**CSR Limited**
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E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

13 May 2009

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 2009**

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



The 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 2009

## Details of the reporting period and previous corresponding reporting period

| | |
|---|---|
| Current period: | 1 April 2008 to 31 March 2009 |
| Prior corresponding period | 1 April 2007 to 31 March 2008 |

## Results for announcement to the market

**(All comparisons are to the full year ended 31 March 2008)**

| | | | | $ million |
|---|---|---|---|---|
| Revenue from ordinary activities | up | 8% | to | 3,492.8 |
| **Profit after tax from ordinary activities attributable to members (excluding significant items)** | **down** | **30%** | **to** | 134.0 |
| Net profit/(loss) for the period attributable to members (including significant items) | down | 284% | to | (326.5) |
| Earnings before interest and tax (excluding significant items) | down | 17% | to | 320.1 |

| | 31 March 2009 | 31 March 2008 |
|---|---|---|
| Net tangible assets per share | $0.83 | $0.86 |

| **Dividends** | **Amount per security** | **Franking** | **Franked amount per security at 30% tax** |
|---|---|---|---|
| Current Period | | | |
| Final | 1.5 cents | 100% | 1.5 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 | 10 June 2009 |
| Dividend payment date | 3 July 2009 |

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 2009

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**13 May 2009**

## CSR reports EBIT of $320.1 million in line with market guidance

- CSR EBIT (pre significant items) for the year ended 31 March 2009 of $320.1 million, down 17%, in line with market guidance provided in February
- Sugar EBIT up 17% to $83.7m due to increase in realised raw sugar price and continued growth in earnings from Refining and Ethanol
- Building Products EBIT down 20% to $117.9m, impacted by the rapid deterioration in market conditions for residential and commercial construction, particularly towards the end of the financial year
- Aluminium EBIT down 19% to $110.7m due to significant decline in spot price of Aluminium since November and time lag in reduction of input costs
- Lower EBIT and higher interest costs lowered net profit before significant items by 30% to $134.0 million in line with guidance provided in February
- Asset write-downs, restructuring costs and increase in product liability provision result in significant items of $532.5m (before tax) including non-cash impairment charge of $279.7m (before tax) to reduce the carrying value of the Viridian glass business
- Equity capital raising in November 2008 raises $349 million (before costs)
- Completed refinancing of $407m of debt facilities maturing in current financial year. The remaining $25m maturity will be retired. At year end undrawn facilities total $519 million
- Near completion of key major capital projects will enhance future free cash flow
- Final dividend of 1.5 cents per share fully-franked; in line with company's dividend policy and ongoing approach to prudent capital management

### Financial results summary

| **Year ended 31 March**<br>[$ million unless stated] | **2009** | 2008 | change |
|---|---|---|---|
| Trading revenue | **3,492.8** | 3,231.3 | +8% |
| Earnings before interest, tax, depreciation and amortisation | **474.9** | 536.5 | -11% |
| Earnings before interest and tax – EBIT | **320.1** | 386.3 | -17% |
| Net finance expense | **-105.8** | -93.7 | +13% |
| Tax expense | **-47.5** | -63.4 | -25% |
| Outside equity interest | **-32.8** | -36.4 | -10% |
| **Net profit before significant items** | **134.0** | **192.8** | **-30%** |
| Net profit/(loss) after significant items | **(326.5)** | 177.4 | -284% |
| Earnings per share before significant items (EPS) [cents] | **12.2** | 20.9 | |
| Gearing – net debt / net debt + equity[1] (pre significant items) | **37.0%** | 42.7% | |
| Gearing – net debt / net debt + equity [1] (after significant items) | **43.3%** | 43.0% | |

1. Excludes fair value of hedges from equity

## Overview

CSR Limited (CSR) today announced earnings before interest and tax (EBIT) of $320.1 million for the year ended 31 March 2009, which was down 17 per cent on the previous year and in line with guidance provided to the market on 18 February 2009.

Improved earnings from the Sugar business were not sufficient to offset the impact of the ongoing deterioration in residential and commercial construction markets and the significant decline in the aluminium price, particularly since November 2008.

“The result reflects a year during which we faced significant headwinds across most of our businesses,” said managing director, Jerry Maycock.

“In response, we remain focused on the issues within our control. In Building Products we’ve taken decisive action to reduce costs, control working capital and capital expenditure and adjust manufacturing capacity to the current market environment. Meanwhile, we continue to focus on generating further ongoing operational improvements to position for growth as the cycle turns.

“Our Raw Sugar business is benefiting from higher realised raw sugar prices and further operational improvements in the mills to enhance our internationally competitive position. Our Refining joint venture continues to perform well due to improved margins and enhanced customer value while Ethanol’s earnings also improved on the previous year.

“Aluminium earnings were impacted by the significant decline in the aluminium price in the latter half of the year. While prior hedging of a large proportion of sales protected earnings to a significant degree, the rapid decline in the metal price combined with a slower decline in the cost of inputs resulted in a material effect on earnings.”

“In a tough market, earnings from Property sales were lower than last year and in line with our most recent market guidance.”

## Financial review

During the course of the financial year CSR strengthened its balance sheet following the completion of a successful institutional equity placement and an entitlement offer to both institutional and retail shareholders, raising a total of $349 million before costs. The company also issued 50,489,525 new shares through its dividend reinvestment plan (DRP). A total of 303,332,552 shares were issued through the financial year, resulting in a total of 1,286,059,187 shares on issue as at 31 March 2009.

The Board has declared a final dividend of 1.5 cents per share, fully–franked, bringing the full year dividend to a total of 7.5 cents per share. This is in line with the dividend policy to pay-out as dividends, approximately 60-80 per cent of net profit after tax before significant items. This is a reduction from the 15 cents per share paid for the year ended 31 March 2008.

The Board understands the importance that many shareholders attach to dividends. However, in the current uncertain environment, the Board believes a reduction in the dividend forms part of a responsible approach to capital management.

The Dividend Reinvestment Plan (‘DRP’) will continue to apply to the final dividend to be paid on 3 July 2009. A discount of 2.5 per cent will apply for shares allocated under the DRP. Election notices for participation in the DRP in relation to the final dividend to be paid on 3 July 2009 must be received by the registry by 5:00pm on 9 June 2009 to be effective for that dividend.

Following the capital raising, net debt has reduced to $1,189 million from $1,342 million in September 2008. Gearing (measured as net debt/net debt plus equity) pre significant items has decreased from 43 per cent as at 31 March 2008 to 37 per cent. (Including significant items, gearing for YEM09 was steady at 43 per cent).

**Debt Maturity**

CSR has completed the refinancing of $407 million of debt facilities maturing in the current financial year (YEM10). The remaining $25 million maturity will be retired. The refinancing was completed with no change to financial covenants and CSR had undrawn facilities as at 31 March 2009 of $519 million. CSR has debt facilities in place of $1,719 million with almost all facilities denominated in Australian dollars.

For the year ended 31 March 2009, capital expenditure was $488 million. This level of expenditure includes the later stages of CSR's major capital reinvestment program. The rate of capital expenditure will reduce significantly in the current financial year as these projects are completed, which will enhance free cash flow generation. Total capital expenditure for YEM10 is expected to be approximately $300 million (excluding property spend) of which only approximately $120 million is development capital, being the last stages of the projects commenced in YEM07 and the previously announced ethanol expansion at Sarina.

**Significant Items**

As foreshadowed at the February Trading Update, CSR has reviewed the carrying value of its assets across all its businesses in light of the current and anticipated trading environment, particularly in residential housing and commercial construction.

In the Building Products (excluding glass) and Property businesses, asset write-downs of $76.0 million have been recorded, primarily in the Asian Panels, Fibre Cement and Bricks and Roofing businesses and also in relation to the Penrith Lakes Development.

CSR has also undertaken a review of the Viridian glass business, given the significant deterioration in external market conditions since the acquisition of that business in 2007.

As a result, the YEM09 result includes a non-cash impairment charge of $279.7 million to reduce the carrying value of Viridian.

As previously advised, CSR's product liability provision was increased by A$48 million as at 30 September 2008, reflecting the decrease in the AUD/USD exchange rate and the routine re-estimate of future liabilities. CSR also indicated at its February Trading Update that the then current exchange rate alone would result in a further increase in the provision of approximately an additional A$50 million. Based on present projections of future liabilities and exchange rates at #1 March 2009, the total increase in the product liability provision for the year end is A$113.4 million, including the A$48 million from the first half. This increase is treated as a significant item.

Finally, as also previously advised, costs of $14m associated with the closure of the Viridian automotive glass facilities and other costs of $23m associated with the integration of the Viridian glass business will also be treated as significant items. Further restructuring costs in Viridian of $15m, and other redundancy costs within the Building Products division and Corporate of $11m will also be treated as significant items.

| **YEM09 Significant Items** | **$m** |
|---|---|
| Costs associated with Viridian integration | (52.4) |
| Restructuring costs in Building Products ex Viridian and Corporate | (11.0) |
| Asset write-downs in Building Products and Property | (76.0) |
| Impairment charge Viridian | (279.7) |
| Increase in Product Liability Provision | (113.4) |
| **Total Significant Items before Tax** | (532.5) |
| Tax | 72.0 |
| **Total Significant Items after Tax** | **(460.5)** |

**Earnings before interest and tax (EBIT) by segment**

| **Year ended 31 March**<br>[$ million unless stated] | **2009** | 2008 | change |
|---|---|---|---|
| Building Products | **117.9** | 147.6* | -20% |
| Sugar | **83.7** | 71.7 | +17% |
| Aluminium | **110.7** | 136.7 | -19% |
| Property | **25.1** | 45.4 | -45% |
| Business segment total | **337.4** | 401.4 | -16% |
| Corporate costs | **-17.0** | -18.4 | -8% |
| Restructure and provisions | **-0.3** | 3.3 | |
| **Total EBIT** | **320.1** | 386.3 | -17% |

*Includes nine months of Pilkington and six months of DMS glass EBIT.

## Review of results by segment

### Building Products

| **Year ended 31 March**<br>[$ million unless stated] | **2009** | 2008* | change |
|---|---|---|---|
| Trading revenue | **1,537.5** | 1,398.6 | +10% |
| EBITDA | **183.1** | 211.1 | -13% |
| EBIT | **117.9** | 147.6 | -20% |
| Funds employed** | **1,714.3** | 1,728.5 | -1% |
| EBITDA/trading revenue | **11.9%** | 15.1% | |
| Return on funds employed | **6.9%** | 8.5% | |

*Includes nine months of Pilkington and six months of DMS glass

** After asset write-downs

CSR's earnings from its Building Products division were affected by increased energy related input costs in the first half but more significantly by the downturn in residential housing and commercial construction demand in the second half of the year.

In Australia, residential approvals for the year to 31 March 2009 were down 16 per cent on the previous year, while non-residential approvals decreased by 24 per cent on the prior year. In New Zealand, dwelling consents for the year to 31 March were 34 per cent lower than the previous year.

Earnings were impacted across the portfolio, with more pronounced effects on higher fixed cost businesses including the Viridian glass business. Revenue of $1.54 billion was up 10 per cent from $1.40 billion, however EBIT of $117.9 million was down 20 per cent from $147.6 million.

During the year CSR consolidated its four Building Products' businesses units into one group to deliver better efficiencies, remove duplication, and ensure shared services are more responsive to current business needs.

In further response to the challenging market, management action has also been focused on securing ongoing efficiencies to better align the business with the current market conditions, without compromising future profitability when the cycle turns. This has included extended shutdowns, temporary closures and further plant rationalisation.

CSR is also optimising manufacturing and distribution networks to improve delivered cost and meet demand throughout the cycle. Despite the significant volume pressures, careful price management has resulted in increased prices across most product groups, with some additional price increases to take effect during the current year.

**Lightweight Systems'** trading revenue (which under the new Building Products' structure now includes Bradford™ insulation, Gyprock™, Cemintel™ Fibre Cement Systems, Fricker™ Ceiling Systems and Mitex™ texture coating brands, Hebel™ lightweight concrete products, Edmonds™ ventilation systems and Bradcore™ panels, including Asia) increased by 7 per cent to $788.6 million.

Bradford Insulation increased revenue and EBIT and is now ensuring it is able to meet increased demand for ceiling insulation following the introduction of the Federal Insulation Rebate Scheme (FIRS). While the retro-fit market for insulation comprises around 10 per cent of Bradford's total market, the business is well positioned to capitalise on this initiative with a strong brand and increased capacity.

The $55 million new Bradford glasswool insulation manufacturing plant north of Brisbane in Pine Rivers, Queensland was commissioned during the year, on time and close to budget and is now expected to be at full capacity by June 2009. Bradford is the largest insulation producer in the Asia Pacific region and this new factory increases total glasswool production capacity in Australia by approximately 12,000 tonnes per annum.

Gyprock's earnings were affected by the difficult sales environment, particularly in the second half of the year when commercial construction demand was considerably weaker. However, new product development, price increases and a focus on overhead cost control helped to partially offset reduced volumes and increased input costs.

The $168 million program to upgrade the Melbourne Gyprock plasterboard factory to a larger capacity, more environmentally sustainable plant, remains on schedule. The Gypsum handling shed, conveyer and plaster mill feed have all been finished and successfully commissioned, with the boardline to be started this September and the project set to be completed by the second half of 2010. When complete, the reconfigured CSR Gyprock network will be the industry's lowest through-the-cycle delivered cost.

**Viridian's** earnings were adversely impacted by the sharp deterioration in housing and commercial construction markets, particularly in the second half, with EBIT of $33.4 million for the year compared to $49.3m for the part previous year.

Volumes were down significantly and rising input costs, particularly earlier in the year, also reduced earnings.

CSR has conducted a review of the Viridian business given that external market conditions have substantially deteriorated since the acquisition in 2007. For example, in the Australian residential construction market alone, dwelling commencements are currently 20 per cent lower than in June 2007.

Whilst the review concluded that the business case for glass remains strong, particularly in relation to the expected growth in demand for energy efficient glass and value-added glass, the severe deterioration in market conditions since acquisition has impacted the value of the business as measured on a discounted cash flow basis.

As a result, a non-cash impairment charge of $279.7 million to reduce the carrying value of Viridian assets has been included in the YEM09 result as a significant item.

Operationally, Viridian has now finalised two major capital projects to strengthen its market position. The $140 million upgrade of the Dandenong manufacturing plant is now complete and the installation of the coating mechanism to produce energy efficient ('low e' glass) has also been successfully commissioned.

In downstream operations, Viridian has also successfully commissioned Australasia's first fully automated double glazing production line in Clayton, Victoria. This upgrade enables Viridian to significantly improve productivity and the quality of double glazing units.

**PGH™ bricks and Monier™ and Wunderlich™ roofing** trading revenue of $297.4 million was down 5 per cent. However, a continued focus on overhead cost control and inventory management resulted in an increased EBIT contribution from the business compared to the previous year. The Bricks and Roofing business has achieved substantial operational improvement efficiencies since the integration of the businesses commenced in March 2007.

Volumes were affected by the significant fall in single dwelling construction activity, particularly in Queensland and New Zealand. Despite this very challenging environment, price increases were achieved in most markets, with brick and rooftile prices up an average 4 per cent on the previous year.

Bricks and Roofing remains focused on continued reduction in working capital, improving cashflow and managing through the current cycle to position for the cyclical upturn. During the year the business also made two strategic, small scale acquisitions; acquiring Ross Roofing in New Zealand and merging its WA roofing business with Prime RoofTiles Pty Ltd to form a joint venture known as Monier-Prime Pty Ltd.

**Sugar**

| **Year ended 31 March**<br>[$ million unless stated] | **2009** | 2008 | change |
|---|---|---|---|
| Trading revenue | **1,410.7** | 1,274.2 | +11% |
| EBITDA | **140.1** | 123.5 | +13% |
| EBIT | **83.7** | 71.7 | +17% |
| Funds employed | **1,069.9** | 1,022.9 | +5% |
| EBITDA/trading revenue | **9.9%** | 9.7% | |
| Return on funds employed | **7.8%** | 7.0% | |

Trading revenue of $1,411 million was up from $1,274 million while EBIT of $83.7 million was also up from $71.7 million due to the increase in the average realised raw sugar price from A$300 per tonne last year to A$325 per tonne IPS and increased earnings from Refining and Ethanol.

**Raw Sugar**: Raw sugar benefited from higher realised raw sugar prices which offset the lower crop size. Crop was down 3 per cent to 13.5 million tonnes, due mostly to wet weather. EBIT for Raw Sugar increased by 27 per cent to $35.2 million. As previously advised, the incident at Pioneer mill where two clarifier tanks collapsed in June 2008 did not have a material effect on earnings, although it did cause disruption. Production resumed ahead of schedule and CSR appreciates the co-operation and understanding of growers during this interruption.

The second year of the three-year program was completed in the mills to upgrade critical equipment, improve cost position and increase sugar recovery. As a result, capital expenditure of $61 million was deployed to ensure that CSR maintains its competitive position in the global raw sugar market. Some minor infrastructure damage from the extraordinarily heavy rain in January this year diverted some resources from capital maintenance, however the program is continuing with all maintenance projects well underway in readiness for the start of the crushing season. The program has already delivered overall reliability and unit cost improvements which are expected to further improve as the program continues this year.

**Refined Sugar's** earnings continued to grow steadily in line with CSR's strategy to increase its proportion of reliable earnings with EBIT up 9 per cent to $44.7 million due to increased sales volumes and improved trading margins.

The refining business continues to generate stronger returns through a sustained focus on enhanced customer value and innovation in the food and beverage sector and retail sectors.

CSR Sugar launched its new 'Better For You' range of sugars which includes CSR LoGiCane Low GI Cane Sugar, Organic Sugar and Smart White & Fine Raw Sugar Blends. The new products are a significant step forward in sugar innovation in the category and have been well received by retailers.

The $56 million upgrade of the Yarraville refinery in Melbourne remains on track for commissioning later this year to improve efficiency and storage, provide better reliability and enhanced quality.

**Ethanol's** EBIT increased by 22 per cent to $11 million driven by improved sales volumes and pricing in both the fuel and the agricultural fertiliser markets. The $17.8 million project to significantly increase fuel ethanol production capacity from 38 million litres to 60 million litres per annum at the Sarina distillery is on time and on budget for commissioning from July 2009. Demand for fuel ethanol continues to increase in Australia and this project enables CSR to increase its production of the renewable fuel to meet this growth.

### Aluminium

| **Year ended 31 March**<br>[$ million unless stated] | **2009** | 2008 | change |
|---|---|---|---|
| Trading revenue | **544.1** | 557.9 | -2% |
| EBITDA | **138.4** | 167.4 | -17% |
| EBIT | **110.7** | 136.7 | -19% |
| Funds employed | **286.1** | 224.1 | +28% |
| EBITDA/trading revenue | **25.4%** | 30.0% | |
| Return on funds employed | **38.7%** | 61.0% | |

Gove Aluminium Finance Limited's (GAF - 70% CSR) result was impacted initially by the escalation of carbon material costs, and especially by the rapid decline in the aluminium price in the second half of the year.

Trading revenue decreased by 2% to $544.1 million, reflecting the lower average realised aluminium price. GAF's sales volume from the Tomago aluminium smelter was a record 186,103 tonnes, compared to 184,442 tonnes last year.

The average realised aluminium price was A$2,924 per tonne after hedging, compared with A$3,025 last year. The average world aluminium price of US$2,274 was significantly below last year's comparable price of US$2,671. EBIT was $110.7 million, 19% lower than last year.

Given the significant decline in the metal price, GAF has not materially added to its metal hedge book recently and as a result, currently has around 57% of net aluminium exposure for YEM10 hedged at A$3,116 per tonne, which is a lower proportion than usual.

The Tomago smelter retains its highly competitive position within the third decile of the global aluminium cost curve. Meanwhile, GAF has a long established customer base and as at year end, approximately 90 per cent of its share of production from the Tomago smelter is committed to sales arrangements in YEM10.

**Property**

| Year ended 31 March [$ million unless stated] | **2009** | 2008 | change |
|---|---|---|---|
| EBIT | **25.1** | 45.4 | -45% |
| Capital investment | **23.7** | 8.9 | +166% |

Property's earnings are predominantly based on a relatively limited number of large transactions, with the potential for significant variations from year to year. The property market deteriorated sharply during the year, particularly in the institutional market. CSR elected to reduce sales rather than accept the lower prevailing market prices. As a result, EBIT was $25.1 million, down from $45.4 million the previous year and in line with recent guidance. The main contribution to earnings from property sales were:

- Sale of the Welshpool site in WA
- Further contracted sales for light industrial lots at Darra, a former roof tile factory in Brisbane; and
- Further exchange of industrial lots at Erskine Park, a former quarry in western Sydney

The Property division remains focused on progressing core developments for medium term earnings, including:

- Brendale, north of Brisbane, consisting of 126 hectares, including a 70 hectare designated industrial subdivision and 600 lot residential sub-division
- Narangba, north of Brisbane, a 600 lot residential subdivision targeting the first home buyer market, currently the most active segment of the home market; and
- Continued land sales at Erskine Park, west of Sydney.

**Outlook**

"Like most cyclical companies, CSR faced significant earnings pressure over the past year as economic conditions deteriorated which affected most of our businesses," said Jerry Maycock.

"Our response has been considered and decisive. In **Building Products**, we have implemented comprehensive cost reduction and operational improvement initiatives across the company and continue measures to ensure that production and demand are in balance.

"We are currently in the fifth consecutive year of lower housing activity in Australia with current housing construction levels significantly below longer term averages. Total dwelling approvals for the year to March 2009 were 16 per cent lower than the previous year and imply housing starts of around 120,000–130,000 on an annualised basis, considerably below underlying demand estimates by most analysts of approximately 185,000 dwellings.

"We are equipping the businesses to manage within this environment without compromising our ability to react when the cycle turns. We remain focused on controlling working capital and capital expenditure, maintaining a disciplined approach to pricing and optimising current and future manufacturing capability.

"There are some early, yet tentative signs that Governments' stimulus packages are having some effect, mostly at the first home buyer level. We are seeing a definite increase in enquiries and sales in our Bradford insulation business, following the Government's Federal Insulation Rebate Scheme which is a welcome initiative, particularly as it acknowledges the importance of energy efficiency in the built environment.

Additionally, lower mortgage rates and improved affordability should progressively lead to increased activity. Other initiatives such as the building of 20,000 defence and social houses and the project to fund additional infrastructure in schools should also increase the demand for building materials. However, we would not expect to see any meaningful increase in demand for CSR building products until later in 2009. Our capital reinvestment program of recent years has strengthened the individual businesses and with that program now virtually complete, CSR is well placed to respond as the cycle turns.

In **Sugar**, we continue to increase our proportion of stable earnings, through our hedging position in Raw Sugar and a continued improvement in earnings from Refining and Renewables (including Ethanol and Cogeneration).

Fundamentals for global raw sugar continue to be positive, based on a projected global deficit for 2008/2009, primarily due to a reduction in production from India and China and demand for ethanol fuel in Brazil. CSR remains globally cost competitive in sugar milling with the current capital program in the mills aimed at consolidating that competitive position.

As previously advised, the heavy rain in early 2009 will have an impact on the size of the cane crop this season. While, the final impact of the rain will not be known with any degree of certainty until the commencement of crushing in June, CSR maintains previous guidance that raw sugar production volumes could be reduced by between 10%-15%.

CSR currently has approximately 60 per cent of the YEM10 crop priced at approximately A$360 per tonne IPS, and around 40% of the YEM11 crop priced at approximately A$405 per tonne IPS, with some further hedging in YEM12 and YEM13.

Following a CSR initiative, growers are now able to hedge part of their crop exposure to take advantage of these higher prices which is vital to managing their own price risk and supporting additional farm investment.

The Refining business is benefiting from improved margins and innovation in the retail and food and beverage category.

CSR Ethanol meanwhile continues to benefit from strong demand in the fuel market and also for agricultural fertiliser. The expansion of fuel capacity at the Sarina distillery should modestly assist earnings capacity this year, although in the short term the very high molasses prices will increase feedstock costs.

The short term outlook for **Aluminium** remains uncertain with the key issue being the timing of a reversal of the global supply/demand balance to end growth in aluminium inventories.

Tomago is a high quality asset and favourably positioned on the global cost curve. GAF continues to focus on its long term customer base and increasing the potential volume of value added products. Through prior hedging, GAF has around 57% of its net aluminium exposure hedged at A$3,116 per tonne for YEM10 with lower proportionate hedging in future years.

The strategy in **Property** is to focus on key projects such as Brendale, Narangba and Erskine Park while continuing to obtain rezoning approvals for projects on a pre-commitment basis in an environment of ongoing uncertainty.

“We are managing though a period of unprecedented volatility,” said Mr Maycock.

“In this environment, we are very focused on managing and improving our individual businesses and positioning them to take full advantage of cyclical upturns. At the corporate level we also continue to actively consider when improved market conditions may create additional value opportunities from restructuring the asset portfolio.

“Especially under the current volatile market conditions CSR considers it inappropriate to forecast YEM10 earnings at this very early stage of the year. We expect to be able to give at least directional guidance with the benefit of our first quarter trading information at the AGM on 9 July.”

**Media/analyst enquiries:**

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**CSR Limited**

**ABN 90 000 001 276**

## Directors of CSR Limited

Directors of CSR Limited at any time during the year ended 31 March 2009 are as follows (each of them was a director from 1 April 2008 up to and including the date of this report, with the exception of Mr Nick Burton Taylor and Mr Jeremy Sutcliffe):

Ian Blackburne
Nick Burton Taylor*
Kathleen Conlon
Ray Horsburgh
Richard Lee
Jerry Maycock
John Story
Jeremy Sutcliffe**

*Appointed on 1 August 2008
**Appointed on 1 December 2008

Signed in accordance with a resolution of the directors.

Jerry Maycock
Managing Director

Sydney, 13 May 2009

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
CSR Limited
Level 1
9 Help St
CHATSWOOD NSW 2057

13 May 2009

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 2009, 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

Samantha Lewis
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# CSR group income statement

| Year ended 31 March | ($ million unless indicated) | Note | **2009** | 2008 |
|---|---|---|---|---|
| Trading revenue - sale of goods | | | **3,492.8** | 3,231.3 |
| Cost of sales | | | **(2,679.0)** | (2,410.9) |
| Gross Margin | | | **813.8** | 820.4 |
| Warehouse and distribution costs | | | **(245.5)** | (207.2) |
| Selling costs | | | **(172.3)** | (172.7) |
| Administration and other operating costs | | | **(140.6)** | (127.1) |
| Share of net profit of associates | | 13 | **15.0** | 16.6 |
| Operating profit | | | **270.4** | 330.0 |
| Other income from ordinary activities | | 7 | **52.7** | 55.7 |
| Other expenses from ordinary activities | | 7 | **(540.1)** | (25.9) |
| Dividend income | | | **4.6** | 4.5 |
| (Loss) profit from ordinary activities before finance and income tax | | | **(212.4)** | 364.3 |
| Interest income | | 3 | **3.3** | 3.6 |
| Finance cost | | 3 | **(109.1)** | (97.3) |
| **(Loss) profit from ordinary activities before income tax** | | | **(318.2)** | 270.6 |
| Income tax benefit (expense) relating to ordinary activities | | 4 | **24.5** | (56.8) |
| **Net (loss) profit** | | | **(293.7)** | 213.8 |
| Net profit attributable to minority interests | | | **32.8** | 36.4 |
| **Net (loss) profit attributable to shareholders of CSR Limited** | | | **(326.5)** | 177.4 |
| | | | | |
| Net profit before significant items attributable to shareholders of CSR Limited | | | **134.0** | 192.8 |
| | | | | |
| **Reconciliation of retained profits** | | | | |
| Retained profits at the beginning of the financial year | | | **636.4** | 630.7 |
| Net (loss) profit attributable to shareholders of CSR Limited | | | **(326.5)** | 177.4 |
| Net loss recognised directly in retained profits | | | **(87.2)** | (35.0) |
| **Total available for appropriation** | | | **222.7** | 773.1 |
| Dividends provided for or paid | | 12 | **(149.7)** | (136.7) |
| **Retained profits at the end of the financial year** | | | **73.0** | 636.4 |
| | | | | |
| (cents) | | | | |
| Basic earnings per share based on net (loss) profit attributable to shareholders of CSR Limited[a] | | | **(29.7)** | 19.2 |
| Diluted earnings per share based on net (loss) profit attributable to shareholders of CSR Limited[a] | | | **(29.7)** | 19.2 |
| Basic earnings per share based on net profit before significant items attributable to shareholders of CSR Limited[a] | | | **12.2** | 20.9 |

a Weighted number of ordinary shares on issue used in the calculation of earnings per share is 1,098.7 million (2008: 923.9 million)

Notes to the financial statements are annexed

# CSR group balance sheet

| ($ million) | Note | **As at 31 March 2009** | As at 31 March 2008 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | **14.7** | 24.9 |
| Receivables | | **562.1** | 555.5 |
| Inventories | | **418.1** | 377.4 |
| Other financial assets | | **120.2** | 85.6 |
| Income tax assets | | **44.6** | - |
| Other current assets | | **23.2** | 67.5 |
| **Total current assets** | | **1,182.9** | 1,110.9 |
| **Non-current assets** | | | |
| Receivables | | **27.4** | 20.0 |
| Inventories | | **34.8** | 29.8 |
| Investments accounted for using the equity method | | **30.2** | 27.9 |
| Other financial assets | | **120.6** | 99.9 |
| Property, plant and equipment | | **2,256.6** | 2,040.1 |
| Goodwill | | **322.3** | 585.0 |
| Other intangible assets | | **38.1** | 49.8 |
| Deferred income tax assets | | **158.7** | 105.9 |
| Other non-current assets | | **16.8** | 29.9 |
| **Total non-current assets** | | **3,005.5** | 2,988.3 |
| **Total assets** | | **4,188.4** | 4,099.2 |
| **Current liabilities** | | | |
| Payables | | **416.6** | 389.0 |
| Borrowings | | **17.2** | 482.8 |
| Other financial liabilities | | **84.6** | 118.3 |
| Tax payable | | **4.1** | 6.4 |
| Provisions | | **244.2** | 226.8 |
| **Total current liabilities** | | **766.7** | 1,223.3 |
| **Non-current liabilities** | | | |
| Payables | | **6.7** | 8.3 |
| Borrowings | | **1,186.9** | 778.8 |
| Other financial liabilities | | **75.1** | 95.1 |
| Provisions | | **463.5** | 399.9 |
| Other non-current liabilities | | **103.0** | 3.1 |
| **Total non-current liabilities** | | **1,835.2** | 1,285.2 |
| **Total liabilities** | | **2,601.9** | 2,508.5 |
| **Net assets** | | **1,586.5** | 1,590.7 |
| **Equity** | | | |
| Issued capital | 5 | **1,329.2** | 879.2 |
| Reserves | 9 | **30.7** | (30.8) |
| Retained profits | | **73.0** | 636.4 |
| **Equity attributable to shareholders of CSR Limited** | | **1,432.9** | 1,484.8 |
| Minority interests | | **153.6** | 105.9 |
| **Total equity** | | **1,586.5** | 1,590.7 |

Notes to the financial statements are annexed

# CSR group recognised income and expense statement

| Year ended 31 March ($ million) | 2009 | 2008 |
|---|---|---|
| Actuarial loss on defined benefit plans | **(120.4)** | (49.9) |
| Income tax benefit on actuarial loss | **36.1** | 14.9 |
| Fair value adjustment for Sugar Terminals Limited | **(2.9)** | - |
| **Net expense recognised directly in retained profits** | **(87.2)** | (35.0) |
| Hedge gain taken to other equity | **111.3** | 14.8 |
| Income tax expense on cash flow hedges | **(33.4)** | (4.6) |
| Translation of foreign operations taken to other equity | **24.2** | (9.0) |
| **Net income recognised directly in other equity** | **102.1** | 1.2 |
| **Total income (expense) recognised directly in equity** | **14.9** | (33.8) |
| Net (loss) profit for the financial year | **(293.7)** | 213.8 |
| **Total recognised (expense) and income for the financial year** | **(278.8)** | 180.0 |
| | | |
| Attributable to: | | |
| CSR Limited shareholders | **(355.5)** | 139.7 |
| Minority interests | **76.7** | 40.3 |
| **Total recognised (expense) and income for the financial year** | **(278.8)** | 180.0 |

Notes to the financial statements are annexed.

# CSR group cash flow statement

| Year ended 31 March | ($ million) | Note | **2009** | 2008 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Receipts from customers | | | **3,693.2** | 3,568.7 |
| Payments to suppliers and employees | | | **(3,485.0)** | (3,175.1) |
| Dividends and distributions received | | | **18.0** | 19.8 |
| Interest received | | | **3.3** | 2.0 |
| Income tax paid | | | **(64.1)** | (63.0) |
| **Net cash from operating activities before derivative margin calls** | | | **165.4** | 352.4 |
| Derivative margin calls refunded (paid) | | | **48.5** | (26.0) |
| **Net cash from operating activities** | | 2 | **213.9** | 326.4 |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment and other non-current assets | | | **(476.3)** | (379.6) |
| Proceeds from sale of property, plant and equipment and other non-current assets | | | **169.2** | 73.5 |
| Purchase of controlled entities and businesses, net of cash acquired | | | **(11.8)** | (890.9) |
| Loans and receivables advanced | | | **(11.0)** | - |
| Loans and receivables repaid | | | **0.1** | 0.3 |
| **Net cash used in investing activities** | | | **(329.8)** | (1,196.7) |
| **Cash flows from financing activities** | | | | |
| Proceeds from issue of shares to CSR shareholders | | | **343.1** | 262.2 |
| Net (repayment of) proceeds from borrowings | | | **(72.3)** | 761.6 |
| Dividends paid | | | **(71.1)** | (111.8) |
| Interest and other finance costs paid | | | **(97.3)** | (65.7) |
| **Net cash from financing activities** | | | **102.4** | 846.3 |
| **Net decrease in cash held** | | | **(13.5)** | (24.0) |
| Net cash at beginning of the financial year | | | **24.3** | 51.3 |
| Effects of exchange rate changes | | | **3.5** | (3.0) |
| **Net cash at the end of the financial year** | | | **14.3** | 24.3 |

## 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:

| | | |
|---|---|---|
| Cash at banks and on hand | **14.7** | 24.9 |
| Short-term loans and deposits | **-** | - |
| Total cash | **14.7** | 24.9 |
| Bank overdraft | **(0.4)** | (0.6) |
| **Net cash at the end of the financial year** | **14.3** | 24.3 |

# Notes to the financial statements for the year ended 31 March 2009

**ADDITIONAL CASH FLOW INFORMATION**

**Non-cash financing and investing activities.** During the financial year ended 31 March 2009, CSR Limited issued 3,035,700 shares to employees of the CSR group under the terms of the Universal Share/Option Plan (2008: 1,536,000 shares). During the financial year ended 31 March 2009, $106.9 million (2008: $57.5 million) of CSR Limited dividends were reinvested in CSR shares.

**Credit standby facilities.** The CSR group has a total of $1,719 million (2008: $1,435 million) committed standby facilities. These facilities have fixed maturity dates ranging from October 2009 to December 2012. As at 31 March 2009, $519 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 2009, and in the preparation of the comparative income statement and balance sheet for the year ended 31 March 2008.

**Critical accounting judgements and key sources of estimation uncertainty**

The following are critical judgements and key assumptions that management has made in the process of applying the CSR Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>Product Liability:</u> CSR Limited and/or certain subsidiaries 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. At 31 March 2009, a provision of $455.1 million (2008: $371.5 million) has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. Refer note 14 for further details including the basis of calculating the provision.

<u>Asset Impairment:</u> Assets are reviewed for impairment at each reporting date in accordance with the accounting policy. Valuations are determined using discounted cash flows. Management judgement is required in these valuations in determining future cash flows and a suitable discount rate in order to calculate the present value. Future cashflows take into consideration the building cycle and expected changes, sugar price and crop, aluminium prices and exchange rates.

**Intangibles.** Certain trade names determined as having an 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 (except for goodwill), 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 extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the 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 a 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 tax assets or liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax 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 tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis.
No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.
Current and deferred tax is recognised as an expense in the income statement except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from an initial accounting for a business acquisition, in which case it is taken into account in the determination of goodwill.

**iii. Significant accounting policies.** (continued)

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

**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.

**Revenue recognition.**
Sales revenue is measured at the fair value of the consideration receivable, and is recognised when each of the following conditions is met:
• Persuasive evidence of an arrangement exists, which is usually in the form of a contractual arrangement,
• The significant risks and rewards of ownership of the goods have transferred from the CSR group to the buyer,
• The seller's price to the buyer is fixed or determinable, and
• Collectibility is reasonably assured.
Other than raw sugar sales, other products and services are sold on normal trade terms and conditions. In the case of raw sugar sold by the CSR group, revenue is recognised on a provisional basis at the time of title transfer to the centralised marketing authority, based on prevailing prices, and is subject to final adjustment when the final price is advised by the centralised marketing authority. In the current and prior years, this financial adjustment was not material.

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

**v. Rounding.** Unless otherwise stated, 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 ASIC Class Order 98/100 issued 10 July 1998.

**vi. Significant items.**
**Product liability**
CSR's product liability provision has increased by $113.4 million reflecting the decrease in the AUD/USD exchange rate and the routine re-estimate of future liabilities.

**Viridian integration and restructure**
Viridian integration and restructure costs includes costs associated with the closure of the Viridian automotive glass facilities ($13.9 million), Alexandria factory closure ($5.9 million), and other costs (mainly employee redundancies) associated with the integration of the Viridian glass business ($32.6 million). Of this amount $18.2m has been spent at 31 March 2009.

**Building Products and Corporate restructure and rationalisation**
In response to the challenging market, management action has been focused on securing ongoing efficiencies to better align the business with the current market conditions without compromising future profitability when the cycle turns. This has included extended shutdowns, temporary closures and further plant rationalisation. The costs associated with this along with some corporate restructure has been included as a significant item ($11.0 million).

**Asset write downs**
CSR has reviewed the carrying value of its assets in light of the current and anticipated trading environment, particularly in residential housing and commercial construction. As a result of this review, assets have been written down by $355.7 million. The write down is primarily Viridian goodwill ($279.7 million) with the remainder mainly relating to Asian Panels ($14.0 million), Fibre Cement ($10.3 million) and Bricks and Roofing ($33.3 million) businesses and also in relation to the Penrith Lakes Development ($7.2 million).

# 1. Segment information

| ($ million) | Total revenue[a] 2009 | Total revenue[a] 2008 | Depreciation and amortisation[b] 2009 | Depreciation and amortisation[b] 2008 |
|---|---|---|---|---|
| **Business segments** | | | | |
| Sugar | **1,432.5** | 1,280.5 | **56.4** | 51.8 |
| Building Products | **1,538.5** | 1,399.5 | **65.2** | 63.5 |
| Aluminium | **549.5** | 561.8 | **27.7** | 30.7 |
| Property | **29.2** | 45.7 | **0.4** | 0.4 |
| **Segment total** | **3,549.7** | 3,287.5 | **149.7** | 146.4 |
| Corporate[d] | **0.4** | 4.0 | **5.1** | 3.8 |
| Interest revenue | **3.3** | 3.6 | | |
| **Group total before significant items** | **3,553.4** | 3,295.1 | **154.8** | 150.2 |
| Significant items (refer note 8) | **-** | - | **-** | - |
| **Group total after significant items** | **3,553.4** | 3,295.1 | **154.8** | 150.2 |

| ($ million) | Profit from ordinary activities before income tax 2009 | Profit from ordinary activities before income tax 2008 | Income tax 2009 | Income tax 2008 | Minority interests 2009 | Minority interests 2008 | Net profit 2009 | Net profit 2008 |
|---|---|---|---|---|---|---|---|---|
| **Business segments** | | | | | | | | |
| Sugar | **83.7** | 71.7 | **18.8** | 17.6 | **8.8** | 8.2 | **56.1** | 45.9 |
| Building Products | **117.9** | 147.6 | **32.9** | 39.6 | **0.6** | 1.0 | **84.4** | 107.0 |
| Aluminium | **110.7** | 136.7 | **31.5** | 40.8 | **23.1** | 28.2 | **56.1** | 67.7 |
| Property[c] | **25.1** | 45.4 | **2.1** | (0.2) | **-** | - | **23.0** | 45.6 |
| **Segment total** | **337.4** | 401.4 | **85.3** | 97.8 | **32.5** | 37.4 | **219.6** | 266.2 |
| Corporate[d] | **(17.0)** | (18.4) | **(4.8)** | (5.5) | **-** | - | **(12.2)** | (12.9) |
| Restructuring and provisions[e] | **(0.3)** | 3.3 | **(1.0)** | (0.5) | **-** | - | **0.7** | 3.8 |
| | **320.1** | 386.3 | **79.5** | 91.8 | **32.5** | 37.4 | **208.1** | 257.1 |
| Net finance continuing operations | **(105.8)** | (93.7) | **(32.0)** | (28.4) | **0.3** | (1.0) | **(74.1)** | (64.3) |
| **Group total before significant items** | **214.3** | 292.6 | **47.5** | 63.4 | **32.8** | 36.4 | **134.0** | 192.8 |
| Significant items (refer note 8) | **(532.5)** | (22.0) | **(72.0)** | (6.6) | **-** | - | **(460.5)** | (15.4) |
| **Group total after significant items** | **(318.2)** | 270.6 | **(24.5)** | 56.8 | **32.8** | 36.4 | **(326.5)** | 177.4 |

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

b Total depreciation and amortisation includes $11.1 million (2008: $13.4 million) amortisation of intangible assets. Other than asset write downs, movements in provisions and other rationalisation expenses which are disclosed as significant items (note 8) other non-cash expenses are immaterial.

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

d Represents unallocated overhead and other revenues.

e Includes product liability, certain defined benefit superannuation expense and other non-operating revenue and costs (excluding those categorised as significant items).

| ($ million) | Assets[a] 2009 | Assets[a] 2008 | Liabilities 2009 | Liabilities 2008 | Investments accounted for using the equity method 2009 | Investments accounted for using the equity method 2008 |
|---|---|---|---|---|---|---|
| **Business segments** | | | | | | |
| Sugar | **1,378.8** | 1,255.2 | **342.4** | 207.8 | **19.2** | 17.9 |
| Building Products | **1,937.2** | 2,018.8 | **301.3** | 314.1 | **11.0** | 10.0 |
| Aluminium | **550.8** | 486.5 | **98.0** | 233.8 | **-** | - |
| Property | **62.8** | 157.9 | **10.9** | 9.2 | **-** | - |
| **Segment total** | **3,929.6** | 3,918.4 | **752.6** | 764.9 | **30.2** | 27.9 |
| Unallocated | **40.8** | 50.0 | **641.1** | 475.6 | **-** | - |
| | **3,970.4** | 3,968.4 | **1,393.7** | 1,240.5 | **30.2** | 27.9 |
| Finance assets/liabilities | **14.7** | 24.9 | **1,204.1** | 1,261.6 | | |
| Tax assets/liabilities | **203.3** | 105.9 | **4.1** | 6.4 | | |
| **Group total** | **4,188.4** | 4,099.2 | **2,601.9** | 2,508.5 | **30.2** | 27.9 |

a All acquisitions of controlled entities and businesses in 2009 and 2008 were in the Building Products segment.

# 1. Segment information (continued)

| **Geographic segments** | Total revenue[a] | | Segment assets | | Capital expenditure | |
|---|---|---|---|---|---|---|
| ($ million) | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| Australia | **3,197.6** | 2,951.7 | **3,858.7** | 3,806.9 | **448.7** | 1,245.5 |
| New Zealand | **233.4** | 252.9 | **171.0** | 166.7 | **21.1** | 5.4 |
| Asia | **122.4** | 90.5 | **158.7** | 125.6 | **17.9** | 29.0 |
| **Group total** | **3,553.4** | 3,295.1 | **4,188.4** | 4,099.2 | **487.7** | 1,279.9 |

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

# 2. Cash flow reconciliation

| **Reconciliation of net (loss) profit attributable to shareholders of CSR Limited to net cash from operating activities** ($ million) | **2009** | 2008 |
|---|---|---|
| Net (loss) profit attributable to shareholders of CSR Limited | **(326.5)** | 177.4 |
| Depreciation and amortisation | **154.8** | 150.2 |
| Net change in provisions | **(92.9)** | (45.7) |
| Significant items (non cash) | **446.3** | 14.7 |
| Interest expense | **89.9** | 76.3 |
| Profit on disposal of assets, asset write downs and associated costs | **(28.5)** | (45.2) |
| Net profit attributable to minority interests | **32.8** | 36.4 |
| Net change in trade receivables and other current assets | **(73.2)** | 72.4 |
| Net change in current inventories | **(39.7)** | (38.5) |
| Net change in trade payables | **15.2** | (20.0) |
| Derivative margin calls refunded (paid) | **48.5** | (26.0) |
| Other | **(12.8)** | (25.6) |
| **Net cash from operating activities** | **213.9** | 326.4 |

# 3. Net finance cost

| | | |
|---|---|---|
| Interest paid or payable on short term debt | **14.8** | 17.9 |
| Interest paid or payable on long term debt | **75.1** | 58.4 |
| Total interest expense | **89.9** | 76.3 |
| Unwinding discount on non-current provisions and debtors | **18.4** | 17.9 |
| Funding costs | **6.2** | 2.0 |
| Foreign exchange (gain) loss | **(5.4)** | 1.1 |
| **Finance cost** | **109.1** | 97.3 |
| Interest income | **(3.3)** | (3.6) |
| **Net finance cost** | **105.8** | 93.7 |

| Year ended 31 March | 2009 $ million | 2008 $ million |
|---|---|---|

## 4. Income tax

**Income tax expense**

Reconciliation of income tax (benefit) expense charged to the income statement with income tax calculated on (loss) profit from ordinary activities before income tax:

| | 2009 $ million | 2008 $ million |
|---|---|---|
| **(Loss) profit from ordinary activities before income tax** | **(318.2)** | 270.6 |
| **Income tax (benefit) expense calculated at 30%** | **(95.5)** | 81.2 |
| **Increase (decrease) in income tax expense due to** | | |
| Utilisation of losses in asset disposals | **(5.4)** | (13.7) |
| Asset write-downs | **86.5** | - |
| Asian trading profits tax rate differential | **1.1** | (0.3) |
| Equity accounted associates' net profit and rebates on dividends received | **(5.9)** | (6.3) |
| Research and development | **(6.8)** | (0.2) |
| Income tax under (over) provided in prior years | **0.7** | (1.8) |
| Other items | **0.8** | (2.1) |
| **Total income tax (benefit) expense on profit from ordinary activities** | **(24.5)** | 56.8 |

## 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 2008 | 982,726,635 | | 879.2 |
| Institutional placement [b] | 225,358,467 | 1.40 | 307.1 |
| Retail placement [c] | 24,448,860 | 1.40 | 32.9 |
| Universal Share/Option Plan [d] | 3,035,700 | 1.01 | 3.1 |
| Dividend reinvestment plan [e] | 50,489,525 | 2.15 | 106.9 |
| **On issue 31 March 2009** | **1,286,059,187** | | **1,329.2** |

a The shares are fully paid ordinary shares listed on the ASX and carry one vote per ordinary share and the right to dividends.

b Fully paid ordinary shares were issued on 27 November 2008. The purpose of the institutional placement was to repay borrowings. Proceeds are net of share placement costs of $8.4 million.

c Fully paid ordinary shares were issued on 17 December 2008. The purpose of the retail placement was to repay borrowings. Proceeds are net of share placement costs of $1.3 million.

d Fully paid ordinary shares were issued in September and December 2008 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 (5,692). 3,373 accepted the offer, subscribing for up to 450 shares at the market price of $2.02 each and receiving an equivalent number of shares at no cost. The issue of 1,517,850 shares purchased by employees was taken to equity. The additional 1,517,850 shares issued at no cost were recorded as an expense in the financial report with an offsetting entry to the employee share reserve.

e Fully paid ordinary shares were issued on 3 July 2008 and 12 December 2008. 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 per cent.

## 6. Expenses

| Profit from ordinary activities before income tax and significant items includes the following items of expenditure: | **31 March 2009 $ million** | 31 March 2008 $ million |
|---|---|---|
| Depreciation of non-current assets | **143.7** | 136.8 |
| Amortisation of non-current assets | **11.1** | 13.4 |
| Other sundry write down of property, plant and equipment | **2.4** | 0.6 |
| Increase in allowance for bad debts | **4.5** | 2.0 |

## 7. Other income and expenses

| | | |
|---|---|---|
| **Income** | | |
| Profit on disposal of property, plant and equipment and other assets | **30.9** | 45.8 |
| Other | **21.8** | 9.9 |
| Total other income from ordinary activities | **52.7** | 55.7 |
| **Expenses** | | |
| Significant items (refer note 8) | **(532.5)** | (22.0) |
| Other sundry asset write downs and associated costs | **(2.4)** | (0.6) |
| Other | **(5.2)** | (3.3) |
| Total other expenses from ordinary activities | **(540.1)** | (25.9) |

## 8. Significant items

| | | |
|---|---|---|
| **Viridian integration and restructure costs** | | |
| Integration and restructure costs | **(52.4)** | (22.0) |
| Income tax benefit | **15.7** | 6.6 |
| | **(36.7)** | (15.4) |
| **Increase in product liability provision** | | |
| Increase in provision | **(113.4)** | - |
| Income tax benefit | **34.0** | - |
| | **(79.4)** | - |
| **Building Products (excluding Viridan) and Corporate restructure costs** | | |
| Redundancy expenses | **(11.0)** | - |
| Income tax benefit | **3.3** | - |
| | **(7.7)** | - |
| **Asset write downs** | | |
| Goodwill | **(279.7)** | - |
| Property, plant and equipment | **(51.5)** | - |
| Other intangibles including software | **(6.2)** | - |
| Other | **(18.3)** | - |
| Total asset write downs | **(355.7)** | - |
| Income tax benefit | **19.0** | - |
| | **(336.7)** | - |
| **Total significant items** | | |
| Significant items before income tax | **(532.5)** | **(22.0)** |
| Income tax benefit on significant items | **72.0** | **6.6** |
| **Total significant items after income tax** | **(460.5)** | (15.4) |

## 9. Reserves

| | | |
|---|---|---|
| Foreign currency translation reserve | **14.2** | (11.8) |
| Employee share reserve | **12.6** | 9.5 |
| Hedge reserve | **3.9** | (28.5) |
| **Total reserves** | **30.7** | (30.8) |

## 10. Net tangible assets per share[a]

| | **$** | $ |
|---|---|---|
| Net tangible assets per share | **0.83** | 0.86 |

a Calculated as net assets attributable to CSR Limited shareholders ($1,432.9 million) less intangible assets ($360.4 million) divided by the number of shares (1,286.1 million)

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

## Control gained over entities

On 15 September 2008 CSR Limited acquired the assets of Ross Roofing. The acquired business contributed revenues of $4.3 million and earnings before interest and tax (EBIT) and net profit of $nil for the period from 15 September 2008 to 31 March 2009. If the acquisition had occurred on 1 April 2008, revenues, EBIT and net profit for the year ended 31 March 2009 would have been approximately $8.6 million, $0.9 million and $0.6 million respectively including the estimated benefits from synergies before significant items and interest expense. These amounts have been estimated using a consistent basis to the period since acquisition.

On 29 June 2007 and 8 October 2007, CSR Limited acquired 100% of the issued share capital of Pilkington Australia Finance Pty Ltd (renamed 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 businesses 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 purchase consideration and the fair value of assets and liabilities acquired are given below. No additional payments are anticipated for the 2009 acquisitions and no additional consideration was paid for the 2008 acquisitions over that reported previously. The fair value of the assets and liabilities acquired in 2008 have been adjusted over those previously reported to reflect additional information being available during the period to one year after the acquisition date. The fair value of assets and liabilities acquired in 2009 are shown on a provisional basis only.

| ($ million) | **2009** | 2008 |
|---|---|---|
| Purchase consideration (refer below) | | |
| Cash paid - purchase price | **11.4** | 865.0 |
| Cash paid - other - includes working capital and cash adjustments | **-** | 41.6 |
| Direct costs relating to the acquisition | **0.4** | 10.4 |
| Total purchase consideration | **11.8** | 917.0 |
| Fair value of net identifiable assets acquired (refer below) | **3.4** | 336.8 |
| Goodwill (refer below) | **8.4** | 580.2 |

**Value of assets and liabilities acquired are as follows:**

| | **2009** | | 2008 | |
|---|---|---|---|---|
| ($ million) | **Acquiree's carrying amount** | **Fair value** | Acquiree's carrying amount | Fair value[a] |
| Cash | **-** | **-** | 26.1 | 26.1 |
| Trade receivables | **-** | **-** | 77.4 | 77.4 |
| Inventories | **1.6** | **1.4** | 68.2 | 64.8 |
| Other current assets | **-** | **-** | 3.7 | 3.7 |
| Property, plant and equipment | **2.0** | **2.0** | 276.1 | 267.9 |
| Deferred income tax asset | **-** | **-** | 12.5 | 27.6 |
| Superannuation defined benefit plans - fair value of surplus | **-** | **-** | 2.6 | 1.4 |
| Trade payables | **-** | **-** | (39.7) | (39.7) |
| Other creditors | **-** | **-** | (14.5) | (20.9) |
| Income tax provision | **-** | **-** | (7.1) | (7.3) |
| Provisions | **-** | **-** | (35.7) | (59.9) |
| Deferred income | **-** | **-** | (4.3) | (4.3) |
| Net identifiable assets | **3.6** | **3.4** | 365.3 | 336.8 |
| Goodwill acquired[b] | | **8.4** | - | 580.2 |
| **Total consideration** | | **11.8** | | 917.0 |
| Cash balances acquired | | **-** | | (26.1) |
| **Total flow of cash** | | **11.8** | | 890.9 |

a. Reassessment of fair values for 2008 acquisitions include reduction in property, plant and equipment $21.4 million, superannuation defined benefit plans $1.2 million and provisions $4.7 million with subsequent increase to deferred income tax asset of $8.9m. These adjustments to fair values resulted in an increase in goodwill acquired of $9.0 million.

b. The goodwill is attributable to the workforce and the profitability of the acquired businesses. CSR has undertaken a review of the Viridan business, given the significant deterioration in market conditions since the acquisition in 2007. This review has resulted in Viridian goodwill being written down by $279.7 million.

## 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 | 2008 | 100 | 17 December 2007 | 6 | 57.8 |
| Final dividend | 2008 | 100 | 3 July 2008 | 9 | 88.4 |
| Interim dividend | 2009 | 100 | 12 December 2008 | 6 | 61.3 |
| Final dividend | 2009 | 100 | 3 July 2009 | 1.5 | 19.3 |

The final dividend in respect of ordinary shares for the financial year ended 31 March 2009 has not been recognised in this report because the final dividend was declared subsequent to 31 March 2009.

### Dividend reinvestment plan

On 30 October 2008, CSR Limited announced that the Dividend Reinvestment Plan had been extended for a further year to 12 October 2009 on the same terms and conditions as previously announced to the market on 2 October 2007.

## 13. Details of associates and joint venture entities

| Aggregate share of income of associate entities | Year ended 31 March | |
|---|---|---|
| | **2009 $ million** | 2008 $ million |
| Profit from ordinary activities before income tax | **21.5** | 24.7 |
| Income tax expense | **6.5** | 8.1 |
| Profit from ordinary activities after income tax | **15.0** | 16.6 |
| Extraordinary items net of tax | **-** | - |
| Net profit | **15.0** | 16.6 |
| Minority interests | **-** | - |
| **Total share of net profit** | **15.0** | 16.6 |

| | Ownership interest As at 31 March | | Contribution to net income Year ended 31 March | |
|---|---|---|---|---|
| **Name of entity** | **2009 %** | 2008 % | **2009 $ million** | 2008 $ million |
| **Associate companies** | | | | |
| C. Czarnikow Limited | **43** | 43 | **2.5** | 2.8 |
| Enviroguard Pty Limited[a] | **-** | - | **-** | 3.2 |
| Rondo Pty Limited | **50** | 50 | **12.2** | 10.3 |
| Other non-material associates | | | **0.3** | 0.3 |
| **Total share of net profit** | | | **15.0** | 16.6 |

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

| | 2009 $ million | 2008 $ million |
|---|---|---|
| **Contingent liabilities, capable of estimation, arise in respect of the following categories:** | | |
| Performance guarantees provided to third parties and other contingent liabilities | **35.8** | 10.6 |
| **Total contingent liabilities** | **35.8** | 10.6 |

**Contingent liabilities/assets**

Claims and possible claims have arisen in the course of business against entities in the CSR group and made by entities in the CSR group. Based on legal advice obtained, the directors believe that any resultant liability or asset will not materially affect the financial position of the consolidated entity.

The parent entity has undertaken to provide financial support, as and when required, to certain wholly-owned controlled entities so as to enable those entities to pay their debts as and when such debts become due and payable.

**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 2009, there were 632 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 2009, there were 1,713 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2009, CSR had resolved 2,544 claims in Australia and approximately 130,000 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 as determined by directors at each balance date having regard to the applicable AUD/US$ exchange rate, the prevailing litigation environment and uncertainties that may affect the company's future liablities.

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 directors' view of the appropriate prudential margin.

At 31 March 2009, a provision of $455.1 million (2008: $371.5 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 2009 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.

Jerry Maycock
Managing Director
13 May 2009