

CSR LIMITED
ANNUAL REPORT 2015



CSR

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SMARTER, FASTER, EASIER Delivering building solutions to make it easier and faster to use our products and reduce construction complexity



STRENGTHEN AND INVEST

Investing in our people and our business by developing our brands, improving the efficiency of our operations and expanding distribution networks



CUSTOMERS Ensuring we continue to invest in our relationship with our customers and use our people and systems to enhance their experience with CSR





COMFORT Improving the comfort, quality and efficiency of buildings with higher performing materials and systems



CHANGING THE WAY WE BUILD

The way we live and work is changing rapidly and this impacts the homes and buildings we build. CSR is working with people designing, constructing and occupying different types of buildings so we can develop and source solutions to help change the way we build.

INFLUENCING DESIGN Influencing design so we adapt to the changing landscape of higher density living, changing family circumstances and flexible working arrangements



FINANCIAL OVERVIEW AND KEY FACTS

CSR has delivered a substantial lift in our full year net profit to the highest level in five years

OVERVIEW – KEY HIGHLIGHTS

- **Trading revenue** of \$2.0 billion up 16% for the year ended 31 March 2015
- **EBITDA¹** of \$313.2 million up 55% reflecting higher earnings across all businesses
- **EBIT¹** of \$235.4 million up 87%
 - **Building Products** EBIT of \$120.9 million up 31% with strong volume growth across all products reflecting increasing construction activity, strong performances from recent acquisitions and cost containment
 - **Viridian** EBIT of \$3.1 million, significantly up on the EBIT loss of \$14.9 million last year with higher volumes and pricing improving margins across smaller operating base
 - **Aluminium** EBIT of \$104.3 million up 101% due to higher realised A\$ aluminium prices and improved smelter performance
 - **Property** EBIT of \$30.2 million up from \$17.3 million following settlement of three major transactions
- **Net profit after tax** (pre significant items)¹ of \$146.5 million up 82%
- **Statutory net profit** of \$125.5 million up 43%, with the prior year benefiting from a \$33.0 million (pre tax) reduction in asbestos liabilities
- **Earnings per share¹** 29.1 cents up from 16.0 cents
- **Final dividend** of 11.5 cents per share bringing the full year dividend to 20.0 cents, up 100%
- Strong financial position maintained with net cash at year end of \$68.4 million

1 All references are pre significant items. 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 year ended 31 March 2015 (YEM15). All comparisons are to the year ended 31 March 2014 (YEM14) unless otherwise stated.

TRADING REVENUE

\$2,023.4m

↑
16%

EBIT BEFORE SIGNIFICANT ITEMS

\$235.4m

↑
87%

NET PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS

\$146.5m

↑
82%

STATUTORY NET PROFIT AFTER TAX

\$125.5m

↑
43%

EARNINGS PER SHARE BEFORE SIGNIFICANT ITEMS

29.1c

↑
82%

FULL YEAR DIVIDEND

20.0c

↑
100%

BUILDING PRODUCTS EBIT YEAR ENDED 31 MARCH (\$ MILLION)	
2015	120.9
2014	92.6
2013	77.4
2012	86.9
2011	103.8

VIRIDIAN EBIT YEAR ENDED 31 MARCH (\$ MILLION)	
2015	3.1
	(14.9)
(38.8)	2013
	(19.3)
	2012
	2011 3.6

LOST TIME INJURY FREQUENCY RATE YEAR ENDED 31 MARCH (PER MILLION WORK HOURS)	
2015	3.1
2014	4.5
2013	4.2
2012	5.1
2011	5.4

ALUMINIUM EBIT YEAR ENDED 31 MARCH (\$ MILLION)	
2015	104.3
2014	51.9
2013	50.3
2012	80.5
2011	111.9

PROPERTY EBIT YEAR ENDED 31 MARCH (\$ MILLION)	
2015	30.2
2014	17.3
2013	0
2012	24.4
2011	14.6

TOTAL RECORDABLE INJURY FREQUENCY RATE YEAR ENDED 31 MARCH (PER MILLION WORK HOURS)	
2015	13.8
2014	17.7
2013	17.5
2012	25.6
2011	27.4

FIVE YEAR PERFORMANCE

YEAR ENDED 31 MARCH (\$ MILLION) UNLESS STATED	2015	2014 ^a	2013 ^{a,b}	2012 ^a	2011 ^a
Operating results					
Trading revenue	2,023.4	1,746.6	1,682.4	1,801.9	1,913.6
Earnings before interest and tax (EBIT)					
Building Products	120.9	92.6	77.4	86.9	103.8
Viridian	3.1	(14.9)	(38.8)	(19.3)	3.6
Aluminium	104.3	51.9	50.3	80.5	111.9
Property	30.2	17.3	–	24.4	14.6
Segment total	258.5	146.9	88.9	172.5	233.9
Corporate ^c	(18.0)	(15.7)	(13.8)	(15.3)	(19.0)
Restructuring and provisions	(5.1)	(5.5)	(7.0)	(0.5)	(2.9)
CSR EBIT (before significant items)	235.4	125.7	68.1	156.7	212.0
Net profit after tax (before significant items)	146.5	80.5	41.4	104.1	103.4
Net profit (loss) after tax (after significant items)	125.5	88.1	(150.0)	76.3	(78.0)
Financial position					
Total equity	1,206.0	1,157.2	1,086.6	1,278.7	1,281.3
Total assets	2,119.3	2,008.3	2,032.7	2,245.5	2,258.2
Net (cash) debt	(68.4)	28.5	25.1	(55.7)	(139.1)
Key data per share					
Earnings before significant items (cents)	29.1	16.0	8.2	20.6	20.4
Earnings after significant items (cents)	24.9	17.5	(29.6)	15.1	(15.4)
Dividend (cents)	20.0	10.0	5.1	13.0	14.3 ^d
Payout ratio (%)	69.1	62.9	62.4	63.2	70.0
Key measures					
Profit margin (EBIT/trading revenue) (%)	11.6	7.2	4.0	8.7	11.1
Return on funds employed (ROFE) (%) ^e	18.4	9.9	5.0	10.4	13.5
Gearing at 31 March (%) ^e (net debt/net debt plus equity)	n/a	2.4	2.3	n/a	n/a
Employees (number of people employed)	3,134	2,985	3,218	3,582	3,925

a On 1 April 2014, CSR Limited adopted a change of accounting policy over the classification of the discount unwind for the asbestos liability, resulting in a restatement of balances for the financial year ended 31 March 2014 and the other comparative years disclosed in the table above.

b On 1 April 2013, CSR Limited adopted AASB 119 Employee Benefits (revised), resulting in a change of accounting policy and a restatement of balances for the financial year ended 31 March 2013.

c Represents unallocated overhead and other revenues.

d Interim dividend restated for the 3:1 share consolidation completed on 3 March 2011 and excludes special dividend of 9.1 cents.

e 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.

CHAIRMAN'S REPORT

Reflecting on a successful year



JEREMY SUTCLIFFE
CHAIRMAN

BY ANY MEASURE, CSR ENJOYED A SUCCESSFUL YEAR. HOUSING ACTIVITY WAS BUOYANT, ALUMINIUM PRICES IMPROVED, VIRIDIAN RETURNED TO PROFITABILITY AND THE EXCHANGE RATE MOVEMENT WAS FAVOURABLE.

Most important of all, however, was that the business was run well, on the back of the positive macro environment.

The company's management team continued to pursue its strategy of capitalising on the upswing in demand for building products from a lower cost base, and strengthening its business through innovation, strategic acquisitions and joint ventures, the most important of which being our recently completed east coast bricks joint venture with Boral.

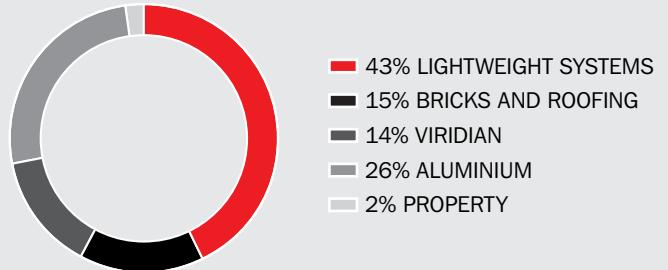
All divisions delivered improved earnings contributing to our highest profit in five years. Net profit after tax (before significant items) was up 82% year on year to \$146.5 million and our statutory profit of \$125.5 million was up 43%. Importantly, our overall long term asbestos liabilities reduced, driven by a reduction in our US\$ provision by 47% from its peak three years ago. This is reflected in the company's determination to treat all claimants equitably, whether Australian or US residents.

The continuation of the turnaround at Viridian merits particular mention. Last year, we said that our plan was to return to profitability this year and we achieved this. Of course, we still have a long way to go to deliver an acceptable return on the capital we have employed in Viridian but its management has achieved this year's goal and has clearly defined plans to continue the improvement.

Our new bricks joint venture with Boral was another milestone and was brought about by the company's management adhering to its plan to achieve an acceptable return on assets across all of our divisions. This joint venture will result in cost savings, footprint benefits and release high-value land assets for development in the future.

The substantial lift in full year net profit to the highest level in five years reflects strong performance from all divisions

TOTAL REVENUE
YEAR ENDED 31 MARCH 2015



The Tomago aluminium smelter, in which CSR has a 25.2% interest, performed very well at an operational level which, when combined with higher aluminium prices (inclusive of ingot premiums), resulted in a strong result.

We remain mindful, however, that aluminium prices can be volatile and are largely out of the control of the company and that negotiations with Macquarie Generation in relation to the increase in electricity tariffs from 2017 are not yet concluded. These factors can have a material impact on earnings going forward.

DIVIDENDS

Our dividend policy is based on payment of dividends between 60-80% of full year net profit after tax (before significant items). This ensures that as CSR's earnings improve, shareholders will benefit through higher dividends. Following the significant increase in earnings, we have resolved to pay a final, unfranked dividend of 11.5 cents per share on 7 July 2015.

This brings the unfranked full year dividend to 20.0 cents per share, doubling the dividend from the previous year and represents a dividend payout ratio of 69% of net profit after tax (before significant items).

The company's dividend reinvestment plan (DRP) will operate for the final dividend. Further details of the DRP are available on our website (www csr com au).

PROGRESS ON OUR STRATEGY

The changes in the construction market are creating a number of opportunities for CSR to grow our building products businesses. Over the last 18 months, we have acquired AFS and Martini which increase our exposure to multi-residential and commercial construction, while investing in our own research to develop building systems which reduce construction time and complexity.

Over the near term, we will continue to invest in initiatives aligned to our core businesses and have identified a number of smaller capital investments in structural systems and offsite construction which will enable us to grow into these new markets.

We are also developing acoustic solutions in both glass and insulation and investing in commercial glass double glazing capacity. As construction markets continue to change, these investments are positioning us well for the future.

Our financial position remains strong with net cash of \$68.4 million as of 31 March 2015 and we are well placed to seize further acquisition opportunities as they arise.

CSR PEOPLE

Thanks go to all of our employees, both here in Australia and in New Zealand. And finally I would like to acknowledge our management team. Starting with a 31% reduction in lost time injuries this year, right through all aspects of the business, they have performed admirably. Their work developing the culture of the organisation in particular, sets us apart from our competitors and is to be commended.

Thanks as well, to you the shareholders, for your ongoing support.

JEREMY SUTCLIFFE CHAIRMAN

MANAGING DIRECTOR'S REVIEW

Meeting the demand for faster and less labour-intensive building solutions



ROB SINDEL
MANAGING DIRECTOR

ALL OF CSR'S BUSINESSES REPORTED BETTER RESULTS FOLLOWING OPERATIONAL IMPROVEMENTS AND FAVOURABLE MARKET CONDITIONS.

The hard work over the last few years to improve our customer service and the efficiency of our operations has strengthened CSR's foundations and positioned us to increase returns as construction markets improve.

The fundamentals are in place. Our operations across all key businesses are now safer, more energy efficient and have lower cost structures which have ensured we are well positioned to take advantage of the strong construction activity that is expected over the next few years.

WORKPLACE HEALTH, SAFETY AND ENVIRONMENT

CSR has initiated a new campaign targeting changing behaviour with programs on manual handling, working with young and new employees and preventative programs on health and wellbeing, in addition to initiatives to develop our people including tool box talks, safety walks and leadership training.

While CSR's safety record continues to improve year on year, considerable work is required to achieve our ambition of zero harm to our employees across all of our operations.

We are also making good progress towards our goal to minimise our environmental impact by targeting a 20% reduction by 2020 per tonne of saleable product in greenhouse gas emissions, solid waste to landfill, and the amount of energy and potable water we use in production. In the past three years, our greenhouse gas emissions were down 16%, water use was down 13% and solid waste produced was down 33%, thanks to efficiency programs across all of our sites.

FINANCIAL RESULTS

CSR's net profit after tax (pre significant items) of \$146.5 million was up 82% compared to the previous year reflecting higher earnings across all businesses.

Building Products trading revenue was \$1.2 billion, up 18% with higher volumes across all products and improved margins in most product categories. Excluding the acquisitions, revenues were up 13%.

Building Products EBIT was up 31% with earnings growth across all businesses, reflecting the benefit of higher sales volumes, improved factory performance and recent acquisitions.

CSR's trusted brands



DELIVERING ON OUR STRATEGY

WE ARE BUILDING ON OUR STRATEGY THAT COVERS FIVE KEY AREAS FOR CSR TO GROW OUR BUILDING PRODUCTS BUSINESSES OVER THE MEDIUM TERM.

Strengthen and invest Strengthening and investing in our people and businesses		<ul style="list-style-type: none"> • 31%¹ improvement in safety performance with fewer and less severe injuries in the last year • Launched Boral CSR Bricks JV on 1 May 2015 • Expanded leadership development programs to invest in our people at all levels within CSR • Viridian reorganised and returned to profitability
Smarter, faster, easier Delivering building solutions that are smarter, faster and easier to use		<ul style="list-style-type: none"> • Launched Gyproc Optimised Core technology for a new ceiling board • Investment committed for the CSR Velocity™ pre-fabricated walling system production facility
Influencing design Influencing design and adapting to the changing way we live and work		<ul style="list-style-type: none"> • Acquired AFS in April 2014 – focused on continued penetration of the structural walling market • Product development is increasing the proportion of lightweight Hebel panels utilised in structural elements of buildings
Comfort Improving comfort, quality and efficiency of buildings		<ul style="list-style-type: none"> • Expansion of Bradford energy solutions offering to include polyester, specialist acoustic products, ventilation, PIR foams, and construction fabrics
Customers Ensuring that our customers choose to do business with CSR		<ul style="list-style-type: none"> • Expanded CSR Connect 24/7 to provide access to online ordering, delivery and managing account information

¹ Lost time injury frequency rate (per million work hours).

EBIT was also impacted by planned shutdowns at the Schofields and Horsley Park brick facilities to deliver efficiency improvements, as well as further investment in new brick products.

EBIT margin increased by one percentage point to 10.0%. Profitability also improved in the second half of the year with EBIT margins increasing 1.6 percentage points to 9.6% year on year as improved volume, pricing and product mix took effect.

Viridian's trading revenue of \$279.3 million was up 7% from \$262.0 million following the benefit of pricing initiatives and higher volumes driven by market demand. Viridian recorded a positive EBIT of \$3.1 million, a significant improvement on the EBIT loss of \$14.9 million in the prior year. The return to profitability is ahead of schedule following restructuring initiatives launched in March 2013 which included improved utilisation of the float glass manufacturing facility at Dandenong in Victoria. New Zealand operations also improved driven by strong construction activity and operational improvement initiatives.

In **Aluminium**, sales volumes of 202,423 tonnes were 3% higher as productivity improvements drove increased production at Tomago. Trading revenue of \$532.9 million was up 17%, reflecting the increased sales volumes and higher realised prices, including the effects of hedging and premiums. EBIT of \$104.3 million was up 101%, with the EBIT margin improving to 19.6% from 11.4%.

Property recorded EBIT of \$30.2 million up from \$17.3 million in the previous year. The result includes the first tranche of the sale of the multi-residential development site at New Lynn located southwest of Auckland completed in December 2014. The result also includes the sale of sites at Pyrmont and surplus industrial land at Ingleburn in Sydney, both of which completed in the first half of the year.

OUTLOOK

In **Building Products**, building approval levels for detached and multi-residential housing remain strong. This is expected to lead to increased demand for CSR's products across detached and multi-residential segments. From YEM16 onwards, the results will include the consolidated earnings from the Boral CSR Bricks JV which began operations on 1 May 2015.

Having returned **Viridian** to profitability and restructured the business to focus on key market segments, management is targeting new opportunities for revenue growth – particularly in residential performance and the commercial and architectural design markets. This will require modest levels of investment in capital and customer service initiatives over the next two to three years, which should be more than offset by improved market activity and growth in higher-margin products.

In **Aluminium**, Gove Aluminium Finance (GAF) – in which CSR has a 70% stake – continues to increase its hedge book when pricing opportunities arise, with 59% of net sales for YEM16 currently hedged at an average price of A\$2,311 per tonne (before premiums).

We have seen increased volatility in premiums in recent months as a result of increased exports from China and lower LME inventories. For the first quarter of CSR's current financial year (YEM16), premiums declined by approximately 11% (Platts Main Japan Port premium) for the quarter to US\$380 per tonne. Spot prices for premiums have fallen further in recent weeks.

Conversely, LME pricing has strengthened recently, with the US dollar cash LME aluminium price increasing by US\$154 per tonne during the month of April 2015.

Property earnings are always subject to timing of completion of transactions. The formation of the Boral CSR Bricks JV provides additional opportunities for development of selected high-value land assets over the next five to ten years.

In summary, CSR expects to make further progress this year as we build on our strategy to invest in growth opportunities that accelerate the construction process while improving the comfort and performance of buildings.

ROB SINDEL MANAGING DIRECTOR

BUILDING PRODUCTS OVERVIEW

Higher volumes and improved pricing lift earnings



RESIDENTIAL CONSTRUCTION COMMENCEMENTS CONTINUED TO GROW STRONGLY ACROSS BOTH DETACHED AND MULTI-RESIDENTIAL SECTORS.

All state activity increased in the period, with New South Wales and Queensland experiencing sustained growth and Victoria continuing its steady recovery. Multi-residential activity continues to increase as a percentage of total dwellings and now represents over 40% of housing activity.

Non-residential and renovations activity remains largely subdued. A contraction in social projects has been offset by some recovery in commercial activity.

Building Products **trading revenue** was \$1.2 billion, up 18% with higher volumes across all products and improved margins in most product categories. Excluding acquisitions, revenues were up 13%.

EBIT was up 31% with earnings growth across all businesses, reflecting the benefit of higher sales volumes, improved factory performance and recent acquisitions. EBIT was also impacted by planned shutdowns at the Schofields and Horsley Park brick facilities to deliver efficiency improvements, as well as further investment in new brick products. EBIT margin increased by one percentage point to 10.0%. Profitability also improved in the second half of the year with EBIT margins increasing 1.6 percentage points to 9.6% year on year as improved volume, pricing and product mix took effect.

BRICKS AND ROOFING

Bricks and Roofing includes PGH™ Bricks, Monier™ Roofing, MonierPrime™ and NZ Brick Distributors.

In **PGH Bricks**, earnings increased as the business benefited from volume growth from the three major regions where PGH operates in Queensland, New South Wales and South Australia.

Margins improved following a lift in volumes supported by ongoing production efficiencies, despite reduced plant availability during recent months to deliver efficiency improvements at Schofields and Horsley Park.

Earnings in **Monier Roofing** were higher with increased volumes reflecting increased demand from the detached housing market across all states with modest pricing gains and improved factory performance.

BRICKS AND ROOFING REVENUE YEAR ENDED 31 MARCH (\$ MILLION)

2015	312.8
2014	284.1
2013	271.7
2012	255.7
2011	286.6

AUSTRALIAN HOUSING STARTS YEAR ENDED 31 MARCH ('000 PER ANNUM)

2015	109	86
2014	95	69
2013	90	57
2012	97	62
2011	117	61

Detached housing
Multi-residential
Source: ABS

CASE STUDY

EAST COAST BRICKS JV LAUNCHED WITH BORAL

On 1 May 2015, the Australian east coast brick joint venture Boral CSR Bricks Pty Limited began trading with annual production capacity in excess of 600 million standard bricks across 12 manufacturing operations. The formation of the bricks joint venture is an important step to ensure the longer term competitiveness of the combined brick businesses while delivering the best of both businesses to our customers. Initial overhead savings of \$7-\$10 million per annum are expected following the integration of the two businesses over the next 12 months.



LIGHTWEIGHT SYSTEMS

Lightweight Systems includes GyprocTM plasterboard, CemintelTM fibre cement, CeilectorTM ceilings, PotterTM interior systems, Hebel[®] lightweight concrete products, AFS[®] walling systems, Bradford[™] and Martini insulation and the Edmonds[™] ventilation systems.

Lightweight Systems **trading revenue** was \$898.4 million, up 21%. Excluding acquisitions, Lightweight Systems revenue was up 14%.

Gyproc plasterboard increased earnings with higher volumes reflecting the improved housing market while average selling prices increased across all states. Gyproc maintained its market-leading brand position with product and system development including the roll-out of the Optimised Core technology for Supaceil[™] ceiling board. New products using this technology are under development.

Cemintel fibre cement earnings were higher with increased volumes across the east coast. Growth continues for new external cladding products in residential and commercial construction.

Hebel lightweight concrete products continued to increase earnings with volumes higher in the detached housing and multi-residential markets. Margins improved as the construction services offering expands for major builders in Victoria and NSW and a growing presence in New Zealand.



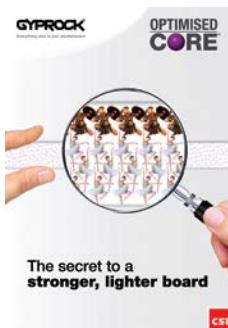
Bradford insulation earnings increased with higher volumes and improved pricing including strong demand in the retrofit housing market for special application products including acoustic and underfloor insulation. Earnings from polyester manufacturer Martini also grew following demand from major commercial projects in Australia.

AFS walling systems increased sales volumes following growing demand from the multi-residential market. The business, acquired on 2 April 2014, is performing slightly ahead of expectations in terms of both Logicwall[®] (fibre cement) and Rediwall[®] (polymer) permanent formwork solutions.

LIGHTWEIGHT SYSTEMS REVENUE YEAR ENDED 31 MARCH (\$ MILLION)

2015	898.4
2014	745.1
2013	699.2
2012	723.2
2011	762.7

“Higher volumes reflect improved residential markets”



CASE STUDY

GYPROC LAUNCHES OPTIMISED CORE TECHNOLOGY

Gyproc maintained its market-leading brand position through continued product innovation including the August 2014 launch of Optimised Core technology for Supaceil[™] ceiling board. The new and improved Supaceil[™] is stronger and easier to use while being 15% lighter. New products using this technology are under development.

VIRIDIAN OVERVIEW

Significant turnaround in profitability



VIRIDIAN IS AUSTRALIA'S LEADING ARCHITECTURAL GLASS PROVIDER AND THE ONLY MANUFACTURER OF FLOAT AND HARD COAT PERFORMANCE GLASS PRODUCTS IN AUSTRALIA.

Viridian's broad product range includes energy efficient glass and glass for a variety of other solutions, including noise reduction, security, mirrored and privacy glass and decorative interior glass.

Trading revenue of \$279.3 million was up 7% from \$262.0 million following the benefit of pricing initiatives and higher volumes driven by market demand.

Viridian recorded a positive EBIT of \$3.1 million up from the EBIT loss of \$14.9 million in the prior year. The return to profitability is ahead of schedule following restructuring initiatives launched in March 2013 which included improved utilisation of the float glass manufacturing facility at Dandenong in Victoria and the closure of some underperforming sites. New Zealand operations also improved driven by strong construction activity and operational improvement initiatives.

On 30 April 2015, Viridian acquired the Queensland glass processing business of the Australian Glass Group which supports Viridian's strategy of strengthening its core operations and broadening its market segment exposure.

Viridian is also progressing a number of initiatives to deliver future revenue growth by targeting increased volumes in the residential market for double glazing and coated products, expanding its merchandising capability and developing new product and service offerings for the commercial glass market.

VIRIDIAN REVENUE

YEAR ENDED 31 MARCH (\$ MILLION)

2015	279.3
2014	262.0
2013	268.2
2012	306.1
2011	348.8

VIRIDIAN EBITDA

YEAR ENDED 31 MARCH (\$ MILLION)

2015	12.8
(4.1)	2014
(14.1)	2013
2012	5.3
2011	29.7

"The return to profitability is ahead of schedule"

CASE STUDY

VIRIDIAN LAUNCHES LIGHTBRIDGE HIGH PERFORMANCE GLASS

Viridian LightBridge double glazing creates a seamless bridge between inside and out, allowing us to bring into our daily lives the light, space and colours of nature. LightBridge offers a market-leading combination of insulation, security and noise-reduction properties for domestic windows, which means the desire to bathe our homes in natural light and reconnect with the world around us through expansive glazing can easily be achieved.



ALUMINIUM OVERVIEW

Improving operational efficiency



ALUMINIUM: CSR HOLDS AN EFFECTIVE 25.24% INTEREST IN THE TOMAGO ALUMINIUM SMELTER JV THROUGH ITS 70% INTEREST IN GOVE ALUMINIUM FINANCE LIMITED WHICH IN TURN OWNS 36.05% OF TOMAGO.

The realised aluminium price in Australian dollars (including hedging and premiums) was up 13%, to A\$2,633 per tonne for the year, as a result of record ingot premiums and a lower Australian dollar.

US dollar cash LME aluminium prices fell by approximately 7.5% in the second half of the financial year as market fundamentals were impacted by increased exports (particularly of semi-finished products) from China, reduced LME aluminium inventories and concerns over global economic growth. This was more than offset by the 12% fall in the Australian dollar over the same period, leading to a net improvement in pricing in Australian dollar terms.

Ingot premiums, the premiums paid to producers above the LME aluminium price, rose to record levels during the financial year, with the Platts Main Japan Port premium reaching approximately US\$425 per tonne in the January to March 2015 quarter.

More recently, markets have seen increased volatility in ingot premiums. For the first quarter of the current financial year, premiums declined by approximately 11% (Platts Main Japan Port premium) to US\$380 per tonne and the spot price has declined further in recent weeks.

Conversely, during the month of April 2015, the US dollar cash LME price for aluminium has increased by US\$154 per tonne.

GOVE ALUMINIUM FINANCE (GAF – 70% CSR) sales volumes of 202,423 tonnes were 3% higher as productivity initiatives drove increased production at Tomago. Trading revenue of \$532.9 million was up 17%, reflecting the increased sales volumes and higher realised prices which included the effects of hedging and premiums.

EBIT of \$104.3 million was up 101%, with the EBIT margin improving to 19.6% from 11.4% due to the higher realised price, increased production volumes and continued operational improvements at the Tomago smelter.



CASE STUDY

TOMAGO REDUCING POWER USAGE

Smelting aluminium is a power-intensive process and small reductions in cell voltage can yield large savings in energy cost. Several optimisation strategies are currently in place, with a focus on reducing cell voltage while maintaining overall efficiency. Throughout last year, Tomago upgraded its electrolytic cells to the latest technology; these operate at a lower voltage and produce more metal at higher amperages, which has delivered significant cost savings and reduced power usage per tonne of aluminium produced.

AVERAGE LME ALUMINIUM PRICE YEAR ENDED 31 MARCH (US\$ PER TONNE)

2015	1,909
2014	1,815
2013	2,005
2012	2,345
2011	2,281

ALUMINIUM EBIT YEAR ENDED 31 MARCH (A\$ MILLION)

2015	104.3
2014	51.9
2013	50.3
2012	80.5
2011	111.9

“Tomago has an ongoing improvement program to increase production, minimise waste and improve profitability”

PROPERTY OVERVIEW

Strong development pipeline



CSR'S PROPERTY DIVISION IS RESPONSIBLE FOR MANAGING CSR'S PROPERTY PORTFOLIO, WITH A PRIMARY FOCUS ON MAXIMISING FINANCIAL RETURNS BY DEVELOPING SURPLUS FORMER CSR MANUFACTURING SITES AND INDUSTRIAL LAND FOR SALE.

UPDATE ON DEVELOPMENT PIPELINE

Brendale, Brisbane

- 38.5 hectare industrial development
- Site remediation works completed with civil works underway
- Development over next four years

Chirnside Park, Melbourne

- 533 lot residential development
- Stage 2 and 3 sales underway

Schofields, Sydney

- Surplus land at existing brick plant – 70 hectare future residential development

Horsley Park, Sydney

- Surplus land at existing brick plant – 50 hectare future industrial development

CSR's Property division recorded EBIT of \$30.2 million up from \$17.3 million in the previous year. The result includes the first tranche of the sale of the multi-residential development site at New Lynn located southwest of Auckland completed in December 2014.

The result also includes the sale of sites at Pyrmont and surplus industrial land at Ingleburn in Sydney, both of which completed in the first half of the year.

Construction continues on stages 2 and 3 of the 533 lot residential development at Chirnside Park, Melbourne with 186 sales contracts exchanged as of 30 April 2015.

Development continues of the remaining 38.5 hectare industrial site at Brendale in Brisbane.

PROPERTY EBIT

YEAR ENDED 31 MARCH (\$ MILLION)

2015	30.2
2014	17.3
2013	0
2012	24.4
2011	14.6

"CSR is progressing a number of property development opportunities"

CASE STUDY

NEW HOME CONSTRUCTION UNDERWAY AT CLOVERLEA

In April 2014, construction of new homes began at CSR's Chirnside Park development located in the Yarra Valley shire around 40 minutes from the Melbourne CBD. Cloverlea is the first major development in the area for more than a decade with the potential to develop 533 homes during the next five years. CSR's Property team has co-ordinated this major project over the last several years to deliver infrastructure, roads and other services to the site to enable buyers to begin construction of their new home.



COMMUNITY AND SUSTAINABILITY

Progressing our sustainability agenda



CSR REMAINS COMMITTED TO SUSTAINABLE BUSINESS PRACTICES THROUGHOUT ALL OF OUR BUSINESSES.

Full details of CSR's sustainability agenda and data relating to greenhouse gas emissions, energy consumption and water and waste production are included in CSR's sustainability report which is available on CSR's website at www csr com au.

SAFETY

A major focus on sustainability remains on safety and we place the same emphasis and importance on managing workplace health and safety as any other business imperative.

CSR's safety performance continued to improve with a 31% reduction in the lost time injury frequency rate. A number of new initiatives including an innovative manual handling risk assessment process were developed to focus on coaching and setting controls. As a result, CSR achieved a 45% reduction in recordable injuries due to manual handling in the past year. While CSR's safety record continues to improve year on year, there is considerable work still required to achieve our ambition of zero harm across all of our operations. All employees are expected to take personal responsibility and be involved with setting and complying with the company's standards and driving improvement initiatives.

ENVIRONMENT

Our ongoing commitment is to minimise the 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.

We have continued to make progress to ensure CSR is on track to meet its 2020 goal of a 20% reduction per tonne of saleable product using 2009/10 as the base year, with the following reductions achieved over the last three years:

- total greenhouse gas emissions down 16%
- potable water usage down 13%
- solid waste produced down 33%

Note: data reported for the period from 1 July 2011 to 30 June 2014 to be consistent with National Greenhouse and Energy Reporting scheme.

To achieve these targets, CSR progressed a number of initiatives to improve operational performance and efficiency with over 200 energy reduction initiatives underway across our sites.

COMMUNITY

We continue to partner with a number of organisations in line with our commitment to operate in a sustainable manner, with the community at the centre of our right to operate. The CSR Community Support Program operates as a core component of our community involvement in which CSR matches employee contributions dollar for dollar to a range of charitable organisations.

CSR launched the Community Support Program eleven years ago and during that time CSR and its employees have donated over \$2.6 million to charity. In YEM15, CSR and its employees donated \$94,000 to a range of charitable organisations.

CSR also works with the Australian Business and Community Network, a partnership of highly committed national business leaders and companies working on mentoring and coaching programs in schools in high need areas. In YEM15, 88 CSR employees mentored 159 students and volunteered 845 hours.

PEOPLE

At CSR, we are committed to investing in our people. Over the last three years, we have developed a suite of leadership development programs designed to provide our leaders with the knowledge, skills and support to enable them to perform at their best.

CSR recognises that improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. The cultural change themes have been used by CSR to define measurable objectives which are expanded in detail in the corporate governance section of this report on pages 18 and 19.

As at 31 March 2015, CSR had 3,134 full-time equivalent employees across its operations in Australia and New Zealand. This total is up 5% from the comparable figure last year mainly due to acquisitions.

LOST TIME INJURY FREQUENCY RATE YEAR ENDED 31 MARCH (PER MILLION WORK HOURS)

2015	3.1
2014	4.5
2013	4.2
2012	5.1
2011	5.4

TOTAL RECORDABLE INJURY FREQUENCY RATE YEAR ENDED 31 MARCH (PER MILLION WORK HOURS)

2015	13.8
2014	17.7
2013	17.5
2012	25.6
2011	27.4

Note: excludes joint ventures and businesses acquired during the financial year ended 31 March 2015.

BOARD OF DIRECTORS



JEREMY SUTCLIFFE

LLB (HONS), MAICD.

Chairman since July 2011, non-executive director since December 2008 and held the position of interim CEO and managing director from 1 April to 31 December 2010.

Experience, expertise and other directorships

Jeremy was Group CEO of Sims Metal Management Limited from 2002 until 2008 and a director until 2009. He is a non-executive director of Amcor Limited (2009 to current), Orora Limited (2013 to current), and a member and director of The Australian Rugby League Commission Limited (2012 to current). He also holds an advisory role with Veolia Environmental Australia.

Other CSR responsibilities

Member of the Risk & Audit Committee and Remuneration & Human Resources Committee.



ROB SINDEL

BENG, MBA, GAICD.

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.

Experience, expertise and other directorships

Rob was formerly the managing director of Hanson's slag cement business in the United Kingdom, a subsidiary of the global building materials company, Heidelberg Cement Group. Rob also held the position of commercial trading director for Hanson Aggregates in the United Kingdom. His 25 year career in the construction industry started with Pioneer in Australia. A member of the UNSW Australian School of Business Advisory Council, a director of the Green Building Council of Australia, and chair of the Remuneration Committee of the Green Building Council of Australia. Rob is also a director of the Australian Business and Community Network Council, a not-for-profit organisation, working on mentoring and coaching programs with schools in areas of high need.

Other CSR responsibilities

Attends committee meetings by invitation.

KATHLEEN CONLON

BA (ECON) (DIST), MBA, FAICD.

Non-executive director since December 2004.

Experience, expertise and other directorships

Kathleen was a partner and director of the Boston Consulting Group (BCG) for seven years where she led BCG's Asia Pacific Operational Effectiveness Practice Area and, previously, the Sydney office. She is a member of Chief Executive Women, and a non-executive director of REA Group Limited (2007 to current), Lynas Corporation Limited (2011 to current), Aristocrat Leisure Limited (2014 to current), The Benevolent Society and the Australian Institute of Company Directors (AICD).

Other CSR responsibilities

Chairman of the Remuneration & Human Resources Committee.



MIKE IHLEIN

BBUS (Accounting), FAICD, FCPA, FFIN.

Non-executive director since July 2011.

Experience, expertise and other directorships

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. Mike is currently a non-executive director of Scentre Group (2014 to current – formed through a merger with Westfield Retail Trust on which Mike was a non-executive director from 2010). He is also a non-executive director of Snowy Hydro Limited and Murray Goulburn Co-operative Co. Ltd. Mike is a fellow of the Australian Institute of Company Directors (AICD), CPA Australia and Financial Services Institute of Australasia and a member of Financial Executives Institute of Australia. He is also a director of Spark Software sp. z o.o. and chair of Australian Theatre for Young People.

Other CSR responsibilities

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



REBECCA MCGRATH

BTP (HONS), MASC, FAICD.

Non-executive director since February 2012.

Experience, expertise and other directorships

Rebecca was formerly chief financial officer and executive director of BP Australasia, a position held until January 2012, prior to which she was vice president operations and executive director, Australia & Pacific for BP Australasia and general manager, group marketing performance, for BP Plc (London). Rebecca's management career with BP spanned 23 years. Rebecca is currently a non-executive director of Goodman Group (2012 to current), OZ Minerals Limited (2010 to current) and Incitec Pivot Limited (2011 to current) and was previously a director of Big Sky Credit Union. She is a fellow of the Australian Institute of Company Directors (AICD) and Chairman of Project New Dawn, a homeless and unemployment focused not-for-profit organisation.

Other CSR responsibilities

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



MATTHEW QUINN

BSC (HONS), ACA, ARCS, FAPI, FRICS.

Non-executive director since August 2013.

Experience, expertise and other directorships

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. Matthew is a non-executive director of Urban Growth NSW, a State owned corporation, and chairman of Carbonxt Group Limited and mPort Pty Limited. He is also a non-executive director of the Public Interest Advocacy Centre (PIAC) and member of the Australian Business and Community Network Scholarship Foundation. He is a Chartered Accountant as well as fellow of the Australian Property Institute and of the Royal Institute of Chartered Surveyors.

Other CSR responsibilities

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



COMPANY SECRETARY**DEBBIE SCHROEDER**

BED (HONS), LLB, MAICD, MGIA.

Company secretary since July 2010 and CSR legal counsel. Joined CSR in September 2001, managing workers' compensation from 2003 to 2006 and human resources for the sugar division from 2006 to 2008. Debbie was appointed legal counsel for CSR Limited in 2008. Debbie was previously a lawyer at Tress Cocks & Maddox and Lander & Rogers. Debbie has extensive experience in corporations law and corporate governance, dispute resolution, employment law, insurance and competition and consumer law. Debbie holds a Graduate Diploma in Applied Corporate Governance and is a member of Governance Institute of Australia and of the Australian Institute of Company Directors (AICD).

CORPORATE GOVERNANCE

CSR's corporate governance is the system by which the company is directed and managed. It is the framework of rules, relationships, systems and processes that underpin CSR's long established values and behaviours, the way it does business and within which:

- **the CSR board of directors is accountable to shareholders for the operations, financial performance and growth of the company; and**
- **the risks of business are identified and managed.**

CSR actively reviews Australian and international developments in corporate governance and considers the views of shareholders, regulators and other stakeholders. The CSR board adopts those arrangements which it considers are in the best interests of CSR and its shareholders.

The directors of CSR are committed to ensuring that the company maintains an effective system of corporate governance and that good corporate governance is an integral part of the culture and business practices of the CSR group.

Throughout the reporting period, being the year ended 31 March 2015, CSR complied with the recommendations contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition) (ASX CGC Principles).

Charters and policies referred to in this corporate governance statement are available on CSR's internet site in the 'Investor Centre & News' section under 'Corporate Governance' at <http://www csr com au/Investor-Centre-and-News/Corporate-Governance>.

This corporate governance statement is organised under headings reflecting the ASX CGC Principles.

ROLES AND RESPONSIBILITIES

CSR has solid foundations for management and oversight (ASX CGC Principle 1)

The board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

CSR's constitution (available on CSR's internet site), which sets out the provisions that govern the internal management of the company, can only be amended by special resolution of shareholders. Under the constitution, shareholders elect directors whose function is to represent shareholders and to act in the best interests of the company.

The roles of board and management

The board has adopted a formal board charter (available on CSR's internet site), which establishes those matters reserved for the board and authority delegated to management. The board's functions, as summarised in the board charter, include:

- approving CSR strategies, budgets, plans and policies;
- assessing performance against business plans to monitor both the performance of management as well as the continuing suitability of business strategies;
- reviewing operating information to understand the state of the company;
- considering management recommendations on proposed acquisitions, divestments and significant capital expenditure;
- considering management recommendations on capital management, the issue or allotment of equity, borrowings and other financing proposals, guarantees of non-group liabilities, and restructures;
- ensuring that the company operates an appropriate corporate governance structure, in particular ensuring that CSR acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- approving CSR's risk management strategy and frameworks and monitoring their effectiveness;

- considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- maintaining a constructive and ongoing relationship with the Australian Securities Exchange and regulators, and approving policies regarding disclosure and communications with the market and shareholders; and
- monitoring internal governance including delegated authorities, and monitoring resources available to senior executives.

Day-to-day management of the company's affairs and the implementation of strategy and policy initiatives are formally delegated by the board to the managing director and senior executives.

Letters of appointment

The managing director's responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the agreement is set out in the remuneration report.

Letters of appointment are prepared for non-executive directors and senior executives, covering duties, time commitments, induction and company policies and corporate governance.

Induction of senior executives

New executives undertake a structured induction program when they join the company. This includes comprehensive briefings and information on the company's businesses, and its policies and procedures. Additionally, the program includes site visits and meetings with people in key internal and external roles in order to build the relationships necessary to meet the requirements of their roles.

As discussed further below, and in the remuneration report, key performance indicators are agreed with each executive to ensure goals and performance measures are fully and accurately understood and disclosed.

Performance evaluation of senior executives

CSR's performance management framework requires that a balanced scorecard of annual key performance indicators (including financial and non-financial measures) is set for each senior executive. Every half year, each senior executive discusses their performance with their manager. At the end of the year, as part of a formal review process, each senior executive's performance is reviewed against compliance with the performance indicators. Also, each individual's performance and behaviour are compared and measured against the performance of their peers, and measures are reviewed and adjusted if required. CSR conducted evaluations of its senior executives in accordance with this process in October 2014, March and April 2015.

Further details of the process for evaluating the performance of key management personnel and the remuneration policy for key management personnel are provided in the remuneration report.

BOARD OF DIRECTORS

CSR structures the board to add value (ASX CGC Principle 2)

The board charter prescribes the structure of the board and its committees, the framework for independence and some obligations of directors.

Information regarding the induction program for directors is set out on page 18 in this statement.

CORPORATE GOVERNANCE CONTINUED

Size and composition of the board

The board considers that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually, and the board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the suite of CSR businesses and the environment in which CSR operates these businesses so as to be able to agree with management the objectives, goals and strategic direction which will maximise shareholder value; and
- assess the performance of management in meeting those objectives and goals.

The board currently comprises five non-executive directors and one executive director.

The chairman is appointed by the board and provides leadership to ensure that a high standard of values, processes and constructive interaction is maintained by the board. The chairman represents the views of the board to shareholders and canvasses the views of stakeholders, including through the annual general meeting.

There were no changes to the board in YEM15.

Information about directors, including their skills, experience, expertise and their period in office is on pages 14 and 15. The board keeps the balance of skills and experience of its members, as well as their independence, under review. The board strives to achieve diversity in its composition.

Directors' independence

At all times throughout YEM15, the board has comprised a majority of independent directors. Each of the non-executive directors, including the chairman, has been determined by the board to be independent of CSR and its management, having no business or other relationships that could compromise his or her autonomy as a director.

The board's framework for determining director independence is included in the board charter and operates in accordance with the considerations set out in the ASX CGC Principles. Any past or present relationship with the company is regularly examined carefully to assess the likely impact on a director's ability to be objective and exercise independent judgement.

Dealing with conflicts of interest

The board has a process in place to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest arises, the director concerned is excluded from all discussion and decision making on the matter. At all times, directors are required to keep the company secretary informed of all relevant interests and directors must advise the board immediately of any interests that could potentially conflict with those of CSR.

Appointment and election of directors

The board takes on the role of the nominations and governance committee, which includes the following functions:

- determining the appropriate size and composition of the board (in accordance with the company's constitution);
- determining the appropriate criteria (necessary and desirable skills and experience) for appointment of directors;
- recommending the appointment and removal of directors;
- defining the terms and conditions of appointment to and retirement from the board;
- overseeing induction and continuing education programs for non-executive directors; and
- evaluating the board's performance.

The company's size is not considered sufficient to warrant a separate nominations and governance committee.

The company aims to have a board which, as a whole, has the range of skills, knowledge, background and experience to govern CSR, made up of individuals of high integrity, with sound commercial judgement and inquiring minds and able to work cohesively with other directors. When considering director candidates, CSR seeks a combination of former chief executives and individuals experienced in manufacturing, finance, the law and, ideally, the industries in which CSR participates.

CSR undertakes a rigorous process when selecting new directors. Specifically, CSR develops a matrix of required skills and experience. This matrix is developed by taking into account CSR's desire to ensure a diverse range of gender, background and experience is maintained on the board at all times, and also ensuring directors are appropriately qualified.

External consultants are engaged, where appropriate, to advise on potential appointees. The potential appointees must have a strong reputation and high ethical standards. Prospective directors confirm that they will have sufficient time to meet their obligations and that they will keep the company informed of their other commitments.

Non-executive directors are subject to re-election by rotation at least every three years. Newly appointed directors must seek election at the first general meeting of shareholders following their appointment. The board charter states that non-executive directors appointed from 2001 shall not seek re-election after serving for ten years, unless determined by the board that it is appropriate to do so.

Board committees

To increase its effectiveness, the board has three committees consisting of the Risk & Audit Committee, Workplace Health, Safety & Environment Committee and Remuneration & Human Resources Committee. It is the policy of the board that a majority of the members of each committee be independent directors, that all Risk & Audit Committee members be independent directors and that the Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee be chaired by an independent director.

Each committee has a charter which includes a more detailed description of its duties, responsibilities and specific composition requirements. The charters are available on CSR's internet site. The Risk & Audit Committee, the Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee each comprise at least three non-executive directors and are chaired by a director who is not the chairman of the board. All committees meet at least four times per year.

Rob Sindel, the managing director, attends meetings of board committees by invitation. He is not present at the meetings where it is considered that his presence could compromise the objectivity of proceedings.

Committee papers are copied to all directors before the meetings. Minutes of committee meetings are included in the papers for the next board meeting and the chair of each committee reports to the board on matters addressed by the committee.

The membership of these committees, the number of meetings held and each director's attendance record in YEM15 are shown in the 'Directors' meetings' table on page 22.

The work of directors

In addition to attending board and committee meetings, non-executive directors allocate time for strategy and budget sessions, preparing for meetings and inspecting operations.

The chairman commits additional time and meets regularly with the managing director to review business and strategic issues and to agree board meeting agendas. The directors usually meet with no management present at the commencement of board meetings and on other occasions as required.

CORPORATE GOVERNANCE CONTINUED

Except where the directors need to meet privately, the company secretary attends all board meetings.

The directors regularly visit the company's operations to better understand the issues facing each of the businesses and their people.

Since September 2011, every meeting of the Workplace Health, Safety & Environment Committee has been held at a CSR site. In YEM15, the Workplace Health, Safety & Environment Committee visited the PGH Bricks and Pavers factory at Darra, Queensland, the Viridian glass factory at Jandakot, Western Australia, the Lightweight Systems factories at Coopers Plains, Queensland, Yarraville, Victoria and Welshpool, Western Australia, the Martini factory at Ingleburn, New South Wales and the AFS factory at Goulburn, New South Wales.

Directors' induction education and access to information

The board strives to ensure that directors and key executives have the knowledge and information needed to operate effectively.

The chairman briefs new directors on their roles and responsibilities. New directors receive a comprehensive information pack as part of this induction, as well as special briefings from management and visits to key operating sites to assist them to rapidly understand CSR's businesses and issues.

Time is allocated at board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment.

To help directors maintain their understanding of the businesses and to assess the people managing them, directors are briefed regularly by each member of the senior management team. Directors also have access to a wide range of employees at all levels during inspections of operations and in other meetings.

Directors receive a comprehensive monthly performance report from the managing director regardless of whether a board meeting is scheduled. Directors have unrestricted access to company records and information.

At specially organised functions, directors meet customers, business partners, suppliers and other stakeholders of the company.

Directors may obtain independent professional advice, at CSR's expense on matters arising in the course of their board and committee duties, after obtaining the chairman's approval. The board charter requires that all directors be provided with a copy of such advice and be notified if the chairman's approval is withheld.

The board appoints and removes the company secretary. All directors have direct access to the company secretary who is accountable to the managing director and, through the chairman, to the board, on all governance matters.

Performance evaluation

The performance of the board is reviewed regularly. The board undertakes a self-assessment of both its collective performance and that of individual directors and seeks specific feedback from the senior management team on particular aspects of its performance. The board establishes procedures and oversees this annual performance assessment program. The process may be assisted by an independent third party facilitator. The results and any action plans flowing from this annual assessment are documented, together with specific performance goals that are agreed for the coming year.

The performance of the managing director is reviewed, at least annually, through a formal performance appraisal process conducted by the board.

In YEM15, the board conducted a thorough review of its functions and responsibilities via an external consultant. In YEM16, the Risk & Audit Committee and the Remuneration and Human Resources Committees will be reviewed.

CODE OF CONDUCT

CSR actively promotes ethical and responsible decision making (ASX CGC Principle 3)

CSR has a robust framework of policies, underpinned by its goals and values and code of business conduct and ethics. CSR's code of business conduct and ethics and policies discussed below set the standards for dealing with obligations to external stakeholders. A statement of CSR's community engagement is detailed in this annual report and the sustainability report, both of which are available on CSR's internet site.

Code of business conduct and ethics

The underlying principle of CSR's code of business conduct and ethics is that ethical behaviour is required of directors, executives and all other employees, as well as advisers, consultants and contractors.

The board has endorsed a code of business conduct and ethics (available on CSR's internet site) that formalises the longstanding obligation of all CSR people, including directors, to behave ethically, act within the law, avoid conflicts of interest and act honestly in all business activities.

CSR's code of business conduct and ethics reinforces the company's commitment to giving proper regard to the interests of people and organisations dealing with the company. Each CSR person is required to respect and abide by the company's obligations to employees, shareholders, customers, suppliers and the communities in which it operates.

In addition, the board has adopted specific policies in key areas, including trade practices; workplace health, safety, and the environment; fairness, respect and diversity in employment; capital investment; dealing with price sensitive and other confidential information; trading in CSR shares; privacy; indemnification of employees; and requirements for authorising and entering into business transactions on behalf of CSR.

CSR employees are required to sign a certificate of compliance each year signifying that they have read and complied with the code of business conduct and ethics and are not aware of any breaches of that policy.

Further, CSR employees are encouraged to report potential breaches to a confidential telephone service. The CSR policy on the reporting of misconduct within the organisation provides that an employee will not be subject to retaliation by CSR for reporting in good faith a possible violation of the code of business conduct and ethics.

Diversity

CSR has policies and practices to improve the diversity within the organisation. A summary of this policy is available on CSR's internet site in the 'Careers' section under 'Our People'.

CSR recognises that improving diversity is important to improving and sustaining a workforce capable of generating better relationships and more innovative solutions for its customers. Ultimately, this improves the results of CSR. CSR has adopted the ASX CGC Principles in respect of diversity.

Improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. The culture change themes have been used by CSR to structure its measurable objectives. The objectives and achievements for YEM15 are described later in this corporate governance statement along with a brief outline of the objectives for YEM16.

CSR workplace profile

At board level, two of the five non-executive directors (40%) are women. 14.5% of employees in senior management positions are women including the company secretary, group treasurer, group financial controller and general manager investor relations and corporate communications.

During YEM15, the percentage of women in the CSR workforce increased from 16.4% to 16.7%.

CORPORATE GOVERNANCE CONTINUED

Measurable objectives

The following table describes the measurable objectives that CSR will use to plan and report progress on diversity initiatives:

MEASURABLE OBJECTIVE	YEM15 ACHIEVEMENTS	OVERVIEW OF YEM16 INITIATIVES
Leadership and culture	<ul style="list-style-type: none"> Increased participation of women in CSR leadership programs from 24% to 36% Completed a gender pay equity review as part of the annual salary review process Continued investment in specific diversity training as part of the CSR leadership programs and through diversity recruitment training 	<ul style="list-style-type: none"> Ensure opportunities for women to attend CSR leadership programs are promoted and include more diversity initiatives as part of these programs Achieve and maintain pay equity as part of annual salary review process Expand accountability for diversity by including specific objectives for executive members with achievements assessed as part of their short term incentives Use diversity performance metrics to drive improvement in attracting and retaining women
Career management	<ul style="list-style-type: none"> Promoted career opportunities and development of women with 30% of internal promotions awarded to women including appointments to line management roles The managing director led a series of six CSR lunches to engage and connect with a representative group of women to improve diversity objectives and understand issues affecting women in the workplace 	<ul style="list-style-type: none"> Formalise career sponsorships for senior women to improve attraction, development and retention Improve CSR policies and practices as they relate to workplace flexibility
Recruitment and retention	<ul style="list-style-type: none"> Introduced a recruitment policy that each vacant role must include a woman on the short list and apply a "if not, why not rule" Completed review with labour hire organisations to assess performance against specific objectives to attract more women to CSR Conducted quarterly analysis and review of attraction, appointment and retention of staff by gender Worked with industry associations to attract more women to non-traditional roles, including a partnership with the Australian Glass and Glazing Association to develop and encourage more women in glass processing, glazing and business management 	<ul style="list-style-type: none"> Increase the attraction of female applicants by 15% by: <ul style="list-style-type: none"> improving the employee value proposition and search capability for women through universities and industry partnerships; ensuring labour hire and other recruitment providers meet objectives of having women on the short list for all roles; and conducting additional recruitment training for line managers including any bias that may occur when selecting staff. Target a 10% reduction in voluntary turnover of women through our investment in career development and review of turnover analysis

Trading in CSR shares

Directors' shareholdings at 12 May 2015 are shown in the table 'Directors' interests in CSR shares' on page 22.

Under the company's share trading policy (available on CSR's internet site), directors and senior managers may only buy or sell CSR shares, or give instructions to the trustee of CSR's employee share acquisition plan (ESAP), during one month periods commencing 24 hours after the date of the full-year and half-year results announcements and the annual general meeting. Also, they are prohibited from dealing in any financial products relating to CSR securities or entering into hedging arrangements in respect of CSR securities they hold, or which are held on their behalf. Under the policy, and as required by law, all directors and employees are prohibited from buying or selling CSR shares at any time if they are aware of any price sensitive information that has not been made public. All CSR share dealings by directors are notified to the ASX within the required time.

Additional trading restrictions apply to key management personnel.

AUDIT

CSR has implemented a structure in order to independently verify and safeguard the integrity of the company's financial reporting (ASX CGC Principle 4)

Risk & Audit Committee

The Risk & Audit Committee is chaired by Mike Ihlein. The other members of the committee during YEM15 were Jeremy Sutcliffe and Matthew Quinn.

The external audit firm partner in charge of the CSR audit attends Risk & Audit Committee meetings by invitation, together with the internal audit manager and relevant senior managers.

The committee advises the board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, controls and financial reporting.

The committee's specific responsibilities are set out in its charter and include:

- reviewing the scope of the annual audit plans of the external auditor and internal auditor and oversight of the work performed by the auditors throughout the year;
- considering and recommending to the board significant accounting policies and material estimates and judgements in financial reports;
- reviewing and monitoring internal controls and risk management across the group;
- reviewing and recommending to the board the adoption of the company's full-year and half-year financial statements; and
- reviewing the performance and effectiveness of internal and external auditors.

CORPORATE GOVERNANCE CONTINUED

The committee is a direct link for providing the views of internal and external auditors to the board, when necessary, independently of management influence. Time is allocated for detailed questioning of the material presented and separate sessions with each of the external auditor, internal auditor and chief financial officer.

The committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to CSR. Under the policy on auditor independence:

- the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise;
- significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the committee or, between committee meetings by the chairman of the committee; and
- the external audit engagement partner and review partner must be rotated every five years.

Procedures for selection and appointment of the external auditor, and for the rotation of external audit engagement partners, are set out in the committee charter.

The external auditor annually confirms its independence within the meaning of applicable legislation and professional standards.

Financial report accountability

CSR's managing director and chief financial officer, who are present for board discussion of financial matters, are required to state to the board, in writing, that the company's financial statements are in accordance with relevant accounting standards, give a true and fair view in all material respects of the company's and the group's financial condition and operational results and comply with the Corporations Act 2001 and associated regulations.

DISCLOSURE

CSR promotes timely and balanced disclosure of all material matters concerning the company (ASX CGC Principle 5)

Continuous disclosure

CSR believes that shareholders, regulators, ratings agencies and the investment community generally, should be informed of all major business events and risks that influence CSR, in a factual, timely and widely available manner. CSR has a long established practice of providing relevant and timely information to stakeholders, supported by its share market disclosure policy (available on CSR's internet site) which details comprehensive procedures to ensure compliance with all legal obligations. Under this policy, any price sensitive material for public announcement, including full-year and half-year results announcements, release of financial reports, presentations to investors and analysts and other prepared investor briefings for CSR, will be:

- lodged with the ASX as soon as practical and before external disclosure elsewhere; and
- posted on CSR's internet site.

The policy limits external briefings in the periods between the end of a full-year and half-year and the release to the ASX of the relevant results. CSR's Corporate Governance and Disclosure Committee meets as required, and often on very short notice, to ensure compliance with disclosure requirements. Members of this committee are the managing director, chief financial officer, company secretary and general manager investor relations and corporate communications. The managing director approves all disclosures before they are released. The board approves all disclosures that are significant.

The share market disclosure policy is reviewed regularly to ensure compliance with the ASX listing rules and guidance on continuous disclosure.

The company secretary is responsible for communications with the ASX.

Commentary on financial results

CSR provides a review of operations and financial performance in this annual report, which also includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the chairman's and managing director's addresses at the company's annual general meeting are made available on CSR's internet site.

SHAREHOLDERS

CSR respects the rights of shareholders and facilitates the effective exercise of those rights (ASX CGC Principle 6)

CSR strives to communicate effectively with shareholders about the company's performance, presenting this annual report and other corporate information in clear language, supported by descriptive graphics and tables.

Where practicable, the company uses the latest widely available electronic technology to communicate openly and continually with shareholders, and the share market in general. Announcements to the ASX, significant briefings, notices of meetings and speeches at annual general meetings are promptly posted on the company's internet site and retained there for a minimum of three years.

Shareholders and other interested parties can receive emails with links to the newly posted annual report and can lodge proxies electronically for the annual general meeting. CSR keeps summary records for internal use of the issues discussed at group and one-on-one briefings with investors and analysts.

The annual general meeting and profit announcement briefings are available via a live webcast from CSR's internet site, for access by all interested parties.

The company's shareholder communication policy is available on CSR's internet site.

Auditor attendance at the annual general meeting

The external audit firm partner in charge of the CSR audit will be available to answer shareholder questions at the company's annual general meeting.

RISK MANAGEMENT

CSR has a sound system of risk oversight and management and internal control (ASX CGC Principle 7)

There are many 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. In many of these businesses, CSR constantly and deliberately assumes certain levels of risk in a calculated and controlled manner. CSR has in place limits and a range of policies and procedures to monitor the risk in its activities and these are periodically reviewed by the board. CSR's risk management policy, which sets out the framework for risk management, internal compliance and control systems, is available on CSR's internet site. There are several layers that assist the board in ensuring the appropriate focus is placed on the risk management framework:

- **Risk & Audit Committee** – reviews and reports to the board in relation to the company's financial reporting, internal control structure, risk management systems and the internal and external audit functions. The Risk & Audit Committee recommends to the board the appointment or dismissal of the internal auditor, who is independent of the external auditor;
- **Workplace Health, Safety & Environment Committee** – reviews and reports to the board on the management of the company's safety, health and environment liabilities and legal responsibilities as well as the company's involvement in the communities in which it operates; and
- **Senior management team** – manages and reports to the board on business and financial risks and overall compliance.

CORPORATE GOVERNANCE CONTINUED

Risk management is sponsored by the board, and is a priority for senior managers, starting with the managing director. The board oversees the risk appetite and profile of CSR and ensures that business developments are consistent with the risk appetite and goals of CSR.

The risk management framework covering business risk, financial risk, financial integrity and legal compliance, including the establishment of policies for the control of these risks, is in place. The board, through the Risk & Audit Committee, receives recommendations in relation to the risk profile of CSR, breaches of the policy framework and external developments which may impact on the effectiveness of the risk management framework. It also approves significant changes to the risk management framework and related policies.

The Risk & Audit Committee has responsibility for monitoring compliance with the risk management framework approved by the board for internal control and compliance matters. In this role, the Risk & Audit Committee monitors and reviews the effectiveness of the internal audit and compliance functions. CSR's Corporate Governance and Disclosure Committee has responsibility for any governance matters. Committees exist at the executive management level to ensure the necessary elements of expertise are focused on specific risk areas. Beneath this level, other committees exist where senior specialists focus on specific risks as appropriate.

The risk management framework is designed to ensure policies and procedures are in place to manage the risks arising within each business unit. Application varies in detail from one part of CSR to another; however, the same risk management framework applies across all business activities without exception.

Risk management accountability

As part of the process of approving the financial statements, at each reporting date the managing director and other responsible senior executives provide statements in writing to the board on the quality and effectiveness of the company's risk management and internal compliance and control systems. The statements are substantiated in part by an annual review using applicable elements of the frameworks provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control and Enterprise Risk Management.

The board has also received statements from the managing director and the chief financial officer certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the CSR group financial reports are founded on a sound system of effective and efficient risk management and internal compliance and control;
- the system of risk management in operation at 31 March 2015 implemented the policies adopted and delegated by the board and of the other decision making bodies operating within the CSR group and was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

The board received the relevant declarations required under section 295A of the Corporations Act 2001 from the managing director and chief financial officer as well as the relevant reports and assurances required under ASX CGC Principles 7.2 and 7.3.

REMUNERATION

CSR ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear (ASX CGC Principle 8)

CSR's policy is to reward executives with a combination of fixed remuneration and short and long term incentives structured to drive improvements in shareholder value. Non-executive directors receive no incentive payments and there are no retirement benefit schemes in place. Executives and directors may forgo part of their cash remuneration or, for non-executive directors, their directors' fees, to acquire shares in CSR. Employees cannot approve their own remuneration, nor can they review that of their direct subordinates without their manager's approval.

Remuneration & Human Resources Committee

Kathleen Conlon chairs the Remuneration & Human Resources Committee. The other members of the committee during YEM15 were Jeremy Sutcliffe and Rebecca McGrath.

The committee advises the board on remuneration policies and practices, evaluates the performance of the managing director against pre-agreed goals and makes recommendations to the board on remuneration for the managing director and senior managers reporting to him. The committee also oversees CSR's human resources strategy, particularly succession and development planning for senior managers. The committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

The remuneration report includes further details on CSR's remuneration policy and its relationship to the company's performance on pages 23 to 39. It also includes details of the remuneration of directors and key management personnel for YEM15 and clearly distinguishes between the structure of non-executive director remuneration from that of the executive director and other key management personnel. Shareholders are invited to vote on the adoption of the report at the company's annual general meeting.

Equity based executive remuneration

Key features of the employee share plans used by CSR, the company's policy on share ownership and details of CSR shares beneficially owned by directors and key management personnel appear in the remuneration report on pages 23 to 39.

Workplace health, safety and environment responsibilities

An important part of CSR's governance commitments includes protection of its people's workplace health and safety, and for the environment (WHS&E). The board endorsed WHS&E policy (available on CSR's internet site) details the company's and individuals' obligations.

The board's Workplace Health, Safety & Environment Committee oversees and reports to the board on the management of the company's WHS&E responsibilities. In YEM15, Rebecca McGrath chaired the committee and the other members were Mike Ihlein and Matthew Quinn.

Rob Sindel attends all meetings of the Workplace Health, Safety & Environment Committee by invitation.

The committee receives regular performance reports from management, reviews the adequacy of WHS&E management systems and ensures appropriate improvement targets and benchmarks. It monitors potential liabilities, changes in legislation, community expectations, research findings and technological changes.

The committee has every meeting at a CSR site and such meetings include a presentation from local management and a site tour.

CORPORATE GOVERNANCE CONTINUED

Corporate governance and disclosure

CSR considers that the above corporate governance practices comply with the ASX CGC Principles (as applied during the relevant reporting period).

The company's corporate governance framework is kept under review. A report is provided to the board by the company secretary at least annually, recommending any improvements necessary to respond to changes to the company's business or applicable legislation and standards.

Statement as at 12 May 2015.

DIRECTORS' INTERESTS IN CSR SHARES

AS AT 12 MAY	TOTAL 2015	TOTAL 2014
Jeremy Sutcliffe (chairman)	127,596	127,596
Kathleen Conlon	39,019	37,249
Michael Ihlein	56,976	55,542
Rebecca McGrath	27,483	25,808
Matthew Quinn	15,587	15,000
Rob Sindel	351,887	114,818

DIRECTORS' MEETINGS

YEAR ENDED 31 MARCH 2015	CSR BOARD		RISK & AUDIT COMMITTEE		WORKPLACE HEALTH, SAFETY & ENVIRONMENT COMMITTEE		REMUNERATION & HUMAN RESOURCES COMMITTEE	
	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b
Jeremy Sutcliffe	10	10	4	4	n/a	n/a	5	5
Kathleen Conlon	10	10	n/a	n/a	n/a	n/a	5	5
Michael Ihlein	10	10	4	4	4	3	n/a	n/a
Rebecca McGrath	10	10	n/a	n/a	4	4	5	4
Matthew Quinn	10	9	4	4	4	4	n/a	n/a
Rob Sindel	10	10	4	4	4	4	5	5

a Meetings held while a member.

b Meetings attended.

REMUNERATION REPORT

THIS REPORT FORMS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

INTRODUCTION

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 report begins with an executive summary intended to provide a 'plain English' explanation for shareholders of the CSR remuneration framework and key outcomes and events that occurred during the financial year. The report then outlines the role of the CSR Remuneration & Human Resources Committee, details CSR's remuneration policy and practices and provides information on the remuneration and shareholdings of key management personnel (KMP). CSR's KMP are the non-executive directors, the managing director and the chief financial officer.

Key points to note in relation to this report are:

- the disclosures set out in this report have been prepared in accordance with the requirements of section 300A of the Corporations Act 2001 and Corporations Regulation 2M.3.03;
- the report has been audited by CSR's external auditor;
- as in YEM13 and YEM14 and following an assessment of senior executives against the criteria for determining KMP only the managing director and chief financial officer qualify as KMP;
- in the interests of transparency year on year analysis is also provided on remuneration for Senior Executives (as defined below);
- in some cases, where aspects of the remuneration framework apply to other senior roles within CSR, the term "executive" is also used.

KEY MANAGEMENT PERSONNEL (KMP)

KMP disclosed in this year's report are detailed in the table below. KMP are as defined by the Accounting Standard AASB 124 Related Party Disclosures.

NAME	POSITION	TERM AS KMP
Non-executive directors (NEDs)		
Jeremy Sutcliffe	Chairman (July 2011) – Appointed: December 2008	Full year
Kathleen Conlon	Director – Appointed: December 2004	Full year
Michael Ihlein	Director – Appointed: July 2011	Full year
Rebecca McGrath	Director – Appointed: February 2012	Full year
Matthew Quinn	Director – Appointed: August 2013	Full year
Executive KMP		
Rob Sindel	Managing Director	Full year
Greg Barnes	Chief Financial Officer	Full year

SENIOR EXECUTIVES

Senior Executives of CSR are detailed in the table below. These senior executives are not KMP as defined by AASB 124.

NAME	POSITION	TERM AS SENIOR EXECUTIVE
Ian Hardiman	Executive General Manager – Lightweight Systems	Full year
Peter Moeller	Executive General Manager – Viridian	Full year
Luke Murphy	Executive General Manager – Human Resources	Full year
Nick Pezet	Executive General Manager – Bricks and Roofing	Full year
Anthony Tannous	Executive General Manager – Bradford	Full year
Andrew Mackenzie	General Manager – Property	Full year
Mark White	General Manager – Aluminium	Full year

CONTENTS

- A. Executive summary:
 - year ended 31 March 2015 (YEM15) remuneration framework update;
 - overview of executive remuneration approach and framework;
 - overview of non-executive director remuneration;
 - remuneration outcomes for YEM15; and
 - reviews undertaken of the remuneration framework.
- B. The Remuneration & Human Resources Committee's role;
- C. Executive remuneration policy;
- D. Executive remuneration framework;
- E. Link between remuneration and company performance;
- F. Executive Services Agreements;
- G. Remuneration and shareholdings for YEM15 (and comparatives); and
- H. Non-executive director remuneration.

REMUNERATION REPORT CONTINUED

A – EXECUTIVE SUMMARY

Remuneration framework update

There were no changes made to the remuneration framework that applied for YEM15.

Overview of executive 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 framework are outlined below. Details are provided in the body of the remuneration report.

- **Market positioning:** Fixed remuneration is positioned at the market median against the Hay Group industrial and services index 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 pay/variable mix:** Total remuneration is comprised of fixed plus variable (or 'at risk') remuneration. A significant portion 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 goals (60% weighting) and individual performance goals which are focused on non-financial performance (40% weighting). Weightings of 50% financial and 50% personal goals may apply to lower job grades. As introduced in YEM12, 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:
 - (i) CSR's three year total shareholder return (TSR) relative to the TSR of the other S&P/ASX 200 index constituents (the peer group); and
 - (ii) CSR's compounded annual growth in earnings per share (EPS) over three years.

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.

- **Equity sacrifice:** Executives are eligible to elect to forgo a portion of their pre-tax fixed remuneration to purchase restricted CSR shares, up to the \$5,000 annual limit as provided under the tax legislation that applies from 1 July 2009.

- **Hedging prohibition:** CSR's share trading policy prohibits participants in any LTI plan from hedging their exposure to unvested shares or reducing the risk associated with the performance hurdles applicable to those shares in any way.

Overview of non-executive director remuneration

- **Market comparison:** NEDs are paid a base fee for service to the board and an additional fee for service to board committees. The fees are set with consideration to the fees paid in companies of a similar size and complexity.
- **Fee pool:** The fee pool is currently \$1,450,000 per annum including superannuation.
- **Voluntary fee sacrifice:** NEDs can elect to forgo up to \$5,000 of pre-tax fees annually to purchase CSR shares.

Remuneration outcomes for YEM15

The following is a summary of CSR's remuneration outcomes for YEM15. Further detail of these outcomes is provided in the body of this report.

- **Total remuneration:** Total expensed remuneration increased for executive KMP and senior executives from YEM14 to YEM15 primarily due to increased STI and LTI outcomes associated with improved business performance.
- **STI outcomes:** YEM15 STI plan payments increased compared with those for YEM14 as the business performance improved significantly, achieving EBIT results between target and stretch versus achieving target performance in YEM14.
- **LTI outcomes:** In YEM15, a number of performance hurdles were met resulting in partial vesting of performance rights under the YEM10, YEM11 and YEM12 Performance Rights Plans. Subsequent to 31 March 2015 but prior to the signing of this report, the YEM13 EPS performance hurdle of 12% compound growth was also met resulting in full vesting of this tranche.

The following table sets out the actual value of remuneration received by the executive KMP for the financial year, derived from the various components of their remuneration during YEM15. This table differs from the more detailed remuneration disclosures provided in section G on page 38 due to the exclusion of LTI amounts not vested or reversal of accounting expenses associated with any LTI grant and the exclusion of long service leave expensed.

Table 1: Actual remuneration received by executive KMP

\$ YEAR ENDED 31 MARCH 2015	FIXED REMUNERATION	SHORT TERM INCENTIVE ^a	LONG TERM INCENTIVE (EARNED) ^b	TERMINATION BENEFITS	UNIVERSAL SHARE OWNERSHIP PLAN (USOP) ^c	OTHER BENEFITS ^d	TOTAL
Currently employed executive KMP as at 31 March 2015							
Rob Sindel	1,159,818	1,028,126	1,341,504	–	–	3,053	3,532,501
Greg Barnes	615,000	508,400	390,907	–	998	–	1,515,305
Total KMP	1,774,818	1,536,526	1,732,411	–	998	3,053	5,047,806

^a Represents the STI awarded for YEM15 inclusive of the 20% STI deferred amounts. These amounts, exclusive of the deferred amount, will be paid in YEM16. These STI awards represent 88% of Mr Sindel's maximum STI opportunity and 82% of Mr Barnes' maximum STI opportunity for YEM15.

^b Represents the value of any LTI awards that vested during YEM15. This is calculated based on the number of shares issued valued using the five day volume weighted average price (VWAP) prior to issue. Excludes the value of any unvested LTI granted, expensed or reversed during the year.

^c Represents the value of shares acquired in YEM15. Mr Barnes received 265 fully paid shares on 11 August 2014 at a price of \$3.77.

^d In YEM15, other benefits included travel expenditure for Mr Sindel and his spouse, all of which related directly to Company business. Mr Barnes had no reportable items.

REMUNERATION REPORT CONTINUED

Table 2: Senior executives – year on year remuneration analysis

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

The table below summarises the year on year change in total remuneration for senior executives. This analysis excludes the executive KMP, Mr Sindel and Mr Barnes. There were no termination payments made to any senior executives during the year. The year on year increase in total remuneration for senior executives was driven predominantly by the STI and LTI outcomes.

\$ YEAR ENDED 31 MARCH	FIXED REMUNERATION ^b	% CHANGE IN FIXED REMUNERATION	SHORT TERM INCENTIVE	LONG TERM INCENTIVE (EARNED) ^b	TERMINATION BENEFITS	USOP	OTHER BENEFITS ^c	TOTAL	% CHANGE IN TOTAL
Senior executives^a									
2014	3,025,278		1,730,682	–	–	3,996	50,621	4,810,577	
2015	3,165,581	4.6%	2,561,363	1,230,500	–	2,994	58,721	7,019,159	45.9%

a Senior executives are named in the introduction to this report. Other than two senior executives whose roles and remuneration were re-evaluated following market testing, the average increase in senior executives' fixed remuneration was 2.7% for YEM15.

b Represents the value of any LTI awards that vested during YEM15. This is calculated based on the number of shares issued valued using the five day VWAP prior to issue. Excludes the value of any unvested LTI granted, expensed or reversed during the year.

c Other benefits included travel expenditure and relocation costs, all relating to company business or contractual obligations. The comparative figure has been updated to reflect items that are not subject to fringe benefit tax.

Reviews undertaken of the remuneration framework

The CSR board continues to monitor the remuneration framework to ensure ongoing alignment with shareholders and market practice. Following a detailed review of the LTI plan, the board has determined two changes for the YEM16 Performance Rights Plan (PRP):

- (i) the performance period will be assessed over three years with the removal of the re-test on the fourth anniversary. In removing the re-test, there were no changes made to remuneration or the overall LTI quantum. Grants will continue to be made on face value; and
- (ii) the performance period for both TSR (Tranche A) and EPS (Tranche B) will be aligned to end on 31 March. Previously, the TSR tranche was assessed in July each year. This change is made to provide a simpler plan for shareholders and participants as well as administrators of the PRP.

Any other changes made by the CSR board will be disclosed in the YEM16 remuneration report.

B – THE REMUNERATION & HUMAN RESOURCES COMMITTEE'S ROLE

Whilst the board retains ultimate responsibility, CSR's remuneration policy is implemented by the board operating through its 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.

The role of the committee is to review and make recommendations to the board on (but not limited to):

- remuneration of NEDs;
- remuneration of the managing director and senior executives;
- incentive scheme policies and guidelines for executives;
- talent management – including succession planning;
- initiatives to improve and drive a strong performance culture; and
- diversity.

Throughout the year, the Remuneration & Human Resources Committee and management received information from external providers Ernst and Young, Hay Group, Herbert Smith Freehills, Mercer Consulting (Australia) Pty Ltd and Deloitte Touche Tohmatsu 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.

Support to the committee is provided through CSR's executive general manager – human resources.

No remuneration recommendations were sought from remuneration consultants during YEM15.

REMUNERATION REPORT CONTINUED

C – EXECUTIVE REMUNERATION POLICY

C1 – Key principles

Table 3 outlines the key principles on which CSR's executive remuneration policy are based:

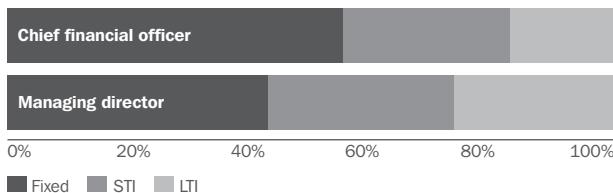
Table 3: Key principles of CSR's executive remuneration policy

Performance driven	Remuneration should reward executives based on annual performance against business plans and longer term shareholder returns. A significant proportion of executive remuneration should be 'at risk' and performance dependent. Performance measurement is mainly focused at the organisational level which best reflects the role's influence.
Alignment with shareholder interests	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 scheme for executive KMP and senior executives and the ability to forgo part of fixed remuneration to acquire shares. Executive KMP and senior executives are required to hold, or make progress to holding, a minimum CSR shareholding equivalent to 50% or more of their fixed remuneration.
Market-competitive remuneration opportunities	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.

C2 – Ensuring executive remuneration is performance driven

The variable components of remuneration (both short term and long term) are driven by challenging targets focused on both external and internal measures of financial and non-financial performance. Details of the performance measures used are set out in sections D2-STI plan and D3-LTI plans. Further detail on the link between performance and remuneration is set out in section E.

A significant proportion of executive remuneration is 'at risk'. The following target remuneration mix chart sets out the remuneration mix as fixed remuneration, on-target STI and half of the LTI expense (representing target LTI) for the chief financial officer and the managing director:



C3 – Alignment with shareholder interests

Executives' remuneration is aligned with shareholder interests via a significant emphasis on variable (incentive) remuneration. These awards are linked to short term and long term performance benchmarks that support CSR's business strategy and future success. LTI awards are in the form of CSR equity.

In order to encourage executive share ownership and further increase the alignment with shareholder interests, the STI deferral scheme was introduced in YEM12 and applies to STI payments made in respect of YEM12 and subsequent financial years. Executives can also forgo salary to acquire shares in CSR up to a maximum of \$5,000 annually.

C4 – Ensuring market-competitive remuneration

Executive remuneration is reviewed annually. CSR aims to provide market-competitive remuneration against jobs of comparable size and responsibility (as measured by the Hay Group job evaluation system and by position matching against equivalent roles from organisations with similar market capitalisation) 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.

D – EXECUTIVE REMUNERATION FRAMEWORK

The executive remuneration framework consists of:

Fixed remuneration	<ul style="list-style-type: none"> • base salary • superannuation • other short term benefits
Variable remuneration	<ul style="list-style-type: none"> • STI • LTI

D1 – Fixed remuneration

Fixed remuneration comprises base salary, superannuation and other short term benefits provided by the company.

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.

Base salary is reviewed annually or on promotion. There are no guaranteed base salary 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 section D4-Other equity incentive plans, up to a maximum salary sacrifice of \$5,000 annually.

D2 – Short Term Incentive plan

CSR's executives also participate in an STI plan. Typically, the STI plan is weighted 60% to financial metrics and 40% to individual metrics.

EBIT before significant items continued as the primary financial metric for the YEM15 STI plan. Significant items are excluded to ensure participants are rewarded for performance of the underlying business.

Return on funds employed (ROFE) continues to act as a secondary metric for the STI plan to ensure that the effectiveness with which capital is deployed within the business is measured and rewarded. In order to earn STI payments, ROFE goals were also required to be met as a secondary objective. Minimum ROFE gateways must be met in order to earn an incentive above threshold, target and stretch levels, while EBIT results determine the quantum of the incentive.

For YEM15, the chief financial officer had an STI opportunity of 50% of fixed remuneration for target level achievement against financial and individual objectives and a maximum opportunity for stretch performance of up to 100% of fixed remuneration. In YEM15, the managing director had an STI target opportunity of 70% of fixed remuneration and maximum opportunity for stretch performance of up to 100% of fixed remuneration. Where performance objectives are not achieved, the executive receives no STI for that financial year.

REMUNERATION REPORT CONTINUED

Table 4: Short Term Incentive plan – summary

Purpose	To drive individual and team performance to deliver annual business plans and increase shareholder value.
Frequency and timing	<ul style="list-style-type: none"> Awards are determined on an annual basis with performance measured over the year to 31 March. Payment is normally made in June following the end of the performance year.
Financial measures	<p>The quantum of any STI is determined by EBIT before significant items, which assesses the amount of pre-tax profit generated by the business. Financial performance for YEM15 STI awards was measured against EBIT that was assigned at the organisational level that best reflects the roles' influence. All executives and eligible employees had 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 YEM15 STI plan are:</p> <ul style="list-style-type: none"> corporate roles: EBIT* of CSR's operations (100%**); and business unit executive roles: business unit EBIT* (50%**) and CSR EBIT* (50%**). <p>ROFE was employed as a secondary metric to ensure that the effectiveness with which capital is deployed within the business is measured and rewarded. In order to earn STI payments, minimum ROFE thresholds must also be met in order to qualify for a STI payment at threshold, target or stretch levels.</p> <p>The financial targets are set each year by the managing director, in consultation with the business unit leaders and approved by the board. The managing director's targets are set each year by the board.</p> <p>Threshold financial performance was set at 90% 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 was set at 120% of the approved budget. These parameters apply at both the CSR and business unit level.</p> <p>* Before significant items. ** Expressed as a percentage of STI financial component. STI financial component typically comprises 60% of target STI.</p>
Individual objectives used (and rationale)	<p>Individual objectives are set for each participant, chosen because they are critical to CSR's short term and long term success, and are aligned to the business plan. These objectives include:</p> <ul style="list-style-type: none"> safety, health and environment; meeting customer needs and becoming supplier of choice; leadership and development of people; personal sales targets; operational improvement; restructuring and rationalisation plans; production targets; growth; and other personally-attributable budget goals.
Assessment of performance against measures	<p>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.</p> <p>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. The recommendations are then approved by the Remuneration & Human Resources Committee to ensure group-wide consistency.</p> <p>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 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 component will be at the discretion of the board.</p> <p>The payout, based on performance, is between a minimum of 0% and a maximum of 200% of target.</p>
Discretionary override	<p>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:</p> <ul style="list-style-type: none"> 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; 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).

REMUNERATION REPORT CONTINUED

Table 4: Short Term Incentive plan – summary (continued)

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. No payment will be made to participants who cease employment voluntarily, or have their employment terminated for inadequate performance or misconduct, before the end of the performance year.
Equity deferral	Under the STI deferral scheme, 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. 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 will be entitled to all dividend and voting entitlements applying to the shares held on 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, misstatement or misrepresentations.

D3 – Long Term Incentive plans**Purpose**

During the financial year, eligible executives were invited to participate in CSR's LTI program, which aims to:

- provide executives with performance rights in order to build their interest 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.

CSR's executive LTI plans

Under the PRP, participants are granted performance rights subject to a three year vesting period and associated performance hurdles. The YEM10 and YEM11 PRP performance hurdles were based on CSR's TSR over the performance period of three years with subsequent performance subject to a second and final test in years four and five. On vesting of performance rights, CSR shares will be provided at no cost to the participant. If there is no, or partial, vesting of the performance rights after the initial performance hurdle test, there will be opportunities for a second and final test of performance on the fourth and fifth grant date anniversaries (YEM10 and YEM11 plans only). 50% of the performance rights will vest if the TSR of CSR equals the median TSR of the constituents of the S&P/ASX 200 index (defined at date of grant), and 100% will vest for upper quartile performance.

In YEM12, two changes were made to PRP which have been applied consistently to all grants since that time. Firstly, the removal of the second re-test on the fifth year anniversary date. As a result, all grants from YEM12 have an initial three year performance period with a single and final re-test on the fourth anniversary. Secondly, the introduction of an additional performance condition based upon the annual compound EPS growth over the performance period. EPS is defined as net profit after tax per share and is calculated pre significant items. 50% of PRP grants are subject to CSR's TSR performance against the comparator group (Tranche A) and 50% are based upon compound EPS growth (Tranche B) relative to specified targets.

The following vesting schedules apply for these tranches for all PRPs from YEM12 to YEM15:

TSR OF CSR RELATIVE TO THE PEER GROUP	PROPORTION OF TRANCHE A TO VEST
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight-line vesting between 50% and 100% (e.g. each percentile improvement will result in an additional 2% vesting)
75th percentile or greater	100%

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%

Other features of the PRP are as follows:

- LTI participation eligibility is restricted to the managing director and his direct reports and other selected roles within CSR;
- under the PRP, participants are not entitled to dividends in respect of unvested performance rights; and
- consistent with the prohibitions under the Corporations Act 2001, the CSR Share Trading Policy prohibits participants hedging their exposure risk in relation to unvested performance rights or reducing the risk associated with the performance hurdles applicable to those performance rights in any way. Under the policy, participants forfeit their interest in unvested shares (i.e. shares that have not met the performance hurdles) if they enter into any hedging transaction in relation to those shares.

Historically, the CSR executive LTI plan was the Cash Award Share Plan (CASP). There have been no CASP grants since 2009. The 2009 CASP plan concluded on 20 July 2014 and no vesting condition was met.

On 3 March 2011, CSR shares underwent a 3:1 consolidation. The consolidation applied to existing grants under CSR's LTI plans which equated to a reduction in the number of shares or rights by two-thirds. The impact of the share consolidation on LTI grants to KMP under the PRP is disclosed in section G.

REMUNERATION REPORT CONTINUED

Operation of LTI plans for YEM15

The operation of the LTI plans for YEM15 is described in more detail below:

Table 5: Long Term Incentive plans – summary of the PRP

Participation	Managing director, direct reports and selected key roles are eligible subject to approval by the board.
Grant frequency	Grants are intended to be made on an annual basis.
Type of award	Grants of performance rights subject to service requirements and performance vesting criteria. If performance conditions are met, CSR shares will be purchased and transferred to participants. Refer to 'Performance period and conditions' below for more detail.
Vesting/ performance period	Under the YEM15 PRP, awards are initially 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. If some or all of the awards do not vest at the initial test date, they are carried forward and re-tested over a four year performance period to determine if any additional vesting is achieved.
Performance period and conditions	<p>For YEM12 to YEM15 PRP grants, two equally weighted (50%) performance hurdles are applied and assessed over the performance period as follows:</p> <p>(i) relative TSR (Tranche A)</p> <ul style="list-style-type: none"> • 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/ASX200 index defined at the start of the performance period; • if CSR's TSR equals the median TSR of the constituents of the S&P/ASX200 index over the performance period, 50% of the grant of performance rights will vest; • if CSR's TSR equals the upper quartile TSR of the constituents of the S&P/ASX200 index over the performance period, 100% of the grant of performance rights will vest; • for TSR performance between the median and the upper quartile TSR of the constituents of the S&P/ASX 200 index over the performance period, each percentile improvement will result in an additional 2% vesting (i.e. straight-line vesting between 50% and 100%); • to the extent that performance rights have not vested following the three year testing dates, the performance period will be extended by 12 months; and • for the purposes of the TSR calculation, the start and end share prices will be calculated based on ten trading day VWAP. <p>The initial testing period for YEM15 awards commenced on 23 July 2014, finishes on or around 22 July 2017, and can extend to 22 July 2018 or such other period as the board dictates.</p> <p>(ii) EPS (Tranche B)</p> <ul style="list-style-type: none"> • the annual compound EPS growth over the period from commencement of the performance period to the test date; • EPS is defined as net profit after tax per share pre significant items. The board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one off costs; • the board sets a threshold vesting schedule of 7% compound growth in EPS per year. In the event that this 7% compound growth in EPS is achieved, then 50% of this component would vest progressing on a straight-line basis to 100% vesting for achieving a 12% compound growth in EPS; • to the extent any performance rights that are tested against this hurdle remain unvested at the end of the initial three year period, the performance period will be extended and performance will be subject to a second and final test at the end of the four year period; and • the second and final test at the end of the four year period will be done based on the entire applicable four year period (i.e. the EPS targets will be compounded for four years rather than three). <p>The initial testing period for YEM15 awards commenced on 1 April 2014, finishes on 31 March 2017, and can extend to 31 March 2018 or such other period as the board dictates.</p> <p>For either tranche, participants will forfeit their interests in any performance rights that remain unvested after the second and final test.</p> <p>Performance for both tranches is measured over this period to ensure that the long term measurement of performance under the plan is not distorted by business and commodity cycles or capital investment decisions.</p>

REMUNERATION REPORT CONTINUED

Table 5: Long Term Incentive plans – summary of the PRP (continued)

How is performance assessed and why is it assessed that way?	<p>Performance is assessed against the performance conditions set by CSR based on publicly available data.</p> <p>TSR performance compared to the constituents of the S&P/ASX 200 index is considered appropriate given CSR's size and mix of businesses.</p> <p>EPS performance hurdles were implemented in YEM12 and consistently applied for all subsequent grants. Compound growth in EPS assesses the success of the business in generating continued growth in earnings and aligns the effort of senior executives with shareholder interests.</p>
Treatment of dividends	There is no entitlement to dividends on performance rights under the plan during the vesting period.
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 existing and unvested performance rights that would be awarded to the participant if and when performance rights vest. 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.
Sales restrictions post vesting	Shares acquired by participants on the vesting of performance rights will be transferred to participants and are subject to the CSR share trading policy.
Treatment of unvested and vested awards on cessation of employment	<p>Unvested awards Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interests in the unvested shares.</p> <p>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.</p> <p>Vested awards Awards that have vested are transferred to participants immediately at the time of vesting.</p>
Treatment of unvested and vested awards on change of control	<p>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.</p> <p>Vested awards Awards that have vested are transferred to participants at the time of vesting.</p>
Prohibition of hedging arrangements	<p>Participants will forfeit their interest in unvested shares if they enter any hedging transaction in relation to those shares in breach of the board's policy outlined above.</p> <p>At 31 March 2015, 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.</p>

REMUNERATION REPORT CONTINUED

The following table summarises the key dates and current status of the current outstanding LTI awards:

Table 6: Status and key dates – outstanding PRP awards

GRANT DATE	VALUATION PER RIGHT ^a	HOLDING PERIOD	PERFORMANCE TESTING WINDOWS (PERFORMANCE TEST STARTS FROM DATE OF GRANT)	EXPIRY DATE (IF HURDLE NOT MET)	PERFORMANCE STATUS ^b
24 July 2009 (YEM10)	\$1.06	24 July 2009 to 23 July 2012	24 July 2012 to 23 July 2014	24 July 2014	Performance condition (TSR) met at 50th percentile in July 2014, resulting in 50% vesting of the allocation grant. Balance of unvested rights lapsed.
24 July 2010 (YEM11)	\$1.23	24 July 2010 to 23 July 2013	24 July 2013 to 23 July 2015	24 July 2015	Performance condition (TSR) met at 51st percentile in July 2014, resulting in 52% vesting of the allocation grant. Final test due in July 2015.
23 July 2011 (YEM12)	Tranche A (TSR) \$1.49 Tranche B (EPS) \$2.27	23 July 2011 to 22 July 2014	23 July 2014 to 22 July 2015 (Tranche A) 1 April 2014 to 31 March 2015 (Tranche B) ^c	23 July 2015	Performance condition met for Tranche A (TSR) at 68th percentile in July 2014, resulting in 86% vesting of the allocation grant. Final test for TSR due in July 2015.
23 July 2012 (YEM13)	Tranche A (TSR) \$0.62 Tranche B (EPS) \$0.93	23 July 2012 to 22 July 2015	23 July 2015 to 22 July 2016 (Tranche A) 1 April 2015 to 31 March 2016 (Tranche B) ^d	23 July 2016	Performance testing window not yet commenced for Tranche A.
23 July 2013 (YEM14)	Tranche A (TSR) \$1.23 Tranche B (EPS) \$1.82	23 July 2013 to 22 July 2016	23 July 2016 to 22 July 2017 (Tranche A) 1 April 2016 to 31 March 2017 (Tranche B)	23 July 2017	Performance testing window not yet commenced.
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	Performance testing window not yet commenced.

a The value of performance rights at grant date calculated in accordance with AASB2 Share-based Payments. Valuations are performed by a third party, Ernst and Young.

b 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 2015 and up to the date of this report:

c Tranche B (EPS) for YEM12 was deemed by the board to not have met the performance condition resulting in all 568,475 rights lapsing.

d Tranche B (EPS) for YEM13 was deemed by the board to have met the 12% compound growth performance condition required for maximum (100%) vesting resulting in 1,263,724 rights vesting. No further testing is necessary for this tranche. The value of these shares has not yet been determined and will be disclosed in the YEM16 remuneration report.

REMUNERATION REPORT CONTINUED

Review of LTI plan

The board conducted a review of the LTI plan, specifically focused on EPS targets, the use of re-tests and aligning the performance periods for TSR and EPS. A summary of the review, and changes for the YEM16 PRP, are detailed below:

1. EPS targets

- (a) When the EPS performance hurdle was introduced in YEM12, the board adopted a “through the cycle” approach to setting EPS targets, recognising the business is exposed to both the construction and commodity cycle. The analysis confirmed that there is significant volatility in EPS for CSR and the broader industry associated with this cyclical. The board determined that a consistent approach to setting “through the cycle” targets would be more aligned with shareholders than adjusting EPS targets each year. In considering alternatives to the “through the cycle” approach, the board noted the inherent difficulty of setting EPS targets each year given the volatility of the industry, the potential for triggering vesting in the down cycle when shareholder returns are likely to reduce as well as complexity for shareholders and participants;
- (b) The board assessed whether the current hurdles of 7%-12% compound annual EPS growth for target and stretch performance were sufficiently demanding, by undertaking an historical assessment over the last 11 years (through the cycle). This analysis was completed for CSR and a comparator group of 12 other companies in the industry. In summary over that period the performance hurdle required for vesting would have been met on 3 occasions for CSR and on average 4.2 times for the comparator group; and
- (c) The board also reviewed internal EPS projections and that of market consensus, along with EPS targets adopted by other companies in the comparator group. The board noted that CSR's 7%-12% compound annual EPS growth for target and stretch performance are higher than many in the comparator group;

2. The use of re-tests

- (a) Re-tests have historically been a common part of CSR's LTI plans given the cyclical nature of the construction and commodity business in which CSR operates;
- (b) The board consistently reviews the use of re-tests and how it compares with market practice. In YEM12, the board reduced the use of re-tests to a single re-test on the fourth anniversary date for all subsequent grants from YEM12; and
- (c) The board noted the broader trend in market practice of removing re-tests from LTI plans and determined to remove them from future PRPs; and

Table 7: USOP

Purpose	To encourage share ownership through enabling executives and employees to benefit from a favourable Australian tax treatment (\$1,000 tax exemption available where certain conditions are met).
Participation	All executives and employees (except executive directors), who have the equivalent of at least one year's service.
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.
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.
Absence of a performance condition	The USOP grants are designed to encourage share ownership among the broad employee population and therefore do not have any performance conditions attached.
Dividends and voting rights	Participants are entitled to dividends and have full voting rights during the three year holding period.

The CSR board has approved making an offer to eligible employees under the USOP for YEM16. CSR shares will be purchased on market to meet the USOP participation by eligible CSR employees.

3. Aligning the performance period for TSR and EPS

All PRPs on foot currently have different performance test dates for TSR (which is measured in late July) and EPS (which is measured at 31 March). This generates complexity for shareholders and participants and creates unnecessary costs for administrators of the plan.

Conclusion for the YEM16 PRP

- (i) The consistent approach to setting EPS growth targets “through the cycle” and the current EPS hurdles of 7%-12% compound annual growth for target and stretch performance are sufficiently demanding and strongly aligned with shareholders' interests.
- (ii) The use of re-tests will be removed from the YEM16 PRP. As such, the YEM16 PRP will be determined over a single three year performance period. There will be no changes to the PRP grant value or any other form of remuneration. Face value will continue to be used to determine the number of rights awarded in each plan.
- (iii) The performance period for both EPS and TSR will be aligned to an end date of 31 March for the YEM16 and subsequent PRPs. This change is made to provide a simpler plan for shareholders and participants while reducing costs for administrators of the plan.

D4 – Other equity incentive plans

Employee Share Acquisition Plan (ESAP)

The ESAP currently serves to encourage equity ownership by allowing directors and employees to 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. Participants are entitled to dividends and other distributions on shares held by the trustee on their behalf and can instruct the trustee how to vote their shares at CSR annual general meetings. As participants forgo part of their salary to acquire the shares, no performance conditions apply to shares acquired under this part of the ESAP.

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 seven years.

Universal Share Ownership Plan (USOP)

The USOP provides all eligible CSR employees with the opportunity to link their interests more closely with those of other shareholders by buying company shares and working to improve their value. The current plan is summarised in the following USOP table:

REMUNERATION REPORT CONTINUED

E – LINK BETWEEN REMUNERATION AND COMPANY PERFORMANCE

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

STI payments are based on a variety of performance metrics, both financial and non-financial:

Financial – The key financial measure in YEM15 for determining the value of STI payments was EBIT before significant items (while ROFE was maintained as an qualifying metric). Significant items (both positive and negative) are excluded when measuring performance for STIs as they are not considered part of ordinary trading results. CSR's earnings and other performance measures are affected by external economic factors, including global aluminium prices and foreign exchange rates. CSR's dividend policy is to pay dividends to shareholders based on net profit after tax before significant items.

Building on the improved financial performance in YEM14, the YEM15 EBIT (pre-significant items) performance of CSR's businesses improved significantly increasing by 87% to \$235.4 million. Net profit after tax (pre significant items) increased by 82% to \$146.5 million. ROFE for CSR was 18.4%.

The improvements in financial performance and specifically EBIT results exceeded the stretch EBIT target for STIs set by the board. All business units made strong improvements in EBIT performance, reflecting prior years restructuring, continued focus on customer service, cost control and business growth. EBIT in Building Products also benefited from improvements in the residential construction market. Aluminium EBIT also improved significantly year on year with improvements in plant performance, production cost and AUD aluminium prices. The property business made a strong contribution to EBIT and good progress on our long term portfolio.

The following table provides reported financial information on which STIs have been based for the last five years. Note that CSR disposed of a significant proportion of its business and undertook a share consolidation during YEM11, therefore making the YEM11 information not directly comparable.

Refer to detailed footnotes for explanation.

Table 8: Key financials

YEAR ENDED 31 MARCH ¹	2015	2014 Restated ⁸	2013 Restated ^{7,8}	2012 Restated ⁸	2011 Restated ⁸
EBIT (\$ million) ²	235.4	125.7	68.1	156.7	212.0
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$ million) ²	313.2	202.5	157.4	246.3	308.0
Total Equity (\$ million)	1,206.0	1,157.2	1,086.6	1,278.7	1,281.3
ROFE (%) ³	18.4	9.9	5.0	10.4	13.5
Net profit before significant items (\$ million)	146.5	80.5	41.4	104.1	103.4
Net profit (loss) after significant items (\$ million)	125.5	88.1	(150.0)	76.3	(78.0)
Basic earnings per share before significant items (cents) ⁴	29.1	16.0	8.2	20.6	20.4
Dividend per share (cents) ⁵	20.0	10.0	5.1	13.0	17.4
Share price as at 31 March (\$) ⁶	4.03	3.51	2.06	1.80	3.28

1 All years represent results for the full CSR group operations for the year, with the exception of 2011 which represents results from continuing operations only (i.e. excludes Sucrogen and Asian insulation businesses sold during the financial year).

2 EBIT and EBITDA exclude significant items. EBIT represents the primary financial metric used in the YEM15 STI plan.

3 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.

4 EPS excludes significant items and is based on net profit after tax. EPS results for 2011 reflect the impact of the 3:1 share consolidation on 3 March 2011.

5 The YEM11 interim and special dividend has not been adjusted for the impact of the 3:1 share consolidation.

6 2011 share price represents the CSR share price after the 3:1 share consolidation on 3 March 2011.

7 On 1 April 2013, the CSR group adopted AASB 119 Employee Benefits (revised), resulting in a change in accounting policy and a restatement of balances for the financial year ended 31 March 2013.

8 From 1 April 2014, the discount unwind of the product liability provision was transferred from finance costs to significant items to allow for better interpretation of the CSR group financial performance, given its non-trading nature. The comparative years disclosed in the table above have also been restated to reflect this change.

REMUNERATION REPORT CONTINUED

Non-financial

In YEM15, payments approved by the board for the non-financial component of the STI averaged across executive KMP and senior executives were marginally ahead of target. The following table provides some examples of key performance measures used in YEM15 to assess executive performance in the non-financial component of the STI:

PERFORMANCE AREA	MEASURE	OUTCOME
Workplace Health, Safety and Environment	Year on Year Reduction in: Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR)	On Target LTIFR reduced by 31%. TRIFR reduced by 22%.
	Leading Safety Indicators	Achieving ahead of 90% target on Injury Prevention Indicator.
	Energy Reduction	On target to deliver a 2.85% reduction at major facilities versus a target reduction of 2.5%.
People and Culture		On Target
	Leadership Development	Investment and sponsorship of the CSR leadership programs.
	Succession	Bi-annual talent and succession reviews completed and actions implemented.
	Culture and Employee Engagement	In YEM15, all dimensions of CSR's culture improved.
	Diversity	These measures are important in delivering CSR's overall business strategy and the full set of measureable objectives are set out in the corporate governance section of the annual report. CSR's female participation in the business continues to increase and is now at 16.7%. Promotions across the business for women also increased from 29% to 30% during the year.
Innovation and Growth	Product Development	On Target Each business has targets to develop and introduce new products e.g. lightweight ceiling board launched in September 2014.
	Growth from New Business or Acquisitions	Bricks joint venture progressed with completion achieved on 1 May 2015. AFS and Martini acquisitions completed as well as a number of other smaller bolt on acquisitions.
Customer		On Target
	Customer Service	Each business unit has a range of customer service metrics that are monitored during the year.
	Digital Strategy	Development of solutions to provide more flexibility and better service through the digital CSR Connect platform.

LTI 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 against the constituents of the S&P/ASX 200 index and EPS growth.

CSR's TSR improved significantly against that of the S&P/ASX 200 index for YEM15, resulting in partial vesting of the YEM10, YEM11 and YEM12 PRPs.

Subsequent to 31 March 2015, and up to the date of this report:

- the EPS tranche of the YEM12 PRP grant did not meet the performance condition required, resulting in no vesting and all rights lapsing.
- the EPS tranche of the YEM13 PRP grant met the performance condition resulting in all rights vesting.

During YEM15, the CASP was terminated and all shares in the plan were forfeited as the performance hurdles were not met.

REMUNERATION REPORT CONTINUED

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

	FINANCIAL PERFORMANCE			STI			LTI		VESTED VALUE – SENIOR EXECUTIVES (\$ MILLION)
	EBIT (\$ MILLION) ^a	TSR (%) ^b	EPS (CENTS) ^a	EXECUTIVE KMP (\$ MILLION)	SENIOR EXECUTIVE (\$ MILLION)	ALL ELIGIBLE EMPLOYEES (\$ MILLION)	ALL ELIGIBLE EMPLOYEES STI AS A % OF EBIT	VESTED VALUE – KMP (\$ MILLION)	
YEM13	68.1	27.0	8.2	–	0.5	3.5	5.1%	–	–
YEM14	125.7	74.6	16.0	1.3	1.7	13.4	10.7%	–	–
YEM15	235.4	17.3	29.1	1.5 ^c	2.6 ^c	21.1 ^c	9.0%	1.7	1.2

a EBIT and EPS are calculated pre significant items.

b TSR calculation for YEM sourced from Bloomberg.

c Represents approved and expensed STI for YEM15 but at the time of writing this report, this amount has not yet been paid.

F – EXECUTIVE SERVICES AGREEMENTS

F1 – MANAGING DIRECTOR – EXECUTIVE SERVICES AGREEMENT

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

Table 9: Managing director's remuneration package

Fixed remuneration	The managing director receives annual fixed remuneration of \$1,168,325 inclusive of superannuation contributions effective from 1 July 2014. Fixed remuneration is reviewed annually commencing 1 July 2015.
STI	The annual maximum STI opportunity is 100% of annual fixed 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 and 40% on individual performance.
LTI	The managing director is able to participate in the PRP. The value of any award of performance rights he may earn is currently set at a maximum of 120% of annual fixed remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section D3 for details).

There was no sign-on incentive associated with Mr Sindel's appointment as managing director.

The contract is for an indefinite duration. Under the Executive Services Agreement, 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.

F2 – CHIEF FINANCIAL OFFICER – EXECUTIVE SERVICES AGREEMENT

Greg Barnes was appointed as chief financial officer of CSR effective 1 December 2010. Mr Barnes' remuneration package is summarised as follows:

Table 10: Chief financial officer's remuneration package

Fixed remuneration	The chief financial officer receives annual fixed remuneration of \$620,000 inclusive of superannuation contributions effective from 1 July 2014. Fixed remuneration is reviewed annually commencing 1 July 2015.
STI	The annual maximum STI opportunity is 100% of annual fixed 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 and 40% on individual performance.
LTI	The chief financial officer is able to participate in the PRP. The potential value of any award of performance rights he may earn is set at a maximum of 60% of annual fixed remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section D3 for details).

There was no sign-on incentive associated with Mr Barnes' appointment as chief financial officer.

The contract is for an indefinite duration. Under the Executive Services Agreement, Mr Barnes' employment can be terminated by:

- the company giving him six months' notice of termination; or
- Mr Barnes giving three months' notice of resignation.

REMUNERATION REPORT CONTINUED

Under their Executive Services Agreements, Mr Sindel's and Mr Barnes' incentives are treated in the event of termination, or a change of control, as follows:

Table 11: Treatment of the managing director's and chief financial officer's incentives on termination

CIRCUMSTANCE	SHORT TERM INCENTIVE ^a	LONG TERM INCENTIVE	
		UNVESTED PERFORMANCE RIGHTS	SHARES ALLOCATED IN RESPECT OF VESTED PERFORMANCE RIGHTS
Immediate termination for cause	No STI payable and clawback provisions may apply	Rights are forfeited	Shares are not subject to restriction after vesting
Resignation	Board discretion to award STI on a pro-rata basis	Rights are forfeited unless board determines otherwise	Shares are not subject to restriction after vesting
Notice by company	Board discretion to award STI on a pro-rata basis	Board discretion to allow awards to vest or remain subject to performance hurdles after termination on a pro-rata basis	Shares are not subject to restriction after vesting
Good Leaver, retirement, redundancy, death or permanent disability	Board discretion to award STI on a pro-rata basis	Board discretion to allow awards to vest or remain subject to performance hurdles after termination on a pro-rata basis	Shares are not subject to restriction after vesting
Change of control and subsequent material change to managing director's role^b	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	Shares are not subject to restriction after vesting

a Any STI payments will be paid according to the normal annual STI payment time frame (i.e. payment timing will not be accelerated).

b 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.

G – REMUNERATION AND SHAREHOLDINGS FOR YEM15 (AND COMPARATIVES)

Managing director's and chief financial officer's long term incentives and STI deferral

Note – number of performance rights granted under the PRP represents the maximum award for stretch performance.

RIGHTS GRANTED UNDER THE PRP	NUMBER OF PERFORMANCE RIGHTS					
	RIGHTS BALANCE AT 1 APRIL	RIGHTS GRANTED	RIGHTS VESTED ^a	RIGHTS LAPSED ^b	RIGHTS BALANCE AT 31 MARCH	CSR SHARES ELIGIBLE AT VESTING ^d
Managing director						
Rob Sindel	YEM14	1,513,312	682,215	–	2,195,527	2,292,651
	YEM15	2,195,527	414,581^c	(331,493)	(78,899)	2,199,716
Chief financial officer						
Greg Barnes	YEM14	473,741	160,923	–	634,664	665,363
	YEM15	634,664	100,953	(95,331)	(22,543)	617,743
						625,115

a The following rights vested to ordinary shares on 6 November 2014 as approved by the board:

Mr Sindel YEM10 (rights vested 78,899; shares awarded 105,523), YEM11 (rights vested 68,135; shares awarded 91,127) and YEM12 (rights vested and shares awarded 184,459). The value of each of these shares was \$3.52, representing a total value to Mr Sindel of \$1,341,504.

Mr Barnes YEM10 (rights vested 22,543; shares awarded 30,150), YEM11 (rights vested 24,048; shares awarded 32,163) and YEM12 (rights vested and shares awarded 48,740). The value of each of these shares was \$3.52, representing a total value to Mr Barnes of \$390,907.

It does not include vested rights of Tranche B (EPS) from the YEM13 PRP that were approved by the board subsequent to 31 March 2015 but prior to the date of this report. These approved rights represented 399,248 and 134,969 shares respectively for Mr Sindel and Mr Barnes.

b Represents the number of rights that lapsed for Mr Sindel and Mr Barnes from the YEM10 PRP. This does not include rights lapsed from the YEM12 EPS tranche, that failed to meet its performance condition as deemed by the board, subsequent to 31 March 2015 but prior to the date of this report.

c Represents the correct number of rights issued for the YEM15 PRP following approval of the 345,485 rights at the 2014 annual general meeting and top-up adjustment for the administrative error disclosed at the time. This maximum amount of rights for the YEM15 plan is consistent with Mr Sindel's employment contract.

d Represents the number of shares that will be granted to executive KMP if all outstanding performance rights vest. For grants on issue at the date of the CSR return of capital on 3 March 2011, each performance right is worth 1.337 CSR shares on vesting. All grants made after this date are eligible for one CSR share per one performance right on vesting. Shares acquired on vesting are fully paid ordinary shares and the amount payable by executive KMP to acquire these shares is nil.

REMUNERATION REPORT CONTINUED

STI DEFERRED SHARES	NUMBER OF STI DEFERRED SHARES				BALANCE AT 31 MARCH ^c
	BALANCE AT 1 APRIL	GRANTED ^a	VESTED ^b	LAPSED	
Managing director					
Rob Sindel	YEM14 YEM15	33,836 33,836	— 52,221	— (33,836)	— 52,221
Chief financial officer					
Greg Barnes	YEM14 YEM15	17,570 17,570	— 23,771	— (17,570)	— 23,771

a The value of deferred shares provided to Mr Sindel and Mr Barnes at grant date was \$3.37 per share. These shares were granted on 2 June 2014 and will vest on 31 March 2016 consistent with the STI deferral scheme.

b The value of vested shares provided to Mr Sindel and Mr Barnes at grant date was \$1.63 per share. These shares vested on 31 March 2014 consistent with the STI deferral scheme.

c Shares for the deferred portion for the YEM15 STI will be granted in May 2015. The number of shares will depend on the ten day VWAP prior to the May 2015 trading window.

Rights on issue

This table presents all performance rights on issue for all participants:

	NUMBER OF PERFORMANCE RIGHTS				
	BALANCE AT 1 APRIL 2014	YEM15 RIGHTS GRANTED	YEM15 VESTED ^a	YEM15 RIGHTS LAPSED ^b	BALANCE 31 MARCH 2015 ^c
Performance rights	6,507,267	1,036,004	(1,087,676)	(374,282)	6,081,313

a Represents rights vested for meeting a performance condition.

b Represents rights forfeited where a plan exceeded its final test date or where a participant's employment was terminated.

c Subsequent to 31 March 2015 and up to the date of this report:

Tranche B (EPS) for YEM12 was deemed by the board not to have met the performance conditions resulting in 568,475 rights lapsing.

Tranche B (EPS) for YEM13 was deemed by the board to have met the 12% compound growth performance condition required for maximum (100%) vesting resulting in 1,263,724 rights vesting.

The total number of performance rights on issue as at the date of this report is 4,249,114.

Managing director's and chief financial officer's shareholdings^a

	NUMBER OF CSR SHARES				
	BALANCE AT 1 APRIL 2014	INCLUDED IN REMUNERATION	ACQUIRED ^b	SOLD OR TRANSFERRED	BALANCE AT 31 MARCH 2015
Managing director					
Rob Sindel	YEM14 YEM15	110,602 114,818	— —	4,216 437,069	— (200,000) 351,887
Chief financial officer					
Greg Barnes	YEM14 YEM15	30,413 33,570	— —	3,157 136,851	— — 170,421

a CSR shares in which the senior executive has a beneficial interest, including shares held by the CSR share plan trustee for vested shares from the PRP and STI deferral scheme, by the ESAP trustee or via their related parties. It also includes spouse shareholdings.

b Includes shares allocated upon vesting of rights under the PRP, shares acquired under the STI deferral scheme and acquired through ESAP or USOP as detailed earlier in this report.

REMUNERATION REPORT CONTINUED

Managing director's and chief financial officer's remuneration

The remuneration table below shows an increase in total remuneration expensed for accounting purposes for executive KMP in YEM15 compared with YEM14. The STI and LTI expense in YEM15 accounts for the significant majority of the change in total expensed remuneration year on year.

\$ YEAR ENDED 31 MARCH	FIXED ^a			VARIABLE			'AT RISK'		
	CASH SALARY	SUPERANNUATION	ANNUAL LEAVE AND LONG SERVICE LEAVE	OTHER BENEFITS ^b	STI EXPENSE ^c	LTI EXPENSE ^d	TOTAL	STI ^e	LTI ^f
Managing director – Rob Sindel									
2014	1,107,258	17,449	47,201	7,481	781,790	632,099	2,593,278	30%	24%
2015	1,141,287	18,531	67,714	3,053	949,829	903,058	3,083,472	31%	29%
Chief financial officer – Greg Barnes									
2014	570,051	17,449	17,096	999	357,037	180,536	1,143,168	31%	16%
2015	596,469	18,531	32,591	998	467,373	238,604	1,354,566	35%	18%

a Fixed remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative minimums), motor vehicles and certain other benefits.

b In YEM15 and YEM14, included travel expenditure for Mr Sindel and his spouse, all of which directly related to company business. Mr Barnes had no reportable items in travel expenditure but participated in the USOP in YEM15 and YEM14.

c The minimum entitlement to an STI payment is zero and the target entitlement as a % of fixed remuneration for YEM15 is 50% for the chief financial officer and 70% for the managing director. Maximum potential STI entitlement is 100% of fixed remuneration. STI payments may be allocated at the executive's discretion to cash or additional superannuation contributions. Under the STI deferral scheme rules, 20% of the STI value will be deferred into CSR shares.

d 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. Expenses are net of any reversal of accounting expenses for grants associated with EPS performance hurdles that were reassessed during YEM13.

e STI as a percentage of total remuneration.

f LTI as a percentage of total remuneration.

H – NON-EXECUTIVE DIRECTOR REMUNERATION

ROLE	ANNUAL FEE FOR YEM15
Chairman base fees	\$327,025
Other NED base fees (including one committee membership)	\$130,810
Chairman of the Risk & Audit Committee	An additional \$30,000
Chairman of the Remuneration & Human Resources Committee	An additional \$20,000
Chairman of the Workplace Health, Safety & Environment Committee	An additional \$20,000
Additional committee membership	An additional \$10,000 per additional committee (applies to NEDs other than the chairman)

All fees are exclusive of any Superannuation Guarantee Contribution (SGC).

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.

No retirement allowances are payable to NEDs.

Following extensive market benchmarking in YEM15, a 2.75% fee increase will apply to the chairman's base fees and other NED base fees. These increases were effective 1 April 2015 (YEM16).

REMUNERATION REPORT CONTINUED

Non-executive directors' shareholdings^a

		YEM14	BALANCE	INCLUDED IN	NUMBER OF CSR SHARES		BALANCE AT 31 MARCH
			AT 1 APRIL	REMUNERATION	ACQUIRED	SOLD OR TRANSFERRED	
Kathleen Conlon		YEM14	34,806	–	2,443	–	37,249
		YEM15	37,249	–	1,770	–	39,019
Ray Horsburgh		YEM14	35,500	–	–	–	n/a
(retired 20 August 2013)		YEM15	–	–	–	–	–
Michael Ihlein		YEM14	53,338	–	2,204	–	55,542
		YEM15	55,542	–	1,434	–	56,976
Rebecca McGrath		YEM14	13,608	–	12,200	–	25,808
		YEM15	25,808	–	1,675	–	27,483
Matthew Quinn		YEM14	–	–	15,000	–	15,000
		YEM15	15,000	–	587	–	15,587
Jeremy Sutcliffe (chairman)		YEM14	127,596	–	–	–	127,596
		YEM15	127,596	–	–	–	127,596

a CSR shares in which the director has a beneficial interest, including shares held under the ESAP trust or via related parties.

Non-executive directors' remuneration

YEAR ENDED 31 MARCH		DIRECTORS' FEES	TERMINATION BENEFITS	SUPERANNUATION	TOTAL
Kathleen Conlon	YEM14	147,000	–	13,506	160,506
	YEM15	150,810	–	14,233	165,043
Ray Horsburgh	YEM14	55,833	–	1,958	57,791
(retired 20 August 2013)	YEM15	–	–	–	–
Michael Ihlein	YEM14	157,000	–	14,424	171,424
	YEM15	160,810	–	15,176	175,986
Rebecca McGrath	YEM14	141,028	–	12,959	153,987
	YEM15	150,810	–	14,233	165,043
Matthew Quinn	YEM14	84,355	–	7,803	92,158
	YEM15	140,810	–	13,289	154,099
Jeremy Sutcliffe (chairman) ^a	YEM14	329,221	–	17,449	346,670
	YEM15	339,357	–	18,531	357,888
Total non-executive directors	YEM14	914,437	–	68,099	982,536
	YEM15	942,597	–	75,462	1,018,059

a Effective 1 July 2014, Jeremy Sutcliffe's SGC was reduced from 9.5% of his base director's fees to the capped minimum SGC. His base fees increased by the difference between the employer's SGC requirement and the minimum SGC cap. The application of these arrangements continued in YEM15 consistent with any changes in SGC legislative requirements.

Other transactions

There were no other transactions, including loans between CSR and KMP (including their related parties), during YEM14 and YEM15.

DIRECTORS' REPORT

The board of directors of CSR Limited (CSR) present its report of the consolidated entity, being CSR and its controlled entities (CSR group), for the year ended 31 March 2015 and the auditor's report thereon. Information in the annual report referred to in this report, including the remuneration report, the corporate governance statement as well as any information contained in a note to the financial statements referred to in this report, forms part of, and is to be read as part of, this report.

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 2015 is set out on the inside front cover to page 3 and pages 43 to 93 of the annual report.

SUMMARY OF CONSOLIDATED RESULTS

Net profit after tax (pre significant items) was \$146.5 million compared to \$80.5 million for the previous year.

Statutory net profit after tax was \$125.5 million, which included a significant items charge of \$21.0 million after tax. Significant items include the discount unwind expense, to record the asbestos related provision in present value terms, and restructuring costs. This compares to statutory net profit of \$88.1 million for the year ended 31 March 2014, which included the benefit of a \$33.0 million (pre tax) reduction in asbestos liabilities.

Tax expense of \$63.1 million (pre significant items) was up from \$27.7 million due to the increase in pre tax profits. CSR's effective tax rate for the full year was 27.3%, an increase from 23.2% in the previous year. The increase in the effective tax rate mainly reflects improved profitability of controlled businesses relative to associates which are reported on an after tax basis.

Net cash position of \$68.4 million improved by \$96.9 million since 31 March 2014, despite funding \$38.1 million in acquisitions, including AFS, during the period. This improvement reflects increased underlying operating cash flows as a result of higher earnings and working capital management, further year on year reductions in asbestos liability payments, as well as an increase in net Property cash flows.

Capital expenditure (excluding Property) was \$56.0 million during the period, up from \$52.7 million last year. Of this total, \$32.1 million was for stay-in-business projects and \$23.9 million was development related capital expenditure including factory upgrades in bricks and investment in warehouse automation. Capital expenditure represented 72% of depreciation.

As at 31 March 2015, the product liability provision was \$350.7 million, the lowest level in ten years, due to a decrease in future estimated claims in the United States. This provision includes a prudential margin of \$56.5 million or 19.2% above the combined estimate of the independent experts in Australia and the United States. CSR paid asbestos related claims of \$31.1 million (including legal costs) down 8% from \$33.8 million last year.

Note 1 (segment information) to the financial statements on page 55 provides a breakdown of operating results by business segment and supporting comments are provided below:

BUILDING PRODUCTS

Building Products trading revenue was \$1.2 billion, up 18% with higher volumes across all products and improved margins in most product categories. Excluding acquisitions, revenues were up 13%.

EBIT was up 31% with earnings growth across all businesses, reflecting the benefit of higher sales volumes, improved factory performance and recent acquisitions.

EBIT was also impacted by planned shutdowns at the Schofields and Horsley Park brick facilities to deliver efficiency improvements, as well as further investment in new brick products.

EBIT margin increased by one percentage point to 10.0%. Profitability also improved in the second half of the year with EBIT margins increasing 1.6 percentage point to 9.6% year on year as improved volume, pricing and product mix took effect.

GLASS (VIRIDIAN)

Viridian trading revenue of \$279.3 million was up 7% from \$262.0 million following the benefit of pricing initiatives and higher volumes driven by market demand.

Viridian recorded a positive EBIT of \$3.1 million, up from the EBIT loss of \$14.9 million in the prior year. The return to profitability is ahead of schedule following restructuring initiatives launched in March 2013 which included improved utilisation of the float glass manufacturing facility at Dandenong in Victoria and the closure of some underperforming sites. New Zealand operations also improved driven by strong construction activity and operational improvement initiatives.

ALUMINIUM (GAF)

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 202,423 tonnes were 3.5% higher as productivity initiatives drove increased production at Tomago. Trading revenue of \$532.9 million was up 17%, reflecting the increased sales volumes and higher realised prices which included the effects of hedging and premiums.

EBIT of \$104.3 million was up 101%, with the EBIT margin improving to 19.6% from 11.4% due to the higher realised price, increased production volumes and continued operational improvements at the Tomago smelter.

PROPERTY

Property recorded EBIT of \$30.2 million up from \$17.3 million in the previous year. The result includes the first tranche of the sale of the multi-residential development site at New Lynn located southwest of Auckland completed in December 2014.

The result also includes the sale of sites at Pyrmont and surplus industrial land at Ingleburn in Sydney, both of which completed in the first half of the year.

SIGNIFICANT CHANGES

There have been no significant changes to the CSR group in the financial year ended 31 March 2015.

EVENTS AFTER BALANCE DATE

On 1 May 2015, CSR completed the formation of a joint venture with Boral Limited to combine their Australian east coast brick operations. The joint venture trades under the entity of Boral CSR Bricks Pty Limited. As the joint venture is owned 60% by CSR and 40% by Boral, CSR will consolidate the results of the business effective 1 May 2015 with the portion of after tax earnings attributable to Boral's share of the business recorded as a minority interest.

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.

DIRECTORS' REPORT CONTINUED

STRATEGY, FUTURE PROSPECTS, LIKELY DEVELOPMENTS AND RISKS

Strategy: The CSR group is focused on delivering long term sustainable earnings growth centred around five key themes:

Strengthen and invest

Strengthening and investing in our people and our businesses

- 31%¹ improvement in safety with fewer and less severe injuries in the last year
- Launched Boral CSR Bricks JV on 1 May 2015
- Expanded leadership development programs to invest in our people at all levels within CSR
- Viridian reorganised and returned to profitability

Smarter, faster, easier

Delivering building solutions that are smarter, faster and easier to use

- Launched Gyproc Optimised Core technology for a new ceiling board
- Investment committed for the CSR Velocity™ pre-fabricated walling system production facility

Influencing design

Influencing design and adapting to the changing way we live and work

- Acquired AFS in April 2014 – focused on continued penetration of the structural walling market
- Product development is increasing the proportion of lightweight Hebel panels utilised in structural elements of buildings

Comfort

Improving comfort, quality and efficiency of buildings

- Expansion of Bradford energy solutions offering to include polyester, specialist acoustic products, ventilation, PIR foams, and construction fabrics

Customers

Ensuring that our customers choose to do business with CSR

- Expanded CSR Connect 24/7 to provide access to online ordering, delivery and managing account information

¹ Lost time injury frequency rate (per million work hours).

Future Prospects and Likely Developments:

In **Building Products**, building approval levels for detached and multi-residential housing remain strong. This is expected to lead to increased demand for CSR's products across detached and multi-residential segments. From YEM16 onwards, the results will include the consolidated earnings from the Boral CSR Bricks JV which began operations on 1 May 2015.

Having returned **Viridian** to profitability and restructured the business to focus on key market segments, management is targeting new opportunities for revenue growth – particularly in residential performance and the commercial and architectural design markets. This will require modest levels of investment in capital and customer service initiatives over the next two to three years, which should be more than offset by improved market activity and growth in higher-margin products.

In **Aluminium**, Gove Aluminium Finance (GAF) – in which CSR has a 70% stake – continues to increase its hedge book when pricing opportunities arise, with 59% of net sales for YEM16 currently hedged at an average price of A\$2,311 per tonne (before premiums).

We have seen increased volatility in premiums in recent months as a result of increased exports from China and lower LME inventories. For the first quarter of CSR's current financial year (YEM16) premiums declined by approximately 11% (Platts Main Japan Port premium) for the quarter to US\$380 per tonne. Spot prices for premiums have fallen further in recent weeks.

Conversely, LME pricing has strengthened recently, with the US dollar cash LME aluminium price increasing by US\$154 per tonne during the month of April 2015.

Property earnings are always subject to timing of completion of transactions. The formation of the Boral CSR Bricks JV provides additional opportunities for development of selected high-value land assets over the next five to ten years.

Risks: CSR's business segments are in building products (including architectural glass), aluminium and property development. As such, CSR's long term profitability and cash flows are responsive to domestic and international economic conditions, outlook and sentiment. Specifically, building products demand is driven by movements in residential and non-residential construction activity in Australia and New Zealand, and aluminium results are responsive to movements in the global US dollar price for aluminium. Building Products also imports certain products and raw materials and has businesses that are exposed to import competition and currency fluctuations. As a result, Building Products, Aluminium and the asbestos provision are exposed to movements in foreign currency and, in particular, to movements in the Australian and US dollar exchange rates.

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 contributed \$11,700 including GST in indirect donations to political parties in the year ended 31 March 2015 (2014: \$22,750). All payments are for attendance at organised events such as conferences. 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.

All donations are disclosed in accordance with CSR's obligations to the Australian Electoral Commission.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS

Dividends through the year have been as follows:

- a final, unfranked dividend of 5.0 cents per ordinary share, with respect to the financial year ended 31 March 2014, was paid on 8 July 2014; and
- an interim, unfranked dividend of 8.5 cents per ordinary share was paid on 16 December 2014 (as set out in Note 26 to the financial statements on page 70).

Following the end of the financial year, on 12 May 2015, the board resolved to pay a final, unfranked dividend for the year ended 31 March 2015 of 11.5 cents per ordinary share, on 7 July 2015.

No other distributions were paid during the year.

DIRECTORS' REPORT CONTINUED

DIRECTORS, SECRETARIES, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS

There were no changes to the board in YEM15.

The names of directors who held office at 12 May 2015, 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 14 and 15. The qualifications and experience of the company secretary at 12 May 2015 are also on page 15.

Details about meetings of the board and of board committees, including attendance, are on page 22 and the directors' relevant interests in shares in CSR or a related body corporate as at the date of this report are on page 22. 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.

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 to third parties (other than related CSR companies) arising out of conduct undertaken in good faith in their capacity as a CSR officer; and
- the costs and expenses of defending legal proceedings arising out of conduct undertaken in their capacity as a current or former CSR officer, unless the defence is unsuccessful.

For the purposes of rule 101 of CSR's constitution, 'officer' means a director, secretary and executive officer (as defined in the Corporations Act 2001). CSR has entered into a deed of indemnity with current and former directors of CSR and its subsidiaries. The deeds of indemnity are substantially in the form approved by shareholders in July 1999.

CSR has a similar policy covering all employees. 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 2015 and, since the end of the year, CSR has paid, or agreed to pay, premiums in respect of such contracts for the year ending 31 March 2016. 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.

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 2015, an officer of the CSR group. No auditor played a significant role in the CSR group audit for the year ended 31 March 2015 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 95 and forms part of this report.

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 29 to the financial statements on page 72. 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

The remuneration report on pages 23 to 39, which forms part of the directors' report, 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.



Jeremy Sutcliffe
Chairman



Rob Sindel
Managing Director

12 May 2015

FINANCIAL REPORT

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

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STATEMENT OF FINANCIAL PERFORMANCE

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH

(\$ MILLION)	NOTE	2015	2014
Trading revenue – sale of goods		2,023.4	1,746.6
Cost of sales		(1,368.9)	(1,235.2)
Gross margin		654.5	511.4
Other income	2	39.2	55.9
Warehouse and distribution costs		(191.0)	(176.5)
Selling, administration and other operating costs		(278.3)	(240.8)
Share of net profit of joint venture entities	33	11.7	9.4
Other expenses	2	(25.5)	(17.5)
Profit before finance and income tax		210.6	141.9
Interest income	4	3.0	2.5
Finance cost	4	(20.7)	(21.1)
Profit before income tax		192.9	123.3
Income tax expense	6	(46.2)	(24.2)
Net profit		146.7	99.1
Net profit attributable to non-controlling interests	25	21.2	11.0
Net profit attributable to shareholders of CSR Limited^a		125.5	88.1
EARNINGS PER SHARE (CENTS)			
Basic earnings per share – based on net profit attributable to shareholders of CSR Limited ^b		24.9	17.5
Diluted earnings per share – based on net profit attributable to shareholders of CSR Limited ^b		24.9	17.5

a Net profit before significant items attributable to shareholders of CSR Limited is \$146.5 million (2014: \$80.5 million). Refer to Note 3 to the financial statements.

b Weighted average number of shares used in the calculation of earnings per share is 504.2 million (2014: 503.9 million). The total number of shares on issue of 506.0 million (2014: 506.0 million) has been reduced by the number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest. During the period 1,800,847 (2014: 2,111,828) weighted average shares were held by the trust.

Notes to the financial statements are annexed.

STATEMENT OF COMPREHENSIVE INCOME

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH

(\$ MILLION)	2015	2014
Net profit	146.7	99.1
Other comprehensive income (expense)		
<i>Items that may be reclassified to profit or loss</i>		
Hedge profit recognised in equity	2.3	9.6
Hedge profit transferred to the statement of financial performance	(10.7)	(13.3)
Share of gain on changes in fair value of cash flow hedges of joint ventures	0.3	–
Exchange differences arising on translation of foreign operations	1.2	2.4
Income tax benefit relating to these items	2.6	1.1
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial (loss) gain on superannuation defined benefit plans	(15.4)	17.1
Income tax benefit (expense) relating to these items	4.7	(5.1)
Other comprehensive (expense) income – net of tax	(15.0)	11.8
Total comprehensive income	131.7	110.9
Total comprehensive income attributable to		
Shareholders of CSR Limited	112.5	100.8
Non-controlling interests	19.2	10.1
Total comprehensive income	131.7	110.9

Notes to the financial statements are annexed.

STATEMENT OF FINANCIAL POSITION

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) AS AT 31 MARCH

(\$ MILLION)	NOTE	2015	2014
Current assets			
Cash and cash equivalents	9	68.4	5.9
Receivables	11	268.7	251.1
Inventories	10	320.0	326.4
Other financial assets	12	30.4	12.2
Income tax receivable	6	12.3	30.2
Other current assets	13	5.1	9.7
Total current assets		704.9	635.5
Non-current assets			
Receivables	11	51.4	54.0
Inventories	10	76.2	66.1
Investments accounted for using the equity method	33	63.3	59.8
Other financial assets	12	11.9	0.4
Property, plant and equipment	14	821.3	842.3
Goodwill	16	66.1	29.2
Other intangible assets	17	42.1	31.4
Deferred income tax assets	6	261.9	272.8
Other non-current assets	13	20.2	16.8
Total non-current assets		1,414.4	1,372.8
Total assets		2,119.3	2,008.3
Current liabilities			
Payables	18	236.8	195.0
Borrowings	19	–	34.4
Other financial liabilities	20	28.6	1.4
Tax payable	6	20.8	6.8
Provisions	22	180.1	187.6
Total current liabilities		466.3	425.2
Non-current liabilities			
Payables	18	16.3	5.4
Other financial liabilities	20	10.4	–
Provisions	22	366.4	378.6
Deferred income tax liabilities	6	18.7	25.2
Other non-current liabilities	18	35.2	16.7
Total non-current liabilities		447.0	425.9
Total liabilities		913.3	851.1
Net assets		1,206.0	1,157.2
Equity			
Issued capital	23	1,042.2	1,042.2
Reserves	24	17.1	19.9
Retained profits		86.4	39.9
Equity attributable to shareholders of CSR Limited		1,145.7	1,102.0
Non-controlling interests	25	60.3	55.2
Total equity		1,206.0	1,157.2

Notes to the financial statements are annexed.

STATEMENT OF CHANGES IN EQUITY

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH

(\$ MILLION)	ISSUED CAPITAL	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE RESERVE	OTHER RESERVES	RETAINED PROFITS	EQUITY ATTRIBUTABLE TO CSR LIMITED SHARE-HOLDERS		NON-CONTROLLING INTERESTS	TOTAL
Balance at 1 April 2014	1,042.2	6.0	(4.4)	21.6	(3.3)	39.9	1,102.0	55.2	1,157.2	
Net profit	–	–	–	–	–	125.5	125.5	21.2	146.7	
Exchange differences arising on translation of foreign operations	–	–	1.2	–	–	–	1.2	–	1.2	
Hedge profit recognised in equity	–	2.0	–	–	–	–	2.0	0.3	2.3	
Hedge profit transferred to the statement of financial performance	–	(7.5)	–	–	–	–	(7.5)	(3.2)	(10.7)	
Share of gain on changes in fair value of cash flow hedges of joint ventures	–	0.3	–	–	–	–	0.3	–	0.3	
Actuarial loss on superannuation defined benefit plans	–	–	–	–	–	(15.4)	(15.4)	–	(15.4)	
Income tax benefit relating to components of other comprehensive income	–	1.7	–	–	–	4.7	6.4	0.9	7.3	
Total comprehensive (expense) income	–	(3.5)	1.2	–	–	114.8	112.5	19.2	131.7	
Payment of ordinary dividends	–	–	–	–	–	(68.3)	(68.3)	(14.1)	(82.4)	
Acquisition of treasury shares held by Employee Share Trust	–	–	–	–	(3.4)	–	(3.4)	–	(3.4)	
Recognition of share based payments	–	–	–	3.2	–	–	3.2	–	3.2	
Income tax expense relating to share based payments	–	–	–	(0.3)	–	–	(0.3)	–	(0.3)	
Balance at 31 March 2015	1,042.2	2.5	(3.2)	24.5	(6.7)	86.4	1,145.7	60.3	1,206.0	
 Balance at 1 April 2013	1,042.2	7.7	(6.8)	19.4	–	(24.3)	1,038.2	51.8	1,090.0	
Net profit	–	–	–	–	–	88.1	88.1	11.0	99.1	
Exchange differences arising on translation of foreign operations	–	–	2.4	–	–	–	2.4	–	2.4	
Hedge profit recognised in equity	–	6.6	–	–	–	–	6.6	3.0	9.6	
Hedge profit transferred to the statement of financial performance	–	(9.0)	–	–	–	–	(9.0)	(4.3)	(13.3)	
Actuarial gain on superannuation defined benefit plans	–	–	–	–	–	17.1	17.1	–	17.1	
Income tax benefit (expense) relating to components of other comprehensive income	–	0.7	–	–	–	(5.1)	(4.4)	0.4	(4.0)	
Total comprehensive (expense) income	–	(1.7)	2.4	–	–	100.1	100.8	10.1	110.9	
Payment of ordinary dividends	–	–	–	–	–	(35.9)	(35.9)	(9.1)	(45.0)	
Other items recognised directly in equity	–	–	–	–	(3.3)	–	(3.3)	–	(3.3)	
Non-controlling interests on acquisition of subsidiary	–	–	–	–	–	–	–	2.4	2.4	
Recognition of share based payments	–	–	–	1.8	–	–	1.8	–	1.8	
Income tax benefit relating to share based payments	–	–	–	0.4	–	–	0.4	–	0.4	
Balance at 31 March 2014	1,042.2	6.0	(4.4)	21.6	(3.3)	39.9	1,102.0	55.2	1,157.2	

Notes to the financial statements are annexed.

STATEMENT OF CASH FLOWS

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH

(\$ MILLION)	NOTE	2015	2014
Cash flows from operating activities			
Receipts from customers		2,176.2	1,894.8
Payments to suppliers and employees		(1,955.5)	(1,796.7)
Dividends and distributions received		9.7	10.5
Interest received		3.0	3.0
Income tax (paid) received		(2.5)	0.5
Net cash from operating activities		230.9	112.1
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		(93.6)	(102.0)
Proceeds from sale of property, plant and equipment and other non-current assets		93.5	53.1
Costs associated with acquisition and disposal of businesses		(6.7)	(1.5)
Purchase of controlled entities and businesses, net of cash acquired	7	(38.1)	(10.1)
Loans and receivables advanced		(0.5)	(3.5)
Net cash used in investing activities		(45.4)	(64.0)
Cash flows from financing activities			
Net repayment of borrowings		(34.4)	(2.6)
Dividends paid		(82.4)	(45.0)
Interest and other finance costs paid		(6.6)	(7.2)
Net cash used in financing activities		(123.4)	(54.8)
Net increase (decrease) in cash held		62.1	(6.7)
Net cash at the beginning of the financial year		5.9	11.9
Effects of exchange rate changes		0.4	0.7
Net cash at the end of the financial year	9	68.4	5.9
Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities			
Net profit attributable to shareholders of CSR Limited		125.5	88.1
Net profit attributable to non-controlling interests		21.2	11.0
Depreciation and amortisation	5	77.8	76.8
Movement in product liability provision		(18.4)	(54.7)
Net change in other provisions		5.4	(12.4)
Finance cost net of product liability discount unwind		7.6	9.0
Profit on disposal of assets	2	(35.4)	(19.6)
Net change in trade receivables		(27.2)	(9.1)
Net change in current inventories		(3.8)	2.3
Net change in trade payables		29.2	(1.0)
Movement in current and deferred tax balances		43.7	24.6
Net change in other assets and liabilities		5.3	(2.9)
Net cash from operating activities		230.9	112.1

Credit facilities are shown in Note 21 to the financial statements.

Notes to the financial statements are annexed.

SIGNIFICANT ACCOUNTING POLICIES

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

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 assets which are at deemed cost or at their revalued amount.

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. Details of the significant accounting policies adopted by the CSR group are provided below.

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 obtains control and until such time as it ceases 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.

JOINT VENTURE AND ASSOCIATE ENTITIES

Investments in joint venture and associate entities have been accounted for under the equity method in the CSR group financial statements.

JOINT OPERATIONS

Interests in joint operations are recorded in the financial statements by including the entity's share of assets employed, the share of liabilities incurred, and the share of any expenses incurred in relation to joint operations in their respective categories.

CHANGE IN ACCOUNTING POLICIES

(i) New or revised accounting standards

The CSR group has adopted all amendments to Australian Accounting Standards which became applicable from 1 April 2014.

Hedge accounting

The CSR group has elected to apply AASB 9 *Financial Instruments* from 1 April 2014. The new standard provides a simplified model for classifying and recognising financial instruments. It amends hedge accounting

requirements to align more closely with an entity's risk management framework and permits entities to present changes in its own credit risk in respect of liabilities designated at fair value, which at reporting date are unrealised gains or losses, as other comprehensive income (OCI). See changes to accounting policies note on page 53 for further details on the impact of the change in accounting policy.

(ii) Significant items classification

From 1 April 2014, the discount unwind adjustment has been recognised as a significant item given its non-trading nature within the segment information and significant items notes to allow for better interpretation of the CSR group's financial performance. This amount was and continues to be disclosed as a finance cost. Comparative figures have been adjusted accordingly.

IMPACT OF ACCOUNTING STANDARDS AND INTERPRETATIONS ON ISSUE BUT NOT YET EFFECTIVE

The following Australian Accounting Standards and Interpretations have not yet been adopted by the CSR group:

(i) AASB 9 *Financial Instruments* (AASB 9)

The CSR group has adopted AASB 9 as issued in December 2013, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The CSR group has adopted the two main phases relating to classification and measurement of financial assets and financial liabilities (Phase 1) and hedge accounting (Phase 3). The update to AASB 9 *Financial Instruments* as issued in December 2013 which includes impairment (Phase 2) has not yet been adopted by the CSR group. Phase 2 of this standard is not expected to have a material impact to the CSR group.

(ii) AASB 15 *Revenue from Contracts with Customers* (AASB 15)

This standard was issued in December 2014 and is expected to be first applicable to CSR Limited no earlier than the year commencing 1 April 2017, with amended comparatives. AASB 15 will replace AASB 118 *Revenue*, which covers contracts for goods and services, and AASB 111 *Construction Contracts*, which covers construction contracts. 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 standard is not expected to be material to the CSR group.

CURRENCY

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are critical judgements 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:

Product liability: CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. CSR's involvement in asbestos ceased with the disposal 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. At 31 March 2015, a provision of \$350.7 million (2014: \$369.1 million) has been made for all known claims and reasonably foreseeable future claims. Refer to Note 38 for further details of the key assumptions and uncertainties in estimating this liability.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

Asset impairment: Assets are reviewed for impairment at each reporting date in accordance with the CSR group accounting policy. Where a valuation is required, the valuation is determined using discounted cash flows. Management judgement 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.

Cash flows are reforecast annually, covering the next 10 years and a valuation calculated using a post-tax annual discount rate of 10.2% for all segments other than Aluminium which uses 12.2% (2014: 10.2% for all segments other than Aluminium which was 12.2%). Discounted cash flow projections over a 10 year period are used and deemed appropriate given the cyclical nature of the markets in which the CSR group operates. The first five years represent financial plans forecast by management, based on the CSR group's view of the respective cycle, with years six to 10 applying averaging assumptions to ensure cash flows in year 10 are sufficiently stable to apply the terminal value. A terminal value is used from year 11 onwards including an annual growth rate, which was 2.5% in the year ended 31 March 2015 (2014: 2.5%).

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. Judgement is required in arriving at an estimate of future costs required to extinguish these obligations. 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 that the CSR group will incur. Given the nature of these issues, circumstances may change and estimates and provisions will be updated accordingly. Refer to Note 22.

Provision for uninsured losses and future claims: The provision for uninsured losses and future claims relates to the CSR group's self insurance for workers' compensation program. CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, Western Australia and the Australian Capital Territory for workers' compensation insurance. As at 31 March 2015, a provision of \$29.2 million (2014: \$31.3 million) has been made for all known claims and reasonably foreseeable future claims. Management assesses the provision at each reporting date and obtains reports from independent experts annually. Refer to Note 22.

Non consolidation of entities in which the CSR group holds more than 50%: The directors have determined that they do not control Viridian Glass Limited Partnership even though the CSR group owns a 58% of the interest of this entity. It is not a controlled entity of CSR Limited because the decisions over the relevant activities of the entity require unanimous consent between the two partners. Refer to Note 33.

Classification of joint arrangements: The agreements in relation to the existing joint arrangements require unanimous consent over the relevant activities between the CSR group and at least one other participant. Where the CSR group is jointly and severally liable for the assets and liabilities incurred by the partnership, it will classify the entity as a joint operation and recognise its direct right to the assets and liabilities. Where the CSR group and the parties to the agreements only have rights to the net assets of each of the partnerships 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 33.

SIGNIFICANT ITEMS

Significant items are those which by their size, nature or incidence are relevant in explaining the financial performance of the CSR group, and as such are disclosed separately. Refer to Note 3.

REVENUE RECOGNITION

Trading revenue is measured at the fair value of the consideration receivable, and is recognised when each of the following conditions is met:

- persuasive evidence of an arrangement exists, which is usually in the form of a contractual arrangement;
- the significant risks and rewards of ownership of the goods have transferred from the CSR group to the buyer;
- the seller's price to the buyer is fixed or determinable; and
- collectibility is reasonably assured.

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. Payments made under operating leases (net of any incentives received by the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

NET FINANCE COST

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 interest (finance cost).

TAX CONSOLIDATION

Legislation to allow 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, was substantively enacted on 21 October 2002.

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 (or 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.

INCOME TAX

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable income for the financial year. It is calculated 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 accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax assets or liabilities are recognised for all taxable temporary differences. 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. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

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 reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the CSR group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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.

Deferred tax assets and liabilities are offset when they relate to income tax levied by 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.

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.

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.

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 period 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.

CASH AND CASH EQUIVALENTS

Net cash is defined as cash at banks 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.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. An allowance for doubtful debts is raised based on a review of outstanding balances at balance date. 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

Inventories are valued at the lower of cost and net realisable value. 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.

ACQUISITION OF ASSETS

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition. In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their value as at the date of acquisition.

DEPRECIATION

Depreciable assets are depreciated at rates based upon their expected economic life using the straight-line method. The economic lives of property, plant and equipment assets are detailed in Note 14.

INTANGIBLE ASSETS

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 or whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the statement of financial performance and is not subsequently reversed. Certain trade names determined as having an indefinite life are not amortised but are assessed annually for impairment. Internal costs relating to acquired intangible assets are expensed.

Other intangible assets, including software and capitalised development costs, are initially recorded at cost and subsequently amortised over the period over which the benefits are expected to arise; in most cases, this is five years.

FINANCIAL ASSETS

Financial assets are classified as available for sale financial assets, or loans and receivables (stated at amortised cost less impairment). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are reviewed for impairment at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount.

PUT OPTION LIABILITIES FOR 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. Any adjustments to the liability are recorded through equity.

PAYABLES

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.

BORROWINGS

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.

EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations (based on wage rates expected at the time of settling the liability) 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.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the CSR group.

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 period 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.

Contributions to superannuation defined contribution plans are expensed when incurred and the CSR group's legal or constructive obligation is limited to these contributions.

SHARE BASED PAYMENTS

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, based on the CSR group's estimate of shares that will eventually vest.

PROVISIONS

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.

Provision for product liability: The CSR group's provision for product liability is determined using reports provided by independent experts in each of Australia and the United States. The CSR group has included within the provision an appropriate prudential margin. Refer to Note 38 for further information on the basis for determining the product liability provision.

Provision for restoration and environmental rehabilitation: The net present value of estimated costs of environmental rehabilitation of commercial sites which require remediation of existing conditions resulting from present and past operations is taken up as a provision. The liability is immediately recognised when the environmental exposure is identified and the rehabilitation costs can be reliably estimated. The estimate is revised at each reporting period and the provision is adjusted accordingly.

Provision for uninsured losses and future claims: The provision for uninsured losses and future claims relates to the CSR group's self insurance for workers' compensation program. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and is determined at each reporting date using reports provided by independent experts annually.

FINANCIAL INSTRUMENTS

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 income depends on the nature of the hedge relationship. The CSR group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges).

Fair value hedges: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Cash flow hedges: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are 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 periods when the hedged item is recognised in profit or loss.

Embedded derivatives: 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 the host contracts.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

COMPARATIVE INFORMATION

Where applicable, comparative information has been reclassified in order to comply with current period disclosure requirements.

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) Class Order 98/100 issued 10 July 1998.

CHANGES TO ACCOUNTING POLICIES

The CSR group has adopted AASB 9 *Financial Instruments* as issued in December 2013, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The CSR group has adopted the two main phases relating to classification and measurement of financial assets and financial liabilities (Phase 1) and hedge accounting (Phase 3). The update to AASB 9 as issued in July 2014 which includes impairment (Phase 2) has not yet been adopted by the CSR group.

Recognition and measurement of financial instruments

The policies were changed to comply with AASB 9 as issued in December 2013 which replaces the provisions of AASB 139 *Financial Instruments – Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities and the derecognition of financial instruments. It requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

While AASB 9 does not need to be applied until 1 January 2018, the CSR group decided to adopt it early from 1 April 2014. On that date, CSR group's management has assessed which business models apply to the financial assets held by the CSR group at the date of initial application of AASB 9 (1 April 2014). The main effects resulting from this assessment were immaterial.

There were no changes in the levels of fair value measurement of the financial instruments as a result of the application of AASB 9.

Hedge accounting policy and impact of adopting AASB 9

The CSR group's hedge accounting policies were changed to comply with AASB 9 on a prospective basis. The current year impact primarily relates to the impact of hedge accounting on a component of commodity price risk, which is now permitted under AASB 9. The current year impact on the individual line items in the financial statements as a result of adopting AASB 9 is summarised in the table below. There has been no impact for the year ended 31 March 2014 following the adoption of AASB 9 as issued in December 2013.

(\$ MILLION)	Current year impact		
	2015 (under AASB 139)	Profit Increase (decrease)	2015 as presented (under AASB 9)
Statement of financial performance (extract)			
Other income	43.9	(4.7)	39.2
Income tax expense	(47.6)	1.4	(46.2)
Net impact on profit for the period	(3.7)	(3.3)	(7.0)
Statement of comprehensive income (extract)			
<i>Items that may be reclassified to profit or loss</i>			
Hedge (loss) profit recognised in equity	(2.4)	4.7	2.3
Income tax relating to these items	4.0	(1.4)	2.6
Net impact on other comprehensive income (net of tax)	1.6	3.3	4.9
Net impact on total comprehensive income	(2.1)	–	(2.1)
EARNINGS PER SHARE (CENTS)			
Basic earnings per share attributable to shareholders of CSR Limited ^a	25.6	(0.7)	24.9
Diluted earnings per share attributable to shareholders of CSR Limited ^a	25.6	(0.7)	24.9

^a Weighted number of shares used in the calculation of earnings per share is 504.2 million (2014: 503.9 million). Refer to the Statement of Financial Performance for details on calculation of weighted number of shares.

There is no impact to the Statement of Financial Position as adoption of AASB 9 did not change classification or measurement of the financial instruments held by the CSR group.

NOTES TO THE FINANCIAL STATEMENTS

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

1. 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 its role as the chief operating decision maker (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 aggregated operating segments determined by the similarity of the products produced and sold as these are the sources of the CSR group's major risks and have the most effect on the rates of return. Each of the business units disclosed below has been determined as both an operating segment and reportable segment.

Building Products	Lightweight Systems (Gyproc plasterboard, Hebel autoclaved aerated concrete products, Cemintel fibre cement, Ceilector ceiling solutions, Potter interior systems and Rondo rollformed steel products joint venture), Insulation (Bradford and Martini insulation, Bradford energy solutions and Edmonds ventilation systems) and AFS walling systems. Bricks and Roofing (PGH bricks, Monier roofing and New Zealand Brick Distributors joint venture).
Glass	The Glass business includes the operations of Viridian, 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. It also participates in a glass processing joint venture in New Zealand.
Aluminium	The Aluminium business unit relates to the CSR group's 70% interest in Gove Aluminium Finance Limited, which in turn holds a 36.05% interest in the Tomago aluminium smelter (i.e. an effective interest of 25.24%). Gove Aluminium Finance Limited sources alumina, has it toll manufactured by Tomago and then sells aluminium into predominantly the Asian market. Products from the aluminium business include aluminium ingots, billets and slabs.
Property	The Property business unit generates returns typically from the sale of former operating sites by advancing the sites through various stages of the development cycle. In addition, this business is currently involved in a small number of large-scale developments in New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.

Accounting policies and inter-segment transactions

The accounting policies used by the CSR group in reporting segments internally are the same as those disclosed in the significant accounting policies included within these financial statements, with the exception that significant items (i.e. those items which by their size, 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 and associated assets and liabilities 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 (including product liability provisions);
- net finance cost; and
- significant items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

1. SEGMENT INFORMATION (CONTINUED)

(\$ MILLION)	NOTE	PROFIT (LOSS) BEFORE INCOME TAX		INCOME TAX (EXPENSE) BENEFIT		NON-CONTROLLING INTERESTS		NET PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF CSR LIMITED	
				2014 (Restated) ^a		2014 (Restated) ^a			
		2015	2015	2015	2015	2015	2014	2015	2014
Business segments									
Building Products		120.9	92.6	(33.8)	(25.8)	(0.1)	(0.1)	87.0	66.7
Glass		3.1	(14.9)	(1.1)	4.9	–	–	2.0	(10.0)
Aluminium		104.3	51.9	(31.3)	(12.4)	(21.1)	(10.9)	51.9	28.6
Property		30.2	17.3	(3.9)	(3.3)	–	–	26.3	14.0
Segment total		258.5	146.9	(70.1)	(36.6)	(21.2)	(11.0)	167.2	99.3
Corporate ^b		(18.0)	(15.7)	4.3	5.7	–	–	(13.7)	(10.0)
Restructuring and provisions ^c		(5.1)	(5.5)	1.3	1.1	–	–	(3.8)	(4.4)
Earnings before interest and significant items		235.4	125.7	(64.5)	(29.8)	(21.2)	(11.0)	149.7	84.9
Net finance cost	4	(4.6)	(6.5)	1.4	2.1	–	–	(3.2)	(4.4)
Total before significant items		230.8	119.2	(63.1)	(27.7)	(21.2)	(11.0)	146.5	80.5
Significant items	3	(37.9)	4.1	16.9	3.5	–	–	(21.0)	7.6
Total after significant items		192.9	123.3	(46.2)	(24.2)	(21.2)	(11.0)	125.5	88.1
(\$ MILLION)	NOTE	TOTAL REVENUE ^d		SHARE OF NET PROFIT OF JOINT VENTURES		DEPRECIATION AND AMORTISATION ^e		ADDITIONS TO NON-CURRENT ASSETS ^f	
		2015	2014	2015	2014	2015	2014	2015	2014
Business segments									
Building Products		1,211.4	1,029.2	12.0	11.3	40.1	38.0	99.0	45.5
Glass		280.9	262.1	1.0	(0.7)	9.7	10.8	2.5	8.8
Aluminium		536.0	458.1	–	–	27.2	26.9	6.8	5.2
Property		34.3	20.1	–	–	–	–	37.0	34.3
Segment total		2,062.6	1,769.5	13.0	10.6	77.0	75.7	145.3	93.8
Corporate ^b		–	–	–	–	0.8	1.1	–	1.3
Restructuring and provisions ^c		–	–	(1.3)	(1.2)	–	–	–	–
Interest income	4	3.0	2.5	–	–	–	–	–	–
Total before significant items		2,065.6	1,772.0	11.7	9.4	77.8	76.8	145.3	95.1
Significant items	3	–	33.0	–	–	–	–	–	–
Total after significant items		2,065.6	1,805.0	11.7	9.4	77.8	76.8	145.3	95.1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

1. SEGMENT INFORMATION (CONTINUED)

(\$ MILLION)	ASSETS ^g		LIABILITIES		INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	
	2015	2014	2015	2014	2015	2014
Building Products	1,060.6	979.2	228.4	188.7	40.3	37.9
Glass	248.5	250.2	67.4	67.3	23.0	21.9
Aluminium	290.2	276.6	111.8	66.3	—	—
Property	139.0	153.8	14.8	18.8	—	—
Segment total	1,738.3	1,659.8	422.4	341.1	63.3	59.8
Unallocated ^c	38.4	39.6	451.4	443.6	—	—
	1,776.7	1,699.4	873.8	784.7	63.3	59.8
Cash/borrowings	68.4	5.9	—	34.4	—	—
Tax assets/liabilities	274.2	303.0	39.5	32.0	—	—
Group total	2,119.3	2,008.3	913.3	851.1	63.3	59.8

a On 1 April 2014 a change in accounting policy over the classification of the discount unwind for the asbestos liability was adopted by CSR Limited, resulting in a restatement of balances for the financial year ended 31 March 2014. Refer to Significant Accounting Policies.

b Represents unallocated overhead and other revenues.

c 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).

d Inter-segment sales are negligible. Total revenue includes trading revenue, other income, interest income and dividend income from other entities and excludes share of net profit of associates.

e Depreciation and amortisation includes \$4.1 million (2014: \$3.5 million) amortisation of intangible assets. Other significant non-cash expenses such as movements in provisions and other rationalisation expenses which are significant items are disclosed in Note 3. Other non-cash expenses are immaterial.

f Includes additions for property, plant and equipment, goodwill and other intangible assets acquired through capital expenditure and business combinations.

g All acquisitions of controlled entities and businesses in 2015 and 2014 were in Building Products.

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2015, the CSR group's trading revenue from external customers in Australia amounted to \$1,969.9 million (2014: \$1,692.4 million), with \$53.5 million (2014: \$54.2 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 from continuing operations in Australia amounted to \$1,028.0 million at 31 March 2015 (2014: \$991.8 million), with \$49.3 million (2014: \$48.0 million) related to other geographical areas.

2. OTHER INCOME AND EXPENSES

(\$ MILLION)	NOTE	2015	2014
Income			
Significant items	3	—	33.0
Profit on disposal of assets		35.4	19.6
Other		3.8	3.3
Total other income		39.2	55.9
Expenses			
Significant items	3	(24.8)	(16.8)
Other		(0.7)	(0.7)
Total other expenses		(25.5)	(17.5)

During the financial year ended 31 March 2015, expenses incurred in relation to employee benefits amounted to \$454.6 million (2014: \$433.5 million) and defined contribution expense amounted to \$29.1 million (2014: \$23.7 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

3. SIGNIFICANT ITEMS

(\$ MILLION)	2015	2014 (Restated) ^a
Discount unwind of product liability provision ^a	(12.7)	(12.1)
Reduction in product liability provision ^b	–	33.0
Transaction costs ^c	(4.5)	(3.5)
Legal disputes, warranties and remediation ^d	(14.2)	(13.3)
Other restructuring costs ^e	(6.5)	–
Total significant items before income tax	(37.9)	4.1
Income tax benefit on significant items	16.9	3.5
Significant items after tax	(21.0)	7.6
Significant items attributable to non-controlling interests	–	–
Significant items attributable to shareholders of CSR Limited	(21.0)	7.6
Net profit attributable to shareholders of CSR Limited	125.5	88.1
Significant items attributable to shareholders of CSR Limited	(21.0)	7.6
Net profit before significant items attributable to shareholders of CSR Limited	146.5	80.5
EARNINGS PER SHARE (CENTS)		
Before significant items		
Basic earnings per share – based on net profit attributable to shareholders of CSR Limited ^f	29.1	16.0
Diluted earnings per share – based on net profit attributable to shareholders of CSR Limited ^f	29.1	16.0

- a On 1 April 2014, a change in accounting policy in relation to the classification of the discount unwind for the asbestos liability was adopted by CSR Limited, resulting in a restatement of balances for the financial year ended 31 March 2014. Refer to Significant Accounting Policies.
- b For the year ended 31 March 2014, the CSR group recorded income in relation to its product liability provision of \$33.0 million, reflecting a decrease in the routine estimate of future asbestos related claims in the United States (after cash payments and adjustments for the present value of future claims).
- c During the year ended 31 March 2015, the CSR group incurred costs associated with potential and completed acquisitions of \$4.5 million (2014: \$3.5 million).
- d During the financial year ended 31 March 2015, the CSR group recorded a charge of \$14.2 million as a result of the remeasurement of provisions in relation to legal disputes and land remediation obligations as well as sundry asset write offs for some legacy factory sites. For the financial year ended 31 March 2014, the CSR group recorded a charge of \$13.3 million in relation to product warranty claims and ongoing legal disputes as these matters advanced towards settlement.
- e During the year ended 31 March 2015, a restructuring program took place across Building Products to align the business cost base with current market conditions and secure ongoing efficiencies.
- f Weighted number of shares used in the calculation of earnings per share is 504.2 million (2014: 503.9 million). The total number of shares on issue of 506.0 million (2014: 506.0 million) has been reduced by the number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest. During the period 1,800,847 (2014: 2,111,828) weighted average shares were held by the trust.

4. NET FINANCE COST

(\$ MILLION)	2015	2014
Interest expense	2.6	2.7
Discount unwind of product liability provision ^a	12.7	12.1
Discount unwind of other non-current liabilities	1.5	1.9
Funding costs	3.8	4.7
Foreign exchange loss (gain)	0.1	(0.3)
Finance cost	20.7	21.1
Interest income	(3.0)	(2.5)
Net finance cost	17.7	18.6
Discount unwind of product liability provision and contingent consideration in significant items	(13.1)	(12.1)
Net finance cost before significant items^a	4.6	6.5

- a On 1 April 2014, a change in accounting policy over the classification of the discount unwind for the asbestos liability was adopted by CSR Limited, resulting in a restatement of significant items for the financial year ended 31 March 2014. Refer to Significant Accounting Policies.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

5. DEPRECIATION AND AMORTISATION

(\$ MILLION)	NOTE	2015	2014
Amounts incurred for depreciation and amortisation of			
Property, plant and equipment	15	73.7	73.3
Other intangible assets	17	4.1	3.5
Total depreciation and amortisation		77.8	76.8

6. INCOME TAXES

(\$ MILLION)	2015	2014
Reconciliation of income tax expense charged to the statement of financial performance		
Profit before income tax	192.9	123.3
Income tax expense calculated at 30%		
	57.9	37.0
Tax effect of amounts (not taxable) not deductible		
Tax free component of profit on property sales	(5.0)	(1.9)
Research and development relating to current year	(0.4)	(1.8)
Share of net profit of associates and rebates on dividend income	(3.1)	(2.8)
Income tax under (over) provided in prior years ^a	0.6	(1.9)
Other items ^b	(3.8)	(4.4)
Total income tax expense on profit	46.2	24.2
Total income tax expense comprises		
Current tax expense	36.3	18.4
Deferred tax expense relating to movements in deferred tax balances	9.9	5.8
Total income tax expense on profit	46.2	24.2
Current tax payable attributable to		
Entities in the tax consolidated group	–	–
Other entities	20.8	6.8
Total current tax payable	20.8	6.8
Deferred income tax assets and liabilities comprise		
Temporary differences recorded as asset	165.0	165.4
Temporary differences recorded as liability	(18.7)	(25.2)
Net temporary differences – asset	146.3	140.2
Tax losses – revenue recorded as asset	96.9	107.4
Net deferred income tax assets	243.2	247.6
Current income tax assets	12.3	30.2

a For the year ended 31 March 2014, this amount mainly related to the finalisation of research and development credits from prior years.

b Includes the impact of permanent differences related to significant items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

6. INCOME TAXES (CONTINUED)

	OPENING BALANCE (\$ MILLION)	CREDITED (CHARGED) TO PROFIT OR LOSS	(CHARGED) CREDITED TO EQUITY	OTHER (INCLUDING TRANSFERS) ^a	CLOSING BALANCE
2015					
Movement in net deferred income tax assets (liabilities) attributable to temporary differences					
Fair value of hedges	(3.3)	–	2.5	–	(0.8)
Property, plant and equipment	(1.2)	(5.5)	–	1.3	(5.4)
Superannuation defined benefit plans	4.0	(0.1)	4.7	–	8.6
Product liability provision	110.7	(5.5)	–	–	105.2
Employee benefits provisions	28.0	3.0	–	0.1	31.1
Other provisions	25.3	(0.8)	–	0.2	24.7
Spares and stores	(12.0)	(1.5)	–	–	(13.5)
Transaction costs	1.9	(1.5)	–	–	0.4
Prepayments	(3.2)	–	–	–	(3.2)
Deferred tax on sale of property	(1.4)	1.4	–	–	–
Tax losses	107.4	(8.2)	–	(2.3)	96.9
Other	(8.6)	8.8	(0.2)	(0.8)	(0.8)
	247.6	(9.9)	7.0	(1.5)	243.2
2014					
Movement in net deferred income tax assets (liabilities) attributable to temporary differences					
Fair value of hedges	(4.4)	–	1.1	–	(3.3)
Property, plant and equipment	15.1	(19.4)	–	3.1	(1.2)
Superannuation defined benefit plans	10.8	(1.7)	(5.1)	–	4.0
Product liability provision	127.1	(18.2)	–	1.8	110.7
Employee benefits provisions	24.5	3.5	–	–	28.0
Other provisions	30.8	(5.8)	–	0.3	25.3
Spares and stores	(12.7)	0.7	–	–	(12.0)
Transaction costs	4.9	(3.0)	–	–	1.9
Prepayments	(3.2)	–	–	–	(3.2)
Deferred tax on sale of property	(5.6)	–	–	4.2	(1.4)
Tax losses	82.0	31.6	–	(6.2)	107.4
Other	(12.3)	6.5	0.4	(3.2)	(8.6)
	257.0	(5.8)	(3.6)	–	247.6

^a For the year ended 31 March 2015, the movement of \$1.5 million relates to deferred tax liabilities recognised on the acquisition of Architectural Framework Systems. Refer to Note 7 for further details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

7. ACQUISITIONS OF CONTROLLED ENTITIES AND BUSINESSES

Acquisition of Architectural Framework Systems

The CSR group acquired 100% of Architectural Framework Systems (AFS) on 2 April 2014 (Building Products segment). AFS is a leader in permanent formwork walling solutions for the construction industry. The primary reason for the acquisition was to continue CSR's growth in the Building Products segment.

The accounting for this acquisition has been finalised at 31 March 2015. Acquisition related costs expensed were \$1.8 million. Details of the purchase consideration and the fair value of assets and liabilities acquired are given below.

	NOTE	2015
Purchase consideration:		
Cash consideration	(i)	36.7
Contingent consideration	(ii)	12.4
Total consideration		49.1

Fair value of net assets acquired

	FAIR VALUE 2015
Receivables	5.2
Inventories	2.3
Property, plant and equipment	8.3
Intangible assets	7.0
Payables	(6.8)
Provisions	(0.7)
Deferred tax liabilities	(1.5)
Net identifiable assets acquired	13.8
Add: goodwill acquired	35.3
Total consideration	49.1

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

(i) Purchase consideration – cash outflow

	2015
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration	36.7
Less: cash acquired	–
Outflow of cash – investing activities	36.7

(ii) Contingent earn-out

In the event that certain pre-determined earning measures are achieved by the subsidiary for the year ended 31 March 2015 and 31 March 2017, additional consideration may be payable in cash 60 days after each of the reporting periods. There is no limit to the maximum amount payable. Contingent consideration of \$12.4 million was estimated by calculating the present value of the future expected cash flows.

Other acquisitions

During the year ended 31 March 2015, two trade centres were acquired by the Building Products segment, with total consideration paid of \$1.4 million and goodwill of \$0.6 million arising in relation to the acquisitions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

7. ACQUISITIONS OF CONTROLLED ENTITIES AND BUSINESSES (CONTINUED)

Businesses acquired for the year ended 31 March 2014

The CSR group acquired the net assets of the following businesses during the year ended 31 March 2014:

- 70% of the equity of Martini Investments (Australia) Pty Limited ("Martini Business"), a polyester manufacturer and importer of high performance reflective insulation, effective 1 November 2013 (Building Products segment);
- Alsupply Aluminium Partitions on 1 May 2013 (Building Products segment); and
- Accent Powdercoaters on 1 May 2013 (Building Products segment).

The primary reason for these acquisitions was to continue CSR's growth in the Building Products segment.

The initial accounting for the acquisitions for the year ended 31 March 2014 has now been fully determined resulting in the following adjustments to the acquisition accounting:

(\$ MILLION)	
Goodwill calculated on initial accounting in 2014	5.2
Adjustments to net identifiable assets acquired recorded in 2015	0.5
Adjusted goodwill for business acquisitions	5.7

Details of the purchase consideration and the fair value of assets and liabilities acquired are given below.

(\$ MILLION)	2014
Purchase consideration:	
Cash paid	11.3
Add: non-controlling interests	2.4
Less: fair value of net identifiable assets acquired (refer to below)	(8.0)
Goodwill acquired	5.7

Fair value of net assets acquired

(\$ MILLION)	FAIR VALUE 2014
Cash	0.8
Receivables	3.0
Inventories	2.7
Property, plant and equipment	2.7
Other assets	0.6
Intangible assets	0.2
Deferred income tax assets	0.1
Payables	(0.8)
Provisions	(0.5)
Other creditors	(0.8)
Net identifiable assets acquired	8.0
Less: non-controlling interests	(2.4)
Add: goodwill acquired	5.7
Total consideration	11.3

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

(i) Consideration

Total consideration is comprised of payments of \$10.9 million. An additional \$0.4 million is expected to be payable in future periods and is contingent on achievement of performance targets.

(ii) Contingent earn-out – Martini business

In the event that certain pre-determined earnings targets are achieved by the subsidiary from acquisition date until 30 June 2015, additional payment may be payable in cash at the time of finalisation of the financial statements for that financial year. The earn-out is linked to continued employment and has therefore been classified as compensation. The potential amount payable under the agreement is dependent on the performance of the business.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

7. ACQUISITIONS OF CONTROLLED ENTITIES AND BUSINESSES (CONTINUED)

(iii) Non-controlling interests – Martini business

The CSR group elected to recognise the non-controlling interests in Martini Investments (Australia) Pty Limited at its proportionate share of the acquired net identifiable assets.

(iv) Put and call options over non-controlling interests – Martini business

The CSR group has a call option over the remaining 30% non-controlling interest. The option has three exercise periods, the first one commencing on 31 March 2016 (for three months). The non-controlling shareholders have a put option to sell all of their remaining interest to the group at a discount to the call option price with two exercise windows that match the first and last call option periods. The exercise price of the options is based on the financial results of the business.

(v) Purchase consideration – cash outflow

(\$ MILLION)	2014
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration paid	10.9
Less: cash acquired	(0.8)
Outflow of cash – investing activities	10.1

8. CONTROLLED ENTITIES AND BUSINESSES DISPOSED

(i) Establishment of joint venture – Bricks New Zealand (disposal of a business)

On 15 April 2013, a joint venture between CSR Limited's subsidiary, CSR Building Products (NZ) Limited and Brickworks Building Products (NZ) Pty Limited was established. This transaction involved the disposal of certain operating assets totalling \$3.6 million of the Bricks New Zealand business from CSR Building Products (NZ) Limited into the joint venture vehicle "NZ Brick Distributors Limited Partnership." A gain of \$1.0 million was recorded on the transaction.

(ii) Cash flows from disposal of a business

Consideration for the disposal was 50% of the shares of NZ Brick Distributors GP Limited entitling the CSR group to a 50% share of the profits of the NZ Brick Distributors Limited Partnership.

Costs associated with the establishment of the joint venture were \$0.1 million and were expensed in the financial year ended 31 March 2014.

9. CASH AND CASH EQUIVALENTS

(\$ MILLION)	2015	2014
Cash at bank and on hand	11.0	5.9
Short term loans and deposits	57.4	–
Total cash	68.4	5.9

10. INVENTORIES

(\$ MILLION)	2015	2014
Current		
Raw and process materials and stores	83.0	84.2
Work in progress	13.6	13.0
Finished goods	183.9	175.7
Land held for sale and development costs	39.5	53.5
Total current inventories	320.0	326.4
Non-current		
Raw and process materials and stores	–	1.2
Land held for sale and development costs	76.2	64.9
Total non-current inventories	76.2	66.1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

11. RECEIVABLES

(\$ MILLION)	2015	2014
Current		
Trade receivables	240.7	209.5
Allowance for doubtful debts	(6.0)	(5.5)
	234.7	204.0
Loans to and receivables from joint ventures ^a	0.2	0.7
Property debtors ^a	16.9	33.3
Other loans and receivables	16.9	13.1
	34.0	47.1
Total current receivables	268.7	251.1
Trade receivables – past due 0-60 days – not impaired	7.9	12.2
Trade receivables – past due >60 days – not impaired	–	2.3
Trade receivables – past due >60 days – impaired	6.0	5.5
Trade receivables – past due >60 days	6.0	7.8
Movement in allowance for doubtful debts – trade receivables		
Opening balance	(5.5)	(5.5)
Trade debts written off	3.5	3.6
Trade debts provided	(4.0)	(3.6)
Closing balance	(6.0)	(5.5)
Non-current		
Loans to joint ventures ^b	38.4	40.0
Other loans and receivables ^c	13.0	14.0
Total non-current receivables	51.4	54.0

a Includes no amounts past due.

b The CSR group has provided facilities to joint ventures on arm's length terms. At reporting date, the amount drawn on these facilities was \$38.4 million (2014: \$40.0 million).

c No fixed repayment term.

12. OTHER FINANCIAL ASSETS

(\$ MILLION)	NOTE	2015	2014
Current			
Fair value of derivatives	32	30.4	12.2
Total current other financial assets		30.4	12.2
Non-current			
Fair value of derivatives	32	11.9	0.4
Total non-current other financial assets		11.9	0.4

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

13. OTHER ASSETS

(\$ MILLION)	NOTE	2015	2014
Current			
Prepayments and other assets		5.1	9.7
Total other current assets		5.1	9.7
Non-current			
Prepayments		12.7	12.7
Other assets		0.8	0.8
Superannuation defined benefit plans – fair value of surplus	31	6.7	3.3
Total other non-current assets		20.2	16.8

14. PROPERTY, PLANT AND EQUIPMENT

(\$ MILLION)	NOTE	2015	2014
Land and buildings			
At cost or written down value		358.0	351.8
Accumulated depreciation		(76.5)	(67.1)
Total land and buildings		281.5	284.7
Plant and equipment			
At cost or written down value		1,323.3	1,314.3
Accumulated depreciation		(783.5)	(756.7)
Total plant and equipment		539.8	557.6
Total property, plant and equipment		821.3	842.3

The economic life over which assets are depreciated is buildings 10 to 40 years; and plant and equipment 2 to 40 years. The average life of buildings is 22 years, and plant and equipment is 11 years.

15. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

(\$ MILLION)	NOTE	LAND AND BUILDINGS	PLANT AND EQUIPMENT
Balance at 1 April 2014		284.7	557.6
Capital expenditure		6.2	43.3
Disposed		(5.0)	(1.5)
Depreciation	5	(11.2)	(62.5)
Foreign currency translation		0.1	0.2
Reclassifications		0.8	(0.8)
Acquisitions through business combinations	7	4.2	4.1
Transferred to intangible assets	17	–	(0.6)
Transferred from inventories and other assets		1.7	–
Balance at 31 March 2015		281.5	539.8
Balance at 1 April 2013		301.6	579.7
Capital expenditure		4.3	46.4
Disposed		(1.7)	(1.4)
Depreciation	5	(10.7)	(62.6)
Foreign currency translation		0.6	0.9
Reclassifications		2.4	(2.4)
Acquisitions through business combinations	7	–	2.7
Transferred to intangible assets	17	–	(5.7)
Transferred to inventories and other assets		(11.8)	–
Balance at 31 March 2014		284.7	557.6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

16. GOODWILL

(\$ MILLION)	NOTE	2015	2014
Carrying amount			
Balance at the beginning of the financial year		29.2	22.6
Recognised on purchase of businesses	7	36.4	5.2
Foreign currency translation		0.5	1.4
Balance at the end of the financial year		66.1	29.2

The carrying amount of goodwill forms part of the Building Products segment: \$66.1 million (2014: \$29.2 million). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections. The discount rate used is a post-tax annual discount rate of 10.2% for all segments other than Aluminium which uses 12.2% (2014: 10.2% for all segments other than Aluminium which was 12.2%). Refer to Significant Accounting Policies for key assumptions in assessing impairment of these balances.

17. OTHER INTANGIBLE ASSETS

(\$ MILLION)	NOTE	2015	2014
Systems software			
Software and systems development		77.6	73.6
Accumulated amortisation		(63.9)	(62.8)
Total systems software		13.7	10.8
Movements in systems software			
Net book value at the beginning of the financial year		10.8	6.6
Capital expenditure		5.4	1.3
Transfers		0.2	5.7
Amortisation		(2.7)	(2.8)
Net book value at the end of the financial year		13.7	10.8
Trade names, non-competition agreements and other intangible assets			
At cost		43.6	34.5
Accumulated amortisation		(15.2)	(13.9)
Total trade names, non-competition agreements and other intangible assets		28.4	20.6
Movements in trade names, non-competition agreements and other intangible assets			
Net book value at the beginning of the financial year		20.6	20.8
Capital expenditure		1.7	–
Transfers		0.4	–
Acquisitions through business combinations	7	7.0	0.2
Amortisation		(1.4)	(0.7)
Foreign currency movements		0.1	0.3
Net book value at the end of the financial year		28.4	20.6
Total other intangible assets		42.1	31.4

Other intangible assets include trade names of \$19.3 million (2014: \$16.8 million) that have an indefinite life. The recoverable amounts of the cash generating units that include the trade names are determined using discounted cash flow projections. Refer to Significant Accounting Policies for key assumptions in assessing impairment of these balances. These trade names currently have an indefinite life as the CSR group is continually investing in marketing activities to develop the trade names and there are no contractual or other restrictions on the use of the trade names.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

18. PAYABLES AND OTHER LIABILITIES

(\$ MILLION)	NOTE	2015	2014
Current			
Trade payables		202.1	165.6
Other payables		34.7	29.4
Total current payables		236.8	195.0
Non-current			
Superannuation defined benefit plans – fair value of deficit	31	35.2	16.7
Other payables		16.3	5.4
Total non-current payables and other liabilities		51.5	22.1

19. BORROWINGS

(\$ MILLION)	NOTE	2015	2014
Current – unsecured			
Bank loans		–	34.4
Total current borrowings		–	34.4

Refer to Note 21 for details of credit facilities and maturity profile.

20. OTHER FINANCIAL LIABILITIES

(\$ MILLION)	NOTE	2015	2014
Current			
Fair value of derivatives	32	28.6	1.4
Total current other financial liabilities		28.6	1.4
Non-current			
Fair value of derivatives	32	10.4	–
Total non-current other financial liabilities		10.4	–

21. CREDIT FACILITIES AND MATURITY PROFILE

(\$ MILLION)	NOTE	2015	2014
Current			
Australian dollar debt			
Bank loans		–	4.0
New Zealand dollar debt			
Bank loans		–	30.4
Total current borrowings		–	34.4

Credit standby facilities

The CSR group has a total of \$382.0 million (2014: \$535.0 million) committed standby facilities. These facilities have fixed maturity dates as follows: \$55.0 million in financial year 2016, \$112.0 million in financial year 2017, \$105.0 million in financial year 2018, with the balance of \$110.0 million in financial year 2019. As at 31 March 2015, \$382.0 million of the standby facilities were undrawn.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

22. PROVISIONS

(\$ MILLION)	31 MARCH 2014	RECOGNISED/ REMEASURED	SETTLED/ TRANSFERRED	DISCOUNT UNWIND	31 MARCH 2015
Current					
Employee benefits	89.1	49.2	(40.5)	–	97.8
Fringe benefits tax	0.7	3.9	(3.4)	–	1.2
Restructure and rationalisation	14.8	7.8	(11.5)	–	11.1
Product liability ^a	33.5	25.6	(31.1)	–	28.0
Restoration and environmental rehabilitation	8.8	11.6	(3.1)	–	17.3
Uninsured losses and future claims ^b	6.1	6.3	(6.7)	–	5.7
Other ^c	34.6	5.4	(21.0)	–	19.0
Total current provisions	187.6	109.8	(117.3)	–	180.1
Non-current					
Employee benefits	4.4	1.9	–	–	6.3
Product liability ^a	335.6	(25.6)	–	12.7	322.7
Restoration and environmental rehabilitation	1.0	–	–	–	1.0
Uninsured losses and future claims ^b	25.2	(2.4)	–	0.7	23.5
Other ^c	12.4	0.1	–	0.4	12.9
Total non-current provisions	378.6	(26.0)	–	13.8	366.4

a Refer to Note 38 and the Significant Accounting Policies for details of the basis for the product liability provision.

b Uninsured losses and future claims mainly relate to the CSR group's self insurance for workers' compensation program.

c Includes provision for anticipated disposal costs of Tomago aluminium smelter's spent pot lining.

23. ISSUED CAPITAL

	2015		2014	
	ORDINARY SHARES FULLY PAID	SHARE CAPITAL \$ MILLION	ORDINARY SHARES FULLY PAID	SHARE CAPITAL \$ MILLION
CSR Limited				
On issue at the beginning of the financial year	506,000,315	1,042.2	506,000,315	1,042.2
On issue at the end of the financial year	506,000,315	1,042.2	506,000,315	1,042.2

The shares are fully paid ordinary shares 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 2015 and 31 March 2014 under the Universal Share/Option Plan as shares in respect of this plan were acquired on market.

During the years ended 31 March 2015 and 31 March 2014, 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

24. RESERVES

(\$ MILLION)	2015	2014
Hedge reserve		
Value at the beginning of the financial year	6.0	7.7
Hedge profit recognised in equity	2.0	6.6
Hedge profit transferred to the statement of financial performance	(7.5)	(9.0)
Share of gain on changes in fair value of cash flow hedges of joint ventures	0.3	–
Income tax benefit	1.7	0.7
Value at the end of the financial year	2.5	6.0
Foreign currency translation reserve		
Value at the beginning of the financial year	(4.4)	(6.8)
Translation of foreign operations	1.2	2.4
Value at the end of the financial year	(3.2)	(4.4)
Employee share reserve		
Value at the beginning of the financial year	21.6	19.4
Share based payments expense net of tax	2.9	2.2
Value at the end of the financial year	24.5	21.6
Other reserves		
Value at the beginning of the financial year	(3.3)	–
Acquisition of treasury shares held by Employee Share Trust	(3.4)	–
Put option held by non-controlling interests	–	(3.3)
Value at the end of the financial year	(6.7)	(3.3)
Total reserves	17.1	19.9

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.

The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Employee share reserve

The employee share reserve is used to recognise:

- the share-based payments expenses; and
- the income tax related to share based payments required to be recognised through other comprehensive income.

Other reserves

Other reserves are used to recognise:

- Put option: the written put option the minority shareholders of the Martini business have to sell all of their remaining interest to the CSR group at an agreed price (based on the financial results of the business); and
- Share based payments trust reserve: where CSR Limited Share Plan Trust ('Trust') purchases the company's equity instruments, the consideration paid is recorded in the share based payments trust reserve until the shares are cancelled or reissued. During the year ended 31 March 2015, 997,470 shares were acquired by the Trust at an average share price of \$3.70.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

25. NON-CONTROLLING INTERESTS

(\$ MILLION)	2015	2014
Issued capital	39.5	39.5
Hedge reserve	0.3	2.3
Other reserves	0.3	0.3
Retained profits	20.2	13.1
Total non-controlling interests	60.3	55.2

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.

Summarised statement of financial position

(\$ MILLION)	2015	2014
Assets		
Current assets	155.3	121.4
Non-current assets	184.1	193.8
Total assets	339.4	315.2
Liabilities		
Current liabilities	109.1	76.4
Non-current liabilities	41.6	66.8
Total liabilities	150.7	143.2
Net assets	188.7	172.0
Accumulated non-controlling interests	56.6	51.6
Other non-controlling interests	3.7	3.6
Total non-controlling interests	60.3	55.2

Summarised statement of comprehensive income

(\$ MILLION)	2015	2014
Revenue	532.7	455.3
Net profit for the period	70.3	36.2
Other comprehensive income	(6.8)	(2.9)
Total comprehensive income for the period	63.5	33.3
Profit allocated to non-controlling interest	21.1	10.9
Profit allocated to other non-controlling interests	0.1	0.1
Total profit allocated to non-controlling interests	21.2	11.0

Dividends paid to non-controlling interests

(\$ MILLION)	2015	2014
Cash flows from operating activities	110.9	65.4
Cash flows used in investing activities	(6.6)	(4.8)
Cash flows used in financing activities	(93.2)	(69.6)
Net increase (decrease) in cash and cash equivalents	11.1	(9.0)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

26. DIVIDENDS AND FRANKING CREDITS

	2015	2014		
	CENTS PER SHARE	TOTAL \$ MILLION	CENTS PER SHARE	TOTAL \$ MILLION
Recognised amounts				
Fully paid ordinary shares				
Prior year final dividend – unfranked (2014: unfranked)	5.0	25.3	2.1	10.6
Interim dividend – unfranked (2014: unfranked)	8.5	43.0	5.0	25.3
	13.5	68.3	7.1	35.9

Unrecognised amounts

	2015	2014
Final dividend – unfranked (2014: unfranked)	11.5	5.0
		25.3

The final dividend for the financial year ended 31 March 2015 has not been recognised in this financial report because it was resolved to be paid after 31 March 2015. The amounts disclosed as recognised in 2015 are the final dividend in respect of the prior financial year and the interim dividend in respect of the current financial year. The amounts disclosed as recognised in 2014 are the final dividend in respect of the then prior financial year and the interim dividend in respect of the then current financial year.

(\$ MILLION)	2015	2014
Franking account balance (tax paid basis)	0.4	0.2
Impact on franking account balance of dividends not recognised	–	–

27. RELATED PARTY INFORMATION

Key management personnel remuneration

During the financial year, total remuneration set out below was paid or payable to directors and other key management personnel:

(\$)	2015	2014
Short term employee benefits	4,314,435	3,906,347
Share based payments expense	1,141,662	812,635
	5,456,097	4,718,982

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

27. RELATED PARTY INFORMATION (CONTINUED)

Key management personnel equity holdings

	NUMBER OF CSR LIMITED SHARES					BALANCE HELD NOMINALLY
	BALANCE AT 1 APRIL	INCLUDED IN REMUNERATION	ACQUIRED	SOLD/ TRANSFERRED	BALANCE AT 31 MARCH	
2015						
Kathleen Conlon	37,249	–	1,770	–	39,019	–
Michael Ihlein	55,542	–	1,434	–	56,976	–
Rebecca McGrath	25,808	–	1,675	–	27,483	–
Matthew Quinn	15,000	–	587	–	15,587	–
Jeremy Sutcliffe	127,596	–	–	–	127,596	–
Rob Sindel	114,818	–	437,069	(200,000)	351,887	–
Greg Barnes	33,570	–	136,851	–	170,421	–
2014						
Kathleen Conlon	34,806	–	2,443	–	37,249	–
Ray Horsburgh (retired 20 August 2013)	35,500	–	–	–	n/a	–
Michael Ihlein	53,338	–	2,204	–	55,542	–
Rebecca McGrath	13,608	–	12,200	–	25,808	–
Matthew Quinn	–	–	15,000	–	15,000	–
Jeremy Sutcliffe	127,596	–	–	–	127,596	–
Rob Sindel	110,602	–	4,216	–	114,818	–
Greg Barnes	30,413	–	3,157	–	33,570	–

Details of remuneration and the CSR Limited equity holdings of directors and other key management personnel are shown in the remuneration report.

CSR Limited transactions with controlled entities

During the financial years ended 31 March 2015 and 2014, 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.

Other related parties

Other than transactions with joint venture entities disclosed in Note 33, no material amounts were receivable from, or payable to, other related parties as at 31 March 2015 or 31 March 2014, and no material transactions with other related parties occurred during those years.

Details of payments to superannuation defined benefit plans are shown in Note 31.

Employee share plan interest free loans and other transactions with directors or other key management personnel

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 2015 or 2014.

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:

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

28. INTEREST IN JOINT OPERATION

Interest in the Tomago aluminium smelter joint operation

The CSR group's interest of 36.05% (2014: 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% (2014: 25.24%).

The shareholders of the joint operation are jointly and severally liable for the liabilities incurred by the partnership.

This entity is therefore classified as a joint operation and the CSR group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

29. AUDITOR'S REMUNERATION

(\$)	2015	2014
Auditing and reviewing the financial report of the CSR group		
Deloitte Touche Tohmatsu in Australia	640,000	640,000
	640,000	640,000
Other services		
Sustainability and carbon related assurance services	86,142	156,270
Transactional services	–	100,000
Other	20,000	6,000
	106,142	262,270
Total auditor's remuneration	746,142	902,270

30. CSR LIMITED DISCLOSURES

(\$ MILLION)	CSR LIMITED	
	2015	2014
Financial position		
Assets		
Current assets	198.6	198.7
Non-current assets	1,804.8	1,832.8
Total assets	2,003.4	2,031.5
Liabilities		
Current liabilities	353.5	492.5
Non-current liabilities	382.5	377.1
Total liabilities	736.0	869.6
Equity		
Issued capital	1,042.2	1,042.2
Employee share reserve	24.1	21.6
Retained profits	201.1	98.1
Total equity	1,267.4	1,161.9
CSR LIMITED		
(\$ MILLION)	2015	2014
Financial performance		
Net profit	199.9	41.5
Other comprehensive (expense) income	(7.3)	10.7
Total comprehensive income	192.6	52.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

30. CSR LIMITED DISCLOSURES (CONTINUED)

Contingent liabilities

(\$ MILLION)	CSR LIMITED	
	2015	2014
Contingent liabilities, capable of estimation, arise in respect of the following categories		
Performance guarantees provided to third parties	61.2	65.8
Bank guarantees to Harwood Superannuation Fund ^a	1.4	25.7
Total contingent liabilities^b	62.6	91.5

a There is an obligation for CSR Limited to contribute such amounts so as to ensure that the assets attributable to certain superannuation defined benefit plans are not less than 120% of the amount required to meet the actuarial liabilities. Refer to Note 31 for details of superannuation commitments as at 31 March 2015.

b CSR Limited has not directly provided any financial guarantees to third parties outside of the CSR group. All financial guarantees disclosed above are related to bank guarantees provided to third parties to guarantee CSR Limited's performance of its liabilities. 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.

Workers' compensation

CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable future claims with a provision of \$29.2 million as at 31 March 2015 (2014: \$31.3 million).

Product liability

CSR Limited is liable for all product liability exposure in the CSR group shown in Note 38.

Commitments for the acquisition of property, plant and equipment

CSR Limited has committed \$nil to the acquisition of any property, plant and equipment as at 31 March 2015 (2014: \$nil).

31. 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 2015 for the CSR group were \$33.3 million (2014: \$41.2 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. These contributions are expensed in the period they are incurred.

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. The accounting treatment of the superannuation defined benefit plans is discussed in Significant Accounting Policies. All DBDs are closed to new members.

Changes to defined benefit obligations

The CSR Viridian (New Zealand) Limited Superannuation Scheme was wound up during the year ended 31 March 2013. All beneficiary obligations were settled as at 31 March 2013.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

31. SUPERANNUATION COMMITMENTS (CONTINUED)

Asset backing

The assets of the funds at 31 March 2015 were insufficient to satisfy all benefits which would have been vested in the event of termination of the funds, or in the event of the voluntary or compulsory termination of the employment of each employee. The funds have obligations in excess of the fair value of assets as at 31 March 2015. The CSR group's obligation in respect of the shortfall in asset value is \$28.5 million (2014: \$13.4 million). The CSR group is making contributions to the funds as follows:

Harwood Superannuation Fund	– DBD CSR	\$nil per month from 1 April 2015.
	– DBD Harwood Pensioner	\$nil per month from 1 April 2015.
	– DBD Monier PGH	For accumulation members, 11.2% from 1 July 2014.
Pilkington (Australia) Superannuation Scheme	– DBD	14.6% of eligible salary.

The last actuarial assessment for Harwood Superannuation Fund and Pilkington (Australia) Superannuation Scheme was completed as at 30 June 2014. The funding requirements were reviewed as at 30 June 2014. 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.

Defined benefit funds sponsored by the CSR group

(\$ MILLION)		PRESENT VALUE OF FUND ASSETS	PRESENT VALUE OF FUND LIABILITY	NET DEFINED BENEFIT OBLIGATION	CONTRIBUTIONS PAID
Harwood Superannuation Fund	– DBD CSR and DBD Harwood Pensioner ^a	78.3	(105.8)	(27.5)	1.0
	– DBD Monier PGH ^c	51.4	(44.7)	6.7	1.5
Pilkington (Australia) Superannuation Scheme	– DBD ^c	52.8	(60.5)	(7.7)	1.8

a Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2015. These amounts were calculated at 31 March 2015 based on the assumptions used in the last actuarial review performed on 30 June 2014 by K Knapman FIAA.

b There is an obligation for plan employers to contribute such amounts so as to ensure that the assets are not less than 120% of the amount required to meet the actuarial liabilities of Division One of the Harwood Superannuation Fund which includes DBD CSR and DBD Harwood Pensioner. At the time of the last actuarial review, DBD CSR had a funding position of 145% and DBD Harwood Pensioner had a funding position of 118%. Therefore, CSR Limited made available to the trustee of the fund bank guarantees to satisfy the balance of its commitment to 120%. As at 31 March 2015, CSR Limited has provided bank guarantees of \$1.4 million to the Trustee of the fund (2014: \$25.7 million). The bank guarantees have been disclosed in Note 30 and Note 37.

c These amounts were calculated at 31 March 2015 based on assumptions used in the last actuarial review performed on 30 June 2014.

(\$ MILLION)	2015	2014
Amounts recognised in the statement of financial performance (selling, administration and other operating costs) in respect of the defined benefit plans		
Current service cost	3.5	4.0
Finance cost	7.0	6.4
Interest income	(6.5)	(5.4)
Total expense included in the statement of financial performance	4.0	5.0
Actuarial (loss) gain incurred during the financial year and recognised in the statement of comprehensive income		
	(15.4)	17.1
Cumulative actuarial losses recognised in the statement of comprehensive income	(94.4)	(79.0)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

31. SUPERANNUATION COMMITMENTS (CONTINUED)

(\$ MILLION)	2015	2014
Net liability of superannuation defined benefit plans		
Present value of liabilities	211.0	182.2
Fair value of assets	(182.5)	(168.8)
Net liability	28.5	13.4
Included in the statement of financial position		
Non-current other assets (Note 13)	(6.7)	(3.3)
Non-current payables and other liabilities (Note 18)	35.2	16.7
Net liability	28.5	13.4
Movements in the present value of the defined benefit plan liabilities were as follows		
Liabilities at the beginning of the financial year	182.2	193.3
Current service cost	3.5	4.0
Finance cost	7.0	6.4
Contributions from participants	0.7	0.7
Actuarial loss (gain)	30.3	(5.5)
Benefits paid	(12.7)	(16.7)
Liabilities at the end of the financial year	211.0	182.2
Movements in the present value of the defined benefit plan assets were as follows		
Assets at the beginning of the financial year	168.8	157.2
Interest income	6.5	5.4
Return on assets (in excess of interest income)	14.9	11.6
Contributions from the employer	4.3	10.6
Contributions from participants	0.7	0.7
Benefits paid	(12.7)	(16.7)
Assets at the end of the financial year	182.5	168.8
(%)	2015	2014
Key assumptions and parameters (expressed as weighted averages)		
Discount rate (after tax)	2.3	4.1
Expected salary increase	3.4	3.5
Asset class allocation	– equity instruments 47.9 – debt instruments 37.1 – property 4.5 – other 10.5	47.2 37.6 4.6 10.6
(\$ MILLION)	2015	2014
Net liability of superannuation defined benefit plans		
Present value of liabilities	211.0	182.2
Fair value of assets	(182.5)	(168.8)
Net liability	28.5	13.4
	2013	2012
	2011	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT

The CSR group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including commodity price risk, foreign exchange risk and interest rate risk). This note presents information about the CSR group's exposure to each of the above risks, the CSR group's objectives, policies and processes for measuring and managing risk, and the CSR group's management of capital. There have been no changes in the CSR group's exposure to risks, objectives, policies and processes applied in managing the risks, or methods used to measure these financial risks during the years ended 31 March 2015 and 31 March 2014.

Risk management framework

The CSR group uses a variety of derivative instruments to manage financial and commodity price risks. The CSR group does not use derivative or financial instruments for speculative or trading purposes. The use of financial derivatives is governed by the Risk Management Policy framework which has been approved by the board of directors. The Risk Management Policy framework sets out specific principles in relation to the use of financial instruments in hedging exposures to foreign exchange risk, interest rate risk, credit risk, in addition to the use of derivatives and the investment of excess liquidity. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the CSR group's activities. Compliance with the Risk Management Policy 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.

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 debt which includes the borrowings disclosed in Note 19 (2015: \$nil, 2014: \$34.4 million), cash and cash equivalents disclosed in Note 9, issued capital and reserves disclosed in Notes 23 and 24 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.

Fair values

The fair values of financial assets and liabilities are determined as follows:

- the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- 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. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The assumptions and methods used to estimate fair value for the following financial assets and financial liabilities were:

- **Foreign currency contracts, foreign exchange options, currency swaps and commodity swaps:** The fair value is estimated using market quoted spot and forward exchange rates and commodity prices and applicable yield curves following market accepted formulae and practices;
- **Cash, short term loans and deposits, receivables, payables and short term borrowings:** The carrying amounts of these financial instruments approximate fair value because of their short maturity;
- **Long term borrowings:** The present value of expected cash flows has been used to determine fair value using interest rates derived from market parameters that accurately reflect their term structure. Certain estimates and judgements were required to develop the fair value amounts; and
- **Interest rate swaps:** The present value of expected cash flows has been used to determine fair value using yield curves derived from market parameters that accurately reflect their term structure. Certain estimates and judgements were required to develop the fair value amounts.

The fair value amounts shown below 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.

Credit 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 and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade and other 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, aging 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. Refer to Note 11 for more information on credit risk on receivables.

The CSR group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see Note 11).

Derivatives

The CSR group has an established Counterparty Credit Risk Policy (the 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.

Liquidity risk

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 21.

The table below analyses 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)	MATURITY GROUPING				
	1 YEAR OR LESS	1 TO 3 YEARS(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
2015					
Current payables	236.8	–	–	–	236.8
Non-current other payables	–	16.3	–	–	16.3
Borrowings (including interest)	–	–	–	–	–
Commodity financial instruments ^a	–	–	–	–	–
Foreign currency financial instruments ^a	28.6	10.9	–	–	39.5
Total	265.4	27.2	–	–	292.6
2014					
Current payables	195.0	–	–	–	195.0
Non-current other payables	–	5.4	–	–	5.4
Borrowings (including interest)	34.5	–	–	–	34.5
Commodity financial instruments ^a	–	–	–	–	–
Foreign currency financial instruments ^a	1.4	–	–	–	1.4
Total	230.9	5.4	–	–	236.3

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Commodity price and risk management

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. The CSR group has a policy of hedging its aluminium sales, 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 2015, the average of the daily LME cash price was US\$1,889 per tonne and the average Platts mid-point physical premium was US\$403.75 per tonne. The LME price component represented 82% 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.

As at 31 March 2015, the CSR group is holding the following derivatives contracts to hedge the commodity price risk exposure:

Commodity price risk exposure (\$ MILLION)	AVERAGE PRICE ^{a,b}	PRINCIPAL/MATURITIES				FAIR VALUE			
		1 YEAR OR LESS	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY	
2015									
Aluminium									
Aluminium commodity swaps	2,064.9	213.8	97.7	–	–	311.5	37.2	–	
Pulp									
Pulp commodity swaps	885.0	5.5	–	–	–	5.5	–	–	
Small-scale technology certificates (STC)									
STC forwards	–	–	–	–	–	–	–	–	
Total^c							37.2	–	
2014									
Aluminium									
Aluminium commodity swaps	1,923.7	94.4	5.5	–	–	99.9	6.2	–	
Pulp									
Pulp commodity swaps	888.4	4.1	–	–	–	4.1	0.2	–	
Small-scale technology certificates (STC)									
STC forwards	38.2	0.8	–	–	–	0.8	–	–	
Total^c							6.4	–	

a Average prices for the individual periods do not materially differ from the overall average price disclosed.

b US dollars per metric tonne, except in relation to the price of STCs which is a function of AU dollars per certificate.

c \$37.2 million net of commodity contract gains (2014: \$6.4 million net gains) were deferred in 2015 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 2015 is one year or less: \$25.6 million gain (2014: \$6.0 million gain); one to three year(s): \$11.6 million gain (2014: \$0.4 million gain). No commodity contract gains or losses relating to fair value hedges were recognised in 2015 (2014: \$nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the CSR group's pre-tax sensitivity of the value of the derivative contracts to an increase in the commodity prices assuming a constant exchange rate on hedging contracts in place at 31 March 2015. A decrease would have the opposite impact to the amounts shown in the table. A sensitivity analysis of the CSR group's exposure to the value of derivative contracts at the reporting date has been performed using a 10% increase in prices based on the balances as at reporting date.

Price change sensitivity (\$ MILLION)	ALUMINIUM PRICE 10% increase		PULP PRICE 10% increase		STC PRICE 10% increase	
	2015	2014	2015	2014	2015	2014
Other equity – (decrease) increase	(27.3)	(9.3)	0.6	0.4	–	(0.1)

Foreign exchange and 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 major foreign currency exposure relates to its US dollar aluminium sales revenue. The CSR group's policy is to hedge its US dollar aluminium revenue 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.

Other foreign exchange exposures are relatively small with CSR group policy providing for hedging for up to 18 months. 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.

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

Foreign exchange risk exposure (\$ MILLION)	AVERAGE EXCHANGE RATE ^a	PRINCIPAL/MATURITIES				FAIR VALUE				
		1 YEAR OR LESS	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY		
2015										
Forward exchange rate agreements^b										
US dollar										
Buy US dollar	0.84	41.8	2.0	–	–	43.8	4.5	–		
Sell US dollar	0.87	206.8	88.3	–	–	295.1	0.1	37.6		
New Zealand dollar										
Buy New Zealand dollar	1.08	18.5	0.7	–	–	19.2	0.5	–		
Sell New Zealand dollar	1.04	73.6	10.5	–	–	84.1	–	1.1		
Euro										
Buy euro	0.68	6.4	–	–	–	6.4	–	0.2		
Sell euro	0.71	1.5	–	–	–	1.5	–	–		
Great British pound										
Buy Great British pound	0.52	0.1	–	–	–	0.1	–	–		
Thai baht										
Buy Thai baht	24.93	–	–	–	–	–	–	–		
Japanese yen										
Buy Japanese yen	93.39	1.1	–	–	–	1.1	–	–		
Sell Japanese yen	92.82	0.4	–	–	–	0.4	–	–		
Total						5.1	38.9			

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(\$ MILLION)	AVERAGE EXCHANGE RATE ^a	PRINCIPAL/MATURITIES				FAIR VALUE			
		1 YEAR OR LESS	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY	
2014									
Forward exchange rate agreements^b									
US dollar									
Buy US dollar	0.91	45.8	1.7	–	–	47.5	0.3	0.7	
Sell US dollar	0.88	128.5	0.9	–	–	129.4	5.9	0.5	
New Zealand dollar									
Buy New Zealand dollar	1.07	15.7	0.9	–	–	16.6	–	–	
Sell New Zealand dollar	1.07	42.4	0.9	–	–	43.3	–	0.1	
Euro									
Buy euro	0.65	4.2	–	–	–	4.2	–	0.1	
Sell euro	0.65	0.4	–	–	–	0.4	–	–	
Great British pound									
Buy Great British pound	0.54	0.2	–	–	–	0.2	–	–	
Sell Great British pound	0.54	–	–	–	–	–	–	–	
Thai baht									
Buy Thai baht	29.17	0.3	–	–	–	0.3	–	–	
Sell Thai baht	29.06	0.2	–	–	–	0.2	–	–	
Japanese yen									
Buy Japanese yen	91.64	0.1	–	–	–	0.1	–	–	
Sell Japanese yen	91.34	0.1	–	–	–	0.1	–	–	
Total						6.2	1.4		

a Average rates for the individual periods do not materially differ from the overall average rates disclosed.

b \$34.6 million of net foreign exchange contract losses (2014: \$4.8 million gains) have been deferred 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 2015 is one year or less: \$24.7 million loss (2014: \$4.8 million gain); one to three years: \$9.9 million loss (2014: \$nil); and three to five years: \$nil (2014: \$nil).

At 31 March 2015, 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 would have been \$28.5 million higher/\$34.8 million lower (2014: \$9.6 million higher/\$11.8 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.

At 31 March 2015, had the New Zealand dollar strengthened/weakened by 10% against the Australian dollar with all other variables held constant, the post-tax profit would have been \$0.6 million higher/\$0.7 million lower (2014: \$2.6 million higher/\$3.2 million lower).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate and risk management

CSR group policy allows the CSR group to enter into a variety of derivative instruments to manage its interest rate exposure, with the objective of obtaining lower funding costs and a more stable and predictable interest expense. The CSR group policy allows interest rate swaps and options to be entered into to maintain the mix of fixed and variable rate debt. There were \$nil interest rate derivatives outstanding as at 31 March 2015 (2014: \$nil).

The table below provides information about the CSR group's interest rate exposure and should be read in conjunction with Note 19:

Interest rate risk exposure

(\$ MILLION)	NOTE	TERM IN YEARS	RATE % PA ^a	WEIGHTED AVERAGE				PRINCIPAL/MATURITIES			CARRYING AMOUNT		FAIR VALUE				
				1 YEAR OR LESS	1 TO 3 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY	ASSET	LIABILITY	ASSET	LIABILITY			
2015																	
Short term debt																	
Floating rate																	
New Zealand dollar debt ^b	19	–	–	–	–	–	–	–	–	–	–	–	–	–			
Floating rate																	
Australian dollar debt	19	–	–	–	–	–	–	–	–	–	–	–	–	–			
Net cash ^c	9	–	–	(68.4)	–	–	–	(68.4)	68.4	68.4	–	68.4	–	–			
Total				(68.4)	–	–	–	(68.4)	68.4	68.4	–	68.4	–	–			
2014																	
Short term debt																	
Floating rate																	
New Zealand dollar debt ^b	19	0.1	3.7	30.4	–	–	–	30.4	–	30.4	–	30.4	–	30.4			
Floating rate																	
Australian dollar debt	19	–	2.8	4.0	–	–	–	4.0	–	4.0	–	4.0	–	4.0			
Net cash ^c	9	–	–	(5.9)	–	–	–	(5.9)	5.9	5.9	–	5.9	–	–			
Total				28.5	–	–	–	28.5	5.9	34.4	5.9	34.4	5.9	34.4			

a Average rates for the individual periods do not materially differ from the overall average rates disclosed. Other financial assets and liabilities are not exposed to interest rate risk.

b Maturities based on the maturity date of the debt facilities, not the repricing date.

c Net of bank overdraft. The average interest rate on cash balances for the year was 1.23% (average 2014 rate: 3.16% per annum).

At 31 March 2015, 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 higher/lower (2014: \$0.2 million lower/higher), mainly as a result of higher interest income on cash balances (2014: higher interest expense on debt balances).

Other fair values

The fair values of other financial instruments, including financial assets and liabilities, approximate their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash flow hedging

The impact of hedging instruments designated in hedging relationships as of 31 March 2015 on the statement of financial position of the CSR group is as follows:

(\$ MILLION)	NOTIONAL AMOUNT	CARRYING AMOUNT		GAIN (LOSS)		
		ASSETS	LIABILITIES	LINE ITEM IN STATEMENT OF FINANCIAL POSITION	CHANGES IN VALUE OF INSTRUMENT USED FOR CALCULATING HEDGE INEFFECTIVENESS	
2015						
Cash flow hedges						
Commodity price risk						
Aluminium commodity swaps (hedging forecast sales)	115,500 tonnes	37.2	–	Other financial assets ^a	37.2	
Pulp commodity swaps (hedging forecast purchases)	4,800 tonnes	–	–	Other financial liabilities	–	
Foreign exchange risk						
Forward currency contracts (hedging forecast sales)	233.4	–	35.8	Other financial liabilities ^b	(35.8)	
Forward currency contracts (hedging forecast purchases)	33.7	1.9	0.6	Other financial assets and liabilities ^c	1.3	

a \$25.6 million of the carrying amount of Aluminium commodity swaps are disclosed within current other financial assets and \$11.6 million within non-current other financial assets.

b \$25.7 million of the carrying amount of forward currency contracts (sales) are disclosed within current other financial liabilities and \$10.1 million within non-current other financial liabilities.

c \$1.7 million of the carrying amount of forward currency contracts (purchases) are disclosed within current other financial assets and \$0.2 million as non-current other financial assets. \$0.6 million of forward current contract liabilities are disclosed within current other financial liabilities.

The impact of hedging instruments designated in hedging relationships as at 31 March 2014 on the statement of financial position of the CSR group is as follows:

(\$ MILLION)	NOTIONAL AMOUNT	CARRYING AMOUNT		GAIN (LOSS)		
		ASSETS	LIABILITIES	LINE ITEM IN STATEMENT OF FINANCIAL POSITION	CHANGES IN VALUE OF INSTRUMENT USED FOR CALCULATING HEDGE INEFFECTIVENESS	
2014						
Cash flow hedges						
Commodity price risk						
Aluminium commodity swaps (hedging forecast sales)	48,000 tonnes	6.2	–	Other financial assets ^a	6.2	
Pulp commodity swaps (hedging forecast purchases)	4,300 tonnes	0.1	–	Current other financial assets	–	
Foreign exchange risk						
Forward currency contracts (hedging forecast sales)	121.8	5.1	0.2	Other financial assets and liabilities ^b	4.9	
Forward currency contracts (hedging forecast purchases)	17.2	0.1	0.2	Other financial assets and liabilities	(0.1)	

a \$5.8 million of the carrying amount of Aluminium commodity swaps are disclosed within current other financial assets and \$0.4 million within non-current other financial assets.

b \$5.1 million of the carrying amount of forward exchange swaps assets are disclosed within current other financial assets and \$0.2 million of forward exchange swaps liabilities within non-current other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

The impact of hedged items designated in hedging relationships as at 31 March 2015 on the statement of financial position of the CSR group is as follows:

(\$ MILLION)	GAIN (LOSS)		
	CHANGES IN VALUE OF HEDGED ITEM USED FOR CALCULATING HEDGE EFFECTIVENESS	CASH FLOW HEDGE RESERVE (CONTINUING HEDGES)	
2015			
Cash flow hedges			
Commodity price risk			
Aluminium commodity swaps (hedging forecast sales)	(37.3)	37.2	
Pulp commodity swaps (hedging forecast purchases)	-	-	
Foreign exchange risk			
Forward currency contracts (hedging forecast sales)	36.0	(35.8)	
Forward currency contracts (hedging forecast purchases)	(1.3)	1.3	

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

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

(\$ MILLION)	GAIN (LOSS) AFTER TAX		
	HEDGE GAIN/(LOSS) RECOGNISED IN OTHER COMPREHENSIVE INCOME	AMOUNT RECLASSIFIED FROM OTHER COMPREHENSIVE INCOME TO PROFIT OR LOSS AFTER TAX	LINE ITEM IN STATEMENT OF COMPREHENSIVE INCOME
2015			
Cash flow hedges			
Commodity price risk			
Aluminium commodity swaps (hedging forecast sales)	25.7	4.0	Trading revenue
Pulp commodity swaps (hedging forecast purchases)	-	0.1	Cost of sales
Foreign exchange risk			
Forward currency contracts (hedging forecast sales)	(25.1)	3.4	Trading revenue
Forward currency contracts (hedging forecast purchases)	0.9	(0.1)	Cost of sales

The impact of hedged items designated in hedging relationships as at 31 March 2014 on the statement of financial position of the CSR group is as follows:

(\$ MILLION)	GAIN (LOSS)		
	CHANGES IN VALUE OF HEDGED ITEM USED FOR CALCULATING HEDGE EFFECTIVENESS	CASH FLOW HEDGE RESERVE (CONTINUING HEDGES)	
2014			
Cash flow hedges			
Commodity price risk			
Aluminium commodity swaps (hedging forecast sales)	(6.2)	6.2	
Pulp commodity swaps (hedging forecast purchases)	(0.1)	0.1	
Foreign exchange risk			
Forward currency contracts (hedging forecast sales)	(4.9)	4.9	
Forward currency contracts (hedging forecast purchases)	0.1	0.1	

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

(\$ MILLION)	GAIN (LOSS) AFTER TAX		
	HEDGE GAIN (LOSS) RECOGNISED IN OTHER COMPREHENSIVE INCOME	AMOUNT RECLASSIFIED FROM OTHER COMPREHENSIVE INCOME TO PROFIT OR LOSS AFTER TAX	LINE ITEM IN STATEMENT OF COMPREHENSIVE INCOME
2014			
Cash flow hedges			
Commodity price risk			
Aluminium commodity swaps (hedging forecast sales)	3.8	8.2	Trading revenue
Pulp commodity swaps (hedging forecast purchases)	0.1	(0.2)	Cost of sales
Foreign exchange risk			
Forward currency contracts (hedging forecast sales)	3.3	1.7	Trading revenue
Forward currency contracts (hedging forecast purchases)	(0.1)	(0.2)	Cost of sales

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition of fair value, grouped into Level(s) 1 to 3 based on the degree to which the fair value is observable:

- **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); and
- **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).

	2015			
(\$ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value				
Aluminium				
Aluminium commodity swaps	–	37.2	–	37.2
Pulp				
Pulp commodity swaps	–	–	–	–
Small-scale technology certificates (STC)				
STC forwards	–	–	–	–
Other financial instruments				
Forward exchange rate agreements	–	5.1	–	5.1
Total	–	42.3	–	42.3

	2015			
(\$ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities at fair value				
Small-scale technology certificates (STC)				
STC forwards	–	–	–	–
Pulp				
Pulp commodity swaps	–	–	–	–
Other financial instruments				
Forward exchange rate agreements	–	39.0	–	39.0
Total	–	39.0	–	39.0

	2014			
(\$ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value				
Aluminium				
Aluminium commodity swaps	–	6.2	–	6.2
Pulp				
Pulp commodity swaps	–	0.2	–	0.2
Other financial instruments				
Forward exchange rate agreements	–	6.2	–	6.2
Total	–	12.6	–	12.6

	2014			
(\$ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities at fair value				
Small-scale technology certificates (STC)				
STC forwards	–	–	–	–
Pulp				
Pulp commodity swaps	–	–	–	–
Other financial instruments				
Forward exchange rate agreements	–	1.4	–	1.4
Total	–	1.4	–	1.4

There were no transfers from Level 2 to Level 1 and Level 3 in 2015 and no transfers in either direction in 2014.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

33. EQUITY ACCOUNTING INFORMATION

NAME OF ENTITY	CARRYING AMOUNT						CARRYING AMOUNT		
	OWNERSHIP INTEREST	LONG TERM LOAN	EQUITY ACCOUNTED INVESTMENT	NET INVESTMENT IN JOINT VENTURE	LONG TERM LOAN	EQUITY ACCOUNTED INVESTMENT	NET INVESTMENT IN JOINT VENTURE		
		2015 %	2014 %	2015 (\$ MILLION)		2014 (\$ MILLION)			
Building Products									
Rondo Pty Limited ^a	50	50	–	13.0	13.0	–	11.3	11.3	
Gypsum Resources Australia ^a	50	50	12.0	–	12.0	12.3	–	12.3	
New Zealand Brick Distributors ^b	50	50	–	8.9	8.9	–	7.0	7.0	
Other non-material joint ventures ^a			3.1	3.3	6.4	3.1	4.2	7.3	
Glass									
Viridian Glass New Zealand ^b	58	58	–	23.0	23.0	–	21.9	21.9	
Total net investments in joint ventures			15.1	48.2	63.3	15.4	44.4	59.8	

a Entities incorporated in Australia.

b Entities incorporated in New Zealand. These entities are Limited Partnerships.

(\$ MILLION)	2015	2014
Net investments in joint ventures at the beginning of the financial year	59.8	52.7
Share of joint venture entities' profit before income tax	16.1	13.5
Share of income tax	(4.4)	(4.1)
Dividends and distributions received	(9.7)	(10.5)
Acquisitions	–	4.5
Decrease in long term loans to joint ventures	(0.3)	–
Foreign currency translation and other adjustments	1.8	3.7
Net investments in joint ventures at the end of the financial year	63.3	59.8
Share of revenue and reserves attributable to joint venture entities		
Revenue	180.2	129.8
Retained profits	8.7	11.7
Other reserves	0.5	(0.8)

Summarised statement of financial position of joint venture entities

Assets	2015	2014
Cash and cash equivalents	13.8	14.4
Other current assets	116.2	95.1
Property, plant and equipment	36.8	37.9
Other non-current assets	9.2	9.1
Liabilities		
Current payables	41.8	30.4
Current borrowings and other liabilities	71.8	62.8
Non-current liabilities	5.4	6.9
Net assets	57.0	56.4

(\$ MILLION)	2015	2014
Balances and transactions with joint venture entities^a		
Current loans and receivables	0.2	0.7
Non-current loans and receivables	38.4	40.0
New loans and receivables provided	–	8.8
Current payables	1.0	1.7
Purchases of goods and services	42.9	37.1
Sales of goods and services	16.8	23.4
Dividends and distributions received	9.7	10.5

a Purchases and sales of goods and services are on normal terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

34. PARTICULARS RELATING TO CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION/FORMATION	% CSR OWNERSHIP		COUNTRY OF INCORPORATION/FORMATION	% CSR OWNERSHIP	
		2015	2014		2015	2014
AFS Systems Pty Limited	Australia	100	–	CSR Viridian International Pty Limited	Australia	100 100
AFS Unit Trust	Australia	100	–	CSR Viridian Investment Company Pty Limited	Australia	100 100
BI (Contracting) Pty Ltd	Australia	100	100	CSR Viridian Limited ^c	Australia	100 100
Boral CSR Bricks Pty Limited ^d	Australia	100	100	CSR Viridian Operations Pty Limited	Australia	100 100
Bradford Energy Finance Pty Limited	Australia	100	100	CSR Viridian Properties Pty Limited	Australia	100 100
Bradford Insulation Industries Pty Ltd	Australia	100	100	CSR Viridian (New Zealand) Holdings Limited	New Zealand	100 100
Bradford Insulation (SA) Pty Ltd ^a	Australia	100	100	CSR Viridian (New Zealand) Limited	New Zealand	100 100
Bricks Australia Services Pty Limited	Australia	100	100	CSR (Guangdong) Rockwool Co., Ltd ^a	China	100 100
Buchanan Borehole Collieries Pty Ltd	Australia	100	100	CSR-ER Nominees Pty Limited	Australia	100 100
CSR Building Products (NZ) Ltd	New Zealand	100	100	DMS Security Glass Pty Limited	Australia	100 100
CSR Building Products Ltd ^c	Australia	100	100	Don Mathieson & Staff Glass Pty Limited	Australia	100 100
CSR Developments Pty Ltd	Australia	100	100	Farley & Lewers Pty Ltd ^b	Australia	100 100
CSR Erskine Park Trust	Australia	100	100	FEP Concrete Pty Ltd ^b	Australia	100 100
CSR Finance Ltd ^c	Australia	100	100	Gove Aluminium Finance Ltd	Australia	70 70
CSR Guangdong Glasswool Co., Ltd	China	79	79	Gyproc Holdings Pty Ltd ^b	Australia	100 100
CSR Industrial Property Trust	Australia	100	100	Midalco Pty Ltd	Australia	100 100
CSR Industrial Property Nominees No 1 Pty Ltd	Australia	100	100	Monier PGH Superannuation Pty Limited	Australia	100 100
CSR Industrial Property Nominees No 2 Pty Ltd	Australia	100	100	PASS Pty Limited	Australia	100 100
CSR Insurance Pte Limited	Singapore	100	100	PT Prima Karya Plasterboard	Indonesia	100 100
CSR International Pty Ltd	Australia	100	100	Rediwall Unit Trust	Australia	100 –
CSR Investments Pty Ltd ^c	Australia	100	100	Rivarol Pty Limited ^c	Australia	100 100
CSR Investments (Asia) Pty Ltd	Australia	100	100	SA Independent Glass Pty Limited	Australia	100 100
CSR Investments (Indonesia) Pty Ltd	Australia	100	100	Seltsam Pty Ltd	Australia	100 100
CSR Investments (Thailand) Pty Ltd ^b	Australia	100	100	Softwood Holdings Ltd ^a	Australia	100 100
CSR Martini Pty Ltd	Australia	70	70	Softwood Plantations Pty Ltd ^a	Australia	100 100
CSR Share Plan Pty Ltd	Australia	100	100	Softwoods Queensland Pty Ltd ^a	Australia	100 100
CSR Structural Systems Pty Limited ^c	Australia	100	100	Thiess Bros Pty Ltd	Australia	100 100
CSR Viridian Finance Pty Ltd ^c	Australia	100	100	Thiess Holdings Pty Ltd	Australia	100 100
CSR Viridian Holdings Limited ^c	Australia	100	100	VEST Super Pty Limited ^e	Australia	– 100

a In members' voluntary liquidation.

b CSR group is in the process of deregistering these companies.

c These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by ASIC. For further information refer to Note 40.

d Company name changed from CSR DJD Pty Limited during the financial year.

e Deregistered during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

35. CONTRACTED OPERATIONAL EXPENDITURE

Operating lease and hire expenditure^a

(\$ MILLION)	2015	2014
Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements		
Land and buildings	161.8	149.3
Plant and equipment	17.1	17.4
	178.9	166.7
Contracted lease and hire expenditure comprises		
Within one year	41.5	36.5
Between one and five year(s)	95.3	89.5
After five years	42.1	40.7
	178.9	166.7

a The operating lease and rental payments during the year ended 31 March 2015 were \$54.0 million (2014: \$52.8 million).

The total of minimum rentals to be received in the future under non-cancellable sub-leases as at 31 March 2015 is not material. Contingent rentals for 2015 and 2014 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 profitability of business conducted at the location.

36. CONTRACTED CAPITAL EXPENDITURE

(\$ MILLION)	2015	2014
Estimated capital expenditure contracted for at year end but not provided for		
Payable within one year – CSR group	12.1	12.1
Total contracted capital expenditure	12.1	12.1

37. CONTINGENT LIABILITIES

(\$ MILLION)	2015	2014
Contingent liabilities, capable of estimation, arise in respect of the following categories		
Performance guarantees provided to third parties	61.2	65.8
Bank guarantees to Harwood Superannuation Fund	1.4	25.7
Total contingent liabilities^a	62.6	91.5

a CSR Limited has not directly provided any financial guarantees to third parties outside the CSR group. All financial guarantees disclosed above are related to bank guarantees provided to third parties to guarantee CSR Limited's performance of its liabilities. 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.

Claims and possible claims (other than product liability which is discussed in Note 38) have arisen in the course of business against entities in the CSR group and have been 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.

Workers' compensation

CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable future claims with a provision of \$29.2 million as at 31 March 2015 (2014: \$31.3 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

38. PRODUCT LIABILITY

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

In Australia, asbestos related personal injury claims have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos, by people who lived near factories operated by former subsidiaries of CSR, as well as residents of and visitors to Wittenoom. As at 31 March 2015, there were 473 such claims pending.

In the United States, claims are made by people who allege exposure to asbestos fibre used in the manufacture of products containing asbestos or in the installation or use of those products. As at 31 March 2015, there were 541 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2015, CSR had resolved approximately 3,800 claims in Australia and approximately 137,000 claims in the United States.

CSR's recent claims experience can be summarised as follows:

YEAR ENDED 31 MARCH	2015	2014	2013	2012	2011
Number of claims received	258	339	347	435	412
Number of claims resolved	257	804	488	418	634
Amount spent on settlements (A\$ million) ^a	25.0	29.2	31.0	34.7	32.5
Average cost per resolved claim (A\$)	97,276	36,411	63,553	83,067	51,300

a Excludes external legal costs, net of insurance recoveries.

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

Basis of provision

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers' compensation payments from available workers' compensation insurers. CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in each of the United States and Australia. CSR has appointed Finity Consulting Pty Limited, as the independent expert to estimate the Australian liabilities. CSR has appointed 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

38. PRODUCT LIABILITY (CONTINUED)

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

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

In Australia the methodology used by Finity Consulting Pty Limited produces the central estimate of future asbestos liabilities which represents the average expectation of the range of possible future outcomes. At 31 March 2015 the central estimate was \$157.2 million calculated using a discount rate of 4.25%. On an undiscounted and inflated basis that central estimate would be \$229.4 million over the period to 2066, being the period that the Australian independent expert advises CSR is relevant for the estimation of CSR's future Australian asbestos liabilities.

In the United States the methodology used by Gnarus Advisors LLC produces a base case estimate or most likely outcome. At 31 March 2015 the base case estimate was US\$104.9 million calculated using a discount rate of 3.4%. On an undiscounted and inflated basis that base case estimate would be US\$130.8 million over the anticipated further life of the United States liability (40 years).

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

The table below shows CSR's asbestos provision from 2011 to 2015:

YEAR ENDED 31 MARCH (\$ MILLION)	2015	2014	2013	2012	2011
United States base case estimate US\$	104.9	123.5	194.0	199.2	191.8
United States base case estimate A\$	137.0	133.5	185.8	191.8	185.9
Australian central estimate A\$	157.2	161.8	158.3	172.7	180.1
Sub total A\$	294.2	295.3	344.1	364.5	366.0
Prudential margin A\$	56.5	73.8	79.7	77.2	82.9
Prudential margin %	19.2%	25.0%	23.2%	21.2%	22.7%
Total product liability provision A\$	350.7	369.1	423.8	441.7	448.9

At 31 March 2015, a provision of \$350.7 million (2014: \$369.1 million) has been made for all known claims and reasonably foreseeable future claims, and includes a prudential margin of \$56.5 million (2014: \$73.8 million) above the aggregate most likely estimate of the future asbestos liabilities in Australia and the United States as determined by Finity Consulting Pty Limited and Gnarus Advisors LLC respectively.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 31 March 2015 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 over state 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

38. PRODUCT LIABILITY (CONTINUED)

Process agreed with the Foreign Investment Review Board (FIRB)

On 22 December 2010, CSR sold its Sucrogen business, to Wilmar International Limited (Wilmar). The sale of Sucrogen to Wilmar required approval from the Commonwealth Treasurer (via the FIRB).

As part of the approval process, and as further evidence of CSR's commitment to responsibly managing its asbestos related liabilities, CSR has put in place a process for the external oversight of any repatriation of capital by CSR to its shareholders during the period of seven years following the sale of Sucrogen (subject to limited earlier termination provisions).

As part of this process, CSR has entered into an agreement with an independent body, The Trust Company (TTC) which was acquired by Perpetual Limited in 2013, pursuant to which CSR must demonstrate that CSR has fulfilled certain requirements prior to any repatriation of funds to its shareholders other than half yearly or annual dividends paid by CSR in accordance with its usual practice and its dividend policy in force from time to time.

These requirements include that:

- CSR's asbestos liabilities have been reviewed by an additional independent expert;
- CSR intends to retain its 'investment grade' credit rating following any repatriation; and
- an approved accounting firm has expressed an opinion that the decision of CSR's directors that a particular repatriation of capital would not materially prejudice creditors, including current and reasonably foreseeable future asbestos claimants, was formed on a reasonable basis.

In accordance with the agreement with TTC, documentation was provided by CSR to TTC to demonstrate that the above requirements were fulfilled in relation to the special dividend and the capital return which were paid to CSR shareholders on 2 February 2011 and 3 March 2011 respectively.

39. SUBSEQUENT EVENTS

With the exception of the items disclosed below, there has not arisen in the interval between 31 March 2015 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.

(i) Formation of east coast bricks joint venture

On 4 April 2014, CSR and Boral Limited announced an intention to combine each Company's brick operations on the east coast of Australia. The purpose of the transaction is to drive efficiencies across the combined network of operations.

The Australian Competition and Consumer Commission announced on 18 December 2014 it would not oppose the proposed transaction. Subsequently, on 1 May 2015, CSR and Boral announced the completion of the transaction and formation of the combined venture. The venture is owned 60% by CSR and 40% by Boral, reflecting the valuation of the two businesses. There was no cash consideration as part of the transaction except for typical working capital and closing adjustments.

The structure of the transaction will see CSR group consolidating the newly formed company. The transaction has not had an effect on the financial statements for the year ended 31 March 2015 and operating results and assets and liabilities of the new company will be consolidated from 1 May 2015. Preliminary acquisition accounting for the transaction will be disclosed in the financial report for the half year ending 30 September 2015.

(ii) Dividends

For dividends resolved to be paid after 31 March 2015, refer to Note 26.

40. DEED OF CROSS GUARANTEE

CSR Limited, CSR Building Products Limited, CSR Finance Limited, CSR Investments Pty Limited, CSR Viridian Finance Pty Limited, CSR Viridian Holdings Limited, CSR Viridian Limited, CSR Structural Systems Pty Limited and Rivarol Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the ASIC.

(i) Consolidated statement of financial performance, consolidated statement of comprehensive income and summary of movements in consolidated retained profits

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee 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 and a summary of movements in consolidated retained profits for the years ended 31 March 2015 and 31 March 2014 of the closed group consisting of CSR Limited, CSR Building Products Limited, CSR Finance Limited, CSR Investments Pty Limited, CSR Viridian Finance Pty Limited, CSR Viridian Holdings Limited, CSR Viridian Limited, CSR Structural Systems Pty Limited and Rivarol Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

40. DEED OF CROSS GUARANTEE (CONTINUED)
Consolidated statement of financial performance

(\$ MILLION)	2015	2014
Trading revenue – sale of goods	2,023.4	1,746.6
Cost of sales	(1,368.9)	(1,235.2)
Gross margin	654.5	511.4
Other income	37.3	55.9
Warehouse and distribution costs	(191.0)	(176.5)
Selling, administration and other operating costs	(278.2)	(240.7)
Share of net profit of joint ventures	11.7	9.4
Other expenses	(25.5)	(17.5)
Profit before finance and income tax	208.8	142.0
Interest income	2.9	2.4
Finance cost	(20.4)	(20.9)
Profit before income tax	191.3	123.5
Income tax expense	(46.1)	(24.2)
Net profit	145.2	99.3
Net profit attributable to non-controlling interests	21.2	11.0
Net profit attributable to shareholders of the closed group	124.0	88.3
Consolidated statement of comprehensive income		
(\$ MILLION)	2015	2014
Net profit	145.2	99.3
Other comprehensive income (expense)		
<i>Items that may be reclassified to profit or loss</i>		
Hedge profit recognised in equity	2.3	9.6
Hedge profit transferred to the statement of financial performance	(10.7)	(13.3)
Share of gain on changes in fair value of cash flow hedges of joint ventures	0.3	–
Exchange differences arising on translation of foreign operations	1.2	2.4
Income tax relating to these items	2.6	1.1
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial (loss) gain on superannuation defined benefit plans	(15.4)	17.1
Income tax benefit (expense) relating to these items	4.7	(5.1)
Other comprehensive (expense) income for the period (net of tax)	(15.0)	11.8
Total comprehensive income	130.2	111.1
Summary of movements in consolidated retained profits		
(\$ MILLION)	2015	2014
Retained profits at the beginning of the financial year	79.6	15.2
Profit for the period	124.0	88.3
Actuarial (loss) gain on superannuation defined benefit plans (net of tax)	(10.7)	12.0
Dividends provided for or paid	(68.3)	(35.9)
Retained profits at the end of the financial year	124.6	79.6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

40. DEED OF CROSS GUARANTEE (CONTINUED)

(ii) Consolidated statement of financial position

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

Set out below is a consolidated statement of financial position as at 31 March 2015 and 31 March 2014 of the closed group, consisting of CSR Limited, CSR Building Products Limited, CSR Finance Limited, CSR Investments Pty Limited, CSR Viridian Finance Pty Limited, CSR Viridian Holdings Limited, CSR Viridian Limited, CSR Structural Systems Pty Limited and Rivarol Pty Limited:

(\$ MILLION)	2015	2014
Current assets		
Cash and cash equivalents	68.3	5.9
Receivables	267.3	251.1
Inventories	320.6	326.4
Other financial assets	30.4	12.2
Income tax receivable	12.3	30.2
Other current assets	5.1	6.3
Total current assets	704.0	632.1
Non-current assets		
Receivables	127.5	132.9
Inventories	76.2	66.1
Investments accounted for using the equity method	63.3	59.8
Other financial assets	11.9	0.4
Property, plant and equipment	821.3	842.3
Goodwill	66.1	29.2
Other intangible assets	42.1	31.4
Deferred income tax assets	261.7	272.6
Other non-current assets	20.2	16.8
Total non-current assets	1,490.3	1,451.5
Total assets	2,194.3	2,083.6
Current liabilities		
Payables	275.8	242.0
Borrowings	—	34.4
Other financial liabilities	28.6	1.4
Tax payable	20.7	6.8
Provisions	180.1	182.3
Total current liabilities	505.2	466.9
Non-current liabilities		
Payables	16.3	5.4
Other financial liabilities	10.4	—
Provisions	366.4	378.6
Deferred income tax liabilities	18.7	25.2
Other non-current liabilities	35.2	16.7
Total non-current liabilities	447.0	425.9
Total liabilities	952.2	892.8
Net assets	1,242.1	1,190.8
Equity		
Issued capital	1,042.2	1,042.2
Reserves	18.2	17.0
Retained profits	124.6	79.6
Equity attributable to shareholders of CSR Limited	1,185.0	1,138.8
Non-controlling interests	57.1	52.0
Total equity	1,242.1	1,190.8

DIRECTORS' DECLARATION

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

The directors declare that:

- a) 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;
- b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as disclosed in the significant accounting policies;
- c) 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;
- d) 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 2015; and
- e) there are reasonable grounds to believe that CSR Limited and the group entities identified in Note 40 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 Class Order 98/1418.

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



Jeremy Sutcliffe
Chairman

12 May 2015



Rob Sindel
Managing Director

12 May 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CSR LIMITED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

Deloitte.

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of CSR Limited, which comprises the statement of financial position as at 31 March 2015, the statement of financial performance, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 43 to 93.

Deloitte Touche Tohmatsu
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Directors' Responsibility 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 "Significant accounting policies" the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CSR Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

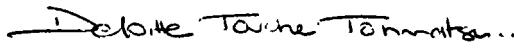
- (a) the financial report of CSR Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in significant accounting policies.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 23 to 39 of the directors' report for the year ended 31 March 2015. 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.

Opinion

In our opinion the Remuneration Report of CSR Limited for the year ended 31 March 2015, complies with section 300A of the *Corporations Act 2001*.




DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountants
Sydney, 12 May 2015

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CSR LIMITED

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP) YEAR ENDED 31 MARCH 2015

Deloitte.

The Directors
CSR Limited
Triniti 3
39 Delhi Road
NORTH RYDE NSW 2113

12 May 2015

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 2015, 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

J A Leotta

Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited.

SHAREHOLDER INFORMATION

20 LARGEST HOLDERS OF ORDINARY SHARES

As at 12 May 2015

RANK	NAME	UNITS	% OF UNITS
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	97,741,430	19.32
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	76,512,875	15.12
3.	CITICORP NOMINEES PTY LIMITED	61,367,947	12.13
4.	NATIONAL NOMINEES LIMITED	60,986,832	12.05
5.	CITICORP NOMINEES PTY LIMITED	15,123,708	2.99
6.	BNP PARIBAS NOMS PTY LTD	14,309,531	2.83
7.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	4,526,212	0.89
8.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,980,287	0.79
9.	NATIONAL NOMINEES LIMITED	3,979,406	0.79
10.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES P/L	2,900,000	0.57
11.	PRUDENTIAL NOMINEES PTY LTD	2,500,000	0.49
12.	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	2,492,240	0.49
13.	QIC LIMITED	2,157,508	0.43
14.	BOND STREET CUSTODIANS LIMITED	1,972,188	0.39
15.	AMP LIFE LIMITED	1,907,825	0.38
16.	CSR SHARE PLAN PTY LIMITED	1,457,775	0.29
17.	SBN NOMINEES PTY LIMITED	1,287,500	0.25
18.	BRISPOT NOMINEES PTY LTD	1,153,790	0.23
19.	MR ALLAN ERNEST ORMES	1,066,667	0.21
20.	GWYNVILL TRADING PTY LIMITED	1,060,000	0.21
Top 20 holders of issued capital		358,483,721	70.85
Total remaining holders balance		147,516,594	29.15

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

Commonwealth Bank of Australia advised that as at 10 March 2015, it and its associates had an interest in 26.5 million shares, which represented 5.24% of CSR's issued capital at that time.

Vinva Investment Management and its subsidiaries advised that as at 5 June 2014, it and its associates had an interest in 25.3 million shares, which represented 5.01% of CSR's issued capital at that time.

DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDING

LOCATION	UNITS	UNITS %	HOLDERS	HOLDERS %
AUSTRALIA	501,286,760	99.07	51,463	96.49
NEW ZEALAND	3,046,839	0.60	1,348	2.53
HONG KONG	673,458	0.13	43	0.08
UNITED KINGDOM	338,570	0.07	261	0.49
SINGAPORE	158,774	0.03	54	0.10
Other	495,914	0.10	166	0.31
Total	506,000,315	100.00	53,335	100.00

RANGE	HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	26,480	13,337,707	2.64
1,001 – 5,000	21,727	48,473,359	9.58
5,001 – 10,000	3,175	22,555,568	4.46
10,001 – 100,000	1,863	41,251,649	8.15
100,001 and over	90	380,382,032	75.17
Total	53,335	506,000,315	100.00

SHAREHOLDER INFORMATION CONTINUED

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$500.00 parcel at \$4.04 per unit	124	1,418	62,210

RECENT CSR DIVIDENDS

DATE PAID	TYPE OF DIVIDEND	DIVIDEND PER SHARE	FRANKING	FRANKED AMOUNT PER SHARE AT 30% TAX
December 2010	Interim	3.0 cents	100%	3.0 cents
February 2011	Special	9.1 cents	100%	9.1 cents
July 2011	Final	5.3 cents	100%	5.3 cents
December 2011	Interim	6.0 cents	100%	6.0 cents
July 2012	Final	7.0 cents	100%	7.0 cents
December 2012	Interim	3.0 cents	0%	NA
July 2013	Final	2.1 cents	0%	NA
December 2013	Interim	5.0 cents	0%	NA
July 2014	Final	5.0 cents	0%	NA
December 2014	Interim	8.5 cents	0%	NA

ANNUAL GENERAL MEETING

Annual General Meeting

11:00am

Tuesday 14 July 2015

Civic Pavilion, The Concourse,
409 Victoria Avenue,
Chatswood NSW 2067

CORPORATE REPORTS

The CSR Annual Report and Sustainability Report are available to view online or download, visit www csr com au

REGISTRY INFORMATION

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:
 Computershare Investor Services Pty Limited
 Level 4, 60 Carrington Street
 Sydney NSW 2000 Australia
 GPO Box 2975, Melbourne VIC 3001 Australia
 Telephone 1800 676 061
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The CSR Annual Report and Sustainability Report are available to view online or download, visit www csr com au

CSR