CSR LIMITED
TRINITI 3, 39 DELHI ROAD, NORTH RYDE NSW 2113 AUSTRALIA
LOCKED BAG 1345, NORTH RYDE BC NSW 1670 AUSTRALIA
T **61 2 9235 8000** F **61 2 8362 9012**
CSR.COM.AU
ABN 90 000 001 276

2 November 2023

The Manager
ASX Company Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

By Electronic lodgement

CSR Limited (ASX:CSR) Appendix 4D for the half year ended 30 September 2023

In accordance with the Listing Rules, an Appendix 4D and half year-financial report is attached for immediate release to the market.

The following associated documents will be lodged separately:

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

CSR Limited will present its half year results at 10.00am AEDT via webcast available here . A recording will also be accessible from CSR's website at https://www.csr.com.au/investors-and-news/webcasts.

Yours sincerely

Jill Hardiman
Company Secretary

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

2 NOVEMBER 2023

CSR LIMITED

HALF YEAR REPORT INCORPORATING APPENDIX 4D
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

afs | Bradford | CEMINTEL | GYPROCK | hebel | HIMMEL INTERIOR SYSTEMS

Monier ROOFING | martini | PGH BRICKS & PAVERS | POTTER INTERIOR SYSTEMS | wi WOVEN IMAGE

CSR

APPENDIX 4D

Details of the company and reporting periods

Company name: ABN: Current reporting period: Previous corresponding reporting period:	CSR Limited 90 000 001 276 Six months ended 30 September 2023 Six months ended 30 September 2022

Results for announcement to the market

				A$m
Revenue from ordinary activities	up	5%	to	**1,366.1**
Net profit after tax from ordinary activities, after significant items, attributable to members	down	12%	to	**91.5**
Net profit after tax from ordinary activities, before significant items, attributable to members[1]	down	15%	to	**93.9**

This document represents information required by Listing Rule 4.2A and should be read in conjunction with CSR's most recent annual financial report.

Net tangible assets

As at	**30 Sep 2023**	**30 Sep 2022**
Net tangible assets per share attributable to CSR shareholders	**$2.23**	$2.34

Dividends

Financial year ended	**31 March 2024**	**Franking**	**31 March 2023**	**Franking**
Interim ordinary	15.0 cents	100%	16.5 cents	100%
Final ordinary	N/A	N/A	20.0 cents	100%

Record date for determining entitlements to interim dividends	8 November 2023
Interim dividend payment date	7 December 2023

Dividend Reinvestment Plan

The Company's dividend reinvestment plan (DRP) will operate for the interim dividend payable on 7 December 2023. The last date for receipt of the election notice for participation in the DRP is 9 November 2023, being the business day after the dividend record date of 8 November 2023. For the interim dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP.

DRP shares will be allocated at the arithmetic average of the daily volume weighted average market prices of shares in CSR sold on ASX's trading platform (including the closing single price auction but excluding all off-market trades) ("VWAP") on each day over a period of 10 trading days commencing on 16 November 2023. No discount will apply to shares issued under the DRP. For further details of the DRP please refer to the DRP Terms and Conditions available on CSR's website (www.csr.com.au).

1 Net profit after tax before significant items is a non-IFRS measure used internally by management to assess the performance of the business and has been extracted or derived from CSR's financial statements for the half year ended 30 September 2023. A reconciliation to net profit after tax is included in Note 2 to the CSR half year financial statements.

DIRECTORS' REPORT

The directors of CSR Limited present their report on CSR Limited and its controlled entities (CSR group) for the half year ended 30 September 2023.

Directors

The directors of CSR Limited at any time during the half year ended 30 September 2023, or since that date, are as follows:

John Gillam (Chair of the board)
Julie Coates (Managing Director and CEO)
Christina Boyce
Nigel Garrard
Matthew Quinn (retired 31 May 2023)
Adam Tindall
Penny Winn

Review of Operations

A review of operations of the CSR group for the half year ended 30 September 2023 is set out in the results announcement to the market and on pages 3 to 6 of this half year report, and forms part of this directors' report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration made under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of this directors' report.

Rounding

CSR Limited is a company of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued 24 March 2016. In accordance with that Instrument, amounts in this Directors' Report and the half year financial report are rounded to the nearest tenth of a million dollars unless otherwise stated.

The directors' report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

John Gillam	Julie Coates
Chair of the board	Managing Director and CEO
2 November 2023	2 November 2023

OPERATING AND FINANCIAL REVIEW

CSR delivers half year net profit after tax of $91.5 million, down 12%

Trading revenue of $1.4 billion for the six months ended 30 September 2023 (HY24), up 5% on the previous corresponding period.

Earnings before interest and tax (EBIT before significant items) of $125.5 million, down 27% which included the following results:

- **Building Products** – record EBIT of $164.7 million, up 18%, reflecting price discipline as well as volume growth in Gyprock, Hebel and Bradford. Improved factory efficiency and operational performance supported the strong result with EBIT margin improving 100 basis points to 16% and return on funds employed increasing to 31% from 28%.
- **Property** – EBIT loss of ($1.5) million, with no material transactions in the first half and $44 million of Horsley Park, NSW earnings contracted in the second half of the financial year. This compares to $27.6 million profit in the previous corresponding period which included completion of the sale of Stage 2.2b of Horsley Park, NSW.
- **Aluminium** – EBIT loss of ($24.3) million, down from a profit of $17.4 million (which included a RERT[1] payment of $16 million) with significantly higher energy and coal pass-through costs, and raw material costs remaining volatile at elevated levels.

Statutory net profit after tax of $91.5 million, down from $104.0 million.

Net profit after tax (before significant items) of $93.9 million, down 15%.

Earnings per share[2] of 19.7 cents, down from 22.8 cents.

Interim dividend per share of 15.0 cents (fully franked) declared, down from previous interim dividend of 16.5 cents.

A$m unless stated[2]	HY24	HY23	change
Trading revenue	**1,366.1**	1,296.3	5%
EBIT			
Building Products	164.7	139.2	18%
Property	(1.5)	27.6	(105%)
Aluminium	(24.3)	17.4	(240%)
Corporate (including restructure and provisions)	(13.4)	(12.9)	(4%)
Group EBIT	**125.5**	171.3	(27%)
Net finance costs	(3.7)	(13.9)	
Income tax expense	(33.3)	(46.0)	
Non-controlling interests	5.4	(1.3)	
Net profit after tax before significant items[2]	**93.9**	110.1	(15%)
Significant items after tax	(2.4)	(6.1)	
Statutory net profit after tax	**91.5**	104.0	(12%)

1. Reliability and Energy Reserve Trader payment for power disruption to support national energy market stability.
2. All references are before significant items unless stated. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the half year ended 30 September 2023 (HY24). All comparisons are to the half year ended 30 September 2022 (HY23) unless otherwise stated.

Net finance costs[2] of $3.7 million were down from $13.9 million due to lower foreign exchange volatility impacting Aluminium.

Tax expense of $33.3 million (before significant items) was down from $46.0 million due to the lower pre-tax profits. CSR's effective tax rate (before significant items) was 27%, down from 29% due to a higher proportion of profits from associates.

Capital expenditure (excluding property) of $64.6 million up from $30.2 million, as the environment to execute on capital projects has improved.

Property capital expenditure of $14.0 million down from $22.5 million and included expenditure to deliver the Horsley Park, NSW transactions and prepare the Darra, QLD site for sale.

Net debt of $0.9 million decreased from net cash of $131.6 million as of 31 March 2023. Cash flows for the half year included dividend payments of $95.5 million and Woven Image acquisition of $41.8 million (net of cash acquired).

Cash flows from operating activities of $106.2 million were up from $5.1 million due to higher operating cash flows.

Product liability – As of 30 September 2023, the asbestos provision reduced to $187.1 million from $193.4 million as at 31 March 2023. CSR paid asbestos related claims of $9.8 million (including legal costs) compared to $14.0 million in the prior comparable period.

Building Products

Construction market conditions by segment

Demand for CSR's products has historically been correlated to activity on average two quarters after a residential housing commencement. However, given continued constraints in the building sector, CSR currently sees demand for its products more closely aligned to work done and completions activity. For the six months to June 2023 (the latest ABS data available, cat. 8752), work done and completions for detached housing were down 2% and 6% respectively, and work done and completions rose by 4% and 18% respectively for multi-residential dwellings.

Detached housing build times remain elevated at approximately 12 months (up from an 8-month historical average), however this completion timeframe is starting to contract as supply chain and trade labour constraints ease. The detached pipeline is sustained at a level approximately 50% above historic averages and equivalent to a full year of completions (approximately 110,000 detached homes). Completions are now marginally higher than commencements and above approvals. However, lead indicators tracked by CSR suggest the stabilisation of approvals numbers.

The multi-residential pipeline has sustained with medium-density reasonably stable and high-density continuing to improve. The pipeline is anticipated to support near term activity, while population growth from net overseas migration will generate housing demand and significant federal and state government housing programs should bolster supply in the medium term.

The non-residential market also improved by 3% (on a work done basis) with increases in both commercial projects and social activity. Non-residential activity will be supported by approvals at record levels.

The Alterations & Additions market was down 6% (on a work done basis), but with total activity and lead indicators remaining at elevated levels.

The New Zealand residential market eased during the period with residential consents down 15%.

Building Products results – EBIT higher with good execution across the business

A$m unless stated[1]	HY24	HY23	change
Revenue	**1,008.9**	**910.0**	11%
EBIT	**164.7**	**139.2**	18%
Funds employed[2]	1,016.4	907.6	12%
EBIT/revenue	16.3%	15.3%	
Return on funds employed[3]	31.1%	28.0%	

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

Trading revenue from Building Products was $1,008.9 million up 11% on the prior comparable period, with pricing discipline and volume growth.

EBIT of $164.7 million was up 18%. EBIT margin of 16.3% was up from 15.3%, reflecting discipline to manage cost inflation across the business.

Building Products outlook for the financial year ending 31 March 2024

CSR has made a pleasing start to the second half with focused execution into end markets and ongoing discipline to deliver performance and strategic initiatives.

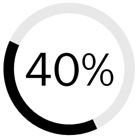
The pipeline of detached housing projects under construction is sustained at approximately 50% above historical averages, the multi-residential pipeline represents two to three years' work, and non-residential activity is supported by a large pipeline of approvals. CSR is closely monitoring the factors influencing market dynamics and will manage the business accordingly.

The business is well diversified across brands, market segments and the build process with a product portfolio that is adaptable to end market demand.

Investments in manufacturing performance, plant consolidation, supply chain and customer solutions have improved manufacturing productivity, the variability of the cost base and responsiveness to customer demand. CSR's strategy is focused on providing a platform for growth and resilience to deliver improved performance through the cycle.

Building Products Business Performance

INTERIOR SYSTEMS



- HY24 revenue $401m (13% above HY23)

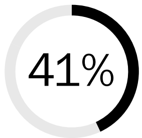
Results

- Gyprock generated strong revenue and earnings growth
  - Successful delivery of price increases to offset cost inflation, particularly in raw materials, freight and energy
  - Continued volume strength supported by strong brand leadership and diverse segment activity
  - Margin improvement with a continued focus on operational efficiency and cost discipline
- Ongoing growth in commercial fit out earnings through Himmel, Potters, Martini and newly acquired Woven Image business
  - reflects pick up in commercial and social activity together with increased market share in acoustic systems and benefits of project tracking

Strategic Progress

- Woven Image acquisition expands commercial market offering
- Gyprock brand loyalty and customer experience enhanced:
  - Investment in Gyprock Trade Centre store layouts and sales capability
  - Club Gyprock benefits targeting small and medium plasterers
  - Gyprocker 2023 campaign celebrates customer work across 630 projects
- Gyprock investment to increase capacity, improve productivity and reduce emissions
  - Wetherill Park calcining plant upgrade to be operational December 2023
  - State of the art technology also reduces energy usage; improves safety and product quality

MASONRY & INSULATION



- HY24 revenue $421m (7% above HY23)

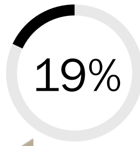
Results

- Strong operational performance across the product suite with a focus on productivity and cost management
- Impressive revenue and earnings growth in Bradford across all states delivered primarily through price and mix; volumes higher
  - SKU rationalisation drove increased glass wool production and successful stock build early in year has enabled volume growth
- Monier performance continues to improve with modest revenue growth and improved factory efficiency
- Solid and positive PGH performance – improved mix, disciplined pricing and cost control have supported both revenue and earnings growth

Strategic Progress

- Incremental capacity investment to capture benefits from National Construction Code 2022
  - Commissioning Bradford Brendale upgrade; future Bradford Ingleburn furnace expansion
- Roofing consolidation to deliver improved earnings
  - Planned Rosehill closure; modest investment in Darra factory to meet demand
- Exited low margin energy category to focus on core business

CONSTRUCTION SYSTEMS



- HY24 revenue $187m (17% above HY23)

Results

- Strong volume and revenue performance in Hebel
  - Growing category share in both detached and multi-residential segments, particularly VIC for detached and NSW for multi-res
  - Increased capacity – focused on large project home builders in QLD and NSW
  - Margin increase driven by strong pricing disciplines and improved operational performance
- Stronger market for Rediwall; AFS margin improvements
  - Rediwall range capturing apartment market growth, increased residential penetration
  - Procurement initiative realised for raw materials
- Cemintel revenue flat following SKU rationalisation

Strategic Progress

- Somersby Hebel factory volumes up >20% to meet demand
  - Organisational changes and additional shifts; Line 2 productivity improvements
- Cemintel cost reduction program focused on external cladding range
  - Focused productivity program delivering improved capacity outcomes
- Improvement in on-time deliveries and customer experience

Property

Good progress on key development projects

A$m unless stated[1]	HY24	HY23	change
EBIT	**(1.5)**	27.6	(105%)
Funds employed[2]	**168.3**	167.4	1%

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

CSR's Property business continued to make good progress on key development projects. Property delivered an EBIT loss of ($1.5) million, with contracted earnings in the second half of the year for Horsley Park, NSW.

Property outlook for the financial year ending 31 March 2024

In Property, YEM24 will include $44 million in contracted earnings for the next tranche at Horsley Park, NSW with an additional $58 million in contracted earnings in YEM25. The sale process for the Darra, QLD site is continuing, and work is ongoing for major projects at Schofields, NSW and Badgerys Creek, NSW.

Aluminium

Higher pricing offset by increased raw material costs

A$m unless stated[1]	HY24	HY23	change
Sales (tonnes)	**101,659**	**103,603**	(2%)
A$ realised price[2]	3,514	3,729	(6%)
Revenue	**357.2**	**386.3**	(8%)
EBIT	**(24.3)**	**17.4**	(240%)
Funds employed[3]	182.5	157.0	16%
EBIT/revenue	(6.8%)	4.5%	
Return on funds employed[4]	(19.8%)	28.8%	

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

The realised aluminium price in Australian dollars (including hedging and premiums) of A$3,514 was down 6% following the decrease in the A$ aluminium price.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 101,659 tonnes were down 2% on the prior comparable period. Trading revenue of $357.2 million was down 8% due to lower LME aluminium prices and premiums.

The Australian dollar averaged 66 US cents, a decrease from 70 US cents in the prior comparable period. The average MJP ingot premium for the period was US$127.50 per tonne, compared to US$160.00 per tonne (Platts Metals Week – Main Japanese Port ingot premium) in the prior comparable period.

EBIT loss of ($24.3) million was down from a profit of $17.4 million (which included a Tomago power compensation payment of $16 million), with significantly higher energy and coal pass-through costs, and raw material costs remaining volatile at elevated levels.

GAF Aluminium Hedge Book position

As of 30 September 2023	Balance of YEM24	YEM25	YEM26	YEM27	YEM28
Average price A$ per tonne (excludes premiums)	A$3,059	A$3,208	A$3,450	A$3,922	A$4,062
Proportion of net aluminium exposure hedged	76%	73%	68%	45%	15%

Aluminium outlook for the financial year ending 31 March 2024

Energy and raw materials cost volatility has necessitated a revision to our forecasts. While this volatility continues to make forecasting challenging, the best estimate for YEM24 is a loss in the range of ($15) million to ($30) million (excluding net RERT income, which was $13 million in YEM23). The implied improvement in the second half reflects the expected realisation of lower coke raw material costs.

Aluminium is still expected to return to profit in YEM25, with earnings increasing further in the following years due to higher hedged aluminium pricing and lower raw material costs.

Sustainability

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

In 2020, CSR established new targets to 2030 across energy and greenhouse gas, renewable energy, water, waste, biodiversity and social procurement. Over the last two years, CSR has developed initiatives to deliver on these targets, with detailed reporting on progress as well as a governance structure to monitor performance. In 2022, an independent review was completed of the work underway and the alignment to the achievement of the 2030 targets.

Last year, an overarching Sustainability Framework was also developed which aligned to the Company's strategy. This framework ensures that all sustainability actions and targets are linked together across the full breadth of environmental, social and governance (ESG) topics.

Further work is underway to define specific targets and actions to support this framework. This includes the refinement of goals and metrics across the five key pillars of CSR's Sustainability Framework.

Details on CSR's approach to sustainability over the past year will be included in the 2023 CSR Sustainability Report which will be published in December 2023.

Deloitte.

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

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Tel: +61 2 9322 7000
www.deloitte.com.au

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

2 November 2023

Dear Directors

Auditor's Independence Declaration to CSR Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of CSR Limited.

As lead audit partner for the review of the financial report of CSR Limited for the half year ended 30 September 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants

HALF YEAR FINANCIAL REPORT

Statement of financial performance

For the half year ended 30 September

$million	Note	2023	2022
Trading revenue – sale of goods		**1,366.1**	1,296.3
Cost of sales		(958.7)	(912.6)
Gross profit		**407.4**	383.7
Other income		1.0	46.4
Warehouse and distribution costs		(133.4)	(133.7)
Selling, administration and other operating costs		(155.4)	(133.6)
Share of net profit of joint venture entities	16	12.0	8.5
Other expenses		(6.1)	(6.3)
Profit before finance costs and income tax		**125.5**	165.0
Interest income	5	1.7	0.7
Finance and other costs	5	(8.9)	(17.0)
Profit before income tax		**118.3**	148.7
Income tax expense	6	(32.2)	(43.4)
Profit after tax		**86.1**	105.3
Profit after tax attributable to:			
Non-controlling interests		(5.4)	1.3
Shareholders of CSR Limited		91.5	104.0
Profit after tax		**86.1**	105.3
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	4	19.2	21.5
Diluted (cents per share)	4	19.1	21.4

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

Statement of comprehensive income

For the half year ended 30 September

$million	2023	2022
Profit after tax	**86.1**	105.3
Other comprehensive income (expense), net of tax		
Items that may be reclassified to profit or loss		
Hedge (loss) profit recognised in equity	(55.0)	346.1
Hedge loss transferred to statement of financial performance	80.3	48.7
Exchange differences arising on translation of foreign operations	(0.5)	(1.8)
Income tax expense relating to these items	(7.6)	(118.4)
Other comprehensive income – net of tax	17.2	274.6
Total comprehensive income	**103.3**	379.9
Total comprehensive income attributable to:		
Non-controlling interests	2.5	80.7
Shareholders of CSR Limited	100.8	299.2
Total comprehensive income	**103.3**	379.9

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

Statement of financial position

$million	Note	As at 30 September 2023	As at 31 March 2023
Current assets			
Cash and cash equivalents		19.1	131.6
Receivables		308.9	285.9
Inventories		420.1	425.2
Property holdings		70.3	36.0
Other financial assets	15	21.2	29.2
Income tax receivable		18.4	16.8
Prepayments and other current assets		14.9	13.4
Total current assets		**872.9**	938.1
Non-current assets			
Receivables		8.2	12.3
Property holdings		87.0	109.4
Investments accounted for using the equity method		42.4	45.0
Other financial assets	15	22.9	20.9
Property, plant and equipment	8	727.4	692.2
Right-of-use lease assets	9	122.7	128.8
Goodwill	8	90.9	59.9
Other intangible assets	8	12.7	9.3
Deferred income tax assets		201.7	206.7
Other non-current assets		7.8	8.5
Total non-current assets		**1,323.7**	1,293.0
Total assets		**2,196.6**	2,231.1
Current liabilities			
Payables		274.2	293.5
Lease liabilities	9	33.2	32.5
Other financial liabilities	15	67.2	69.7
Tax payable		21.1	14.5
Provisions		136.5	134.3
Total current liabilities		**532.2**	544.5
Non-current liabilities			
Lease liabilities	9	120.6	131.1
Borrowings	11	20.0	–
Other financial liabilities	15	134.3	165.0
Provisions		207.3	213.2
Other non-current liabilities		0.7	0.7
Total non-current liabilities		**482.9**	510.0
Total liabilities		**1,015.1**	1,054.5
Net assets		**1,181.5**	1,176.6
Equity			
Issued capital	12	930.3	930.3
Reserves	14	(141.5)	(147.9)
Retained profits		380.7	384.7
Equity attributable to shareholders of CSR Limited		**1,169.5**	1,167.1
Non-controlling interests		12.0	9.5
Total equity		**1,181.5**	1,176.6

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

Statement of changes in equity

For the half year ended 30 September

$million	Note	Issued capital	Reserves	Retained profits	CSR Limited interest	Non-controlling interests	Total equity
Balance at 1 April 2023		930.3	(147.9)	384.7	1,167.1	9.5	1,176.6
Profit for the period		–	–	91.5	91.5	(5.4)	86.1
Total other comprehensive income – net of tax		–	9.3	–	9.3	7.9	17.2
Dividends paid	13	–	–	(95.5)	(95.5)	–	(95.5)
Acquisition of treasury shares		–	(4.4)	–	(4.4)	–	(4.4)
Share-based payments – net of tax		–	1.5	–	1.5	–	1.5
Balance at 30 September 2023		930.3	(141.5)	380.7	**1,169.5**	12.0	**1,181.5**
Balance at 1 April 2022		966.7	(293.7)	334.0	1,007.0	(57.6)	949.4
Profit for the period		–	–	104.0	104.0	1.3	105.3
Total other comprehensive expense – net of tax		–	195.2	–	195.2	79.4	274.6
Dividends paid	13	–	–	(87.4)	(87.4)	–	(87.4)
On-market share buy-back		(22.4)	–	–	(22.4)	–	(22.4)
Acquisition of treasury shares		–	(4.3)	–	(4.3)	–	(4.3)
Share-based payments – net of tax		–	0.9	–	0.9	–	0.9
Balance at 30 September 2022		944.3	(101.9)	350.6	**1,193.0**	23.1	**1,216.1**

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

Statement of cash flows

For the half year ended 30 September

$million	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		1,490.3	1,385.8
Payments to suppliers and employees		(1,368.3)	(1,353.7)
Dividends and distributions received		14.3	2.5
Interest received		1.6	0.3
Income tax paid		(31.7)	(29.8)
Net cash inflow from operating activities		**106.2**	5.1
Cash flows from investing activities			
Proceeds from sale of property holdings and other assets		3.4	57.6
Purchase relating to property holdings		(14.0)	(22.5)
Purchase of property, plant and equipment and other intangible assets		(64.6)	(30.2)
Purchase of business, net of cash acquired	7	(41.8)	–
(Payments) receipts for financial assets		(2.4)	90.0
Loans and receivables repaid (advanced)		3.0	(0.5)
Net cash (outflow) inflow from investing activities		**(116.4)**	94.4
Cash flows from financing activities			
On-market share buy-back		–	(22.4)
Drawdown of borrowings	11	20.0	–
Dividends paid	13	(95.5)	(87.4)
Acquisition of shares by CSR employee share trust		(4.4)	(4.3)
Lease payments	9	(17.4)	(15.8)
Interest and other finance costs paid[1]		(4.8)	(5.0)
Net cash outflow from financing activities		**(102.1)**	(134.9)
Net decrease in cash held		(112.3)	(35.4)
Cash at the beginning of the financial year		131.6	177.7
Effects of exchange rate changes		(0.2)	(0.2)
Cash at the end of the period		**19.1**	142.1

1 In accordance with AASB 16 *Leases* the interest and other finance costs paid for the half year ended 30 September 2023 includes finance costs relating to leases of $3.3 million (2022: $3.4 million). Refer to notes 5 and 9 for further details.

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

Notes to the half year financial report

1 Basis of preparation

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

The half year report does not include all the notes normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with the CSR Annual Report for the year ended 31 March 2023 and any announcements to the market made during the financial half year in accordance with the CSR group's continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rule 3.1. With the exception of new accounting standards outlined below, the accounting policies and measurement bases adopted in this report are consistent with those applied in the CSR Annual Report for the year ended 31 March 2023. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities. The significant judgements made by management in applying the CSR group accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual financial statements as at and for the year ended 31 March 2023.

Use of 'HY24' and 'HY23' in this half year report refers to the half year ended 30 September 2023 and the half year ended 30 September 2022 respectively.

Rounding: Unless otherwise shown in the financial statements, amounts have been rounded to the nearest tenth of a million dollars and are shown by $million. CSR Limited is a company of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued 24 March 2016.

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

New or revised accounting standards: The CSR group has adopted all amendments to Australian Accounting Standards which became applicable from 1 April 2023.

AASB 17 *Insurance Contracts* (AASB 17) is applicable to CSR Limited for the year commencing 1 April 2023 and must be applied retrospectively. AASB 17 has no impact on the CSR group's financial report for the half year ended 30 September 2023.

AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The parent entity, CSR Limited, will be impacted by the application of AASB 17 as the parent entity is a licensed self-insurer in New South Wales, Queensland, Victoria and Western Australia for workers compensation insurance. The CSR group is currently determining the final impact on the parent entity disclosures in the CSR Annual Report for the year ended 31 March 2024.

New standards not yet applicable: there are no new standards not yet applicable that are expected to have a material impact on the CSR group.

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

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

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

Other:

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

Key financial performance and balance sheet items

2 Segment information

Operating and reportable segments

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

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

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

Accounting policies and inter-segment transactions

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

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

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

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

2 Segment information (continued)

For the half year ended 30 September $million	Trading revenue[1]		EBITDA before significant items[2]		Depreciation and amortisation		Earnings before interest, tax and significant items	
Business segment	2023	2022	2023	2022	2023	2022	2023	2022
Building Products	1,008.9	910.0	201.2	174.3	36.5	35.1	164.7	139.2
Property	–	–	(1.5)	27.6	–	–	(1.5)	27.6
Aluminium	357.2	386.3	(18.6)	23.2	5.7	5.8	(24.3)	17.4
Corporate[3]	–	–	(11.2)	(10.5)	1.0	1.0	(12.2)	(11.5)
Restructuring and provisions[4]	–	–	(1.2)	(1.4)	–	–	(1.2)	(1.4)
Total CSR group	**1,366.1**	1,296.3	**168.7**	213.2	**43.2**	41.9	**125.5**	171.3

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

For the half year ended 30 September $million	Note	2023	2022
Earnings before interest, tax and significant items		125.5	171.3
Net finance costs	5	(3.7)	(13.9)
Income tax expense		(33.3)	(46.0)
Profit after tax before significant items (before non-controlling interests)		**88.5**	111.4
Less: non-controlling interests		5.4	(1.3)
Profit after tax before significant items attributable to shareholders of CSR Limited		**93.9**	110.1
Significant items after tax attributable to shareholders of CSR Limited	3	(2.4)	(6.1)
Profit after tax attributable to shareholders of CSR Limited		**91.5**	104.0

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 30 September 2023	As at 31 March 2023	As at 30 September 2023	As at 30 September 2022
Building Products	1,016.4	938.2	31.1%	28.0%
Property	168.3	153.1	25.4%	42.4%
Aluminium	182.5	163.3	(19.8%)	28.8%
Corporate	(39.0)	(41.3)	–	–
Total CSR group	**1,328.2**	1,213.3	**22.6%**	29.2%

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, non-operating revenue and other costs (excluding those categorised as significant items).
5 Funds employed is net assets of the CSR group less certain non-trading assets and liabilities. Funds employed at 30 September 2023 is calculated as net assets of $1,181.5 million (31 March 2023 $1,176.6 million), excluding the following assets: cash of $19.1 million (31 March 2023: $131.6 million), net tax assets of $199.0 million (31 March 2023: $209.0 million) and net superannuation assets of $6.0 million (31 March 2023: $6.5 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of $187.1 million (31 March 2023: $193.4 million), net financial liabilities of $162.9 million (31 March 2023: $190.1 million), borrowings of $20.0 million (31 March 2023: $nil) and interest payable of $0.8m (31 March 2023: $0.3 million).
6 Return on funds employed (ROFE) is calculated based on EBIT before significant items for the 12 months to period end divided by average funds employed. ROFE is not a measure used for Corporate costs, which are considered in the context of the CSR group result. Property ROFE varies due to timing of projects.

3 Significant items

For the half year ended 30 September $million	Note	2023	2022
Transformation system implementation projects	(i)	-	(6.3)
Significant items before finance costs and income tax		-	(6.3)
Discount unwind and hedging relating to product liability provision	5	(3.5)	(2.4)
Income tax benefit on significant items		1.1	2.6
Significant items after tax		**(2.4)**	(6.1)
Significant items attributable to non-controlling interests		–	–
Significant items after tax attributable to shareholders of CSR Limited		**(2.4)**	(6.1)
Net profit after tax attributable to shareholders of CSR Limited		91.5	104.0
Significant items after tax attributable to shareholders of CSR Limited		2.4	6.1
Net profit after tax before significant items attributable to shareholders of CSR Limited		**93.9**	110.1
Earnings per share attributable to shareholders of CSR Limited before significant items[1]			
Basic (cents per share)		19.7	22.8
Diluted (cents per share)		19.6	22.7

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

Note	Description	Further explanation
(i)	Transformation system implementation projects	During the half year ended 30 September 2022, the Building Products segment incurred implementation costs of $6.3 million in relation to Software-as-a-Service arrangements which are now required to be expensed due to a change in international accounting guidance.

Recognition and measurement

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

4 Earnings per share

For the half year ended 30 September	2023	2022
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	476.6	482.9
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	479.6	485.3
Profit after tax attributable to shareholders of CSR Limited ($million)	91.5	104.0
Basic EPS (cents per share)	19.2	21.5
Diluted EPS (cents per share)	19.1	21.4

1 Calculated by reducing the total weighted average number of shares on issue of 477.4 million (2022: 483.9 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 0.8 million (2022: 1.0 million).
2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 3.0 million (2022: 2.4 million). Performance rights granted under the LTI Plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

5 Net finance costs

For the half year ended 30 September $million	Note	2023	2022
Interest expense and funding costs		1.5	1.6
Finance cost relating to leases	9	3.3	3.4
Discount unwind and hedging relating to product liability provision	3	3.5	2.4
Discount unwind of other non-current liabilities		0.7	0.4
Foreign exchange (gain) loss		(0.1)	9.2
Finance and other costs		**8.9**	17.0
Interest income		(1.7)	(0.7)
Net finance costs		**7.2**	16.3
Finance costs included in significant items	3	(3.5)	(2.4)
Net finance costs before significant items		**3.7**	13.9

6 Income tax

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

For the half year ended 30 September $million	2023	2022
Profit before income tax	118.3	148.7
Income tax expense calculated at 30%	**(35.5)**	(44.6)
Decrease (increase) in income tax expense due to:		
Share of net profit of joint venture entities and rebates on dividend income	3.5	2.5
Non-deductible expenditure and other	(0.2)	(0.5)
Income tax adjustments relating to prior years	–	(0.8)
Total income tax expense	**(32.2)**	(43.4)

Significant judgement and critical accounting estimate – treatment of tax losses

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

As at 30 September 2023, the CSR group has a deferred tax asset of $35.7 million in relation to carry forward capital tax losses and $2.3 million in relation to carried forward revenue losses.

The net amount of tax losses, capital losses and rebates carried forward for which no deferred tax asset has been recognised is set out below:

Value of tax losses, capital losses and rebates carried forward (net)	30 September 2023 ($million)	31 March 2023 ($million)
CSR group	99.0	99.0

The gross value of unused tax losses for which no deferred tax asset has been recognised are $26.9 million (31 March 2023: $27.1 million). Unused tax losses were predominately generated by a New Zealand subsidiary and it is not considered probable that the unrecognised tax losses will be utilised in the foreseeable future.

The gross value of unused capital losses for which no deferred tax asset has been recognised are $304.8 million (31 March 2023: $304.8 million). These unrecognised capital losses were predominately generated from the sale of the Viridian Glass business in 2019, and it is not considered probable that the unrecognised capital losses will be utilised in the foreseeable future.

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

7 Business combinations

i) Current period

Woven Image

Background

The CSR group acquired 100% of the shares in Woven Image on 1 September 2023.

Woven Image is a leader in sustainable, design-led acoustic finishes and textiles. The primary reason for the acquisition was to enhance CSR's commercial interior finishes offering in the Australian market and exports to Europe and Asia.

Revenue and profit contribution

If Woven Image's share of revenue and profit before income tax were excluded from the CSR group results for the half year ended 30 September 2023, CSR group revenue would have been $4.5 million lower and profit before income tax would have been $0.7m lower.

Acquisition related costs

Acquisition related costs expensed were $1.1 million.

Preliminary acquisition accounting for the transaction

At the date of finalisation of this half year report, the necessary acquisition accounting calculations have not been finalised. Therefore, the initial accounting for all financial statement line items is incomplete and the fair value of acquired net assets for this acquisition has been provisionally determined at 30 September 2023 based on best estimates.

Details of the effective purchase consideration and the fair value of the Woven Image assets and liabilities acquired are set out below.

$million	Note	
Consideration		
Cash paid	(a)	42.8
Total consideration		**42.8**
Assets acquired and liabilities assumed		
Cash		1.0
Trade and other receivables		5.1
Inventories		7.2
Property, plant and equipment		2.7
Other intangible assets		0.8
Deferred income tax liabilities		(0.3)
Trade and other payables		(3.9)
Provisions		(0.8)
Fair value of net assets acquired		**11.8**
Goodwill arising on acquisition		**31.0**

The goodwill is attributable to the workforce, profitability and growth potential of the acquired business. It will not be deductible for tax purposes.

a) Purchase consideration – cash outflow

$million	
Consideration	
Cash consideration	42.8
Less cash acquired	(1.0)
Outflow of cash – investing activities	**41.8**

ii) Prior period

Building Products segment

During the year ended 31 March 2023, the Building Products segment invested in an entity for cash consideration of $1.3 million.

8 Property, plant and equipment and intangible assets

$million	30 September 2023	31 March 2023
Property, plant and equipment – at net book value		
Land and buildings	284.9	280.6
Plant and equipment	442.5	411.6
Total property, plant and equipment	**727.4**	692.2
Goodwill and other intangible assets – at net book value		
Goodwill	90.9	59.9
Other intangible assets	12.7	9.3
Total goodwill and other intangible assets	**103.6**	69.2

Significant judgement and critical accounting estimate – carrying value assessment

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

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

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

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

The carrying amount of goodwill and trade names with indefinite lives forms part of the Building Products segment: $90.9 million and $1.6 million respectively (31 March 2023: $59.9 million and $1.6 million respectively).

In accordance with AASB 136 *Impairment of Assets*, at 30 September 2023 the CSR group assessed whether there was any indication that an asset may be impaired. Following a review of all cash generating units at 30 September 2023, the carrying amounts of the cash generating units are considered recoverable and no impairment has been identified.

9 Leases

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

$million	30 September 2023	31 March 2023
Right-of-use assets		
Properties	108.9	115.3
Equipment	8.3	7.8
Vehicles	5.5	5.7
Total right-of-use assets	**122.7**	128.8
Lease liabilities		
Current	33.2	32.5
Non-current	120.6	131.1
Total lease liabilities	**153.8**	163.6

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

For the half year ended 30 September $million	2023	2022
Depreciation charge for right-of-use assets	14.6	13.8
Interest expense (included in finance cost)	3.3	3.4
Expense relating to short term and low value leases	9.4	7.2

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

For the half year ended 30 September $million	2023	2022
Lease payments	17.4	15.8
Interest	3.3	3.4
Total lease cash outflows included in ‘cash flows from financing activities’	**20.7**	19.2

10 Product liability

Background

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

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

Default judgements have been sought and obtained against CSR in the US, without CSR being present or represented (and for damages that are excessive and of a nature that would not be recognised in Australia). Australian law does not recognise the jurisdiction of US courts in such matters. There have not been any US judgements enforced against CSR. As at 30 September 2023, CSR had resolved approximately 5,600 claims in Australia and approximately 137,900 claims in the United States.

Basis of provision

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

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

CSR obtained independent expert advice as at 31 March 2023 in relation to the future incidence and value of asbestos related claims in each of the United States and Australia. CSR has appointed Finity Consulting Pty Limited as the independent expert to estimate the Australian liabilities. CSR has appointed Gnarus Advisors, LLC as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities. The actuarial estimates have been reassessed by the company at the half year based on developments during the period.

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

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation (Australian liability 3.40% and US liability 2.20%); and
- the discount rate applied to future payments (Australian liability 4.50% and US liability 4.20%).

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

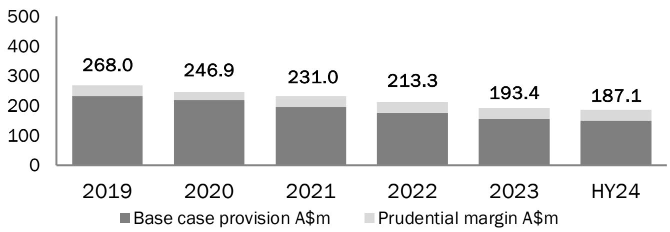
- assumptions used in the modelling are based on the various considerations referred to above;
- the future cost of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by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

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

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 30 September 2023 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially under or overstate CSR's asbestos liability.

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

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



$million	As at 30 September 2023	As at 31 March 2023
Base case estimate	151.0	156.8
Prudential margin	36.1	36.6
Prudential margin %	23.9%	23.3%
Total product liability provision	187.1	193.4

Capital structure and risk management

11 Credit facilities

At 30 September 2023, the CSR group has a total of $330.0 million (31 March 2023: $330.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $55.0 million in financial year 2025, $130.0 million in financial year 2026 with the balance of $145.0 million in financial year 2027. As at 30 September 2023, $310.0 million of the standby facilities were undrawn (31 March 2023: $330.0 million undrawn). Of the $20.0 million drawn at 30 September 2023, the weighted average fixed interest rate is 4.76% with a fixed maturity date in financial year 2026.

12 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 1 April 2023	477,383,587	930.3
Shares bought back on market and cancelled	–	–
On issue 30 September 2023	**477,383,587**	**930.3**

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

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 shares plans and the CSR executive incentive plans. No ordinary shares were issued during the half year ended 30 September 2023 and the year ended 31 March 2023 under employee share plans, as shares in respect of the plans were acquired on market by the Trust.

Number of treasury shares	
Opening balance as at 1 April 2023	786,440
Acquisition of shares by the Trust (average price of $5.38 per share)	822,004
Allocation of shares under executive incentive plans	(1,542,626)
Closing balance as at 30 September 2023	**65,818**

During the half year ended 30 September 2023 and the year ended 31 March 2023, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on market and did not have any impact on issued capital.

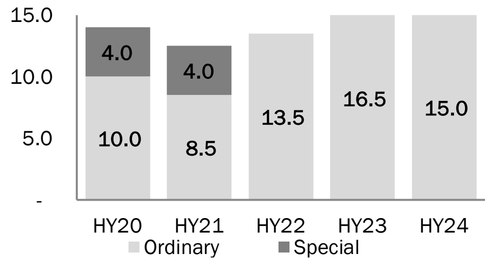
Net tangible assets per ordinary share at the half year ended 30 September 2023 are $2.23 (2022: $2.34). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,169.5 million (2022: $1,193.0 million) less intangible assets of $103.6 million (2022: $68.9 million) divided by the number of issued ordinary shares of 477.4 million (2022: 480.4 million).

During the period ended 30 September 2023, no shares were bought back on market. The share buy-back commenced in July 2022 and concluded in July 2023.

13 Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2022 Interim ordinary	13.5	100%	65.5	10 December 2021
2022 Final ordinary	18.0	100%	87.4	1 July 2022
2023 Interim ordinary	16.5	100%	79.2	9 December 2022
2023 Final ordinary	20.0	100%	95.5	3 July 2023
2024 Interim ordinary[1]	15.0	100%[2]	71.6	7 December 2023

Interim dividend – cents per share



1 The interim dividend for the half year ended 30 September 2023 has not been recognised in this financial report because it was resolved to be paid after 30 September 2023.
2 Interim ordinary dividend of 15.0 cents per share, 100% franked at 30.0% corporate tax rate.

14 Reserves

$million	As at 30 September 2023	As at 31 March 2023
Hedge reserve	(79.7)	(89.5)
Foreign currency translation reserve	(5.1)	(4.6)
Employee share reserve	52.9	51.4
Share based payment trust reserve	(40.8)	(36.4)
Non-controlling interests reserve	(68.8)	(68.8)
Total reserves	**(141.5)**	(147.9)

15 Financial risk management

Fair value measurement of financial instruments

The table below provides an analysis of hedge accounted financial instruments that are measured subsequent to initial recognition of fair value.

		As at 30 September 2023			As at 31 March 2023		
$million	Level	Current[1]	Non-current	Total	Current[1]	Non-current	Total
Financial assets at fair value							
Commodity swaps – aluminium	2	6.9	14.3	21.2	8.3	6.3	14.6
Commodity swaps – alumina/aluminium[2]	3	4.9	–	4.9	3.2	0.6	3.8
Commodity swaps – oil	2	1.6	0.1	1.7	3.5	–	3.5
Commodity swaps – electricity	2	–	–	–	4.1	–	4.1
Commodity futures – electricity	1	3.8	1.4	5.2	7.3	3.9	11.2
Forward exchange rate contracts	2	1.6	0.7	2.3	2.2	4.3	6.5
Futures margin[3]	1	2.4	0.9	3.3	0.6	0.3	0.9
Other	2	–	5.5	5.5	–	5.5	5.5
Total		**21.2**	**22.9**	**44.1**	29.2	20.9	50.1
Financial liabilities at fair value							
Commodity swaps – aluminium	2	21.6	37.0	58.6	38.4	84.2	122.6
Commodity swaps – alumina/aluminium[2]	3	0.5	38.3	38.8	2.5	33.8	36.3
Commodity swaps – oil	2	–	–	–	0.3	0.4	0.7
Commodity futures – electricity	1	1.1	0.6	1.7	0.2	0.1	0.3
Forward exchange rate contracts	2	43.8	58.4	102.2	28.1	46.5	74.6
Other	2	0.2	–	0.2	0.2	–	0.2
Total		**67.2**	**134.3**	**201.5**	69.7	165.0	234.7

1 Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.
2 The alumina/aluminium commodity swaps were valued using the discounted cash flow method. The alumina Australia forward price greater than 12 months of $343.1 is an unobservable input and represents the last observable price held constant that best reflects market participant pricing in the absence of observable forward pricing data. The alumina Australia forward price less than 12 months in the range of $338.0 to $352.4 is an unobservable input and represents the translation of a proxy Shanghai Futures Exchange Aluminium Oxide futures price that best reflects market participant pricing for Australia alumina contracts.
3 Futures margin as required for hedging under futures account agreements.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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 significant unobservable inputs used in the fair value measurement of commodity swaps are the forward prices of alumina in Australia. Significant increases (decreases) in the alumina forward price inputs in isolation would result in a significantly higher (lower) fair value asset measurement.

There were no transfers from Level 2 to Level 1 during the financial half year ended 30 September 2023 and no transfers in the financial year ended 31 March 2023.

The transfers from Level 2 to Level 3 during the financial half year ended 30 September 2023 relate to commodity swaps on alumina/aluminium due to a lack of observable data from the assessment of liquidity in the Commodity Exchange futures contract. There were no financial instruments assessed as Level 3 at 31 March 2023 and no transfers from Level 2 to Level 3 during the financial year ended 31 March 2023.

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

Other

16 Equity accounting information

		Ownership interest at 30 September		Contribution to net profit for the half year ended 30 September ($million)	
Entity	Country of incorporation	2023	2022	2023	2022
Building products					
Rondo Building Services Pty Limited	Australia	50%	50%	11.6	8.5
New Zealand Brick Distributors	New Zealand	50%	50%	0.4	–
Other	Australia	50%	50%	–	–
Contribution to net profit				**12.0**	8.5

For the half year ended 30 September $million	2023	2022
Share of net profit of joint venture entities		
Profit before income tax	17.1	12.1
Income tax expense	(5.1)	(3.6)
Contribution to net profit	**12.0**	8.5

17 Subsequent events

With the exception of the items disclosed below, there has not arisen in the interval between 30 September 2023 and the date of this report, any other matter or circumstance that has significantly affected or may significantly affect the operations of the CSR group, the results of those operations or the state of affairs of the CSR group in subsequent financial periods.

Dividends

For dividends resolved to be paid after 30 September 2023, refer to note 13.

18 Contingencies

i) Contingent liabilities

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

ii) Workers' compensation

CSR Limited is a licensed self-insurer in New South Wales, Queensland, Victoria and Western Australia for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable claims with a provision of $21.7 million as at 30 September 2023 (31 March 2023: $22.3 million).

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

In the directors' opinion:

a) the financial statements and notes, set out on pages 8 to 25 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
   (ii) giving a true and fair view of the CSR group's financial position as at 30 September 2023, and of its performance as represented by the results of its operations and its cash flows, for the financial half year ended on that date;

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

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

John Gillam
Chair of the board
2 November 2023

Julie Coates
Managing Director and CEO
2 November 2023

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

Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Tel: +61 2 9322 7000
www.deloitte.com.au

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of CSR Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 September 2023, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 26.

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

- Giving a true and fair view of the Group's financial position as at 30 September 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha
Partner
Chartered Accountants
Sydney, 2 November 2023