CSR Limited
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www.csr.com.au
ABN 90 000 001 276

14 May 2008

Manager Companies
Company Announcements Office
Australian Securities Exchange Limited
Stock Exchange Centre
20 Bridge Street
Sydney NSW 2000

Preliminary final report for the year ended 31 March 2008

Attached is CSR Limited's full year results information required by ASX Listing Rule 4.3A, comprising:

The media release and slides for CSR's results presentation will be filed separately.

The results presentation will be available via an audio webcast from CSR's website www.csr.com.au, commencing at 10am today.

Yours sincerely

Chris Bertuch
General Counsel & Company Secretary

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CSR preliminary final report 2008

Results for the year ended 31 March 2008

Results for announcement to the market

(All comparisons are to the full year ended 31 March 2007)

				$ million
Revenue from ordinary activities	up	4%	to	3,231.3
Profit after tax from ordinary activities attributable to members (excluding significant items)	down	20%	to	192.8
Net profit for the period attributable to members (including significant items)	down	35%	to	177.4
Earnings before interest and tax (excluding significant items)	down	5%	to	386.3

	31 March 2008	31 March 2007
Net tangible assets per share	$0.86	$1.25

Dividends	**Amount per security**	**Franking**	**Franked amount per security at 30% tax**
Current Period			
Final	9 cents	100%	9 cents
Interim	6 cents	100%	6 cents
Previous corresponding period			
Final	9 cents	100%	9 cents
Interim	6 cents	100%	6 cents

Record date for determining entitlements to final dividend	11 June 2008
Dividend payment date	3 July 2008

This document represents information provided pursuant to Listing Rule 4.3A of the Australian Securities Exchange and is based on the audited financial accounts of CSR Limited for the period.

The results presentation will be available via an audio webcast from CSR's website www.csr.com.au commencing at 10am today.

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CSR Limited

Full year report for the year ended 31 March 2008

Contents **Page**

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14 May 2008

CSR reports EBIT of $386.3 million in line with market guidance

- CSR EBIT for the year ended 31 March 2008 of $386.3 million is down 5%, in line with previous market guidance
- Building Products EBIT on a like for like basis was up 16%
- Including the acquisition of the Australasian glass business of Pilkington in June 2007 and DMS Glass in October 2007, Building Products EBIT was up 75%
- Viridian launched as new brand for CSR's glass operations in March 2008
- Integration of glass operations on track - $10.5 million of synergies achieved this year
- Low global raw sugar price and unprecedented wet weather impacted Raw Sugar EBIT, however Refining and Ethanol both recorded increased EBIT
- Lower EBIT and higher interest costs lowered net profit before significant items by 20% to $192.8 million. Including significant items, net profit was down 35% to $177.4 million
- The final dividend to be paid on 3 July 2008 will be maintained at 9 cents a share, fully franked - a total dividend of 15c, the same as the previous year

Financial results summary

Year ended 31 March [$ million unless stated]	**2008**	2007	change
Trading revenue	**3,231.3**	3,111.0	4%
Earnings before interest, tax, depreciation and amortisation	**536.5**	531.9	1%
Earnings before interest and tax – EBIT	**386.3**	406.1	-5%
Net finance expense	**-93.7**	-56.9	65%
Tax expense	**-63.4**	-74.0	-14%
Outside equity interest	**-36.4**	-34.7	5%
Net profit before significant items	**192.8**	240.5	-20%
Net profit after significant items	**177.4**	273.3	-35%
Earnings per share before significant items (EPS) [cents]	**20.9**	27.0	
Earnings per share after significant items (EPS) [cents]	**19.2**	30.6	
	31 March 2008	31 March 2007	
Gearing – net debt / net debt + equity (1)	**43.0%**	25.3%	

(1) Excludes fair value of hedges from equity

Financial review

CSR continues to deliver strong cash flow with net cash from operating activities (excluding derivative margin calls and settlements of insurance litigation) of $352.4 million, broadly in line with last year's result of $360.5 million.

As part of the financing plan for the glass acquisitions, CSR issued 85.6 million shares following completion of an institutional equity placement and share purchase plan (SPP), raising a total of $260 million. The company also reinstated its dividend reinvestment plan (DRP) for the interim dividend paid in December 2007 which resulted in the issuance of an additional 19.3 million shares. Accordingly, a total of 104,913,135 shares were issued through the institutional placement, SPP and DRP during the financial year, resulting in a total of 982,726,635 shares on issue as at 31 March 2008.

A total dividend of 15c was distributed to shareholders for the financial period. The DRP will continue for the final dividend to be paid in July 2008. The last date for receipt of the election notice for participation in the DRP is the dividend record date of 11 June 2008. For the final dividend, a discount of 2.5% will apply for shares allocated under the DRP. The company has entered into arrangements to underwrite the offer of shares under the DRP for the final dividend.
Following the acquisition of Pilkington and DMS, net debt has increased to $1,236.7 million from $448.6 million in March 2007. Gearing (measured as net debt/net debt plus equity) has increased to 43.0% from 25.3%.

Earnings before interest and tax (EBIT) by segment

Year ended 31 March [$ million unless stated]	**2008**	2007	change
Building Products (excl glass)	**98.3**	84.5	16%
Viridian Glass (part year)	**49.3**	----	
Building Products	**147.6**	84.5	75%
Sugar	**71.7**	130.1	-45%
Aluminium	**136.7**	141.9	-4%
Property	**45.4**	69.7	-35%
Business segment total	**401.4**	426.2	-6%
Corporate costs	**-18.4**	-20.3	
Restructure and provisions	**3.3**	0.2	
Total EBIT	**386.3**	406.1	-5%

Review of results by segment

Building Products

- **Like for like earnings increase by 16%**
- **Growth from commercial market and from new products**
- **Glass acquisitions build earnings and broaden product portfolio**

CSR's earnings from Building Products increased, despite the ongoing downturn in the residential housing market in New South Wales. Earnings improved significantly, particularly following the glass acquisitions and completion of the restructuring of the Bricks and Roofing operations. Excluding the glass acquisitions, revenue of $1.04 billion was up 4% from $1.0 billion with EBIT of $98.3 million up 16% from $84.5 million. Including the $49.3 million of earnings for nine months from Pilkington and six months from DMS, Building Products' EBIT was up 75% from the previous year's $84.5 million.

Work continues to ensure that CSR is positioned to maximise returns when the residential building market begins to turn around in response to the pressure from underlying demand for new dwellings.

Performance Systems' trading revenue (including Bradford™ insulation, Hebel™ lightweight concrete products, Edmonds™ ventilation systems and Bradcore™ panels) increased by 3% to $289.5 million (excluding Pilkington and DMS) despite sluggish market conditions in the residential construction market.

On 29 June 2007, CSR completed the acquisition of Pilkington, Australasia's leading manufacturer and value-added distributor of architectural glass. The acquisition of DMS Glass, a leading downstream processor and distributor of flat glass products was completed on 8 October 2007. For the part-year period to 31 March 2008, the combined glass business contributed trading revenue of $354.5 million and EBIT of $49.3 million. Integration of Pilkington and DMS is well underway with the forecast synergies on track with approximately $10.5 million delivered this year.

In March 2008, CSR launched Viridian as the new brand for its glass operations. Work has commenced on the $120 million upgrade of the Dandenong manufacturing plant which will increase capacity from 120,000 to 165,000 tonnes per year, further improve cost competitiveness with imports and develop the higher performance, hard coated flat glass operations. In addition CSR has also commenced the upgrade of Viridian's downstream processing operations in Australia and New Zealand.

In December 2007 work commenced on the $50 million construction of a new Bradford™ glasswool insulation manufacturing plant north of Brisbane in Pine Rivers, Queensland. Bradford is the largest insulation producer in the Asia Pacific region and this new factory will increase its total glasswool production capacity in Australia by over 30%. Stage one of Bradford's $44m world class rockwool plant in Guangzhou China has also commenced production according to plan.

CSR is now even better positioned to respond to heightened community awareness of climate change issues which is increasing demand for products such as insulation and coated glass. These products provide an immediate and cost effective solution to improve the energy efficiency of buildings.

Lightweight Systems' (including Gyprock™, Cemintel™ Fibre Cement Systems, Fricker™ Ceiling Systems and Mitex™ texture coating brands) trading revenue increased by 7% to $423.6 million with growth initiatives offsetting the continued weakness in the housing market in New South Wales. Volumes in Gyprock were higher due to stronger demand from the commercial market while pricing nationally remained relatively stable. CSR Lightweight Systems' ceiling product portfolio was expanded to include a distribution agreement with USG to provide a complete ceiling solution for commercial customers.

A $140 million program is underway during the next two years to upgrade the Melbourne Gyprock™ plasterboard factory to a larger capacity, environmentally sustainable plant which will be the lowest cost in the industry. This project is running on time and, when complete, the reconfigured CSR Gyprock™ network will result in the industry's lowest through-the-cycle delivered cost.

PGH™ bricks and Monier™ and Wunderlich™ roofing trading revenue of $311.9 million was down 2%. However, the successful completion of the restructuring of the Bricks and Roofing operations led to a significant increase in EBIT. Prices have increased in most markets with the average selling price for bricks up 2% and 3% for rooftiles while volumes are down in line with market conditions. To further streamline production facilities, the terracotta rooftile factory at Rosehill, Sydney, was mothballed in April 2008. Production of concrete rooftiles will continue at the Rosehill site while terracotta rooftiles will be distributed from the Clayton site in Melbourne to all regions.

The Bricks and Roofing strategy remains focused on maintaining market share and increasing prices to offset cost increases.

Outlook: In the residential construction market, Queensland is slower but showing reasonable growth. The Victorian market is showing modest growth and the South Australian market, although small, is strong. The Western Australian market is slowing but remains at reasonable levels, while the level of recovery for the New South Wales market remains very uncertain. Commercial demand remains strong in all states, however the growth rate is expected to moderate as financing pressures impact smaller and mid-sized developments.

Excluding earnings from Viridian, and subject to uncertainties in the economic outlook, Building Products' EBIT is expected to be higher than last year with continued sales growth in the commercial sector and further cost reductions. Medium term growth prospects remain solid due to the Australian residential cycle, organic growth from additional capacity, new systems and solutions and also the progressive contribution from CSR's Asian technical insulation business.

Sugar

- **Earnings impacted by low raw sugar price and unprecedented wet weather**
- **Building a more stable earnings base for the Sugar business**

Trading revenue of $1,274.2 million was down from $1,544.7 million while EBIT of $71.7 million was down from $130.1 million, largely due to the significant drop in the average raw sugar price to A$300 per tonne from A$354 per tonne last year.

Raw Sugar: Unusually heavy rain in June and July delayed the start of the milling season by 3-4 weeks in CSR's largest milling region in the Burdekin region south of Townsville, while the Herbert region and Plane Creek mill were also delayed by 2-3 weeks. Rain also impacted the end of the milling season causing additional delays with milling continuing into early January 2008 in the Burdekin. This extended season reduced crop volume and increased costs.

The first year of a three year program has been completed in the mills to upgrade critical equipment, improve cost position and increase sugar recovery. As a result of this program, capital expenditure of $62.3 million was up 67% to ensure that CSR maintains its competitive position in the global raw sugar market. The program is starting to deliver reliability and unit cost improvements.

Refined Sugar's earnings were up 30% to $41.1 million due to increased sales volumes and improved trading margins. The $56 million upgrade of the Yarraville refinery in Melbourne is half complete. When completed the upgrade will improve efficiency and ensure that the refinery helps meet customer expectations of Sugar Australia being Australia's preferred refined sugar supplier.

Retail market returns have improved following the launch of a major advertising campaign and new packaging. Growth continues in the sweetener market following the agreement with Merisant in January 2007 for the Australian and New Zealand distribution rights for the Equal® brand of sweeteners in the retail and food service markets.

Ethanol's returns increased by 22% driven by improved sales volumes and pricing – especially in the Australian vehicle fuel market. Growth continues with the Agricultural Services business (which supplies a range of fertiliser by-products to sugarcane farmers) with opportunities to expand in new regions in Queensland. We are reviewing a project to further expand the Sarina distillery to increase fuel production.

CSR's Ethanol is produced from molasses, using much less fossil fuel than grain based ethanol and does not impact food prices.

Outlook: The Refined Sugar, Ethanol and renewable electricity businesses are performing well and are expected to deliver results ahead of last year in line with the strategy to build a more stable earnings base in Sugar. The Raw Sugar business will be impacted by the ongoing volatility in raw sugar prices and the higher A$. Assuming reasonable weather conditions for the milling season and the prevailing raw sugar prices and exchange rates continue, the overall Sugar EBIT is expected to be ahead of last year's result.

Aluminium

- **Re-establishing optimum production volume**
- **Maximising sales of value added products**

Gove Aluminium Finance Limited (GAF - 70% CSR) trading revenue decreased slightly by 0.6% to $557.9 million, reflecting the marginally lower average realised price and a small reduction in sales, stemming from a transient period of lower production. GAF's sales volume from the Tomago aluminium smelter was 184,442 tonnes, a minor reduction of 968 tonnes (0.5%) compared to the corresponding period last year.

The average realised aluminium price was A$3,025 a tonne, after hedging, compared with A$3,028 in the same period last year. The average world aluminium price of US$2,671, was steady with last year's comparable price.

EBIT was $136.7 million, $5.2 million lower than the corresponding period last year. EBIT margin decreased to 24.5%, compared to 25.3%. This was mainly due to higher production costs and lower sales volumes. Growth in demand for aluminium continues to be strong and US$ prices should continue to be favourable, subject to the supply and demand balance for aluminium in China.

For the next year GAF currently has around 78% of net aluminium exposure hedged at A$3,017 per tonne.

Outlook: There has been a significant increase in some costs, particularly carbon-based inputs, which impacts earnings. However, GAF continues to achieve good premiums from value added alloy formulations supported by solid sales contracts. Production volume is expected to marginally increase in the coming year and Aluminium's EBIT is expected to be similar to last year.

Property

- **Earnings return closer to a more sustainable level**

- **Solid development pipeline**

Property's earnings are predominantly based on a relatively limited number of large transactions, with the potential for large swings from year to year.

EBIT was $45.4 million, down from $69.7 million. The main contribution to earnings from property sales was the completion of the $NZ20 million sale of 36 hectares of land around New Zealand Sugar Company's Chelsea sugar refinery in Auckland for use as a public park.

Also included in the result is the sale of CSR's 50% shareholding in Enviroguard Pty Limited waste management business. Enviroguard's principal activity is based on the landfill operations at Erskine Park in Sydney's west which are due to cease operations in approximately three years. A profit of $17.8 million is included in the result following the sale of Enviroguard.

CSR has a solid pipeline of major projects currently under negotiation. Major projects include**:**

Brisbane sites Review continues of development options for the:

- 21 hectare site at Darra of a former roof tile factory, with 14 hectares suitable for potential development of about 40 light industrial lots
- 44 hectare site at Narangba of a former clay quarry, providing around 450 residential lots
- 126 hectare development site at Strathpine of a former brick and paver factory, producing residential and industrial lots

Erskine Park, western Sydney CSR is well advanced with developing a former quarry as industrially zoned land with fully serviced lots. We have now secured transactions for about 80 hectares of the site with work continuing to generate further value for the remaining 20 hectares of land at Erskine Park, subject to regulatory approval.

Outlook: This year, Property's results are expected to be maintained in the more medium term sustainable range of $35-$40 million.

Strategic Outlook

The strategy for CSR's diversified portfolio of businesses continues to focus on improving operational performance while identifying areas for targeted growth and internal investment. We expect it will take some 18 months before the company sees the full benefit from these growth projects.

In our Building Products business, we have a continuing focus to reduce costs and optimise margins, while maintaining quality across our portfolio of leading brands. We now have a greater focus on energy efficiency in buildings, backed by products and systems to support that strategy.

In Sugar we are targeting improved productivity and profitability of the milling business to ensure our advantageous market positions are sustained. We are also increasing Refining margins through enhanced customer propositions and innovation. We will also exploit further growth opportunities in the renewable energy sector through our Ethanol and renewable electricity facilities.

Meanwhile, our Aluminium business will focus on maintaining long term sales arrangements and increasing potential volume of value added products to our customers. This business provides steady cashflow to underpin our capital expenditure program and dividend.

In Property, we are focused on completing core developments such as the 21 hectare industrial site in Darra in Brisbane, while assessing further potential opportunities on a number of other sites.

Overall, CSR has made significant progress this year in strengthening its core businesses through significant internal investment complemented by the major earnings uplift through the glass acquisitions. As these capital investment programs mature over the next year they are expected to deliver considerable earnings momentum to the business over the medium term.

The company continually reviews its asset portfolio but in the immediate future does not foresee an opportunity to create significant additional shareholder value as a result of restructuring.

As previously foreshadowed, CSR will provide a further update on the outlook at its Annual General Meeting in July.

Media/analyst enquiries:

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CSR Limited Investor Relations

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email: macole@csr.com.au

Directors of CSR Limited

Directors of CSR Limited at any time during the year ended 31 March 2008 are as follows (each of them was a director from 1 April 2007 up to and including the date of this report):

Ian Blackburne
Kathleen Conlon
Ray Horsburgh
Richard Lee
Jerry Maycock
John Story

Signed in accordance with a resolution of the directors.

Jerry Maycock
Managing Director

Sydney, 14 May 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Directors
CSR Limited
Level 4
9 Help Street
CHATSWOOD NSW 2067

14 May 2008

Dear Directors

CSR Limited

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

As lead audit partner for the audit of the financial statements of CSR Limited for the financial year ended 31 March 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants

CSR group income statement

Year ended 31 March	($ million unless indicated)	Note	2008	2007
Trading revenue - sale of goods			**3,231.3**	3,111.0
Cost of sales			**(2,420.1)**	(2,394.7)
Gross Margin			**811.2**	716.3
Warehouse and distribution costs			**(207.2)**	(166.3)
Selling costs			**(174.2)**	(147.1)
Administration and other operating costs			**(116.4)**	(97.4)
Share of net profit of associates		13	**16.6**	22.7
Operating profit			**330.0**	328.2
Other income from ordinary activities		7	**55.7**	200.2
Other expenses from ordinary activities		7	**(25.9)**	(121.4)
Dividend income			**4.5**	4.5
Profit from ordinary activities before finance and income tax			**364.3**	411.5
Interest income		3	**3.6**	4.6
Finance costs		3	**(97.3)**	(61.5)
Profit from ordinary activities before income tax			**270.6**	354.6
Income tax expense relating to ordinary activities		4	**(56.8)**	(46.6)
Net profit			**213.8**	308.0
Net profit attributable to minority interests			**36.4**	34.7
Net profit attributable to shareholders of CSR Limited			**177.4**	273.3
Net profit before significant items attributable to shareholders of CSR Limited			**192.8**	240.5
Reconciliation of retained profits				
Retained profits at the beginning of the financial year			**630.7**	470.2
Net profit attributable to shareholders of CSR Limited			**177.4**	273.3
Net income recognised directly in retained profits			**(35.0)**	21.9
Total available for appropriation			**773.1**	765.4
Dividends provided for or paid		12	**(136.7)**	(134.7)
Retained profits at the end of the financial year			**636.4**	630.7
(cents)				
Basic earnings per share based on net profit attributable to shareholders of CSR Limited[a]			**19.2**	30.6
Diluted earnings per share based on net profit attributable to shareholders of CSR Limited[a]			**19.2**	30.6
Basic earnings per share based on net profit before significant items attributable to shareholders of CSR Limited[a]			**20.9**	27.0
Basic earnings per share based on net profit before significant items attributable to shareholders of CSR Limited and based on shares on issue at 31 March - refer note 5			**19.6**	27.4

a Weighted number of ordinary shares on issue used in the calculation of earnings per share is 923.9 million (2007: 891.8 million)

Notes to the financial statements are annexed

CSR group balance sheet

($ million)	Note	As at 31 March 2008	As at 31 March 2007
Current assets			
Cash and cash equivalents		**24.9**	53.2
Receivables		**555.5**	541.9
Inventories		**377.4**	278.1
Other financial assets		**85.6**	79.4
Other current assets		**67.5**	28.2
Total current assets		**1,110.9**	980.8
Non-current assets			
Receivables		**20.0**	34.8
Inventories		**29.8**	27.3
Investments accounted for using the equity method		**27.9**	33.0
Other financial assets		**99.9**	88.8
Property, plant and equipment		**2,040.1**	1,564.1
Goodwill		**585.0**	15.5
Other intangible assets		**49.8**	50.3
Deferred income tax assets		**105.9**	79.2
Other non-current assets		**29.9**	64.2
Total non-current assets		**2,988.3**	1,957.2
Total assets		**4,099.2**	2,938.0
Current liabilities			
Payables and other current liabilities		**389.0**	361.9
Borrowings		**482.8**	4.1
Other financial liabilities		**118.3**	129.1
Tax payable		**6.4**	8.0
Provisions		**226.8**	191.5
Total current liabilities		**1,223.3**	694.6
Non-current liabilities			
Payables and other non current liabilities		**11.4**	1.3
Borrowings		**778.8**	497.7
Other financial liabilities		**95.1**	76.9
Provisions		**399.9**	403.3
Total non-current liabilities		**1,285.2**	979.2
Total liabilities		**2,508.5**	1,673.8
Net assets		**1,590.7**	1,264.2
Equity			
Issued capital	5	**879.2**	559.5
Reserves	9	**(30.8)**	(30.7)
Retained profits		**636.4**	630.7
Equity attributable to shareholders of CSR Limited		**1,484.8**	1,159.5
Minority interests		**105.9**	104.7
Total equity		**1,590.7**	1,264.2

Notes to the financial statements are annexed

CSR group recognised income and expense statement

Year ended 31 March ($ million)	Note	2008	2007
Actuarial (loss) profit on defined benefit plans		**(49.9)**	23.6
Income tax benefit (expense) on actuarial profit		**14.9**	(7.1)
Fair value adjustment for Sugar Terminals Limited		**-**	5.4
Net income recognised directly in retained earnings		**(35.0)**	21.9
Hedge gain taken to other equity		**14.8**	198.7
Income tax expense on cash flow hedges		**(4.6)**	(59.6)
Translation of foreign operations taken to other equity		**(9.0)**	(0.7)
Net income recognised directly in other equity		**1.2**	138.4
Total income recognised directly in equity		**(33.8)**	160.3
Net profit for the financial year		**213.8**	308.0
Total recognised income and expense for the financial year		**180.0**	468.3
Attributable to:			
CSR Limited shareholders		**139.7**	427.5
Minority interests		**40.3**	40.8
Total recognised income and expense for the financial year		**180.0**	468.3

Notes to the financial statements are annexed.

CSR group cash flow statement

Year ended 31 March ($ million)	Note	2008	2007
Cash flows from operating activities			
Receipts from customers		**3,568.7**	3,415.8
Payments to suppliers and employees		**(3,175.1)**	(3,014.5)
Dividends and distributions received		**19.8**	23.3
Interest received		**2.0**	5.2
Income tax paid		**(63.0)**	(69.3)
Net cash from operating activities before derivative margin calls and insurance settlement		**352.4**	360.5
Proceeds from legal settlement with insurers		**-**	225.3
Legal costs associated with legal settlement with insurers		**-**	(28.0)
Derivative margin calls (paid) refunded		**(26.0)**	19.6
Net cash from operating activities	2	**326.4**	577.4
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		**(379.6)**	(241.1)
Proceeds from sale of property, plant and equipment and other non-current assets		**73.5**	110.7
Purchase of controlled entities and businesses net of cash acquired		**(890.9)**	(7.7)
Loans and receivables advanced		**-**	(3.4)
Loans and receivables repaid		**0.3**	-
Net cash used in investing activities		**(1,196.7)**	(141.5)
Cash flows from financing activities			
Proceeds from issue of shares to CSR shareholders		**262.2**	2.1
Share buyback		**-**	(114.5)
Net proceeds from (repayment of) borrowings		**761.6**	(116.3)
Dividends paid		**(111.8)**	(170.6)
Interest and other finance costs paid		**(65.7)**	(40.3)
Net cash from (used in) financing activities		**846.3**	(439.6)
Net decrease in cash held		**(24.0)**	(3.7)
Net cash at beginning of the financial year		**51.3**	57.4
Effects of exchange rate changes		**(3.0)**	(2.4)
Net cash at the end of the financial year		**24.3**	51.3

Reconciliation of net cash

Reconciliation of net cash at the end of the financial year (as shown in the cash flow statement) to the related items in the balance sheet is as follows:

	2008	2007
Cash at banks and on hand	**24.9**	40.9
Short-term loans and deposits	**-**	12.3
Total cash	**24.9**	53.2
Bank overdraft	**(0.6)**	(1.9)
Net cash at the end of the financial year	**24.3**	51.3

Notes to the financial statements for the year ended 31 March 2008

ADDITIONAL CASH FLOW INFORMATION

Non-cash financing and investing activities. During the financial year ended 31 March 2008, CSR Limited issued 1,536,000 shares to employees of the CSR group under the terms of the Universal Share/Option Plan (2007: 1,283,000 shares). During the financial year ended 31 March 2008, $57.5 million (2007: nil) of CSR Limited dividends were reinvested in CSR shares.

Credit standby facilities. The CSR group has a total of $1,435 million (2007: $600 million) committed standby facilities. These facilities have fixed maturity dates ranging from September 2008 to September 2012. As at 31 March 2008, $391 million of the standby facilities were undrawn.

OTHER NOTES

i. Basis of Preparation. This report is prepared in accordance with the ASX listing rule 4.3A, the requirements of the Corporations Act 2001, applicable accounting standards and interpretations, and complies with other requirements of the law and the listing rules of Australian Stock Exchange Limited. The financial report is based on historical cost, except for certain assets which are at deemed cost and the revalued amount of certain assets. It should be read in conjunction with announcements to the market made by the CSR group during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rule 3.1. This report does not include all the notes of the type normally included in an annual financial report.

ii. Subsequent events. There has been no event since the end of the financial year which has had a material effect on the matters already reported**.**

iii. Significant accounting policies.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2008, and in the preparation of the comparative income statement and balance sheet for the year ended 31 March 2007.

Deferred costs. Certain legal costs associated with insurance litigation and start up costs are expensed as incurred.

Intangibles. Certain trade names determined as being indefinite life are not amortised.

Financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in income immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in income depends on the nature of the hedge relationship. The CSR group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges).

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

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

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

iii. Significant accounting policies. (continued)

Impairment of assets. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.
Other assets are reviewed for impairment at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in income immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in income.

Employee benefits. For defined benefit superannuation plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained profits, in the period in which they occur, and are presented in the recognised income and expense statement. Past service cost is recognised immediately to the exter that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.
Contributions to defined contribution superannuation plans are expensed when incurred and the CSR group's legal or constructive obligation is limited to these contributions.

Financial assets. Financial assets are classified as available for sale financial assets, or loans and receivables (stated at amortised cost less impairment The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.
Certain shares held by the CSR group are classified as being available for sale and are stated at fair value. Fair value is determined in accordance with discounted cash flow analysis. Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in income for the period.

Income tax. Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable income for the financial year. It is calculated using tax rates and tax laws that have been enacted or substantially enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).
Deferred income tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred income tax assets or liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent tha it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. A deferred income tax liability is not recognised in relation to taxable temporary differences arising from goodwill.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the CSR group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred income tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the difference will not reverse in the foreseeable future.
Deferred income tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and when the CSR group intends to settle the income tax assets and liabilities on a net basis.
No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute thos earnings.
Current and deferred income tax is recognised in the income statement except when it relates to items credited or debited directly to equity, in which case the deferred income tax is also recognised directly in equity, or where it arises from an initial accounting for a business acquisition, in which case it is taken into account in the determination of goodwill.

Share-based payments. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis ove the vesting period, based on the CSR group's estimate of shares that will eventually vest.

Borrowing costs. Unwinding of the interest component of discounted assets and liabilities is treated as interest (finance cost).

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

iv. Currency. Unless otherwise stated amounts are in Australian currency.

v. Rounding. Unless otherwise stated, the amounts have been rounded to the nearest tenth of a million dollars and are shown by $ million. CSR Limited is a company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 issued 10 July 1998.

vi. Significant items.

Acquisitions. On 29 June 2007 the CSR group acquired 100% of the issued share capital of Pilkington Australia Finance Pty Ltd (renamed CSR Viridian Finance Pty Ltd) and on 8 October 2007 acquired 100% of the issued share capital of Don Mathieson & Staff Glass Pty Ltd. These acquisitions have resulted in one off costs of $22.0 million being incurred in order to integrate their operations and processes into the CSR group. These costs have been treated as a significant item in the financial year ended 31 March 2008.

There were no other significant items in the financial year ended 31 March 2008.

1. Segment information

($ million)	Total revenue[a] 2008	Total revenue[a] 2007	Depreciation and amortisation[b] 2008	Depreciation and amortisation[b] 2007
Business segments				
Sugar	**1,280.5**	1,550.6	**51.8**	47.6
Building Products	**1,399.5**	1,004.0	**63.5**	44.2
Aluminium	**561.8**	567.6	**30.7**	29.9
Property	**45.7**	67.0	**0.4**	0.3
Segment total	**3,287.5**	3,189.2	**146.4**	122.0
Corporate, restructure and provisions[e]	**4.0**	6.2	**3.8**	3.8
Interest revenue	**3.6**	4.6		
Group total before significant items	**3,295.1**	3,200.0	**150.2**	125.8
Significant items (refer note 8)	**-**	120.3	**-**	-
Group total after significant items	**3,295.1**	3,320.3	**150.2**	125.8

($ million)	Profit from ordinary activities before income tax 2008	Profit from ordinary activities before income tax 2007	Income tax 2008	Income tax 2007	Minority interests 2008	Minority interests 2007	Net profit 2008	Net profit 2007
Business segments								
Sugar	**71.7**	130.1	**17.6**	34.8	**8.2**	5.1	**45.9**	90.2
Building Products	**147.6**	84.5	**39.6**	22.7	**1.0**	1.4	**107.0**	60.4
Aluminium	**136.7**	141.9	**40.8**	42.9	**28.2**	29.0	**67.7**	70.0
Property[c]	**45.4**	69.7	**(0.2)**	1.4	**-**	-	**45.6**	68.3
Segment total	**401.4**	426.2	**97.8**	101.8	**37.4**	35.5	**266.2**	288.9
Corporate[d]	**(18.4)**	(20.3)	**(5.5)**	(6.1)	**-**	-	**(12.9)**	(14.2)
Restructuring and provisions[e]	**3.3**	0.2	**(0.5)**	(4.2)	**-**	-	**3.8**	4.4
	386.3	406.1	**91.8**	91.5	**37.4**	35.5	**257.1**	279.1
Net finance continuing operations	**(93.7)**	(56.9)	**(28.4)**	(17.5)	**(1.0)**	(0.8)	**(64.3)**	(38.6)
Group total before significant items	**292.6**	349.2	**63.4**	74.0	**36.4**	34.7	**192.8**	240.5
Significant items (refer note 8)	**(22.0)**	5.4	**(6.6)**	(27.4)	**-**	-	**(15.4)**	32.8
Group total after significant items	**270.6**	354.6	**56.8**	46.6	**36.4**	34.7	**177.4**	273.3

a Intersegment sales are negligible. Excludes net profit from associates.

b Total depreciation and amortisation includes $13.4 million (2007: $11.8 million) amortisation of intangible assets. Other than asset write downs and other rationalisation expenses, mainly in significant items in 2007 of $67.4 million, other non-cash expenses are immaterial.

c The 2008 amount includes $17.8 million net profit relating to sale of the investment in Enviroguard.

d Represents unallocated overhead costs.

e Includes certain defined benefit superannuation expense and other non-operating revenue and costs.

($ million)	Assets[a] 2008	Assets[a] 2007	Liabilities 2008	Liabilities 2007	Investments accounted for using the equity method 2008	Investments accounted for using the equity method 2007
Business segments						
Sugar	**1,255.2**	1,255.7	**207.8**	250.1	**17.9**	18.0
Building Products	**2,018.8**	851.7	**314.1**	179.7	**10.0**	9.0
Aluminium	**486.5**	457.4	**233.8**	223.9	**-**	-
Property	**157.9**	168.0	**9.2**	32.5	-	6.0
Segment total	**3,918.4**	2,732.8	**764.9**	686.2	**27.9**	33.0
Unallocated	**50.0**	72.8	**475.6**	477.8	**-**	-
	3,968.4	2,805.6	**1,240.5**	1,164.0	**27.9**	33.0
Finance assets/liabilities	**24.9**	53.2	**1,261.6**	501.8		
Tax assets/liabilities	**105.9**	79.2	**6.4**	8.0		
Group total	**4,099.2**	2,938.0	**2,508.5**	1,673.8	**27.9**	33.0

a All acquisitions of controlled entities and businesses in 2008 were in the Building Products segment.

1. Segment information (continued)

Geographic segments	Total revenue[a]		Segment assets		Capital expenditure	
($ million)	**2008**	2007	**2008**	2007	**2008**	2007
Australia	**2,951.7**	3,021.1	**3,806.9**	2,706.5	**1,245.5**	228.2
New Zealand	**252.9**	206.7	**166.7**	120.2	**5.4**	4.2
Asia	**90.5**	92.5	**125.6**	111.3	**29.0**	23.6
Group total	**3,295.1**	3,320.3	**4,099.2**	2,938.0	**1,279.9**	256.0

a After significant items. Intersegment sales are negligible. Excludes net profit from associates.

2. Cash flow reconciliation

Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities ($ million)	**2008**	2007
Net profit attributable to shareholders of CSR Limited	**177.4**	273.3
Significant asset write downs	**-**	49.1
Insurance settlement net of costs	**-**	94.5
Depreciation and amortisation	**150.2**	125.8
Net change in provisions	**(49.2)**	22.8
Interest expense	**76.3**	39.2
Profit on disposal of assets, asset write downs and associated costs	**(45.2)**	(64.6)
Net profit attributable to minority interests	**36.4**	34.7
Net change in trade receivables and other current assets	**72.4**	42.2
Net change in current inventories	**(38.5)**	1.5
Net change in trade payables	**(20.0)**	(41.9)
Derivative margin calls (paid) refunded	**(26.0)**	19.6
Other	**(7.4)**	(18.8)
Net cash from operating activities	**326.4**	577.4

3. Net finance cost

Interest paid or payable on long-term debt	**58.4**	37.7
Interest paid or payable on short-term debt	**17.9**	1.5
Total interest expense	**76.3**	39.2
Unwinding discount on non-current provisions and debtors	**17.9**	21.2
Funding costs	**2.0**	1.4
Foreign exchange loss (gain)	**1.1**	(0.3)
Finance expense	**97.3**	61.5
Interest income	**(3.6)**	(4.6)
Net finance expense	**93.7**	56.9

Year ended 31 March	**2008** **$ million**	2007 $ million

4. Income tax

Income tax expense
Reconciliation of income tax expense charged to the income statement
with income tax calculated on profit from ordinary activities before income tax:

Profit from ordinary activities before income tax	**270.6**	354.6
Income tax expense calculated at 30%	**81.2**	106.4
Increase (decrease) in income tax expense due to		
Utilisation of losses in asset disposals	**(13.7)**	(15.3)
Asian trading profits tax rate differential	**(0.3)**	(0.5)
Equity accounted associates' net profit and rebates on dividends received	**(6.3)**	(8.2)
Research and development	**(0.2)**	(0.8)
Income tax (over) under provided in prior years	**(1.8)**	0.8
Utilisation of losses against significant items	**-**	(32.7)
Other items	**(2.1)**	(3.1)
Total income tax expense on profit from ordinary activities	**56.8**	46.6

5. Issued capital [a]

	Ordinary shares fully paid	Price $	Issued capital $ million
Particulars of shares issued during the year by CSR Limited			
On issue 31 March 2007	876,277,500		559.5
Institutional placement [b]	49,019,608	3.06	148.1
Universal Share/Option Plan [c]	1,536,000	1.68	2.6
Share purchase plan [d]	36,586,077	3.06	111.5
Dividend reinvestment plan [e]	19,307,450	3.00	57.5
On issue 31 March 2008	**982,726,635**		**879.2**

a The shares are fully paid ordinary shares listed on the Australian Stock Exchange and carry one vote per share and the right to dividends.
b Fully paid ordinary shares were issued on 14 September 2007. The purpose of the institutional placement was to partly fund the acquisition of Pilkington and the acquisition of DMS Glass. Proceeds are net of share placement costs of $1.9 million.
c Fully paid ordinary shares were issued in September 2007 and August and September 2006 under the employee Universal Share/Option Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the CSR group. Offers of fully paid shares were made to all eligible employees (2008: 4,098, 2007: 4,170). 2,560 (2007: 2,566) accepted the offer, subscribing for up to 300 shares (2007: 250 shares) at the market price of $3.35 each (2007: $3.28) and receiving an equivalent number of shares at no cost. The issue of 768,000 (2007: 641,500) shares purchased by employees was taken to equity. The additional 768,000 (2007: 641,500) shares issued at no cost were recorded as an expense in the financial report with an offsetting entry to the employee share reserve.
d Fully paid ordinary shares were issued on 9 November 2007. Eligible shareholders were able to invest up to $5,000 in CSR ordinary shares without brokerage or transaction costs.
e Fully paid ordinary shares were issued on 10 December 2007. Eligible shareholders were able to reinvest all or part of their dividends in additional fully paid ordinary shares at a market discount of 2.5%.

6. Expenses

Profit from ordinary activities before income tax and significant items includes the following items of expenditure:	**31 March 2008 $ million**	31 March 2007 $ million
Depreciation of property, plant and equipment	**136.8**	114.0
Amortisation of intangible assets	**13.4**	11.8
Asset write downs	**0.6**	1.9
Increase in allowance for bad debts	**2.0**	1.9

7. Other income and expenses

Income		
Significant items (refer note 8)	**-**	120.3
Profit on disposal of non-current assets	**45.8**	66.5
Other	**9.9**	13.4
Total other income from ordinary activities	**55.7**	200.2
Expenses		
Significant items (refer note 8)	**(22.0)**	(114.9)
Asset write downs and associated costs	**(0.6)**	(1.9)
Other	**(3.3)**	(4.6)
Total other expenses from ordinary activities	**(25.9)**	(121.4)

8. Significant items

Pilkington and DMS Glass acquisitions		
Integration costs	**(22.0)**	-
Income tax benefit	**6.6**	-
	(15.4)	-
Insurance litigation settlement		
Receipts from certain insurers	**-**	120.3
Associated legal expenses	**-**	(17.5)
Income tax benefit	**-**	0.1
	-	102.9
Shutdown or closure of Building Products' factories		
Asset write downs, retrenchments and other rationalisation costs	**-**	(67.4)
Income tax benefit	**-**	18.3
	-	(49.1)
Increase in product liability provision		
Increase in provision	**-**	(30.0)
Income tax benefit	**-**	9.0
	-	(21.0)
Total significant items after income tax	**(15.4)**	32.8

9. Reserves

Foreign currency translation reserve	**(11.8)**	(3.0)
Employee share reserve	**9.5**	6.9
Hedge reserve	**(28.5)**	(34.6)
Total reserves	**(30.8)**	(30.7)

10. Net tangible assets per share[a]

	$	$
Net tangible assets per share	**0.86**	1.25

a Calculated as net assets attributable to CSR Ltd shareholders ($1,484.8 million) less intangible assets ($634.8 million) divided by the number of shares (982.7 million)

11. Details of entities over which control has been gained or lost

Control gained over entities

On 29 June 2007 and 8 October 2007 CSR Limited acquired 100% of the issued share capital of Pilkington Australia Finance Pty Ltd (renamed CSR Viridian Finance Pty Ltd) and Don Mathieson & Staff Glass Pty Ltd respectively. The acquired businesses contributed revenues of $354.9 million, earnings before interest and tax (EBIT) of $49.3 million and net profit of $36.4 million for the period from 29 June 2007 to 31 March 2008. The net profit does not include significant items and interest expense associated with the acquisition. If the acquisition had occurred on 1 April 2007, revenues, EBIT and net profit included in the group result for these business for the year ended 31 March 2008 would have been approximately $505.0 million, $64.3 million and $45.0 million respectively before significant items and interest expense. These amounts have been estimated using a consistent basis to the period since acquisition.

Details of the fair value of the assets and liabilities acquired and goodwill as shown below have not yet been finalised and are shown on a provisional basis only.

	($ million)
Purchase consideration (refer below)	
Cash paid - purchase price	865.0
Cash paid - other - includes working capital and cash adjustments	41.6
Direct costs relating to the acquisition	10.4
Total purchase consideration	917.0
Fair value of net identifiable assets acquired (refer below)	345.8
Goodwill (refer below)	571.2

Assets and liabilities acquired are as follows:

($ million)	Acquiree's carrying amount	Fair value
Cash	26.1	26.1
Trade receivables	77.4	77.4
Inventories	68.2	64.8
Other current assets	3.7	3.7
Property, plant and equipment	276.1	289.3
Deferred income tax asset	12.5	18.7
Superannuation defined benefit plans - fair value of surplus	2.6	2.6
Trade payables	(39.7)	(39.7)
Other creditors	(14.5)	(20.9)
Income tax provision	(7.1)	(7.3)
Provisions	(35.7)	(64.6)
Deferred income	(4.3)	(4.3)
Net identifiable assets acquired	365.3	345.8
Goodwill acquired[a]		571.2
Total purchase consideration		917.0
Cash balances acquired		(26.1)
Total flow of cash		890.9

At the date of this financial report no additional payments are anticipated.
There were no material acquisitions in the year ended 31 March 2007.

a The goodwill is attributable to the workforce and the high profitability of the acquired business.

Control lost over entities

No controlled entities were disposed of during the financial year which materially affected net income.

12. Details relating to dividends

	Financial year ending 31 March	**Franking percentage**	**Date dividend paid/payable**	**Amount per share cents**	**Total amount $ million**
Interim dividend	2007	100	11 December 2006	6	52.6
Final dividend	2007	100	3 July 2007	9	78.9
Interim dividend	2008	100	17 December 2007	6	57.8
Final dividend	2008	100	3 July 2008	9	88.4

The final dividend in respect of ordinary shares for the financial year ended 31 March 2008 has not been recognised in this report because the final dividend was declared subsequent to 31 March 2008.

Dividend reinvestment plans

CSR Limited has established a fully underwritten dividend reinvestment plan under which the holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares rather than be paid in cash. Shares issued under the plan for the interim dividend in December 2007 were at a 2.5% discount to the weighted average market price of the shares sold on the ASX.

13. Details of associates and joint venture entities

Aggregate share of income of associate entities

	Year ended 31 March	
	2008 $ million	2007 $ million
Profit from ordinary activities before income tax	**24.7**	32.6
Income tax expense	**8.1**	9.9
Profit from ordinary activities after income tax	**16.6**	22.7
Extraordinary items net of tax	**-**	-
Net profit	**16.6**	22.7
Minority interests	**-**	-
Total share of net profit	**16.6**	22.7

	Ownership interest As at 31 March		Contribution to net income Year ended 31 March	
Name of entity	**2008 %**	2007 %	**2008 $ million**	2007 $ million
Associate companies				
C. Czarnikow Limited	**43**	43	**2.8**	6.1
Enviroguard Pty Limited[a]	**-**	50	**3.2**	5.2
Rondo Pty Limited	**50**	50	**10.3**	11.1
Other non-material associates			**0.3**	0.3
Total share of net profit			**16.6**	22.7

a In 2008, the CSR group sold the Enviroguard waste management business resulting in a profit of $17.8 million.

The CSR group does not have any other material interests.

14. Contingent liabilities and assets

Product liability

CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.

In Australia, asbestos related personal injury claims have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos. As at 31 March 2008, there were 596 such claims pending.

In the United States, claims are made by people who allege exposure to asbestos fibre used in the manufacture of products containing asbestos or in the installation or use of those products. As at 31 March 2008, there were 2,477 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2008, CSR had resolved 2,334 claims in Australia and approximately 132,000 claims in the United States.

There are uncertainties surrounding litigation in each of the United States and Australia. The incidence of asbestos related disease, the propensity of claimants to make demands on CSR, the amount of those demands, the presence of other defendants in litigation involving CSR, the impact on the United States litigation environment of asbestos-related bankruptcies, the passage of certain state based legislation relating to asbestos claims in the United States, and changes to the system for compensating asbestos claims in New South Wales and South Australia impact the numbers and value of claims made against CSR.

CSR has recognised as a provision for product liability costs the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. In determining the provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in each of the United States and Australia. Those assessments have projected CSR’s claims experience into the future using various modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities. The provision includes an appropriate prudential margin.

CSR's provision is reviewed and, if necessary, adjusted at each accounting period. It is possible that, in the future, CSR's anticipated liabilities may change and that exchange rates or interest rates may fluctuate in a way that requires CSR to adjust its asbestos provisions and such events may influence the Director's view of the appropriate prudential margin.

At 31 March 2008, a provision of $371.5 million (2007: $388.0 million) has been made for all known claims and probable future claims but not for such 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. However, taking into account the provision already included in CSR’s financial statements and current claims management experience, CSR is of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on the CSR group financial condition.

Workers' compensation

CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, South Australia (to 10 April 2003), Western Australia and the Australian Capital Territory for workers’ compensation insurance. Adequate provision has been made for all known claims and potential future claims that can be reliably measured.

STATEMENT IN RELATION TO ACCOUNTS AND AUDIT

Deloitte has audited the financial statements contained within the CSR 2008 Annual Financial Report and has issued an unqualified audit report. A copy of their report will be available with the Annual Financial Report. This year end profit announcement has not been subject to audit. The preceding financial information contained in the Financial Report includes financial information extracted from the audited financial statements.

Dated at Sydney this 14th day of May for and on behalf of the Board

Jerry Maycock
Managing Director