, executive KMP confirmed in writing their beneficial interest in CSR shares, including confirming that they had not entered into any hedging arrangements over vested or unvested CSR shares.

Table 13: Status and key dates of PRP awards

Grant date	Valuation per right[1]	Holding period	Performance testing windows	Expiry date (if hurdle not met)	Performance status[2]
23 July 2014 (YEM15)	Tranche A (TSR) $2.24 Tranche B (EPS) $3.26	23 July 2014 to 22 July 2017	23 July 2017 to 22 July 2018 (Tranche A) 1 April 2017 to 31 March 2018 (Tranche B)	23 July 2018	Tranche A (TSR): Performance condition met at 57th percentile in July 2017, resulting in 64.8% vesting of the allocation grant. Following retesting in July 2018 the balance of unvested rights lapsed. Tranche B (EPS): 12% compound growth performance condition met with maximum (100%) vesting of the allocation grant.
24 July 2015 (YEM16)	Tranche A (TSR) $1.69 Tranche B (EPS) $3.05	24 July 2015 to 31 March 2018	1 April 2015 to 31 March 2018 (Tranche A and B)	1 April 2018	Tranche A (TSR): Performance condition met at 78th percentile in July 2018, resulting in 100% vesting of the allocation grant. Tranche B (EPS): 12% compound growth performance condition met with maximum (100%) vesting of the allocation grant.
26 July 2016 (YEM17)	Tranche A (TSR) $2.42 Tranche B (EPS) $3.40 Tranche C (Strategic objectives) $3.40	26 July 2016 to 31 March 2019	1 April 2016 to 31 March 2019 (Tranche A, B and C)	1 April 2019	Performance testing in progress.
25 July 2017 (YEM18)	Tranche A (TSR) $1.76 Tranche B (EPS) $3.37	25 July 2017 to 31 March 2020	1 April 2017 to 31 March 2020 (Tranche A and B)	1 April 2020	Performance testing window not yet commenced.
25 July 2018 (YEM19)	Tranche A (TSR) $1.36 Tranche B (EPS) $3.60	25 July 2018 to 31 March 2021	1 April 2018 to 31 March 2021 (Tranche A and B)	1 April 2021	Performance testing window not yet commenced.

1 The value of performance rights at grant date calculated in accordance with AASB 2 *Share-based Payments*. Valuations are performed by a third party, Ernst & Young.
2 To ensure an independent TSR measurement, CSR engages the services of an external organisation, Mercer Consulting (Australia) Pty Ltd, to calculate CSR's performance against the TSR hurdles.

Subsequent to 31 March 2019 and up to the date of this report, for the YEM17 PRP:

- Tranche A (TSR) was deemed by the board to have not satisfied the performance condition resulting in 100% lapsing (354,383 rights).
- Tranche B (EPS) was deemed by the board to have met average EPS growth of between target and stretch resulting in 84% or 396,903 rights vesting and the remaining balance lapsing.

9 Composition of remuneration (continued)

- Tranche C (Growth, Portfolio and Digital)
  - Growth: the board set a group target and stretch goal from growth in EBIT in a number of new products and services beyond 'business as usual'. Whilst there has been strong growth in several businesses including Bradford Energy, Polyester, Hebel and AFS, the group target was not met. As a result, no vesting of this tranche occurred.
  - Portfolio: the board set targets focussed on strategic acquisitions or divestments to rebalance the CSR Portfolio. Specific goals were set in relation to the building products portfolio, rebuilding the property portfolio and management of the long tail product liability. The board reviewed these goals and based upon the acquisition of Bricks, the divestment of Viridian and substantial rebuild of the property portfolio, it was determined that 67% of this tranche would vest.
  - Digital: the board set specific targets focussed on delivery of the digital strategy that centred on enhancing technical functionality, digitisation of the customer experience and revenue through the digital platform CSR Connect. The board reviewed these goals and considering the growth of engaged users on our platform, revenue generated through CSR Connect/other digital platforms and implementation of delivery tracking for customers it was determined that 50% of this tranche would vest.
  - In total, 39% or 138,204 Tranche C rights vested with the remaining balance lapsing.

(iv) Other equity incentive plans

Table 14: Other equity incentive plans

	Universal Share Ownership Plan (USOP)	Employee Share Acquisition Plan (ESAP)
Purpose	To encourage share ownership by enabling executives and employees to benefit from favourable Australian tax treatment.	
Participation	All executives and employees (except executive directors), who have the equivalent of at least one year's full-time service at the date the shares are allotted.	All full and part time employees and directors within Australia.
Form and quantum of award	Each year, the board approves the purchase of shares up to a maximum value of $1,000 (being the limit of the tax exemption) for each eligible participant. The award is structured such that participants buy shares which are then matched one for one by the company at no additional cost to participants.	Directors and employees can forgo up to $5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.
Vesting period	Shares vest immediately upon acquisition by participants. The shares can only be sold three years after the date of grant, unless the participant's employment ceases before then.	The shares are held in trust while the participant is employed by CSR, unless board approval is granted to sell or transfer shares under specific circumstances (e.g. financial hardship). Under current Australian tax law, the maximum period of income tax deferral on the shares purchased is 15 years.
Absence of a performance condition	The plans are designed to encourage share ownership for employees and therefore do not have any performance conditions attached.	
Dividends and voting rights	Participants are entitled to dividends and other distributions and have full voting rights.	Participants are entitled to dividends and other distributions and have full voting rights while the shares are held in trust.

10 Linking remuneration to performance

A key underlying principle of CSR's executive remuneration strategy is the link between company performance and executive reward.

(i) STI and LTI financial measures

STI payments are based on a variety of performance metrics, both financial and non-financial. The key financial measure in YEM19 for determining the value of STI payments was EBIT before significant items (while ROFE was maintained as a qualifying metric). Significant items (both positive and negative) are generally excluded when measuring performance for STIs as they are not considered part of ordinary trading results. Each year an assessment is undertaken by the board to determine whether any of these significant items are included for the purpose of assessing STIs.

For the year ended 31 March 2019 CSR's group EBIT from continuing operations (before significant items) was $265.0 million. Strong operating performance in Building Products and Property was offset by the expected decline in earnings from Aluminium due to the significant step-up in energy related costs. CSR group EBIT result for YEM19 met the financial targets set by the board for STIs.

LTIs have been linked to company performance as follows:

- the value of performance rights (under the PRP) ultimately depends on share price performance; and
- awards vest subject to CSR's relative TSR performance compared to the constituents of the S&P/ASX 200 index and EPS growth. In addition, the YEM17 PRP award also includes performance against specific strategic objectives in the areas of growth, portfolio and digital.

The YEM19 performance assessment of the PRP's is summarised in section 9 and table 13.

10 Linking remuneration to performance (continued)

The following table summarises the clear link between company performance and incentives awarded to executive KMP, senior executives and other eligible employees:

Table 15: Summary of financial performance and STIs and LTIs awarded

	Financial performance[7]					STI			LTI	
	EBIT ($ million)[1]	TSR (%)[2]	EPS (cents)[1]	ROFE (%)[3]	Share price ($)[4]	Executive KMP ($ million)	Senior executives ($ million)	All eligible employees STI as a % of EBIT	Vested value – Executive KMP ($ million)[6]	Vested value – Senior executives ($ million)[6]
YEM19	**265.0**	**(32.9)**	**36.1**	**21.8**	**3.32**	**1.4[5]**	**2.0[5]**	**6.3%**	**2.0**	**2.1**
YEM18	320.3	25.3	41.9	27.8	5.18	1.2	2.2	5.4%	1.8	1.8
YEM17	298.0	45.7	36.5	21.6	4.51	0.9	2.0	5.5%	2.8	2.2
YEM16	276.8	(10.9)	32.9	20.7	3.30	1.2	2.2	6.7%	3.6	3.4
YEM15	235.4	17.3	29.1	18.4	4.03	1.5	2.6	9.0%	1.7	1.2

1 EBIT and EPS are calculated before significant items. For YEM19 and YEM18, EBIT and EPS are from continuing operations before significant items.
2 TSR at 31 March sourced from Bloomberg. Relative TSR performance is disclosed in Table 13 along with the LTI vesting outcomes.
3 Return on Funds Employed (ROFE) defined in note 2 to the CSR group financial statements. ROFE for YEM19 and YEM18 is from continuing operations.
4 Closing share price at 31 March.
5 Represents approved and expensed STI for YEM19 but at the time of writing this report, this amount has not yet been paid.
6 Represents the value of PRPs vesting in the period, calculated based on the number of shares issued, valued using the five day VWAP prior to issue.
7 Dividends paid for the last five years are disclosed on page 2.

(ii) STI non-financial measures

For YEM19, payments approved by the board for the non-financial component of the STI averaged across executive KMP and senior executives were above target. The following table provides some examples of key performance measures used in YEM19 to assess executive performance in the non-financial component of the STI.

Table 16: Non-financial measures and YEM19 performance

Performance area	Measure	Performance
Workplace Health, Safety (WHS) and Environment		**Above target**
	Safety initiatives to reduce risk	▪ Strong progress towards Chain of Responsibility Master Code with focussed improvements in load restraint. ▪ Sub-contractor safety management system implemented to drive safety controls and operational efficiencies. ▪ Implemented WHS and Injury management system to improve efficiency and insights on incidents, hazards and injuries.
	Lost Time Injury Frequency Rate (LTIFR)	▪ LTIFR decreased by 20% from 3.0 to 2.4. This reflects a 46% reduction in the number of Lost Time Injuries.
	Total Recordable Frequency Rate (TRIFR)	▪ TRIFR decreased by 25% from 13.6 to 10.2. This reflects a 64% reduction in the number of recordable injuries.
	Injury severity	▪ Days lost as a result of work-related injuries improved by 20%.
	Leading safety indicators	▪ Achieved 95% against a target of 90% for the Injury Prevention Indicator.
	Energy reduction	▪ Greenhouse gas emissions reduced in line with targets. ▪ Four major energy reduction projects were completed or substantially completed that were funded by CSR's $20 million Energy Improvement Fund.
People and Culture		**Above target**
	Leadership development	▪ Trained approximately 2,000 employees in the redesigned performance management system – ACHIEVE@CSR, involving 3 days training for each person to drive alignment, engagement and motivation.
	Culture	▪ Significant progress made driving culture improvement plans. Culture survey underway and now will include board participation in the survey and debriefs. Results and improvement plans will be developed during YEM20.
	Succession	▪ Biannual talent and succession reviews completed and actions implemented.
	Diversity	▪ CSR's female participation in the business improved from 18% to 21%. ▪ Developed and launched the Flex@CSR program including an updated parental leave policy to support families whilst also serving to attract and retain essential talent. ▪ Measurable objectives are set out in the corporate governance statement which is available on CSR's website.

10 Linking remuneration to performance (continued)

Table 16: Non-financial measures and YEM19 performance (continued)

Performance area	Measure	Performance
Innovation and growth		**On target**
	Product development	▪ Each business has targets to develop and introduce new products.
	Growth from new business or acquisitions	▪ Strong growth continues in Polyester, Solar, Cemintel, Hebel and AFS.
Customer		**Above target**
	Customer experience	▪ 43% improvement in customer experience sentiment score as provided by our customers based upon order and delivery experience.
	Customer focussed culture and capability	▪ Further investment to build capability of customer facing staff and customer service teams. ▪ Progressed customer journey mapping by key segment to drive future improvements in customer experience. ▪ Strengthened connection between specific customer objectives and incentives through the rollout of the YEM19 STI plan and ACHiEVE@CSR.
	Digital and data strategy	▪ 66% increase in revenue processed through digital platforms. ▪ 8% increase in online payment of invoices and completion of 'paperless invoice' project. ▪ Increased use of data to drive insights and improvements for customers.

Remuneration in detail

11 Service agreements

Managing director – Executive service agreement

Rob Sindel was appointed as managing director of CSR effective 1 January 2011. Mr Sindel's remuneration package is summarised as follows:

Table 17: Managing director's remuneration package

Fixed remuneration	Fixed annual remuneration of $1,286,470 inclusive of superannuation contributions effective from 1 July 2018. Fixed remuneration is reviewed annually. Increases are not guaranteed.
Notice period	Under the Executive's Service Agreement there is no fixed term and Mr Sindel's employment can be terminated by: ▪ the company giving him 12 months' notice of termination; or ▪ Mr Sindel giving six months' notice of resignation.
STI	There is no minimum entitlement to an STI payment and the maximum STI opportunity is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 70% of the maximum STI being paid. The STI is weighted 60% on financial performance, 20% on individual performance and 20% on customer objectives. Under the STI deferral plan rules, 20% of the STI value will be deferred into CSR shares which vest in two years. Further detail on the STI deferral plan is contained in Table 11.
LTI	The value of any award of performance rights is currently set at a maximum of 120% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to note 9 for details).

Chief financial officer – Executive service agreement

David Fallu was appointed as chief financial officer effective 2 February 2017. Mr Fallu's remuneration package is summarised as follows:

Table 18: Chief financial officer's remuneration package

Fixed remuneration	Fixed annual remuneration of $620,000 inclusive of superannuation contributions effective from 1 July 2018. Fixed remuneration is reviewed annually. Increases are not guaranteed.
Notice period	Under the Executive's Service Agreement, Mr Fallu's employment can be terminated by: ▪ the company giving him six months' notice of termination; or ▪ Mr Fallu giving six months' notice of resignation.
STI	There is no minimum entitlement to an STI payment and the maximum STI opportunity is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 50% of the maximum STI being paid. The STI is weighted 60% on financial performance, 20% on individual performance and 20% on customer objectives. Under the STI deferral plan rules, 20% of the STI value will be deferred into CSR shares which vest in two years. Further detail on the STI deferral plan is contained in table 11.
LTI	The potential value of any award of performance rights is set at a maximum of 60% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to note 9 for details).

11 Service agreements (continued)

Table 19: Treatment of the managing director's and chief financial officer's incentives on termination

Circumstance	Short term incentive[1]	Long term incentive – unvested performance rights[2]
Immediate termination for cause	No STI payable and clawback provisions may apply (including deferred STI).	Rights are forfeited.
Resignation	Board discretion to award STI on a pro rata basis (including deferred STI).	Rights are forfeited unless board determines otherwise.
Notice by company, good leaver, retirement, redundancy, death or permanent disability	Board discretion to award STI on a pro rata basis (including deferred STI).	Board discretion to allow awards to vest or remain subject to performance hurdles after termination on a pro rata basis.
Change of control and subsequent material change to managing director's role[3]	STI will be paid on a pro-rata basis.	The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro rata assessments for plans on foot.

1 Any STI payments will be paid according to the normal annual STI payment time frame (i.e. payment timing will not be accelerated).
2 Shares allocated in respect of vested performance rights are not subject to restrictions after vesting.
3 Only applies to the managing director. If the managing director resigned due to a material change in the managing director's status (including the company undergoing a change of control), there would be an entitlement to a payment equivalent to 12 months' notice of termination.

On 14 December 2018, the company announced the managing director's intention to step down within twelve months. The board has determined that Mr Sindel will be treated as a good leaver for the purposes of his entitlements on termination. This will result in Mr Sindel retaining all of his deferred STI rights. Consistent with the PRP plan rules, Mr Sindel will also retain a pro rata number of his LTI rights, from each respective grant date up to the date of his termination. These rights will remain on foot and remain subject to the performance conditions of each grant.

Subsequent to 31 March 2019, the board has determined that Mr Sindel will not receive a fixed remuneration increase nor a YEM20 LTI grant. Mr Sindel will be eligible for a service allowance recognising the service provided beyond the notice period and potential foregone earning opportunities. Mr Sindel will also be eligible for a specific incentive for the achievement of goals set by the board up to the date of termination. STI deferral will not apply for any eligible payment for the specific incentive arrangements.

12 Statutory remuneration

Managing director's and chief financial officer's remuneration

The remuneration table below shows a decease in total remuneration expensed for accounting purposes for executive KMP in YEM19 compared with YEM18.

Table 20: Executive KMP statutory remuneration

$ Year ended 31 March	Fixed[1]			Variable				'At risk'	
	Cash salary	Super-annuation	Leave benefits	Other benefits[2]	STI expense[3]	LTI expense[4]	Total	STI[5]	LTI[5]
Managing director – Rob Sindel									
2019	**1,258,214**	**20,411**	**21,495**	**–**	**938,432**	**846,052**	**3,084,604**	**30%**	**27%**
2018	1,228,244	19,941	56,007	4,115	904,903	1,105,929	3,319,139	27%	33%
Chief financial officer – David Fallu									
2019	**585,183**	**20,411**	**30,122**	**1,547**	**399,613**	**117,384**	**1,154,260**	**35%**	**10%**
2018	539,340	19,941	23,904	118,187	261,242	49,565	1,012,179	26%	5%

1 Fixed remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative minimums), motor vehicles and certain other benefits.
2 Other benefits included USOP and travel expenditure, all of which is directly related to company business.
3 STI expense for YEM19 plus amortisation of STI deferrals relating to prior years' grants. STI payments may be allocated at the executive's discretion to cash or additional superannuation contributions.
4 LTI expense is as defined in the accounting standards. PRP grants are expensed over the vesting period at a valuation determined on grant date. Valuations are performed by a third party and are detailed in table 13.
5 STI and LTI as a percentage of total remuneration.

13 Deferred shares

Table 21: STI deferred shares for executive KMP

	Number of STI deferred shares				
	Balance 1 April 2018	Granted[1]	Vested	Lapsed	Balance 31 March 2019[2]
Managing director – Rob Sindel	36,501	34,563	(36,501)	–	**34,563**
Chief financial officer – David Fallu	–	11,503	–	–	**11,503**

1 The value of deferred shares provided at grant date was $5.24 per share. These shares related to the YEM18 STI and were granted in May 2018 and will vest on 31 March 2020 consistent with the STI deferral plan.
2 The closing balance of deferred shares at 31 March 2019 represents unvested shares for YEM18 STI. Shares for the deferred portion for the YEM19 STI will be granted in May 2019. The number of shares granted will be based on the on the 10 day VWAP up to 31 March 2019 of $3.29 per share.

14 Performance rights

Table 22: Executive KMP performance rights

	Number of performance rights				
	Balance 1 April 2018	Granted[1]	Vested[2]	Lapsed	Balance 31 March 2019
Managing director – Rob Sindel	1,220,202	294,577	(359,009)	(72,967)	**1,082,803**
Chief financial officer – David Fallu	76,053	70,984	–	–	**147,037**

1 The accounting value of Mr Sindel's and Mr Fallu's rights granted were $730,552 and $176,040 respectively.
2 The following rights vested to ordinary shares during the year ended 31 March 2019:
Mr Sindel: (a) YEM16 Tranche B (rights vested and 179,504 shares awarded on 10 May 2018). The value of each of these shares was $5.53, representing a total value to Mr Sindel of $992,657. (b) YEM16 Tranche A (rights vested and 179,505 shares awarded on 10 May 2018). The value of each of these shares was $5.53, representing a total value to Mr Sindel of $992,663.

15 Shareholdings

Table 23: Executive KMP shareholdings

	Number of CSR shares[1]				
	Balance 1 April 2018	Acquired[2]	Sold or transferred	Other	Balance 31 March 2019
Managing director – Rob Sindel	908,194	393,572	(400,000)	–	**901,766**
Chief financial officer – David Fallu	43,000	13,360	–	–	**56,360**

1 CSR shares in which the executive KMP has a beneficial interest, including shares held by the CSR share plan trustee for vested shares from the PRP and shares held in respect of the STI deferral plan, by the ESAP trustee or via their related parties. It also includes spouse shareholdings.
2 Represents shares allocated upon vesting of rights under the PRP and shares acquired under the STI deferral plan as detailed earlier in this report. Mr Sindel's acquired shares include 359,009 shares issued on vesting of PRPs and 34,563 shares acquired under the STI deferral plan. Mr Fallu's acquired shares include 11,503 shares acquired under the STI deferral plan, 1,371 shares acquired under ESAP and 486 shares acquired under USOP.

Non-executive directors and other

16 Arrangements

Table 24: Non-executive director (NED) arrangements

Role	Annual fee for YEM19 (including superannuation guarantee)
Chairman base fees	$395,264
Other NED base fees (including one committee membership)	$158,106
Chairman of the Risk & Audit Committee	An additional $35,290
Chairman of the Remuneration & Human Resources Committee	An additional $23,526
Chairman of the Workplace Health, Safety & Environment Committee	An additional $23,526
Additional committee memberships	An additional $11,764 per additional committee (applies to NEDs other than the chairman)

Following benchmarking in YEM19, the board has determined not to increase NED fees for YEM20. However, the committee chairman fees totaling $82,342 in the above table will be evenly distributed between the three chairmen and each will receive $27,447 from YEM20 with no impact to aggregate fees.

Role	Annual fee for YEM20
Chairman base fees	$395,264
Other NED base fees (including one committee membership)	$158,106
Committee Chairman	An additional $27,447
Additional committee memberships	An additional $11,764 per additional committee (applies to NEDs other than the chairman)

No retirement allowances are payable to NEDs. NEDs do not participate in the company's STI or LTI plans or receive any variable remuneration, but are able to forgo fees for CSR shares under the ESAP. To further align NEDs' interests with those of shareholders, the company expects all NEDs to acquire a beneficial interest in CSR shares.

17 Fees

Table 25: Non-executive directors' fees

Year ended 31 March		Directors' fees	Termination benefits	Superannuation	Total
John Gillam (chairman)[1]	**YEM19**	**339,843**	**–**	**20,984**	**360,827**
	YEM18	45,160	–	4,290	49,450
Christine Holman	**YEM19**	**155,131**	**–**	**14,737**	**169,868**
	YEM18	151,348	–	14,378	165,726
Michael Ihlein	**YEM19**	**176,616**	**–**	**16,779**	**193,395**
	YEM18	172,309	–	16,369	188,678
Matthew Quinn	**YEM19**	**165,874**	**–**	**15,758**	**181,632**
	YEM18	161,828	–	15,374	177,202
Jeremy Sutcliffe[1]	**YEM19**	**60,865**	**–**	**5,012**	**65,877**
	YEM18	365,683	–	19,941	385,624
Penny Winn	**YEM19**	**165,874**	**–**	**15,758**	**181,632**
	YEM18	161,828	–	15,374	177,202
Total non-executive directors	**YEM19**	**1,064,203**	**–**	**89,028**	**1,153,231**
	YEM18	1,058,156	–	85,726	1,143,882

1 Effective from 31 May 2018 John Gillam succeeded Jeremy Sutcliffe as Chairman who retired from the board on the same date.

18 Shareholdings

Table 26: Non-executive directors' shareholdings

	Number of CSR shares[1]				
	Balance 1 April 2018	Included in remuneration	Acquired	Other	Balance 31 March 2019
John Gillam (chairman)	21,510	–	232,000	–	253,510
Christine Holman	41,532	–	23,042	–	64,574
Michael Ihlein	60,708	–	1,371	–	62,079
Matthew Quinn	42,528	–	17,531	–	60,059
Jeremy Sutcliffe[2]	81,386	–	–	(81,386)	–
Penny Winn	43,403	–	–	–	43,403

1 CSR shares in which the director has a beneficial interest, including shares held under the ESAP trust or via related parties.
2 Effective from 31 May 2018 John Gillam succeeded Jeremy Sutcliffe as Chairman who retired from the board on the same date. The 'other' change does not represent a disposal of shares.

19 Other transactions with KMP

There were no other transactions, including loans between CSR and KMP (including their related parties), during YEM18 and YEM19.

FINANCIAL REPORT

Statement of financial performance

$million	Note	2019	2018
Continuing operations			
Trading revenue – sale of goods	5	**2,322.8**	**2,237.7**
Cost of sales		(1,627.4)	(1,490.2)
Gross profit		**695.4**	**747.5**
Other income	5	54.8	58.2
Warehouse and distribution costs		(204.3)	(194.2)
Selling, administration and other operating costs		(292.7)	(303.5)
Share of net profit of joint venture entities	25	13.8	12.7
Impairment expense	12	(32.8)	–
Other expenses		(17.6)	(8.9)
Profit before finance costs and income tax from continuing operations		**216.6**	**311.8**
Interest income	7	3.6	2.3
Finance costs	7	(11.5)	(11.8)
Profit before income tax from continuing operations		**208.7**	**302.3**
Income tax expense	8	(61.2)	(85.5)
Profit after tax from continuing operations		**147.5**	**216.8**
Loss after tax from discontinued operations	9	(60.9)	(10.2)
Profit after tax		**86.6**	**206.6**
Profit after tax attributable to:			
Non-controlling interests	23	8.6	17.8
Shareholders of CSR Limited[1]		78.0	188.8
Profit after tax		**86.6**	**206.6**
Earnings per share from continuing operations attributable to shareholders of CSR Limited			
Basic (cents per share)	4	27.6	39.6
Diluted (cents per share)	4	27.6	39.3
Earnings per share from profit attributable to shareholders of CSR Limited			
Basic (cents per share)	4	15.5	37.5
Diluted (cents per share)	4	15.5	37.3

1 Net profit from continuing operations before significant items attributable to shareholders of CSR Limited is $181.7 million (2018: $210.6 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

$million	Note	2019	2018
Profit after tax		**86.6**	**206.6**
Other comprehensive income (expense), net of tax			
Items that may be reclassified to profit or loss			
Hedge profit recognised in equity		18.5	13.4
Hedge loss transferred to statement of financial performance		8.4	25.4
Exchange differences arising on translation of foreign operations	19	0.1	2.0
Recycling of foreign currency translation reserve on disposal of business, transferred to statement of financial performance	9, 19	1.1	–
Income tax expense relating to these items	13	(8.1)	(11.7)
Items that will not be reclassified to profit or loss			
Actuarial loss on superannuation defined benefit plans	27	(1.6)	(3.3)
Income tax benefit relating to these items	13	0.5	1.0
Other comprehensive income – net of tax		18.9	26.8
Total comprehensive income		**105.5**	**233.4**
Total comprehensive income attributable to:			
Non-controlling interests		12.4	24.7
Shareholders of CSR Limited		93.1	208.7
Total comprehensive income		**105.5**	**233.4**
Total comprehensive income attributable to shareholders of CSR Limited arises from:			
Continuing operations		154.7	220.1
Discontinued operations		(61.6)	(11.4)
Total comprehensive income attributable to shareholders of CSR Limited		**93.1**	**208.7**

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

Statement of financial position

$million	Note	2019	2018
Current assets			
Cash and cash equivalents	33	50.0	13.7
Receivables	11	455.9	295.7
Inventories	11	377.9	467.0
Other financial assets	20	27.2	11.4
Income tax receivable		5.2	7.0
Prepayments and other current assets		10.4	10.5
Total current assets		**926.6**	**805.3**
Non-current assets			
Receivables	31	25.8	76.5
Inventories	11	74.7	57.7
Investments accounted for using the equity method	25	40.4	43.6
Other financial assets	20	17.6	13.4
Property, plant and equipment	12	709.6	833.4
Goodwill	12	57.2	98.1
Other intangible assets	12	23.7	44.5
Deferred income tax assets	13	104.3	151.8
Other non-current assets	31	11.2	11.7
Total non-current assets		**1,064.5**	**1,330.7**
Total assets		**1,991.1**	**2,136.0**
Current liabilities			
Payables	11	260.9	305.2
Other financial liabilities	20	16.8	19.0
Tax payable		6.1	5.0
Provisions	14	156.2	177.0
Total current liabilities		**440.0**	**506.2**
Non-current liabilities			
Payables		3.6	3.7
Borrowings	16	–	28.0
Other financial liabilities	20	4.7	10.1
Provisions	14	297.2	306.5
Deferred income tax liabilities	13	12.2	7.4
Other non-current liabilities	27	2.3	–
Total non-current liabilities		**320.0**	**355.7**
Total liabilities		**760.0**	**861.9**
Net assets		**1,231.1**	**1,274.1**
Equity			
Issued capital	17	1,028.8	1,036.2
Reserves	19	(38.4)	(53.2)
Retained profits		187.6	244.4
Equity attributable to shareholders of CSR Limited		**1,178.0**	**1,227.4**
Non-controlling interests	23	53.1	46.7
Total equity		**1,231.1**	**1,274.1**

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

Statement of changes in equity

$million	Note	Issued capital	Reserves	Retained profits	CSR Limited interest	Non-controlling interests	Total equity
Balance at 1 April 2018		1,036.2	(53.2)	244.4	**1,227.4**	46.7	**1,274.1**
Profit for the year		–	–	78.0	78.0	8.6	86.6
Total other comprehensive income (expense) – net of tax		–	16.2	(1.1)	15.1	3.8	18.9
Dividends paid	18	–	–	(133.7)	(133.7)	(6.0)	(139.7)
On-market share buy-back	17	(7.4)	–	–	(7.4)	–	(7.4)
Acquisition of treasury shares	19	–	(2.6)	–	(2.6)	–	(2.6)
Share-based payments – inclusive of tax	19	–	1.2	–	1.2	–	1.2
Balance at 31 March 2019		1,028.8	(38.4)	187.6	**1,178.0**	53.1	**1,231.1**
Balance at 1 April 2017		1,036.8	(73.4)	191.6	1,155.0	51.5	1,206.5
Profit for the year		–	–	188.8	188.8	17.8	206.6
Total other comprehensive income (expense) – net of tax		–	22.2	(2.3)	19.9	6.9	26.8
Dividends paid	18	–	–	(133.7)	(133.7)	(29.5)	(163.2)
On-market share buy-back		(0.6)	–	–	(0.6)	–	(0.6)
Acquisition of treasury shares	19	–	(5.8)	–	(5.8)	–	(5.8)
Acquisition of non-controlling interest		–	(2.5)	–	(2.5)	–	(2.5)
Share-based payments – inclusive of tax	19	–	6.3	–	6.3	–	6.3
Balance at 31 March 2018		1,036.2	(53.2)	244.4	**1,227.4**	46.7	**1,274.1**

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

Statement of cash flows

$million	Note	2019	2018
Cash flows from operating activities			
Receipts from customers		2,933.6	2,930.4
Payments to suppliers and employees		(2,731.6)	(2,652.7)
Dividends and distributions received	25	14.3	9.5
Interest received		3.1	2.6
Income tax paid		(12.1)	(40.6)
Net cash inflow from operating activities		**207.3**	249.2
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets		(163.6)	(120.6)
Proceeds from sale of property, plant and equipment and other assets		49.1	62.6
Proceeds from sale of Glass division, net of cash disposed[1]	9	137.3	–
Purchase of controlled entities and businesses, net of cash acquired	10	(1.0)	(0.3)
Costs associated with acquisition and disposal of businesses	9,10	(4.4)	(18.5)
Loans and receivables advanced		(5.3)	(2.0)
Net cash inflow (outflow) from investing activities		**12.1**	(78.8)
Cash flows from financing activities			
On-market share buy-back	17	(7.4)	(0.6)
Net repayment of borrowings		(28.0)	(2.5)
Dividends paid[2]		(139.7)	(163.2)
Acquisition of shares by CSR employee share trust	19	(2.6)	(5.8)
Interest and other finance costs paid		(5.7)	(4.1)
Net cash outflow from financing activities		**(183.4)**	(176.2)
Net increase (decrease) in cash held		36.0	(5.8)
Net cash at the beginning of the financial year		13.7	19.1
Effects of exchange rate changes		0.3	0.4
Net cash at the end of the financial year		**50.0**	13.7
Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities			
Net profit attributable to shareholders of CSR Limited	2	78.0	188.8
Net profit attributable to non-controlling interests	23	8.6	17.8
Depreciation and amortisation	6	76.1	84.4
Impairment of assets		95.5	3.0
Share of profits of associates not received as dividends or distributions		0.5	(3.2)
Share-based payments	19	3.3	3.7
Finance cost net of discount unwind		5.0	4.1
Profit on disposal of assets	5	(44.3)	(51.2)
Gain on sale of Glass division	9	(6.7)	–
Net change in current receivables		(10.8)	14.3
Net change in current inventories		(22.8)	(57.2)
Net change in current payables		(10.0)	32.3
Movement in product liability provision		(21.0)	(23.4)
Net change in other provisions		23.9	(0.1)
Movement in current and deferred tax balances		30.1	34.4
Net change in other assets and liabilities		1.9	1.5
Net cash from operating activities		**207.3**	249.2

1 Cash flow from discontinued operations is disclosed in note 9 to the financial statements.
2 During the year ended 31 March 2019, within the $139.7 million of dividends paid, dividends to CSR Limited shareholders were $133.7 million. Of the $133.7 million in dividends, $8.6 million was used to purchase CSR shares on-market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining $125.1 million was paid in cash.

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

Notes to the financial report

1 Basis of preparation

This section sets out the basis upon which the CSR group's financial statements are prepared as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. All other accounting policies are outlined in note 33.

Statement of Compliance: CSR Limited is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

This general purpose financial report is prepared in accordance with the *Corporations Act 2001* and applicable Accounting Standards and Interpretations, and complies with other requirements of the law. CSR Limited is a 'for profit' entity. The financial report includes the consolidated financial statements of CSR Limited and its controlled entities (CSR group).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the CSR group comply with International Financial Reporting Standards.

Basis of preparation: The financial report is based on historical cost, except for certain financial assets and liabilities which are at fair value.

In preparing this financial report, the CSR group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

Basis of consolidation: The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the CSR group, being CSR Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date CSR Limited obtained control and until such time as it ceased to control an entity; and
- all inter-entity balances and transactions are eliminated.

Control is achieved where CSR Limited is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities controlled by CSR Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

Business combinations: Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of financial performance, statement of comprehensive income, statement of financial position and statement of changes in equity respectively. The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interest in subsidiaries even if the accumulated losses should exceed the non-controlling interest in the individual subsidiary's equity.

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

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

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

AASB 15 *Revenue from Contracts with Customers* ('AASB 15'): The CSR group has adopted AASB 15 from 1 April 2018 which resulted in changes in accounting policies. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, that is, the 'notion of control' replaces the existing 'notion of risks and rewards'. Refer to note 5.

AASB 9 *Financial Instruments* ('AASB 9'): The CSR group adopted phase 1 (classification and measurement of financial assets and liabilities) and phase 3 (hedge accounting) of AASB 9 as issued in December 2013, which resulted in changes to accounting policies and retrospective adjustments in the CSR Annual Report for the year ended 31 March 2015. The CSR group has adopted phase 2 (impairment, including expected credit loss) of AASB 9 from 1 April 2018. Phase 2 has not materially impacted the financial report of the CSR group. Refer to note 11.

New standards not yet applicable: Other than AASB 16 *Leases*, standards not yet applicable are not expected to have a material impact on the CSR group. Refer to note 30 for further disclosure on the impact of AASB 16 *Leases*.

Critical accounting judgments and key sources of estimation uncertainty: Critical judgments and key assumptions that management has made in the process of applying the CSR group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are detailed in the notes below:

Note	Judgment/Estimation
12	Asset impairment
14	Measurement of provisions for restoration and environmental rehabilitation and legal claims
14	Provision for uninsured losses and future claims
14, 15	Product liability
24	Classification of joint arrangements

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

Financial performance overview: provides a breakdown of individual line items in the statement of financial performance, and other information that is considered most relevant to users of the annual report.

Balance sheet items: provides a breakdown of individual line items in the statement of financial position that are considered most relevant to users of the annual report.

Capital structure and risk management: provides information about the capital management practices of the CSR group and shareholder returns for the year. This section also discusses the CSR group's exposure to various financial risks, explains how these affect the CSR group's financial position and performance and what the CSR group does to manage these risks.

Group structure: explains aspects of the CSR group structure and the impact of this structure on the financial position and performance of the CSR group.

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.

Financial performance overview

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 products 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 a reportable segment.

Building Products	Lightweight Systems (Gyprock plasterboard, Hebel autoclaved aerated concrete products, Cemintel fibre cement, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Insulation (Bradford and Martini insulation, Bradford energy solutions and Edmonds ventilation systems), AFS walling systems, Inclose Façades, Bricks (PGH Bricks and Pavers and New Zealand Brick Distributors joint venture) and Roofing (Monier roofing).
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. Further detail on the disposal of the Glass business is set out in note 9. The Glass business includes the operations of Viridian in Australia and New Zealand. Viridian is Australia's leading architectural glass provider and the only manufacturer of float glass and hard coated performance products in Australia. It manufactures clear float, coated and bulk laminate glass in Victoria and value-added processing of glass from a number of facilities across Australia and New Zealand.

Accounting policies and inter-segment transactions

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

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

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

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

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2019, the CSR continuing group's trading revenue from external customers in Australia amounted to $2,255.2 million (2018: $2,177.1 million), with $67.6 million (2018: $60.6 million) of trading revenue related to other geographical areas.

The CSR group's non-current assets excluding investments accounted for using the equity method, deferred tax assets and other financial assets in Australia amounted to $875.0 million at 31 March 2019 (2018: $1,060.5 million), with $27.2 million (2018: $61.4 million) related to other geographical areas.

2 Segment information (continued)

$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	1,695.9	1,672.2	258.9	265.4	52.4	51.3	206.5	214.1
Property	–	–	39.0	48.1	0.2	0.3	38.8	47.8
Aluminium	626.9	565.5	48.3	97.1	11.7	17.6	36.6	79.5
Corporate[3]	–	–	(14.0)	(14.2)	0.7	0.6	(14.7)	(14.8)
Restructuring and provisions[4]	–	–	(2.2)	(6.3)	–	–	(2.2)	(6.3)
Continuing operations	**2,322.8**	2,237.7	**330.0**	390.1	**65.0**	69.8	**265.0**	320.3
Glass discontinued operations	318.9	368.5	18.5	18.1	11.1	14.6	7.4	3.5
Total CSR group	**2,641.7**	2,606.2	**348.5**	408.2	**76.1**	84.4	**272.4**	323.8

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

$million	Note	2019	2018
Continuing operations earnings before interest, tax and significant items		265.0	320.3
Net finance income (expense)	7	0.1	(1.2)
Income tax expense		(74.7)	(90.5)
Profit after tax from continuing operations before significant items (before non-controlling interests)		**190.4**	228.6
Less: non-controlling interests		(8.7)	(18.0)
Profit after tax from continuing operations before significant items attributable to shareholders of CSR Limited		**181.7**	210.6
Significant items after tax from continuing operations attributable to shareholders of CSR Limited	3	(42.8)	(11.6)
Profit after tax from continuing operations attributable to shareholders of CSR Limited		**138.9**	199.0
Loss from discontinued operations attributable to shareholders of CSR Limited	9	(60.9)	(10.2)
Profit after tax attributable to shareholders of CSR Limited		**78.0**	188.8

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Building Products	947.4	919.1	22.1%	23.8%
Property	224.5	185.7	18.9%	29.2%
Aluminium	140.3	120.0	28.2%	61.8%
Corporate	(63.2)	(38.8)	–	–
Continuing operations	**1,249.0**	1,186.0	**21.8%**	27.8%
Discontinued operations - Glass	–	239.3	–	1.4%
Total CSR group	**1,249.0**	1,425.3	–	23.2%

1 Trading revenue excludes net gain on disposal of assets, interest income, dividend income from other entities, share of net profit of joint venture entities and other income. Inter-segment sales are negligible.
2 EBITDA before significant items is earnings before interest, tax, depreciation, amortisation and significant items.
3 Represents unallocated overhead expenditure and other revenues.
4 Represents restructuring and provisions. Includes legal and managerial costs associated with long-term product liabilities and minor product liability claims that arise from time to time, certain defined benefit superannuation liabilities and expenses, other payables, non-operating revenue and other costs (excluding those categorised as significant items).
5 Funds employed is net assets of the CSR group less certain non-trading assets and liabilities. Funds employed at 31 March 2019 is calculated as net assets of $1,231.1 million (2018: $1,274.1 million), excluding the following assets: cash of $50.0 million (2018: $13.7 million), net tax assets of $91.2 million (2018: $146.4 million), net superannuation assets of $8.2 million (2018: $11.4 million), net financial assets of $21.3 million (2018: nil), deferred consideration receivable of $78.5 million (2018: $nil) and interest receivable of $0.9 million (2018: $0.1 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of $268.0 million (2018: $289.0 million), net financial liabilities of $nil (2018: $5.8 million) and borrowings of $nil (2018: $28.0 million).
6 Return on funds employed (ROFE) is calculated based on EBIT before significant items for the 12 months to year 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

$million	Note	2019	2018
Significant items from continuing operations:			
Impairment of Roofing assets[1]	12	(32.8)	–
Restructuring costs[2]		(11.6)	(0.9)
Remediation, supply disruption and other costs[3]		(4.0)	(7.6)
Significant items from continuing operations before finance costs and income tax		**(48.4)**	(8.5)
Discount unwind and hedging relating to product liability provision		(8.0)	(8.3)
Income tax benefit on significant items from continuing operations		13.5	5.0
Significant items after tax from continuing operations		**(42.9)**	(11.8)
Significant items attributable to non-controlling interests		0.1	0.2
Significant items from continuing operations attributable to shareholders of CSR Limited		**(42.8)**	(11.6)
Loss from discontinued operations after tax attributable to shareholders of CSR Limited[4]	9	(65.3)	(12.3)
Significant items and discontinued operations loss attributable to shareholders of CSR Limited		**(108.1)**	(23.9)
Net profit attributable to shareholders of CSR Limited[5]		73.6	186.7
Significant items and discontinued operations loss attributable to shareholders of CSR Limited		108.1	23.9
Net profit from continuing operations before significant items attributable to shareholders of CSR Limited[6]		**181.7**	210.6
Earnings per share from continuing operations attributable to shareholders of CSR Limited before significant items[7]			
Basic (cents per share)		36.1	41.9
Diluted (cents per share)		36.1	41.6

1 During the year ended 31 March 2019, following an impairment assessment of the Roofing cash generating unit (disclosed within the Building Products segment) an impairment charge of $32.8 million was recognised. Refer to note 12 for further detail.
2 During the year ended 31 March 2019, the Building Products segment recorded a charge of $11.2 million and the Aluminium segment recorded a charge of $0.4 million (2018: $0.9 million) for restructuring costs to align the business cost base with current market conditions and secure ongoing efficiencies.
3 During the year ended 31 March 2019, the CSR group recorded a charge of $4.0 million as a result of the re-measurement of land remediation and other provisions. An amount of $1.6 million has been recorded in Other income and $5.6 million in Other expenses. During the year ended 31 March 2018, due to the temporary closure of the Thevenard port in South Australia, the Building Products segment incurred additional costs associated with the disruption of raw material (gypsum) supply ($6.1 million). In addition, the group recorded a charge of $1.5 million as a result of the re-measurement of provisions in relation to legal disputes, warranties and land remediation.
4 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 non-trading transactions have been treated as significant for the year ended 31 March 2019. Total pre-tax significant items related to the Viridian Glass segment for the year ended 31 March 2019 were $88.4 million. Refer to note 9 for further information. During the year ended 31 March 2018, the Glass segment divested sites in Western Australia, Darwin and Cairns. Pre-tax significant items recorded include the loss on disposal and associated restructuring expenditure of $8.7 million and a provision for onerous lease costs of $8.7 million.
5 Net profit attributable to shareholders of CSR Limited excludes net profit after tax of $4.4 million (YEM18: $2.1 million) generated by the Viridian glass segment until the sale of the business on 31 January 2019. Net profit attributable to shareholders of CSR Limited (including net profit of discontinued operations) was $78.0 million (YEM18: $188.8 million). Further detail of discontinued operations is contained in note 9.
6 Net profit from continuing operations before significant items of $181.7 million (YEM18: $210.6 million) excludes net profit generated by the Viridian glass segment until the sale of the business on 31 January 2019. Net profit before significant items attributable to shareholders of CSR Limited (including net profit of discontinued operations) was $186.1 million (YEM18: $212.7 million).
7 The basis of calculation is consistent with the earnings per share disclosure in the statement of financial performance (refer note 4). Earnings per share attributable to shareholders of CSR Limited (including discontinued operations) was 37.0 cents per share (YEM18: 42.3 cents per share).

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

	2019	2018
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	503.2	503.1
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	503.8	506.5
Profit after tax from continuing operations attributable to shareholders of CSR Limited ($million)	138.9	199.0
Basic EPS from continuing operations (cents per share)	27.6	39.6
Diluted EPS from continuing operations (cents per share)	27.6	39.3
Profit after tax attributable to shareholders of CSR Limited ($million)	78.0	188.8
Basic EPS (cents per share)	15.5	37.5
Diluted EPS (cents per share)	15.5	37.3

1 Calculated by reducing the total weighted average number of shares on issue of 504.1 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 960,651 (2018: 1,237,649).

2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 615,549 (2018: 3,424,291). 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 Revenue

$million	Note	2019	2018
Trading revenue from continuing operations	2	2,322.8	2,237.7
Other income from continuing operations			
Net gain on disposal of assets		44.3	51.2
Significant items	3	1.6	–
Other		8.9	7.0
Trading revenue from discontinued operations		318.9	368.5

Recognition and measurement

From 1 April 2018, the CSR group adopted AASB 15 *Revenue from Contracts with Customers* ('AASB 15') and applied the modified retrospective approach. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, that is, the 'notion of control' replaces the existing 'notion of risks and rewards'. The impact of this change in accounting standard is not material to the CSR group as the 'notion of control' is closely aligned to the 'notion of risks and rewards' for CSR revenue streams.

- **Sale of goods**: the group sells a range of building products and aluminium. Sales are recognised when control of the products has transferred, being when the products are delivered and accepted by the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

- **Sale and installation of goods**: certain CSR businesses supply and install building products. Sales are recognised over time given that there is generally no alternative use of the product (it is generally specified based on the requirements of the building) and there is an enforceable right to payment. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. For each of these contracts an appropriate driver is determined which is then used to recognise revenue as the work is completed. In the case of fixed-price contracts, the customer generally pays the fixed amount based on a payment schedule. If the services rendered by CSR exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

  Some contracts include multiple deliverables, such as the sale of product and related installation services. However, if the installation could be performed by another party it is accounted as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling price. Revenue in relation to the sale of the product is recognised at a point in time when the product is delivered, and legal title has passed, and the customer has accepted the goods. Estimates of revenues, cost or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

  Sale and installation of goods revenue is disclosed within 'trading revenue' above and in note 2 given it is not material for separate disclosure.

- **Land development and resale:** the group develops and sells commercial and residential properties. Income is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual relationships. An enforceable right to payment does not arise until after the customer has taken control of the property which is the earlier of when title of the property passes or when the customer has physical possession of the property. As a result, income is recognised when control of the property passes to the customer. The revenue is measured as the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material. In most cases, the consideration is due when legal title has been transferred. Land development and resale profit is disclosed within 'net gain on disposal of assets' and classified as 'other income' on the statement of financial performance and is recognised in the Property segment.

- **Disposal of assets:** income is recognised when control of the asset passes to the purchaser. The revenue is measured as the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material.

6 Expenses

$million	Note	2019	2018
Expenses from continuing operations			
Significant items[1]	3	50.0	8.5
Employee benefits expense		464.6	454.2
Operating lease expense		51.6	47.6
Depreciation	12	57.7	62.3
Amortisation	12	7.3	7.5
Expenses from discontinued operations			
Significant items[1]	3	88.4	17.4
Employee benefits expense		120.0	140.0
Operating lease expense		18.4	22.7
Depreciation	12	10.8	14.1
Amortisation	12	0.3	0.5

1 Significant items are included within impairment expense and other expenses in the statement of financial performance.

Recognition and measurement

- **Employee benefits expense:** includes salaries and wages, share-based payments and other entitlements.
- **Operating lease expense:** payments made under operating leases (net of any incentives received by the lessor) are expensed on a straight-line basis over the period of the lease.

7 Net finance costs

$million	Note	2019	2018
Net finance costs from continuing operations			
Interest expense and funding costs		4.8	4.0
Discount unwind and hedging relating to product liability provision		8.0	8.3
Discount unwind of other non-current liabilities		0.8	0.8
Foreign exchange gain		(2.1)	(1.3)
Finance costs		**11.5**	11.8
Interest income		(3.6)	(2.3)
Net finance costs		**7.9**	9.5
Finance costs included in significant items	3	(8.0)	(8.3)
Net finance (income) costs before significant items		**(0.1)**	1.2
Net finance costs from discontinued operations		**0.9**	0.4

Recognition and measurement

Interest income and expense are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates. Funding costs are capitalised and subsequently amortised over the term of the facility. Unwinding of the interest component of discounted assets and liabilities is treated as a finance cost.

8 Income tax expense

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

$million	Note	2019	2018
Profit before income tax from continuing operations		208.7	302.3
Loss before income tax from discontinued operations		(81.9)	(14.4)
		126.8	287.9
Income tax expense calculated at 30%		**38.0**	86.4
(Decrease) increase in income tax expense due to:			
Share of net profit of joint venture entities		(4.0)	(3.7)
Non-taxable profit on property disposals		–	(1.6)
Non-deductible impairment of goodwill and other assets		12.3	–
Income tax (over) under provided in prior years		(0.6)	0.5
Other items[1]		(5.5)	(0.3)
Total income tax expense on profit		**40.2**	81.3
Comprising of:			
Current tax expense		22.0	35.1
Deferred tax expense relating to movements in deferred tax balances	13	18.2	46.2
Total income tax expense on profit		**40.2**	81.3
Income tax expense (credit) is attributable to:			
Profit from continuing operations		61.2	85.5
Loss from discontinued operations		(21.0)	(4.2)
Total income tax expense on profit		**40.2**	81.3

1 Primarily relates to discontinued operations.

Recognition and measurement

Current and deferred tax is recognised as an expense in the statement of financial performance except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from an initial accounting for a business acquisition, in which case it is taken into account in the determination of goodwill.

Tax transparency report

The CSR group has prepared a voluntary tax transparency report which is available to view online or to download from the CSR website (www.csr.com.au). The report sets out relevant tax information for CSR Limited and its controlled entities for the year ended 31 March 2019 and 31 March 2018.

Disclosure of company tax information

Under tax legislation the Australian Taxation Office will publish in 2019 the following data for the CSR Limited tax consolidated group and Gove Aluminium Finance Limited in relation to the 2018 tax year:

Entity	Total revenue[1] ($million)	Taxable income ($million)	Tax payable ($million)
CSR Limited (ABN: 90 000 001 276)	2,269.0	259.8	0.8
Gove Aluminium Finance Limited (ABN: 45 001 860 073)	570.0	83.1	22.2

1 For financial reporting and taxation purposes, items may have been classified between revenue and expenses differently. Therefore, total revenue may not reconcile to note 2 or note 23.

Income tax is payable on profits (not total revenue) after allowing for expenses and specific adjustments under the tax law. For CSR Limited, tax payable for 2018 was $0.8 million because CSR was entitled to utilise prior year tax losses and claim certain tax deductions that made taxable income lower than accounting profit (for example, tax depreciation, certain restructure costs and payments of asbestos claims settlements). The net amount of tax losses and rebated carried forward at the end of the year is set out below:

Value of tax losses and rebates carried forward	2019 ($million)	2018 ($million)
CSR Group	10.2[2]	10.3

2 Unused tax losses for which no deferred tax asset has been recognised are $10.2 million (31 March 2018: nil). Unused tax losses were generated by a New Zealand subsidiary that is no longer considered likely to utilise the tax losses in the foreseeable future. Unused tax losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

9 Discontinued operations

i) Description

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

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.

ii) Financial performance and cash flow information

The below information presented is for the 10 months ended 31 January 2019 and the year ended 31 March 2018.

$million	2019	2018
Revenue (note 5)	318.9	368.5
Expenses	(312.4)	(365.5)
Profit before income tax	6.5	3.0
Income tax expense	(2.1)	(0.9)
Profit after income tax before significant items	**4.4**	2.1
Impairment of assets, onerous leases and other costs after tax, recorded as significant items	(65.7)	(12.3)
Gain on sale of business after tax	6.7	–
Transaction costs after tax[1]	(6.3)	–
Loss from discontinued operations	**(60.9)**	(10.2)
Hedge profit (loss)	0.6	(0.6)
Exchange differences on translation	(1.4)	(1.0)
Recycling of reserves	1.1	–
Actuarial (loss) gain on superannuation defined benefit plan	(1.0)	0.4
Other comprehensive expense from discontinued operations, net of tax	**(0.7)**	(1.2)

Net cash inflow from discontinued operations:

$million	2019	2018
Net cash from operating activities	21.3	26.1
Net cash from investment activities[2]	126.9	(10.8)
Net cash generated by the Glass business	**148.2**	15.3

1 Transaction costs of $4.4 million were paid during the year ended 31 March 2019.
2 The 2019 cash flow includes an inflow of $137.3 million from the sale of the business and the Ingleburn property.

The cash flows included in the statement of cash flow relating to the disposal of the business were:

$million	2019
Consideration received	143.2
Cash disposed	(5.9)
Cash proceeds net of cash disposed	**137.3**

iii) Details of the sale of Viridian glass

$million	2019
Consideration received or receivable	
Cash	143.2
Fair value of deferred consideration[3]	78.5
Total disposal consideration	221.7
Carrying amount of net assets sold	(220.7)
Gain on sale before income tax and reclassification of reserves	1.0
Recycling of reserves	(1.1)
Income tax credit on sale	6.8
Gain on sale after income tax	**6.7**

3 The deferred consideration is due six months after completion, being 31 July 2019.

The carrying amounts of assets and liabilities as at the date of sale (31 January 2019) were:

$million	31 January 2019
Cash	5.9
Trade and other receivables	44.4
Inventories	82.9
Property, plant and equipment	128.4
Deferred tax assets	22.1
Total assets	283.7
Trade and other payables	30.7
Provisions	32.3
Total liabilities	63.0
Net assets disposed	**220.7**

10 Business combinations

i) Current year

During the year ended 31 March 2019, the Building Products segment acquired the business assets of an entity and invested in an entity for cash consideration of $1.0 million.

ii) Prior year

During the year ended 31 March 2018, the Glass segment acquired the business assets of two entities in New Zealand for cash consideration of $0.3 million with goodwill of $0.2 million arising.

Transactions occurring in YEM18 related to prior period acquisitions

- The CSR group acquired 100% of Architectural Framework Systems (AFS) on 2 April 2014 (Building Products segment). Part of the consideration was contingent on certain pre-determined earnings measures being achieved for each of the years ended 31 March 2015 and 31 March 2017. Earnings measures were met for the year ended 31 March 2017 resulting in the payment of $15.0 million in deferred consideration in the year ended 31 March 2018.
- Contingent consideration of $1.8 million was paid in relation to the acquisition of Viridian Glass Limited Partnership.
- Transaction costs of $1.7 million related to the acquisition of PGH Bricks & Pavers Pty Limited was paid in the year.

Balance sheet items

11 Working capital

i) Current receivables

$million	2019	2018
Trade receivables	246.0	285.7
Allowance for doubtful debts	(7.2)	(8.5)
Net trade receivables	**238.8**	277.2
Property receivable[1]	109.6	–
Deferred consideration[2]	78.5	–
Other loans and receivables	29.0	18.5
Total loans and receivables	**217.1**	18.5
Total current receivables	**455.9**	295.7
Ageing		
Past due 0-60 days – not impaired	9.4	9.0
Past due >60 days – not impaired	–	–
Past due 0-60 days – impaired	1.5	2.4
Past due >60 days – impaired	5.7	6.1
Movement in allowance for doubtful debts		
Opening balance	(8.5)	(8.0)
Trade debts written off	2.2	2.4
Trade debts disposed[3]	1.1	–
Trade debts provided	(2.0)	(2.9)
Closing balance	**(7.2)**	(8.5)

ii) Inventories

$million	2019	2018
Current		
Raw materials and stores	99.1	102.3
Work in progress	16.9	20.2
Finished goods	214.6	268.1
Land development projects	47.3	76.4
Total current inventories[4]	**377.9**	467.0
Non-current		
Land development projects	74.7	57.7
Total non-current inventories	**74.7**	57.7

1 Proceeds from Horsley Park and Rosehill property sales due within 12 months.
2 Deferred consideration on the sale of Viridian Glass. Refer to note 9.
3 Relates to the disposal of Viridian Glass. Refer to note 9.
4 Write-down of inventories recognised as an expense from continuing operations for the year ended 31 March 2019 totalled $12.7 million (2018: $13.5 million).

iii) Current payables

$million	2019	2018
Trade payables	238.2	275.9
Other payables	22.7	29.3
Total current payables	**260.9**	305.2

Recognition and measurement

- **Trade receivables:** are recognised initially at fair value and are subsequently measured at amortised cost. The CSR group has adopted phase 2 of AASB 9 *Financial Instruments*, which requires an expected credit loss ('ECL') model as opposed to an incurred credit loss model under AASB 139 *Financial Instruments: Recognition and Measurement.* The ECL model requires the CSR group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. Accordingly, the CSR group's allowance for doubtful debts calculation applies the expected loss model and takes into consideration the likely level of bad debts (based on historical experience) as well as any known 'at risk' receivables. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of financial performance.

- **Inventories:** are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale.
  - **Raw materials, stores, work in progress and finished goods**: costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. The value of inventories is derived by the method most appropriate to each particular class of inventories. The major portion is valued on either a first-in-first-out or average cost basis.
  - **Land development projects**: cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred. Land development projects not expected to be sold within 12 months are classified as non-current inventories.

- **Trade and other payables:** are recognised when the CSR group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

12 Property, plant and equipment and intangible assets

i) Property, plant and equipment

		Land and buildings		Plant and equipment		Total	
$million	Note	2019	2018	2019	2018	2019	2018
Cost or written down value		341.0	378.9	1,306.4	1,540.9	1,647.4	1,919.8
Accumulated depreciation and impairment		(88.3)	(108.3)	(849.5)	(978.1)	(937.8)	(1,086.4)
Net carrying amount		**252.7**	270.6	**456.9**	562.8	**709.6**	833.4
Net carrying amount at 1 April		270.6	291.6	562.8	556.6	833.4	848.2
Capital expenditure		23.9	0.8	90.9	78.8	114.8	79.6
Disposed		–	(0.3)	(1.9)	(3.4)	(1.9)	(3.7)
Disposal of discontinued operations	9	(37.4)	–	(91.0)	–	(128.4)	–
Depreciation – continuing operations	6	(8.0)	(9.4)	(49.7)	(52.9)	(57.7)	(62.3)
Depreciation - discontinued operations	6	(1.1)	(1.1)	(9.7)	(13.0)	(10.8)	(14.1)
Impairments - continuing operations		–	(0.1)	(6.2)	(1.6)	(6.2)	(1.7)
Impairments - discontinued operations		(0.3)	–	(26.4)	–	(26.7)	–
Exchange differences		–	–	(0.3)	(0.1)	(0.3)	(0.1)
Acquisitions - business combinations	10	–	–	0.5	0.1	0.5	0.1
Transferred from (to) intangible assets	12ii)	–	0.5	(7.8)	(4.6)	(7.8)	(4.1)
Transferred from (to) inventories & other assets		5.0	(11.4)	(4.3)	2.9	0.7	(8.5)
Balance at 31 March		**252.7**	270.6	**456.9**	562.8	**709.6**	833.4

ii) Goodwill and other intangible assets

		Goodwill		Software		Other		Total other intangible assets	
$million	Note	2019	2018	2019	2018	2019	2018	2019	2018
Cost		57.2	98.1	87.8	89.6	46.1	48.3	133.9	137.9
Accumulated amortisation and impairment		–	–	(74.2)	(72.5)	(36.0)	(20.9)	(110.2)	(93.4)
Net carrying amount		**57.2**	98.1	**13.6**	17.1	**10.1**	27.4	**23.7**	44.5
Net carrying amount at 1 April		98.1	97.1	17.1	17.9	27.4	28.8	44.5	46.7
Capital expenditure		–	–	0.3	3.1	–	–	0.3	3.1
Disposed		–	–	(0.1)	(0.1)	–	–	(0.1)	(0.1)
Amortisation - continuing operations	6	–	–	(5.7)	(5.7)	(1.6)	(1.8)	(7.3)	(7.5)
Amortisation - discontinued operations	6	–	–	(0.3)	(0.5)	–	–	(0.3)	(0.5)
Impairments - continuing operations		(9.8)	–	(0.7)	(1.3)	(15.3)	–	(16.0)	(1.3)
Impairments - discontinued operations		(30.7)	–	(4.9)	–	(0.4)	–	(5.3)	–
Exchange differences		(0.4)	0.8	0.1	–	–	–	0.1	–
Acquisitions - business combinations	10	–	0.2	–	–	–	–	–	–
Transferred from plant & equipment	12i)	–	–	7.8	4.1	–	–	7.8	4.1
Transferred from software to other intangible assets		–	–	–	(0.4)	–	0.4	–	–
Balance at 31 March		**57.2**	98.1	**13.6**	17.1	**10.1**	27.4	**23.7**	44.5

Recognition and measurement

- **Property, plant and equipment:** assets acquired are recorded at historical cost of acquisition less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- **Depreciation/amortisation:** assets are depreciated or amortised at rates based upon their expected economic life using the straight-line method. Land, goodwill and trade names with indefinite lives are not depreciated or amortised. Useful lives are as follows: buildings 10 to 40 years; plant and equipment two to 40 years; and systems software and other intangible assets two to eight years.

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

Recognition and measurement (continued)

- **Software**: developed internally or acquired externally, is initially measured at cost and includes development expenditure. Subsequently, these assets are carried at cost less accumulated amortisation and impairment losses.
- **Other intangible assets**: including trade names and customer lists obtained through acquired businesses, are measured at fair value at the date of acquisition. Trade names of $1.6 million (2018: $16.9 million) that have an indefinite life are assessed for recoverability annually. Customer lists and all other trade names that have a defined useful life are amortised and subsequently carried net of accumulated amortisation. Intangible assets not obtained through acquired businesses are measured at cost. These assets are subsequently carried at cost less accumulated amortisation and impairment losses.
- **Goodwill:** represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised, but tested annually and whenever there is an indicator of impairment.

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: $57.2 million and $1.6 million retrospectively (31 March 2018: $66.9 million and $16.9 million retrospectively) and Glass segment: $nil (31 March 2018: $31.2 million of goodwill).

In accordance with AASB 136 *Impairment of Assets*, an impairment assessment has been performed for the Roofing CGU at 31 March 2019.

Roofing cash generating unit

The Roofing CGU has experienced a shortfall in earnings when compared to internal forecasts, with the business experiencing weaker demand. Future cash flows from the Roofing CGU have been reforecast to reflect current trading and market conditions.

Following a detailed value in use impairment review of future cash flow projections, an impairment charge of $32.8 million has been recorded in the statement of financial performance for 31 March 2019. This impairment charge has been 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). Refer to note 25. This impairment charge fully impairs all goodwill and indefinite life intangibles previously recognised for the Roofing CGU.

Given that the impairment assessment is a critical accounting estimate and the estimated recoverable amount of the Roofing CGU is now equal to its carrying amount, key assumptions and sensitivities in relation to the impairment assessment performed for the Roofing CGU at 31 March 2019 is set out below:

Key assumptions for the Roofing CGU:

- Post-tax discount rate: 10.0%
- Terminal growth rate: 2.5%
- Cash flows: cash flows are modelled over a five year period with a terminal value used from year six onwards. The first five years represent financial plans forecast by management based on the CSR group's view of business activity, with average assumptions applied in the terminal year to ensure the cash flows are sufficiently stable to calculate the terminal value.

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

- Post-tax discount rate increases from 10.0% to 10.5%: result in an additional impairment charge to plant and equipment of $3.5 million.
- Long term growth rate decreases from 2.5% to 2.0%: result in an additional impairment charge to plant and equipment of $3.5 million.
- Business cash contribution reduces by 10% for each year modelled: result in an additional impairment charge to plant and equipment of $6.3 million.

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

Glass cash generating unit

In accordance with AASB 136 *Impairment of Assets*, an impairment assessment was performed for the Glass CGU at 30 September 2018. Following a detailed value in use impairment review of future cash flow projections, an impairment charge of $63.3 million was recorded in the statement of financial performance for 30 September 2018. 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 the current period as a discontinued operation. Refer to note 9.

13 Net deferred income tax assets

$million	2019	2018
Net deferred income tax assets arising on temporary differences[1]	104.3	141.5
Net deferred income tax liabilities arising on temporary differences	(12.2)	(7.4)
Tax losses – revenue recorded as asset[1]	–	10.3
Total net deferred income tax assets	**92.1**	**144.4**

1 For the year ended 31 March 2019, deferred income tax assets in the statement of financial position total $104.3 million (31 March 2018: $151.8 million).

Movement in deferred income tax assets

$million	Opening balance	Credited (charged) to profit or loss	Credited (charged) to equity	Other (including transfers)	Disposed[1]	Closing balance
2019						
Property, plant and equipment	(9.5)	3.1	–	0.1	(11.1)	(17.4)
Superannuation defined benefit plans	(3.4)	0.3	0.5	–	–	(2.6)
Product liability provision	86.7	(6.3)	–	–	–	80.4
Employee benefits provisions	36.3	0.5	–	–	(8.6)	28.2
Other provisions	23.0	6.7	–	–	(3.4)	26.3
Spares and stores	(11.8)	0.5	–	–	–	(11.3)
Fair value of hedges	2.0	–	(8.1)	–	–	(6.1)
Other individually insignificant balances	10.8	(12.7)	(2.1)	(2.4)	1.0	(5.4)
Tax losses	10.3	(10.3)	–	–	–	–
Total net deferred income tax assets	144.4	(18.2)	(9.7)	(2.3)	(22.1)	**92.1**
2018						
Property, plant and equipment	(11.7)	(2.8)	–	5.0	–	(9.5)
Superannuation defined benefit plans	(4.3)	(0.1)	1.0	–	–	(3.4)
Product liability provision	93.7	(7.0)	–	–	–	86.7
Employee benefits provisions	34.7	1.5	–	0.1	–	36.3
Other provisions	22.2	0.9	–	(0.1)	–	23.0
Spares and stores	(8.3)	(3.9)	–	0.4	–	(11.8)
Fair value of hedges	13.7	–	(11.7)	–	–	2.0
Other individually insignificant balances	5.6	0.8	2.6	1.8	–	10.8
Tax losses	55.6	(35.6)	–	(9.7)	–	10.3
Total net deferred income tax assets	201.2	(46.2)	(8.1)	(2.5)	–	144.4

1 Relates to the disposal of Viridian Glass. Refer to note 9.

Recognition and measurement

Current tax: represents the amount expected to be paid in relation to taxable income for the financial year measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax: is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities, when the tax balances relate to the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis. No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.

14 Provisions

$million	2018	Recognised/ remeasured	Settled/ transferred	Disposed	Discount unwind	2019
Current						
Employee benefits	113.5	60.4	(59.0)	(27.0)	–	87.9
Restructure and rationalisation	8.4	14.0	(3.3)	(0.9)	–	18.2
Product liability	30.0	29.1	(29.1)	–	–	30.0
Restoration and environmental rehabilitation	2.5	4.6	(4.8)	–	–	2.3
Uninsured losses and future claims	5.8	3.2	(3.6)	–	–	5.4
Other[1]	16.8	8.1	(9.8)	(2.7)	–	12.4
Total current provisions	177.0	119.4	(109.6)	(30.6)	–	**156.2**
Non-current						
Employee benefits	7.9	–	(0.4)	(1.7)	–	5.8
Product liability	259.0	(29.1)	–	–	8.1	238.0
Restoration and environmental rehabilitation	3.4	0.1	(1.2)	–	–	2.3
Uninsured losses and future claims	23.3	–	(0.2)	–	0.6	23.7
Other[1]	12.9	14.3	–	–	0.2	27.4
Total non-current provisions	306.5	(14.7)	(1.8)	(1.7)	8.9	**297.2**

1 Includes provision for anticipated disposal costs of Tomago aluminium smelters spent pot lining and onerous lease liabilities.

Recognition, measurement and critical accounting estimates

Provisions are recognised when the CSR group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required and the obligation can be reliably estimated. Provisions which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the CSR group.

Provisions representing critical accounting estimates and key sources of estimation uncertainty

- **Product liability:** provision is made for all known asbestos claims and reasonably foreseeable future claims has been determined using reports provided by independent experts in each of Australia and the United States, and includes an appropriate prudential margin. Refer to note 15 for further details of the key assumptions and uncertainties in estimating this liability.
- **Measurement of provisions for restoration and environmental rehabilitation and legal claims**: the CSR group is in the process of remediating land in relation to legacy factory sites and is involved in a number of ongoing legal disputes. The liability is immediately recognised when the environmental exposure is identified and the rehabilitation costs can be reliably estimated. Judgment is required in arriving at an estimate of future costs required to extinguish these obligations. Given the nature of these issues, circumstances may change and estimates and provisions will be updated accordingly. Expert advice is relied upon (where available) and known facts at the date of this report are considered to arrive at the best estimate for future liabilities.
- **Provision for uninsured losses and future claims:** relates to the CSR group's self-insurance program for 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. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and is determined at each year end reporting date using reports provided by independent experts annually.

Other provisions

- **Employee benefits provisions:** provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
- **Restructure and rationalisation:** provision is made for restructuring and rationalisation where the CSR group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

15 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 31 March 2019, CSR had resolved approximately 4,700 claims in Australia and approximately 137,800 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 Australia and the United States. 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 2.75% and US liability 2.1%); and
- the discount rate applied to future payments (Australian liability 3.25% 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 costs 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.

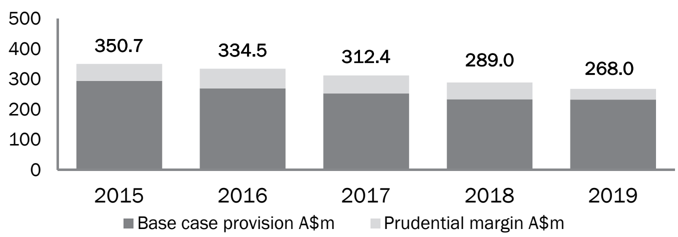
The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential 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, 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 31 March 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 understate 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 Australia and the United States 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:

Table and Graph 1: Five year history – asbestos provision



$million	Year ended 31 March	
	2019	2018
Base case estimate	232.3	233.3
Prudential margin	35.7	55.7
Prudential margin %	*15.4%*	*23.9%*
Total product liability provision	268.0	289.0

Capital structure and risk management

16 Borrowings and credit facilities

i) Borrowings

	2019	2018
Non-current borrowings – unsecured	–	28.0

Recognition and measurement

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

ii) Credit facilities

The CSR group has a total of $325.0 million (31 March 2018: $325.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $82.0 million in 2020, $161.0 million in 2022 and $82.0 million in 2023. As at 31 March 2019, $325.0 million of the standby facilities were undrawn (2018: $297.0 million undrawn).

17 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 31 March 2018	504,308,227	1,036.2
On-market share buy-back – net of transaction costs	(2,246,696)	(7.4)
On issue 31 March 2019	**502,061,531**	**1,028.8**

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 years ended 31 March 2019 and 31 March 2018 under employee share plans as shares in respect of the plans were acquired on market. During the years ended 31 March 2019 and 31 March 2018, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on-market and did not have any impact on issued capital.

Net tangible assets per ordinary share for the year ended 31 March 2019 are $2.19 (2018: $2.15). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,178.0 million (2018: $1,227.4 million) less intangible assets of $80.9 million (2018: $142.6 million) divided by the number of issued ordinary shares of 502.1 million (2018: 504.3 million).

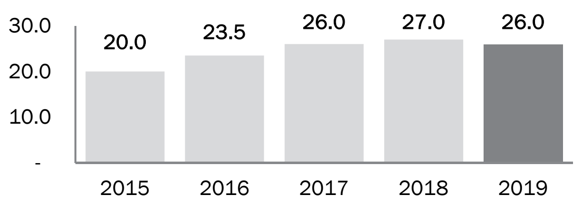
During the year ended 31 March 2019, the company announced that as part of its ongoing capital management strategy, it would undertake an on-market share buy-back of up to $100 million. The share buy-back commenced in March 2019 and remains ongoing.

18 Dividends and franking credits

i) Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2017 Final	13.0	50%	65.6	4 July 2017
2018 Interim	13.5	50%	68.1	12 December 2017
2018 Final	13.5	75%	68.1	3 July 2018
2019 Interim	13.0	100%	65.6	11 December 2018
2019 Final[1]	13.0	50%[2]	65.3	2 July 2019

Graph 1: Dividends declared relating to each financial year – cents per share



1 The final dividend for the financial year ended 31 March 2019 has not been recognised in this financial report because it was resolved to be paid after 31 March 2019. The amounts disclosed as recognised in 2019 are the final dividend in respect of the financial year ended 31 March 2018 and the interim dividend in respect of the financial year ended 31 March 2019.
2 Final dividend of 13.0 cents per share, 50% (6.5 cents) franked at the 30% corporate tax rate.

ii) Franking credits

$million	2019	2018
Franking account balance on an accruals basis[1]	21.6	47.0

1 The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of income tax liabilities or receivables after the end of the year.

19 Reserves

$million	Hedge reserve	Foreign currency translation reserve	Employee share reserve	Share based payment trust reserve	Non-controlling interests reserve	Other	Total
Balance at 1 April 2018	(2.0)	(4.6)	37.5	(21.7)	(59.1)	(3.3)	(53.2)
Hedge profit recognised in equity	16.3	–	–	–	–	–	16.3
Hedge loss transferred to the statement of financial performance	5.2	–	–	–	–	–	5.2
Translation of foreign operations	–	0.1	–	–	–	–	0.1
Reclassification to income statement on disposal of discontinued operations	–	1.1	–	–	–	–	1.1
Income tax related to other comprehensive income	(6.5)	–	–	–	–	–	(6.5)
Share-based payments expense	–	–	3.3	–	–	–	3.3
Income tax related to share-based payments expense	–	–	(2.1)	–	–	–	(2.1)
Acquisition of treasury shares	–	–	–	(2.6)	–	–	(2.6)
Balance at 31 March 2019	**13.0**	**(3.4)**	**38.7**	**(24.3)**	**(59.1)**	**(3.3)**	**(38.4)**
Balance at 1 April 2017	(22.2)	(6.6)	31.2	(15.9)	(56.6)	(3.3)	(73.4)
Hedge profit recognised in equity	10.8	–	–	–	–	–	10.8
Hedge loss transferred to the statement of financial performance	18.1	–	–	–	–	–	18.1
Translation of foreign operations	–	2.0	–	–	–	–	2.0
Income tax related to other comprehensive income	(8.7)	–	–	–	–	–	(8.7)
Share-based payments expense	–	–	3.7	–	–	–	3.7
Income tax related to share-based payments expense	–	–	2.6	–	–	–	2.6
Acquisition of treasury shares	–	–	–	(5.8)	–	–	(5.8)
Non-controlling interests on acquisition of subsidiary	–	–	–	–	(2.5)	–	(2.5)
Balance at 31 March 2018	(2.0)	(4.6)	37.5	(21.7)	(59.1)	(3.3)	(53.2)

Nature and purpose of reserves

Hedge reserve: the hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Foreign currency translation reserve: exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Employee share reserve: the employee share reserve is used to recognise the share-based payments expense and associated income tax recognised through other comprehensive income.

Share-based payment trust reserve: treasury shares are shares in CSR Limited that are held by the CSR Limited Share Plan Trust ('Trust') for the purpose of issuing shares under the CSR employee share plans and the CSR executive incentive plans (see pages 43 to 46 of the remuneration report for further detail). When the Trust purchases the company's equity instruments, the consideration paid is recorded in the share-based payments trust reserve.

Number of shares	2019	2018
Opening balance	1,155,256	824,219
Acquisition of shares by the Trust (average price of $4.73 (2018: $4.39) per share)	550,000	1,325,619
Issue of shares under executive incentive plans	(1,021,593)	(994,582)
Closing balance	**683,663**	1,155,256

Non-controlling interests reserve: this reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Other reserves: other reserves are used to recognise the written put option the minority shareholders of the Martini business have to sell all of their remaining interest to the group at an agreed price (based on the financial results of the business).

20 Financial risk management

The CSR group's activities expose it to a variety of financial risks:

(i) credit risk;
(ii) liquidity risk; and
(iii) market risk.

This note presents information about the Risk Management Policy framework ('framework') and each of these risks.

The framework sets out the specific principles in relation to the use of financial instruments in hedging exposures to commodity risk, foreign exchange risk, interest rate risk and credit risk, in addition to the use of derivatives and the investment of excess liquidity. The Risk Management Policy has been approved by the board of directors.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the CSR group's activities. Compliance with the framework and procedures is reviewed by the Finance Committee on a routine basis. The Finance Committee membership consists of the managing director and other relevant senior executives.

The CSR group uses a variety of derivative instruments to manage financial and commodity price risks. During the year ended 31 March 2018 the CSR group began hedging electricity price risk using derivative instruments. Otherwise there have been no changes in the type and scale of risk that the CSR group is exposed to or the Risk Management Policies used to manage these risks during the years ended 31 March 2019 and 31 March 2018.

The CSR group does not use derivative or financial instruments for speculative or trading purposes.

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

i) Credit risk

Nature of the risk

Credit risk is the risk of financial loss to the CSR group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the CSR group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk management: receivables

The CSR group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. To manage this risk, the CSR group has a policy for establishing credit approvals and limits under which each new customer is analysed individually for creditworthiness before the CSR group's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed regularly.

Any sales exceeding those limits require approval from the general manager. The CSR group continuously monitors the financial viability of its counterparties, ageing analysis and, where necessary, carries out a reassessment of sale limits provided.

Concentrations of credit risk with respect to receivables are limited due to the large number of customers and markets in which the CSR group does business, as well as the dispersion across many geographic areas.

The CSR group measures the loss allowance at an amount that reflects expected losses for trade and other receivables (see note 11).

Credit risk management: derivatives

The CSR group has an established counterparty credit risk policy. Derivatives may be entered into with banks that are rated at least A– from rating agency Standard & Poor's or A3 from rating agency Moody's, unless otherwise approved by the board.

ii) Liquidity risk

Nature of the risk

Liquidity risk is the risk that the CSR group has insufficient funds to meet its financial obligations when they fall due.

Liquidity risk management

Liquidity risk management requires maintaining sufficient cash, bank facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The CSR group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the CSR group's reputation. Details of credit facilities and the maturity profile are given in note 16.

The table below analyses the undiscounted cash flows for the CSR group's financial liabilities and derivative financial instruments, currently in a liability position, into relevant maturity groupings based on the remaining period at the reporting date to maturity:

Liquidity risk ($million)	1 year or less	1 to 3 years	3 to 5 years	Total
2019				
Current payables	260.9	–	–	260.9
Non-current other payables	–	3.6	–	3.6
Borrowings (including interest)	–	–	–	–
Commodity financial instruments[1]	0.6	0.3	0.1	1.0
Foreign currency financial instruments[1]	16.4	4.4	–	20.8
Total	277.9	8.3	0.1	**286.3**
2018				
Current payables	305.2	–	–	305.2
Non-current other payables	–	3.7	–	3.7
Borrowings (including interest)	0.7	28.1	–	28.8
Commodity financial instruments[1]	18.5	9.4	–	27.9
Foreign currency financial instruments[1]	0.6	1.3	–	1.9
Total	325.0	42.5	–	367.5

1 Settlement of commodity and foreign currency financial instruments will be offset by revenue from the sale of commodities.

20 Financial risk management (continued)

iii) Market risk

Nature of commodity price risk – aluminium

The CSR group has exposure to aluminium commodity prices which arises from sales contracts that commit the CSR group to supply aluminium in future years. Prices for product supplied under these contracts are a function of the US dollar market price at the time of delivery.

Commodity price risk management – aluminium

The CSR group has a policy of hedging its aluminium sales (net of any linked exposure on inputs such as Alumina), where acceptable pricing is available, to reduce the volatility of its aluminium earnings when exchanged into Australian dollars. Eligible hedging instruments used for hedging commodity price risk include commodity forward contracts and commodity options. Hedging is undertaken at declining levels for up to four years.

The price of product supplied under sales contracts comprises two components, the London Metal Exchange (LME) Primary Aluminium cash price, and a physical premium. Over the year ended 31 March 2019, the average of the daily LME cash price was US$2,035 per tonne and the average Platts mid-point physical premium was US$112 per tonne. The LME price component represented 95% of the sum of the two. The CSR group designates the LME price component of sales as the hedged item. Commodity forward and option contracts are also priced against the LME Primary Aluminium cash price. There is an established economic relationship between the physical sales of aluminium and the commodity forward and option contracts as they are both priced using the same reference price. As the underlying risk of the aluminium price risk is identical to the hedged component, the CSR group has established a hedge ratio of 1:1 for all its hedging relationships over aluminium price risk.

The CSR group does not hedge its exposure to the variability in physical metal premiums. In the CSR group's view, there is currently no viable hedge instrument for physical metal premiums and this component of the metal sales price remains unhedged.

The table below provides information about the aluminium commodity swaps entered into by the CSR group to manage its aluminium commodity price exposure:

	Notional value				Fair value	
Commodity price risk ($million)	1 year or less	1 to 3 years	3 to 5 years	Total	Asset	Liability
2019						
Aluminium commodity swaps[1,2]	287.1	92.4	–	379.5	29.8	(0.2)
2018						
Aluminium commodity swaps[1,2]	216.7	310.0	3.7	530.4	10.4	(23.5)

1 The average price in US dollars per metric tonne at 31 March 2019 was $2,123.6 (2018: $1,990.7). The average price for the individual periods does not materially differ from the overall average price disclosed.

2 $29.6 million net of commodity contract gains (2018: $13.1 million net losses) were deferred in 2019 as the gains relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2019 is one year or less: $20.9 million gain (2018: $14.7 million loss); one to three years: $8.7 million gain (2018: $1.4 million gain); three to five years: $nil (2018: $0.2 million gain).

Commodity price risk sensitivity – aluminium

At 31 March 2019, had the Aluminium price strengthened/weakened by 10%, assuming a constant exchange rate on hedging contracts, the post-tax profit arising from commodity swaps would have been materially unchanged, mainly as a result of the effectiveness of the hedging in place. Equity before tax would have been $34.3 million lower/$34.3 million higher (2018: $52.7 million lower/$52.7 million higher) had the Aluminium price strengthened/weakened by 10%, assuming a constant exchange rate on hedging contracts arising mainly from commodity swaps designated as cash flow hedges.

Other commodity price risks

Other commodity price risks include:

- **Oil:** the CSR group has exposure to oil commodity prices through an oil price linked gas purchasing contract. The A$ gas purchase price is partially a function of the prevailing US$ oil price and A$/US$ exchange rate. The CSR group has a policy of hedging the oil price component of the price of gas purchased to reduce the volatility of its energy costs.
- **Electricity:** the CSR group has exposure to the National Electricity Market spot electricity price through an electricity supply agreement. The CSR group has a policy of hedging this spot price exposure to reduce the volatility of its energy costs.

No further detailed disclosure is included on these commodity price risks given they are not material to the CSR group.

Interest rate risk management

At the reporting date, CSR group's interest rate exposure is limited to the net cash balance of $50.0 million (2018: net debt balance of $14.3 million). The maturity profile for the cash balance of $50.0 million is less than 1 year. The average interest rate on debt for the year was 2.5% (2018: 2.4%) and the average interest rate on cash balances for the year was 0.09% (2018: 0.44%).

At 31 March 2019, if interest rates had increased/decreased by one percentage point per annum from the year end rates with all other variables held constant, the post-tax profit for the year would have been $0.4 million lower/higher (2018: $0.2 million lower/higher), mainly as a result of higher/lower interest expense on debt balances.

20 Financial risk management (continued)

iii) Market risk (continued)

Nature of foreign exchange risk

The CSR group's major foreign currency exposure relates to its US dollar aluminium sales revenue and payments for raw materials and capital equipment.

Foreign exchange risk management

The CSR group uses a variety of foreign exchange risk management instruments, including spot, forward and swap currency contracts and currency options, to hedge foreign currency denominated receipts resulting from revenue and payments for raw materials and capital equipment denominated in foreign currencies.

The CSR group's policy is to hedge its net US dollar aluminium exposure to reduce the volatility of aluminium earnings, when acceptable Australian dollar outcomes can be achieved.

Forecast US dollar receipts are based on highly probable forecast monthly sales transactions of aluminium which ensures that the underlying foreign currency exchange risk is identical to the hedged risk component (i.e. the US dollar price). Therefore, the CSR group has established a hedge ratio of 1:1 for all its foreign exchange hedging relationships. Hedging is undertaken at declining levels for up to four years.

The CSR group's policy to hedge foreign exchange exposures arising from payments for raw materials are hedged for up to 18 months with a declining hedge level over time, although higher levels can be hedged when using currency options. The policy requires that material foreign currency denominated purchases of capital equipment be fully hedged to the domestic currency to eliminate currency exposure. Similarly, the policy also requires that all material foreign currency assets and liabilities are hedged to the relevant entity's domestic currency.

Foreign exchange risk sensitivity

At 31 March 2019, had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies with all other variables held constant, the post-tax profit arising from forward exchange rate agreements would have been materially unchanged, mainly as a result of the effectiveness of the hedging in place. Equity before tax would have been $20.2 million higher/$24.7 million lower (2018: $22.7 million higher/$26.8 million lower) had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies arising mainly from foreign forward exchange contracts designated as cash flow hedges.

The table below provides information about the CSR group's significant exchange rate exposures in forward exchange rate agreements:

Foreign exchange risk[1,3] ($million)	Average exchange rate[2]	Notional value			Fair value	
		1 year or less	1 to 3 years	Total	Asset	Liability
2019						
US dollar – buy	0.72	45.5	–	45.5	1.0	–
US dollar – sell	0.77	215.0	64.4	279.4	–	(20.4)
NZ dollar – buy	1.06	10.1	–	10.1	0.2	–
NZ dollar – sell	1.06	9.3	–	9.3	–	(0.2)
Euro – buy	0.63	8.5	–	8.5	–	–
Euro – sell	0.63	0.4	–	0.4	–	–
Japanese yen – buy	78.46	1.6	–	1.6	–	–
Japanese yen – sell	–	–	–	–	–	–
Total					1.2	(20.6)
2018						
US dollar – buy	0.78	123.0	5.3	128.3	2.1	(0.2)
US dollar – sell	0.76	162.3	196.3	358.6	5.8	(1.4)
NZ dollar – buy	1.07	12.0	–	12.0	0.1	–
NZ dollar – sell	1.06	54.7	–	54.7	0.1	(0.2)
Euro – buy	0.64	26.9	–	26.9	1.0	–
Euro – sell	0.65	2.6	–	2.6	–	–
Japanese yen – buy	86.40	3.1	–	3.1	0.2	–
Japanese yen – sell	86.08	1.1	–	1.1	–	(0.1)
Total					9.3	(1.9)

1 $19.4 million of net foreign exchange contract losses (2018: $6.8 million gains) have been deferred as the losses relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2019 is one year or less: $15.0 million loss (2018: $6.4 million gain); and one to three years: $4.4 million loss (2018: $0.4 million gain).
2 Average rates for the individual periods do not materially differ from the overall average rates disclosed.
3 The CSR group has insignificant exchange rate exposures in GBP.

20 Financial risk management (continued)

iv) Capital management

The CSR group manages its capital to ensure that entities in the CSR group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the CSR group consists of cash and cash equivalents, issued capital and reserves disclosed in notes 17 and 19 and retained profits. The CSR group reviews the capital structure regularly and balances its overall capital structure through the payment of dividends, new share issues, share consolidations and share buy-backs, as well as the issue of new debt or the redemption of existing debt.

v) 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, including their levels in the fair value hierarchy:

	2019	2018
$million	Level 2	Level 2
Financial assets at fair value		
Commodity swaps – aluminium	29.8	10.4
Commodity swaps – oil and electricity	11.8	3.6
Forward exchange rate contracts	1.2	9.3
Other	2.0	1.5
Total	**44.8**	24.8
Financial liabilities at fair value		
Commodity swaps – aluminium	0.2	23.5
Commodity swaps – oil and electricity	0.5	3.7
Forward exchange rate contracts	20.6	1.9
Other	0.2	–
Total	**21.5**	29.1

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

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The CSR group has no Level 3 financial instruments in the fair value hierarchy.

There were no transfers from Level 2 to Level 1 and Level 3 in 2019 and no transfers in either direction in 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.

Recognition and measurement

The fair value of financial instruments, including financial assets and liabilities approximates their carrying amount.

The fair values of derivative instruments are calculated using quoted market prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates matching maturities of the contract.

The CSR group designates its derivatives as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the year when the hedged item is recognised in profit or loss.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts.

20 Financial risk management (continued)

vi) Cash flow hedging

The impact of hedging instruments designated in material hedging relationships as of 31 March 2019 on the statement of financial position of the CSR group is as follows:

	Commodity price risk[1]		Foreign exchange risk			
	Aluminium commodity swaps (forecast sales)[2]		Forward currency contracts (forecast sales)[3]		Forward currency contracts (forecast purchases)[4]	
$million	2019	2018	2019	2018	2019	2018
Notional amount	126,500 tonnes	204,000 tonnes	277.6	351.9	26.9	109.5
Carrying amount:						
Asset	29.8	10.4	–	5.9	1.2	3.4
Liability	0.2	23.5	20.4	1.5	0.2	0.4
Changes in value of instrument used for calculating hedge ineffectiveness – (loss) gain	42.7	36.0	(24.8)	(3.1)	(1.3)	3.1

1 The CSR group has insignificant hedging relationships in oil commodity swaps and electricity swaps.
2 $21.0 million (2018: $1.4 million) of the carrying amount of Aluminium commodity swaps are disclosed within current other financial assets and $8.8 million (2018: $9.0 million) within non-current other financial assets. $0.2 million (2018: $16.1 million) of Aluminium commodity swaps are disclosed within current other financial liabilities and $nil (2018: $7.4 million) within non-current other financial liabilities.
3 $nil (2018: $4.3 million) of the carrying amount of forward currency contracts are disclosed within current other financial assets and $nil (2018: $1.6 million) within non-current other financial assets. $16.0 million (2018: $0.1 million) of the carrying amount of forward currency contracts are disclosed within current other financial liabilities and $4.4 million (2018: $1.4 million) within non-current other financial liabilities.
4 $1.2 million (2018: $2.7 million) of the carrying amount of forward currency contracts are disclosed within current other financial assets and $nil (2018 $0.7 million) within non-current other financial assets. $0.2 million (2018: $0.4 million) of forward current contract liabilities are disclosed within current other financial liabilities.

The impact of hedged items designated in hedging relationships as of 31 March 2019 on the statement of financial position of the CSR group is as follows:

	Commodity price risk		Foreign exchange risk			
	Aluminium commodity swaps (forecast sales)		Forward currency contracts (forecast sales)		Forward currency contracts (forecast purchases)	
$million	2019	2018	2019	2018	2019	2018
Changes in value of hedged item used for calculating hedge ineffectiveness – gain (loss)	(42.8)	(36.1)	24.8	3.0	1.3	(3.1)
Cash flow hedge reserve (continuing hedges) – gain (loss)	29.6	(13.1)	(20.4)	4.4	1.0	2.4

The below hedging relationships affected profit or loss and other comprehensive income as follows:

	Commodity price risk		Foreign exchange risk			
	Aluminium commodity swaps (forecast sales)		Forward currency contracts (forecast sales)		Forward currency contracts (forecast purchases)	
$million	2019	2018	2019	2018	2019	2018
Hedge gain (loss) recognised in other comprehensive income[1]	28.0	7.1	(20.7)	1.6	1.0	2.2
Gain (loss) reclassified from other comprehensive income to profit or loss before tax[2]	14.7	28.9	(4.1)	(4.6)	(2.2)	0.7
Line item in statement of comprehensive income	Trading revenue	Trading revenue	Trading revenue	Trading revenue	Cost of sales	Cost of sales

No hedge ineffectiveness was recognised in profit or loss during the year.

1 The hedge gain recognised in other comprehensive income totalling $8.3 million (2018: $10.9 million gain) together with the $10.2 million gain (2018: $2.5 million gain) on oil and electricity swaps less non-controlling interests of $2.2 million (2018: $2.6 million) reconciles to the hedge gain transferred to equity in note 19.
2 The gain reclassified from other comprehensive income to profit or loss after tax totalling $8.4 million (2018: $25.0 million gain) together with $nil gain (2018: $0.4 million gain) on oil and electricity swaps less non-controlling interests of $3.2 million gain (2018: $7.3 million gain) reconciles to the hedge gain transferred to statement of financial performance in note 19.

Group structure

21 Subsidiaries

	% CSR ownership			% CSR ownership	
Entity	2019	2018	Entity	2019	2018
Incorporated in Australia			**Incorporated in Australia (continued)**		
A-Jacks Hardwall Plaster Pty Ltd	100	100	PGH Bricks & Pavers Pty Limited[2]	100	100
A-Jacks Unit Trust	100	100	Rediwall Unit Trust	100	100
AFS Systems Pty Ltd[2]	100	100	Rivarol Pty Limited[2]	100	100
AFS Unit Trust	100	100	SA Independent Glass Pty Ltd	–	100
BI (Contracting) Pty Limited	100	100	Seltsam Pty Limited	100	100
Bradford Insulation Industries Pty Limited	100	100	Softwood Holdings Limited[1]	100	100
Bradford Insulation (SA) Pty Limited[1]	100	100	Softwood Plantations Pty Limited[1]	100	100
Bricks Australia Services Pty Limited[2]	100	100	Softwoods Queensland Pty Ltd[1]	100	100
Buchanan Borehole Collieries Pty Ltd	100	100	Thiess Bros Pty Ltd	100	100
CSR Building Products Limited[2]	100	100	Thiess Holdings Pty Limited	100	100
CSR Developments Pty Ltd	100	100	Viridian Glass International Pty Limited[4,5]	–	100
CSR Erskine Park Trust	100	100	Viridian Glass Investment Company Pty Limited[4,5]	–	100
CSR Finance Ltd[2]	100	100	Viridian Glass Limited[2,4,5]	–	100
CSR Industrial Property Trust	100	100	Viridian Glass Operations Pty Limited[4,5]	–	100
CSR Industrial Property Nominees No. 1 Pty Limited	100	100	Viridian Glass Properties Pty Limited[4,5]	–	100
CSR Industrial Property Nominees No. 2 Pty Limited	100	100			
CSR International Pty Ltd	100	100	**Incorporated in New Zealand**		
CSR Investments Pty Limited[2]	100	100	CSR Building Products (NZ) Ltd[6]	100	100
CSR Investments (Asia) Pty Limited	100	100	CSR (New Zealand) Holdings Limited[5,6]	100	100
CSR Investments (Indonesia) Pty Limited	100	100	CSR Subsidiary (New Zealand) Limited[5,6]	100	100
CSR Martini Pty Limited	70	70	Euroglass Systems Limited[4]	–	100
CSR Share Plan Pty Limited	100	100	Glass Concepts Limited[4]	–	100
CSR Structural Systems Pty Limited[2]	100	100	National Glass Limited[4]	–	100
CSR Subsidiary Finance Pty Limited[2,5]	100	100	Norm Fowke Limited[4]	–	100
CSR Subsidiary Holdings Limited[2,5]	100	100	Tasman Glass Limited[4]	–	100
CSR-ER Nominees Pty Ltd	100	100	Viridian Glass GP Limited[4]	–	100
DMS Security Glass Pty Ltd[4]	–	100	Viridian Glass Limited Partnership[4]	–	100
Don Mathieson & Staff Glass Pty Ltd[4]	–	100			
Gove Aluminium Finance Ltd	70	70	**Incorporated in other countries**		
High Road Capital Pty Limited[3]	100	100	CSR Business Information Consulting (Shanghai) Co. Ltd (China)	100	–
Midalco Pty Limited	100	100			
Monier PGH Superannuation Pty Limited	100	100	CSR Guangdong Glasswool Co., Ltd (China)	79	79
PASS Pty Limited	100	100	CSR Insurance Pte Limited (Singapore)	100	100
			PT Prima Karya Plasterboard (Indonesia)	100	100

1 In members voluntary liquidation.
2 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3 During YEM18, Bradford Energy Finance Pty Limited changed its legal name to High Road Capital Pty Limited.
4 On 31 January 2019 the sale of the Viridian Glass business was completed, and these entities were disposed as part of the sale transaction. Further detail is included in note 9.
5 During the year, the following entities changed their legal names: CSR Viridian Finance Pty Limited to CSR Subsidiary Finance Pty Limited, CSR Viridian Holdings Limited to CSR Subsidiary Holdings Limited, CSR Viridian International Pty Limited to Viridian Glass International Pty Limited, CSR Viridian Investment Company Pty Limited to Viridian Glass Investment Company Pty Limited, CSR Viridian Limited to Viridian Glass Limited, CSR Viridian Operations Pty Limited to Viridian Glass Operations Pty Limited, CSR Viridian Properties Pty Limited to Viridian Glass Properties Pty Limited, CSR Viridian (New Zealand) Holdings Limited to CSR (New Zealand) Holdings Limited and CSR Viridian (New Zealand) Limited to CSR Subsidiary (New Zealand) Limited.
6 On 8 April 2019, CSR Building Products (NZ) Ltd, CSR (New Zealand) Holdings Limited and CSR Subsidiary (New Zealand) Limited amalgamated to become CSR Building Products (NZ) Ltd under Part XIII of the Companies Act 1993.

22 Deed of cross guarantee

CSR Limited, Bricks Australia Services Pty Limited, CSR Building Products Limited, CSR Finance Ltd, CSR Investments Pty Limited, CSR Structural Systems Pty Limited, AFS Systems Pty Ltd (joined during the year ended 31 March 2018), CSR Subsidiary Finance Pty Limited, CSR Subsidiary Holdings Limited, PGH Bricks & Pavers Pty Limited and Rivarol Pty Limited are parties to a deed of cross guarantee (‘the Deed’) under which each company guarantees the debts of the others. Viridian Glass Limited exited the Deed following the sale of the company on 31 January 2019. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors’ report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

22 Deed of cross guarantee (continued)

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the Deed that are controlled by CSR Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of financial performance, a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained profits for the years ended 31 March 2019 and 31 March 2018 of the closed group.

i) Consolidated statement of financial performance

$million	2019	2018
Trading revenue – sale of goods	**1,832.1**	1,856.2
Cost of sales	(1,145.8)	(1,142.7)
Gross margin	**686.3**	713.5
Other income	90.7	125.0
Warehouse and distribution costs	(221.4)	(221.5)
Selling, administration and other operating costs	(301.6)	(324.4)
Share of net profit of joint venture entities	13.9	12.3
Impairment expense	(85.7)	–
Other expenses	(11.1)	(24.3)
Profit before finance costs and income tax	**171.1**	280.6
Interest income	3.2	1.4
Finance costs	(12.5)	(13.3)
Profit before income tax	**161.8**	268.7
Income tax expense	(16.7)	(54.6)
Profit after tax	**145.1**	214.1

ii) Consolidated statement of comprehensive income

$million	2019	2018
Profit after tax	**145.1**	214.1
Other comprehensive income, net of tax		
Items that may be reclassified to profit or loss		
Hedge profit recognised in equity	11.2	5.0
Hedge (gain) loss transferred to statement of financial performance	(2.2)	1.4
Exchange differences arising on translation of foreign operations	0.1	2.0
Recycling of foreign currency translation reserve on disposal of business, transferred to statement of financial performance	1.1	–
Income tax expense relating to these items	(2.7)	(1.9)
Items that will not be reclassified to profit or loss		
Actuarial loss on superannuation defined benefit plans	(1.6)	(3.3)
Income tax benefit relating to these items	0.5	1.0
Other comprehensive income – net of tax	6.4	4.2
Total comprehensive income	**151.5**	218.3

iii) Summary of movements in consolidated retained profits

$million	2019	2018
Opening retained profits	205.9	127.8
Profit for the year	145.1	214.1
Actuarial loss on superannuation defined benefit plans (net of tax)	(1.1)	(2.3)
Dividends provided for or paid	(133.7)	(133.7)
Closing retained profits	**216.2**	205.9

22 Deed of cross guarantee (continued)

iv) Consolidated statement of financial position

$million	2019	2018
Current assets		
Cash and cash equivalents	41.3	9.3
Receivables	361.8	225.5
Inventories	277.0	359.9
Other financial assets	6.1	5.5
Prepayments and other current assets	9.1	9.2
Total current assets	**695.3**	609.4
Non-current assets		
Receivables	39.2	86.7
Inventories	74.7	57.7
Investments accounted for using the equity method	32.5	35.8
Other financial assets	173.4	134.3
Property, plant and equipment	601.4	699.8
Goodwill	56.1	86.0
Other intangible assets	21.3	43.3
Deferred income tax assets	101.7	138.1
Other non-current assets	11.2	12.1
Total non-current assets	**1,111.5**	1,293.8
Total assets	**1,806.8**	1,903.2
Current liabilities		
Payables	191.2	222.4
Other financial liabilities	0.6	2.7
Tax payable	6.1	4.2
Provisions	135.6	152.4
Total current liabilities	**333.5**	381.7
Non-current liabilities		
Borrowings	–	28.0
Other financial liabilities	0.3	1.4
Provisions	288.0	299.8
Other non-current liabilities	2.3	–
Total non-current liabilities	**290.6**	329.2
Total liabilities	**624.1**	710.9
Net assets	**1,182.7**	1,192.3
Equity		
Issued capital	1,028.8	1,036.2
Reserves	(62.3)	(49.8)
Retained profits	216.2	205.9
Equity attributable to shareholders of the closed group	**1,182.7**	1,192.3

23 Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the CSR group. The amounts disclosed are before intercompany eliminations.

	Gove Aluminium Finance Limited	
$million	2019	2018
Statement of financial position		
Current assets	151.5	137.5
Non-current assets	122.7	126.6
Current liabilities	91.7	101.2
Non-current liabilities	25.5	24.4
Statement of financial performance		
Revenue	626.9	565.5
Profit after tax for the year	24.6	55.2
Other comprehensive income for the year	12.5	23.1
Total comprehensive income for the year	37.1	78.3
Statement of cash flows		
Cash flows from operating activities	13.4	72.4
Cash flows from investing activities	(9.1)	(9.4)
Cash flows from financing activities	(20.2)	(99.1)
Net decrease in cash held	(15.9)	(36.1)
Transactions with non-controlling interests		
Profit allocated to non-controlling interests[1]	7.4	16.6
Dividends paid to non-controlling interests[2]	16.2	29.5

1 Profit allocated to non-controlling interests for subsidiaries that are not material for disclosure was $1.2 million for the year ended 31 March 2019 (2018: $1.2 million).
2 During the year ended 31 March 2019, dividends declared to non-controlling interests included $10.6 million which was re-invested through a dividend reinvestment plan and $5.6 million which was paid in cash. Dividends paid to non-controlling interests for subsidiaries that are not material for disclosure were $0.4 million (2018: $nil).

24 Interest in joint operations

The CSR group's interest in the Tomago aluminium smelter joint operation of 36.05% (2018: 36.05%) is held through a controlled entity in which the CSR group has a 70% interest, resulting in an effective interest in the joint operation of 25.24% (2018: 25.24%).

Recognition and measurement

The shareholders of the joint operation are jointly and severally liable for the liabilities incurred by the operation and have rights to the assets. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses. Where the CSR group and the parties to the agreements only have rights to the net assets of each of the operations under the arrangements, these entities will be classified as joint ventures of the CSR group and accounted for using the equity method. Refer to note 25.

Critical accounting estimate

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement, and therefore requires judgment in determining the classification. The CSR group has both joint operations and joint ventures.

25 Equity accounting information

Carrying amount ($million)	2019			2018		
Entity[1]	Long-term loan	Equity accounted investment	Net investment	Long-term loan	Equity accounted investment	Net investment
Building products						
Rondo Building Services Pty Ltd[2]	–	19.0	19.0	–	18.8	18.8
Gypsum Resources Trust Australia[2]	12.0	–	12.0	12.0	–	12.0
New Zealand Brick Distributors[3]	–	7.9	7.9	–	7.9	7.9
Other[2]	–	1.5	1.5	2.4	2.5	4.9
Total investment	**12.0**	**28.4**	**40.4**	14.4	29.2	43.6

1 The CSR group's interest in these entities is 50% (2018: 50%).
2 Entities incorporated in Australia.
3 Entity is a limited partnership in New Zealand.

Recognition and measurement

Investments in joint venture and associate entities have been accounted for under the equity method in the CSR group financial statements. CSR's share of net profit/loss of joint venture entities is recorded in the statement of financial performance.

Purchases and sales of goods and services to joint venture entities are on normal terms and conditions.

i) Net investment in joint ventures

$million	2019	2018
Opening net investment	43.6	39.9
Share of net profit before income tax	19.7	18.1
Share of income tax	(5.9)	(5.4)
Dividends and distributions received	(14.3)	(9.5)
Impairment of equity accounted investment	(0.8)	(0.4)
Reclassification of long-term loan to short-term loan	(2.4)	–
Foreign currency translation and other	0.5	0.9
Closing net investment	**40.4**	43.6

ii) Summarised financial information of joint venture entities

$million	2019	2018
Statement of financial position		
Current assets	103.8	96.6
Non-current assets	24.9	22.1
Current liabilities	61.9	58.7
Non-current liabilities	2.7	3.3
Statement of financial performance		
Revenue	293.4	273.5
Share of net profit (loss) after tax		
Rondo Pty Limited	14.0	12.4
Other	(0.2)	0.3

iii) Balances and transactions with joint venture entities

$million	Note	2019	2018
Current loans payable to CSR		3.5	0.7
Non-current loans payable to CSR	31	14.1	11.3
Current payables to joint venture entities		5.3	4.9
Purchases of goods and services		31.8	24.4
Sales of goods and services		6.6	6.7

26 Parent entity disclosures

i) Summary financial information of CSR Limited (parent)

$million	2019	2018
Statement of financial position		
Current assets	350.8	302.6
Non-current assets	1,743.5	1,723.4
Current liabilities[1]	(559.8)	(517.9)
Non-current liabilities[1]	(261.9)	(282.4)
Net assets	**1,272.6**	1,225.7
Equity		
Issued capital	1,028.8	1,036.2
Reserves	8.3	9.9
Retained profits	235.5	179.6
Total equity	**1,272.6**	1,225.7
Statement of financial performance		
Profit after tax for the year	189.0	96.2
Total comprehensive income	189.6	96.9

1 Included within current liabilities are the current portion of the product liability provision and uninsured losses and future claims provision of $30.0 million and $5.4 million respectively (2018: $30.0 million and $5.8 million respectively). Included within non-current liabilities are the non-current portion of the product liability provision and uninsured losses and future claims provision of $238.0 million and $23.7 million respectively (2018: $259.0 million and $23.3 million respectively). See notes 14 and 15 for further details.

ii) CSR Limited transactions with controlled entities

During the financial years ended 31 March 2019 and 2018, CSR Limited advanced and repaid loans, sold and purchased goods and services, and provided accounting and administrative assistance to its controlled entities. All loans advanced to and payable to these related parties are unsecured and subordinate to other liabilities. Loans between members of the Australian tax consolidation group are not on normal terms and conditions.

iii) Contingent liabilities

$million	Note	2019	2018
Contingent liabilities, capable of estimation, arise in respect of the following categories:			
Performance guarantees provided to third parties		119.6	113.4
Bank guarantees to Harwood Superannuation Fund[1]	27	1.3	–
Total contingent liabilities[2]		**120.9**	113.4

1 CSR Limited has an obligation to contribute amounts so as to ensure that the assets attributable to certain superannuation defined benefit plans are not less than 107% of the amount required to meet the actuarial liabilities.

2 Financial guarantees disclosed above relate to bank guarantees provided to third parties to guarantee CSR Limited's performance of its liabilities of $83.1 million (2018: $76.9 million) and guarantees provided to third parties outside of the CSR group of $36.5 million (2018: $36.5 million). In addition, CSR Limited has undertaken to provide financial support, as and when required, to certain wholly owned controlled entities so as to enable those entities to pay their debts as and when such debts become due and payable.

iv) Capital commitments

CSR Limited has committed $nil to the acquisition of any property, plant and equipment as at 31 March 2019 (2018: $nil).

Other

27 Employee benefits

i) Superannuation commitments

During the year, the CSR group participated in a number of superannuation funds (funds) in Australia and New Zealand. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees (and spouses) on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian superannuation guarantee legislation.

Australian superannuation funds

In Australia, the CSR group participates in the Harwood Superannuation Fund and the Pilkington (Australia) Superannuation Scheme for those employees and pensioners who are currently members of these funds and any new employees who become members.

Retirement funds

The contributions to the funds for the year ended 31 March 2019 for the CSR group were $43.2 million (2018: $41.8 million).

Accumulation funds

The benefits provided by accumulation funds are based on the contributions and income thereon held by the funds on behalf of the members. Contributions are made as agreed between the member and the company and for the financial year ended 31 March 2019, contributions totalled $37.1 million (2018: $36.1 million). These contributions are expensed in the year they are incurred. CSR group's legal or constructive obligation is limited to these contributions.

Defined benefit funds

The benefits provided by defined benefit divisions of funds (DBDs) are based on length of service or membership and salary of the member at or near retirement. Member contributions, based on a percentage of salary, are specified by the rules of the fund. Employer contributions generally vary based on actuarial advice and may be reduced or cease when a fund is in actuarial surplus. DBDs are closed to new members.

Changes to defined benefit obligations

The Harwood Superannuation Fund Trust Deed was amended with effect from midnight on 31 December 2011 to restructure the various plans within the fund, including splitting the CSR Plan Division One (defined benefit) into three separate plans. The amendment reflected the agreement between CSR Limited and Wilmar International Limited that Sucrogen Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Sucrogen business as well as its share of the funding obligation in respect of the Harwood Pensioner DBD Plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Wilmar Sugar Australia Limited.

The Pilkington (Australia) Superannuation Scheme Trust Deed was amended with effect from midnight on 31 January 2019 to restructure the plan within the fund, including splitting the Pilkington (Australia) Superannuation Scheme defined benefit plan into two separate plans. The amendment reflected the agreement between CSR Limited and Viridian Glass Limited that Viridian Glass Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Viridian Glass Limited business. The CSR group will retain the funding obligations in respect of the Viridian pensioner defined benefit plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Viridian Glass Limited.

Asset backing

The last actuarial assessment for the Harwood Superannuation Fund was completed as at 30 June 2018. The funding requirements were reviewed as at 30 June 2018. A combination of the attained age normal and projected unit credit funding methods were used to determine the contribution rates for the Harwood Superannuation Fund. The projected unit credit funding method was used for the Pilkington (Australia) Superannuation Scheme.

The Trust Deed sets out a minimum funding level of 103% and a funding guarantee of 107% of actuarial liabilities for the DBD CSR and DBD Harwood Pensioner plans. At the time of the last actuarial review, DBD CSR and DBD Harwood Pensioner had a funding position of 243% and 105% respectively. Therefore, as at 31 March 2019, CSR Limited was required to provide bank guarantees of $1.3 million to the trustee of the fund to satisfy the balance of its commitments (2018: $nil). The bank guarantees have been disclosed in note 26.

Table 1: Defined benefit plans (DBDs) sponsored by the CSR group

$million	CSR contributions to the funds	Present value of fund assets	Present value of fund liability	Net defined benefit asset (liability)	Contributions paid
Harwood Superannuation Fund					
DBD CSR and DBD Harwood Pensioner[1]	$nil from 1 April 2018	69.9	(66.7)	3.2	–
DBD Monier PGH	$nil from 1 April 2018	46.9	(39.6)	7.3	0.4
Pilkington (Australia) Superannuation Scheme DBD[2]	14.6% of eligible salary	17.5	(19.8)	(2.3)	1.3

1 Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2019.
2 Funds contributed by CSR are for accumulation members.

27 Employee benefits (continued)

i) Superannuation commitments (continued)

Key assumptions used by actuaries

Key assumptions and parameters used by the actuaries (expressed as weighted averages) are outlined below:

%		2019	2018
Discount rate (after tax)		3.5	3.8
Expected salary increase		3.0	3.3
Asset class allocation	– Equity instruments	29.7	30.0
	– Debt instruments	50.8	52.4
	– Property	2.7	2.9
	– Other	16.8	14.7

Impact of plans on the statement of financial performance and comprehensive income

$million	2019	2018
Amounts recognised in the statement of financial performance[1]		
Current service cost	2.3	2.7
Finance cost	5.7	6.2
Interest income	(5.7)	(6.6)
Total expense included in the statement of financial performance	**2.3**	2.3
Actuarial loss incurred during the financial year and recognised in the statement of comprehensive income	**(1.6)**	(3.3)
Cumulative actuarial losses recognised in the statement of comprehensive income	**(54.3)**	(52.7)

1 Disclosed in selling, administration and other operating costs.

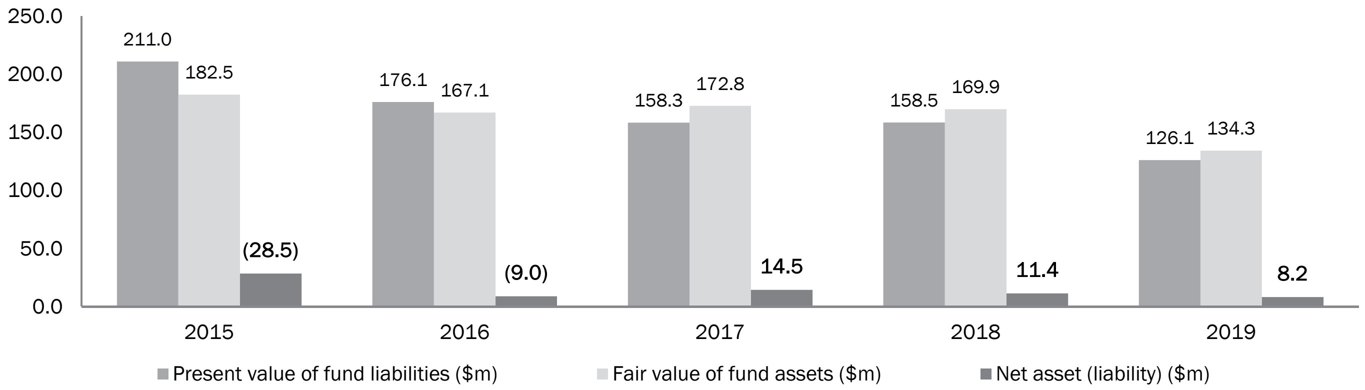
Impact of plans on the statement of financial position

$million	2019	2018
Net asset of superannuation defined benefit plans		
Fair value of assets	134.3	169.9
Present value of liabilities	(126.1)	(158.5)
Net asset	**8.2**	11.4
Included in the statement of financial position		
Non-current other assets (note 31)	10.5	11.4
Other non-current liabilities	(2.3)	–
Net asset	**8.2**	11.4
Movements in the fair value of the defined benefit plan assets		
Assets at the beginning of the financial year	169.9	172.8
Interest income	5.7	6.6
Return on assets (in excess of interest income)	0.8	3.8
Contributions from the employer	1.7	2.5
Contributions from participants	2.3	1.0
Benefits paid	(46.1)	(16.8)
Assets at the end of the financial year	**134.3**	169.9
Movements in the present value of the defined benefit plan liabilities		
Liabilities at the beginning of the financial year	158.5	158.3
Current service cost	2.3	2.7
Finance cost	5.7	6.2
Contributions from participants	2.3	1.0
Actuarial loss	2.4	7.1
Curtailments and settlements	1.0	–
Benefits paid	(46.1)	(16.8)
Liabilities at the end of the financial year	**126.1**	158.5

27 Employee benefits (continued)

i) Superannuation commitments (continued)

Net asset (liability) of superannuation defined benefit plans



Recognition and measurement

For superannuation defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained profits, in the year in which they occur, and are presented in the statement of comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

ii) Share-based payments

Long-term incentive (LTI) plan – Performance rights plan (PRP)

Under the LTI plan effective during the year ended 31 March 2019, eligible executives were invited to receive performance rights in the company. Shares acquired on vesting of performance rights are fully paid ordinary shares and the amount payable to acquire these shares is $nil.

A summary of the performance rights granted under the plan is set out below:

Number of performance rights	2019	2018
Opening balance	3,240,703	3,166,010
Granted during the year	911,695	967,666
Vested during the year	(904,017)	(892,973)
Lapsed during the year	(243,407)	–
Closing balance	**3,004,974**	3,240,703

There were no vested and exercisable shares at 31 March 2019 (2018: nil).

Performance rights outstanding at the end of the year have the following expiry dates:

		Performance rights	
Grant date	Expiry date	2019	2018
23 July 2014	23 July 2018	–	170,601
24 July 2015	1 April 2018	–	904,017
26 July 2016	1 April 2019	1,181,270	1,198,419
25 July 2017	1 April 2020	927,434	967,666
25 July 2018	1 April 2021	896,270	–
Total		3,004,974	3,240,703

A summary of key valuation assumptions for rights granted in the year ended 31 March 2019 is set out below:

Grant date	25 July 2018	25 July 2018
Vesting condition	Relative TSR	EPS
Valuation method	Monte Carlo simulation	Binominal Tree
Start of performance period	1 April 2018	1 April 2018
Testing date	31 March 2021	31 March 2021
Expected life	2.7 years	2.7 years
Grant date share price	$4.22	$4.22
Volatility	30%	30%
Dividend yield	5.9%	5.9%
Risk-free rate	2.10%	2.10%
Fair value	$1.36	$3.60

Further details on the LTI plan and the terms of the grants during the year are detailed in the remuneration report on pages 43 to 46.

27 Employee benefits (continued)

ii) Share-based payments (continued)

Deferred shares

Under the STI deferral plan, 20% of any STI earned by senior executives is delivered in CSR shares. These shares must be held in trust subject to trading restrictions and have a continued service requirement for a minimum of two years from the date of allocation.

Deferred shares are administered by the CSR Share Plan Trust. The shares are acquired on market at the grant date and are held as treasury shares until such time as they are vested. Forfeited shares are reallocated in subsequent grants. The number of shares to be granted is determined based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange.

	2019	2018
Number of rights to deferred shares granted	130,202	118,667
Fair value of rights at grant date	$5.24	$4.93

Other plans

Universal Share Option Plan (USOP): eligible employees can buy shares to a maximum value of $1,000 and receive an equivalent number of shares for no cash consideration. The shares are acquired on market prior to issue with the cost of acquisition recognised in employee benefit expense.

Employee Share Acquisition Plan (ESAP): directors and employees can forgo up to $5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.

Number of shares issued under the plans	2019	2018
USOP[1]	618,943	506,664
ESAP	110,117	89,217

1 Number of shares issued includes the number of purchased shares issued to employees under the plan. Each participant was issued with shares to a maximum value of $1,000 based on the weighted average market price of $3.84 (2018: $4.02).

For further details on the USOP and the ESAP, refer to page 46 of the remuneration report.

Expenses arising from share-based payment transactions

$	2019	2018
Long term incentive plan (PRP)	2,705,539	3,099,880
Deferred shares	566,440	626,950
Other plans	1,275,194	1,019,408
Total expense	**4,547,173**	4,746,238

Recognition and measurement

Share-based payments can either be equity settled or cash settled.

- **Equity settled:** the fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period (with a corresponding increase to the employee share reserve), based on the CSR group's estimate of shares that will eventually vest.
- **Cash settled:** the ultimate expense recognised in relation to cash settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

28 Related party disclosures

i) Transactions with directors or other key management personnel

Transactions entered into during the financial year with directors of CSR Limited and other key management personnel of the CSR group and with their closely related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders included:

- contracts of employment (see section ii) and reimbursement of expenses;
- acquisition of shares in CSR Limited under the employee share plans and the dividend reinvestment plan;
- dividends from shares in CSR Limited; and
- sale and purchase of goods and services.

No new loans, loan repayments or loan balances occurred between the CSR group and directors and other key management personnel of the CSR group during the financial year ended 31 March 2019 (2018: nil).

ii) Key management personnel remuneration

Total remuneration paid or payable to directors and key management personnel is set out below:

$	2019	2018
Short-term employee benefits	4,428,659	4,319,706
Share-based payments expense	963,436	1,155,494
Total	**5,392,095**	5,475,200

Details of remuneration and the CSR Limited equity holdings of directors and other key management personnel are shown in the remuneration report on pages 35 to 52.

iii) Other related parties

Other than transactions with joint venture entities disclosed in note 25, no material amounts were receivable from, or payable to, other related parties as at 31 March 2019 (2018: nil), and no material transactions with other related parties occurred during those years.

Details of payments to superannuation defined benefit plans are shown in note 27.

29 Subsequent events

With the exception of the items disclosed below, there has not arisen in the interval between 31 March 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 years.

Dividends

For dividends resolved to be paid after 31 March 2019, refer to note 18.

30 Commitments and contingencies

i) Commitments

$million	2019	2018
Operating lease and hire expenditure		
Land and buildings	125.0	204.0
Plant and equipment	22.1	27.6
Total	**147.1**	**231.6**
Contracted lease and hire expenditure comprises:		
Within one year	44.4	50.5
Between one and five year(s)	85.4	117.8
After five years	17.3	63.3
Total	**147.1**	**231.6**
Contracted capital expenditure comprises:		
Payable within one year	20.4	52.6

The total of minimum rentals to be received in the future under non-cancellable sub-leases as at 31 March 2019 is not material. Contingent rentals for 2019 and 2018 financial years were not material. The leases on most of the CSR group's rental premises contain renewal options. The CSR group's decision to exercise renewal options is primarily dependent upon the nature of the operations conducted and the profitability of business conducted at the location.

Recognition and measurement – operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the CSR group as lessee are classified as operating leases.

Impact of new standards not yet applicable:

AASB 16 *Leases* ('AASB 16'):

Released on 23 February 2016 and will primarily affect the accounting treatment of leases by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.

The group has selected and implemented a system solution to capture all leases in scope and perform the accounting entries in compliance with all aspects of AASB 16. The standard will be first applicable for the year commencing 1 April 2019 and the group is currently in the final stages of determining the final impact on the consolidated financial statements.

The estimated impact on the CSR group on the consolidated statement of financial position as at 1 April 2019 and on the consolidated statement of financial performance for the year ending 31 March 2020 is set out below:

$million	
New lease liabilities	205 to 225
New right-of-use (ROU) assets	155 to 175
Decrease in retained earnings	20 to 30
Increase in earnings before interest and tax (EBIT)	3 to 8
Decrease in net profit after tax	1 to 3

The group plans to adopt AASB 16 *Leases* using the modified retrospective approach. Therefore, the net effect of the new lease liabilities and right-to-use assets, adjusted for deferred tax, will be recognised in retained earnings, with no restatement of comparative information.

To date the most significant impact identified is in respect of the ROU asset and lease liability for property leases. The nature of the expense related to those leases will change because AASB 16 replaces the straight-line lease expense with a depreciation charge for ROU assets and interest expense on lease liabilities.

The group plans to apply practical expedients including: low-value and short-term lease exemptions (i.e. continue to recognise operating lease expense for low-value and short-term leases), portfolio application for forklifts and motor vehicles (i.e. use of a single discount rate to these portfolios), exclusion of initial direct costs and outgoings on all lease portfolios.

30 Commitments and contingencies (continued)

ii) Contingencies

Contingencies for CSR Limited are outlined in the parent entity note 26. There are no other contingencies in relation to controlled entities within the CSR group. Operating lease expenditure for 2019 and 2018 is disclosed in note 6.

31 Other non-current assets

$million	Note	2019	2018
Loans to joint venture entities[1]		14.1	11.3
Other loans and receivables		11.7	65.2
Total non-current receivables		**25.8**	76.5
Other assets		0.7	0.3
Superannuation defined benefit plans – fair value of surplus	27	10.5	11.4
Total other non-current assets		**11.2**	11.7

1 The CSR group has provided facilities to joint venture entities on arm's length terms.

32 Auditor's remuneration

$	2019	2018
Deloitte Touche Tohmatsu in Australia		
Audit or review of financial statements	697,000	742,000
Sustainability and carbon related assurance services	72,000	77,108
Other assurance and advisory services	22,000	9,000
Total auditor's remuneration	**791,000**	828,108

33 Other accounting policies

Cash and cash equivalents: net cash is defined as cash at bank and on hand and cash equivalents, net of bank overdrafts. Cash equivalents include highly liquid investments which are readily convertible to cash, and loans which are not subject to a term facility. Cash and cash equivalents held at 31 March 2019 included $50.0 million of cash at bank and on hand (2018: $13.7 million) and $nil short-term deposits (2018: $nil).

Tax consolidation: Australian tax legislation allows groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes.

The CSR group has elected for those entities within the CSR group that are wholly owned Australian resident entities to be taxed as a single entity from 1 April 2004.

Prior to the adoption of the tax consolidation system, CSR Limited, as the head entity in the tax consolidated group, agreed to compensate or be compensated by its wholly owned controlled entities for the balance of their current tax liability/(asset) and any tax loss related deferred tax asset assumed by CSR Limited. Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by CSR Limited and each member of the group in relation to the tax contribution amounts paid or payable between CSR Limited and the other members of the tax consolidated group in accordance with the arrangement.

Foreign currency: all foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in profit or loss in the year in which they arise except if designated as cash flow hedges.

On consolidation, the results and financial position of foreign operations are translated as follows:
- assets and liabilities are translated using exchange rates prevailing at the end of the reporting period;
- income and expense items are translated at the average exchange rates for the period; and
- exchange differences arising, if any, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the operation.

Put option liabilities on non-controlling interests: contracts that contain an obligation to pay cash in the future to purchase minority shares held by non-controlling interests, even if the payment is conditional on the option being exercised by the holder, are recorded as a financial liability. The initial redemption liability is recorded against equity. The financial liability is recognised at the present value of the expected redemption amount.

Goods and services tax: revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as a current asset or liability.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the taxation authority are classified as operating cash flows.

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

The directors declare that:

1 in the directors' opinion, there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable;
2 in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as disclosed in note 1;
3 in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the CSR group;
4 the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the managing director and chief financial officer for the financial year ended 31 March 2019; and
5 there are reasonable grounds to believe that CSR Limited and the group entities identified in note 22 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between CSR Limited and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

John Gillam
Chairman

Sydney, 8 May 2019

Rob Sindel
Managing Director

Sydney, 8 May 2019

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CSR Limited ("CSR" or the "company") and its subsidiaries (the "group"), which comprises the consolidated statement of financial position as at 31 March 2019, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the group's financial position as at 31 March 2019 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter
Product Liability Provision (Refer to Note 15 Product liability) CSR has recognised a product liability provision of $268.0 million as at 31 March 2019. The provision is in respect of all known and reasonably foreseeable future asbestos claims. The provision is determined after considering the advice provided by management appointed external experts in Australia and the United States of America ("USA"), being the countries giving rise to the liabilities. The determination of the provision is subject to significant judgement as to expected settlement amounts and likelihood of future claims. In addition, the assumptions in respect of movements in foreign exchange rates and discount rates have a significant impact on the estimate of provisions. The size and complexity of the assumptions used in determining the provision result in it being considered as a key audit matter.	In conjunction with actuarial specialists, our procedures included, amongst others: ▪ assessing the competence and independence of management appointed external experts; ▪ assessing the appropriateness of the assumptions and methodology used in the reports prepared by the management appointed external experts; including: - evaluating the reasonableness of the methodology used to calculate the provision; - benchmarking of the discount rates; and - comparison of historical claims experience to assumptions used to estimate future claims; ▪ testing on a sample basis the accurate inclusion and exclusion of asbestos claims in management's liability database, which is provided to management appointed external experts and forms the basis for the reports; ▪ making enquiries of management appointed external experts and the company's internal and external legal counsel in respect of their conclusions; ▪ agreeing the provision breakdown between liabilities relating to Australia and the USA to the respective external experts' reports; ▪ testing the translation of the USA liability to Australian dollars at the appropriate foreign currency exchange rate; ▪ assessing the basis for the determination of the prudential margin through enquiries of management and their consideration of the external experts' reports; and ▪ assessing the appropriateness of the relevant disclosures in the financial statements.

Key audit matter	How the scope of our audit responded to the key audit matter
Asset valuation (Refer to Note 12 Property, plant and equipment and intangible assets) At 31 March 2019 the group's consolidated statement of financial position includes goodwill amounting to $57.2 million, other intangible assets amounting to $23.7 million and property, plant and equipment amounting to $709.6 million, comprised of several cash generating units (CGUs). The assessment of impairment of the company's goodwill, other intangible assets and property, plant and equipment balances involved the exercise of significant judgement in respect of key assumptions such as discount rates, inflation, growth rates, forecast changes in the building cycle and forecast future cash flows, as appropriate. Management prepare an impairment trigger analysis to identify which CGUs should be considered further for impairment analysis. The Roofing CGU was identified by management as a CGU requiring an impairment analysis as it contains an intangible asset with an indefinite useful life and due to its low return on funds employed. Subsequently, an impairment of $32.8 million has been recognised to bring funds employed to their recoverable amount. We focussed on this area as a key audit matter due to the judgment involved in forecasting future cash flows and the selection of assumptions.	In conjunction with valuation specialists, our procedures included, amongst others: ▪ evaluating the process used by management in the determination of those CGUs requiring further impairment analysis as a consequence of an impairment trigger by: - assessing management's determination of the company's CGUs based on our understanding of the business and consistency with the segment reporting; - evaluating management's impairment trigger analysis based on a number of factors including annual financial performance and external market conditions; and - checking that each CGU containing indefinite life intangible assets had been included in management's impairment testing; ▪ evaluating the analysis performed by management and the conclusions drawn in relation to the Roofing CGU by: - critically assessing the appropriateness of the impairment model methodology, key inputs and assumptions used in each model using our knowledge of each business and the industry, including assessment of: ▪ the discount rate; ▪ the terminal growth rate; ▪ the inflation rate; ▪ forecast changes in the business cycle; and ▪ forecast cash flows; - testing, on a sample basis, the mathematical accuracy of the cash flow models; - agreeing relevant data to the latest board approved forecasts; - assessing the historical accuracy of forecasting of the CGU; - obtaining and reading the position papers prepared by management to support the models for this CGU; - evaluating management's process, including testing controls on a sample basis in respect of the preparation and review of forecasts; and - assessing the appropriateness of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 31 March 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report which forms part of the directors' report and is included in pages 35 to 52 of the CSR Limited annual report for the year ended 31 March 2019.

In our opinion, the Remuneration Report of CSR Limited for the year ended 31 March 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Chartered Accountants
Partner

Sydney, 8 May 2019

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20 LARGEST HOLDERS OF ORDINARY SHARES

As at 30 April 2019

RANK	NAME	UNITS	% OF UNITS
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	177,210,825	35.3
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	72,991,725	14.6
3.	CITICORP NOMINEES PTY LIMITED	65,163,441	13.0
4.	NATIONAL NOMINEES LIMITED	14,644,787	2.9
5.	BNP PARIBAS NOMS PTY LTD	5,834,912	1.2
6.	BNP PARIBAS NOMINEES PTY LTD	5,348,370	1.1
7.	PRUDENTIAL NOMINEES PTY LTD	2,500,000	0.5
8.	UBS NOMINEES PTY LTD	1,900,000	0.4
9.	CITICORP NOMINEES PTY LIMITED	1,206,568	0.2
10.	MR ALLAN ERNEST ORMES	1,066,667	0.2
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	932,902	0.2
12.	SINDEL AUSTRALIA PTY LTD	819,717	0.2
13.	LSND PTY LTD	700,000	0.1
14.	CSR SHARE PLAN PTY LIMITED	683,663	0.1
15.	CSR SHARE PLAN PTY LIMITED	630,796	0.1
16.	AMP LIFE LIMITED	581,715	0.1
17.	V M NOMINEES PTY LTD	550,000	0.1
18.	MR BRIAN FREDERICK DITCHFIELD	500,000	0.1
19.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	498,548	0.1
20.	NATIONAL NOMINEES LIMITED	482,316	0.1
Top 20 holders of issued capital		354,246,952	70.6
Remaining holders balance		147,376,374	29.4

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

The Blackrock Group and its subsidiaries advised that as of 15 March 2019, it and its associates had an interest in 47.0 million shares, which represented 9.31% of CSR's issued capital at that time.

FIL Limited and its subsidiaries advised that as of 27 February 2019, it and its associates had an interest in 38.4 million shares, which represented 7.62% of CSR's issued capital at that time.

Dimensional Entities and its subsidiaries advised that as of 20 June 2013, it and its associates had an interest in 30.4 million shares, which represented 6.01% of CSR's issued capital at that time.

The Vanguard Group Inc. and its subsidiaries advised that as of 17 June 2016, it and its associates had an interest in 25.3 million shares, which represented 5.00% of CSR's issued capital at that time.

State Street Corporation and its subsidiaries advised that as of 30 April 2019, it and its associates had an interest in 25.1 million shares, which represented 5.01% of CSR's issued capital at that time.

SHAREHOLDINGS BY GEOGRAPHIC LOCATION

Location	Units	Units %	Holders	Holders %
AUSTRALIA	497,575,932	99.2	47,317	96.2
NEW ZEALAND	2,387,216	0.5	1,252	2.5
HONG KONG	671,514	0.1	43	0.1
UNITED KINGDOM	456,540	0.1	242	0.5
UNITED STATES OF AMERICA	184,319	0.0	94	0.2
Other	347,805	0.1	215	0.5
Total	**501,623,326**	**100.0**	**49,163**	**100.0**

DISTRIBUTION OF SHAREHOLDINGS

Range	Holders	Units	% of issued capital
1 – 1,000	23,457	11,644,020	2.3
1,001 – 5,000	19,757	45,388,434	9.1
5,001 – 10,000	3,604	26,033,620	5.2
10,001 – 100,000	2,261	50,260,523	10.0
100,001 and over	84	368,296,729	73.4
Total	**49,163**	**501,623,326**	**100.0**

UNMARKETABLE PARCELS

	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 3.56 per unit	141	1,823	100,958

RECENT CSR DIVIDENDS

Date paid	Type of dividend	Dividend per share	Franking	Franked amount per share at 30%
December 2013	Interim	5.0 cents	0%	NA
July 2014	Final	5.0 cents	0%	NA
December 2014	Interim	8.5 cents	0%	NA
July 2015	Final	11.5 cents	0%	NA
December 2015	Interim	11.5 cents	0%	NA
July 2016	Final	12.0 cents	0%	NA
December 2016	Interim	13.0 cents	0%	NA
July 2017	Final	13.0 cents	50%	6.5 cents
December 2017	Interim	13.5 cents	50%	6.75 cents
July 2018	Final	13.5 cents	75%	10.125 cents
December 2018	Interim	13.0 cents	100%	13.0 cents

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Wednesday 26 June 2019

Northside Conference Centre
Corner Oxley Street and Pole Lane
Crows Nest NSW 2065 Australia

REGISTRY INFORMATION

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

Computershare Investor Services Pty Limited

GPO Box 2975 Melbourne VIC 3001 Australia

Telephone 1800 676 061
International +61 3 9415 4033
Facsimile (03) 9473 2500
International +61 3 9473 2500

www.investorcentre.com/contact

INVESTOR RELATIONS AND NEWS

The CSR Annual Report, Corporate Governance Statement and Sustainability Report are available to view online or download, visit **www.csr.com.au**

Email investorrelations@csr.com.au

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