REPORT ON AGM 2002

CSR LIMITED ABN 90 000 001 276

CHAIRMAN JOHN MORSCHEL'S ADDRESS TO THE ANNUAL GENERAL MEETING

CSR held its annual general meeting at the Convention Centre, Darling Harbour, Sydney, on 18 July 2002.

This report on the meeting has been sent to those shareholders who requested a copy by returning a form distributed with the final dividend payment on 4 July 2002.

The report is also available on CSR's internet site www.csr.com.au

The CSR group of companies has made excellent progress since last year's annual general meeting.

- We have moved further along in our mission to be a focused, international heavy building materials group, delivering excellent returns for our shareholders
- Our US subsidiary, Rinker Materials Corporation (Rinker), successfully bedded down the A$1.3 billion in acquisitions made during 2001
- The group has announced another major proposed acquisition, with the US$540 million bid by Rinker for Kiewit Materials Company in the US
- We have delivered another record profit (before significant items).

CSR delivered a net profit after tax of A$553 million for the year ended March 2002. This represents a strong growth in underlying profit, of 7%. However, comparison with the company's 2001 profit after tax indicates that profit fell by 13%. The reason for this apparent contradiction is that the 2001 result included a large abnormal gain following the sale of our alumina business.

If you exclude that abnormal gain and various other one-offs in both years, there was strong growth in underlying profit, from A$478 million to A$512 million – up $34 million or 7%.

- Sales revenue rose 9%
- Earnings before interest, tax and significant items (EBIT) rose slightly to A$926 million
- Return on funds employed rose to 15.5%
- Earnings per share rose 16% to 58.5 cents
- Operating cash flow was up 17% to almost A$1.2 billion.

The final dividend was increased by 8% to 13 cents a share, and franking was increased to 70%. This brings the total dividend for the year to 24 cents.

Total shareholder returns – that is, the share price gain plus dividends – grew 31% in the year to 31 March 2002.

Over the past three years, returns have grown an average of 30% per annum compound. This compares well with our international building materials peers over the same period. Total shareholder returns are important, because they reflect largely the market's assessment of our performance, and our strategy.

WHAT IS OUR STRATEGY?

In short, our strategic focus is to reshape and grow the group around the core business of heavy building materials, in a way which delivers real value for our shareholders. By heavy building materials we mean aggregates, concrete, cement, concrete pipe and similar products.

Over the past four years, we have sold 22 businesses, such as Gove Alumina, timber products and contract mining, for around A$1.5 billion. These businesses were either non core or under performing. The funds have been reinvested in heavy building materials businesses. The growth has centred on the United States, where our subsidiary Rinker Materials Corporation has made 24 acquisitions for around A$1.8 billion.

Rinker now delivers around two thirds of CSR group profit, up from only 18% in 1995.

Our financial strength supports this growth. We have strong cash flows, conservative gearing and a strong balance sheet.

Earlier this month, Rinker announced its US$540 million offer for Kiewit Materials Company. If the bid is successful, this will be Rinker's 25th acquisition since 1998. It will extend Rinker's operations to the fast growing west and south west of the United States.

Investors have responded positively to CSR's strategy and its execution, and the share price has grown strongly. But we are still under valued relative to other building materials peers around the world. We need to close this value gap.

RESTRUCTURING THE BUSINESS PORTFOLIO

Last year, we worked very hard to separate the sugar business via a trade sale. We attracted a number of interested parties, but unfortunately we could not conclude a deal at a price which created value for our shareholders. We remain positive about the long-term future of this business and are currently implementing a comprehensive business improvement plan.

When we presented our annual results in May, we also announced that we were looking at a possible demerger of the CSR group into two Australian-listed companies.

A demerger could be a value adding alternative which could allow us to separate the group's different businesses and focus more effectively on the individual strengths of each of the resulting companies.

While there are other options, one alternative that we are looking at, that fits with our strategy, could be a heavy building materials company, focused on growth, and a high yield company, comprising the other CSR group businesses.

It would also allow different types of investors to properly value the two companies. For example, some investors value growth companies very highly; others prefer high yield stocks.

A CSR demerger, if correctly structured and implemented, will facilitate investor choice and help close our current valuation gap. But we recognise that even following a demerger, the value gap will not close overnight. Similar transactions in Australia have taken around 12 months from the date of the restructure for valuation increases to be realised.

Demerger legislation is currently before Federal Parliament, and we are waiting to see the outcome before we make any decision. Provided the legislation is not delayed, and we are satisfied that a demerger is the right decision, we would expect to complete the transaction in the first half of 2003.

The other point I would like to make about the restructuring process in CSR over the past four years is that it has clearly created value for shareholders.

It is easy to walk into a company and sell or spin off all the businesses you do not want. It is much harder to create value as you do it. CSR has taken its time over the restructure. But it has added value for shareholders. We look at the possibility of a demerger with the same goal in mind.

MANAGING OUR CAPITAL

In addition to the restructure of CSR's portfolio of businesses, we have actively managed CSR's capital base over the past two years. We have bought back nearly 12% of CSR's shares. We have invested A$555 million, at an average price of A$4.92 a share.

This has proved an extremely good investment and has helped lift our earnings per share and return on equity.

CORPORATE GOVERNANCE

Corporate governance is a hot topic at present as a result of recent corporate failures both in Australia and overseas. HIH, Enron and WorldCom are cases that immediately spring to mind. All stakeholders, be they shareholders, customers or staff, need to place their trust in the people who manage and oversee their company.

Good corporate governance is critical to ongoing stakeholder trust. CSR is absolutely committed to continuous improvement in this area. This does not mean slavishly following the latest corporate governance trends, but it does mean an ongoing commonsense, critical review of what the best governance practices may be for CSR.

What is needed are the right people, supported by a system of checks and balances which ensures openness and transparency. If it cannot be justified openly, it shouldn't be done.

We have outlined in our annual report, beginning at page 30, our corporate governance policies and how these work in practice.

Following the intense debate in recent months, and with the insight provided by various commentators and regulators, I would like to summarise the key points of our corporate governance practices, to reassure shareholders that we are determined to ensure appropriate and high standards in this company.

1. Most importantly, you begin with the people. You need a culture of honesty and high integrity. The best corporate governance policy in the world will not be effective if it is being implemented by corrupt people. I am pleased to say that the board and our senior management team are composed of people whom I believe to be of the highest integrity and ethical standards. No matter how accomplished or successful a person may be, they will not be considered by CSR unless those qualities are present and beyond question
2. We have a code of business conduct for all employees and directors, plus a range of other policies established by the board to ensure highest standards of conduct
3. The board comprises a clear majority of independent, non executive, directors, who are independent both in substance and appearance. Non executive directors chair all committees, and the Audit Committee, the Board Committee and the Remuneration and Human Resources Committee each comprise only non executive directors
4. Non executive directors have unrestricted access to company records and information. They also have direct access to employees during site inspections and other meetings.

   The Audit Committee has direct access to all employees (and the external auditors) without management influence
5. The competence of directors to ask the right questions is critical. We put a lot of effort into education to ensure directors understand the business. In addition, any director can obtain independent professional advice if required
6. Our external auditors are appointed by the board, on the recommendation of the Audit Committee. The auditors report directly to the Audit Committee, and the board.

   The senior external audit partner is appointed for a maximum of five years, and no former auditors are employed at a senior level within CSR. The Audit Committee carefully scrutinises the independence of the external auditors, including the extent of non audit work undertaken
7. The remuneration of the company's senior management, including option and share incentives, is determined exclusively by the board, based on advice from independent experts nominated by the Remuneration and Human Resources Committee. It is closely aligned with shareholder interests and benchmarked to performance. Remuneration is based on market conditions in the country concerned. Senior executive remuneration is fully disclosed in the annual report
8. All executive director options are approved by the board and shareholders, and have appropriate performance hurdles
9. CSR share purchases or sales by executives and directors may only be made during three one-month windows in each year, following the interim and annual results announcements and the annual general meeting. This is in addition to the normal insider trading laws. All transactions by directors must be disclosed to the Australian Stock Exchange within five business days
10. We take our continuous disclosure obligations extremely seriously, with rigorous internal systems in place to ensure compliance. Information is promptly posted on the company's website – including presentations to analysts, speeches, results and news releases. External briefings of analysts and media are closely monitored and are generally prohibited during the lead up to results announcements. Major briefings are webcast.

This list of course is not exhaustive. There are many other policies and processes in place which we believe are necessary to ensure adequate corporate governance standards at CSR. These are continuously being improved and updated.

The Securities and Exchange Commission in the US is currently looking to tighten its corporate governance requirements for companies. I am pleased to say that CSR already complies with the substance of their proposed requirements.

I hope you will accept that we are committed to maintaining your trust and confidence.

There is a wide variety of experience represented by the directors and I believe we have worked well together during the year. An independent review of the board's performance has recently been completed and it is clear that the board is operating very satisfactorily. There is of course always room for improvement and this year's review highlighted some relatively minor improvements which we will focus on in the coming year.

OUTLOOK FOR THE YEAR AHEAD

We remain cautiously optimistic about the year ahead. Trading for the first three months has been in line with expectations and activity levels in both the US and Australian building and construction markets remain sound. Nonetheless, it is very early in the year and the international outlook, including currency and interest rate levels, remain uncertain.

Overall, we are pleased with the group's performance last year. On behalf of the board, I would like to congratulate Peter Kirby and his team, and all employees, for their hard work and achievements. I would also like to thank my fellow directors for their contribution and support.

We look forward to further progress during the year ahead, both in regard to performance and the implementation of our strategy. We expect an exciting and productive year.

JOHN MORSCHEL
Chairman

MANAGING DIRECTOR PETER KIRBY'S MESSAGE

CSR is Australia's second oldest company and we have been a part of Australia's growth for the past 147 years.

CSR is number 25 by market capitalisation on the Australian Stock Exchange and it is one of only a handful of public companies that have survived 100 years.

We have made good progress in the past few years. A poor performing conglomerate has been transformed into a more focused international heavy building materials group, creating significant shareholder value through improved performance and profitable growth.

About three quarters of the CSR group's sales are in heavy building materials and two thirds of its profit now comes from the US.

Profits have continued to grow. Earnings before interest, tax and significant items (EBIT) have exactly doubled in the past five years, to A$926 million. Earnings per share have grown an average of 22% a year compound since 1997. Our people are more productive, with sales, profit and cash flow per employee increasing nicely.

Return on equity shows we are using shareholders' funds more effectively and producing a better return. It has more than doubled since 1997, but we want it still higher. If you look at our return on equity relative to our building materials peers around the world, CSR ranks around the middle. We are working hard to improve this.

How do we compare with our peers on other measures? On profit margins – that is, EBIT to sales – we have improved and are doing better than many integrated construction materials companies. We are closer to the major quarry and cement companies, which is good.

Net asset turnover is a measure of how hard we are working our assets. We have improved considerably over the past five years. When we compare our asset turnover with our global competitors, we score well. Working our assets harder and rationing capital expenditure has materially improved CSR's performance.

Looking at return on funds employed – which is the outcome of profit margins and asset intensity – we have improved significantly and are now doing pretty well against our peers.

In buying CSR shares, you pay only A$8.50 for every dollar of annual free cash flow. The cost is much higher for many global peers. So CSR looks to be very good value on this measure.

HOW THE GROUP IS PERFORMING AT THE BUSINESS LEVEL

RINKER MATERIALS CORPORATION Rinker's sales rose 15% and EBIT 16% last year (year ended 31 March 2002), partly helped by the weak Australian dollar. The Florida business performed extremely well, as did Quarries and Cement. The Nevada (Las Vegas) business did well, following the acquisition of a major competitor in September 2001. Prices of aggregates, concrete and cement rose between 1% and 5%. Sales volumes were also up, particularly in Florida. Rinker also cut costs by US$40 million during the year.

Within these good overall results, there were some weaknesses however. Around US$25 million was sliced from Rinker's profit by losses in the small PolyPipe and Pre-stressed Concrete Products businesses, both severely impacted by the fall in US commercial activity, and lower profits from the Gypsum Supply wallboard distribution business. The PolyPipe business is recovering. The Pre-stressed Concrete Products business has been restructured and the market is slowly improving. Gypsum Supply is doing well but profit margins have fallen to more normal levels.

CONSTRUCTION MATERIALS The Construction Materials business in Australia and Asia improved, but not enough. Our business, like those of our major competitors, did not cover the cost of capital during the year. Even though construction activity fell last year, lower prices remain our major issue in both concrete and asphalt.

Concrete and asphalt prices in nominal dollars were below what they were 10 years ago. In April however, we launched a 10-15% price increase for concrete across Australia and I am pleased to say that more than half of that has been retained in very competitive conditions. Unfortunately, the asphalt price increase did not stick and this business continues to suffer. Aggregate and cement prices are also improving. We announced further price increases in aggregates and concrete this month.

BUILDING MATERIALS Profit fell 19%. Market volumes declined steeply in the first half of the year, but then improved in the second half, helped by low interest rates and the Federal Government First Home Owners' Grant. The Australian Building Materials division has performed better than in the previous downturns. A new roof tile plant in Sydney is being commissioned, financed largely by selling former factory sites.

ASIA Our Asian businesses across Construction Materials and Building Materials made A$9 million last year – the first year of profit for these businesses. The Readymix business in China is doing particularly well.

SUGAR Profit rose nearly 350%. The biggest of the three sugar businesses, Raw Sugar Milling, improved sharply with higher world prices. The other two businesses, Distilleries and Sugar Refining, offer much more stable earnings and have performed well.

We intend to improve and stabilise Sugar's earnings stream with several low cost and high return investments including additional electricity cogeneration plants. In Milling, we are currently implementing a comprehensive business improvement plan with our partners, the sugarcane growers and harvesting companies, to take costs out of the entire industry and improve capital utilisation to mutual advantage.

Overall, we remain positive about the long-term future of Sugar, although the industry is currently facing another tough year, due to low world prices and the glut of Brazilian sugar.

ALUMINIUM The Aluminium investment delivered A$110 million in profit, in line with expectations, and we expect a similar profit this year. It is a very useful profit contributor.

SAFETY, HEALTH, ENVIRONMENT AND THE COMMUNITY Turning now to the non financial aspects of our performance, I am pleased to report that our total recordable injury frequency rate – effectively the number of medically treated injuries per million work hours – fell 26% during the year. It is now less than half what it was two years ago. And 68% of workplaces in CSR were injury free during the year. We deeply regret, however, that two people lost their lives while working for Rinker in the US during the year. The Australian and Asian operations have not had a fatality for over two years. Our objective is: *no injuries to anyone, ever.*

Our environmental record is also important, including the way our quarries look after site remediation. The number of environmental incidents fell 16% and we are working to progressively reduce waste, energy and water consumption, and CO_2 emissions, over five years.

We are committed to developing and maintaining excellent relations with the communities in which we operate, and we work hard to earn their support for our operations. We also support non profit groups such as the Beacon Foundation, whose focus is resolving youth unemployment.

I would like to thank all the CSR and Rinker people for their tremendous efforts this year to again deliver a good performance for shareholders.

STRATEGY

In late 1997, CSR ranked about number 18 by enterprise value among the top, heavy building materials companies around the world. We now rank ninth. This step change is due both to consolidation in the global sector and our improved performance and growth.

Since 1998, we have made 24 acquisitions at a cost of A$1.8 billion. This growth has been funded by 22 divestments, valued at around A$1.5 billion, and by internally generated cash flow.

Last week, we announced the bid by Rinker for Kiewit Materials Company at a price of US$540 million. Kiewit is the market leader in Arizona, with excellent growth opportunities in the west and south west United States.

In Australia, CSR is a leading producer of building materials for housing and for civil and commercial construction.

Rinker is the one of the largest US heavy building materials companies and is number five in aggregates in the US and number two in pre-mixed concrete (assuming the successful acquisition of Kiewit). But our focus is not about building national or international market shares. Our business model is based on regional and local markets, and we aim to be number one or two in every market we serve.

As an integrated operator, we produce the aggregates that are the primary components of concrete and asphalt. In southern Australia and Florida, the CSR group also has interests in cement manufacturing.

Profit margins are much higher in aggregates and cement, but good money can still be made from concrete, while at the same time *pulling through* aggregates and cement production in the concrete sold. In an integrated business, strong market positions can be built, and be profitable in all three segments.

Across the CSR group, we also strive to be the lowest cost operator wherever we are, so operational improvement to cut costs continues to be important. Continuously improving our customer service is also critical.

Major effort in recent years has been focused on growth, particularly by Rinker in North America. The acquisition of Kiewit would give Rinker another major step forward. If the bid is successful, Rinker will have acquired one of the last major privately held building materials companies in the west and south west US. The addition of Kiewit would increase Rinker's aggregates production by 50% and double its pre-mixed concrete output.

Arizona is an excellent growth market. It has the second fastest growing metropolitan areas in the US, with a population growth rate averaging 3.6% a year over the past 30 years, and a state gross domestic product that has grown nearly 7% a year over the past 10 years.

Arizona has a diverse economy, with strengths in consumer and financial services, high tech software development and semiconductor manufacturing. Companies like Intel, Motorola and Honeywell all have major operations in the state.

The unemployment rate is well below the national average. This region was identified by Rinker some time ago as one of the most attractive growth nodes in the United States.

Kiewit would also allow Rinker to expand further into the west and south west US, through additional bolt-on acquisitions. With the addition of Kiewit, Rinker's position is much stronger.

Kiewit offers synergies with Rinker's operations in Las Vegas, and the Pacific north west, expanding that business into Clark County, the highest growth county in Oregon. With Kiewit, Rinker will become a major force in the west.

The acquisitions made last year, while much smaller, have so far been very successful, particularly in Las Vegas. Rinker also acquired the Southdown quarries in Kentucky which were *bolted on* to the American Limestone business in Tennessee. The acquisition of the Mid Coast concrete and concrete block business on Florida's west coast around Tampa has also been very successful.

Acquisitions, together with improvements in the base business, have helped Rinker's sales grow an average of 17% a year compound over the past five years, while EBIT has grown 24% a year.

Bolt-on acquisitions in the USA will continue to be progressed when opportunities arise at the right price. Value adding acquisitions in Australia will also be considered.

OUTLOOK AND CURRENT PERFORMANCE

Turning to the outlook, our performance during the first three months of this year has met our expectations, but it is still very early in the year and we remain cautious.

In the US, housing continues to hold up well, particularly in the southern states, boosted by low interest rates and the investment shift from equities to property.

Non building construction activity continues to rise, backed by the federal TEA-21 transport infrastructure spending program. Concerns about major cuts to TEA-21 appear to have abated, and we are relatively comfortable about ongoing state transport spending, particularly in Florida and Arizona.

Commercial construction activity however is weak, down 12% for the year to May. We expect a further fall this year, although there are some signs of improvement.

Severe wet weather in June and July across much of the US has hit Rinker and its competitors. Heavy rain can bring construction activity to a standstill. However, underlying demand levels are generally solid in most of Rinker's markets.

If the Kiewit offer is successful, its results would be incorporated into Rinker in the second half of the financial year ending March 2003. While the acquisition is projected to be slightly earnings positive this financial year and delivering above its cost of capital after the first full year, it will be 18 months or so before we see a significant contribution to the bottom line.

In Australia, housing starts are strong, helped by the insurance related lag effect we saw last year but the second half year will be weaker. Engineering project work in Australia is increasing as major infrastructure tenders are being awarded. We expect a significant rise in activity from the end of this year.

The outlook for Sugar depends on the world sugar price, currently below six US cents a pound. We are forecasting a profit similar to the 2000 year.

The Australian dollar and interest rates are further significant variables for our entire business.

Overall, the outlook for group profit is little changed from when we announced our results in May. We said then that achieving an improvement on last year's underlying profit would be challenging.

MANAGEMENT PRIORITIES

Finally, I would like to outline the management priorities for CSR and Rinker for the current year:

1. Ongoing value adding growth including a successful tender for Kiewit, and its integration into Rinker
2. Completing the evaluation of the restructuring and demerger opportunities and then executing this during the first half of 2003 – but only if it increases shareholder value
3. Improving the performance of our current businesses, particularly Construction Materials in Australia
4. Ongoing implementation of the high performance culture across the CSR group
5. Further significant improvements in our customer service, and in our safety, health and environment performance across the group.

SUMMING UP

CSR's progress to date is pleasing. We have worked hard to rebuild this company to perform, to create value in our share price and to develop a challenging and rewarding workplace for our people.

CSR has a clear future direction and a strategy that is sustainable and increasingly successful. We have built a viable foundation for the future. We have improved our performance and seen our profit grow right through a cyclical downturn in Australia. And we have continued to add value and increase the returns to our shareholders.

We still have a way to go, but the next 12 months are likely to be the most exciting and productive since I joined CSR in 1998. We are determined to be successful.

Peter Kirby

PETER KIRBY
Managing director

A SUMMARY OF MAJOR ISSUES RAISED AT THE ANNUAL GENERAL MEETING

GIVEN MAJOR CRITICISMS OF THE WAY AUDITORS HAVE PERFORMED THEIR ROLES IN SOME LARGE INTERNATIONAL AS WELL AS AUSTRALIAN COMPANIES, SHAREHOLDERS ASKED FOR REASSURANCE ABOUT THE PERFORMANCE OF THE CSR GROUP'S AUDITOR.

The CSR group's long standing auditor, Deloitte Touche Tohmatsu, has a strong reputation both in Australia and globally.

Each year, Deloitte prepare a detailed audit plan, highlighting areas of greatest audit risk. The audit plan is agreed with the CSR board's audit committee and the results of the audit reviewed by the committee each six months.

Deloitte spends about 10,000 hours a year, globally, on the audit of the CSR group of companies, involving eight to 10 partners and 40 to 50 members of their staff.

During the year ended 31 March 2002, CSR paid Deloitte's audit fees of A$2.3 million. As well, Deloitte was paid A$2.1 million for non audit services, of which A$1.5 million was incurred in the implementation of US tax initiatives which considerably benefited shareholders. Deloitte brought those initiatives to our attention.

The board audit committee regularly reviews non audit work carried out by Deloitte.

To ensure that its audit meets its quality standards, Deloitte carries out a series of quality assurance reviews.

CAN CSR IMPROVE RETURNS TO SHAREHOLDERS, SAY BY INCREASING THE DIVIDEND PAYOUT RATIO?

The final dividend for the year to March 2002 was increased 1 cent. There is limited value in distributing dividends where they cannot be franked. CSR was able to increase the franking on the final dividend to 70% so the dividend was increased. The company would like to increase its payout ratio but this will depend on the availability of franking credits and on the future structure of the group.

We have bought back nearly 12% of CSR's shares at an average price of A$4.92 a share – a good investment which has helped lift earnings per share and return on shareholder's funds. Currently the share buy back scheme has expired.

WHAT IS HAPPENING WITH CSR'S ALUMINIUM INVESTMENT AND THE SUGAR BUSINESS?

CSR has no current intention to sell its investment in the Tomago Aluminium Smelter (located near Newcastle, New South Wales). It is a good business and any sale would depend on a number of factors, including where we could invest the sale proceeds to generate greater profits for shareholders.

We have worked hard to separate the sugar business from CSR's building materials activities via a trade sale. Despite attracting a number of interested parties, we did not conclude a deal at a price which created value for our shareholders. CSR is currently putting a comprehensive business improvement plan into operation and remains positive about the long-term future of this business, although the industry is facing another tough year.

SHAREHOLDERS QUERIED THE POSSIBLE RESTRUCTURING OF CSR BY MEANS OF A DEMERGER OF THE GROUP INTO TWO AUSTRALIAN-LISTED COMPANIES, TO INCREASE SHAREHOLDER VALUE.

A corporate restructure in the form of a demerger is being considered by the CSR board as one way to improve CSR's value for shareholders. The board is waiting to see the outcome of demerger legislation, currently before Federal Parliament, before making any decision.

CSR's share price is under valued compared with our global building material peers. At least part of that value gap is because of the conglomerate nature of CSR. Separating the businesses to more appropriately reflect their different strengths could create value for shareholders.

For example, some investors like high growth stocks. Others prefer those that distribute a higher proportion of their earnings to shareholders. To enable shareholders to make this choice more effectively, there is value in looking at splitting CSR. One option – which fits with the group's strategy – may be to split CSR into a heavy building materials group, focused on growth, and a higher yield group made up of other CSR group businesses.

Provided legislation is not delayed and the board is satisfied that a demerger would be the right way to go, the transaction could be completed in the first half of 2003. But, nothing will be decided at least until the board knows the outcome of the proposed legislation.

AFTER DISCUSSION, THE MEETING APPROVED THE ISSUE OF ADDITIONAL OPTIONS TO TWO EXECUTIVE DIRECTORS UNDER THE SHAREHOLDER APPROVED CSR EXECUTIVE SHARE OPTION PLAN (ESOP).

Initial modest allocations of options to managing director Peter Kirby and deputy managing director Alec Brennan were at levels which reflected the company performance at the time. Shareholders have since approved further issues. Performance has continued to improve and appropriate incentive levels need to be maintained.

The options have a minimum holding period of three years and a maximum life of five years. Yearly issues, rather than larger, less frequent issues optimise the effectiveness of the options as a long-term incentive by rolling forward the three to five year time period.

Options are issued at the prevailing market price (immediately before the issue date). They are not discounted and must exceed a performance hurdle or they lapse. The hurdle is based on an index of more than 200 manufacturing industrial and diversified companies.

Executives benefit only if they get the share price above the issue price of the options and pass the performance hurdle – so any reward for executives is tied directly to rewards for shareholders.

The cost of options is not currently charged against profit. Although the CSR board has no objection to such a charge, measurement is difficult and contentious. When a generally recognised basis for calculating the charge is developed, CSR will adopt it.

SHAREHOLDERS QUERIED NOTE 18 (OTHER ASSETS) TO THE CSR FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 2002, WHICH RECORDED CAPITALISATION OF DEFERRED NON CURRENT COSTS AND CURRENT COSTS TOTALLING A$111 MILLION.

Good corporate governance is critical to ongoing trust by everyone. CSR is totally committed to ensuring adequate corporate governance.

The deferred costs in note 18 are primarily development costs for our quarries which are required to be capitalised in this way in accordance with accounting standards. As shown in note 18, A$34 million of these costs has already been amortised.

CSR's accounting policy requires that non current assets be reviewed annually to ensure their carrying values are not in excess of the future discounted cash flow they will generate.

The annual general meeting passed the resolutions described in the notice of meeting:

ORDINARY BUSINESS

1. To receive and consider the financial and other reports
2. To elect directors:
   a. John Morschel
   b. Ian Blackburne
   c. Alec Brennan

SPECIAL BUSINESS

Approval of executive directors' participation in the CSR Executive Share Option Plan.

INFORMATION FOR SHAREHOLDERS

SHAREHOLDERS' TIMETABLE*

2002	
30 SEPT	CSR HALF YEAR END
19 Nov	Half year profit and interim dividend announced
25 Nov	Shares begin trading ex dividend
29 Nov	Record date for determining shareholders' entitlement to interim dividend payment
16 Dec	Interim dividend paid
	Half year results summary released
2003	
31 MAR	CSR YEAR END

* Timing of events is subject to change.

SHARE REGISTRY

CSR's share registry is managed by Computershare Investor Services Pty Ltd (Computershare). For contact details, please refer to the outside back cover of this report.

CHANGING YOUR ADDRESS

If you change your address, please promptly notify the share registry, Computershare, in writing – quoting your shareholder number and your old address as security checks. Change of address advice forms can be downloaded from the internet using the *Investor online* registry service on CSR's internet site at www.csr.com.au

Completed change of address advice forms must be returned directly to Computershare either by mail or fax. For security reasons, e-mailed change advices are not acceptable.

An acknowledgment of your change of address will be mailed to both your new address and to your old address.

REGISTER FOR E-MAIL NOTIFICATION OF REPORTS AND ANNOUNCEMENTS

To receive your *CSR Annual Report* and half yearly *CSR Results Summary* speedily and reliably – register your e-mail address today. By registering for this service you will also be kept up to date with significant company announcements as they happen.

Register your e-mail address by visiting CSR at www.csr.com.au and following these easy steps:

1. Click on *Investors*
2. Click on *Share registry*
3. Click on *Investor online* (which takes you to Computershare's internet site)
4. Click on *View securityholding*
5. Next type the company code *CSR*, then click on the arrow
6. Enter your personal security information: HIN or SRN, family or company name and postcode, then click on *Securityholding profile*
7. From there, go to *Communication details* and follow the prompts.

After you have entered your e-mail address and selected the publications you wish to receive, an e-mail will be sent to you for confirmation purposes.

CHANGING YOUR E-MAIL ADDRESS

To update your e-mail address, use the steps outlined in the section above.

INQUIRIES ABOUT YOUR SHAREHOLDING

Please contact the share registry, Computershare, if you have a question about your shareholding, dividends, share transfers or monthly holding statements.

Shareholders can access details about their shareholding and can download standard forms via the *Investor online* registry service on CSR's internet site at www.csr.com.au

ARRANGING FOR DIRECT DIVIDEND DEPOSIT INTO BANK ACCOUNTS

Dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Deposit details will be confirmed by an advice mailed to you on that date. Application forms are available from the share registry, Computershare, or can be downloaded from CSR's internet site.

If you subsequently change your bank account, please promptly notify the share registry in writing, quoting your old bank account number as an added security check. An acknowledgment of your changed details will be mailed to you.

REGISTER YOUR TAX FILE NUMBER

All shareholders, including children, may choose to have their tax file number (or details of any tax exemption) noted by our share registry. This will avoid unnecessary tax deductions from any CSR unfranked dividend payments. Tax file number forms are available from the share registry, Computershare, or can be downloaded from the internet using the *Investor online* registry service.

It is not compulsory for shareholders to provide a tax file number. But if they do not, CSR must deduct tax at the top marginal rate plus levies from the unfranked part of dividends paid. Australian shareholders living abroad should advise our share registry of their resident status as limited exemptions to tax deduction may apply.

STOCK EXCHANGE LISTINGS

CSR's shares are listed on the Australian and London stock exchanges.

AMERICAN DEPOSITARY RECEIPTS

In the USA, CSR's shares are traded on the over-the-counter market in the form of sponsored American Depositary Receipts. Each ADR represents four CSR ordinary fully paid shares. Holders receive all information sent to shareholders and receive their dividends in US dollars.

Inquiries: J P Morgan Service Center, 150 Royall Street, Mail Stop 45-02-54, Canton, MA 02021, United States of America. Phone USA (781) 575 4328; fax USA (781) 575 4082.

UNCERTIFICATED SHARE REGISTER

CSR's share register is wholly uncertificated. Shareholding statements are issued to you within five business days after the end of any month in which transactions alter the balance of your holding.

COMBINING MULTIPLE SHAREHOLDINGS

If you have multiple shareholding accounts that you want to consolidate into a single account, please advise the share registry, Computershare, in writing.

CSR COMMUNICATIONS

Our internet site www.csr.com.au offers shareholder publications, news releases and announcements to the Australian Stock Exchange, financial presentations, facts about CSR, and the company newsletter, *What's new*. It also offers access to information about the CSR group's Australian range of building materials.

Information about Rinker Materials Corporation's operations and product range can be found on the internet at www.rinker.com

CSR printed communications for shareholders include the award winning *CSR Annual Report* and the *CSR Results Summary* – which reports on the half year to September and is mailed with the interim dividend in December. The *CSR Report on the AGM* is sent to shareholders who request it.

REMOVAL FROM MAILING LIST

If you do not want to receive the annual report by mail, please notify the share registry, Computershare, in writing.

INQUIRIES ABOUT CSR

Call the manager investor services or visit CSR's internet site. Contact information is on the back cover of this annual report.

PRIVACY

CSR respects the privacy of individuals. A copy of our privacy policy is available on the internet site, www.csr.com.au or from the manager investor services.

Cover: Rinker Materials Corporation's new automated concrete pipe plant in Houston, Texas.

CSR LIMITED

ABN 90 000 001 276

Level 1, 9 Help Street
Chatswood NSW 2067
Australia

Locked Bag 6
Chatswood NSW 2057
Australia

Telephone (02) 9235 8000
International + 61 2 9235 8000
Facsimile (02) 9235 8044
International + 61 2 9235 8044

SHARE REGISTRY INQUIRIES

Computershare Investor Services
Pty Ltd

Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

GPO Box 7045
Sydney NSW 1115
Australia

Telephone 1800 676 061
International + 61 3 9615 5970
Facsimile (02) 8234 5050
International + 61 2 8234 5050

E-mail sydney.services@computershare.com.au

INVESTOR AND ANALYST INQUIRIES

Manager investor services
CSR Corporate Affairs and
Investor Relations Group

Telephone (02) 9235 8172
International + 61 2 9235 8172
Facsimile (02) 9235 8140
International + 61 2 9235 8140

E-mail investorrelations@csr.com.au

CSR INTERNET SITE

www.csr.com.au