

SECURITIES AND EXCHANGE COMMISSION

FORM 20-F

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to.....

Commission file number: 0-24678

CSR LIMITED

ABN 90 000 001 276

(Exact name of Registrant as specified in its charter)

New South Wales, Australia

(Jurisdiction of incorporation or organization)

Level 1, 9 Help Street, Chatswood, New South Wales 2067, Australia

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Ordinary Shares.

American Depositary Shares

evidenced by American Depositary Receipts, each representing

four Ordinary Shares.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Ordinary shares, fully paid	963,738,421
Ordinary shares, partly paid to A\$0.10	843,000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow

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Certain Definitions

The fiscal year for CSR ends on March 31. As used throughout this Annual Report, unless otherwise stated or the context otherwise requires, the fiscal year ended March 31, 2001 is referred to as Fiscal Year 2001 and other fiscal years are referred to in a corresponding manner. All other references to years are specified and relate to calendar years.

References to tonnes herein are to metric tonnes, each of which equals approximately 2,205 pounds or 1.102 short tons. Measures of distance referred to herein are stated in kilometers, each of which equals approximately 0.62 miles. Measures of area referred to herein are stated in square kilometers or hectares; one square kilometer equals 0.3861 square miles and one hectare equals 2.47 acres. Measures of volume referred to herein are stated in liters, each of which equals approximately 0.26 United States gallons.

Estimates with respect to market size information represent the judgment of CSR, based on records and experience of CSR Group entities as well as information available from industry and government publications and other sources.

Any discrepancies between totals and sums of components in tables contained in this Annual Report are due to rounding.

"Abnormal Items" are items of revenue and expense which are considered abnormal by reason of their size and effect on the operating profit or loss after tax for the reporting period. In accordance with generally accepted accounting standards in Australia, Abnormal Items are shown separately in the profit and loss statement and notes thereto. In accordance with generally accepted accounting standards in the United States, Abnormal Items are not extraordinary items and would be classified as an element of operating revenue or expense.

"ADSs" means "American Depositary Shares", each American Depositary Share representing four Ordinary Shares.

"ADRs" means "American Depositary Receipts" which may evidence any number of ADSs.

"Associate or Associated Company" means in relation to CSR, an entity other than a Consolidated Entity, where CSR has the capacity to influence significantly the financial and operating policies of the entity.

"ASX" means the Australian Stock Exchange Limited.

"Consolidated Entity" means an entity which CSR must consolidate under accounting standards applying in Australia.

"CSR" means CSR Limited.

"CSR America" means CSR America, Inc. and its Consolidated Entities

"CSR Group" means CSR and its Consolidated Entities.

"CSR Group Operating Profit" means consolidated operating profit before Finance, income tax, outside equity interests, Abnormal Items and extraordinary items.

"CSR Group Net Profit before Abnormal Items" means consolidated CSR Group Operating Profit after Finance, income tax and outside equity interests and before Abnormal Items and extraordinary items.

"Finance" means net interest expense, borrowing costs, and foreign exchange losses and gains.

"Finance Assets" means cash on hand and short term deposits.

"Financial Statements" means: (i) the audited consolidated balance sheets of the CSR Group as at March 31, 2001 and 2000; and (ii) the audited consolidated statements of profit and loss, changes in shareholders' equity and statements of cash flows of the CSR Group for each of the one-year periods ended March 31 for the years 2001, 2000, and 1999, together with accompanying notes included herein at pages F-1 to F-55.

"Gross margin" means Operating Profit divided by Trading Revenue.

"Operating Assets" means total assets less Finance Assets.

"Operating Profit" means operating profit before Finance, income tax, outside equity interests, Abnormal Items and extraordinary items.

"Option" means an option granted by CSR pursuant to the CSR Executive Share Option Plan.

"Ordinary Shares" means fully paid ordinary shares in the issued capital of CSR.

"Partly Paid Shares" means ordinary shares in the issued capital of CSR, each partly paid to A\$0.10 and issued pursuant to the Executive Share/Option Plan.

"Shares" means Ordinary Shares and Partly Paid Shares.

"Strategic Business Unit" means a profit center focused on a single or common markets or products with a dedicated management team.

"Trading Revenue" means revenue received from customers, including revenue (net of discounts, returns and allowances), fees for services as agent, rents and royalties.

Forward-Looking Statements

This Annual Report contains a number of forward-looking statements, including statements regarding the anticipated trading results or returns of CSR Group entities in Fiscal Year 2002 and certain ongoing litigation or expected impact on the CSR Group's financial condition of such litigation. Such statements can be identified by the use of forward-looking words such as "may", "should", "expect", "anticipate", "estimate", "scheduled" or "continue" or the negative thereof or comparable terminology. CSR can give no assurances that the expected impact on financial condition of anticipated trading results or returns of entities in the CSR Group in Fiscal Year 2002 will not differ materially from the statements contained in this Annual Report. Such forward-looking statements are not guarantees of future results or performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of CSR, which may cause actual results, performance and achievements of CSR Group entities, or industry results to differ materially from those expressed or implied in the statements contained in this Annual Report. Such factors include, among other things, the following: (i) general economic and business conditions in Australia, New Zealand, the United States (including the regional economies within the United States), Japan and Asia; (ii) trends and business conditions in the Australian and United States building and construction industries; (iii) trends and business conditions in the Australian and global aluminum, and sugar industries; (iv) competition from other suppliers in the industries in which the CSR Group operates; (v) the potential loss of major customers or suppliers; (vi) costs and availability of raw materials; (vii) changes in the CSR Group entities' strategies and plans regarding acquisitions, dispositions and business development; (viii) success in defending the ongoing litigation from claimants alleging personal injuries due to exposure to asbestos; and (ix) compliance with, and potential changes to, governmental regulations related to the environment, employee safety and welfare and other matters related to the entities of the CSR Group. For a discussion of certain of these factors, see "Item 3. Key Information", "Item 4. Information on the Company", "Item 5. Operating and Financial Review and Prospects" and "Item 8. Financial Information".

Part I

Item 1. -- Identity Of Directors, Senior Management And Advisors

Not applicable.

Item 2. -- Offer Statistics And Expected Timetable

Not applicable.

Item 3. - Key Information

Currency Of Presentation And Exchange Rates

CSR Limited publishes its consolidated financial statements in Australian dollars. In this Annual Report, unless otherwise specified herein or the context requires, references to "US\$" or "US dollars" are to United States dollars and references to "\$" or "A\$" are to Australian dollars. For the convenience of the reader, this Annual Report contains translations of certain Australian dollar amounts into US dollars at the rate or rates indicated. Translations of Australian dollars into US dollars have been made at the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). Unless otherwise stated, the translations of Australian dollars into US dollars for the period ended March 31, 2001 have been made at the Noon Buying Rate on March 31, 2001 of US\$0.4881 = A\$1.00. These translations should not be construed as representations that the Australian dollar amounts actually represent such US dollar amounts or could be converted in US dollars at the rate indicated.

The following table sets forth, for each of CSR's fiscal years indicated and for the most recent months, the high, low, average and period-end Noon Buying Rates for Australian dollars expressed in United States dollars per A\$1.00.

<u>Year ended March 31</u>	<u>At Period End</u>	<u>Average Rate ⁽¹⁾</u>	<u>High</u>	<u>Low</u>
1997	US\$0.7840	0.7874	0.8180	0.7572
1998	0.6613	0.7137	0.7795	0.6515
1999	0.6340	0.6177	0.6613	0.5550
2000	0.6062	0.6446	0.6713	0.6017
2001	0.4881	0.5471	0.6005	0.4881
October 2000	0.5209	0.5287	0.5463	0.5202
November	0.5218	0.5220	0.5295	0.5088
December	0.5548	0.5454	0.5584	0.5281
January 2001	0.5473	0.5562	0.5714	0.5432
February	0.5254	0.5351	0.5525	0.5220
March	0.4881	0.5068	0.5292	0.4881
April	0.5083	0.4982	0.5174	0.4812
May (through May14)	0.5180	0.5198	0.5241	0.5177

⁽¹⁾ The average of the Buying Rates on the last day of each full month during the period.

The Australian dollar is convertible into United States dollars at freely floating rates and there are currently no restrictions on the flow of Australian currency between Australia and the United States.

Selected Financial Data

The following table presents selected consolidated financial information of CSR Group. This table should be read in conjunction with "Item 5 – Operating and Financial Review and Prospects," the audited Financial Statements and the notes to those statements that are included elsewhere in this Annual Report.

The balance sheet data as of March 31, 2001 and 2000 and income statement data for fiscal years ended March 31, 2001, 2000 and 1999 set forth below have been derived from, and should be read in conjunction with and are qualified in their entirety by reference to, the Financial Statements. The selected historical balance sheet data as of March 31, 1999, 1998 and 1997 and income statement data for the years ended March 31, 1998 and 1997 set forth below have been derived from the audited Financial Statements of the CSR Group for fiscal years ended March 31, 1999, 1998 and 1997, which are not included herein.

CSR's Financial Statements are prepared in accordance with accounting principles generally accepted in Australia ("Australian GAAP"), which differ in certain material respects from accounting principles generally accepted in the United States ("US GAAP"). See Note 39 to the Financial Statements for a reconciliation of US GAAP information.

	<u>2001(1)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
(Dollars in Millions, Except Per Share and Employees)						
Income Statement Data						
Total revenue	US\$	A\$	A\$	A\$	A\$	A\$
	3,459	7,087	7,376	6,799	6,961	6,438
Trading revenue	3,136	6,424	6,419	6,507	6,335	6,123
Operating profit before abnormal items, finance, income tax, and outside equity interests	450	923	804	693	587	463
Net finance expense	(64)	(132)	(82)	(126)	(129)	(141)
Abnormal profit (loss) before income tax	(2) 28	57	-	-	(565)	-
Income tax expense	(87)	(179)	(214)	(191)	(3)	(96)
Outside equity interests	(17)	(35)	(37)	(25)	-	(14)
Net profit (loss)	310	634	472	351	(110)	212
Balance Sheet Data						
Total Assets	4,130	8,462	6,883	7,250	7,449	7,793
Liabilities	2,138	4,381	3,064	3,637	3,996	4,120
Share Capital	1,134	2,322	2,647	2,641	1,032	1,009
Net Assets	1,992	4,081	3,819	3,613	3,453	3,673
Debt to capitalization ratio	(3) 36%	36%	23%	33%	37%	37%
Per Share Information						
Weighted average number of ordinary shares	1,003.3	1,003.3	1,036.4	1,034.5	1,013.4	982.3
Earning per share (before abnormals)	(4) 0.25	0.50	0.45	0.34	0.28	0.22
Dividends provided for or paid per share	0.11	0.23	0.23	0.23	0.22	0.21
Other						
Capital expenditure	810	1,660	538	606	538	691
Depreciation and amortization	203	415	364	371	380	364
Employees		16,134	17,104	17,802	19,726	22,488

(1) Income statement and balance sheet data have been translated at the Noon Buying Rate on March 31, 2001 of US\$0.4881 = A\$1.00.

Actual US\$ revenue and returns are valued at average rates throughout the year and will differ from this March 31 translation.

(2) Under US GAAP, items classified for Australian GAAP as abnormal and extraordinary would be included in operating profit and disclosed by way of note. See "Item 5 - Operating and Financial Review and Prospects " and Note 10 to the Financial Statements for a description of the abnormal items.

(3) Ratio of long term debt to long term debt plus total shareholders' equity.

- (4) Based on the weighted average number of Ordinary Shares issued and outstanding during the fiscal year. Diluted earnings per share are not materially different from basic earnings per share.

Risk Factors

The discussion below contains certain forward looking statements. See "Forward Looking Statements" on page 6.

CSR Group entities are subject to various risks resulting from changing economic, political, social, industry, business and financial conditions, particularly in Australia and the United States. Certain of these risks are described below. CSR Group entities could also be subject to other risks that management has not anticipated.

Economic

The profitability of CSR Group entities could be significantly adversely affected by a prolonged economic slowdown in the United States or Australia, which are the principal markets of CSR Group entities. A recession or sustained loss of consumer confidence in the United States or Australian economy could trigger a significant decline in construction activity and associated demand for construction and building materials sold by CSR Group entities and which could reduce the revenues and profits of CSR Group entities.

Industry and Business

A significant economic downturn in the United States or Australia could intensify competitive pricing pressure because of overcapacity within the respective construction and building materials industries.

Aluminium and sugar are commodities available in world markets and subject to shortages or surpluses and resulting price impacts due to changes in demand and production capacity. CSR sold its interest in bauxite mining and alumina refining in January 2001 but is still subject to world prices for alumina and aluminium. A fall in raw sugar prices related to increased capacity in other markets could have a negative impact on CSR Sugar's results and a resulting negative impact on the CSR Group results.

Manufacturing

The manufacturing facilities of CSR Group entities could be disrupted for reasons beyond their control. These disruptions may include extremes of weather, fire, supplies of materials or services, system failures, workforce actions or environmental issues. Even though CSR Group entities attempt to limit these risks and any financial consequences, any significant manufacturing disruptions could adversely affect CSR's ability to make and sell products, which could cause revenues and profits to decline.

Financial

Fluctuations in the value of the US dollar relative to the Australian dollar may affect the CSR Group's consolidated results. Approximately 71% of the CSR Group's Trading Revenue in Fiscal Year 2001 was denominated in or linked to the US dollar. Strengthening of the Australian dollar relative to the US negatively impacts CSR Group's results from operations, while depreciation of the Australian dollar relative to the US dollar has a positive impact. The majority of CSR Group borrowings are in US dollars and are subject to risks related to currency and interest rate fluctuations.

Price and foreign exchange hedging techniques are used by the CSR Group in an attempt to suppress volatility and reduce the impact of adverse changes in commodity prices, exchange rates and interest rates. Derivatives are used to hedge risk and are only used where the CSR Group has an exposure in its business operations. Further information concerning price and foreign exchange exposures and instruments is included in "Item 5. Operating and Financial Review and Prospects", "Item 11. Quantitative and Qualitative Disclosures about Market Risk" and in Note 29 to the Financial Statements. CSR Group entities do not speculate in derivatives. In addition to relying on these hedging programs, the CSR Group relies on the

effect of variations in the exchange rate on the Australian dollar value of US dollar denominated debt to provide a natural hedge against the value of CSR America assets.

Acquisitions

CSR America has completed a number of significant acquisitions during recent years. While various forms of warranties and indemnities exist with respect to such acquisitions, there can be no assurance that CSR America has anticipated all problems of these businesses or that all losses associated with these recently acquired businesses may come to light prior to the expiration of such warranty and indemnity protections, or that CSR America will in all cases be able to enforce such provisions against the parties making the indemnities.

Environmental Matters

CSR Group entities are subject to numerous environmental laws and regulations concerning their products, operations and other activities. Failure to comply with these laws and regulations could result in orders being issued that may cause certain of the CSR Group entities' operations to cease or be curtailed or may require installation of additional equipment at substantial cost. In such circumstances, CSR Group entities may be required to compensate those suffering loss or damage by reason of violations and may be fined if convicted of an offense under such legislation. Any of these events could have a material adverse effect on the CSR Group's results of operations. See the section on Environmental Matters in Item 4 – Information about the Company.

Asbestos Litigation

CSR has been named as a defendant in litigation in Australia and the United States by claimants alleging personal injury due to exposure to asbestos. In almost all these cases, CSR is one of a number of defendants. The involvement of CSR arises from the mining of raw asbestos fibre by one of CSR's subsidiaries as well as the sale by CSR and its subsidiaries of asbestos-containing products. Claimants in these cases seek compensatory and punitive damages.

Provision has been made for all known claims and probable future claims but not for such future claims as cannot presently be reliably measured. CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos related claims or the future impact on its financial condition. In Fiscal Year 2001 the provision for asbestos related claims was increased by A\$65 million pre-tax to a closing balance of A\$133 million. See Note 10 to the financial statements concerning Abnormal items.

Taking into account the provision already included in CSR's financial statements, the status of proceedings in CSR's insurance litigation and current claims management experience, management is of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on CSR Group's financial condition. However, an adverse outcome in a single case may negatively affect CSR Group's earnings in a particular reporting period and there can be no assurance that the litigation will not have a material adverse impact on the CSR Group's financial condition.

See "Item 8. Legal Proceedings" and Note 21 and Note 32 to the financial statements for details of cases, Provisions and Contingent liabilities, respectively.

Occupational Health and Safety Aspects of CSR Group Products

CSR Group entities' operations are subject to the operating risks associated with construction materials and other manufacturing and handling risks, including the related storage and transportation of raw materials, products and wastes. These hazards include, among other things:

- storage tank leaks and ruptures

- explosions
- discharges or releases of hazardous substances
- manual handling
- exposure to dust
- the operation of mobile equipment and manufacturing machinery

These operating risks can cause personal injury, property damage and environmental contamination, and may result in the imposition of civil or criminal penalties. The occurrence of any of these events may materially adversely affect the productivity and profitability of a particular manufacturing facility and the operating results of CSR Group entities. For more detailed information of environmental issues, see "Item 4. Information on the Company – Environmental Matters."

Crystalline silica dust and its control have been identified as an occupational health issue in CSR Group operations in Australia and at CSR America's operations in the United States. CSR Group uses raw materials containing silica in concrete plants, roof tile factories, brick and paver factories, insulation factories, and products from many quarries contain silica. CSR America uses materials containing silica in concrete plants and quarries. CSR Group entities have established procedures to control workers exposure to silica dust and assist customers to use their products safely.

Because the risk is now perceived to be higher than previously thought by regulatory agencies in Australia and the United States, CSR Group entities may face future costs of engineering and compliance to meet new standards relating to crystalline silica as such standards are made more stringent. A risk exists that claims for crystalline silica-related diseases could arise. At this time, CSR Group entities have no outstanding silica related claims, prosecution or litigation. CSR Group entities cannot reliably quantify future claims or charges related to crystalline silica.

Insurance

HIH, an Australian insurer, is insolvent. CSR Group had coverage with HIH for liability and workers compensation covering periods from 1 July 1995 to 1 March 2001. HIH participated in CSR Group entities' liability insurance for claims in excess of A\$50 million up to A\$200 million in Fiscal Years 1997, 2000, and 2001. Claims paid or outstanding in those years are significantly less than the insured level of losses, and to date have not exceeded A\$4 million in any year. Were such claims to arise, CSR Group would rank as an unsecured creditor for losses where HIH was the insurer.

HIH also provided cover for excess of loss and excess of aggregate in CSR's self-insurance for periods between July 1995 and March 2001. Excess of loss recoveries at risk are A\$1,850,000, and excess of aggregate is estimated at A\$1,000,000. Insurance provisions have been increased to take account of these risks.

Item 4 – Information On The Company

The discussion below contains certain forward-looking statements. See "Forward-Looking Statements" on page 6.

General

CSR Limited was incorporated in New South Wales, Australia in 1887 as the Colonial Sugar Refining Company. The company name was changed to CSR Limited in 1973. As at March 31, 2001, CSR was the 25th largest listed Australian company on the Australian Stock Exchange Limited, as measured by its share market capitalization of A\$5,021 million. CSR's headquarters are at Level 1, 9 Help Street, Chatswood, New South Wales, 2067 Australia. The telephone number is (61-2) 9235-8000.

CSR Group entities comprise building and construction materials divisions, with major manufacturing and distribution operations in Australia, New Zealand, and Asia plus CSR America, Inc in the United

States. CSR Group entities are also Australia's largest producer of raw sugar and have significant investments in Australia in sugar refining and the production of aluminum.

For Fiscal Year 2001, CSR Group had revenue from all sources of A\$7,087 million and net profit attributable to CSR shareholders of A\$634 million. At March 31, 2001, CSR Group entities employed approximately 16,134 people worldwide at some 650 operating facilities in Australia, the United States, and Pacific Rim countries. In 2001, 56% of trading revenue was derived from sales by CSR America in North America, 42% from Australia and 2% from Pacific Rim countries. CSR had approximately 111,629 shareholders at March 31, 2001.

During the last three years, CSR Group entities have built shareholder value with three primary strategies:

- Performance Improvement - profit margin on trading revenue has increased from 9% in 1998 to 14% in 2001. Operational improvements made in each of the Divisions and CSR America have increased efficiency and reduced costs by more than A\$300 million in three years.
- Rationalization and Industry Restructuring - CSR Group entities have sold under-performing or non-strategic businesses during the last three years. Disposals include the Timber Products business, CSR's interest in Gove Aluminium bauxite mining and alumina production, and the AWP contract mining business.
- Growth - capital expenditure by CSR America in the United States has exceeded A\$ 2.2 billion during the last three years. CSR America acquired businesses valued at about A\$1.3 billion in Fiscal Year 2001, and built new or upgraded plants and equipment in concrete pipe and products, quarries and cement and construction materials.

More detailed information regarding the strategic acquisitions, divestitures, and capital expenditure by CSR Group entities is provided below in the discussion of each segment and below under "Acquisitions and Divestitures."

Segment Overview

At March 31, 2001, the CSR Group was organized into four divisions: Construction Materials Division (Australia and Asia), Building Materials Division (Australia, New Zealand and Asia), Sugar Division and Aluminium Division, plus CSR America, Inc. These entities are organized into a number of Strategic Business Units. A description of these Divisions and CSR America is included below. For additional financial information regarding Segments and geographical areas, see Note 1 to the Financial Statements.

Trading Revenue By Segment

	Year Ended March 31,								
	2001			2000			1999		
	A\$	% of	(1)	A\$	% of	(1)	A\$	% of	(1)
	Segment			Segment			Segment		
CSR America Inc.	3,590	56%		2,691	42%		2,439	37%	
Construction Materials Division	923	14%		1,048	16%		1,313	20%	
Building Materials Division	860	13%		943	15%		837	13%	
Sugar Division	529	9%		643	10%		746	12%	
Aluminium Division	520	8%		485	8%		413	6%	
Timber Products Division	-	0%		609	9%		759		12%
Other	2	0%							
Trading Revenue	6,424			6,419			6,507		
	=====			=====			=====		

(1) The percentages in this column represent the percentage contribution of each segment to the total of all segments.

Strategy

CSR Group has been transforming itself into a high performance international building materials group through divestitures of certain businesses and the use of those proceeds, in part, to fund continuing growth. Significant investment has been made to acquire, build, or upgrade assets in CSR America, which now accounts for more than half of the CSR Group trading revenues.

CSR America, Inc.

CSR America, an indirect wholly owned subsidiary of CSR, was incorporated in the United States in 1981. CSR America is one of the largest producers of construction materials in the United States, with products including aggregate, sand, cement, pre-mixed concrete, concrete block, concrete pipe, polyethylene pipe, pre-stressed concrete products and asphalt. As at March 31, 2001, CSR America employed 8,591 people and operated at 287 sites in 31 states across the United States. CSR America, through its consolidated entities, contributed 56% of CSR Group's Trading Revenue and 56% of the Operating Profit of CSR Group for Fiscal Year 2001.

CSR America commenced operations through acquisition of an asphalt contracting and quarrying company in South Carolina in 1981. Expansion in the United States continued in subsequent years, culminating in two significant acquisitions. In 1988, CSR America acquired the Florida-based company Rinker Materials, a substantial, integrated quarrying, concrete and cement business, for US\$515 million. In January 1990, CSR America acquired the concrete, quarry, asphalt and concrete pipe subsidiaries of ARC America Corporation, including American Aggregates Corporation ("American Aggregates"), Associated Sand & Gravel Company, Inc., ARC Materials Corporation (operating as WMK Materials) and Hydro Conduit Corporation for US\$650 million.

CSR America has continued to acquire businesses, construct new facilities, and develop existing sites. Acquired businesses fit with CSR America's existing integrated construction materials operations, sharing management and distribution networks and marketing and general overheads. In Fiscal Year 2001, capital expenditures totalled US\$890 million. CSR America acquired the quarry and concrete business of American Limestone, the cement and quarry business of Florida Crushed Stone, and the concrete pipe and prestress businesses or assets of Wilson Concrete, Leppert, Southern Culvert, Duracrete, Bay Pipe and US Concrete Pipe. Construction of new facilities and site improvements has increased production capacity and lowered production costs. In Fiscal Year 2001, CSR America commissioned new plants in Florida, South Carolina and Louisiana and began construction of a new Texas plant. Additional investments were also made in new mobile equipment.

As part of its strategy to dispose of under-performing or non-strategic assets, CSR America has divested or closed certain businesses and operating assets. The major divestiture was the May 1997 sale of CSR America's mid-western quarrying and concrete operations, American Aggregates, for approximately A\$345 million.

In Fiscal Year 1999, CSR America completed implementation of a new integrated business information system in all major businesses providing streamlined transaction processing, reduced overheads and improved availability and quality of marketing and finance information. CSR America operates a shared service function providing information technology, transaction processing and other corporate services to the majority of its US operations. Strategic Business Units have been redesigned to improve management focus and accountability.

CSR America's operations are structured into six major lines of business for management purposes. These include Quarries & Cement, Materials Florida, Distribution, Pipe & Concrete Products, Materials Nevada, and Materials Northwest. Each line of business is described below.

CSR America believes its businesses are not economically dependent on any particular customer or trading group. Major customers are residential builders, commercial and civil contractors and pre-mixed concrete and asphalt producers. CSR America estimates that approximately 38% of its Trading Revenue is derived from the residential housing sector, approximately 32% from commercial and industrial construction and the remainder from civil construction.

CSR America's businesses are affected by the regional economies in which they operate. CSR America currently derives approximately 54% of its Trading Revenue from operations in the State of Florida. Through its Quarries & Cement, Materials Florida, Pipe & Concrete Products and Distribution divisions, CSR America is one of the largest suppliers in most of the markets in which it operates in Florida. The remaining share of CSR America's Trading Revenue is derived primarily from the South Central, Pacific, Mountain and other regions, each at about 10% of Trading Revenue. The US economy continued to perform strongly throughout Fiscal Year 2001. CSR America benefited from higher levels of federal infrastructure spending under TEA-21 (the Transportation Equity Act for the 21st Century), the US Government's US\$216 billion six year transport infrastructure program.

Quarries & Cement

Quarries & Cement operates in Florida, Georgia, Tennessee, South Carolina and Virginia. Its quarry operations include 28 quarries and sand mines, 7 concrete plants, 3 secondary processing plants and 4 aggregate distribution centers. Due primarily to the acquisition of Florida Crushed Stone Company, Inc. and American Limestone Company, Inc. in Fiscal Year 2001, production capacity increased by 50% to 36 million tonnes in Fiscal Year 2001 from 24 million tonnes in Fiscal Year 2000. CSR America estimates its combined quarry operations have 1.9 billion tonnes of limestone, hard rock, sand and gravel reserves. Reserve life at current extraction rates is estimated to be in excess of 30 years.

Quarries & Cement operates 2 cement plants in Florida with combined production capacity of 1.6 million tonnes. The 1 million tonne Miami dry process plant came on line in April 2000, replacing an obsolete 560 thousand tonne wet process plant. The 600 thousand tonne Brooksville plant was acquired in Fiscal Year 2001 as part of Florida Crushed Stone. These two investments tripled production capacity during Fiscal Year 2001.

Materials Florida

Materials Florida operates 66 pre-mixed concrete plants and 19 concrete block manufacturing plants throughout Florida. A majority of the cement and aggregate raw materials used in production are supplied by CSR America Quarries and Cement through Florida's rail system or by contracted freight haulers. Materials Florida also distributes reinforcing steel, bagged cement, clay bricks and other building material accessory products. Plant sites are strategically located throughout Florida's major markets. Products are delivered through its fleet of approximately one thousand trucks. Production capacity is estimated at 5.1 million cubic metres of pre-mixed concrete and 139 million concrete block units.

Distribution

Distribution operates 27 building materials distribution centers in Florida with operations also in North Carolina, South Carolina and Tennessee. Products supplied include gypsum wallboard, metal framing, ceiling tile, insulation, and other building materials.

During the period 1992 through 1996, CSR America acquired several wallboard distributors in Florida becoming one of the state's leading distributors of gypsum wallboard. In April 1995, CSR America expanded its product range by acquiring Dierco Supply, a ceiling tile and insulation distributor. CSR America owns 55% of a steel fabrication joint venture (Steelcon) with Bethlehem Steel. Steelcon fabricates light gauge metal framing which is sold through the division's distribution centers.

Pipe & Concrete Products

Pipe & Concrete Products is the largest producer by revenue of reinforced concrete pipe in the United States. Its pipes are primarily used for storm water transmission, sewage and irrigation. Its pre-stressed concrete products include bridge beams, support structures and commercial and industrial building panels. Auxiliary concrete products include manholes and pollution prevention devices.

Operations include 63 concrete pipe plants, 16 pre-stressed and concrete products plants, 5 support plants, 6 polyethylene pipe plants, 3 metal pipe plants, and 2 block plants, operating in 30 states. Operations in New England were managed through a partnership in Fiscal Year 2001 (50% owned by CSR America). In April 2001, CSR America acquired the remaining interest. Major customers for Pipe & Concrete Products are general and utility contractors who contract to government agencies (federal, state and local) and private developers.

Since April 1998, CSR America has more than doubled its production capacity of concrete pipe and pre-stressed and concrete products. Current annual production capacity is estimated at 4.3 million tonnes. During the last three years, CSR America commissioned modern automated pipe plants in Florida, South Carolina, Washington DC and Louisiana and made acquisitions of 32 facilities in nine states. Construction is underway on another automated pipe plant in Texas. In Fiscal Year 2001, CSR America acquired the concrete pipe and prestressed business of Wilson Concrete in Iowa, Kansas and Nebraska, purchased the Bay pipe plant in Houston, Duracrete pipe and precast plants in Ohio and Indiana, the Leppert plant in Indiana, and the concrete pipe and metal pipe operations of Southern Culvert in Florida.

The United States market for concrete pipe is estimated by CSR America to be about US\$2.7 billion a year. Storm drains, culverts and sewerage pipelines are the end use for pipes. Demand is heavily dependent on the construction of roads, residential subdivisions, commercial development and airports. The industry is mature and its modest growth over the past 15 years is expected to increase due to increased federal infrastructure spending. The United States concrete pipe industry is generally fragmented and localized because of the product's high freight costs, with most markets limited to a 150 kilometers radius from plant sites. Despite substantial rationalization in recent years, the industry has maintained a low level of concentration, with over 100 producers operating about 320 plants.

Concrete pipe represents approximately 80% of the demand for non-pressure pipe in diameters above 12 inches. Although plastics have been penetrating the market, it has principally been at the expense of pipe materials other than concrete pipes (such as corrugated steel).

CSR America owns PolyPipe Industries Inc ("PolyPipe"). PolyPipe makes and sells polyethylene pipes for natural gas and oil transmission and polyethylene duct material used for placement of underground utility cables. CSR America acquired a manufacturer of polyethylene valves and fittings, Shafer, in April 1996. CSR America also owns Pipe Liners Inc ("PLI"), the exclusive manufacturer of the U-Liner™ product in the United States, allowing for relining of aging pipes underground. PLI is the holder of the patent for the U-Liner™ rehabilitation process licensed to installers throughout the United States. CSR America is a U-liner licensee.

Materials Nevada

Materials Nevada operates in Las Vegas, Nevada. Operations include sand and gravel pits, pre-mixed concrete, concrete block and other building materials. The 3 main concrete plants are positioned in the Las Vegas Valley to service the entire metropolitan market. Five additional mobile concrete units are used to serve outlying areas and large jobs in the metropolitan area. In June 1998, a modern block manufacturing plant was acquired in North Las Vegas, replacing an older plant.

Materials Northwest

The Northwest operations include 6 sand and gravel pits, 5 asphalt manufacturing plants, 1 pre-mixed concrete manufacturing plant, and a road surfacing business. The sand and gravel pit at Everett, Washington is nearly depleted. Quarry operations at Granite Falls, about 30 kilometers east of Everett, commenced in December 1999. The company estimates reserves at this new site to be at least 30 years at current sales levels. Four fixed asphalt plants are placed to serve the road building industry in northwest Washington, while portable asphalt and crushing plants service more remote highway projects in the Puget Sound region. Materials Northwest exited the Oregon market during Fiscal Year 2000 with the sale of Portland pre-mixed concrete plant and closure of Washougal quarry.

Construction Materials Division

As at March 31, 2001, the Construction Materials Division employed 2,826 people at 350 operating sites in Australia and Asia. Construction Materials' activities include the production and distribution of quarry aggregate, sand, pre-mixed concrete, concrete pipe and other reinforced precast and concrete products. It also provides asphalt and road pavement services and services in waste management. The CSR Group also has investments in cement production in Australia. The Construction Materials Division contributed 14% of Trading Revenue and 6% of Operating Profit for Fiscal Year 2001.

During Fiscal Year 1999 the Construction Materials Division was reorganized into seven regionally based quarrying and pre-mixed concrete Strategic Business Units and a national Concrete Pipes and Products Strategic Business Unit. In Fiscal Year 2000, Construction Materials introduced a new integrated business information system across the business that has streamlined transaction processing, reduced overheads and improved the availability and quality of marketing and finance information.

Since April 1999, as part of the ongoing operational improvement plan to rationalize the assets in the business, several concrete, quarry, pipe and asphalt sites have been sold or closed. Additionally, 5 waste management sites were sold.

Construction Materials' operations are diversified geographically and also by end market. About 40% of production is used in civil construction with the remainder in commercial and industrial construction and residential building. Major customers include civil engineering contractors, government agencies, home builders and commercial building developers. Production of asphalt is closely linked to government road making activities.

Pre-Mixed Concrete and Quarries

CSR Construction Materials is one of Australia's largest pre-mix concrete and quarry operators. The CSR Group entered the quarrying and pre-mixed concrete sector in 1965 and has expanded its operations through acquisition and merger of established businesses and greenfield development in each of its products. The CSR Group's pre-mixed concrete, concrete product and asphalt operations provide assured outlets for its quarry products. More than three-quarters of CSR Construction Materials' quarry products and over half of CSR's cement requirements are sourced from the CSR Group's operations and associated companies.

Under its READYMIX™ and associated brand names, CSR Construction Materials provides a range of aggregates, aggregate mixes, gravel, sand and pre-mixed concrete from some 79 operating quarries and 240 pre-mixed concrete plants, including agencies, throughout Australia. Most quarry operations and quarry reserves are located close to major markets, being the Australian state capital cities and large regional centers, to facilitate transport cost minimization and security of raw material supplies to CSR Construction Materials' other value-added and integrated activities. While reserve life varies from quarry to quarry, at current extraction rates, reserve life at most locations is in excess of 50 years.

Concrete Pipes and Products

The CSR Group, under the HUMES™ and associated brand names, is a leading Australian manufacturer of reinforced concrete pipe for sewerage, storm water and irrigation, arches for bridges, and other pre-cast and pre-stressed concrete products for use in civil engineering projects and commercial buildings. The Concrete Pipes and Products' operations consist of an Australia-wide network of 19 plants.

In February 1999, the Concrete Pipes and Products business in Australia was set up as a stand alone business within the Construction Materials division, to provide increased focus and accountability.

The market for concrete pipe and other pre-cast and pre-stressed products is highly dependent on government and state authority spending and on housing sub-division work. Australian civil construction activity has fallen substantially over the last two quarters of Fiscal Year 2001.

Emoleum Road Services

CSR Construction Materials and Vacuum Oil Company Pty Limited, a subsidiary of Mobil Oil Australia Limited, formed the CSR Emoleum Partnership in July 1996. CSR Emoleum (50% owned by the CSR Group) manufactures asphalt, a bitumen-based material used mainly for road paving, and provides a range of road services including paving, pavement design, profiling, spray sealing and road maintenance contracting. These services are used for the construction of new roads and the maintenance of existing roads across Australia.

Asia

CSR Group entities established joint venture operations (85% owned by the CSR Group) in Taiwan in 1993 which make and market concrete pipes and other pre-cast products such as tunnel segments.

In China, a CSR Group entity has a joint venture (70% owned by the CSR Group) in the industrial city of Tianjin in northern China with a partner associated with the Tianjin municipal government. Since 1994, the joint venture company has also operated a large hard rock aggregate quarry. The joint venture has three large pre-mixed concrete plants, servicing the Tianjin/Tang Gu and Dong Li regions.

Cement

CSR Group entities acquired a 50% shareholding in Australian Cement Holdings Pty Limited ("Australian Cement") in 1974. The other shareholder is Hanson plc. Australian Cement is a major cement producer in Australia.

Australian Cement operates 2 cement plants, Railton in Tasmania and Kandos in New South Wales. Each plant owns and operates nearby limestone quarries. Limestone is the major raw material for cement, and CSR expects that Australian Cement's reserves of limestone at current consumption rates, to be sufficient for approximately 75 years of production. Australian Cement owns and operates cement seaboard distribution facilities in Sydney, Newcastle and Melbourne, and owns a dedicated ship which transports bulk cement from its Railton plant to mainland Australia.

During Fiscal Year 2000, Australian Cement sold its 49% interest in Adelaide Brighton Cement Limited for A\$83 million.

Over 80% of Australian Cement's output is presently supplied in bulk to pre mixed concrete producers. Australian Cement's two main customers are its two shareholders, the CSR Group and Hanson PLC .

Other businesses

Construction Materials Division conducts a waste disposal/landfill joint venture (Enviroguard Pty Ltd, 50% owned by the CSR Group) with Brambles Australia Limited which includes a landscaping products business (Envirogreen Pty Ltd, 50% owned by the CSR Group).

During Fiscal Year 1999, CSR Group sold its Australian contract mining businesses, AWP Contractors Pty Limited and CSR Contracting Pty Limited, for a total consideration of A\$140 million.

Building Materials Division

As at March 31, 2001, the Building Materials Division employed 2,957 people at 34 operating sites in Australia, New Zealand and Asia. Building Materials' activities include the production and distribution of gypsum products, glasswool and rockwool insulation products, concrete and clay roof tiles, clay bricks and pavers, fiber cement, autoclaved aerated concrete blocks and panels and a contract Shipping business. The Building Materials Division contributed 13% of Trading Revenue and 15% of Operating Profit for Fiscal Year 2001.

The Building Materials Division is the leading supplier in Australia of plaster wallboard, insulation, roof tiles and autoclaved aerated concrete. Approximately 73% of Division production is supplied to the residential building market and remainder to commercial and industrial building, civil construction and other non-building sectors.

Plasterboard and Fiber Cement

Australia. CSR Group, under GYPROCK™ and other brand names, is one of the largest manufacturers and marketers of gypsum-based products in Australia operating from 4 production sites and 39 distribution outlets. The CSR Group's gypsum products operations also encompass the mining and shipping of gypsum and the production and marketing of dry plaster and a full range of accessories. Over 70% of the Division's gypsum products are used in residential construction (mainly interior walls and ceilings), with the balance used in commercial construction. Competition in the plaster wallboard market is strong.

The Division's gypsum is mined at Lake MacDonnell, South Australia, through Gypsum Resources Australia (GRA). 50% owned by the CSR Group, GRA is a joint venture with Boral Limited. CSR manages the shipping of gypsum to the various manufacturing sites in Australia for GRA. This gypsum mine, one of the largest in Australia, has approximately 288 million tonnes of proven and probable gypsum reserves. CSR estimates that at current consumption levels these reserves would be sufficient to meet industry requirements for more than 250 years.

CSR Fiber Cement entered the fiber cement market in March 1996 with a plant located in Sydney, New South Wales. Fiber cement products are made from cement, sand and cellulose fiber and include flat sheeting principally for internal lining and external cladding of domestic and commercial buildings. The plant delivers most of its product to the Australian east coast market which represents more than 80% of the Australian market and has been successful in achieving an improvement in its market share in that market to over 26%.

Asia. The economic downturn, brought about by the Asia crisis in 1997/1998, further intensified competition from new production capacity in the region. This has made production of plaster wallboard in Asia uneconomic at present. The CSR Group's Beijing, China plasterboard factory was sold in October 1999.

Insulation Products

The CSR Group, under BRADFORD INSULATION™ and other brand names, is the largest insulation manufacturer in Australia. It manufactures and markets a wide range of thermal and acoustic insulation products including glasswool, rockwool and reflective foil. Its manufacturing and support facilities are located in Australia, New Zealand, Indonesia, Malaysia, Singapore, China, Hong Kong and Thailand.

Australia. The CSR Group's Bradford operations include 3 plants throughout Australia. Principal end markets are in residential and commercial building and construction. CSR is the only Australian manufacturer of rockwool, which is used primarily in industrial insulation. Major customers are home builders, distributors, retail hardware outlets, insulation contractors and manufacturers. The polystyrene manufacturing business was sold during 1999. CSR also distributes its products in Australia.

Asia. The CSR Group operates 5 plants in Asia: a rockwool joint venture in Malaysia (70% owned by the CSR Group); small glasswool operation in Indonesia (50% owned by the CSR Group); glasswool joint venture in Zhuhai, China (79% owned by the CSR Group); rockwool joint venture in Dongguan, China (70% owned by the CSR Group); rockwool operation in Thailand (100% owned by CSR Group). The CSR Group operates trading facilities in Singapore and Hong Kong. Principal end markets for the CSR Group's Asian insulation businesses are industrial and commercial enterprises, mainly related to infrastructure development in southeast Asia and China.

Roofing

The CSR Group is the largest supplier in Australia and New Zealand of concrete and clay roof tiles. The concrete and clay roof tile market is of particular significance in Australia where an estimated 70% of single dwelling residential housing incorporate roof tiles. Roof tiles are primarily utilized in the construction and renovation of residential housing.

Concrete roof tiles are sold under the MONIER™ brand and clay roof tiles are sold under the WUNDERLICH™ brand. The CSR Group currently operates 5 concrete and 2 clay roof tile plants in Australia and 2 concrete tile plants in New Zealand. Roof tiles are supplied through a supply and fix service and through roofing contractors. Principal customers are large project builders in all Australian states and major roofing contractors in New South Wales, Victoria and New Zealand.

Bricks, Pavers and Lightweight Concrete Products

CSR is a leading manufacturer in Australia and New Zealand of clay bricks and pavers. The CSR Group currently operates 9 clay brick and paver plants in Australia and one clay brick and paver plant in New Zealand. Bricks and pavers are manufactured and sold close to major markets due to high transportation costs. The Australian clay brick and paver products are sold under the PGH™, ZACUBA™ and BATHURST BRICK™ brands. CSR Building Materials (NZ) Limited, supplies the New Zealand brick and paver market under the MONIER™ brand from its plant in Auckland.

Clay bricks and pavers are made from naturally occurring clays and shales supplied from 38 CSR Group controlled reserves as well as independent clay suppliers. While reserve life varies from quarry to quarry, at current extraction rates reserves are estimated to be in excess of 20 years.

The clay brick market is of particular significance in Australia where an estimated 85% of external cladding for houses is brick. However, the trend in use is changing, as rendered finishes become more popular and cheaper common bricks are preferred over the more expensive ones. Bricks are primarily utilized in the construction and renovation of residential housing, a highly fragmented market. Principal customers are large project builders for bricks and distributors for pavers.

CSR Hebel is the largest supplier of autoclaved aerated concrete products in Australia. The CSR Hebel plant, close to Sydney, New South Wales, produces light weight concrete blocks, reinforced panels and reinforced door and window lintels. These products are used in many applications, including walls, roofs and floors. Approximately 55% of production is used in commercial and industrial building, 40% in residential building and the balance in civil construction. The CSR Group also operates an autoclaved aerated concrete plant in Malaysia (70% owned by the CSR Group). The business supplies markets in both Malaysia and Singapore. A similar plant operated in Taiwan through a joint venture (55% owned by the CSR Group) was closed October 1999 and all assets disposed of in 2000.

Shipping

The CSR Group shipping business currently manages three ships which carry over two million tonnes of dry bulk cargo around the Australian coast each year. Two of the ships, together with chartered ships when required, carry gypsum from South Australia to the eastern States, and raw sugar and alumina from Queensland to the southern States on return voyages. The third ship carries cement for Australian Cement Holdings (50% owned by the CSR Group).

Sugar Division

The Sugar Division is Australia's largest sugar producer with activities encompassing milling of sugar cane, sugar refining, distilling and other sugar services. Sugar operations are subject to various statutory regulations in Australia and New Zealand. Raw and refined sugar is traded on the "world free market" and subject to international competition. Sugar prices are affected by world sugar production and consumption. For Fiscal Year 2001, the Sugar Division contributed 8% of the CSR Group's Trading Revenue and 2% of Operating Profit.

The regulations covering the marketing of sugar and all other aspects of the sugar industry in Queensland were reviewed in 1996. The Sugar Industry Review Working Party, through a report released in November 1996, recommended removal of the A\$55/tonne tariff on raw and refined sugar, retention of compulsory acquisition and "single desk seller" arrangements for the export and domestic sales of raw sugar. The report further recommended that a single body, then the Queensland Sugar Corporation, remain responsible for acquisition and marketing, that domestic raw sugar prices be set at export parity levels, that pooling of raw sugar revenues and marketing expenses be continued and that a system of producer pricing be implemented to provide cane growers and mill owners with the option of managing their own price risk. The Commonwealth and Queensland State Governments generally endorsed the recommendations.

The Queensland government also endorsed a general industry agreement that an industry owned body be responsible for the acquisition and marketing of the sugar. Queensland Sugar Limited (QSL) was established and assumed this role during this Fiscal Year. In line with the recommendations above, QSL is developing a concept to facilitate producer pricing. The A\$55/tonne tariff on raw and refined sugar was removed by the Commonwealth Government in November 1997.

Sugar Milling

CSR Group operates 7 mills in Queensland. The mill in the Ord River district of Western Australia was sold in Fiscal Year 2001. In Fiscal Year 2001, CSR Group produced 1.7 million tonnes of raw sugar representing about 41% of Australia's total production. The Australian sugar industry is considered one of the most technically efficient in the world. Sugar cane is grown in Australia by around 6,800 independent farmers that supply mill operations. The annual cane harvesting season extends from June through November.

The production of sugar in Queensland is regulated by statute with all raw sugar produced being acquired by the Queensland Government and marketed by Queensland Sugar Limited (an industry

governed marketing company). Income available for distribution to growers and millers is the combined net proceeds of raw sugar sales overseas and in Australia. Income is shared approximately two-thirds to growers and one-third to millers, but is the subject of arrangements made locally by miller and grower. The precise division depends on the sugar content of the cane, the efficiency of the milling and district arrangements related to harvesting.

In August 2000, the bulk sugar terminal assets of port authorities in Cairns, Mourilyan, Lucinda, Townsville, Mackay, Bundaberg and Brisbane were transferred to a new industry owned unlisted company - Sugar Terminals Limited (STL). STL leases the terminals to Queensland Sugar Limited on a commercial basis. CSR owns approximately 13.5% of STL shares.

Export Marketing

Through December 31, 1999, CSR acted as agent for the Queensland Sugar Corporation, marketing all Australian raw sugar exports (other than to New Zealand) and arranging the sale, pricing, storage and shipment of the raw sugar. The agency agreement expired on December 31, 1999 with these activities being directly undertaken by the Queensland Sugar Corporation. The marketing role of the Queensland Sugar Corporation has subsequently been assumed by the industry owned marketing company, Queensland Sugar Limited (QSL).

CSR estimates that approximately 135 million tonnes of sugar is currently being produced worldwide, of which approximately 40 million tonnes is traded on the "world free market". Consequently, sugar prices (denominated in US cents per pound) are generally less stable than prices of other commodities as small shifts in world sugar production or consumption may have a significant effect on prices.

CSR estimates that around 75-80% of Australia's raw sugar production is exported, with the balance consumed in Australia. QSL sales include long term agreements with customers in a range of overseas markets.

Sugar Refining

Australia. CSR holds a 50% interest in Sugar Australia, an unincorporated joint venture formed in 1998 with Mackay Sugar Co-Operative Association Limited and ED&F Man PLC (now known as Man Group PLC). Sugar Australia was formed to help rationalize the Australian sugar industry following the Australian Government's removal of a \$55/tonne tariff on imported sugars. Sugar Australia is managed independently of the joint venture partners, having its own board. The assets used in the joint venture include the former CSR refinery in Melbourne (CSR retains ownership of the land on which the refinery stands) and depots in other capital cities, the MRS refinery at Mackay and depot in Sydney, and the specialized bulk refined sugar ship "MV Pioneer".

Sugar Australia, with refining capacity of approximately 670,000 tonnes a year, is Australia's largest sugar refiner and one of the largest in the world. Sugar Australia's refineries produce a wide range of granulated and liquid sugars as well as specialty products such as golden syrup, treacle, coffee sugar and cube sugar. Products are supplied to industrial users and in retail packs. Refined sugar is sold to industrial users under contracts which may extend for up to three years. The principal end markets for refined sugar in Australia are alcoholic and non-alcoholic beverages, retail, confectionery and bakery products.

New Zealand. A 50% interest in New Zealand Sugar Company (previously 100% owned by the CSR Group) was sold to Mackay Sugar Co-operative Association Limited (25%) and ED & F Man PLC (25%) in March 1998. The New Zealand Sugar Company's refinery in Auckland is the only sugar refinery in New Zealand. It currently buys all its raw sugar from the Queensland Sugar Limited. A CSR Group company owns the land on which the refinery is situated.

Key end markets for refined sugar operations in New Zealand are carbonated beverages, confectionery, bakery, ice-cream and alcoholic beverages as well as direct consumption through retail outlets. New Zealand Sugar Company's major customers include large retailers and wholesalers and significant food and beverage manufacturing entities. The New Zealand Sugar Company is also a significant exporter of refined sugar to Pacific island markets and of sugar/milk powder blends to Japan.

Distilling

Distilling. The CSR Group operates two distilleries in Australia. The principal distillery is attached to the Plane Creek raw sugar mill in Queensland while the second is located adjacent to the sugar refinery in Melbourne, Victoria. The Plane Creek facility produces ethanol from molasses, a by-product of the sugar milling process. The output of this distillery is exported or sold into the domestic market after product upgrading carried out at the second distillery in Melbourne.

Aluminium Division

The CSR Group participated in bauxite mining and alumina production in Australia through a joint venture in the Gove bauxite-alumina project in the Northern Territory (the "Gove Project") until divestiture in January 2001. CSR Group also participates in aluminum production through a joint venture in the Tomago smelter in New South Wales, Australia's second largest aluminum smelter. Aluminium operations contributed 8% of Trading Revenue and 23% of Operating Profit for Fiscal 2001.

Australia is the world's largest producer of bauxite (contributing 37% of the world's output), and alumina (contributing 29% of the world's output), and the fifth largest producer of aluminum in the world (contributing 7% of the world's output). Aluminium is produced by the refining of bauxite (the major aluminum bearing ore) into alumina and the reduction of alumina into primary aluminium.

Bauxite and Alumina

CSR held a 70% interest in Gove Alumina Limited (GAL) and GAL in turn held a 30% interest in the Gove bauxite mine and alumina refinery. In January 2001, CSR Group sold its interest in GAL to a subsidiary of Alcan Aluminium, which exercised its option to meet a third party offer for CSR Group's interest. Net proceeds from this sale were A\$412 million.

Aluminium

The aluminium smelter at Tomago, New South Wales is owned by Gove Aluminium Finance Limited (36.05%) ("Gove Aluminium Finance"), Pechiney Pacific Pty. Limited (36.05%), Cathjoh Holdings Pty Limited (15.50%), V.A.W. Tomago, Inc (6.20%) and VAW Australia Pty. Limited (6.20%). The CSR Aluminium Division has a 70% interest in Gove Aluminium Finance and AMP Life Limited has the remaining 30% interest.

Tomago's operating capacity is 440,000 tonnes per annum of which Gove Aluminium Finance's share is 159,000 tonnes. CSR believes that Tomago smelter is the second largest in Australia and one of the largest and most cost-efficient of its kind in the world.

GAL supplies Gove Aluminium Finance with 36.05% of the alumina used at the Tomago aluminum smelter under an arm's length contract. Gove Aluminium Finance is entitled to 36.05% of the aluminum produced at Tomago. The main markets for Tomago's aluminum are major industrial companies in Japan and Asia. Most of the output is sold under long-term supply contracts.

Tomago smelter obtains its electric power from Macquarie Generation under a contract expiring in November 2017. CSR believes the commercial terms of this contract are consistent with similar contracts for the supply of power to aluminum smelters internationally.

Acquisitions And Divestitures

CSR and CSR America made the following major acquisitions and divestitures during Fiscal Year 2001, 2000 and 1999:

In June 2000, CSR America acquired 100 percent of American Limestone Company Inc, an aggregates and pre-mixed concrete producer in Tennessee and Virginia, from Grupe Mexico's ASARCO division for US\$211 million. In the same month, CSR America acquired Wilson Concrete Company, a pipe and prestress products manufacturer in Missouri, Iowa, and Nebraska.

In July 2000, CSR America acquired 100 percent of Florida Crushed Stone Company, an aggregate and cement producer in Florida and Georgia, for US\$348 million.

In January 2001, CSR Group sold its interest in Gove Aluminium Ltd, a bauxite and alumina producer in Northern Territory, Australia, to a subsidiary Alcan Aluminium for net proceeds of A\$412 million.

During Fiscal Years 2000-2001, the CSR Group exited the timber business either selling or closing its solid timber and wood panel businesses and operating assets. Proceeds from these divestment transactions, as part of CSR's strategy to narrow its business portfolio and divest non-strategic assets, totaled about A\$800 million.

During Fiscal Year 1999, CSR Group sold its Australian contract mining business, AWP Contracting Pty Limited, to Downer Group for A\$140 million.

See also Note 36 to the Financial Statements for the fair value of net assets acquired and disposed, and Note 10 Abnormal Items on the sale of CSR's Gove Aluminium interest.

Environmental Matters

General

CSR Group entities are subject to numerous environmental laws and regulations concerning its products, operations and other activities. Failure to comply with these laws and regulations could result in orders being issued that may cause certain of the operations to cease or be curtailed or may require installation of additional equipment at substantial cost. In such circumstances, CSR Group entities may be required to compensate those suffering loss or damage by reason of violations and may be fined if convicted of an offense under such legislation. Any of these events could produce a material adverse effect on the CSR Group's earnings.

CSR believes that the activities of CSR Group entities are in substantial compliance in material respects with applicable environmental laws and regulations as administered by the responsible regulatory authorities or agreements are in place to reach compliance within an agreed time.

CSR cannot reasonably estimate the cost of future compliance or remedial work or further investment which may be necessitated by environmental laws and regulations or by any causes of contamination, including those occurring prior to the introduction of such laws and regulations or before or after the property in question was owned or occupied by an entity of the CSR Group. The level of such costs will be dependent upon, among other things, the nature and extent of the current and future environmental laws and regulations, the timing and nature of any required remedial work, the extent of any contamination, the technology available to meet the required standards, the determination of any liability of an entity in the CSR Group in proportion to that of other parties and the extent to which any costs are recoverable from insurance and third parties. Assuming that the environmental laws and regulations are applied uniformly, CSR believes that its environmental compliance costs will not have a material adverse impact on its relative

competitive position or on the earnings or capital expenditure of the CSR Group, taken as a whole. The CSR Group has provided in its Financial Statements for all probable environmental liabilities at an amount that can be reasonably estimated. As at March 31, 2001 such provisions totaled A\$33 million. See Note 21 "Provisions – Restoration and Environmental Rehabilitation" of the Financial Statements.

The Board of Directors of CSR has a "Safety, Health and Environment Committee" to monitor the environmental performance of the CSR Group's Divisions (not including CSR America, Inc. which operates as an indirect subsidiary) by receiving reports, interviewing managers and making inspections of CSR Group entity sites. CSR America's Board of Directors has an independent committee to monitor the environmental performance of its businesses. To date neither committee has become aware of any environmental issues which management believes would have a material adverse impact upon the CSR Group taken as a whole.

CSR Group's environmental policies have not necessarily been adopted at the sites of its investments (such as the aluminum smelter at Tomago, Sugar Australia, Australian Cement and Enviroguard), which are managed independently. Nevertheless, CSR believes that each of these ventures has implemented environmental policies appropriate for the environmental risks inherent in their operations.

The following is a description of the material environmental issues affecting particular operations of the CSR Group entities.

Australian Operations

Australia's principal laws governing environmental and sustainable management of natural and physical resources are contained in legislation and regulations enacted by the Commonwealth Government and the states and territories of the Commonwealth of Australia. This body of legislation regulates the operations of companies principally in regard to air, water and noise emissions, waste disposal, land contamination, and the handling and storage of environmentally hazardous chemicals and dangerous goods.

Compliance. Ongoing audits are made of environmental performance at sites in the CSR Group entities.

The main activities in which expenditure on compliance will be incurred are construction materials (dust emissions and waste water management at quarries, concrete batching plants and concrete products operations and removal of underground fuel storage tanks), the CSR Group's sugar mills (waste water treatment and particulate matter emissions), and the CSR Group's brick, tile and paver operations (dust and gas emissions from brick kilns and solvent emissions).

CSR Group sold its timber businesses. While CSR entities have certain contractual obligations to share in site clean-up in relation to certain of these businesses, CSR Group does not expect any costs incurred will have a material impact on its earnings or capital expenditure.

Site Remediation. Contamination has been identified on several sites. Clean up operations of these sites are planned and under way. Clean up costs have been provided for and no material adverse impact on operations is expected. CSR Group policy requires that all wastes be taken off the CSR Group's land for disposal according to regulations in licensed and regulated landfills. Some instances of past disposal of wastes on the CSR Group's land are known. Management considers only minor immediate remedial action to be necessary and this is not anticipated to have a material adverse effect on the CSR Group's operations or competitive position.

Land Filling Operations. Non-putrescible and non-hazardous solid waste disposal in disused clay pits on land owned and controlled by the CSR Group has been completed. The landfills have been capped and restored.

Three landfills in Victoria, which had been used by CSR for disposal of non-putrescible waste, were sold in Fiscal Year 2000.

Enviroguard Pty Ltd (“Enviroguard”), joint venture (50% owned by the CSR Group) with Brambles Australia Limited, operates a non-putrescible landfill in a disused quarry in Sydney, New South Wales. The site is licensed by the NSW Environment Protection Authority and operates under strict protocols established by Enviroguard.

CSR America, Inc. Operations

The CSR America operations in the United States are subject to extensive regulation by various federal, state and local environmental control agencies. Regulations and statutes impose effluent and emission limitations and waste disposal, as well as other requirements, upon CSR America and require it to obtain and operate in compliance with the conditions of permits and similar authorizations from the appropriate governmental authorities. CSR America believes it has obtained, has applications pending or is making applications for such permits and authorizations which would be necessary to adequately operate their businesses. CSR America does not presently anticipate that compliance with such statutes and regulations will have a material adverse impact on its competitive position or on their earnings and capital expenditure.

CSR America through its Environment, Occupational Health and Safety Committee of the board monitors the environmental compliance of its operations. CSR America's business units have environmental staff that provide internal auditing safeguards, compliance training and policy enforcement in liaison with operations management. Site auditing, monthly reporting and a "hot line" toll-free telephone number all combine to ensure compliance and cost controls are part of regular business activities.

CSR America is not aware of any investigations of any material scope by any federal or state regulatory enforcement agencies currently in progress. CSR America does not have any sites listed as a United States federal Superfund clean-up project. CSR America, however, has several locations listed as state clean-up projects or allegations of disposal of waste material in listed Superfund sites. CSR America believes the costs of remediation are not material and are fully provided for.

Competition

The building materials and construction materials businesses in which the CSR Group entities operate are highly competitive. The markets can generally be divided into three segments: residential building (both new single dwellings, multi storey residential and renovations/additions); commercial building (for example, commercial offices, tourist-related buildings, shopping centers); and civil construction (for example, roads, highways, airports, dams, ports, mines). The industry is generally considered to be cyclical. CSR believes that the three segments of the market for building and construction materials tend to move in different cycles and have different impacts on the demand for building and construction materials products. Important factors affecting the building and construction cycles include interest rates, government fiscal policy, unemployment, consumer confidence, the level of net immigration into Australia and the United States and inter-state migration flows. CSR Group's experience is that competition intensifies in the down cycle (particularly on the basis of price) resulting in pressure on CSR Group entities' profit margins.

In Australia, the residential building segment is estimated to represent a little over one-half of the total market. A common feature of most Australian building and construction materials markets, currently estimated at A\$17 billion per year, is that generally three domestic suppliers (including CSR Group entities) account for a significant portion of total annual sales in each market. While competition varies from business to business, the CSR Group's two principal competitors in the Australian building and construction materials industry are Boral Limited and Hanson plc (formerly Pioneer International Limited). Intensity of competition varies from region to region depending on the location of production, distribution or other facilities. Additional smaller regional companies compete in most of the product markets within the industry.

CSR America's businesses in the United States also face strong competition. In general, most United States markets are regional and not dominated by large national companies. Since the markets tend to be regional, competitors in America are typically smaller local operators.

Competition in the CSR Group's other businesses (Sugar and Aluminium) is also strong. The CSR Group is a leading producer of raw sugar and ethanol in Australia and, through its joint venture operations, is a leading producer of refined sugar in Australia and New Zealand. Competition in the Australian, New

Zealand and other international markets remains very strong. The CSR Group's aluminum interests are relatively small in a global market dominated by major world producers and exporters of aluminum.

Organizational Structure

CSR Limited is the chief entity in a group of more than one hundred Consolidated Entities in Australia, New Zealand, North America and Asia. The complete list of these entities, with their country of incorporation and percentage of CSR ownership, is listed at Note 37 to the Financial Statements.

Description Of Property

CSR Group's principal executive offices are located in Chatswood, New South Wales, Australia.

As of March 31, 2001, CSR Group entities had some 650 production sites and manufacturing facilities in Australia, New Zealand, North America, and Asia.

These sites include:

Product Sold	Sites
Pre-mixed concrete	293
Quarries and sand	124
Pipe & concrete products	115
Asphalt (29 are 50% owned by CSR)	34
Concrete block	24
Building materials factories	34
Sugar mills, refineries (50% owned), and distilleries	12
Cement mills and terminals (2 are 50% owned by CSR)	6
Other including landfill	6

CSR believes that the facilities of CSR Group entities are suitable and adequate for its present needs and are well maintained and in good operating condition. The CSR Group entities carry insurance covering property and casualty and certain other risks to which its facilities and operations may be subject. The CSR Group entities own most of their principal operating facilities and lease the remainder. CSR does not believe Group earnings are dependent upon any single operating facility.

The following table is a list of the principal facilities in CSR and CSR America Inc:

CSR LIMITED CORPORATE OFFICES			
SITE			PRODUCT SOLD
Chatswood (leased)	New South Wals	Australia	Administration
CONSTRUCTION MATERIALS DIVISION			
SITE			PRODUCT SOLD
Albion Park	New South Wales	Australia	Aggregates
Gosnells	Western Australia	Australia	Aggregates
Oaklands	Victoria	Australia	Aggregates
Pakenham	Victoria	Australia	Aggregates
Penrith Quarry	New South Wales	Australia	Aggregates
Blacktown	New South Wales	Australia	Pipe
Eagle Farm	Queensland	Australia	Pipe
Laverton	New South Wales	Australia	Pipe

BUILDING MATERIALS DIVISION

SITE			PRODUCT SOLD
Cecil Park	New South Wales	Australia	Bricks
East Maitland	New South Wales	Australia	Bricks
Golden Grove	South Australia	Australia	Bricks
Horsley Park	New South Wales	Australia	Bricks
Oxley	Queensland	Australia	Bricks
New Lynn	Auckland	New Zealand	Bricks
Schofields	New South Wales	Australia	Bricks and pavers
Strathpine	Queensland	Australia	Bricks and pavers
Wetherill Park	New South Wales	Australia	Fibre Cement
Ingleburn	New South Wales	Australia	Insulation
Coopers Plains	Queensland	Australia	Plasterboard
Wetherill Park	New South Wales	Australia	Plasterboard
Yaraville	Victoria	Australia	Plasterboard
Vermont	Victoria	Australia	Clay roof tiles
Welshpool	Western Australia	Australia	Plasterboard
			Roofing
Rosehill	New South Wales	Australia	Clay roof tiles

SUGAR DIVISION

SITE			PRODUCT SOLD
Chelsea Refinery	Auckland	New Zealand	Sugar
Inkerman Mill	Queensland	Australia	Sugar
Invicta Mill	Queensland	Australia	Sugar
Kalamia Mill	Queensland	Australia	Sugar
Macknade Mill	Queensland	Australia	Sugar
Pioneer Mill	Queensland	Australia	Sugar
Plane Creek Mill	Queensland	Australia	Sugar
Victoria Mill	Queensland	Australia	Sugar
Yaraville Refinery	Victoria	Australia	Sugar

ALUMINIUM
DIVISION

SITE			PRODUCT SOLD
Tomago (joint venture)	New South Wales	Australia	Aluminum

CSR AMERICA, INC.

SITE			PRODUCT SOLD
West Palm Beach	Florida	USA	Administration
Crego Block	New Mexico	USA	Block
Riviera Beach	Florida	USA	Block
Brooksville Cement	Florida	USA	Cement
Miami Cement	Florida	USA	Cement
Port Canaveral	Florida	USA	Cement
Port Everglades	Florida	USA	Cement
Corona	California	USA	Pipe
Dallas	Texas	USA	Pipe
Frederick	Maryland	USA	Pipe
Houston	Texas	USA	Pipe
Miami	Florida	USA	Pipe
Wilson	Nebraska	USA	Pipe, Prestress

Denver	Colorado	USA	Pipe, Prestress
Gainesville	Texas	USA	Polyethylene Pipe
American Precast	Indiana	USA	Prestress
Dogwood	Georgia	USA	Aggregate
Everett	Washington	USA	Aggregate
Buffalo Road	Nevada	USA	Aggregate
Macon	Georgia	USA	Aggregate
FEC Quarry	Florida	USA	Aggregate
Brooksville Quarry	Florida	USA	Aggregate

Item 5. Operating And Financial Review And Prospects

In this discussion and analysis, references to "Fiscal Year 2001" are to the year ended March 31, 2001, "Fiscal Year 2000" are to the year ended March 31, 2000 and "Fiscal Year 1999" are to the year ended March 31, 1999. The discussion below contains certain forward looking information. See "Forward-Looking Statements" on page 6.

Significant Events In Fiscal Year 2001

- John Morschel was appointed non-executive chairman of CSR Limited as of May 2001.
- In Fiscal Year 2001, CSR bought back 78 million or 7.5% of its shares. A further buyback of up to 10% has been authorized for Fiscal Year 2002.
- The Gove Aluminium investment in bauxite and alumina was sold in January 2001 for net proceeds of A\$412 million.
- CSR recorded abnormal charges related to asset write downs and rationalization costs from plans to restructure businesses and dispose of surplus assets.
- Aluminum sales were a record 160,000 tonnes.
- CSR America acquired American Limestone Company in June 2000, and Florida Crushed Stone in July 2000, as well as acquiring a number of smaller businesses and building plants, at a cost of US\$818 million.
- Australian civil construction fell by 16%, housing starts fell 21%, impacting profits in Construction Materials and Building Materials.
- A 20% decline in sugarcane milling due to poor crop production, along with sugar price hedging, impacted profits in Sugar, which declined 63%.

U. S. GAAP

The following discussion and analysis should be read in conjunction with the CSR Group's Consolidated Financial Statements, prepared in conformity with Australian GAAP, and the accompanying notes. For a reconciliation of the differences between Australian GAAP as followed by the CSR Group and US GAAP, see Note 39 to the Consolidated Financial Statements. The CSR Group's Net Profit reported under US GAAP is A\$673 million which is A\$39 million higher than the Net Profit reported under Australian GAAP in Fiscal Year 2001. The difference relates principally to the accounting for revaluation and impairment of non-current assets.

Fiscal Year 2001 Compared With Fiscal Year 2000 And Fiscal Year 1999

Overview

Net profit increased significantly in Fiscal Year 2001, reflecting profit from the sale of CSR's investment in Gove Aluminium and good results from the Aluminium Division and CSR America. World aluminium prices rose in US dollars, and the declining value of the Australian dollar against the US dollar increased the impact. Results in all of CSR America's businesses were positive compared to Fiscal Year 2000, and new acquisitions added to profits. Other CSR businesses declined compared to Fiscal Year 2000. Construction Materials Division and Building Materials Division showed the effect of slowdown in civil and building construction. Lower milling volumes in the Sugar Division (related to poor weather and crop yields) reduced profits.

Net profit included abnormal items of A\$94 million for asset write downs and rationalisation costs from plans to restructure businesses and dispose of surplus assets, A\$46 million in additional provisions for product liability claims, and a A\$269 million profit from the sale of CSR Group's investment in Gove Aluminium.

Trading revenue rose less than 1% compared to Fiscal Year 2000, showing the effect of the Timber Division divestiture in Fiscal Year 2000 as well as declines in Construction Materials, Building Materials and Sugar, offset by a 33% increase in CSR America's trading revenue.

A\$1,660 million was invested during Fiscal Year 2001 in acquiring new businesses, construction, and refurbishment, primarily in CSR America. Trading revenues and operating profits from CSR America rose for the first time to exceed 50% of the CSR Group entity totals.

In May 2000, CSR announced a share buyback plan with the intent to purchase up to 10% of its fully paid shares. 77,643,304 fully paid ordinary shares (7.5%) were repurchased during Fiscal Year 2001, reducing share capital by A\$340.7 million.

Summary By Business Segment – Fiscal Year 2001 Compared With Fiscal Year 2000 And Fiscal Year 1999

Market conditions

Markets for CSR America's products continued to be sound. United States construction activity was only slightly lower than in 2000, due to lower levels of building construction, offset by higher level of bridge and highway work. CSR America began to benefit from higher levels of federal infrastructure spending under the US Federal Government's US\$216 billion six-year transport infrastructure program (TEA-21, the Transport Equity Act for the 21st Century).

Building and construction activity in Australia declined, with housing starts off one-third in the second half of the Fiscal Year. Concrete, quarry, and building material markets fell. Aluminium sales and prices were up 2% and 3% respectively. Total Australian and CSR sugar production was down about 20% due to abnormally bad weather.

Segment Operating Results

CSR Group						
Business Segment Revenues And Operating Profit (Loss)						
A\$ In Millions						
Year Ended March 31,						
	2001		2000		1999	
	Revenues	Operating Profit (Loss)	Revenues	Operating Profit (Loss)	Revenues	Operating Profit (Loss)
CSR America, Inc	3,590	516	2,691	328	2,439	239
Construction Materials Division	923	51	1,048	117	1,313	117
Building Materials Division	860	135	943	156	837	132
Sugar Division	529	16	643	45	746	88
Aluminium Division	520	212	485	183	413	125
Timber Division			609	57	759	42
Other Unallocated Items	2	(7)	--	(82)	--	(50)
	-----	-----	-----	-----	-----	-----
Total Operations	6,424	923	6,419	804	6,507	693
	=====	=====	=====	=====	=====	=====

CSR America

In Australian dollar terms, as recognised in the CSR Group Financial Statements, CSR America Trading Revenue for Fiscal Year 2001 increased by 33% to A\$ 3,590 million from A\$2,691 million in Fiscal Year 2000 and from A\$2,439 million in Fiscal Year 1999. Operating Profit rose by 57% in Fiscal Year 2001 to A\$516 million, from A\$328 million for Fiscal Year 2000 and from A\$239 million for Fiscal Year 1999. This improvement reflects the appreciation of the US dollar against the Australian dollar, the contribution of acquired businesses and reduced costs from operational improvement initiatives realised during Fiscal Years 2001 and 2000.

In US dollar terms, CSR America Trading Revenue increased 14% in Fiscal Year 2001 to US\$1,974 million from US\$1,726 million in Fiscal Year 2000 and US\$1,502 million for Fiscal Year 1999. Operating Profit improved 35% in Fiscal Year 2001 to US\$284 from US\$211 in Fiscal Year 2000 and from US\$148 in Fiscal Year 1999. Trading activity benefited from the continued strength of the US economy. CSR America's existing businesses are well positioned in major US markets, with most facilities operating at full capacity. Businesses acquired in Fiscal Years 2001, 2000, and 1999 contributed around US\$368 million to Trading Revenue and around \$48 million in Operating Profit in Fiscal Year 2001. CSR America realised US\$31 million in cost savings during Fiscal Year 2001 resulting from operational improvement initiatives.

Quarries and Cement - Including acquisitions, Trading Revenue in US dollars increased 50% in Fiscal Year 2001 and 11% in Fiscal Year 2000. Both quarry and cement operations experienced higher sales volumes and selling prices in both years. Higher margins in both aggregate and cement operations improved Operating Profit 54% in Fiscal Year 2001 and 34% in Fiscal Year 2000. The quarry and cement business continue to take advantage of the strong Florida housing, commercial and highway and airport markets. Volume in both quarries and cement increased slightly over Fiscal Year 2000, which was also a strong year. Newly acquired cement, quarries and sand mines contributed US\$134 million to Trading Revenue in Fiscal Year 2001 and US\$16 million to Trading Revenue in Fiscal Year 2000.

Materials Florida - Trading Revenue in US dollars increased 9% in Fiscal Year 2001 and 14% in Fiscal Year 2000 due to increased sales volumes of both pre-mixed concrete and manufactured concrete blocks. The increased trading activity reflects continued strength of Florida housing, commercial and civil (particularly highway and airport) markets and CSR America's strong presence there. Operating Profit increased 25% in Fiscal Year 2001 compared with Fiscal Year 2000, after nearly doubling compared with Fiscal Year 1999.

Distribution - In US dollars, Fiscal Year 2001 Trading Revenue fell 19% while Operating Profit was maintained. Manufacturers increased capacity, and what had been a restricted (allocated) supply in Fiscal Year 2000 eased in Fiscal Year 2001. Prices, which were at record highs in 2000, declined to near 1999 levels and are expected to decline further. Distribution reduced operating costs and was able to match selling prices to purchase costs so as to maintain margins.

Pipe and Concrete Products - Trading Revenue in US dollars increased 24% in Fiscal Year 2001 and 26% in Fiscal Year 2000 due both to acquisitions and the level of construction activity throughout all regions of the business. Severe winter weather limited revenue growth in Fiscal Year 2001. Both sales volume and selling prices improved. The business also benefited in Fiscal Year 2001 and 2000 from new acquisitions and improvement of existing facilities. Newly acquired businesses contributed Trading Revenue of US\$98 million in Fiscal Year 2001 and US\$63 million in Fiscal Year 2000. Operating Profits increased 13% in Fiscal Year 2001 and 31% in Fiscal Year 2000.

Materials Nevada - In US dollars, Trading Revenue fell 3% in Fiscal Year 2001 compared with Fiscal Year 2000. Operating Profit improved over Fiscal Year 2000, but was still a loss. Readymix profits were significantly impacted by a union labour work stoppage which was settled in June.

Materials Northwest - In US dollars, Trading Revenue fell 7% in Fiscal Year 2001 compared with Fiscal Year 2000. Portland, Oregon Concrete, divested in Fiscal Year 2000, accounts for the difference. Operating Profit increased 72% in Fiscal Year 2001 compared with Fiscal Year 2000.

Construction Materials Division

Trading Revenue from Construction Materials, including Asia, decreased by 12% to A\$923 million for Fiscal Year 2001 from A\$1,048 million for Fiscal Year 2000. Operating Profit declined 56% to A\$51 million from A\$117 million in Fiscal Years 2000 and 1999.

Civil construction in Australia fell significantly following the introduction of the Australian Goods and Services Tax in July 2000. Housing and commercial construction also fell. This slowdown resulted in a fall in concrete prices, declining sales of concrete pipes, reduced asphalt construction and reduced cement profits from CSR's 50% interest in Australian Cement Holdings. Expectations are that construction in Fiscal Year 2002 will also stay at low levels. CSR Group is seeking to compensate for this through operational improvements.

Building Materials Division

Trading Revenue from Building Materials decreased 9% to A\$860 million for Fiscal Year 2001 from A\$943 million for Fiscal Year 2000 and A\$836 for Fiscal Year 1999. Operating Profit fell by 13% to A\$135 million for Fiscal Year 2001 from A\$156 million for Fiscal Year 2000, and A\$132 million for Fiscal Year 1999.

Australian housing activity fell sharply in the second half of Fiscal Year 2001 to a 30 year low, following relatively strong activity in the first half and in Fiscal Years 2000 and 1999. CSR estimates that approximately 73% of the Building Materials Division's Australian Trading Revenue is derived from the Australian residential housing market. Through its program of cost reduction, rationalization of factories, and selective investments CSR Group believes it is well positioned to manage effectively through the cycle.

Sugar Division

Trading Revenue from sugar fell 18% to A\$529 million for Fiscal Year 2001 from A\$643 million for Fiscal Year 2000 and A\$746 million for Fiscal Year 1999. Sugarcane milled fell 21% as a result of wet weather and orange rust disease which affected crops.

Operating Profit fell by 63% for Fiscal Year 2001 to A\$ 16 million from A\$45 million for Fiscal Year 2000 and A\$88 million for Fiscal Year 1999. Although raw sugar prices improved in the second half of Fiscal Year 2001, CSR and other Australian volumes declined significantly and price increases were offset by hedging. The supply was made up by other world producers.

World prices which had fallen significantly since December 1997, improved from an average of 6.13 cents per pound in Fiscal Year 2000 to 9.69 cents per pound in Fiscal Year 2001.

CSR Group income from its refining joint venture declined 14% in Fiscal Year 2001. Following industry restructuring, the CSR Group's refining investments (a 50% interest in Sugar Australia and New Zealand Sugar) showed an improvement in profitability for Fiscal Years 2000 and 1999. This followed several years of difficult trading conditions.

During Fiscal Years 2001 and 2000, Sugar continued to reduce operating costs and increase efficiencies, including simplifying management and overhead structures.

Aluminium Division

Trading Revenue for bauxite, alumina and aluminium operations rose by 7% to A\$520 million for Fiscal Year 2001 from A\$485 million for Fiscal Year 2000 and A\$413 million for Fiscal Year 1999. The increase is a result of record aluminium sales, offset by declines in sales of bauxite and alumina. Higher aluminium prices and the lower A\$/US\$ exchange rate increased the Australian dollar revenue, while hedging costs reduced revenue.

Operating Profit improved by 16% to A\$212 million for Fiscal Year 2001 from A\$183 million for Fiscal Year 2000 due to strong trading activity, described above, reduced costs from operational improvements and favorable movement of the US dollar. Fiscal Year 2000 Operating Profit rose 46% from A\$125 million for Fiscal Year 1999 also due to strong trading activity in bauxite, alumina, and aluminum.

CSR sold its interest in the Gove Project alumina refinery and bauxite mine late in Fiscal Year 2001. Revenue from the continuing aluminium operation rose 17% in Fiscal Year 2001, following a 14% rise in Fiscal Year 2000 from Fiscal Year 1999. Operating profit from continuing operations rose 30% in Fiscal Year 2001, following a 45% rise in Fiscal Year 2000 from Fiscal Year 1999.

Timber Products Division

Timber Products Division was divested in several transactions during Fiscal Years 2000-2001. Trading revenue in Fiscal Year 2000 was A\$609 million, and A\$759 million in Fiscal Year 1999. Operating profit was A\$58 million in Fiscal Year 2000 and A\$42 million in Fiscal Year 1999.

Consolidated Results

Trading Revenue

CSR Group Trading Revenue rose slightly to A\$6,424 million for Fiscal Year 2001 from A\$6,419 million for Fiscal Year 2000. Strong trading in CSR America, up 33% in A\$ compared with Fiscal Year 2000, offset declines in Construction Materials, Building Materials and Sugar and Timber Products, sold in Fiscal Year

2000. CSR Group Trading Revenue decreased by 1% for Fiscal Year 2000 from A\$6,507 million for Fiscal Year 1999.

Non-operating Revenue

Non operating revenue fell to A\$589 million in Fiscal Year 2001 from A\$862 million in Fiscal Year 2000 and A\$242 million in Fiscal Year 1999. Fiscal Year 2001 results were primarily from the disposal of the Gove Alumina and Bauxite investment. In addition, CSR recognized \$28 million in revenue from shares in Sugar Terminals Limited received when the Sugar Bulk Terminal organization was privatized and its shares given to industry participants. Fiscal Year 2000 results were primarily from the disposal of Timber Products. Fiscal Year 1999 results were primarily from the disposal of the AWP Contractors contract mining business.

Cost of Sales

Cost of sales declined by 5% to A\$3,864 million from A\$4,060 million in Fiscal Year 2000 and A\$4,266 million in Fiscal Year 1999. As a percentage of revenue, cost of sales fell to 60% in Fiscal Year 2001 from 63% in Fiscal Year 2000 and 66% in Fiscal Year 1999.

Selling, General, Administrative and Other Expenses

Selling, General, Administrative and Other Expenses rose 4% to A\$510 million from A\$490 million in Fiscal Year 2000 but reduced 7% from A\$551 million in Fiscal Year 1999. As a percentage of revenue, Selling, General, Administrative and Other Expenses remained at 8% of trading revenue.

Research and Development

CSR Group entities incur research and development costs in a number of businesses, which are expensed when incurred. Research and Development costs in Fiscal Year 2001 were approximately A\$6 million, compared to approximately A\$7 million in Fiscal Year 2000 and approximately A\$6 million in Fiscal Year 1999.

Operating Profit

CSR Group Operating Profit (before abnormal items, finance and income tax) increased by A\$119 million or 14.8% to A\$923 million for Fiscal Year 2001 from A\$804 million for Fiscal Year 2000. CSR Group Operating Profit rose by 16% for Fiscal Year 2000 compared to A\$693 million for Fiscal Year 1999.

During Fiscal Year 2001, CSR Group entities have continued their focused operational improvement programs to reduce the costs of their operations. In Fiscal Year 2001, the CSR Group saved approximately A\$100 million from cost improvements in the operating performance of CSR Group entities, following similar savings in Fiscal Years 2000 and 1999.

Interest Expense

Interest expense increased by 66% to A\$157 million in Fiscal Year 2001 from A\$95 million in Fiscal Year 2000 and A\$134 million in Fiscal Year 1999. Acquisitions in the United States during Fiscal Year 2001 involved either the assumption of debt or additional financing.

Income Taxes

Income tax expense for Fiscal Year 2001 fell by 16% to A\$179 million from A\$214 million in Fiscal Year 2000 due to lower tax rates in Australia, non tax assessable income on the sale of non current assets and the changing structure of the business. The CSR Group's effective tax rate fell to 21% in Fiscal Year 2001 from

30% in Fiscal Year 2000. Income tax expense in Fiscal Year 1999 was A\$191 million, and the effective tax rate then was 34%. The corporate tax rate in Australia declined to 34% in 2001 and will decline to 30% in Fiscal Year 2002. CSR America's effective tax rate on United States earnings is 38%.

Abnormal Items not included in Operating Profit

During Fiscal Year 2001, due to difficult economic conditions in some markets, particularly Asia, CSR Group entities conducted a strategic review of certain of their businesses, including decisions to exit or restructure, which necessitated an assessment of the recoverable amount of each of these businesses on an individual basis, rather than as part of an overall regional business. The asset write downs and restructure provisions from this strategic review resulted in an abnormal loss of A\$94 million (after tax and outside equity interests). After undertaking an evaluation of asbestos litigation and claims in Australia and the US, CSR Group recorded charges to product liability of A\$46 million after tax. The profit after tax from the sale of CSR Group's investment in Gove Aluminium was A\$269 million.

Net Profit

The CSR Group Net Profit increased by 34% to A\$634 million for Fiscal Year 2001 from A\$472 million for Fiscal Year 2000. Net Profit also increased by 34% for Fiscal Year 2000 compared to A\$351 million for Fiscal Year 1999.

Foreign Exchange Gain (Loss)

The foreign currency translation reserve increased by A\$244 million in Fiscal Year 2001 from A\$112 million in Fiscal Year 2000 and A\$84 million in Fiscal Year 1999 due primarily to the effect of the depreciation of the Australian dollar against the US dollar.

Outside equity interests

Outside equity interests declined by A\$62 million in Fiscal Year 2001 from A\$160 million in Fiscal Year 2000 and from A\$144 million in Fiscal Year 1999 principally due to the sale of the Gove Aluminium investment but also results in Asia which reduced equity interests in retained earnings.

Share Capital

Number of shares on issue decreased approximately 7% due to the buyback of 78 million shares partially offset by executive and employee purchases of approximately 4 million shares pursuant to the exercise of options.

Liquidity and Capital Resources

The liquidity of CSR Group entities in Fiscal Year 2001 was affected by major acquisitions and other capital development expenditures by CSR America, and the share buy back program. These funding needs were met by operating cash flows, the sale of CSR's interest in Gove Aluminium, proceeds received from the Fiscal Year 2000 sale of Timber Products and additional funds drawn from existing credit facilities. In 2002, CSR Group entities expect to finance their funding needs from operating cash flows and existing lines of credit.

Net cash flow from operating activities decreased 2% to A\$1,024 million for Fiscal Year 2001 from A\$1,048 million for Fiscal Year 2000 and \$912 million for Fiscal Year 1999. Although operating profits improved, tax payments related to Fiscal Year 2000 offset the increase. Cash borrowings increased by A\$ 436 million to fund capital expenditures. After funding net capital expenditure, borrowings and internally generated cash, combined with cash on-hand at beginning of year, were used to fund dividends and interest (A\$444 million) and the share buyback (A\$341 million) during Fiscal Year 2001.

Year Ended March 31

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
	(In Millions)				
Net cash flow from operating activities ⁽¹⁾	A\$ 1,024	A\$1,048	A\$912	A\$832	A\$671
Divestment proceeds received.....	907	655	193	501	286
Capital cash expenditure.....	1,484	622	596	569	692

(1) Receipts from customers, dividends received, interest received less income taxes paid and payments to suppliers and employees.

Capital investment (on accrual basis) was A\$1,660 million, A\$538 million, and A\$606 million for Fiscal Years 2001, 2000, and 1999, respectively. Of the Fiscal Year 2001 amount, A\$1,406 million related to development expenditure by CSR America in the US, primarily the acquisitions of American Limestone Corporation, Florida Crushed Stone Company, Wilson Concrete Company, construction of new facilities, and the acquisitions of other complementary businesses in the United States. The remaining amount expended during Fiscal Year 2001 related to the refurbishment of existing facilities and fleet replacements.

	<u>Capital Expenditure during the Year Ended March 31</u>		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
	(In Millions)		
CSR America, Inc.	A\$1,537	A\$412	A\$ 344
Construction Materials Division	45	35	110
Building Materials Division.....	28	13	23
Sugar Division.....	22	18	32
Aluminium Division	13	19	56
Timber Division	--	19	19
Other ⁽¹⁾	<u>15</u>	<u>22</u>	<u>22</u>
Total	<u>A\$1,660</u>	<u>A\$538</u>	<u>A\$606</u>

(1) Includes long term loans made by the CSR Group net of repayments.

Net debt rose 93% to A\$ 2,100 million at March 31, 2001 from A\$1,088 million at March 31, 2000 and A\$1,749 million at March 31, 1999. The increase is due primarily to the funding of acquisitions and exchange rate movements. The CSR Group's debt profile during the last five fiscal years has been as follows:

**Group Debt Profile as at and for
Year Ended March 31**

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
	(In millions, except where indicated)				
Long term debt ⁽¹⁾	A\$ 2,230	A\$1,149	A\$1,763	A\$1,951	A\$2,096
Total debt ⁽²⁾	2,300	1,215	1,837	2,091	2,419
Net debt ⁽³⁾	2,100	1,088	1,749	1,795	2,126
Ratio of earnings to fixed charges ⁽⁴⁾	5.8	7.6	5.0	4.0	2.8
Debt to capitalization ratio ⁽⁵⁾	36%	22%	33%	36%	36%

⁽¹⁾ Debt maturing in excess of twelve months from period end.

⁽²⁾ Long term debt plus short term debt (including bank overdrafts).

⁽³⁾ Total debt less cash and short term lending.

⁽⁴⁾ Earnings before interest, Abnormal Items and tax to interest expense less interest on finance leases.

⁽⁵⁾ Ratio of long term debt to long term debt plus total shareholders' equity.

Of total debt at March 31, 2001, A\$2,230 million was classified as non-current (not repayable within 12 months) of which 1.7% is repayable in Australian dollars, 97.8% in US dollars and the remainder in other currencies.

Details of borrowings, credit facilities and maturity profiles are given in Note 19 and Note 20 of the Financial Statements. Details of financial instruments used for hedging purposes are given in Note 29 of the Financial Statements.

Capital Resources

In May 2000, CSR announced a share buyback plan with the intent to purchase up to 10% of fully paid shares. 77,643,304 fully paid ordinary shares (7.5%) were repurchased in Fiscal Year 2001, reducing share capital by A\$ 340.7 million.

CSR has raised capital from its shareholders in two ways under its Share Purchase Plan ("SPP"): (i) under the dividend reinvestment portion of the SPP (which was suspended on June 26, 1995 until further notice) CSR shareholders could elect to have dividends automatically reinvested to purchase new CSR shares, and (ii) under the cash contribution portion of the SPP (which, on May 18, 1998, was suspended with effect from August 15, 1998 until further notice) CSR shareholders could contribute cash up to A\$2,400 each fiscal year to purchase new shares ("Cash Contributions"). CSR shares issued under both the Dividend Reinvestment Plan ("DRP") (now suspended) and Cash Contribution portions of the SPP (now suspended) were issued at a 5% discount from the market price.

Additional capital has been raised by: (i) the conversion of CSR option bonds (prior to the bonds maturing in December 1992) and CSR convertible notes, (ii) the conversion of partly paid shares issued under a rights issue in 1986 to fully paid shares, and (iii) the issue of CSR shares (or options in respect of CSR shares) under the following CSR incentive plans for employees (collectively, "Employee Incentive Plans"):

- the Universal Share/Option Plan (prior to 1993, known as the Employee Share Plan);
- the Executive Share/Option Plan; and
- since 1993, the Executive Option Plan.

The figures for the amounts raised from the above sources over the past five fiscal years are as follows:

Capital Raising for the Year Ended March 31					
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
	(In millions)				
SPP – Cash contribution	-	-	-	A\$94.4	A\$114.5
Conversion of option bonds and convertible notes	-	-	-	-	0.5
Conversion of partly paid shares to fully paid	A\$1.1	A\$0.9	A\$1.4	1.1	1.0
Employee Incentive Plans.....	<u>15.0</u>	<u>5.2</u>	<u>13.8</u>	<u>12.5</u>	<u>11.2</u>
	<u>A\$16.1</u>	<u>A\$6.1</u>	<u>A\$15.2</u>	<u>A\$108.0</u>	<u>A\$127.2</u>

At March 31, 2001, the CSR Group had a total of US\$650 million committed standby facilities of which US\$ 465 million was not drawn. These facilities have fixed maturity dates through March 2006. Most of these credit lines can be drawn on short notice in both Australian dollars and United States dollars. The CSR Group also utilizes commercial paper facilities in the United States, Europe and Australia, completed a Rule 144A bond issue in February 1994 and completed a public registered bond issue in the United States in July 1995. Details of credit facilities are provided in Note 20 to the Financial Statements.

CSR Group believes that the working capital of the CSR Group is sufficient for the CSR Group's present requirements.

New Accounting Standards

Australian Accounting Standards Board Standard (AASB) 1041, Revaluation of Non Current Assets, is applicable from April 1, 2001. This standard requires CSR to elect valuation of Non Current Assets by class at fair value, original cost or current cost.

In the past, CSR Group entities have valued land and buildings using independent appraisals and an evaluation of recoverable amounts. Taken as a whole, this fair value type of method has resulted in increasing values for this class of assets during the last ten years.

CSR Group entities now plan to adopt either the original cost method or current cost method for land and buildings and all other non current asset classes and current cost for Plant and Equipment. The estimates of the effect of adopting either of the cost methods under AASB 1041 are not complete. Depending on which method is chosen, the corresponding change (reduction) in Shareholders Equity may be significant.

Australian Accounting Standard AASB 1020, Income Taxes, will be applicable from April 1, 2003. It has not yet been determined whether this standard will have a material impact on CSR Group's financial statements.

Outlook

The discussion below contains certain forward-looking statements. See "Forward-Looking Statements" on page 6.

Growth in CSR Group entities has been mainly through expansion in the United States based CSR America Inc.

Most forecasters project a soft landing for the US economy. Housing has slowed, albeit with some signs of recovery. Lower interest rates are also positive. However, trends in consumer confidence, investment intentions and unemployment are cause for concern. CSR America is preparing for more difficult trading conditions in Fiscal Year 2002. The full Fiscal year impact of the acquisitions made during the prior fiscal

year plus the benefit of infrastructure spending under the US Federal Transport Equity Act for the 21st Century (TEA-21) program should assist. CSR America intends to continue to seek opportunities for major or add-on acquisitions and to upgrade operations for improvements in profitability.

In Australia, Fiscal Year 2002 is expected to be difficult for both Building Materials and Construction Materials, but CSR anticipates the cycle is now near its low point. Housing activity is expected to pick up later in 2001. Housing starts are forecast to be around 125-130,000 in Fiscal Year 2002. A recently introduced A\$14,000 new home grant is working well and lower interest rates should assist recovery. Civil and commercial construction activity is likely to remain at low levels for some time.

Federal and state governments in Australia have announced numerous infrastructure programs. However, implementation has been too slow, in many cases, to help ease the current economic downturn.

Subject to favorable growing conditions, Sugar profit is expected to improve significantly. CSR Group is investigating options for separating its sugar operations from the Group's building and construction materials entities.

Improvements in operational efficiency and pricing have been important contributors to profit in the last three fiscal years, and are expected to remain so. Obtaining value from acquisitions and maintaining value in existing businesses require a focus on cutting or controlling costs and increasing profitability through productivity and price enhancements.

CSR plans to maintain its position in aluminum through the Gove Aluminium Finance investment and that investment's interest in the Tomago smelter for the time being.

Item 6 – Directors, Senior Management, And Employees

The directors of CSR Limited are vested with the management and control of the business and affairs of CSR. CSR's constitution provides that the number of non-executive directors shall be such number from six to ten as the directors from time to time determine. In addition, the directors may appoint up to five executive directors of whom one may be the managing director of CSR Limited. As of the date of this Annual Report, the number of directors is 11, four of whom are executive directors, one of these being the managing director, as set out in further detail below.

Non-executive directors may be appointed by the board of directors to fill a vacancy on the board or to increase the number of non-executive directors. Executive directors and non-executive directors, who are appointed by the board of directors, hold office until the next General Meeting unless their appointment is ratified by the shareholders at such meeting. Additionally, two non-executive directors (or such greater number as the listing rules of the ASX may require, or the board of directors may from time to time determine) are required to retire at each Annual General Meeting by order of seniority of election. Directors, other than the managing director, may not continue to hold office without re-election or ratification of their appointment by the shareholders after the third Annual General Meeting following their last election or ratification of their appointment by the shareholders. Additionally, each director is required by CSR's Constitution to own a minimum of 2,000 ordinary shares in CSR.

Details of the directors in office at May 21, 2001 are as follows:

John Morschel, Chairman.....	Age	57
	First elected	1996. Elected Chairman in 2001.
	Stands for election	2002
	Principal Occupation	Former managing director of Lend Lease Corporation Ltd.

	Directorships	Westpac Banking Corporation, Rio Tinto PLC, Rio Tinto Ltd., Cable & Wireless Optus Ltd, Tenix Pty Ltd
John Arthur	Age	46
	First Appointed	2001
	Stands for election	2001
	Principal	Senior partner of law firm Freehills and formerly general counsel at Lend Lease Group.
	Occupation	EDS Australia, HM Bark Endeavour Foundation
John Ballard	Age	55
	First Appointed	2001
	Stands for election	2001
	Principal	Former managing director of United Biscuits, Asia Pacific, including responsibility for the Smith's snack business in Australia.
	Occupation	Woolworths Limited, Wattyl Limited
Ian Blackburne	Directorships	Woolworths Limited, Wattyl Limited
	Age	55
	First Elected	2000
	Stands for election	2002
	Principal	Formerly managing director and CEO of Caltex Australia Ltd.
	Occupation	Australian Plantation Timbers Ltd (Chairman), Airservices Australia, Suncorp Metway Ltd, Teekay Shipping Corporation
Alec Brennan.....	Age	54
	First Elected	1996
	Stands for election	2002
	Principal	Deputy Managing Director of CSR Limited
	Occupation	
David Clarke.....	Age	57
	First Elected	1996
	Stands for election	2003
	Principal	Chief Executive Officer of CSR America, Inc.
	Occupation	
	Directorships	CSR America, Inc.
Carolyn Hewson	Age	45
	First Elected	1995
	Stands for election	2001
	Principal	Former Executive Director of Schroders Australia Ltd
	Occupation	AMP Limited, The Australian Gas Light Co, South Australian Water Corporation
	Directorships	
Peter Kirby	Age	53
	First Elected	1998
	Principal	Managing Director of CSR Limited
	Occupation	
	Directorships	CSR America, Inc., Czarnikow Limited
Robert McLean	Age	54
	First Elected	1998
	Stands for election	2001
	Principal	Former managing director of McKinsey & Co for Australia and New Zealand
	Occupation	
	Directorships	Pacific Dunlop Ltd
Jim Osborne.....	Age	57

	First Appointed	1998. Elected 1999.
	Stands for election	2002
	Principal	Executive Director Finance of CSR Limited
	Occupation	
	Directorships	CSR America, Inc.
John Wylie.....	Age	40
	First Appointed	2001
	Stands for election	2001
	Principal	Principal of Carnegie, Wylie and Company.
	Occupation	Former head of investment banking and non - executive chairman of Credit Suisse First Boston

Executive Officers of CSR Limited who are not directors at the date of this Annual Report are as follows:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Year Joined CSR</u>	<u>Year Appointed To Position</u>
Ian McMaster.....	Chief Executive Officer Sugar	52	1999	1999
Christopher Barry	Chief Executive Officer Construction Materials	50	1998	1998
Graeme Pettigrew	Chief Executive Officer Building Materials	52	1996	1996

There are no family relationships between any of the Directors or Executive Officers.

Board Committees

To assist the board, four standing committees have been established, as described below:

Audit Committee. The committee advises the board on all aspects of internal and external audit and the adequacy of accounting procedures, systems, controls and financial reporting. Specific responsibilities include advising the board on the appointment of external auditors, the yearly audit plan and on the yearly and half yearly financial statements. Members of the audit committee are: Carolyn Hewson (chairperson), John Morschel, and John Wylie. The audit committee met 4 times during Fiscal Year 2001.

Safety, Health and Environment Committee. The committee reviews, and reports to the board on, the management of the company's safety, health and environmental responsibilities. The committee receives regular reports from management, reviews the adequacy of management systems and performance, ensures that appropriate improvement targets and benchmarks are in place and monitors potential liabilities, changes in legislation, community expectations, research findings and technological changes. Members of the safety, health and environment committee are: Ian Blackburne (chairman), John Morschel, and John Arthur. The committee met four times during Fiscal Year 2001.

Remuneration and Human Resources Committee. The committee reviews and advises on human resources issues, including succession and development planning as well as advising the board on remuneration policies and practices. The committee 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. Members of the remuneration and human resources committee are: John Morschel (chairman), Carolyn Hewson, and Rob McLean. The committee met three times during Fiscal Year 2001.

Board Committee. The committee considers the appropriate size and composition of the board, criteria for board membership, candidates for board membership, the terms and conditions of appointment to and

retirement from the board, and the level of remuneration of non executive directors. All non-executive directors are members of the board committee, which is chaired by John Morschel, the board chairman. The committee met once during Fiscal Year 2001.

Employees

At March 31, 2001, the CSR Group entities employed 16,134 people, which represents a decline of 6% compared to March 31, 2000. 5,980 people were employed in Australia, 8,591 people in the United States by CSR America and the balance in China, South East Asia, Taiwan and New Zealand. The decline in total number employed compared to Fiscal Year 2000 is due primarily to the sale of the Timber Products Division in Fiscal Year 2000 as well as reduced employment in Australia and Asia in response to market slowdown and restructuring and rationalizations.

Employees As Of March 31,

	<u>2001</u>	<u>2000</u>	<u>% Change</u>
North America (CSR America)	8,591	7,205	19
Australia and New Zealand	6,071	8,226	-26
Asia	<u>1,472</u>	<u>1,673</u>	<u>-12</u>
Total Employees including CSR America	16,134	17,104	-6

The overall safety statistics for CSR Group entities improved significantly in Fiscal Year 2001, with the injury frequency rate falling to 3.7 lost time injuries per million work hours from 4.7 in Fiscal Year 2000 and the time lost to injuries rate falling to an average of 9 days lost per injury due to work-related injuries from 16 days in Fiscal Year 2000. CSR Group entities have adopted a new measure, the total recordable injury frequency rate, which includes medical treatment and restricted work injuries in addition to lost time. On this measure, CSR Group entities also improved, with the rate falling from 57.2 per million hours to 35.8 per million hours. CSR Group entities commenced a program of external safety, health and environment audits of operating sites, with the objective of having all sites audited every three years.

Labor policies of CSR Group entities are not necessarily adopted by the operations of its investments in the aluminum smelter at Tomago, Sugar Australia, Australian Cement or Enviroguard. Nevertheless, CSR believes that each of these ventures has implemented labor policies appropriate for the labor relations in their operations.

Australian Operations

The major unions which represent employees of the CSR Group's entities in Australia are the Australian Workers' Union, the Australian Liquor, Hospitality and Miscellaneous Workers' Union, the Construction, Forestry, Mining and Energy Union, the Transport Workers' Union, the Amalgamated Metal and Engineering Employees Union, the Brick, Tile and Pottery Union and the CSR Limited Officers' Association.

Employees are covered by various Federal and State awards which prescribe minimum wages and conditions for the type of work performed in Australia. In addition to these awards, enterprise-based agreements exist at most sites which address productivity and efficiency initiatives at those sites and provide for over award wages and working arrangements. Enterprise agreements are typically negotiated annually between local management, employees and their union representatives. The level of industrial disputes at the CSR Group's Australian workplaces is very low.

CSR America's Operations

The major unions which represent employees of CSR America in the United States are the Teamsters, Laborers, Operating Engineers, Steelworkers and Paperworkers. Contract agreements are typically negotiated for a three year period between local management, employees and their union representation.

Approximately 2,700 employees of CSR America are represented by these unions. CSR America is currently introducing to its labor contracts, where possible, an innovation whereby incentives will be paid to employees based on contributions to productivity improvement. Many of the CSR America's operations do not have union representation for their employees.

When the Teamsters Union Local contract in Las Vegas, Nevada expired on May 31, 2000, CSR America locked out the approximately 200 employees represented by that Local until a new contract was negotiated. This dispute lasted for 19 days. There were no other labor disputes resulting in lost workdays.

Employees are covered by various Federal and State laws which impose minimum wages, overtime requirements and safety and environmental conditions. CSR America provides appropriate health, welfare and retirement benefits to most of its employees.

Compensation Of Directors And Officers

The aggregate remuneration paid and accrued to Directors and Executive Officers of CSR Group entities, including superannuation and termination payments for Fiscal Year 2001, was A\$12,108,400. The aggregate amount set aside or accrued by CSR during Fiscal Year 2001, to provide pension and retirement benefits for Directors of CSR was A\$135,419. Further compensation details are provided in Note 26 to the Financial Statements.

Executive directors and Executive Officers have agreements with CSR relating to their engagement as senior executives. Remuneration is at such rates and payable at such times as CSR may from time to time determine. The remuneration of executives in CSR Group entities is structured to reflect performance. To increase shareholder value, the remuneration system focuses individual and team efforts on the achievement of business strategies and goals.

Remuneration for senior executives has two parts, fixed and variable:

- **Fixed remuneration** is made up of cash salary, shares, superannuation and other benefits such as cars. Depending on their country of residence, managers may have some flexibility about apportioning their fixed remuneration between the components.
- **Variable remuneration** is made up of a yearly short term incentive – paid as cash or CSR shares – and a long term incentive, currently in the form of a five year option plan, plus a further long term incentive for the managing director payable in cash or shares. A significant part of each senior executive's potential total remuneration is variable. Short term incentives directly depend on the executive successfully achieving specific financial and operational targets. For executives to realise long term incentives CSR's shareholder returns must exceed the average of listed Australian industrial companies over specified periods. CSR America has a cash long term incentive plan based on increasing shareholder value.

The proportions of fixed and variable remuneration vary for executives of CSR Group entities outside Australia. Arrangements for CSR America executives, for instance, are consistent with US practice.

The remuneration of non-executive directors is from time to time determined by the board of directors within an aggregate limit approved by the CSR shareholders in general meeting, currently A\$750,000 per annum. The directors may also be reimbursed for expenses they incur in performing their duties.

Executive directors and Executive Officers, whose employment is terminated as a consequence of redundancy, are entitled to retrenchment payments which vary according to term of service and remuneration at time of termination.

Executive directors and most Executive Officers in Australia are members of one of the two divisions of a CSR sponsored superannuation fund. The defined benefit division provides lump sum benefits on withdrawal prior to the age of 52, and lump sum or pension benefits, or a combination of the two, on

retirement from the age of 52. The accumulation division provides lump sum benefit equal to the balance of a member's account, which includes contributions made by the member and CSR, together with net fund earnings. The defined benefit division has an actuarial surplus.

Under the Commonwealth Superannuation Guarantee legislation, CSR is required to make contributions to a superannuation fund on behalf of all Australian executives and executive directors, including non-executive directors under the age of 70, equal to 8% of their remuneration.

Non-executive directors of CSR have agreements with CSR which provide benefits to that director in connection with that director's departure from office, within the limits allowed by the Corporations Law (namely a maximum of all emoluments received by the relevant non-executive director during the last three years of service).

Executive directors and Executive Officers may participate in two share based incentive plans operated by CSR: a Universal Share/Option Plan and an Executive Share Option Plan. Participation by executive directors in these plans is subject to prior approval from CSR's shareholders in general meeting.

The aggregate number of (a) Ordinary Shares issued under all CSR employee and executive incentive plans, and (b) Ordinary Shares to which options may later be converted, held by all employees of CSR entities, cannot exceed 5% of the number of Ordinary Shares on issue and outstanding at any time.

Options To Purchase Securities From Registrant Or Subsidiaries

Executive Share/Option Plan

CSR has maintained an Executive Share/Option Plan ("ES/OP") since 1986, following its approval by shareholders at CSR's Annual General Meeting on July 16, 1986. Under ES/OP, selected executives were given an opportunity each year to buy Partly Paid Shares. The number of Partly Paid Shares offered to a particular executive was determined by CSR's board of directors based on seniority and performance. The issue price was based on the weighted average ASX price for Ordinary Shares on such dates as the board of directors specified. Executives paid CSR A\$0.10 for each Partly Paid Share they applied for. No executive could be issued more than 200,000 Partly Paid Shares under the ES/OP. Notwithstanding the name of this plan, no options were offered to CSR executives.

Executives could defer payment of the unpaid balance owing on the Partly Paid Shares for as long as the executive remained employed by CSR. Under this plan, CSR's board of directors could make a call on the balance owing on the Partly Paid Shares to be paid in certain circumstances. Usually, such a call was made when the executive's employment with CSR came to an end. When the issue price of the Partly Paid Shares exceeded the market price of Ordinary Shares at the time the unpaid balance became payable, CSR's share premium account was used to meet the excess.

At CSR's Annual General Meeting on July 26, 1993, shareholders approved amendments to the ES/OP, which became known as the Executive Option Plan ("EOP"). The amendments had the effect of discontinuing the issue of Partly Paid Shares. Partly Paid Shares still on issue will continue to be subject to the former ES/OP rules.

Executive Option Plan

EOP operated between 1993 and May 17, 1999. Under the plan selected executives were granted Options in 1993, 1994, 1995 and 1996. The main features of EOP were:

- eligibility to participate in EOP was decided by CSR's board of directors;
- Options were offered, payable to A\$0.01 each and convertible into fully-paid Ordinary Shares, at the rate of one Option for one Ordinary Share (adjusted for bonus issues);

- the number of Options offered to each eligible executive was decided by the board of directors;
- Options lapse not later than five years from the date on which they are granted;
- although Options became eligible for exercise on a given date, the conversion of those Options into ordinary Shares was conditional on CSR's diluted earnings per share, before Abnormal Items and extraordinary items, for the relevant financial year, exceeding a prescribed earnings per share threshold;
- if any earnings per share threshold was not met, the corresponding proportion of Options (which were eligible for exercise at that time) lapsed. Options which were eligible for exercise in each of 1996 , 1997, 1998, and 1999 lapsed because the relevant threshold was not met;
- the relevant threshold was met for those Options eligible for exercise in mid 1995, thus executives were able to convert those Options into Ordinary Shares. The price payable by an executive on the conversion of an Option into an Ordinary Share was the average weighted price of Ordinary Shares traded on the ASX on three consecutive trading days shortly before the Option was granted, less the A\$0.01 option price (adjusted for pro rata share issues); and
- Ordinary Shares issued on conversion of Options qualified for the same entitlements as fully-paid Ordinary Shares.

As of May 21, 2001 all Options issued pursuant to EOP had lapsed.

Executive Share Option Plan

At CSR's Annual General Meeting on July 13, 1998 shareholders approved a new Option plan for executives, the Executive Share Option Plan ("ESOP"). The main features of ESOP are:

- eligibility to participate in ESOP is decided by CSR's board of directors;
- the number of Options offered to each eligible executive is decided by the board of directors;
- Options are offered, at the market price of fully-paid Ordinary Shares and convertible into fully-paid Ordinary Shares, at the rate of one option for one Ordinary Share (adjusted for bonus issues);
- cash payment for Options by the executive may be deferred until the Options are exercised;
- Options lapse not later than five years from the date on which they are granted;
- Options have been issued in 1998, 1999, and 2000 and are eligible for exercise after nominated minimum holding periods, as from mid 2000 to 2005 when those Options will lapse;
- although Options become eligible for exercise on a given date, the conversion of those Options into Ordinary Shares will be conditional on the growth in the cumulative value of a notional investment in CSR Ordinary Shares (share price growth and dividends reinvested) exceeding the growth of an equivalent investment in the All Industrials Index on the ASX from the date of offer through to the minimum holding period for those options for the 1998 and 1999 issues; Options in 2000 exclude financial and certain service-type companies from the All Industrials Index;
- if any performance hurdle is not met at the end of any of the minimum holding periods, the relevant Options may be exercised later if the performance hurdle is subsequently met at any time before the Options lapse five years from the date on which they were granted;
- the cash payment to be made by an executive on the conversion of an Option into an Ordinary Share is the average weighted price of Ordinary Shares traded on the ASX on five consecutive trading days up to and including the day on which the Option was granted (adjusted for pro rata share issues);
- Ordinary Shares issued on conversion of Options will qualify for the same entitlements as fully-paid Ordinary Shares; and
- although Options will not be quoted on the ASX, application will be made for quotation of Ordinary Shares issued on the conversion of options.

- At the request of CSR America Inc., selected executives of CSR America were offered Options in ESOP in December 1998. The conditions on which these Options were offered were the same as those outlined above except that:
 - Options were offered, payable to A\$0.01 each and convertible into fully-paid Ordinary Shares, at the rate of one Option for one Ordinary Share (adjusted for bonus issues); and
 - the price payable by an executive of CSR America on the conversion of an Option into an Ordinary Share will be the average weighted price of Ordinary Shares traded on the ASX on five consecutive trading days up to and including the day on which the Option was granted, less the A\$0.01 option price (adjusted for pro rata share issues).

The following table shows, as of May 21, 2001, the number of Options to purchase Ordinary Shares held by directors and Executive Officers pursuant to ESOP:

Director/Executive Officer	Title	Options
Peter Maxwell Kirby	Executive Director and Managing Director	700,000
Alexander Norman Brennan	Executive Director and Deputy Managing Director	500,000
James Gregory Osborne	Executive Director Finance	500,000
David Vincent Clarke	President and CEO of CSR America, Inc.	400,000
Graeme Francis Pettigrew	Chief Executive Officer Building Materials	380,000
Christopher John Barry	Chief Executive Officer Construction Materials	380,000
Ian McMaster	Chief Executive Officer Sugar	<u>380,000</u>

Total number of unissued Ordinary Shares relating to the Options on issue and held by Executive Directors and Executive Officers as a group 3,240,000

Details of Executive Option prices, conversion and expirations are provided in Note 22 to the Financial Statements. The value of these options using the Black-Scholes pricing model is A\$0.59 per option.

No Director or Executive Officer has beneficial ownership of 1% or more of the voting securities. Note 29 to the Financial Statements shows actual shareholdings of Directors, each of whom is required by the CSR Constitution to own a minimum of 2,000 shares in his or her name. As at March 31, 2001, the holdings of Directors and Executive Officers (all of whom are also shareholders) of CSR, as a group, of CSR's voting securities were as follows:

<u>Title of Class</u>	<u>Identity of Person or Group</u>	<u>Number Owned</u>	<u>Percent of Class</u>
Ordinary Shares	Directors and Executive Officers	1,301,232 ⁽¹⁾	0.13%

(1) Excludes shares held non-beneficially.

As at May 21, 2001, 9.9 million Ordinary Shares were owned by current Executive Officers and all other employees of CSR Group entities in the various CSR share plans.

Item 7. -- Major Shareholders And Related Party Transactions

Major Shareholders

CSR is not directly or indirectly controlled by another corporation or by any foreign government and does not know of any arrangement the operation of which may at a subsequent date result in a change of control of CSR.

As at March 31, 2001, there were three holders known to CSR of more than 5% of the CSR's outstanding voting securities. Chase Manhattan Nominees Limited held 111.5 million ordinary shares or 11.6% of CSR's issued capital. Westpac Custodian Nominees Limited held 120.3 million ordinary shares or 12.6% of CSR's issued capital. National Nominees, Limited held 98.5 million ordinary shares, or 10.2% of CSR's issued capital. The shares are held as nominee for numerous beneficiaries, most of whom are believed to be pension funds but whose identity is not known to CSR. None of these holders of larger blocks of shares have voting rights that are different from the rights of other shareholders.

Related Party Transactions

As at March 31, 2001, total interest free loans to the directors of CSR and its consolidated entities were A\$0.3 million. During Fiscal Year 2001, no directors of CSR or any of its subsidiaries and their director-related entities have received or are entitled to receive any additional benefit, other than a benefit shown in the accompanying Financial Statements (specifically, Note 26 "Directors' and executives' remuneration", Note 13 "Receivables" and Note 33 "Related party information") by reason of a contract made by CSR or a related party with the Directors, or with a firm or company in which they have a substantial financial interest or over which they have a significant influence.

Item 8 – Financial Information

See "Item 18 – Financial Statements and page F-1 through F-55 for Financial Statements and Notes to the Financial Statements. No significant change has occurred to the CSR Group entities since the date of the Financial Statements.

Legal Proceedings

General

The discussion below contains certain forward-looking information. See "Forward-Looking Statements" on page 6.

In addition to the proceedings described below and under "Asbestos Litigation", there are outstanding court proceedings, claims and possible claims against CSR Group entities arising in the ordinary course of business, the aggregate amount of which cannot be readily quantified.

While CSR can give no assurance in respect of these other legal proceedings, it does not believe that any adverse decision would have a material adverse effect on the financial conditions or results of operations of the CSR Group.

Asbestos Litigation

CSR and several CSR Group entities have been named as defendants in litigation in Australia and the United States by claimants alleging personal injuries due to exposure to asbestos. Claimants in these cases generally seek compensatory and punitive damages. In almost all cases in which it is a party, a CSR Group entity is one of a number of companies named as defendants.

Australian Asbestos Litigation -- Historical Overview: The involvement of CSR and its subsidiaries in asbestos litigation in Australia arises from the mining of raw asbestos fiber by one of CSR's subsidiaries, as well as the sale by CSR and by certain of its subsidiaries of asbestos-containing products. Claimants in this litigation include former employees, contractors and carriers of raw fiber, and users of asbestos products.

The first claim naming CSR or a subsidiary as a defendant in Australia was asserted in 1976. As at March 31, 2001, CSR and its subsidiaries had been named in approximately such 1,600 claims, of which,

80 were commenced in 1995,

126 in 1996,
141 in 1997,
87 in 1998,
72 in 1999,
28 from January 1 to March 31, 2000, and
140 during Fiscal Year 2001.

As at March 31, 2001, approximately 892 Australian claims had been settled and a further 165 had been dismissed voluntarily or by a successful CSR defense and the total costs of settlements and judgments were approximately A\$74 million and legal and related fees totaled approximately A\$38 million.

There has been a single punitive damages award, in the Rabenalt case, which was against a subsidiary in the amount of A\$250,000. It was entered in 1989.

Australian Asbestos Litigation -- Current Status: As at March 31, 2001, there were approximately 538 asbestos claims pending against CSR and/or its subsidiaries in Australia. Settlement payments by CSR and its subsidiaries continue to be affected by a variety of factors, including principally the type of injury alleged to have been sustained by the claimant, and the nature and extent of the claimant's alleged exposure to raw asbestos fiber or asbestos containing products manufactured or supplied by CSR or its subsidiaries.

United States Asbestos Litigation -- Historical Overview: The involvement of CSR and its subsidiaries in asbestos litigation in the United States arises from sales of asbestos fiber mined by an Australian subsidiary of CSR and sold by CSR acting as its subsidiary's sales agent. The last such sale occurred in 1966.

Prior to 1990, the vast majority of the asbestos claims against CSR were commenced by or on behalf of employees of Johns Manville Corporation, the principal purchaser of asbestos fiber sold by CSR as sales agent for its subsidiary. These individuals generally claimed exposure to such fiber during the course of their employment at the Johns Manville plants where the fiber was used in the manufacture of certain asbestos cement pipes. Such claims, as well as claims of other persons allegedly exposed to raw asbestos supplied by CSR, are collectively referred to as "Plant-worker Claims". In the early stages of the litigation, settlements by CSR of US asbestos claims for the most part involved Johns Manville Plant-worker Claims. CSR has entered into a number of global settlements of such claims with various claimants' counsel.

Beginning in late 1990, CSR began to be named as a defendant in US lawsuits brought by persons alleging occupational exposure to finished asbestos products, particularly specialty gasket material and asbestos cement pipe. Such claims are referred to as "Finished Product Claims". CSR does not believe Finished Product Claims are meritorious, and has defended them on the bases that, among other things: there is no evidence that asbestos fiber supplied by CSR was incorporated into the particular products to which these claimants were allegedly exposed; there is no personal jurisdiction over CSR; CSR did not owe a duty to warn users of finished products manufactured by Johns Manville, a sophisticated and knowledgeable asbestos company in its own right, of the potential consequences under certain circumstances of the inhalation of asbestos fiber; and any alleged failure by CSR to warn Johns Manville of such potential consequences was not the cause of claimants' injuries. CSR believes that the primary reason for its inclusion in Finished Product Claims is the bankruptcy in 1982 of John Manville and the consequent unavailability of a full remedy against Johns Manville for injuries allegedly caused by its products.

The first US asbestos claims naming CSR or a subsidiary as a defendant were Plant-worker Claims asserted against CSR in 1980. As at March 31, 2001, CSR and/or its subsidiaries had been named in approximately 3,000 Plant-worker Claims and approximately 113,000 Finished Product Claims.

Of the approximately 3,000 Plant-worker Claims,

44 were asserted in 1995,
38 in 1996,

48 in 1997,
23 in 1998,
25 in 1999,
0 from January 1 to March 31, 2000, and
28 during Fiscal Year 2001.

As at March 31, 2001 approximately 2,828 Plant-worker Claims had been settled or decided and 131 were pending. As at March 31, 2001 the total of the cost of settlements and judgments was approximately A\$65 million.

Of the approximately 113,000 Finished Product Claims,

32,476 were asserted in 1995,
17,965 in 1996,
4,655 in 1997,
9,829 in 1998
4,120 in 1999,
172 from January 1 to March 31, 2000, and
151 in Fiscal Year 2001.

As at March 31, 2001, approximately 111,483 Finished Product Claims had been settled or decided and 584 were pending. In addition to the above 151 in Fiscal Year 2001, 1,273 other Finished Product Claims had been made directly against CSR but had not yet been examined to determine if they fall within settlement agreements. As at March 31, 2001 the total of the cost, both paid and committed, of settlements and judgments was approximately A\$53 million. The total defense costs, relating both to Plant-worker Claims and Finished Product Claims, was approximately A\$42 million.

The only judgments entered to date against CSR in the US asbestos litigation occurred in August 1993 in the Abrams case in Mississippi. That case involved Johns Manville Finished Product Claims by nine shipyard workers claiming exposure to Johns Manville gasket material allegedly containing fiber supplied by CSR as sales agent. In that case, a jury verdict was entered against CSR in favor of four of the former shipyard workers for compensatory damages totaling US\$2,150,000 and punitive damages totaling US\$215,000. In addition to deciding the claims of the nine shipyard workers, the jury in Abrams also decided certain common issues with respect to approximately 6,700 of the approximately 16,000 claims then pending against CSR in Mississippi. The jury found that the Johns Manville gasket material had been used at the shipyard where the claimants were employed; that CSR may be liable for injuries caused by such material; and that punitive damages in the amount of 10% of compensatory damages were appropriate against CSR. CSR has reached settlements of all claims made in Mississippi with various claimants' attorneys. While the attorneys' clients have the right to opt out of the settlement, it is CSR's belief that relatively few, if any, claimants will choose to do so, and none has done so to date. An integral part of the settlement agreement provided for and resulted in the shipyard worker specific and common issues verdicts being vacated.

Although claims have been brought against CSR in 35 states, the bulk of the claims against CSR have been Finished Product Claims in four particular states: Mississippi (18%), West Virginia (21%), Texas (30%) and Ohio (14%), each as at March 31, 2001. Each of these states permits so-called "mass trials" of claimants' claims. Although CSR does not believe these or other Johns Manville Finished Product Claims are meritorious, given their large number; the risk of adverse rulings, particularly in mass trial states; and the costs of defending the claims, CSR in July, 1995 and May, 1996, settled a total of 17,056 West Virginia claims for US\$6,329,900; in March, 1996, settled 32,100 Texas claims for US\$10,572,694; in April, 1996, settled 18,319 Mississippi claims for US\$13,300,000, and in March and April 1997 and in August 1999 settled 14,735 Ohio claims for US\$2,397,550. CSR has continued to move to settle such claims where the prevailing circumstances cause it to believe that it is commercially advantageous to do so. CSR has entered into a

number of agreements with various claimants' counsel pursuant to which the parties will attempt to resolve the counsels' future claims on an agreed upon basis prior to litigation.

United States Asbestos Litigation -- Current Status: As at March 31, 2001, there were approximately 1,988 asbestos claims pending against CSR in the United States.

The settlement payments by CSR in the United States continue to be affected by a variety of factors, including principally the type of injury alleged to have been sustained by the claimant, the nature and extent of the claimant's alleged exposure to fiber supplied by CSR as sales agent for one of its subsidiaries, the jurisdiction of the suit, and whether the claim is to be part of a group settlement. A number of defendants in the US litigation, in addition to Johns Manville, have declared bankruptcy. This may cause plaintiffs' counsel to seek to join CSR in additional actions and/or seek higher settlement amounts.

Insurance Issues: On March 3, 1995, in settlement of litigation commenced by CSR and for the assumption by CSR of certain indemnity and other obligations, CSR received an undissected lump sum payment of A\$100 million in full and final settlement of all present and future claims CSR has or may have had against certain insurers issuing liability policies to it from 1955 to at least 1978. Subsequent to the settlement of these coverage and damages claims, CSR and its subsidiary CSR America commenced litigation in the United States District Court for the District of New Jersey against other insurers that issued policies to CSR from approximately 1979 to 1986, seeking, among other things, coverage for US asbestos claims against them and damages. Some of these insurers then commenced their own litigation against CSR and CSR America in the Supreme Court of New South Wales, seeking, among other things, a declaration that the insurers have no obligation to provide any such coverage. The Supreme Court of New South Wales issued a preliminary injunction barring CSR and CSR America from prosecuting the US coverage suit without further order of the Supreme Court of New South Wales. CSR and CSR America successfully appealed to the High Court of Australia against that injunction. The High Court lifted the injunction and ordered that the proceedings commenced in New South Wales be stayed pending the outcome of the US coverage suit. On April 24, 2001 the New Jersey court denied motions brought by the insurers to stay or dismiss the US action.

Management's Views: *The discussion below contains certain forward-looking information. See "Forward-Looking Statements" on page 6.* In light of the difficulty of predicting the number of further claims, the severity and mix of diseases involved, the costs of defense and indemnity associated with such claims, and other changes in the litigation environment that might affect CSR's position or that of its subsidiaries, CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos claims nor their effect on net profit or loss in future reporting periods. Nonetheless, in the opinion of management, the asbestos litigation in the United States and Australia will not have a material adverse impact on the CSR Group's financial condition. This view is based upon the experience of CSR Group entities in the asbestos litigation to date; the resolution of a large number of matters on commercially acceptable terms; the provisions already included in the CSR Group's financial statements; CSR's belief that it has even stronger evidence than presented during the Mississippi trial to support CSR's position that the fiber contained in Johns Manville gasket materials was not supplied by CSR; CSR's expectations concerning probable settlements in pending as well as future claims; CSR's expectations concerning the number of claims likely to be brought against it and/or its subsidiaries in the future; and the possibility of an insurance recovery as a result of the New Jersey litigation. There can, however, be no assurance that the litigation will not have a material adverse impact on the CSR Group's financial condition.

Dividend Policy

The payment and amount of any dividends depends on CSR's current and future earnings, cash flow, financial condition and other factors. Subject to the Australian *Corporations Law*, the Directors may declare a Dividend and set the amount and date for its payment. Dividends are payable to shareholders of fully paid shares equally, and fractionally to shareholders of partially paid shares. Generally, Shares rank for Dividend from their date of allotment.

In Fiscal Year 2001, CSR declared a dividend of \$A 0.23 per share, with final payment to be made July 5, 2001. The initial payment was 1/3 franked; the final payment is to be 40% franked.

Item 9 – The Offer And Listing

Nature Of Trading Market

The principal trading market for CSR's fully paid Ordinary Shares is the Australian Stock Exchange ("ASX"). CSR's fully paid Ordinary Shares are also listed on the London stock exchange.

In the United States, Morgan Guaranty Trust Company of New York, as Depository (the "Depository"), has issued American Depositary Receipts ("ADRs") evidencing American Depositary Shares ("ADSs"). Each ADS represents four fully paid Ordinary Shares. Since March 1990, the ADRs have been traded in sponsored American Depositary Receipt form on the over-the-counter market.

The following table sets forth, for the calendar periods indicated, the high and low sales prices in A\$ per Ordinary Share as reported by the ASX and the high and low sales prices in US\$ per ADS as reported by the Depository.

		<u>Per Ordinary Share (A\$)</u>		<u>Per ADS (US\$)</u>	
		<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
	Fiscal Year				
	1997	5.00	3.95	15.75	12.50
	1998	5.90	4.31	16.50	13.25
	1999	5.24	3.20	11.75	7.50
	2000	4.80	3.31	12.63	8.25
	2001	5.38	3.44	11.81	8.13
	Quarter ending				
Fiscal Year	June.....	4.74	3.51	12.63	8.63
2000:	September	4.80	3.81	12.63	9.88
	December	4.04	3.31	10.88	8.50
	March.....	4.09	3.40	11.00	8.25
Fiscal Year	June.....	4.66	3.44	11.50	8.13
2001:	September	4.78	3.92	11.38	8.63
	December	4.85	3.85	10.75	8.13
	March.....	5.38	4.73	11.81	9.38
	<u>Month Ending</u>	<u>Per Ordinary Share (A\$)</u>		<u>Per ADS (US\$)</u>	
		<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
2000	November	4.43	3.92	9.38	8.13
	December	4.85	4.32	10.75	9.50
2001	January	5.20	4.73	11.75	10.75
	February.....	5.20	4.78	11.81	10.00
	March.....	5.38	4.85	10.88	9.38
	April.....	5.64	5.20	11.50	9.88
	May 14	5.75	5.31	12.15	11.35

At March 31, 2001, 964,581,421 Ordinary Shares were outstanding and were held by 111,629 holders of record. Of this, 1,364,600 Ordinary Shares were held by 2,197 CSR America employees resident in the

United States pursuant to share offers under the terms of the Universal Share/Option Plan ("USOP"). As at March 31, 2001, 1,907,036 ADSs representing 7,628,144 Ordinary Shares, or approximately 0.79% of the Ordinary Shares outstanding on such date, were held by 157 holders with registered addresses in the United States.

Item 10 – Additional Information

Constitution

CSR Limited is a stock corporation organized in Australia under the Corporations Law. It is registered in Sydney, Australia under the number ABN 90 000 001 276. The Constitution (which serves as the articles of association) is attached as an Exhibit to the annual report on Form 20-F for this Fiscal Year 2001.

The information called for by Item 10.B of Form 20-F is contained in the registration statement of Form F-3 (File No 333-5492) filed by CSR Limited, CSR America, Inc. and CSR Finance Limited under the U.S. Securities Act of 1933.

Exchange Controls And Other Limitations Affecting Security Holders

There are no foreign exchange controls or other governmental laws, decrees or regulations, other than in relation to withholding taxes (see Taxation below), which affect the remittance of dividends, interest or other payments by CSR to non-resident holders of CSR securities in the United States.

Subject to the exceptions referred to below, there are no limitations on the right of United States residents or owners to hold or vote CSR Ordinary Shares imposed by Australian law or CSR's Constitution.

Changes in interests held by foreign persons in Australian companies may be subject to review and approval by the Treasurer of the Commonwealth of Australia under the Foreign Acquisitions and Takeovers Act 1975. Generally, that statute requires prior notification of any acquisition which would result in a foreign person together with any associates either holding interests in 15% or more of an Australian company's issued shares or controlling 15% or more of the voting power in the company. The statute also requires prior notification of any acquisition resulting in two or more foreign persons and their associates similarly holding interests in 40% or more of an Australian company's issued shares or controlling, in the aggregate, 40% or more of its total voting power. In each case, the Treasurer may prohibit any part of the acquisition if the Treasurer is satisfied it would be contrary to the national interest of Australia.

Further, the Corporations Law regulates the acquisition of shares in public companies in Australia. Subject to certain exceptions, it prohibits such an acquisition if (1) after the acquisition the acquirer and the acquirer's associates would be entitled to more than 20% of the company's issued ordinary shares and (2) the acquisition does not satisfy one of a number of specified exceptions. The more significant exceptions are: a formal, registered takeover offer to all the shareholders in the target company, acquisitions by a broker on the stock market under a formal takeover announcement, acquisitions of no more than 3% of the target company's voting share capital every 6 months or acquisitions approved by the target company's shareholders in general meeting.

Taxation

The taxation discussion set forth below is intended only as a descriptive summary and does not purport to be a comprehensive technical analysis of all potential tax consequences for United States residents investing in shares in an Australian incorporated company. Investors contemplating the purchase of shares are advised to consult their own tax advisers with respect to the tax consequences relevant to their specific situations.

Except as otherwise noted, the statements of Australian tax laws set out below are based on the laws in force as of the date of this Annual Report, and are subject to any changes in Australian law, and in any double taxation convention between the United States and Australia occurring after that date.

Australian Taxation

Dividends

Since 1987, Australia has had a dividend imputation system which relieves double taxation on certain dividends by imputing tax paid at the company level to shareholders by means of imputation credits attached to dividends received by them. Where an Australian tax resident shareholder receives a "franked" dividend, a tax credit attaches to the extent to which the dividend paid is a franked dividend. This tax credit can be offset against the Australian income tax payable by the shareholder. Since the introduction of the dividend imputation system, all dividends prior to Fiscal Year 1994 were fully franked. Since then:

The dividend for Fiscal Year 1995 was 76% franked.

The dividend for Fiscal Year 1996 was 100% franked.

The dividend for Fiscal Year 1997 was 50% franked.

The interim and final dividends for Fiscal Year 1998 were 50% and one third franked respectively.

The dividends for Fiscal Years 1999 and 2000 were one third franked.

The interim dividend for Fiscal Year 2001 was one third franked. The final dividend will be 40% franked.

All ordinary shareholders and ADR holders will be advised as to the extent to which each future dividend will be franked as dividends are declared. Broadly, shareholders who are non-residents for Australian tax purposes, rather than receiving a tax credit on "franked" dividends, are exempt from Australian dividend withholding tax in respect of franked dividends received. Any part of a dividend, paid to a United States tax resident who is a non-resident of Australia, which is not franked will attract Australian dividend withholding tax at a rate of 15%. However, if such a shareholder carries on a business in Australia through a permanent establishment and unfranked dividends paid by CSR are effectively connected with that permanent establishment, tax at the rate of 30% will apply. Notwithstanding this, unfranked dividends paid to a United States tax resident in either of the above situations will be free of withholding tax to the extent such dividends are sourced from CSR's foreign dividend account.

Some foreign shareholders are exempt from Australian dividend withholding tax on dividends that are not franked; most notably, foreign superannuation/pension funds that are exempt from income tax in their home jurisdiction.

Gain or Loss on Disposal

Capital gains tax is payable in Australia on realized gains over the period in which the shares have been held. In working out the cost base of shares acquired on or before 21 September 1999, expenditure incurred may be indexed for inflation up to 30 September 1999. Indexation is not relevant to shares acquired after 21 September 1999.

Where shares were acquired on or before 21 September 1999, and such a shareholder does not choose the indexation option, the capital gain may be discounted by an appropriate percentage. For individuals or trusts, this is 50%. For complying superannuation funds it is 33 1/3%. Companies are automatically entitled to indexation up to 30 September 1999, but cannot choose the discount.

For indexation to be available, as well as a condition of the discount, it is usually necessary that the shareholder held the shares for at least 12 months.

Subject to the following two exceptions, a non-resident of Australia for tax purposes disposing of shares in Australian public companies will be free from capital gains tax in Australia:

- (i) Shares used as part of a trade or business conducted through a permanent establishment in Australia. In such case any profit on disposal will be subject to capital gains tax or, depending on

such usage, may be assessable to ordinary income tax. Losses would constitute capital loss deductions or normal deductions.

- (ii) Shares held in public companies where such shares represent a holding of 10% or more (together with associates, if any) in the issued share capital of the company.

Stamp Duty

Any transfer of Ordinary Shares (including a transfer from the Depositary or any Custodian to a holder of ADSs) would, in almost all cases, require the payment in Australia of stamp duty calculated on their value. If the transfer takes place on the Australian Stock Exchange that stamp duty (at present normally 0.3%) is split between the transferor and the transferee. In other cases, the transferee is liable for the duty and the rate of duty will normally be 0.6%. Duty is payable in New South Wales on the transfer of ADRs calculated on the value of the ADRs transferred at a rate of 0.6% (except where the transferee is not a resident of Australia and is acting on its own behalf or on behalf of a trustee for another non-resident of Australia and the transfer is registered outside Australia or if the ADR's are registered on a recognized stock exchange outside Australia. The ADRs are not currently registered on a recognized stock exchange outside Australia). The transferee is liable for the duty. The duty must be paid before a transfer of Ordinary Shares can be registered. Where a transfer of ADR's is not exempt from duty, duty must be paid on that transfer before it can be registered.

United States Taxation

Dividends on CSR shares, and payments of the proceeds of a sale of CSR shares, paid within the United States or through United States - related financial intermediaries are subject to information reporting and may be subject to backup withholding at a 15% percent rate unless the Qualified Holder (1) is a corporation or other exempt recipient or (2) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

Item 11 – Quantitative And Qualitative Disclosures About Market Risk

The discussion below contains certain forward looking statements. See “Forward-Looking Statements” on page 6.

The CSR Group is exposed to the following types of market risk: (i) commodity prices, (ii) foreign currencies, and (iii) interest rates.

The CSR Group has in place principles and policies approved by CSR's board of directors designed to manage financial risks associated with exposures to foreign currencies, commodity prices and interest rates. These risks are managed through a variety of means including natural hedges, forward foreign exchange contracts, forward sales contracts, futures, swaps, caps, collars and other options. CSR's policies prohibit speculative transactions, restrict hedging transactions to certain preset limits and require senior management approval of hedging instruments. In addition, the policies limit who may authorize transactions and segregate relevant functions among different individuals.

Each Divisional chief executive officer is responsible for managing exposures in their Division in accordance with the policies and is required to do so in consultation with specialist advice from CSR Treasury. CSR America has adopted similar policies. Except for certain sugar and aluminum commodity price hedging activities, and some Strategic Business Units operating outside Australia, all such transactions are executed through CSR Treasury.

CSR Group entities utilize a variety of domestic and international financial institutions as counter parties for hedging transactions. Transaction limits based on credit ratings are placed on each financial institution and reviewed regularly. Predominantly, CSR Group entities will only utilize counter parties with a Moody's

or Standard & Poors "A3/A -" equivalent rating or higher. In a few instances where no Moody's or Standard & Poors rating is available management may assign a limit based on alternative arrangements.

It is management's opinion that CSR Group entities in the past year have not engaged in any financial transactions of a trading or speculative nature.

Commodity Price Sensitivity and Risk Management

The CSR Group's commodity exposures relate predominantly to raw sugar, alumina and aluminum. Raw sugar exposures are predominantly managed by Queensland Sugar Limited, an industry governed company which acquires all Queensland raw sugar and arranges for its sale. Additional hedging has been undertaken by CSR using commodity swaps and options.

A portion of aluminum sales is hedged with a view to reducing the effects of adverse commodity price fluctuations on the cash flows of the business. The portion hedged will vary from time to time and will be dependent upon contractual obligations and management's view of the potential risk from commodity price movements.

The following summary table indicates the notional principal amounts together with the carrying amounts and estimated fair value of the CSR Group's financial instruments used to hedge commodity price risk. This table should be read in conjunction with Note 29 of the Consolidated Financial Statements.

Year ended March 31, 2001 (A\$ millions)	Average Price(a)	Principal/Maturities			Total	Net fair value	
		2002	2003 to 2006	2007+		Asset	Liability
Aluminium - underlying exposure							
Committed sales (b)							
Aluminium	-	304.9	308.4	-	613.3	-	-
LME Aluminium futures contracts							
Sell	1,531.5(c)	23.4	-	-	23.4	0.9	0.3
Aluminium commodity swaps	1,544.4(c)	286.4	487.4	-	773.8	29.5	5.8
Raw Sugar - underlying exposure							
Commodity swaps							
- US\$ raw sugar	8.55(d)	12.6	12.3	-	24.9	3.7	-
- A\$ raw sugar	12.82(e)	9.8	9.6	-	19.4	-	2.7
Commodity options							
- purchased US\$ raw sugar	11.00(e)	0.9	-	-	0.9	-	-
- sold \$US raw sugar	14.40(e)	1.1	-	-	1.1	-	0.1
TOTAL						34.1	8.9

- (a) Average prices for the individual periods do not materially differ from the overall average price disclosed.
- (b) The value of committed purchases and sales is derived from the product of the committed quantity multiplied by the year end spot rates.
- (c) United States dollars per metric tonne.
- (d) United States cents per pound.
- (e) Australian cents per pound.

Foreign Exchange Sensitivity and Risk Management

The CSR Group is exposed to fluctuations in foreign currencies in some of its entities' businesses. CSR Group entities periodically enter into foreign currency hedging contracts, including forwards and options, to manage their exposure to changes in currency exchange rates.

The CSR Group's primary ongoing exposures to foreign currency movements relate to US dollar revenues and foreign assets and profits. Foreign currency liabilities are utilized where they provide a hedge for foreign currency asset exposure. Management believes that the CSR Group's investment in its international entities, mainly in the United States, provides it with a natural hedge against exchange rate fluctuations with respect to US dollar-denominated obligations. Occasionally transactions are executed to hedge the translation of forecast profit from CSR America. Excluding CSR America and its raw sugar operations, for Fiscal Year 2001, it is estimated that the CSR Group will have US\$ revenues of US\$204 million, of which 86% were protected from adverse exchange rate movements as at March 31, 2001. On the exposed portion, a one cent movement in the Australian/US exchange rate will result in an A\$1.1 million change in the CSR Group's operating profit.

In addition, CSR Group entities receive Australian dollars for their share of United States dollar denominated raw sugar exports. Currency exposures for these exports are managed by the Queensland Sugar Ltd, a private company governed by the Queensland sugar industry.

Specific information concerning the currency exposure and financial instruments used to limit that exposure are reviewed in Note 29 of the Financial Statements.

Interest Rate Sensitivity and Risk Management

Interest rate exposure is managed with an objective to reduce year to year volatility in interest costs and to obtain a stable and predictable interest expense outcome. To achieve this result, CSR Group entities enter into interest rate hedges including interest rate swaps, swaptions, caps, collars and other options.

Approximately 95% of the CSR Group's gross debt is US Dollar denominated. Approximately 46% of the net US Dollar exposure is subject to fixed interest rates and a further 6% is protected by interest rate caps. It is estimated that a 100 basis point movement would have an A\$12 million impact on the CSR Group's interest costs before tax.

Specific information concerning interest rate exposure and financial instruments used to limit that exposure are reviewed in Note 20 and 29 of the Consolidated Financial Statements.

Item 12. – Description Of Securities Other Than Equity Securities

Not applicable.

PART II

Item 13. – Defaults, Dividend Arrearages And Delinquencies

None.

Item 14. – Material Modifications To The Rights Of Security Holders And Use Of Proceeds

None

PART III

Item 15. – Reserved

Item 16. – Reserved

PART IV

Item 17. – Financial Statements

Not Applicable.

Item 18. – Financial Statements

Report of Independent Auditors

Consolidated Financial Statements As At March 31, 2001

See pages F-1 through F-55, which are incorporated herein by reference.

Item 19. – Exhibits

Documents filed as exhibits to this Annual Report:

- 1.1 Constitution of CSR Limited
- 8.1 List of subsidiaries. Included in Note 37 to the Financial Statements.
- 10.1 Independent Auditors' Consent. Included as page F-2/A.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CSR Limited
(Registrant)

By:
Peter Maxwell Kirby
Managing Director

Dated: May 21, 2001