



CSR Annual Report 2004

Leading our markets



CSR Roofing

CSR Gyprock

CSR Bradford Insulation

CSR Bradford Insulation

CSR Bradford Insulation

CSR ANNUAL REPORT 2004

AN OVERVIEW OF CSR'S YEAR

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Divers

produce stable



Cover: CSR – one of Australia's leading building materials suppliers – markets its products under strong brands. Here, a wide range of CSR building products are being used by Webb & Brown-Neaves, Perth's quality-award winning builder, to construct prestigious homes in Minim Cove, Mosman Park, on the Swan River.

ification

and strong brands

returns, strong cash flows and sound dividends



WE HAVE BEEN SERVING AUSTRALIA FOR NEARLY 150 YEARS, STRIVING TO SATISFY OUR SHAREHOLDERS, OUR CUSTOMERS AND OUR COMMUNITIES.

Today, CSR is a significant company with a diversified group of businesses that we know well: Building Products, Aluminium and Sugar.

The demerger at the end of the previous year of Rinker Group Limited (Rinker) has considerably improved the combined value of the CSR and Rinker businesses for shareholders.

This, our first annual report since the demerger, describes CSR's financial and other results, and our initiatives to develop value adding growth. We also discuss our operations and well known brands – and where we are heading.

On 1 January 2005, we will reach our 150th year since CSR was established in Australia in 1855 as a sugar refiner. CSR became a public company in 1887 and began manufacturing building materials in 1936. Most of our businesses have been pioneers in their industries, which they continue to lead.

Highlights

KEY FACTS

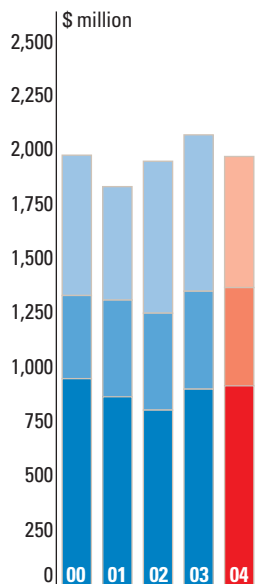
YEAR ENDED 31 MARCH – \$ MILLION UNLESS STATED	2004	2003 ^a	% CHANGE
OPERATING RESULTS			
Trading revenue	1,971	2,051	-4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	369.6	382.3	-3
Earnings before interest and tax (EBIT)	262.7	275.7	-5
Net profit	160.2	171.7	-7
Capital investment	169.8	92.1	84
FINANCIAL POSITION			
Shareholders' funds	1,144.9	1,148.8	-
Total assets	2,349.9	2,735.5	-14
Net debt	164.1	225.9	-27
KEY DATA PER SHARE			
Earnings [cents]	17.1	18.3	-7
Dividend [cents]	11.0	11.0	-
KEY MEASURES			
Profit margin (EBIT : trading revenue) [%]	13.3	13.4	
Return on funds employed (ROFE) [%]	20.1	20.2	
Gearing at 31 March [%]	12.5	16.4	
Interest cover at 31 March [Times]	25.2	14.4	
Number of people employed	4,535	4,546	
Safety performance [Recordable injuries ^b]	20.8	25.0 ^c	-17

a The previous period results shown here exclude Rinker Materials Corporation and Ready mix businesses demerged from CSR on 28 March 2003. Corporate costs have also been adjusted to reflect the demerger.

b The number of lost time, medical treatment and restricted work injuries per million work hours.

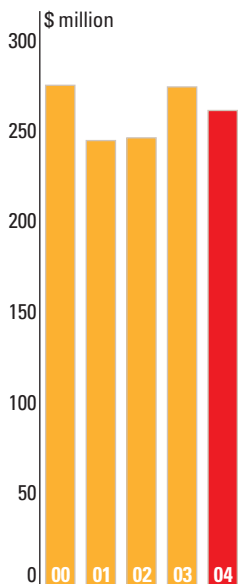
c Changed since last annual report.

CSR'S DIVERSIFIED STRUCTURE STABILISES RETURNS

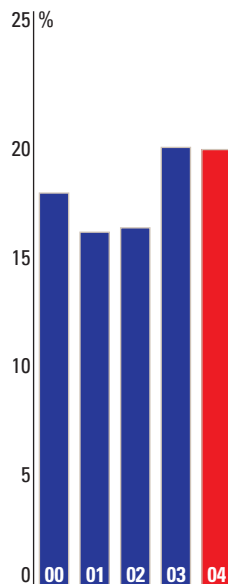


REVENUE BY BUSINESS*
Year ended 31 March
* Pro-forma data prior to 2004.

■ Sugar
■ Aluminium
■ Building Products



EARNINGS BEFORE INTEREST AND TAX (EBIT)*
Year ended 31 March
* Pro-forma data prior to 2004.



RETURN ON FUNDS EMPLOYED (ROFE)*
Year ended 31 March
* Pro-forma data prior to 2004.

THE YEAR IN BRIEF

MAJOR ANNOUNCEMENTS TO ASX*

2003

20 MAY

CSR announces:

- results for the year ended 31 March 2003
- completion of the demerger of Rinker from CSR at the end of the March 2003 year
- a share buyback in the year ahead
- an agreement with Mirvac Homes to develop the site of a former brick plant in Sydney.

4 SEPTEMBER

CSR commits \$100 million to build a renewable electricity plant at Pioneer sugar mill, Queensland.

19 NOVEMBER

CSR announces:

- results for the half year ended 30 September 2003
- a restructuring program to reduce CSR overheads by over \$15 million a year
- our commitment to a \$76 million expansion of the Tomago aluminium smelter.

2004

12 MARCH

Successful completion of a \$200 million inaugural A\$ medium term note issue.

2 APRIL

CSR agrees to increase its stake in Sugar Australia and New Zealand Sugar Company to 75%.

21 APRIL

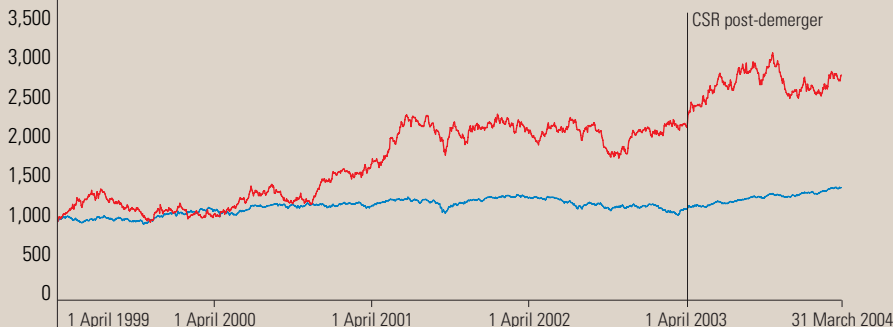
Expanding production of glasswool insulation in southern China, leasing a factory in Nanning.

19 MAY

CSR announces results for the year ended 31 March 2004.

* Dates shown are when our announcements were made to the Australian Stock Exchange (ASX). As part of our continuous disclosure, CSR promptly informs the ASX of information that may affect the company's share price. Announcements are published in full on our internet site, www.csr.com.au.

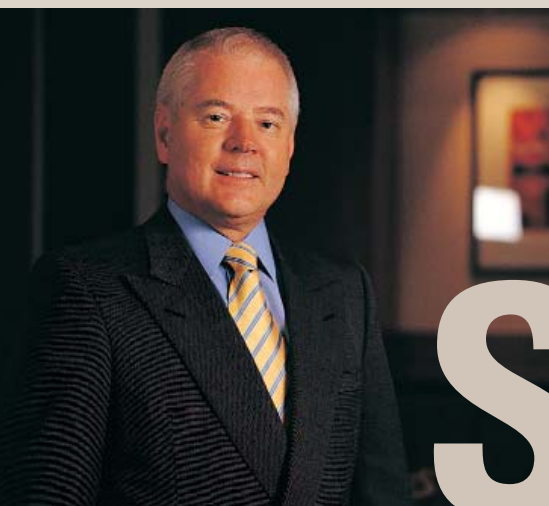
\$ CSR SHARE PRICE FIVE YEAR PERFORMANCE



CSR VS S&P/ASX 200 INDEX – 1 APRIL 1999 TO 31 MARCH 2004

\$1,000 invested in CSR shares on 1 April 1999 was worth \$2,860 after five years including the reinvestment of dividends and the value of shares allocated upon the demerger of Rinker. The same investment of \$1,000 in the S&P/ASX 200 index, a benchmark of the Australian equity market, was worth \$1,430.

— CSR
— S&P/ASX 200 ACCUMULATION INDEX



Strength

IN CSR'S FIRST YEAR AFTER THE SUCCESSFUL DEMERGER OF RINKER, WE HAVE PROGRESSED OUR TWO MAIN AIMS: TO MAXIMISE SHAREHOLDER RETURNS AND PURSUE VALUE ADDING GROWTH

CSR HAS COMPLETED its first full year of operations following the successful demerger in March 2003 of the heavy building materials businesses of Rinker from CSR. I am pleased to report that we have made good progress on maximising shareholder returns through a number of initiatives: improved business performance, sound capital management, a high dividend payout ratio and significantly reduced overhead costs.

We have distributed \$154 million to shareholders in the form of dividends and a share buyback. In addition, we have announced \$237 million in value adding growth projects in Aluminium and Sugar, which are forecast to generate attractive returns.

CSR's net profit for the year ended 31 March 2004 was \$160 million, with earnings of 17.1 cents a share, despite a difficult year for Sugar. Our diversified range of businesses ensured strong cash flow generation of \$290 million and the return on funds employed remained steady at 20.1%.

CSR continues to pay a high proportion of its profits as dividends. The final dividend to be paid on 1 July will be 6 cents a share, with franking maintained at 70%, bringing total dividends for the year to 11 cents a share. We are confident the company will return to full franking with the interim dividend planned to be paid to shareholders in December 2004.

On 20 May 2003, the directors announced CSR would buy back up to 5% of its stock this year to help improve earnings per share for shareholders. By 31 March 2004, CSR had invested \$50 million in the buyback, purchasing 27.9 million shares. The current buyback concludes on 10 June 2004.

The board announced on 19 May 2004 that CSR is to buy back up to a further 5% of CSR shares during the year starting 11 June 2004.

Following a rigorous review of CSR's already sound corporate governance framework, we have made available on the CSR internet site at www.csr.com.au, the board's updated corporate governance statement, board charters and policies.

CSR has a challenging but exciting year ahead as we approach the anniversary on 1 January 2005 of the company's 150th year since its establishment in Australia – an important milestone.

We continue to be a strong company, thanks to our solid businesses and team of skilled and capable people. Despite highly competitive markets, we are confident the company will continue to perform effectively.

Our continuing strategy is to maximise shareholder returns through paying a high proportion of CSR's profits as dividends and carefully managing the company's capital, including growing in areas allied to our existing businesses.

IAN BLACKBURNE
Chairman

AN OVERVIEW OF CSR'S YEAR MANAGING DIRECTOR'S REVIEW FROM ALEC BRENNAN



PROGRESS WAS MADE TO REDUCE COSTS AND IMPROVE THE PERFORMANCE OF CSR'S BUSINESSES

CSR ACHIEVED a satisfactory result last year, given the difficult circumstances faced by a number of our businesses, with earnings before interest and tax (EBIT) of \$263 million compared with \$276 million in the previous year for CSR's continuing businesses.

The diversity of CSR's range of activities helped insulate the company from the impact on our Sugar operations of a sharp fall in world raw sugar prices. Aluminium performed strongly. Building Products' results were down. In addition, our Property development business made a contribution to total returns.

We made sound progress on reducing overhead costs across CSR. A significant restructuring program cut ongoing overhead costs by over \$15 million a year. Streamlining Building Products' management structure, reducing head office costs and merging systems across businesses, all saved costs. Last year's results include a one-off restructuring charge of \$10.5 million.

While our safety performance improved, we continue to invest significant resources to ensure we further reduce work related injuries.

BUILDING PRODUCTS' trading revenue was \$918 million, slightly ahead of the previous year despite a 3.3% drop in residential housing starts (lagged three months). The fall was higher in two main markets, New South Wales and Victoria, which averaged a drop of 10.1%. This was partly offset by growth in Queensland's residential market, and in Australia's commercial construction market. EBIT reduced to \$113 million from \$120 million the previous year, due mainly to costs of \$5.5 million related to problems in commissioning the Rosehill, Sydney, concrete roof tile factory.

Although factory and distribution efficiency improved compared to prior years, further work is needed in both these areas to lift performance.

ALUMINIUM'S EBIT rose 14% to \$144 million on revenue of \$449 million largely due to a strong increase in US\$ aluminium prices and prior year hedging of our exposure to the A\$/US\$ exchange rate.

SUGAR'S EBIT of \$38 million was down from \$71 million as the price received by our mills for raw sugar fell 17% to \$229 a tonne – the lowest price in recent years.

The sugarcane crop was slightly larger, despite the effect of continuing drought. Productivity improvement initiatives under way with growers in CSR's milling regions are contributing to improved crops.

Continuing pressure from low world sugar prices is accelerating the need for restructuring of the Australian sugar industry. CSR welcomed the announcement in April 2004 by the Australian Government of a \$444 million sugar industry reform program. A critical component of the program is its clear focus on substantive industry reform, necessary to ensure that Australia retains a dynamic and viable sugarcane industry into the future.

CSR supports the government's focus on diversifying the industry's revenue sources away from the volatile world sugar market to other activities, such as ethanol production and *renewable* energy generation. CSR is well advanced with a number of proposals to generate electricity from waste sugarcane fibre.

As a major participant in the industry, CSR will play an important role in diversifying the industry's revenue sources.

PROPERTY We are developing a number of valuable former CSR industrial sites for future land sales. In May 2003, we announced a major residential development of a site in Woodcroft, Sydney. This project, with other Property activities, contributed \$16 million in EBIT last year. Increased contributions from our Property activities are expected in future years.

OUR STRATEGY'S KEY THEMES

CSR's three major businesses – Building Products, Aluminium and Sugar – are each subject to their own market cycles, but the combination has produced steady returns for shareholders over many years. All the businesses are strong cash generators.

Our strategy is based on three key themes: performance improvement, customer focus and growth. Although we operate in a number of industries, these themes apply to all of our operations.

PERFORMANCE IMPROVEMENT

Every business has performance improvement targets as part of their normal way of operating. The targets cover safety and environmental performance, cost reduction initiatives and customer and employee satisfaction.

Safety is a high priority and, while we reduced our total recordable injury frequency rate by 17%, further significant improvement is required. One of our initiatives is to learn from those CSR sites that have achieved outstanding safety performance and to apply those lessons more broadly.

Each CSR manufacturing operation closely tracks the effectiveness, efficiency and availability of its manufacturing plant using a measure called Overall Equipment Effectiveness (OEE). During the past year, most operations improved OEE performance. We plan to invest in additional maintenance and operational capital to further enhance performance.

CUSTOMER FOCUS

We continue to look for new ways to provide better service for our customers and ensure we are their supplier of choice. Product innovation is seen as a key opportunity. We made good progress last year developing new products for the building market. Products launched included the CSR ExpressWall™

compressed fibre cement sheet façade system; and high performance wall and ceiling systems combining Gyprock™ plasterboard and Bradford Insulation™ products which improve sound and temperature insulation. We are also improving our factory, logistics and customer service capabilities to ensure we deliver products competitively and cost effectively.

GROWTH INITIATIVES

In the past year, we announced \$237 million in new growth projects, all aligned to our existing businesses.

BUILDING PRODUCTS CSR announced its entry into the fire resistant panel market with the launch of the Paroc Panel™ system, a non-combustible insulated steel wall and ceiling system for use in commercial and civil applications.

In April 2004, CSR took another stride in expanding in the rapidly growing southern China market by leasing a modern glasswool insulation manufacturing plant in Nanning, the capital of Guangxi province. This low cost project expands our glasswool production by 6,000 tonnes a year and will be operated in conjunction with CSR's efficient 8,000 tonne a year glasswool factory in Zhuhai, in neighbouring Guangdong province, 100 kilometres west of Hong Kong.

A number of acquisition opportunities were explored in the building materials market but none met our financial targets. We continue to look for opportunities to create value for our shareholders through market restructuring or rationalisation in the building materials industry.

ALUMINIUM In November 2003, Gove Aluminium Finance (GAF) (70% CSR) committed to invest \$76 million as its share in a project to expand capacity at the Tomago aluminium smelter, near Newcastle, New South Wales, by 15% over the next three years. Construction started in March 2002.

SUGAR In September 2003, CSR announced a \$100 million investment to build a 63 megawatt electricity plant at the Pioneer raw sugar mill in the Burdekin River region, North Queensland. This will expand our commercial generation of renewable electricity – fuelled by sugarcane waste fibre produced in the milling process. Similar projects at two or three other mills are being considered.

In April 2004, CSR agreed to purchase an additional 25% interest in the refined sugar joint ventures Sugar Australia and New Zealand Sugar Company, for \$61 million. This brings CSR's stake in the refiners to 75%.

PRIORITIES FOR THE YEAR AHEAD

Our priorities include:

- further improving safety and environmental performance
- continuing to lift operational and distribution performance to drive unit costs down
- successfully completing, and maximising value from, the major CSR capital works now under way
- maintaining active capital management while seeking opportunities for further value creating growth in areas related to our existing businesses.

OUTLOOK FOR THE YEAR AHEAD

The commercial environment in which CSR operates is subject to a number of influences, including movements in currency exchange rates, interest rates, commodity prices and levels of building activity.

BUILDING PRODUCTS We expect the slowdown in residential building to continue this year, with demand for new dwellings likely to fall by at least 5%. This should be partly offset by continued growth in the alterations and additions market and in the commercial building sector. Despite the softening market conditions, we expect our results to be in line with last year due to efficiency gains and cost reductions.

PROPERTY'S contribution is expected to increase significantly, although timing will be influenced by the need for regulatory approvals and finalising agreements with others.

ALUMINIUM We expect lower A\$ returns will reduce GAF's EBIT by at least 10%. Stronger world economic growth is expected to result in increased US\$ aluminium prices in the medium term. GAF's hedging position will moderate these effects.

SUGAR Continuing low world raw sugar prices will adversely impact raw sugar returns although the weaker A\$, if sustained, will help offset this. The outlook for this year's sugarcane crop has improved due to better weather and continued improvement from sugar industry productivity initiatives.

OVERALL The uncertain outlook for raw sugar makes it difficult to predict CSR's overall profit for the year. Although some building products markets are slowing, we expect additional cost savings as a result of operational improvements and a significant reduction in our overheads to offset these factors.

At this early stage in the year, we expect to achieve a CSR pre-tax result broadly in line with last year.

ACKNOWLEDGMENTS

I would like to thank all people across CSR for their contribution in what has been a particularly busy year. Everyone worked hard to meet the significant challenges that followed the successful demerger of Rinker last year.

Thank you to our customers and suppliers; we look forward to working with you in the year ahead.

As we lead up to CSR's 150th year of carrying on business, our commitment remains, as always, to build CSR's value for our shareholders. We are well placed to continue to deliver stable returns and strong cash flow.



ALEC BRENNAN
Managing Director

CSR'S CORPORATE MANAGEMENT

CHRIS BERTUCH
General Counsel

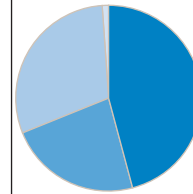
JOHN DYER
General Manager Human Resources

GRAHAM HUGHES
Company Secretary

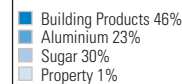
WARREN SAXELBY
Chief Financial Officer

ANDRÉE TAYLOR
General Manager Investor Relations

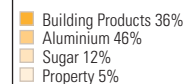
CSR IS A DIVERSIFIED COMPANY



REVENUE BY BUSINESS
Year ended 31 March 2004



EARNINGS BEFORE INTEREST AND TAX (EBIT)
Year ended 31 March 2004



OVERVIEW OF CSR

CSR HAS CHANGED SINCE THE DEMERGER. WE NOW HAVE THREE DIVERSIFIED BUSINESSES: BUILDING PRODUCTS, ALUMINIUM AND SUGAR – DESCRIBED IN THE *OVERVIEW OF CSR* ON THE FOLLOWING SIX PAGES.

OUR EMERGING PROPERTY DEVELOPMENT BUSINESS IS DESCRIBED ON PAGE 15.

BUILDING PRODUCTS

CSR BUILDING PRODUCTS' businesses are number one or two in the Australian market for nearly all their products.

We strive to be our customers' supplier of choice. Our brand names have high recognition.

GYPROCK™ PLASTERBOARD CSR is a leading Australian supplier of gypsum based plaster wallboard, with a market share of over 30%. Products include fire, moisture, sound and impact resistant wall and ceiling lining systems and accessories.

CSR FIBRE CEMENT We are Australia's second largest producer of fibre cement products, used for external cladding, wet area wall linings, flooring and high impact partitions. In Queensland, NSW and Victoria, our market share is more than 15%.

Plasterboard and fibre cement are distributed through a national network of 49 company owned Gyprock Trade Centres and 38 independently owned trade centres. Both product lines are exported to New Zealand.

MONIER™ AND WUNDERLICH™ ROOF TILES CSR is the leading concrete and terracotta roof tile supplier in Australia (with a roofing market share of over 20%) and New Zealand.






Monier™ concrete tiles are manufactured in plants in NSW (2), New Zealand (2), Victoria (1), Queensland (1) and Western Australia (1), and Wunderlich™ terracotta tiles in plants in NSW and Victoria.

PGH™ CLAY BRICKS AND PAVERS PGH is a leading manufacturer of bricks and pavers, with plants in NSW (5), Queensland (3), South Australia (1) and New Zealand (1); and a network of 19 selection centres. Its share of the markets in which it operates is more than 30%.

HEBEL™ LIGHTWEIGHT CONCRETE PRODUCTS CSR is the sole Australian manufacturer of aerated lightweight concrete (ALC) blocks and panels, used in constructing internal and external walls and flooring.

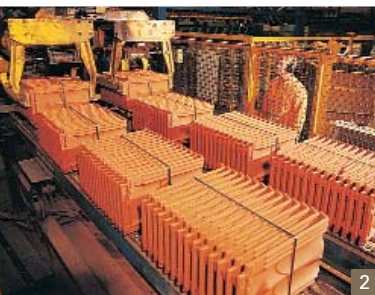
BRADFORD INSULATION™ In Australia, Bradford is the leading manufacturer of glasswool insulation and the sole manufacturer of rockwool insulation, and produces reflective foil insulation. Our share of the glasswool market is over 30%. We export insulation to New Zealand and other markets.

Across Asia, CSR is a major supplier of insulation, with six plants, and has trading businesses in Shanghai, Hong Kong, Singapore, Manila and Ho Chi Minh City. Also, we have a 70% owned ALC plant in Malaysia.

	TOTAL	AUSTRALIA	NEW ZEALAND	CHINA	THAILAND	MALAYSIA	SINGAPORE	
BUILDING PRODUCTS OPERATING PLANTS								
Wholly or majority owned plants								Production capacity/year
Plasterboard	4	4						79 million metres ²
Fibre cement	1	1						10 million metres ²
Insulation and ducting	9	3		3	1	1	1	89,000 tonnes
Roof tiles	9	7	2					9 million metres ²
Clay bricks and pavers	10	9	1					415 million units
Aerated lightweight concrete	2	1				1		254,000 metres ³
50% owned plants								
Building board accessory systems	4	4						
Gypsum mine	1	1						
TOTAL OPERATING PLANTS	40	30	3	3	1	2	1	

30% of Australian homes are built using CSR building products





Main photo: Substantial quantities of CSR's extensive range of Gyprock™ plasterboard, CSR Fibre Cement and Bradford Insulation™ building materials have lined Perth's new Convention Centre.

1: PGH is a leading supplier and marketer of high fashion clay bricks and pavers in Australia, and in New Zealand under the Monier™ brand.

2: Wunderlich™ high quality terracotta roof tiles have protected and beautified Australian homes for over 110 years.

3: Bradford Insulation™ provides customers with a wide range of glasswool and rockwool products for insulation against heat, cold and noise.

ALUMINIUM

CSR PARTICIPATES in the aluminium industry through our 70% ownership of Gove Aluminium Finance Limited (GAF). GAF holds a 36.05% interest in the Tomago aluminium smelter, near Newcastle, New South Wales.

Tomago is Australia's second largest aluminium smelter and one of the world's lower cost producers. Total yearly capacity of its three potlines is being increased by 15% to 530,000 tonnes a year over the next three years by upgrading to AP22 technology.

Under a tolling arrangement, each joint venture participant supplies its own alumina (from which aluminium is made), pays its share of smelter operating and capital costs and sells its share of the aluminium produced. Last year, GAF's sales were a record 166,723 tonnes.

GAF exports its aluminium, mainly to long standing customers in Japan and other Asian countries.

GAF aims to maximise sales of value added products, principally aluminium billets and slabs, which sell at a premium to standard ingots. Value added products account, typically, for about 25% of total sales.

OWNERSHIP Participants in the Tomago joint venture are:

- Alcan Inc of Canada – through its subsidiaries Pechiney Pacific Pty Limited (36.05%) and Cathjoh Holdings Pty Limited (15.5%)
- GAF (36.05%) – owned by CSR (70%) and AMP Life Limited (30%). Effectively, CSR's share of Tomago is 25.235%
- Norway's Norsk Hydro ASA – via its subsidiaries Hydro Aluminium Australia Limited (6.2%) and Hydro Aluminium Tomago, Inc. (6.2%).

25% of Australia's aluminium output is produced at Tomago smelter – the second largest in the nation





Main photo: GAF's (70% CSR) value added billets from Tomago aluminium smelter being shipped to Japan, a major export market.

3: GAF's aluminium ingots being loaded at Newcastle Port, New South Wales, for export shipment.

In marketing its share of Tomago smelter's aluminium output, GAF maximises sales of value added products including aluminium slabs (1) and billets (2).

SUGAR

ONE OF THE WORLD'S leading sugar companies, CSR had its origins nearly 150 years ago in the sugar industry and sugar remains a core business.

RAW SUGAR CSR – Australia's largest raw sugar miller – is one of the world's lowest cost millers. Our seven mills in North Queensland produce about 5% of the raw sugar traded internationally.

With an annual capacity of over 2.4 million tonnes of raw sugar, CSR mills about 40% of Australia's yearly production.

GREEN POWER We are expanding our capacity to commercially generate renewable electricity for export to the Queensland power grid. A \$100 million, 63 megawatt plant under construction at Pioneer sugar mill will produce enough power each year for an additional 50,000 households.

REFINED SUGAR CSR produces refined sugar for industrial and consumer markets in Australia and New Zealand as part of its share in Sugar Australia and New Zealand Sugar Company.

CSR agreed, on 2 April 2004, to increase its ownership in these joint ventures to 75%. Our joint venture partner is Mackay Sugar Co-operative Association Limited.



Sugar Australia, with an estimated 60% of the Australian market, operates refineries in Mackay and Melbourne, and a liquid sugar plant in Perth. A specialised food grade ship, MV *Pioneer*, transports bulk refined sugar.

The New Zealand Sugar Company operates the nation's only sugar refinery, in Auckland, and has an estimated market share of over 80%.

Both businesses export refined sugar, mainly to Asia and the Pacific Islands.

ETHANOL CSR operates an ethanol production plant at Sarina in North Queensland and a processing and distribution plant at Yarraville in Melbourne. We produce about 50% of the ethanol used industrially in Australia. Our principal export markets are Japan and the Philippines, mainly for use in alcoholic spirits.

CSR also produces at Sarina a range of fertiliser by-products which are sold to local sugarcane farmers.

	TOTAL	AUSTRALIA	NEW ZEALAND	
SUGAR OPERATING PLANTS				
Wholly or majority owned plants				Production capacity/year
Raw sugar mills	7	7		2.4 million tonnes
Distilleries	2	2		60 million litres
Refineries ^a	3	2	1	970,000 tonnes
TOTAL OPERATING PLANTS	12	11	1	

^a CSR agreed to increase its stake from 50% to 75% on 2 April 2004.

40% of Australia's raw sugar is produced at CSR's seven mills in North Queensland





Main photo and 3: Refined sugar is marketed by Sugar Australia (75% CSR) under the strong CSR™ retail brand. New Zealand Sugar Company (also 75% owned) uses our long established Chelsea™ brand.

1: Four of CSR's seven mills are in the irrigated Burdekin River Valley, one of the world's most productive sugarcane growing regions.
 2: CSR's molasses-fermentation and distillation plant in Sarina, Queensland, produces high quality ethanol.

Operations



Building Products



OPERATING PLANTS

- Building Products*
- Aluminium
- Sugar

* Includes sales outlets in Asia.

<p>PERFORMANCE SUMMARY</p>	<ul style="list-style-type: none"> • Trading revenue \$918 million. • Earnings before interest, tax, depreciation and amortisation (EBITDA) \$156 million. • Earnings before interest and tax (EBIT) \$113 million. • Profit margin (EBIT : trading revenue) 12.3%.
<p>FEATURES</p>	<ul style="list-style-type: none"> • Price increases despite a decline in the housing market. • Results impacted by increased costs, including one-off plant commissioning and distribution issues. • Wide range of new products introduced. • SAP and related systems fully installed.
<p>PROGRESS AGAINST PRIORITIES</p>	<ul style="list-style-type: none"> • Improve pricing in all products while retaining market share: Prices increased in all products with market share generally steady or better. • Grow through product innovations: Several value added products launched. • Increase effectiveness of sales force and the servicing of customers: SAP and related systems are fully operational, providing better information for customers and for our sales force. • Improve efficiency of production and distribution: Operational improvements saved \$8 million. All factories improved cost-effectiveness. • Improve safety and environmental performance: The rate of recordable injuries fell. Minor and significant environmental incidents rose; there was one serious incident.*
<p>KEY OBJECTIVES THIS YEAR</p>	<ul style="list-style-type: none"> • Grow the business through new products and increased capacity. • Improve factory management and distribution efficiency to reduce unit costs and boost customer service. • Bring Rosehill concrete roof tile plant into full production. • Further improve safety and environmental performance. <p>* Safety and environment performance are reported on pages 25 and 27.</p>



Aluminium

Sugar

Property

<ul style="list-style-type: none"> • Trading revenue \$449 million. • EBITDA \$167 million. • EBIT \$144 million. • Profit margin 32.1%. • CSR's share of Gove Aluminium Finance (GAF) (70% CSR) net profit before finance costs \$72 million. 	<ul style="list-style-type: none"> • Trading revenue \$600 million. • EBITDA \$73 million. • EBIT \$38 million. • Profit margin 6.3%.
<ul style="list-style-type: none"> • GAF sold a record tonnage, with value added billet and slab sales increasing by 2.5%. • GAF is investing \$76 million as its share of the Tomago aluminium smelter's project to expand yearly capacity by 15% over the next three years. 	<ul style="list-style-type: none"> • Raw sugar price fell 17%. • We agreed, on 2 April 2004, to increase our share in Sugar Australia and New Zealand Sugar Company to 75%. • Operational improvements cut costs by \$7 million. • Work commenced on a new renewable energy plant. • We produced 2.1 million tonnes of raw sugar from milling 14.2 million tonnes of sugarcane. The Burdekin region delivered a record crop.
<ul style="list-style-type: none"> • Seek opportunities to grow CSR's aluminium investment to achieve the best outcome for shareholders: Option exercised to participate in Tomago's project to expand annual production capacity. • Continue to hedge the world aluminium price and US\$ revenue to provide a base level of profitability and to reduce volatility of earnings: Returns were strongly supported by prior year hedging. 	<ul style="list-style-type: none"> • Drive harder for commitment from entire sugar industry to productivity initiatives: Improved results demonstrate clear benefits from the Cane Productivity Initiative. • Get renewable energy projects under way: The \$100 million renewable electricity project at Pioneer raw sugar mill was announced in September 2003. • Improve safety and environmental performance: The recordable injury frequency rate and environmental incidents fell. There were no major environmental incidents.*
<ul style="list-style-type: none"> • Continue to hedge the world market aluminium price and US\$ revenue to provide a base level of profitability and to reduce volatility of earnings. • Maximise value from the efficient operation of the expanded Tomago smelter. 	<ul style="list-style-type: none"> • Ensure full benefit from restructuring and productivity improvement. • Construct the renewable electricity plant at Pioneer mill on time and within budget. • Boost the performance of the refined sugar joint ventures. • Continue to improve safety and environmental performance. <p>* Safety and environment performance are reported on pages 25 and 27.</p>

We are maximising returns from the sale of former industrial sites by overseeing development work, including project managing land rehabilitation, and obtaining site rezoning and subdivision approvals.

With Mirvac Homes, we are developing the 20 hectare site of a former brick plant at Woodcroft, Sydney, for up to 400 houses, and rehabilitating 15 hectares of woodland and waterways for public use. The estimated return to CSR over the four years of the project is in excess of \$40 million. The first homes are expected to be put on sale later this year.

We are developing 100 hectares of industrially zoned land at Erskine Park, Sydney, as fully serviced lots. First sales are expected this year, with options for leasehold development being considered.

CSR has a 20% interest in the Penrith Lakes scheme, a major future development west of Sydney, with potential to provide 400 hectares of sites for 5,000 homes. The development is expected to go on public exhibition this year.

Other Property activities include CSR's 50% interest in two joint ventures (with Brambles Industries Limited):

- Enviroguard, which operates non-putrescible waste landfills at Erskine Park, Sydney, and Murrarie in Brisbane
- Envirogreen, a leading Australian supplier of home garden products, marketed under strong brands, including Amgrow and Garden King.

Other property development opportunities include a 75 residential lot development in Ferntree Gully, Melbourne, which should be available for development early next year.

Building



Main photo left: Wunderlich™ stylish flat charcoal coloured Strata terracotta roof tiles made possible a contemporary look, while replicating slate, for the roof of surfwear company Billabong's showroom on the Gold Coast, Queensland.

Main photo right: We displayed our wide range of quality, branded products at the Housing Industry Association exhibition in April 2004 at Sydney's Exhibition Centre.

- 1: A specialised lorry highlighting Gyprock™ plasterboard's marketing theme, delivered building materials to the 'Hot House' TV show location.
- 2: PGH's elegant clay pavers surface a drive in the upmarket Sovereign Island residential development on Queensland's Gold Coast.
- 3: Hebel concrete blocks being delivered to Sydney's World Tower for installation as impact and sound resistant internal walls.
- 4: The Paroc Panel™ system provides strong, fire and heat resistant, external wall cladding, and internal walls and ceilings in commercial buildings.

TRADING REVENUE was \$918 million, up 2.4%. Earnings before interest and tax (EBIT) were \$113 million which includes \$5.5 million of additional factory commissioning costs. Excluding these costs, the operating result was only slightly below EBIT in the previous year of \$120 million. The profit margin of 12.3% reduced from 13.4%, due to increased distribution and maintenance costs.

While operational performance improved, further maintenance and capital spending over the year ahead will resolve cost issues in a number of our factories.

We successfully launched several new products. The new SAP integrated computer and management systems are working well. But, all businesses are striving to ensure that we gain full advantage from the better information available on our markets and our customers' requirements.

CSR has eliminated a layer of senior management to further reduce costs – the executive general managers of our Building Products businesses now report directly to CSR Managing Director Alec Brennan.

PRICES INCREASED IN MOST MARKETS

GYPROCK™ PLASTERBOARD Prices and sales volumes increased, while returns were lower due to the acquisition of additional distribution centres and increased costs required to meet a higher than expected level of demand. CSR Gyprock is expanding its range of value added wall and ceiling lining products designed to improve sound insulation and water, fire and impact resistance. We maintained market share despite a fourth competitor entering the east coast market.

CSR FIBRE CEMENT Sales volumes were steady despite increased competition from imports. We successfully launched the CSR ExpressWall™ compressed exterior lining panel in the commercial market.

HEBEL™ LIGHTWEIGHT CONCRETE PRODUCTS

Hebel lightweight panels provide a cost effective solution for the internal walls of multi-residential dwellings. Market penetration, profits and margins increased.

MONIER™ AND WUNDERLICH™ ROOFING

Sales volumes were lower as the residential market slowed. However, prices and profit margins rose. Although delays in commissioning the Rosehill concrete roof tile plant significantly reduced profitability, the factory is gradually increasing production and improving efficiency.

A launch of new, stylish Wunderlich™ flat profile roof tiles has been well received by the market.



CSR

Products

IN A YEAR OF TRANSITION FOR CSR, RETURNS FELL WITH A SOFTENING HOUSING MARKET AND SOME ONE-OFF COSTS. WE ARE INVESTING TO INCREASE CAPACITY AND EFFICIENCY

PGH™ BRICKS AND PAVERS A strong increase in prices improved returns although volumes fell slightly. An increased share of the multi-residential market helped reduce the effect of a slowdown in the detached housing market. Capacity constraints limited our ability to meet higher demand in some markets. Plans are well advanced to expand the capacity of our low cost plant at Oxley, south of Brisbane and also to lift production at the Auckland factory.

BRADFORD INSULATION™ In Australia, profitability increased as prices improved with steady sales volumes and better cost control. Improved packaging equipment being installed at our Ingleburn, Sydney, glasswool insulation factory will substantially reduce logistics costs.

We launched the imported **Paroc Panel™** system in the commercial building market. Paroc is a non-combustible wall and ceiling panel system with a rigid mineral fibre core and coated steel exterior.

Our Asian insulation business performed strongly in China but overall returns fell, affected by the strong Australian dollar and a price war in Malaysia.

BUILDING PRODUCTS

YEAR ENDED 31 MARCH – \$ MILLION UNLESS STATED

KEY FACTS

	2004	2003	2002	2001	2000	1999
Trading revenue	918	896	806	860	943	836
Earnings before interest, tax, depreciation and amortisation (EBITDA)	155.5	154.6	142.7	173.5	195.3	174.2
Depreciation and amortisation	42.9	34.9	33.9	38.4	39.4	41.7
Earnings before interest and tax (EBIT)	112.6	119.7	108.8	135.1	155.9	132.5
Net profit before finance	81.3	87.2	74.9	89.9	99.2	80.9
Business cash flow ^a	130.5	141.4	128.4	170.8	172.4	163.9
Funds employed at 31 March	580	606	612	602	642	721
Capital investment	38.8	41.8	52.3	27.5	14.8	23.1
Profit margin (EBIT : trading revenue) [%]	12.3	13.4	13.5	15.7	16.5	15.8
Return on funds employed (ROFE) [%]	19.4	19.8	17.8	22.4	24.3	18.4
Average working capital : trading revenue [%]	16.9	16.7	18.9	17.5	15.8	19.1
Number of people employed	3,044	2,917				

RESERVES PROVED AND PROBABLE – MILLION TONNES

Gypsum ^b	280	280
Clay and shale	34	34

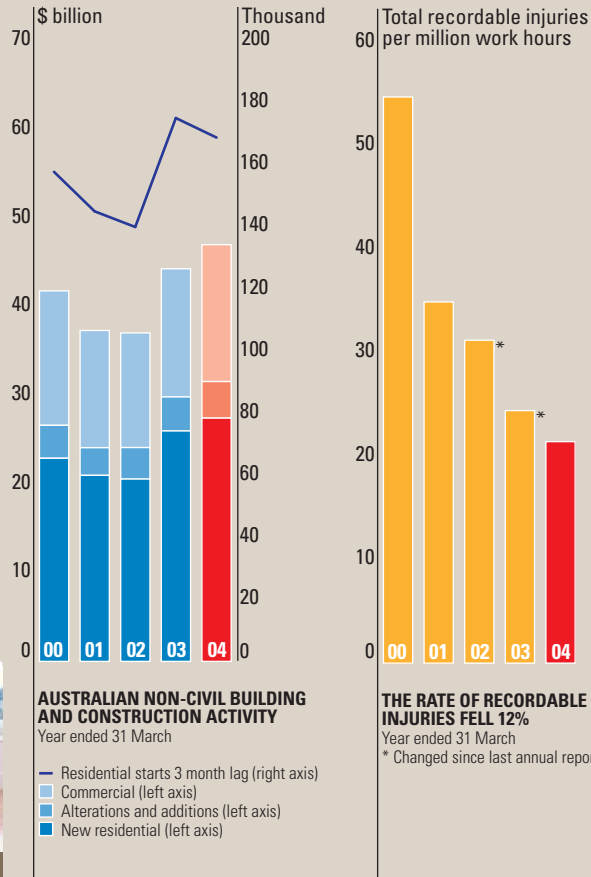
a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.

b 50% CSR.



5: CSR Fibre Cement ExpressWall™ provides a versatile and durable façade for Victoria Gardens shopping centre, Richmond, Victoria.

6: A central theme of marketing CSR's building materials has been a focus on our quality home building products supporting a happy, stress free lifestyle.



To meet increased demand in the rapidly growing Asian construction market for quality-specified branded glasswool insulation products, we are boosting our yearly production capacity in southern China by 75% to 14,000 tonnes. The extra capacity is initially being provided by a leased plant while we evaluate further expansion options for this growing business.

THE YEAR AHEAD

- We expect Australian housing construction will decline this year, partly offset by stronger activity in the alterations and additions market and in commercial construction.
- We aim to reduce costs further by changing to common management and procurement systems across all businesses.
- We continue to explore opportunities to grow by increasing production capacity and developing new products.

SENIOR MANAGEMENT

GRAEME DOYLE
Executive General Manager Plasterboard, Fibre Cement and Hebel

NEILL EVANS
Executive General Manager Roofing

CHRIS GRUBB
Executive General Manager Bricks and Pavers

JOHN HODGKINSON
Executive General Manager Insulation, Panel Systems and Business Development

REVIEW OF OPERATIONS ALUMINIUM

Main photo:
Aluminium ingots at
Tomago aluminium
smelter.

- 1: Gove Aluminium Finance exported over \$449 million of aluminium last year.
- 2: Aluminium slabs in production at Tomago smelter.
- 3: Tomago smelter is one of the world's lower cost.



Aluminium



PROFIT UP 13% WITH BETTER WORLD PRICES SUPPORTED BY HEDGING OF ALUMINIUM PRICES AND EXCHANGE RATES

CSR'S 70% SHARE of Gove Aluminium Finance (GAF) net profit before finance costs rose 13% to \$72 million. Trading revenue increased marginally to \$449 million resulting in average revenue of A\$2,696 a tonne.

The result was strongly supported by prior year hedging of GAF's exposure to the US\$ price of aluminium and the A\$/US\$ exchange rate.

Last year, the average world aluminium price was US\$1,497 a tonne, up 9.8%. Due to the strengthening A\$, the world price of aluminium when denominated in A\$ fell 12.8%. In a year of low A\$ forward aluminium prices, we hedged selectively as market opportunities permitted.

As Tomago aluminium smelter marginally increased production, GAF's sales rose 1% to a record 166,723 tonnes. Sales of value

added billet and slab aluminium rose 2.5% to 40,405 tonnes (24% of sales), constrained by Tomago's current production capability.

Global aluminium production exceeded consumption for the third successive year. But, improving prospects for world economic growth helped improve aluminium prices.

In November 2003, GAF exercised its option to participate in Tomago's project to expand yearly production by 70,000 tonnes to 530,000 tonnes, at an estimated cost to GAF of \$76 million.

THE YEAR AHEAD

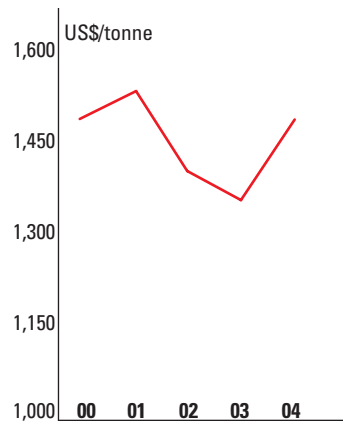
- Stronger global economic growth is expected to increase demand for aluminium, with US\$ aluminium prices continuing at good levels. Movements

in the A\$ will affect returns, however, GAF's hedging position will continue to support earnings.

- We will increase our market over the next three years as Tomago smelter progressively increases production.
- We will continue to:
 - seize opportunities to hedge GAF's exposures to movements in the aluminium price and the A\$/US\$ exchange rate
 - maximise sales of value added products
 - maximise value from the efficient operation of the expanded Tomago smelter.

SENIOR MANAGEMENT

JOHN DAVIES
General Manager Gove Aluminium Finance



WORLD ALUMINIUM PRICES UP 9.8%
Year ended 31 March

ALUMINIUM

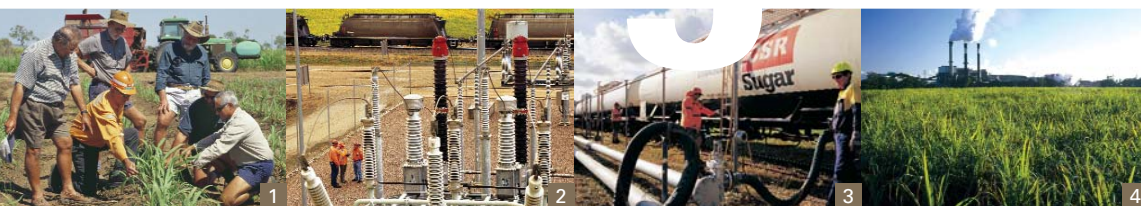
YEAR ENDED 31 MARCH – \$ MILLION UNLESS STATED

KEY FACTS

	2004	2003	2002	2001	2000	1999
Trading revenue	449	447	443	520	485	413
Earnings before interest, tax, depreciation and amortisation (EBITDA)	167.3	148.7	131.7	241.3	214.2	154.0
Depreciation and amortisation	23.1	22.4	21.7	29.8	31.4	28.9
Earnings before interest and tax (EBIT)	144.2	126.3	110.0	211.5	182.8	125.1
Net profit before finance	72.2	63.7	58.2	97.9	82.4	57.3
Business cash flow ^a	169.3	162.0	128.9	217.8	192.4	129.3
Funds employed at 31 March	213	265	308	304	279	464
Capital investment	69.7	8.9	9.5	13.1	18.7	56.3
Profit margin (EBIT : trading revenue) [%]	32.1	28.3	24.8	40.6	37.7	30.3
Return on funds employed (ROFE) [%]	67.9	47.7	35.7	69.5	65.6	27.0
Average working capital : trading revenue [%]	8.2	10.0	9.7	10.9	11.6	14.3
Average world aluminium price [US\$/tonne]	1,497	1,364	1,412	1,544	1,498	1,312

a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.

Sugar



Main photo left: CSR has agreed to increase to 75% our share of Sugar Australia, which produces a range of sugar products at its refinery, adjoining our joint venture partner's Mackay Racecourse raw sugar mill, in Queensland.

Main photo right and 2: CSR's generator at Invicta mill supplies renewable electricity to the Queensland power grid. A larger plant is being constructed at Pioneer mill, also in the Burdekin River region.

1: Sugarcane farmers review planting methods as part of a Cane Productivity Initiative seminar at Pioneer mill.

3: Rail tankers transport ethanol from our plant at Sarina to Mackay Port for shipment to our Melbourne distillery or to customers in Asia.

4: Victoria mill. CSR is reorganising the operations of both Victoria and Macknade mills to maximise cost effectiveness of operations in the Herbert River region.

RETURNS FELL with a sharp drop in raw sugar prices due to increased supply from Brazil and the effect of a rising A\$.

Trading revenue of \$600 million was down 15%. Earnings before interest and tax (EBIT) were \$38 million, down from \$71 million.

Operational improvements cut costs by \$7 million.

We continued to work with sugarcane growers and harvesters to increase farm productivity and harvesting efficiency.

We are investing \$100 million to increase CSR's renewable electricity production, installing a 63 megawatt capacity generator at Pioneer raw sugar mill.

The project is due for completion in June 2005 in time for next year's sugarcane milling season. The project will earn tradeable renewable energy certificates under the Australian Government's Mandatory Renewable Energy Target legislation. Similar projects at two or three other mills are under consideration.

CSR agreed, on 2 April 2004, to increase its share in the two refined sugar joint ventures, Sugar Australia and New Zealand Sugar Company, from 50% to 75%.

CSR'S RAW AND REFINED SUGAR FACED CHALLENGING MARKETS

RAW SUGAR Total production increased slightly, despite continued drought, especially in the Mackay region. Our raw sugar price fell 17% to \$229 a tonne as a result of increased supply and the rising A\$ relative to US\$.

REFINED SUGAR Lower demand from key Australian food and beverage customers reduced returns from CSR's interest in Sugar Australia and New Zealand Sugar Company.

ETHANOL Returns reduced despite operational improvements, as export prices fell, a result of increased competition from Brazil. Sarina distillery achieved a record output.

THE YEAR AHEAD

- Better growing conditions are expected to increase the 2004 sugarcane crop.
- Raw sugar prices continue at historic lows. The longer term outlook is for improved prices.
- The Australian Government's sugar reform program, announced in April 2004, will support restructuring at all levels of the Australia sugar industry – critically important to improve international competitiveness.



A TOUGH YEAR AS RAW SUGAR PRICES FELL SHARPLY, BUT INDUSTRY AND COMPANY IMPROVEMENTS UNDER WAY WILL HELP REDUCE THE IMPACT OF VOLATILE WORLD PRICES

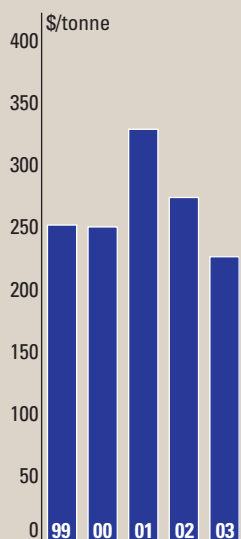
SENIOR MANAGEMENT

- IAN McMASTER**
Chief Executive Sugar
- MARK DAY**
General Manager Burdekin Region
- ROY GELLWEILER**
General Manager Herbert Region
- MARTIN JONES**
General Manager Ethanol
- GREG LIVINGSTONE**
Chief Financial Officer
- JOHN PRATT**
General Manager Plane Creek Region

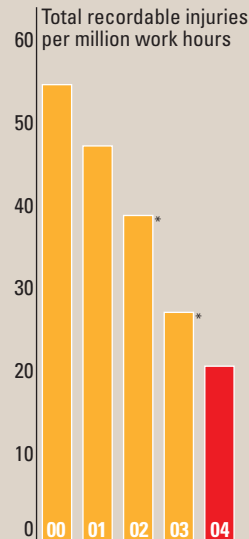
SUGAR

YEAR ENDED 31 MARCH – \$ MILLION UNLESS STATED	2004	2003	2002	2001	2000	1999
KEY FACTS						
Trading revenue	600	708	694	529	643	746
Earnings before interest, tax, depreciation and amortisation (EBITDA)	72.8	106.9	110.1	53.5	83.2	125.0
Depreciation and amortisation	35.2	36.1	36.3	37.0	38.5	36.9
Earnings before interest and tax (EBIT)	37.6	70.8	73.8	16.5	44.7	88.1
Net profit before finance	28.5	53.1	57.3	12.5	31.1	61.0
Business cash flow ^a	72.3	114.9	99.2	6.3	90.9	115.9
Funds employed at 31 March	655	656	698	757	755	804
Capital investment	38.9	21.1	23.0	21.7	16.8	31.7
Profit margin (EBIT : trading revenue) [%]	6.3	10.0	10.6	3.1	7.0	11.8
Return on funds employed (ROFE) [%]	5.7	10.8	10.6	2.2	5.9	11.0
Average working capital : trading revenue [%]	9.7	8.3	9.2	9.8	7.3	8.7
Number of people employed	1,317	1,408				

^a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.



QUEENSLAND SUGAR POOL PRICE FELL 17%
Milling season
* Estimate.



THE RATE OF RECORDABLE INJURIES FELL 24%
Year ended 31 March
* Changed since last annual report.

Financial

CSR'S STABLE EARNINGS MAINTAIN OUR STRONG FINANCIAL POSITION

TRADING REVENUE from CSR's continuing operations – Building Products, Aluminium and Sugar – fell 4% to \$1,971 million due principally to the 17% drop in the raw sugar price received in the year ended 31 March 2004.

Earnings before interest and tax (EBIT) for continuing operations decreased 5% to \$262.7 million, reflecting the impact of reduced revenue and a \$10.5 million one-off restructuring charge. Before the restructuring charge, EBIT was in line with the previous year.

Net profit after tax for continuing operations fell 7% to \$160.2 million, mainly as a result of the restructuring charge and reduced sugar profits.

Earnings per share from continuing operations fell from 18.3 cents to 17.1 cents, with lower earnings being partly offset by the benefit of the share buyback.

Total shareholder return – the change in share price plus dividends – was 27.5% for the year compared to 22.7% for the S&P/ASX 200 Accumulation Index (the top 200 companies by market size listed on the Australian Stock Exchange).

CASH FLOW AND CAPITAL EXPENDITURE

Cash from operating activities of \$290.1 million continues to demonstrate the strong cash flows generated from our businesses.

Divestment proceeds of \$64.1 million reflected the receipt of payment for a Hornsby, Sydney, property, and other property sales proceeds.

Cash from operations was directed to development capital expenditure of \$62.4 million, primarily for constructing the plant to expand generation of renewable electricity at Pioneer sugar mill and for property development. Operating capital expenditure was \$48.3 million – equivalent to 50% of depreciation. Expenditure for the project to increase production at Tomago smelter, announced in November 2003, will be incurred in the year ending 31 March 2005.

Internally generated cash was used to fund dividends and interest of \$147.5 million and a share buyback of \$50.1 million.

We used excess funds of \$61.8 million to reduce net debt to \$164.1 million.

CAPITAL MANAGEMENT AND FUNDING

CSR's long and short term credit ratings were maintained at investment grade, with ratings confirmed during the year of BBB+ (stable) from Standard & Poor's and BBB+ (stable) from Fitch Ratings. Following a review by Moody's Investors Service in January 2004 the rating of Baa2 was given a positive outlook.

An on-market buyback of up to 5% of the company's shares was announced in May 2003. By 31 March 2004, 3% or 27.9 million shares had been purchased at an average price of \$1.80 a share.

The current buyback concludes on 10 June 2004. The board has decided to buy back up to a further 5% of CSR shares during the year starting 11 June 2004.

Total dividends for the year were 11 cents a share representing about 65% of net profit after tax. The final dividend of 6 cents a share will be franked to 70%. The unfranked part of the final dividend will be paid from CSR's foreign dividend account, hence no withholding tax is payable by non-resident shareholders.

In March 2004, the company successfully completed a \$200 million issue into the Australian medium term notes market. This issue provides CSR with fixed term financing for five years at attractive interest rates and diversifies the sources of finance, which were previously provided from bilateral bank facilities.

The board has decided that CSR will enter into tax consolidation with effect from 1 April 2004. Initial indications are that CSR will gain a one-off benefit of at least \$35 million, reflecting the increase in future tax deductions arising from reset tax values. This benefit will be recognised in CSR's net profit for the year ending March 2005.

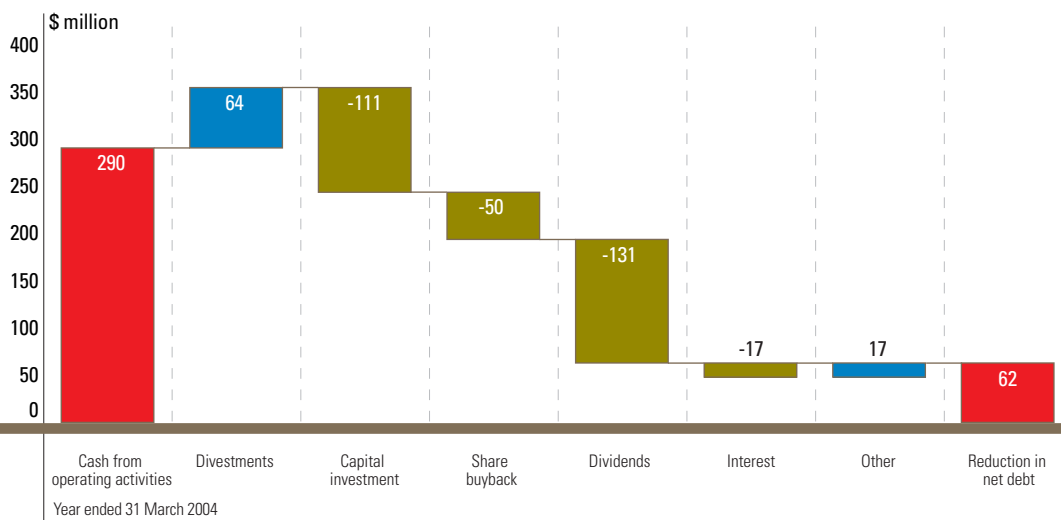
In accordance with legislative requirements, Australia will adopt International Financial Reporting Standards (IFRS) from 1 January 2005. As a result, CSR will not adopt IFRS until its 30 September 2005 half year report. To manage the transition to IFRS, CSR has undertaken several initiatives. These include the development of an IFRS project team, consultation with external specialists and attendance at IFRS forums. The full impact of adopting IFRS on CSR is being assessed. CSR will continue to communicate IFRS related matters in accordance with Australian reporting standards as they become known to the company.

FINANCIAL RISK MANAGEMENT

CSR has an overall program to manage risks associated with interest rate, commodity price and exchange rate movements. CSR's financial risk management program utilises a *cash flow at risk* model to guide forward commodity and exchange rate pricing decisions. The objective is to reduce volatility in earnings if forward prices allow an acceptable level of return to the business.

The board has approved policies and principles to manage financial risks that provide the basis for CSR's comprehensive risk management program. No speculative hedging is permitted. (Further details are on page 32).

STRONG CASH FLOW RESULTED IN A SIGNIFICANT REDUCTION IN NET DEBT



PROFITABILITY – BEFORE SIGNIFICANT ITEMS

YEAR ENDED 31 MARCH – \$ MILLION	TOTAL REVENUE		PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		INCOME TAX		OUTSIDE EQUITY INTERESTS		NET PROFIT	
	2004	2003	2004	2003 ^a	2004	2003	2004	2003	2004	2003
CSR's continuing operations										
Building Products	924.8	909.4	112.6	119.7	30.8	35.1	0.5	(2.6)	81.3	87.2
Aluminium	451.7	450.2	144.2	126.3	43.5	38.7	28.5	23.9	72.2	63.7
Sugar	602.8	719.2	37.6	70.8	9.1	17.7	–	–	28.5	53.1
Property	17.6	43.6	15.9	23.5	0.3	–	–	–	15.6	23.5
Corporate	45.7	4.4	(18.6)	(18.9)	(5.6)	(6.1)	–	–	(13.0)	(12.8)
Restructuring and provisions	–	–	(29.0)	(45.7)	(13.2)	(16.1)	–	–	(15.8)	(29.6)
CSR total	2,042.6	2,126.8	262.7	275.7	64.9	69.3	29.0	21.3	168.8	185.1
Net finance continuing operations	5.8	8.9	(13.0)	(19.2)	(4.3)	(5.8)	(0.1)	–	(8.6)	(13.4)
Total continuing operations	2,048.4	2,135.7	249.7	256.5	60.6	63.5	28.9	21.3	160.2	171.7
Discontinued operations	–	5,359.2	–	698.1	–	254.7	–	4.4	–	439.0
Net finance discontinued operations	–	–	–	(86.1)	–	(34.2)	–	(2.0)	–	(49.9)
Total discontinued operations	–	5,359.2	–	612.0	–	220.5	–	2.4	–	389.1
GROUP TOTAL	2,048.4	7,494.9	249.7	868.5	60.6	284.0	28.9	23.7	160.2	560.8

a Profit is based on normalised allocation of finance and corporate costs as described in the demerger explanatory booklet dated 28 February 2003.

CASH FLOW

YEAR ENDED 31 MARCH – \$ MILLION	2004	2003 ^a
Operating profit before finance and income tax	262.7	973.8
Depreciation, amortisation and provisions	59.8	435.2
Net income tax paid	(45.7)	(197.6)
Change in working capital	6.9	41.3
Profit on asset sales	(6.2)	(58.6)
Other	12.6	(22.0)
Cash flow from operating activities	290.1	1,172.1
Capital investment	(110.7)	(1,287.0)
Divestment proceeds	64.1	169.5
Other	16.0	2.4
Cash flow applied to investment activities	(30.6)	(1,115.1)
Internal cash flow	259.5	57.0

a Includes discontinued operations.

FINANCIAL POSITION

AS AT 31 MARCH – \$ MILLION	2004	2003
Total assets	2,350	2,736
Total liabilities	1,205	1,587
Total shareholders' equity	1,145	1,149
Net debt	164	226
Gearing – %		
Net debt : equity plus net debt	12.5	16.4
Net debt : equity	14.3	19.7
Interest cover – Times	25.2	14.4^a

a Pro-forma data, for continuing businesses only.



People

CONTINUING TO IMPROVE OUR WAY OF DOING BUSINESS

Members of CSR's new graduate development program inspected a PGH brick plant as part of their induction. To meet our need for future senior managers, we recruit recent graduates with suitable qualifications and ability and develop them with on-the-job training in core business areas.

A MAJOR CSR MILESTONE is coming up in January 2005 – our 150th year. Following the demerger of Rinker, CSR has begun a new chapter in its long history. But, for our continuing operations it is *business as usual* – especially in keeping up the drive for improvement.

GETTING THE STRUCTURE RIGHT The demerger reduced CSR to about 25% of its former size. To continue to prosper and grow, we needed to improve cost effectiveness sharply, adjusting the company's structure to match its new size and direction.

We reduced the number of corporate service jobs by 40%, sharing financial reporting, human resources and information systems and other services across our businesses. Internal business processes are being standardised across the company, where practical. The restructuring has reduced overhead costs by \$15 million a year.

A layer of senior management was cut from Building Products, with the executive general managers of the businesses now reporting directly to CSR Managing Director Alec Brennan.

ENSURING WE HAVE COMPETENT PEOPLE We accelerated the pace of improving the capability of our work force. As part of our quarterly *talent review* process in Building Products we identify the people best suited to fill CSR's most important roles and systematically ensure they receive the necessary experience, support and training.

To ensure we meet our need for future senior managers, we recruit recent graduates with suitable qualifications, skills and abilities. We currently have 16 graduates taking part in Building Products' graduate development program, with 10 joining the program in 2004.

Some 3,463 people undertook 14,555 training programs, including in-house and CSR sponsored external programs, and shorter, customised courses.

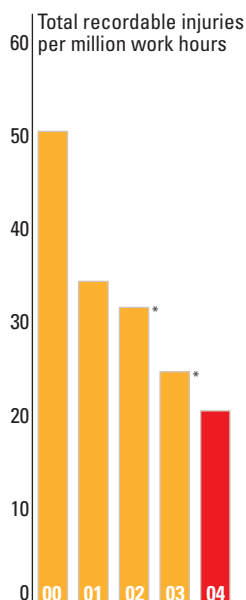
MOTIVATING PEOPLE We introduced a new executive incentive scheme, with short and long term incentive schemes aligned to building value for shareholders over time to ensure CSR earns good returns for our shareholders.

The CSR share plan for employees encourages employees to own shares to align their interests with other shareholders. Of those eligible, 2,120 or 55% took part last year.

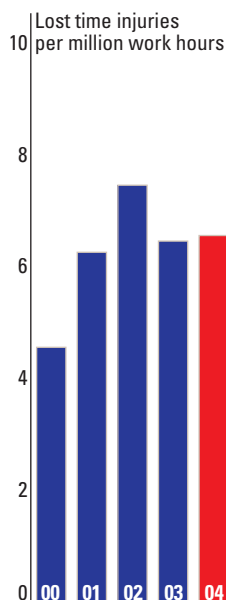
STRENGTHENING OUR CULTURE We continue to build an effective *culture* – the way we do business – to support CSR's drive to improve the value of the company for shareholders. Our incentive plans are designed to reinforce this culture.

We encourage our people to be outwardly directed, maintaining a keen understanding of our markets and competitors and a sensitivity to the importance of our communities and the environment in which we operate.

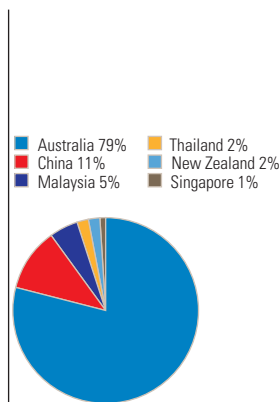
Our people are supported to find new ways to satisfy our customers' needs; to look for profitable new business opportunities, balancing risk with opportunity; to improve their operations – including maximising safety and minimising environmental impact and bureaucracy; and to focus on improving results.



THE RATE OF RECORDABLE INJURIES FELL 17%
Year ended 31 March
* Changed since last annual report.



LOST TIME INJURY FREQUENCY RATE ROSE MARGINALLY
Year ended 31 March



PEOPLE ACROSS CSR
Year ended 31 March 2004

Importantly, we are encouraging a culture at all levels across CSR in which people can speak openly, knowing that the issues raised will be dealt with objectively on their merit.

IMPROVING SAFETY IN CSR

Last year, external safety audits were carried out at over 20 operating sites to assess compliance with CSR's safety, health and environmental standards and regulatory requirements.

The total recordable injury frequency rate (TRFR) – which measures the number of medical treatment, lost time and restricted work injuries per million hours worked – fell to 20.8, a 17% improvement.

The lost time injury frequency rate marginally rose by 2% to 6.6 injuries per million work hours. However, the average time off work for each lost time injury fell significantly – 35% to 12.1 days.

The 760 people of Sugar's Burdekin region achieved the best rate of improvement, reducing recordable injuries by 59%, attaining a low TRFR of 13.

There were 236 recordable injuries in CSR last year. This compares to 555 just three years ago for the same businesses. But we want to get this down to the world-class levels being achieved in some parts of CSR. So, we are taking action to accelerate change, including gaining a better understanding of why there are performance variations between sites, reviewing the requirements of our key safety standards, re-emphasising line management accountability and involving all employees in better identifying hazards and managing workplace risks.

PEOPLE IN CSR

AS AT 31 MARCH	2004	2003	% CHANGE
Number of people employed^a	4,535	4,546	
Building Products	3,044	2,917	4
Sugar	1,317	1,408	-7
Australian shared services	124	159	-22
Executive support team, Aluminium	50	62	-19
Number of people employed by geographic grouping			
Australia	3,588	3,672	-2
China	500	410	22
Malaysia	215	229	-6
Thailand	110	112	-2
New Zealand	92	92	
Singapore	30	31	-3

a Full time equivalent employees, including those employed by partly owned subsidiaries.

YEAR ENDED 31 MARCH	2004	2003 ^b	% CHANGE
Financial performance per employee			
Trading revenue [\$000]	434.6	451.2	-4
Net profit [\$000]	35.3	37.8	-7
Profit before finance and tax : labour cost [%]	65	66	

b Pro-forma data, for continuing businesses only.



Society

WE HAVE BEEN A VALUABLE MEMBER OF THE AUSTRALIAN COMMUNITY FOR NEARLY 150 YEARS

At Woodcroft in Sydney, CSR is restoring the site of a former brick plant. As well as residential development, we are rehabilitating 15 hectares of woodland and waterways for public use. From left, CSR's Michael Phillips with bush regeneration adviser Jana Stojanov.

CSR'S POLICY is to act responsibly always, ensuring that the company and our people deal effectively and appropriately with the communities in which we operate, to encourage and earn their support.

A major section of CSR's website, www.csr.com.au, titled CSR & Society, is dedicated to CSR's environment, safety and community relations record.

WORKING WITH THE SUGARCANE GROWING COMMUNITY CSR's raw sugar milling people are involved with their community in very practical ways. Poor growing conditions and low prices in recent years have hit both the sugar industry and the many other people in North Queensland and elsewhere who have a stake in the industry's wellbeing.

CSR is working closely with others in the sugar industry, including the Canegrowers organisation and the Bureau of Sugar Experiment Stations, to assist sugarcane growers increase farm productivity. Launched two years ago, the program is showing significant benefits through improved crop yields.

RAISING OVER \$160,000 FOR THE COMMUNITY

In December 2003, we introduced the CSR Community Support Program to help focus our corporate donations and to make it easy for CSR people to make regular voluntary donations from their pre-tax pay. The program supports 12 charities selected by employees. CSR matches each employee's contributions, dollar for dollar. Already nearly 580 people – or over 13% of those eligible – have signed up, raising (with CSR's contribution) over \$160,000.

VALUE ADDED CSR's main contributions to society – payments to employees, taxes, dividends and interest paid – are shown in the pie chart (opposite page) describing the \$763 million of value added to the products and services bought from suppliers.

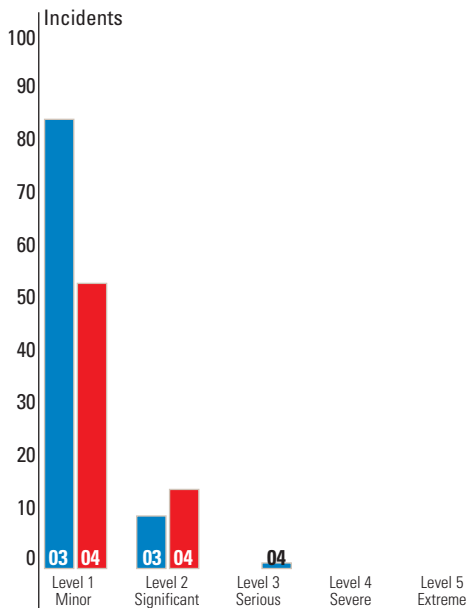
COMMUNITY ENVIRONMENTAL INITIATIVES

CSR's people at Kalamia sugar mill are continuing a successful partnership with children at the neighbouring state school, and the local community, improving the environment around the school including the banks of a lagoon on the joint boundary of the school and mill.

CSR's Invicta mill people worked with Conservation Volunteers Australia and young people from local Scout groups to plant 800 trees supplied by Landcare Australia at the mill.

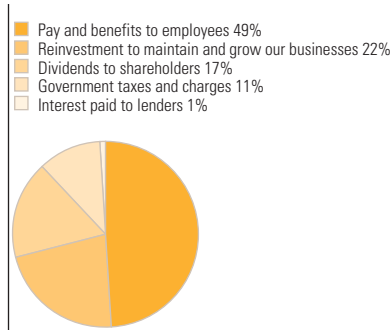
CSR Distilleries continued restoring its Oonooie cattle station, used for storing Biodunder™ fertiliser, supported by the local Sarina community's Landcare group. Teams from Green Corps – the Australian Government's environment-oriented youth development program – planted 2,000 native trees.

In NSW, CSR PGH Bricks became the first corporate sponsor of Maitland City Council's plan to restore the Tenambit Wetlands.



ENVIRONMENTAL INCIDENTS

Year ended 31 March



VALUE ADDED TO THE COMMUNITY

Year ended 31 March 2004

ENVIRONMENTAL MANAGEMENT We are committed to striving continuously to improve the environmental performance of our sites.

CSR requires full compliance with the many environmental laws and regulations and licence requirements to which the company's nearly 50 operating sites are subject. We are not aware of any environmental issues, not provided for, which would materially affect CSR.

We systematically audit all CSR's operating sites, on a three year cycle, for compliance with our own environmental standards and with regulatory requirements. Last year, external experts audited nine sites.

ENVIRONMENTAL INCIDENTS The main focus of environmental management initiatives at our sites is the control of process water, stormwater and solid wastes, and the reduction of air, dust, odour and noise emissions.

CSR reports environmental incidents based on five levels of breaches of compliance with regulatory requirements: 1 minor, 2 significant, 3 serious, 4 severe and 5 extreme.

There were 70 incidents last year, 25 fewer than the previous year. There was one level 3 incident: in March 2004, nearby residents complained of a solvent smell from the Springvale, Victoria, roof tile plant and the local council issued a nuisance abatement notice on 26 April. The incident has been urgently investigated, relevant authorities promptly advised and expert advice commissioned. There were no level 4 or 5 incidents.

REDUCING ENVIRONMENTAL IMPACT CSR is striving to reduce the environmental impact of our operations, in particular the amount of energy and water we consume, and the amount of waste and greenhouse gas (carbon dioxide) we generate. We measure key environmental performance indicators in Australia. Each CSR business has set goals to reduce the indicators progressively over a five year period and report regularly to senior managers and the board.

A number of CSR's North Queensland raw sugar mills have successfully reduced water use, as part of a major recycling program. Macknade and Plane Creek sugar mills have invested in a recycling plant which last year halved the water drawn from nearby watercourses and the waste water produced. Further improvements are planned.

REDUCING AUSTRALIA'S GREENHOUSE GAS EMISSIONS On pages 12 and 20, we report how CSR is to become a more significant participant in Australia's renewable energy industry. The Pioneer mill project to expand supply of renewable electricity will increase CSR's contribution to reducing total Australian greenhouse gas emissions to 400,000 tonnes a year.

ENVIRONMENTALLY FRIENDLY PRODUCTS AND SERVICES We supply a range of environmentally related products and services. As well as renewable energy, CSR's environmentally oriented products include Biodunder™ fertiliser, a nutrient rich by-product at Sarina distillery, North Queensland; Envirogreen's (50% CSR) home garden products (page 15); and energy saving Bradford Insulation™ products.



THE CSR BOARD OF DIRECTORS IS RESPONSIBLE FOR OUR COMPANY'S CORPORATE GOVERNANCE

In August 2003, CSR's directors took part in a Cane Productivity Initiative seminar with sugarcane farmers. From left, Barry Jackson, Chairman Ian Blackburne, Managing Director Alec Brennan, Carolyn Hewson, John Wylie and John Story.

CSR DIRECTORS AS AT 19 MAY 2004

IAN BLACKBURNE

BSc(Hons), PhD, MBA, age 58.
Chairman.

Joined the board in 1999. An independent director, Ian is a former managing director of Caltex Australia Limited, with 25 years' experience in petroleum refining, distribution and marketing. He is chairman of the Australian Nuclear Science and Technology Organisation; a director of Suncorp-Metway Limited and Teekay Shipping Corporation; and a member of the Australian Graduate School of Management Advisory Council. Resides in Sydney.

ALEC BRENNAN

BSc(Hons), MBA(Dist), age 57.
Managing Director.

Joined CSR in 1969, appointed to the board as an executive director in 1996, became deputy managing director in 1998 and managing director in March 2003. Alec has had senior CSR management experience in raw sugar marketing, sugar refining, aluminium, building products and construction materials. He is a director of the Garvan Research Foundation. Resides in Sydney.

CAROLYN HEWSON

BEc(Hons), MA(Econ), age 48.

Joined the board in 1995. An independent director, Carolyn's directorships include Westpac Banking Corporation and The Australian Gas Light Company. A former executive director of Schroders Australia Limited, she has had substantial experience in the finance industry. Carolyn is a member of the Advisory board of the YWCA of Sydney. Resides in Sydney.

BARRY JACKSON

BCom(Hons), age 59.

Joined the board in April 2003. An independent director, Barry is a former managing director of Pacifica Group Limited and chief executive of BTR Nylex's Building Products Group, with over 30 years' experience in manufacturing and industrial marketing. He is a director of Alesco Corporation Limited, Equity Trustees Limited, PaperlinX Limited and St Vincent's Institute of Medical Research. Resides in Melbourne.

JOHN STORY

BA, LLB, age 58.

Joined the board in April 2003. An independent director, John has over 30 years' experience as a senior lawyer advising in corporate and commercial law. He is the non-executive chairman of Corrs Chambers Westgarth Lawyers; the chairman of Suncorp-Metway Limited; a director of Tabcorp Holdings Limited and Australian Magnesium Corporation Limited; the vice president of the Queensland Council of the Australian Institute of Company Directors; and an adjunct Professor of Law of the University of Queensland. Resides in Brisbane.

JOHN WYLIE

MPhil, BCom(Hons), age 43.

Joined the board in 2001. An independent director, John was previously head of investment banking and non-executive chairman of Credit Suisse First Boston Australia Investment Banking. He is a leading Australian investment banker with extensive overseas experience. He established Carnegie, Wylie & Company in 2000. John is chairman of the Melbourne Cricket Ground Trust and a director of DSL Group Pty Limited. Resides in Melbourne.

COMPANY SECRETARY

GRAHAM HUGHES

BCom, CPA, age 52.

POST-DEMERGER RETIREMENTS

Former chairman John Morschel and directors John Arthur, John Ballard and David Clarke retired on 12 April 2003 following the demerger of the Rinker businesses having joined the Rinker Group Limited board.

CSR'S CORPORATE GOVERNANCE is the system by which the company is directed and managed. It is the framework within which:

- the CSR Board of Directors is accountable to shareholders for the performance of the company
- the company's goals to drive profit and growth are set, promoted and achieved
- the risks of business are identified and managed
- CSR's long established values and behaviour underpin the way we do business.

We report CSR's corporate governance in terms of this structure under subheadings corresponding to principles stated in the Australian Stock Exchange Corporate Governance Council's (ASXCGC) 10 essential *Principles of Good Corporate Governance and Best Practice Recommendations*, dated 31 March 2003.

Charters and policies referred to in this statement are available in the corporate governance section of CSR's internet site at www.csr.com.au, together with all other information which ASXCGC recommends be made publicly available.

THE CSR BOARD IS ACCOUNTABLE TO SHAREHOLDERS FOR THE PERFORMANCE OF THE COMPANY

CSR's shareholders appoint the company's directors and hold them accountable for the performance of the company.

CSR has a board of effective composition, size and commitment to discharge its responsibilities and duties (ASXCGC principle 2)

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

SIZE AND COMPOSITION OF THE BOARD

The board comprises five non-executive directors and one executive director – the managing director. Information about directors, including their qualifications, skills and experience is on the facing page 28.

The board keeps under review the balance of skills and experience of its members, their independence and access to advice and information.

DIRECTORS' INDEPENDENCE AND DEALING WITH CONFLICT OF INTEREST

Each of the non-executive directors including the chairman is independent of CSR and its management, having no business or other relationships that could compromise his or her autonomy as a director of the company. The board's framework for determining director independence is included in the CSR Board Charter. The impact of any past or present relationship with the company on a director's ability to exercise independent judgment is carefully assessed.

If a potential conflict of interest arises, the director concerned does not receive the relevant board papers and leaves the board meeting while the matter is considered. Directors must advise the board immediately of any interests that could potentially conflict with those of CSR.

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

CONTRACTS WITH DIRECTORS

Since the previous year, no director has received or become entitled to receive a benefit because of a contract between any company in the CSR Group and the director, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, other than:

- in the case of non-executive directors, remuneration as disclosed on page 36, the shareholder approved Employee Share Acquisition Plan and an agreement which conforms to the company's constitution for entitlements to retirement and termination payments
- in the case of executive directors, a contract of employment and the shareholder approved Employee Share Acquisition Plan.

Last year, CSR paid \$112,000 legal fees to Corrs Chambers Westgarth Lawyers, a firm from which John Story received a fixed salary for his role as non-executive chairman. He is one of eight directors on the Corrs' board and one of over 100 partners in the firm.

INDEMNITIES

Under clause 101 of CSR's constitution and, in the case of CSR directors, a deed substantially in the form approved by shareholders in July 1999, each CSR director, the company secretary, and every other person who is or has been a CSR officer is indemnified to the extent permitted by law, against:

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

The company has a similar policy covering all employees. CSR's external auditor is not indemnified under clause 101. The company has insured against amounts that it is liable to pay under this clause.

Directors and officers of the company have purchased insurance, for which they pay premiums, against certain liabilities they may incur in carrying out their duties for the company.

BOARD COMMITTEES

To increase its effectiveness, the board has three committees, each with a charter approved by the board. The Audit Committee and the Safety, Health and Environment Committee each comprise three non-executive directors and are chaired by directors other than the board chairman. The Remuneration and Nominations Committee consists of all the non-executive directors and is chaired by the board chairman. The Managing Director, Alec Brennan, attends meetings of board committees by invitation. He is not present if this could compromise the objectivity of proceedings.

Committee papers are copied to all directors before the meetings. Minutes are included in the papers for the next board meeting and the director chairing the committee reports to the board on matters addressed by the committee. The membership of these committees, the number of meetings held and each director's attendance record last year is shown on page 33.

ELECTION OF DIRECTORS

The Remuneration and Nominations Committee's role under its charter includes making recommendations to the board on the appointment of new directors and criteria for new appointees, focusing on the particular skills and experience most appropriate to the company's objectives.

CSR actively encourages enhanced board and management effectiveness (ASXCGC principle 8)

The board strives to ensure that directors and key executives have the knowledge and information they need to discharge their responsibilities effectively, including assessing management performance. Also, the performance of the board, its committees and individual directors is regularly reviewed.

ACCESS TO INFORMATION

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

Directors receive a comprehensive monthly performance report from the managing director – whether or not a board meeting is scheduled – and have unrestricted access to company records and information.

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

The chairman briefs new directors on their roles and responsibilities. As with new executives, they receive a comprehensive information pack and special briefings from management and visit key operating sites to assist them to rapidly understand CSR's businesses and issues. Time is allocated at board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment.

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

PERFORMANCE REVIEW

An external consultant was engaged last year to facilitate a formal review of the performance of the board, its committees and each director. Interviews were held with directors, senior executives interacting with the board and the external audit partner. The consultant reported to the Remuneration and Nominations Committee which agreed upon action to further improve the effectiveness of the board and its committees. Separate reviews of senior management were carried out as part of the company's performance appraisal process.

CSR promotes timely and balanced disclosure of all material matters concerning the company (ASXCGC principle 5)

CONTINUOUS DISCLOSURE

CSR has a long established practice of providing relevant and timely information to shareholders, supported by its Sharemarket Disclosure Policy which details comprehensive procedures to ensure compliance with all legal obligations. The policy limits external briefings in the periods between the end of a financial year or half year and the release to the Australian Stock Exchange (ASX) of the relevant results. The company secretary is responsible for communications with the ASX. Details of major announcements provided to the ASX last year are set out on page 3 as 'The year in brief'.

COMMENTARY ON FINANCIAL RESULTS

CSR provides a review of operations and a financial review in this annual report. Results announcements to the ASX and analyst presentations are made available on the company's internet site.

CSR respects the rights of shareholders and facilitates the effective exercise of those rights (ASXCGC principle 6)

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

Where practicable, the company uses the latest widely available electronic technology to communicate openly and continually with shareholders – and the stock market in general. Announcements to the ASX, significant briefings, notices of meetings and speeches at annual general meetings are promptly posted on the company's internet site and retained there for three years. Shareholders and other interested parties can receive e-mail advices of links to the newly posted annual report. The annual general meeting and profit announcement briefings are available via a live webcast from the company's internet site to allow access by all interested parties.

AUDITOR ATTENDS THE ANNUAL GENERAL MEETING

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

The company seeks to have on its board individuals with sound commercial judgment and inquiring minds, who are able to work cohesively with other directors; as well as a combination of former chief executives and directors with experience in manufacturing, finance, the law and, ideally, the industries in which CSR participates.

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

Non-executive directors are subject to re-election by rotation at least every three years and, under the company's constitution, except where this requirement is prohibited by law, must retire not later than their 70th birthday. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment. Non-executive directors shall not seek re-election after serving for either 15 years, or, in the case of directors appointed from 2001, after serving for 10 years.

THE WORK OF DIRECTORS

In addition to attending board and committee meetings, non-executive directors allocate time for strategy and budget sessions, thorough preparation for meetings, and inspections of operations.

The chairman commits additional time and meets regularly with the managing director to review business and strategic issues and to agree board agendas. The non-executive directors held two informal meetings last year with no managers present.

Last year, the directors visited the company's North Queensland sugar and ethanol operations, the Tomago aluminium smelter and Building Products' factories to understand better the issues facing each of the businesses and their people.

CSR'S GOVERNANCE STRUCTURE IS DESIGNED TO PROMOTE PROFIT AND GROWTH

A key part of CSR directors' responsibility is to ensure the enduring operation of an effective corporate governance structure designed to promote setting and achievement of optimal profit and growth targets. Clarity of roles and responsibilities is an important element of such a structure.

The board prescribes the respective roles and responsibilities of board and management (ASXCGC principle 1)

The board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded. Its functions, as summarised in the Board Charter, are:

- appointing, evaluating, rewarding or removing the managing director and approving appointments, remuneration or removal of senior management
- approving group strategies, budgets, plans and policies
- assessing performance against strategies to monitor both the performance of management as well as the suitability of those strategies
- reviewing executive and director succession planning and the balance of skills and experience available to the company
- reviewing operating information to understand at all times the state of health of the company
- considering management recommendations on key issues – including acquisitions and divestments, restructuring, funding and significant capital expenditure
- approving policies on, and overseeing the management of, business and financial risks, safety and occupational health, and environmental issues
- ensuring that the company acts legally and responsibly on all matters and that the highest ethical standards are maintained.

The board delegates to the managing director the authority and power to manage the company and its businesses within levels of authority specified by the board from time to time.

LETTERS OF APPOINTMENT

The managing director's responsibilities and terms of employment, including termination entitlements, are set out in a formal letter of appointment. Last year, the new managing director's letter of employment was filed with the ASX and is available on the CSR internet site.

Letters of employment are also prepared for non-executive directors and the chief financial officer, covering expected duties and time commitments, induction and the corporate governance framework described on the company's internet site.

CSR ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined (ASXCGC principle 9)

It is CSR policy to remunerate executives with a combination of fixed remuneration and short and long term incentives structured to drive improvements in shareholder value. Non-executive directors receive no incentive payments. Executives and directors may forgo part of their cash remuneration to acquire shares in CSR. Employees cannot approve their own remuneration, nor that of their direct subordinates, without their manager's approval.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee, comprising all non-executive directors, is chaired by Ian Blackburne. This committee met five times last year. Together with its overview of people issues, particularly succession and development planning, the committee advises the board on remuneration policies and practices, evaluates the performance of the managing director against pre-agreed goals and makes recommendations to the board on remuneration for the managing director and senior managers reporting to him. The committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

It is also this committee's role under its charter to consider the appropriate size and composition of the board, criteria for board membership, candidates for board membership and the terms and conditions of appointment to and retirement from the board.

The Remuneration report includes further details on CSR's remuneration policy and its relationship to the company's performance last year (page 34). Details of the remuneration of directors and key senior executives last year are set out on page 36.

EQUITY BASED EXECUTIVE REMUNERATION

No shares or options were issued during the year under the Executive Share Option Plan for which amendments were last approved by shareholders in 2000. All options issued in previous years were exercised before the demerger in March 2003 or had lapsed by February 2004.

Shares issued under the Universal Share Option Plan, available to all employees and for which amendments were last approved by shareholders in 2000, are disclosed in note 22 to the financial statements on page 52. Senior executives were among the 2,120 employees who participated in this plan last year.

The Cash Award Share Plan (described to shareholders in the notice of meeting for the 2002 annual general meeting) is now used as the vehicle for long term incentives. The shares purchased during the year on behalf of participating executives are shown in the Remuneration report on page 36. Use of this plan does not dilute the holdings of other shareholders because shares are acquired on-market.

Directors and employees may forgo part of their cash remuneration and acquire shares under the Employee Share Acquisition Plan approved by shareholders in 1998. Last year, non-executive directors acquired over 88,000 shares under the plan.

The company expects all non-executive directors and senior executives to acquire a beneficial interest in CSR shares equivalent in value to one year's base salary. The board has agreed that each non-executive director will sacrifice a minimum of 25% of their directors' fees to buy CSR shares until that goal is achieved. CSR directors' relevant interests in shares are listed on page 33.

THE CORPORATE GOVERNANCE STRUCTURE SETS THE WAY RISKS ARE IDENTIFIED AND MANAGED

CSR's governance structure is designed to ensure that risks of conducting business are properly managed.

CSR has a structure to independently verify and safeguard the integrity of the company's financial reporting (ASXCGC principle 4)

AUDIT COMMITTEE

The Audit Committee is chaired by Carolyn Hewson, the other members being Ian Blackburne and John Wylie, all of whom are independent directors. The committee met four times last year. The external audit firm partner in charge of the CSR audit attends Audit Committee meetings by invitation, together with the internal audit manager and relevant senior executives.

The committee advises the board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, controls and financial reporting. Specific responsibilities include advising the board on the appointment of external auditors (following the procedure in the committee's charter), the yearly audit plan, and the yearly and half yearly financial reports. The committee is a direct link for providing the views of internal and external auditors to the board, if necessary, independently of management influence. Time is allocated for detailed questioning of the material presented and separate sessions with each of the external auditor, internal auditor and chief financial officer.

The committee seeks to ensure the independence of the external auditor. It pre-approves any non-audit services to be performed by the audit firm. Such approval will not be given if the services might impair the auditor's judgment or independence. It is CSR's policy that the position of the partner in charge of the CSR audit be rotated every five years. The auditor annually provides a letter to the company confirming its independence within the meaning of applicable legislation and professional standards.

FINANCIAL REPORT ACCOUNTABILITY

CSR's process for approval of financial statements has a long standing requirement that authorisations be given by various levels of management. CSR's managing director and chief financial officer, who are present for board discussion of financial matters, are required to state to the board, in writing, that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

CSR has a sound system of risk oversight and management and internal control (ASXCGC principle 7)

CSR identifies the risks facing its operations, assesses the balance of risks and rewards, and optimises the returns from its businesses to deliver shareholder value. The risk framework comprises:

- **BUSINESS RISKS** The board requires managers of CSR's businesses to identify areas of risk, to quantify those risks and to adopt cost effective strategies to manage CSR's exposure. Business risk management is a key element of CSR's strategic planning, decision making and execution of strategies.
- **FINANCIAL RISKS** The board has approved principles and policies to manage financial risks of exposures to foreign currencies, commodity prices and interest rates. CSR's policies prohibit speculative transactions, restrict hedging to pre-set limits and require senior management approval of hedging instruments. The policies specify who may authorise transactions and segregates duties of those carrying them out.
- **FINANCIAL INTEGRITY RISKS** Management has put into practice policies, procedures and controls to ensure the integrity of its accounting and financial reporting to stakeholders. Internal audit provides independent assurance in relation to the effectiveness of these processes to manage internal control and risk, in accordance with an annual plan agreed and monitored by the Audit Committee.
- **LEGAL COMPLIANCE RISKS** The board maintains policies and procedures to ensure compliance with all major legal requirements in the conduct of CSR's business.

The board oversees and reviews the effectiveness of the risk management systems implemented by management. The board has assigned responsibility to:

- Audit Committee – reviews and reports to the board in relation to the company's financial reporting, internal control structure, risk management systems, and the internal and external audit functions
- Safety, Health and Environment Committee – reviews and reports to the board on the management of the company's safety, health and environment liabilities and legal responsibilities
- Management – manages and reports to the board on business and financial risks and compliance with other legal obligations

- Internal audit – provides independent assurance in relation to the effectiveness of processes to manage internal control and risk in accordance with an agreed annual plan, which may be refined as necessary.

The Audit Committee recommends to the board the appointment or dismissal of the internal auditor, who is independent of the external auditor.

An independent, external audit is performed on the annual financial report of CSR.

FINANCIAL REPORT ACCOUNTABILITY

As part of the process of approving the financial statements, the managing director and chief financial officer provide statements in writing to the board on the quality and effectiveness of the company's risk management and internal compliance and control systems. A review using the framework provided by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) is conducted to provide a reasonable assurance that these systems are effective in all material respects.

CSR'S LONG ESTABLISHED VALUES AND BEHAVIOURS UNDERPIN ITS ACTIVITIES

CSR's corporate governance *culture* – our way of doing business – and values are critically important to CSR's continuing commercial success.

CSR actively promotes ethical and responsible decision making (ASXCGC principle 3)

Ethical behaviour is required of directors, executives and all other employees.

CODE OF BUSINESS CONDUCT AND ETHICS

The board has endorsed a Code of Business Conduct and Ethics (available on the company's internet site) that formalises the long standing obligation of all CSR people including directors to behave ethically, act within the law, avoid conflicts of interest and act honestly in all business activities.

TRADING IN CSR SHARES

CSR directors are required to hold a minimum of 2,000 company shares. Directors' shareholdings at 19 May 2004 are shown on page 33.

Under the company's Share Trading Policy, directors and senior management may only buy or sell CSR shares, or give instructions to the trustee of CSR's Employee Share Acquisition Plan, during one month periods commencing two days after the date of the yearly and half yearly results announcements and the annual

general meeting. Also, they are prohibited from buying or selling CSR shares at any time if they are aware of any price sensitive information that has not been made public. All CSR share dealings by directors are promptly notified to the ASX.

CSR recognises its legal and other obligations to all legitimate stakeholders (ASXCGC principle 10)

CSR's Code of Business Conduct and Ethics reinforces the company's commitment to giving proper regard to the interests of people and organisations dealing with the company. Each CSR person is required to respect and abide by the company's obligations to fellow employees, shareholders, customers, suppliers and communities in which we operate.

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

CSR employees are required to sign a certificate of compliance signifying that they have read and complied with the code. Our Whistleblowers' Protection Policy promises that an employee will not be subject to retaliation by CSR for reporting in good faith a possible violation of the Code of Business Conduct and Ethics.

SAFETY, HEALTH AND ENVIRONMENT RESPONSIBILITIES

An important part of CSR's governance commitments includes protection for its people's safety and occupational health, and for the environment (SHE). The board endorsed SHE Policy (available on the CSR internet site) details the company's and individual's obligations.

The board's SHE Committee oversees CSR's management and reports to the board on the management of the company's safety, health and environment responsibilities. The SHE Committee comprises Barry Jackson (chairman), Ian Blackburne and John Story. It met four times last year.

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

DIRECTORS' INTERESTS IN CSR SHARES^a

AS AT 19 MAY 2004	BENEFICIAL	NON BENEFICIAL	TOTAL 2004	TOTAL 2003
Ian Blackburne	76,977	—	76,977	24,000
Alec Brennan	1,245,938	—	1,245,938	897,722 ^b
Carolyn Hewson	37,217	—	37,217	25,804
Barry Jackson	44,268	—	44,268	30,000
John Story	42,706	—	42,706	42,706
John Wylie	82,855	—	82,855	42,430

a No interests were held in the share capital of CSR-related companies.

b Includes 100,000 options which lapsed on 7 February 2004.

DIRECTORS' MEETINGS

YEAR ENDED 31 MARCH 2004	CSR BOARD		AUDIT COMMITTEE		SAFETY, HEALTH AND ENVIRONMENT COMMITTEE		REMUNERATION AND NOMINATIONS COMMITTEE	
	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b
Ian Blackburne	12	12	4	4	4	4	4	4
Alec Brennan	12	12						
Carolyn Hewson	12	11	4	3			4	4
Barry Jackson ^c	12	12			4	4	4	4
John Story ^c	12	12			4	4	4	4
John Wylie	12	12	4	4			4	3

a Meetings held while a member.

b Meetings attended.

c Appointed 12 April 2003.

CORPORATE GOVERNANCE AND DISCLOSURE

CSR considers that the above corporate governance practices comply with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

These practices were followed throughout last year. However, the process of formalising and disclosing some practices was progressively implemented during the year.

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

Statement as at 19 May 2004

REMUNERATION AND NOMINATIONS COMMITTEE

The composition and functions of this committee, which oversees remuneration issues at CSR, are set out on page 31. Support for the committee, including the services of external advisers, is provided through CSR's General Manager Human Resources.

REMUNERATION POLICY

The key principles of CSR's remuneration policy are:

- Remuneration is set at levels that will attract, motivate, reward and retain good performers to continually improve business results.
- Remuneration is structured to reward employees for increasing shareholder value.
- Rewards are linked to the achievement of business strategies and goals.

REMUNERATION STRUCTURE

The remuneration structure is in two parts:

- **FIXED REMUNERATION** comprises payroll salary, superannuation and other benefits provided by the company, and is the pre-tax cost to CSR of these components.
- **VARIABLE REMUNERATION** comprises a short term incentive – usually an annual cash payment (and/or shares under the Employee Share Acquisition Plan (ESAP)) – and a long term incentive that is currently in the form of shares purchased in trust under the Cash Award Share Plan (CASP). Not all staff participate in the short and long term incentive plans. Participation in both plans is selectively applied to people in key positions and generally to more senior positions.

CSR aims to set fixed annual remuneration at market median levels for jobs of comparable size, based on job evaluations using internationally recognised job evaluation methods and to provide short and long term incentives to enable top performers to be remunerated at the upper end of the market.

All CSR jobs are allocated grades based on job evaluations. Each grade has a remuneration range which is 20% above and below the grade midpoint.

The rate of progression up to around the midpoint of the range is determined by annual performance reviews. In a limited number of cases, superior performance justifies above median fixed remuneration.

The aim of both the short term and long term incentive plans is to drive performance to successfully implement annual business plans and increase shareholder value.

THE SHORT TERM INCENTIVE PLAN Short term incentives are used to differentiate reward for performance on a year by year basis. That is, with good company financial performance, a very good performer would normally achieve a high short term incentive which, when added to fixed remuneration, would bring the combination of these two components to around the upper quartile of market rates.

There are several levels of short term incentive plans in CSR. At the senior executive level, annual incentives can be as high as 75% of fixed remuneration for superior performance.

The key principles of the short term incentive plan are:

- Performance indicators will normally be based on both business financial and individual performance results.
- At senior executive levels the financial measures carry a much heavier weighting (80% of the potential incentive) than the non-financial measures and are set so that the maximum reward can only be gained if the business results are at a level that would deliver a top quartile (of the S&P/ASX 200 Accumulation Index) return to shareholders.
- The individual performance indicators must be genuine drivers of business performance (*balanced scorecard* measures), including safety performance.
- All short term incentive plans are self funding. That is, the cost of the incentives is deducted from the result before determining the performance level.
- Participants in the senior executive plan are expected to forgo at least 50% of their short term incentive and apply it to the purchase of CSR shares through ESAP until all their holdings of CSR shares equal the value of 12 months' base salary.
- The senior executive and executive plans are structured to ensure that the financial results are sustainable. Two thirds of the financial component of the reward above a certain level is withheld and paid out over the following two years only if results in those years are above pre-determined threshold levels.

THE LONG TERM INCENTIVE PLAN CASP was introduced last year as an alternative to share options as a means of providing long term incentives for executives to reward sustained superior performance, and to align their interests more closely with those of CSR shareholders.

The CASP plan has advantages to shareholders over an options plan. It does not dilute shareholders' equity because existing shares are purchased on-market and the cost of the shares is fully reflected in the company's accounts.

The shares are held in trust for participating executives. Dividend payments on these shares vest immediately.

The shares will vest if CSR's total return to shareholders, including share price growth and dividends (TSR), exceeds the percentage increase in the S&P/ASX 200 Accumulation Index (the Index) in the period between the third and fifth anniversary after purchase, otherwise the opportunity to earn the shares will be forfeited. Shares which vest in the participants must remain in the trust for the balance of a period of 10 years from the purchase date or the earlier cessation of the executive's employment.

The board has discretion to specify a different period during which the performance hurdle must be met before shares vest if special circumstances (such as retirement, redundancy or death) have occurred.

LONG TERM INCENTIVE PLAN SUMMARY

FEATURE	CASH AWARD SHARE PLAN (CASP) 2003
Shares purchased	1,264,383
Consideration	\$2,396,361
Vesting delay: From	24 July 2003
To	23 July 2006
Qualifying period: From	24 July 2006
To	23 July 2008
Performance hurdle	CSR's total shareholder return (TSR) exceeds % increases in the S&P/ASX 200 Accumulation Index
Amount of shares vesting	100% when TSR exceeds the Index
Plan status	Qualifying period not yet reached
Expiry date	23 July 2008

The value of shares purchased for executives each year is set at a level which will, if the shares vest, bring total remuneration for the period to the 50th percentile of the market remuneration. If CSR's TSR exceeds the Index after the three year holding period, an additional incentive is payable to executives in the form of CSR shares to be purchased and held in ESAP. For example, if after the holding period CSR's TSR was equivalent to the 75th percentile of the Index, additional shares would be purchased to bring total remuneration for the period to the 75th percentile of market remuneration.

REMUNERATION REVIEW PROCESS

The remuneration for executives and staff is reviewed annually, using a formal performance appraisal process and market data derived from independent surveys for people with similar competencies and responsibilities.

The Remuneration and Nominations Committee recommends to the board an overall cap on the pool of money available for increases in fixed remuneration each year. In addition, the committee reviews the performance and the remuneration of the managing director and recommends to the board any short term incentive payments and adjustments to his remuneration.

It also overviews the recommendations of the managing director for changes to the remuneration, incentive payments and shares purchased for those who report directly to him.

Changes to remuneration and the award of incentives for all executives and staff require a recommendation from the manager to whom the employee reports, which must, as a minimum, be approved by the manager above.

RETIREMENT BENEFITS FOR EMPLOYEES

CSR's Australian based employees participate in the Harwood Superannuation Fund (the CSR Super Plan). Most employees (3,730) participate in cash accumulation divisions, their retirement benefit being the company's and their own contributions plus investment earnings.

A small number (21) of current employees are members of a division of the fund that provides a defined benefit pension or lump sum on retirement. A further 51 accumulation division members can receive a defined lump sum if it is greater than their account balance. No defined benefits have been available to new members since 1987.

CSR continues to operate the Monier PGH Superannuation fund, a legacy from the acquisition of these companies, which has been closed to new members since 1996. This fund has a defined benefit division with 440 employees and an accumulation division with 39 employees. New Zealand employees (77) participate in the CSR New Zealand Group Superannuation Scheme which is now a cash accumulation superannuation plan. CSR employees in Asia participate in government specified retirement arrangements.

All CSR sponsored plans are fully funded.

INDUSTRIAL AWARDS AND AGREEMENTS – AUSTRALIAN BASED EMPLOYEES

The following award and agreements cover CSR staff and executives with the exception of the managing director:

- CSR Staff (Consolidated) Award 2000
- Agreement on Over-award Conditions of Employment 1992
- Redundancy and Retrenchment Agreement November 2002
- CSR Limited Senior Staff Remuneration Packaging Arrangements Certified Agreement, 1998.

Details of the Award and Certified Agreement are available on the Department of Employment and Workplace Relations' internet site at www.wagenet.gov.au.

Other employees of CSR are employed under various awards and certified agreements which are registered with either the Australian Industrial Relations Commission or the relevant state industrial commission.

REMUNERATION OF EXECUTIVE DIRECTORS AND SENIOR MANAGERS

Managing Director Alec Brennan is currently the only executive director. A board member since 1 May 1996, he was appointed managing director and chief executive officer in March 2003.

Alec Brennan has an employment contract which will terminate on 31 March 2007, unless terminated earlier or renewed. A copy of his complete contract is available on CSR's website www.csr.com.au.

Alec Brennan's remuneration comprises fixed remuneration; an annual short term incentive of up to 90% of fixed remuneration; and the opportunity to earn a total of 750,000 shares for each of the four years of his contract, subject to exceeding performance hurdles. No shares will vest to him unless CSR's total shareholder return (share price increase plus dividends paid) exceeds the percentage increase in the S&P/ASX 200 Accumulation Index. To earn the full amount, it must exceed the 75th percentile of the index.

TERMINATION ARRANGEMENTS If CSR terminates Managing Director Alec Brennan's appointment without cause, in addition to his statutory entitlements, he will be paid the lesser of an amount equal to 1.5 times the value of his fixed annual remuneration or the balance of the fixed remuneration to the end of his contract, 31 March 2007; the pro-rata short term incentive earned for the then current year; as part of the payment in lieu of notice, an amount equal to half of his short term incentive for the then current year, being 45% of his then current fixed remuneration, or if cessation occurs between 1 April 2006 and 31 March 2007, a proportionate part of that amount.

In the event of retrenchment, senior executives are entitled to payments in accordance with the terms of the CSR Staff (Consolidated) Award 2000, which provides for a period of notice or pay in lieu of notice (one month or five weeks if over 45 years of age) plus three months' salary plus 0.7 months' salary per year of completed service (up to a maximum of two years' salary), plus statutory entitlements.

Should the following senior executives be retrenched, they are entitled to the greater of the payment prescribed by the CSR Award or the following extended periods of notice or payment in lieu of that notice:

	PERIOD OF NOTICE OR PAY IN LIEU
Ian McMaster, Chief Executive Sugar	Two years
Warren Saxelby ^a , Chief Financial Officer	18 months
John Dyer ^a , General Manager Human Resources	12 months
Graeme Doyle, Executive General Manager Plasterboard, Fibre Cement and Hebel	12 months
John Hodgkinson, Executive General Manager Insulation, Panel Systems and Business Development	12 months

a Pro-rata short term incentive payments would be payable to these executives for the period of notice.

These executives would also be entitled to notice or payment in lieu for the tabled periods in the event of termination of their employment contracts by CSR.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Fees for non-executive directors are based on the nature of their work and their responsibilities. In determining the level of fees, survey data on comparable companies is considered in detail. Non-executive directors' fees are recommended by the Remuneration and Nominations Committee and determined by the board within the aggregate amount approved by shareholders in 1999: \$750,000 a year.

Non-executive directors' fees were set in April 2003 at \$91,000 per director per year. The chairman receives remuneration of \$227,500 per year, inclusive of committee fees. Other non-executive directors who are members of committees, other than the Remuneration and Nominations Committee, receive additional yearly fees of \$6,000 per committee, with \$12,000 per year paid to the directors who chair those committees. No equity incentives are offered to non-executive directors.

CORPORATE GOVERNANCE

REMUNERATION REPORT (CONTINUED)

No retirement allowances are payable to non-executive directors appointed after 1 April 2003. The three non-executive directors who joined the board before then remain entitled to a retirement allowance equal to a proportion of their total remuneration from CSR for the three years prior to their retirement. The calculation of the past three years' remuneration excludes

the 30% increase in directors' fees paid from 1 April 2003 (fee increment). The proportion used for each director is based on their length of service but was frozen at 31 March 2003. Each year the allowance payable can:

- increase as the sum of the last three years' remuneration increases, and

- decrease if a director with at least five years' service would otherwise exceed the maximum allowance by including the fee increments paid since 1 April 2003.

CSR provides for the allowance on an accrual basis, the provision at 31 March 2004 being \$0.6 million (\$0.5 million at 31 March 2003).

REMUNERATION DETAILS OF EXECUTIVE DIRECTOR AND OFFICERS

YEAR ENDED 31 MARCH 2004 \$	FIXED REMUNERATION ^a	SHORT TERM INCENTIVES	LONG TERM INCENTIVES ^b	OTHER COMPENSATION	TOTAL COMPENSATION
EXECUTIVE DIRECTOR^c					
Alec Brennan Managing Director and Chief Executive Officer	1,122,000 ^d	600,000	393,018	33,806 ^e	2,148,824
CSR LIMITED OFFICERS^f					
Ian McMaster Chief Executive Sugar	752,505	200,000	83,333	796 ^g	1,036,634
Warren Saxelby Chief Financial Officer	606,135	160,000	257,400		1,023,535
John Hodgkinson Executive General Manager Insulation, Panel Systems and Business Development	370,515	220,000	26,666	796 ^g	617,977
John Dyer General Manager Human Resources	393,975	102,000	33,333		529,308
Graeme Doyle Executive General Manager Plasterboard, Fibre Cement and Hebel	325,550	120,000	16,666	1,833 ^{g h}	464,049
Neill Evans Executive General Manager Roofing	325,380	80,000	16,666	1,306 ^{g h}	423,352
Chris Grubb Executive General Manager Bricks and Pavers	264,775	93,000	13,333	796 ^g	371,904

a Cost to the company of remuneration package comprising cash salary, CSR shares under ESAP approved by shareholders, superannuation contributions for members of cash accumulation plans, motor vehicles, long service leave provisions, financial advice and club memberships, if any.

b The long term cash incentive for Alec Brennan was forgone to purchase shares in ESAP. Warren Saxelby has forgone his long term cash incentive to purchase shares in ESAP (\$190,733). The CASP component for Warren Saxelby (\$66,667) and the amounts for the other officers represent one third of shares purchased under CASP on 24 July 2003 at \$1.8912 a share. These shares cannot be earned for three years and then will only be earned if CSR's TSR exceeds the percentage increase in the S&P/ASX 200 Accumulation Index.

c As reported in the *CSR Annual Report 2003*, on termination former Managing Director Peter Kirby was paid in accordance with a deed of release, a gross remuneration at the rate of \$625,000 a month from 1 April 2003 to 31 July 2003.

d Excludes the cost of Alec Brennan's defined benefit superannuation because CSR's contribution to the defined benefit fund cannot be individually attributed. However, if he had retired at 31 March 2004, he would have received a pension of \$493,248 a year indexed to the CPI, compared with an indexed pension of \$428,820 a year if he had retired at 31 March 2003.

e Spouse travel expenses.

f As a consequence of the restructure following the demerger, the following three executives left CSR at the end of 2003:
Graeme Pettigrew, former Chief Executive Building Products, left CSR on 31 December 2003. Under a separation agreement, his total remuneration for the year ended 31 March 2004 was \$2,628,338, consisting of \$573,240 fixed remuneration, \$562,500 short term incentive, \$125,000 long term incentive and \$1,367,598 termination payments.

Robert Elliott, former Chief Financial Officer Building Products, left CSR on 31 December 2003. His total remuneration for the year ended 31 March 2004 was \$664,158, consisting of \$270,000 fixed remuneration, \$45,000 short term incentive, \$26,667 long term incentive and \$322,491 termination payments.

Ole Elsaesser, former Chief Information Officer, left CSR on 28 November 2003. His total remuneration for the year ended 31 March 2004 was \$629,106, consisting of \$215,142 fixed remuneration, \$45,635 short term incentive and \$361,329 termination payments.

g Value of free shares under the Universal Share Option Plan (USOP). Eligible employees purchased 400 shares at \$1.99 (\$796) and received an additional 400 shares at no cost.

h Event tickets for customer entertainment.

REMUNERATION DETAILS OF NON-EXECUTIVE DIRECTORS

YEAR ENDED 31 MARCH 2004 \$	DIRECTORS' FEES ^a	COMMITTEE FEES	SUPERANNUATION CONTRIBUTIONS ^b	RETIREMENT ALLOWANCE ^c	TOTAL 2004 ^d	TOTAL 2003 ^e
Ian Blackburne	227,500	—	20,475	79,073	306,573	154,776
Carolyn Hewson	91,000	12,000	9,270	-7,000	96,000	128,208
Barry Jackson	91,000	12,000	9,270	—	112,270	—
John Story	91,000	6,000	8,730	—	105,730	—
John Wylie	91,000	6,000	8,730	6,806	103,806	135,071
Total	591,500	36,000	56,475	78,879	724,379	

a Includes cash payments and CSR shares under the Employee Share Acquisition Plan.

b Entitlements attributable to these statutory superannuation contributions are deducted from directors' retirement allowances when they retire from the board. The retirement allowance accrued as at 31 March 2004 (before deduction of superannuation entitlements) was Ian Blackburne \$243,668, Carolyn Hewson \$237,000 and John Wylie \$95,834.

c Movements in the amount accrued during the year. The increase in accrual for Ian Blackburne is due to the increase in his remuneration since appointment as chairman.

d Total remuneration for those directors who are entitled to a retirement allowance excludes superannuation contributions.

e The total remuneration for year ended March 2003 would not provide a meaningful comparison as it included remuneration of three non-executive directors who joined the board of Rinker Group Limited upon demerger.

THE DIRECTORS of CSR Limited (CSR) present their report for the year ended 31 March 2004.

REVIEW OF OPERATIONS AND RESULTS

A review of CSR's operations and the results for the financial year ended 31 March 2004 are set out on pages 2 to 7 and 14 to 23.

SIGNIFICANT CHANGES

Significant changes in the state of affairs of the CSR Group included the buyback of 3% of its issued capital at a cost of \$50 million and the cancellation of the company's American Depositary Receipts and CSR's listing on the London Stock Exchange. In September 2003, the company announced a \$100 million renewable energy project at the Pioneer sugar mill, North Queensland. In November 2003, Gove Aluminium Finance (GAF) (70% CSR) exercised its option to participate in a project to expand Tomago aluminium smelter, at an estimated cost to GAF of \$76 million. In April 2004, CSR announced it will invest \$61 million to increase to 75% its share of the Sugar Australia joint venture and New Zealand Sugar Company.

PRINCIPAL ACTIVITIES

The principal activities of entities in CSR during the year were the manufacture and supply of building products, with operations in Australia, Asia and New Zealand. In Australia, the CSR Group produced sugar and had a substantial investment in the smelting of aluminium.

EVENTS AFTER BALANCE DATE

No material matters or circumstances have arisen since the end of the financial year, other than the announcement in April that the CSR Group will acquire a further 25% interest in the Sugar Australia and New Zealand Sugar Company refining joint ventures.

LIKELY DEVELOPMENTS

Likely developments in the operations of the CSR Group in the future and the expected results are referred to on pages 4, 7, 14, 15 and 18 to 20. This report omits information about likely developments and expected future results that would unreasonably prejudice CSR. Developments which have arisen by the time of the annual general meeting on 15 July 2004 will be reported in the chairman's address to the meeting.

ENVIRONMENTAL PERFORMANCE

CSR's performance in relation to environmental regulation is reviewed on page 27.

DIVIDENDS

A final dividend for the year to 31 March 2004 of 6 cents per ordinary share, 70% franked, will be paid on 1 July 2004. Dividends paid and declared during the year are in note 21 to the financial statements on page 51.

DIRECTORS, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS

The names of the directors who held office between 1 April 2003 and the date of this report and details about current directors' qualifications, age, experience and special responsibilities are on page 28. Details about meetings of the board and of board committees, including attendance, and directors' interests in CSR Limited shares, are on page 33. No company in the CSR Group made available to any director any interest in a registered scheme.

OPTIONS GRANTED TO DIRECTORS AND SENIOR EXECUTIVES

No options were granted to executives or non-executive directors during the year.

OPTIONS OVER SHARE CAPITAL

There were no unissued shares subject to options at the date of this report and no shares issued pursuant to exercised options during or since the end of the year.

INDEMNITIES AND INSURANCE

No indemnities were given or insurance premiums paid for current or former officers or auditors during or since the end of the year. Additional information regarding indemnities and insurance is on page 29, including details of agreements by CSR to indemnify current or former officers.

PROCEEDINGS ON BEHALF OF CSR

No proceedings have been brought on behalf of the company, nor has any application been made in respect of the company under section 237 of the Corporations Act 2001 (which allows members and other persons to bring proceedings on behalf of companies).

REMUNERATION POLICY FOR DIRECTORS AND SENIOR EXECUTIVES

The policy for determining the nature and amount of remuneration for non-executive directors and senior executives is described in the Remuneration report on page 34. Part of the role of the board's Remuneration and Nominations Committee is to advise the board on remuneration policies and practices for executives (page 31).

SENIOR EXECUTIVES' BENEFITS

Details of the benefits paid to senior executives are included in the Remuneration report on page 36.

The directors' statutory report is signed in accordance with a resolution of directors of CSR Limited.



IAN BLACKBURNE
Chairman



ALEC BRENNAN
Managing Director

19 May 2004

Financials

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STATEMENT OF FINANCIAL PERFORMANCE

(\$ MILLION)	NOTE	CONTINUING OPERATIONS		CSR GROUP DISCONTINUED OPERATIONS ^a	TOTAL	CSR LIMITED	
		2004	2003	2003	2003	2004	2003
Trading revenue – sale of goods		1,970.8	2,051.2	5,231.7	7,282.9	38.0	1,632.8
Cost of sales		(1,401.3)	(1,463.0)	(3,125.5)	(4,588.5)	(2.9)	(1,041.4)
Warehouse and distribution costs		(123.0)	(127.9)	(932.2)	(1,060.1)	–	(151.5)
Selling costs		(143.5)	(133.5)	(98.2)	(231.7)	–	(110.7)
Administration and other operating costs		(66.3)	(89.9)	(439.2)	(529.1)	(39.9)	(180.7)
Share of partnership's net loss		–	–	(0.3)	(0.3)	–	(1.2)
Share of associate entities' net profit		28.8	29.0	24.6	53.6	10.1	13.4
Operating profit		265.5	265.9	660.9	926.8	5.3	160.7
Other revenue from ordinary activities	2	69.9	71.1	4,702.7	4,773.8	719.9	5,458.2
Other expenses from ordinary activities	2	(74.6)	(63.4)	(3,190.7)	(3,254.1)	(419.8)	(3,307.1)
Dividend income from controlled entities						72.3	678.5
Dividend income from others		1.9	2.1	0.2	2.3	1.9	2.0
Profit from ordinary activities before finance and income tax		262.7	275.7	2,173.1	2,448.8	379.6	2,992.3
Interest income	7	5.8	8.3	0.6	8.9	86.6	49.2
Borrowing (costs) income	4	(18.8)	(27.5)	(86.7)	(114.2)	(23.8)	14.9
Profit from ordinary activities before income tax		249.7	256.5	2,087.0	2,343.5	442.4	3,056.4
Income tax expense relating to ordinary activities	5	(60.6)	(63.5)	(202.8)	(266.3)	(14.9)	(48.6)
Net profit		189.1	193.0	1,884.2	2,077.2	427.5	3,007.8
Net profit attributable to outside equity interests		28.9	21.3	2.4	23.7		
Net profit attributable to members of CSR Limited		160.2	171.7	1,881.8	2,053.5	427.5	3,007.8
(Decrease) increase in foreign currency translation reserve arising on translation of self-sustaining foreign operations	23	(13.1)	32.2	(245.0)	(212.8)	–	–
Adjustment to opening retained profits on adoption of AASB 1044 – asbestos		–	(143.7)	–	(143.7)	–	(143.7)
Adjustment to opening retained profits on adoption of revised AASB 1028		(2.3)	–	–	–	(2.2)	–
Total revenue, expense and valuation adjustments attributable to members of CSR Limited recognised directly in equity		(15.4)	(111.5)	(245.0)	(356.5)	(2.2)	(143.7)
Total changes in equity not resulting from transactions with owners as owners		144.8	60.2	1,636.8	1,697.0	425.3	2,864.1
Reconciliation of retained profits							
Retained profits at the beginning of the financial year		147.3	166.9	1,435.4	1,602.3	184.3	640.0
Net profit attributable to members of CSR Limited ^b		160.2	171.7	1,881.8	2,053.5	427.5	3,007.8
Demerger distribution ^c		–	–	(3,317.2)	(3,317.2)	–	(3,317.2)
Adjustment to opening retained profits on adoption of AASB 1044 – asbestos		–	(143.7)	–	(143.7)	–	(143.7)
Adjustment to opening retained profits on adoption of AASB 1044 – dividend		–	121.7	–	121.7	–	121.7
Adjustment to opening retained profits on adoption of revised AASB 1028		(2.3)	–	–	–	(2.2)	–
Aggregate of amounts transferred from reserves	23	0.7	55.7	–	55.7	0.9	100.7
Total available for appropriation		305.9	372.3	–	372.3	610.5	409.3
Dividends provided for or paid	21	103.9	225.0	–	225.0	103.9	225.0
Retained profits at the end of the financial year		202.0	147.3	–	147.3	506.6	184.3
(cents per share)							
Basic earnings per share based on net profit attributable to members of CSR Limited ^{d e}		17.1	18.3	200.7	219.0		
Diluted earnings per share based on net profit attributable to members of CSR Limited ^{e f}		17.1	18.3	200.2	218.5		

a Discontinued operations for the financial year ended 31 March 2003 represents the Rinker Materials and Readymix businesses disposed through the demerger and the costs and fair value adjustments arising from the demerger process (refer to notes 3 and 38 for further information).

b As described in note 38, the CSR Group demerged its Rinker Materials and Readymix businesses on 28 March 2003. The statement of financial performance for 2003 includes the net profit of these businesses up to the date of demerger. In addition, net profit of the CSR Group includes a net profit of \$1,492.7 million arising from accounting for the demerger at fair value (refer note 3 for details). Excluding this significant item, net profit was \$560.8 million. Assets distributed to shareholders in the demerger comprise the book value of those assets and the significant profit.

c The fair value of the demerged businesses (\$4,573.0 million) was determined using the average Rinker Group Limited share price for the first 10 trading days. The demerger distribution was calculated as the fair value less the amount of the capital reduction (\$1,255.8 million).

d Calculation based on 938.4 million (2003: 937.7 million) weighted average number of ordinary shares on issue and earnings of \$160.2 million (2003: \$2,053.5 million).

e Earnings per share before significant items in 2003 (see a above) is basic: 59.8 cents and diluted: 59.7 cents.

f Calculation based on 938.4 million (2003: 937.7 million) weighted average number of ordinary shares on issue, and nil (2003: 2.1 million) weighted average number of potential shares issued due to dilutive options.

Notes to the financial statements are annexed.

STATEMENT OF FINANCIAL POSITION

(\$ MILLION)	NOTE	CSR GROUP		CSR LIMITED	
		2004	2003	2004	2003
Current assets					
Cash	8	60.3	372.4	30.4	338.0
Receivables	9	253.6	326.2	216.9	1,011.4
Inventories	10	164.5	156.3	13.1	80.1
Other current assets	11	2.9	2.3	0.3	1.4
Current assets		481.3	857.2	260.7	1,430.9
Non-current assets					
Receivables	9	31.4	46.3	1,996.7	598.4
Inventories	10	40.6	19.4	15.6	6.9
Investments accounted for using the equity method	12	139.0	138.4	96.1	97.0
Other financial assets	13	22.4	22.4	895.8	759.0
Property, plant and equipment	14	1,340.1	1,357.4	5.4	280.9
Intangibles	16	34.7	36.1	–	2.7
Deferred income tax assets		195.0	202.8	150.7	134.0
Other non-current assets	11	65.4	55.5	20.5	41.4
Non-current assets		1,868.6	1,878.3	3,180.8	1,920.3
Total assets		2,349.9	2,735.5	3,441.5	3,351.2
Current liabilities					
Payables	17	261.3	241.1	114.3	865.7
Interest-bearing liabilities	18	24.3	325.6	11.9	319.4
Income tax liabilities		17.0	13.3	–	–
Provisions	20	107.9	138.8	85.5	113.7
Current liabilities		410.5	718.8	211.7	1,298.8
Non-current liabilities					
Payables	18	3.9	1.5	3.9	1.5
Interest-bearing liabilities	18	200.1	272.7	1,460.5	534.7
Deferred income tax liabilities		214.6	213.5	15.5	35.5
Provisions	20	375.9	380.2	372.0	375.8
Non-current liabilities		794.5	867.9	1,851.9	947.5
Total liabilities		1,205.0	1,586.7	2,063.6	2,246.3
Net assets		1,144.9	1,148.8	1,377.9	1,104.9
Equity					
Contributed equity	22	871.3	919.7	871.3	919.7
Reserves	23	(1.2)	12.6	–	0.9
Retained profits		202.0	147.3	506.6	184.3
Equity attributable to members of CSR Limited		1,072.1	1,079.6	1,377.9	1,104.9
Outside equity interests in controlled entities	24	72.8	69.2	–	–
Total equity		1,144.9	1,148.8	1,377.9	1,104.9

The CSR Group demerged its Rinker Materials and Readymix businesses on 28 March 2003. The statement of financial position for 2003 excludes all the assets and liabilities that were demerged. Details of demerged (discontinued) businesses are given in notes 35 and 38.

Notes to the financial statements are annexed.

STATEMENT OF CASH FLOWS

(\$ MILLION)	NOTE	CSR GROUP		CSR LIMITED	
		2004	2003	2004	2003
Cash flows from operating activities					
Receipts from customers		2,206.0	7,572.7	153.1	1,776.7
Payments to suppliers and employees		(1,905.8)	(6,281.3)	(197.3)	(1,649.3)
Dividends and distributions from associate entities and controlled entities		30.6	69.5	85.2	699.6
Interest received		5.0	8.8	85.4	50.0
Income tax paid		(45.7)	(197.6)	(3.0)	(19.7)
Net cash from operating activities		290.1	1,172.1	123.4	857.3
Cash flows from investing activities					
Purchase of property, plant and equipment and other non-current assets		(110.7)	(315.2)	(11.7)	(74.8)
Proceeds from sale of property, plant and equipment and other non-current assets		64.1	97.7	40.9	22.0
Purchase of controlled entities and businesses net of cash acquired	35	–	(971.8)	–	–
Proceeds from sale of interests in controlled entities and businesses	35	–	71.8	–	26.3
Return of capital from Sugar Terminals Limited		–	5.4	–	5.4
Loans and receivables advanced		(0.1)	(7.6)	(0.1)	(66.5)
Loans and receivables repaid		16.1	4.6	16.1	9.6
Net cash (used in) from investing activities		(30.6)	(1,115.1)	45.2	(78.0)
Cash flows from financing activities					
Proceeds from issue of shares – CSR Limited shareholders		1.7	42.8	1.7	42.8
Share buyback		(50.1)	(6.7)	(50.1)	(6.7)
Cash paid to Rinker Group Limited as a consequence of the demerger		(315.5)	–	(315.5)	–
Net (repayment of) proceeds from borrowings		(53.6)	666.2	213.7	(4.8)
Net financing of controlled entities		–	–	(197.3)	(289.9)
Dividends paid		(131.0)	(245.1)	(103.6)	(223.6)
Interest and other finance costs paid		(16.5)	(111.4)	(21.4)	(26.6)
Net cash (used in) from financing activities		(565.0)	345.8	(472.5)	(508.8)
Net (decrease) increase in cash held					
		(305.5)	402.8	(303.9)	270.5
Cash at the beginning of the financial year – CSR Group		50.6	156.6	18.7	63.2
Cash held at the beginning of the financial year to settle Rinker Group debt		315.5	–	315.5	–
Cash in demerged entities		–	(184.8)	–	–
Effects of exchange rate changes		(3.4)	(8.5)	–	0.5
Net cash at the end of the financial year	8	57.2	366.1	30.3	334.2
Reconciliation of net profit attributable to members of CSR Limited to net cash from operating activities					
Net profit attributable to members of CSR Limited		160.2	2,053.5	427.5	3,007.8
Depreciation and amortisation	6	106.9	471.6	6.2	66.2
Transfer from provisions		(47.1)	(36.4)	(41.0)	(28.1)
Interest expense	4	16.1	105.1	20.7	26.5
Other loss (profit) from ordinary activities	2	4.7	(1,519.7)	(300.1)	(2,151.1)
Net profit attributable to outside equity interests		28.9	23.7	–	–
Net change in trade receivables and other current assets		34.4	(23.7)	49.6	(75.2)
Net change in current inventories		(9.1)	10.2	5.2	3.1
Net change in trade payables		(18.4)	54.8	(29.6)	23.5
Net change in tax balances		14.9	68.6	11.9	28.9
Other		(1.4)	(35.6)	(27.0)	(44.3)
Net cash from operating activities		290.1	1,172.1	123.4	857.3

Credit facilities are shown in note 19.

Non-cash financing and investing activities are shown in note 28.

Notes to the financial statements are annexed.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

This general purpose financial report is prepared in accordance with the Corporations Act 2001, applicable accounting standards and urgent issues group consensus views, and complies with other requirements of the law. The financial report is based on historical cost, except for certain assets which are at deemed cost. The accounting policies adopted are consistent with those of the previous year, unless otherwise stated. Details of the significant accounting policies adopted by the CSR Group are given below.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the CSR Group, being CSR Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date CSR Limited obtains control and until such time as it ceases to control an entity; and
- all inter-entity balances and transactions are eliminated.

Entities controlled by CSR Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

Non-current assets are reviewed annually to ensure the carrying values are not in excess of recoverable amounts. Recoverable amounts are determined as the present value of the net cash inflows from the continued use and subsequent disposal of the non-current asset.

INTANGIBLES

Goodwill acquired or arising on consolidation is amortised over the period in which the benefits are expected to arise, to a maximum of 20 years. Patents, trademarks and other intellectual property acquired are valued at the lower of cost or recoverable amount and are amortised over the period in which the benefits are expected to arise varying from five to 40 years.

STATEMENT OF CASH FLOWS

Net cash is defined as cash at banks and on hand and cash equivalents net of bank overdrafts. Cash equivalents include highly liquid investments which are readily convertible to cash and loans which are not subject to a term facility.

CAPITALISATION OF INTEREST

Interest is expensed as incurred except where it relates to the financing of major projects constructed for internal use, where it is capitalised up to the date of commissioning. Following commissioning, the total capitalised cost including interest is amortised over the expected useful life of the project.

ACQUISITION OF ASSETS

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

PAYABLES

Trade creditors and other payables are recognised when the CSR Group becomes obliged to make future payments resulting from the purchase of goods and services.

INTEREST-BEARING LIABILITIES

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

RESEARCH AND DEVELOPMENT

All expenditure on research and development is expensed in the financial year in which it is incurred except where future benefits can be assured beyond reasonable doubt. Projects are continually under review.

DEPRECIATION (INCLUDING AMORTISATION AND DEPLETION)

Depreciable assets other than quarry and other raw material reserves are depreciated at rates based upon their expected economic life, using the straight-line method. Quarry and other raw material reserves are depleted after taking into account the life of the quarry and its estimated residual value. Depletion is determined by production for the year as a proportion of recoverable reserves. The economic lives of property, plant and equipment assets are detailed in note 14.

INVENTORIES

Inventories including work in progress and land held for sale are valued at the lower of cost and net realisable value. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. The value of inventory is derived by the method most appropriate to each particular class of inventory. The major portion is valued on either a first-in-first-out or average cost basis.

ACCOUNTING STANDARD AASB 1028

The accounting standards, policies, estimation methods and measurement bases used in this report are the same as those used in previous annual reports except for the adoption of revised Accounting Standard AASB 1028 'Employee Benefits'. This revised accounting standard requires that employee benefit provisions be measured at rates determined using the anticipated wage and salary levels for each employee when the benefit is to be taken rather than at current wage and salary rates. The effect of this change in accounting policy was to increase provisions by \$3.2 million which was taken directly to retained profits (\$2.3 million after tax).

PRODUCT LIABILITY

Details of CSR's product liability exposure are given in note 39. The provision is made for the present value, using a risk free discount rate, of the best estimate of the consideration required to settle the present obligation at reporting date. The provision includes an appropriate prudential margin, which varies year to year within a specific range developed based on advice from CSR's independent experts, reflecting the uncertainty of the liability. Previously CSR applied a static prudential margin. This change in accounting estimate has increased the provision by \$22.8 million.

REVENUE RECOGNITION

Sales revenue is measured at the fair value of the consideration received, 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.
- Control of the product has transferred to the buyer.
- The seller's price to the buyer is fixed or determinable.
- 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.

TAX EFFECT ACCOUNTING

The liability method of tax effect accounting is applied in the calculation of provisions for current and future tax.

Tax expense for the financial year is based on pre-tax accounting profit adjusted for items which, as a result of treatment under income tax legislation, create permanent differences between pre-tax accounting profit and taxable income.

To arrive at tax payable, adjustments to income tax are made for items which have been included in periods for accounting purposes which differ from those specified by income tax legislation. The extent to which these timing differences give rise to income tax becoming payable earlier or later than is indicated by accounting treatment, is recorded in the statement of financial position as a deferred income tax asset or a deferred income tax liability.

Deferred income tax assets arising from timing differences and tax losses are not recognised as an asset if there is uncertainty as to whether income will be derived of a nature and an amount sufficient to ensure their realisation.

No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.

CAPITAL GAINS TAX

No liability has been provided in the financial statements in respect of possible future capital gains tax that may arise on the disposal of assets, as no decision has been made to sell any of these assets. Such liability is provided at the time of disposal of assets. Where assets were revalued, no provision for potential capital gains tax has been made.

TAX CONSOLIDATION

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

The directors have elected for those entities within the CSR Group that are wholly-owned Australian resident entities to be taxed as a single entity from 1 April 2004.

The financial effect of the adoption of the tax consolidation system has not been recognised in the financial statements, but based on initial indications, is expected to give rise to a tax benefit in the 31 March 2005 financial year in excess of \$35 million.

Prior to the adoption of the tax consolidation system, CSR Limited, as the head entity in the tax consolidation group, has agreed to compensate or be compensated by its wholly-owned controlled entities for the carrying amount of their deferred tax balances.

JOINT VENTURE OPERATIONS

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

JOINT VENTURE ENTITIES, ASSOCIATES AND PARTNERSHIPS

Investments in joint venture entities, associates and partnerships have been accounted for under the equity method in the consolidated financial statements.

ENVIRONMENTAL REHABILITATION

Provision is made for the expected cost of environmental rehabilitation of commercial sites which require remediation of existing conditions resulting from present and past operations. The liability is immediately recognised when the environmental exposure is identified and the rehabilitation costs can be reliably estimated.

SOFTWARE AND SYSTEM DEVELOPMENT

The cost of developing new systems, including purchased software, is deferred and subsequently amortised over a period of five to seven years, being the period over which the benefits are expected to arise.

SIGNIFICANT ITEMS

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

CURRENCY

Unless otherwise shown in the financial report, amounts are in Australian currency.

DEFERRED COSTS

Deferred costs are capitalised to the extent that they provide future economic benefits and are amortised over the period those benefits are expected to arise.

FOREIGN CURRENCY

All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in the statement of financial performance in the period in which they arise except if designated as hedges. Exchange differences net of tax relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation are taken directly on consolidation to the foreign currency translation reserve. Financial statements of self-sustaining foreign controlled entities are translated at reporting date using the current rate method and exchange differences are brought to account by entries made directly to the foreign currency translation reserve.

EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required and they are capable of being reliably measured.

COMPARATIVE FIGURES

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

ROUNDING

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

DERIVATIVE AND HEDGING ACTIVITIES

The CSR Group uses derivative financial instruments (derivatives) to hedge exposures to interest rate, commodity and foreign exchange risk. In order to be designated as a hedge, at inception and during the term of the hedging instrument, it must be expected that the hedge will be effective in reducing exposure to the risks being hedged. The items hedged include recognised assets and liabilities, and anticipated transactions that are probable of occurring.

INTEREST RATE

Interest rate swaps and options are used to vary the CSR Group's mix of fixed and variable rate borrowings. These derivatives are accounted for on an accrual basis consistent with the accounting treatment of the underlying borrowings. Both payments and receipts under the swaps are included in interest expense. The related amount payable to, or receivable from counterparties, is included in other payables or other receivables. Option premiums are deferred and amortised over the term of the option.

FOREIGN EXCHANGE AND COMMODITIES

Forward exchange contracts, cross currency swaps and options are used to hedge foreign currency receivables, payables, borrowings and anticipated transactions. Commodity futures, swaps and options are used to hedge anticipated purchases and sales of commodities. Derivatives hedging recognised assets and liabilities are measured at net fair value and included in other receivables or other payables. Gains or losses are recognised in net profit as they occur and offset translation gains and losses of the underlying hedged item. Gains and losses on derivatives hedging anticipated transactions are deferred and recognised in the measurement of the hedged item when it occurs. If a derivative is sold, terminated, redesignated or no longer effective and the anticipated transaction is still probable of occurring, gains and losses up to the time of termination, sale, redesignation or loss of effectiveness, continue to be accounted for as stated above. If the anticipated transaction is no longer probable, all deferred gains and losses are recognised immediately in net profit. Derivatives are not entered into for speculative reasons. However, if a derivative ceases to be designated as a hedge, for example, where the designated item is sold, extinguished, terminated or no longer probable of occurring, further gains and losses are recognised in net profit until the derivative matures or is sold or terminated. Option premiums are deferred and amortised over the term of the option.

NET INVESTMENT IN SELF-SUSTAINING FOREIGN OPERATIONS

Both derivative and non-derivative financial instruments are used to hedge foreign currency movements on net investments in foreign operations. Derivatives are measured at fair value and included in other receivables or other payables. Gains and losses related to time value are recognised in net profit. The remaining gains and losses (net of tax) are recognised in the foreign currency translation reserve to offset transaction gains or losses.

NOTES TO THE FINANCIAL STATEMENTS

(\$ MILLION)	PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		INCOME TAX		OUTSIDE EQUITY INTERESTS		NET PROFIT	
	2004	2003	2004	2003	2004	2003	2004	2003
1 SEGMENT INFORMATION								
Business segments								
Building Products	112.6	119.7	30.8	35.1	0.5	(2.6)	81.3	87.2
Aluminium	144.2	126.3	43.5	38.7	28.5	23.9	72.2	63.7
Sugar – milling	15.6	37.1	4.7	11.3	–	–	10.9	25.8
Sugar – ethanol and refining	22.0	33.7	4.4	6.4	–	–	17.6	27.3
Property	15.9	23.5	0.3	–	–	–	15.6	23.5
Segment total	310.3	340.3	83.7	91.5	29.0	21.3	197.6	227.5
Corporate ^a	(18.6)	(18.9)	(5.6)	(6.1)	–	–	(13.0)	(12.8)
Restructuring and provisions ^b	(29.0)	(45.7)	(13.2)	(16.1)	–	–	(15.8)	(29.6)
	262.7	275.7	64.9	69.3	29.0	21.3	168.8	185.1
Net finance continuing operations	(13.0)	(19.2)	(4.3)	(5.8)	(0.1)	–	(8.6)	(13.4)
Continuing operations total	249.7	256.5	60.6	63.5	28.9	21.3	160.2	171.7
Discontinued operations	–	698.1	–	254.7	–	4.4	–	439.0
Net finance discontinued operations	–	(86.1)	–	(34.2)	–	(2.0)	–	(49.9)
Consolidated before significant items	249.7	868.5	60.6	284.0	28.9	23.7	160.2	560.8
Significant items (note 3)	–	1,475.0	–	(17.7)	–	–	–	1,492.7
Consolidated after significant items	249.7	2,343.5	60.6	266.3	28.9	23.7	160.2	2,053.5

Products and services

Building Products: plasterboard; fibre cement; glasswool and rockwool insulation; clay bricks and pavers; roof tiles; lightweight concrete products, **Property:** property development and waste management, **Aluminium:** aluminium, **Sugar – milling:** raw sugar, **Sugar – ethanol and refining:** refined sugar; ethanol.

	TOTAL REVENUE ^d		SHARE OF ASSOCIATE ENTITIES' NET PROFIT		DEPRECIATION AND AMORTISATION ^e		CAPITAL EXPENDITURE	
	2004	2003	2004	2003	2004	2003	2004	2003
Business segments								
Building Products	924.8	909.4	5.6	3.6	42.9	34.9	38.8	41.8
Aluminium	451.7	450.2	–	–	23.1	22.4	69.7	8.9
Sugar – milling	538.3	643.4	–	–	33.5	34.4	36.7	19.7
Sugar – ethanol and refining	64.5	75.8	18.8	25.4	1.7	1.7	2.2	1.4
Property	17.6	43.6	4.4	–	–	–	15.3	–
Segment total	1,996.9	2,122.4	28.8	29.0	101.2	93.4	162.7	71.8
Corporate ^a	45.7	4.4	–	–	5.7	13.2	7.1	20.3
Interest revenue	5.8	8.9	–	–	–	–	–	–
Continuing operations total	2,048.4	2,135.7	28.8	29.0	106.9	106.6	169.8	92.1
Discontinued businesses	–	5,359.2	–	24.3	–	365.0	–	1,253.3
Group total	2,048.4	7,494.9	28.8	53.3	106.9	471.6	169.8	1,345.4
Significant items (note 3)	–	4,573.0	–	–	–	–	–	–
Consolidated after significant items	2,048.4	12,067.9	28.8	53.3	106.9	471.6	169.8	1,345.4

	ASSETS		LIABILITIES		INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	
	2004	2003	2004	2003	2004	2003
Business segments						
Building Products	738.4	751.3	139.1	128.7	5.7	6.3
Aluminium	404.4	371.9	113.4	56.1	–	–
Sugar – milling	670.7	714.9	73.9	99.5	–	–
Sugar – ethanol and refining	166.4	166.8	8.2	12.2	127.8	128.8
Property	44.3	35.6	–	–	5.5	3.3
Segment total	2,024.2	2,040.5	334.6	296.5	139.0	138.4
Unallocated ^b	70.4	119.8	414.5	465.1	–	–
Group total	2,094.6	2,160.3	749.1	761.6	139.0	138.4
Finance assets/liabilities	60.3	372.4	224.4	598.3	–	–
Tax assets/liabilities	195.0	202.8	231.5	226.8	–	–
Consolidated	2,349.9	2,735.5	1,205.0	1,586.7	139.0	138.4

a Represents unallocated overhead costs and other revenues.

b Includes product liability, defined benefit superannuation top up payments and certain rationalisation costs.

c Other than an \$8.0 million asset write down in Building Products (2003: \$12.9 million asset write down in Sugar milling), other non-cash expenses are not material.

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

(\$ MILLION)	PROFIT FROM ORDINARY ACTIVITIES BEFORE FINANCE, INCOME TAX AND SIGNIFICANT ITEMS ^a				TOTAL REVENUE ^b		SEGMENT ASSETS		CAPITAL EXPENDITURE	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
1 SEGMENT INFORMATION (CONTINUED)										
Geographic segments										
Australia ^c	239.5	360.3	1,945.9	3,014.4	2,227.5	2,596.4	168.3	151.9		
North America	–	592.0	–	4,311.1	–	–	–	1,187.0		
New Zealand	13.7	13.0	41.3	41.8	47.2	46.8	–	0.7		
Asia	9.5	8.5	61.2	127.6	75.2	92.3	1.5	5.8		
Group total	262.7	973.8	2,048.4	7,494.9	2,349.9	2,735.5	169.8	1,345.4		

a Asia result includes non-trading profit 2004: \$5.9 million, 2003: \$0.7 million.

b Before significant items. Intersegment sales are negligible. Excludes net profit from associates.

c Segment assets in 2003 included \$315.5 million of cash held to settle debt with Rinker Group Limited and its controlled entities (Rinker Group).

	NOTE	CSR GROUP		CSR LIMITED	
		2004	2003	2004	2003
2 OTHER REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES					
Revenue					
Significant items	3	–	4,573.0	641.1	5,395.6
Disposal of property, plant and equipment and other assets		42.4	174.0	35.1	55.9
Write back of allowance for controlled entities doubtful debts				24.5	–
Other		27.5	26.8	19.2	6.7
Total other revenue from ordinary activities		69.9	4,773.8	719.9	5,458.2
Expenses					
Significant items	3	–	(3,098.0)	(355.8)	(3,217.8)
Disposal of property, plant and equipment and other assets		(36.2)	(115.4)	(34.0)	(31.1)
Increase in product liability provision		(16.4)	(19.1)	(16.4)	(19.1)
Write down of business assets		(8.0)	(12.9)	–	–
Allowance for/write off of amounts owing by controlled entities				–	(33.9)
Other		(14.0)	(8.7)	(13.6)	(5.2)
Total other expenses from ordinary activities		(74.6)	(3,254.1)	(419.8)	(3,307.1)

3 SIGNIFICANT ITEMS

Demerger^a

Fair value of Rinker Group	–	4,573.0	–	4,573.0
Book value of demerged assets ^a	–	(3,023.8)	–	(2,285.4)
Demerger transaction costs	–	(74.2)	–	(32.3)
Internal restructure costs associated with demerger			–	(98.9)
Income tax benefit	–	17.7	–	8.8
	–	1,492.7	–	2,165.2

Intragroup items^b

Revenue from sale of controlled entities			641.1	822.6
Book value of controlled entities sold			(355.8)	(801.2)
			285.3	21.4

Analysis of significant items

Revenue	–	4,573.0	641.1	5,395.6
Expenses	–	(3,098.0)	(355.8)	(3,217.8)
Net profit before income tax	–	1,475.0	285.3	2,177.8
Income tax benefit	–	17.7	–	8.8
Total significant items	–	1,492.7	285.3	2,186.6

a The demerger of the Rinker Group was effective from 28 March 2003. Refer to note 38 for details of the discontinued operations. The fair value of the Rinker Group was determined using the average Rinker Group Limited share price for the first 10 days trading. Book value of demerged assets is net assets of \$3,040.7 million disclosed in note 38 less \$16.9 million attributable to outside equity interests. Book value of CSR Limited assets was investment in Rinker Group Limited (\$840.1 million) plus intragroup loans (\$1,445.3 million) capitalised as equity.

b In 2003, prior to the demerger of the Rinker Group, certain intragroup transactions occurred to facilitate the establishment of the Rinker Group as a separate structure. In 2004, certain CSR Limited businesses were transferred into controlled entities.

NOTES TO THE FINANCIAL STATEMENTS

(\$ MILLION)	NOTE	CSR GROUP		CSR LIMITED	
		2004	2003	2004	2003
4 NET FINANCE EXPENSE (INCOME)					
Interest paid or payable on short-term debt to					
– controlled entities				4.6	1.0
– others		2.5	3.4	0.5	–
Interest paid or payable on long-term debt to					
– controlled entities				15.1	23.8
– others		13.6	101.3	0.5	1.7
Finance leases		–	0.4	–	–
Total interest expense		16.1	105.1	20.7	26.5
Less capitalised interest		0.4	–	–	–
Add – funding costs		1.7	3.8	–	–
– foreign exchange loss (gain)		1.4	5.3	3.1	(41.4)
Borrowing costs (income)		18.8	114.2	23.8	(14.9)
Less interest income	7	5.8	8.9	86.6	49.2
Net finance expense (income)		13.0	105.3	(62.8)	(64.1)

5 INCOME TAX^a**Income tax expense**

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

Profit from ordinary activities before income tax	249.7	2,343.5	442.4	3,056.4
Income tax expense calculated at 30%	74.9	703.1	132.7	916.9
Increase (decrease) in income tax expense due to				
Non-tax deductible depreciation and amortisation	2.4	17.4	–	0.1
Non-tax deductible other expenditure	0.6	3.2	–	1.0
Asset disposals and write downs	(4.5)	(13.1)	(2.2)	(2.2)
Asian trading profits not recognised	(0.8)	(0.5)	–	–
Equity accounted associates' profit and rebates on dividends received	(6.2)	(10.4)	(22.3)	(203.6)
Income tax over provided in prior years	(1.6)	(2.2)	–	(2.2)
Overseas tax rate differential	(0.3)	41.3	–	–
Significant items	–	(460.2)	(85.6)	(655.6)
Other items ^b	(3.9)	(12.3)	(7.7)	(5.8)
Total income tax expense on profit from ordinary activities	60.6	266.3	14.9	48.6
Total income tax expense comprises				
– additions to (deductions from) current income tax liability	65.4	238.7	(3.4)	35.7
– additions to deferred income tax liability	2.7	22.8	0.3	3.9
– (additions to) deductions from deferred income tax assets	(7.5)	4.8	18.0	9.0
	60.6	266.3	14.9	48.6
Deferred income tax assets attributable to tax losses carried forward as an asset	34.2	59.1	–	–
Deferred income tax assets not taken to account^c				
Balance at the beginning of the financial year	139.1	134.4	36.9	25.9
Assets now taken to account	(18.9)	(7.7)	(0.5)	–
Assets not recognised	6.4	14.7	–	11.0
Assets sold/demerged	–	(2.3)	–	–
Balance at the end of the financial year^d	126.6	139.1	36.4	36.9

a Refer to Significant accounting policies for details of tax consolidation.

b Includes allowance for research and development (R&D). R&D costs and tax claims were not material for 2004 and 2003.

c Includes capital gains tax losses – CSR Group \$108.4 million (2003: \$126.5 million).

d These benefits will only be obtained if the CSR Group derives the necessary future assessable income and capital gains, and there are no adverse changes in Australian tax legislation.

(\$ MILLION)

NOTE	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003

6 DEPRECIATION AND AMORTISATION

Amounts incurred for depreciation, amortisation and depletion of

– property, plant and equipment	95.7	353.2	6.2	58.9
– deferred costs	8.6	23.7	–	6.6
– goodwill	1.6	84.6	–	0.4
– other intangibles	1.0	10.1	–	0.3
Total depreciation and amortisation	106.9	471.6	6.2	66.2

7 INTEREST INCOME

Short-term interest income from

– controlled entities			81.8	40.8
– others	5.7	7.1	4.7	4.5

Long-term interest income from

– controlled entities			0.1	2.2
– others	0.1	1.8	–	1.7

Total interest income	5.8	8.9	86.6	49.2
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8 NET CASH

Cash at banks and on hand	30.1	37.9	0.4	3.8
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Cash held to settle debts to Rinker Group ^a	–	315.5	–	315.5
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Short-term loans and deposits	30.2	19.0	30.0	18.7
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Total cash	60.3	372.4	30.4	338.0
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Bank overdraft	18	(3.1)	(0.1)	(3.8)
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Net cash	57.2	366.1	30.3	334.2
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a As part of the demerger, \$60.2 million of the CSR Group's cash balances at 31 March 2003 was allocated to Rinker Group. In addition, \$255.3 million was payable to Rinker Group to extinguish debt. The payments were not made until after the financial year ended 31 March 2003, and were recorded as liabilities (refer note 18). The payments were made to Rinker Group in the financial year ended 31 March 2004.

9 RECEIVABLES**Current**

Trade receivables	215.5	258.3	71.0	208.3
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Allowance for doubtful debts	(5.9)	(6.8)	(0.1)	(3.4)
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	209.6	251.5	70.9	204.9
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Amounts owing by controlled entities			157.2	808.3
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Allowance for doubtful debts			(36.8)	(63.4)
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			120.4	744.9
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Loans to and receivables from associate entities	15.4	19.5	7.5	8.4
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Divestment debtors	17.0	37.7	12.0	37.8
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Other loans and receivables ^a	41.6	47.7	36.1	45.6
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Allowance for doubtful debts	(30.0)	(30.2)	(30.0)	(30.2)
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	44.0	74.7	25.6	61.6
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Total current receivables	253.6	326.2	216.9	1,011.4
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Bad debts written off

– trade receivables	1.3	19.4	0.1	2.9
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– controlled entities			2.2	37.2
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Non-current

Loans to employees				
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– directors of controlled entities ^{b c}	–	0.1	–	0.1
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– other staff	2.1	11.0	2.1	11.0
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Amounts owing by controlled entities			1,977.2	556.5
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Loans to associate entities	14.9	7.4	3.5	3.5
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Other loans and receivables ^d	14.4	27.8	13.9	27.3
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Total non-current receivables	31.4	46.3	1,996.7	598.4
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a Includes net hedging gains deferred \$0.3 million (2003: \$nil).

b Amounts before rounding – CSR Group \$0.003 million (2003: \$0.115 million), CSR Limited \$0.003 million (2003: \$0.115 million).

c There are no outstanding loans to executive or non-executive directors of CSR Limited as at 31 March 2004.

d Includes receivables from Rinker Group of \$13.6 million (2003: \$22.5 million).

NOTES TO THE FINANCIAL STATEMENTS

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
10 INVENTORIES				
Current^a				
Raw and process materials and stores	66.3	67.4	11.3	31.6
Work in progress	8.3	8.0	–	2.1
Finished goods	89.9	80.9	1.8	46.4
Total current inventories	164.5	156.3	13.1	80.1
Non-current				
Raw and process materials and stores ^a	4.9	4.6	4.9	4.5
Land held for sale				
– at cost	35.7	2.4	10.7	2.4
– at net realisable value	–	12.4	–	–
Total non-current inventories	40.6	19.4	15.6	6.9

a Valued at the lower of cost and net realisable value.

11 OTHER ASSETS				
Current				
Prepayments	2.9	2.3	0.3	1.4
Non-current				
Prepayments	12.7	12.7	–	–
Other deferred costs ^a	33.2	23.2	20.2	22.4
Accumulated amortisation	(5.8)	(4.9)	–	(4.9)
	27.4	18.3	20.2	17.5
Software and system development	38.1	28.1	1.6	26.2
Accumulated amortisation	(12.8)	(3.6)	(1.3)	(2.3)
	25.3	24.5	0.3	23.9
Total other non-current assets	65.4	55.5	20.5	41.4

a Includes costs associated with insurance litigation described in note 39.

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Shares in associate companies ^{a b}	42.9	41.4	–	–
Interest in other associate entity ^b	96.1	97.0	96.1	97.0
Total investments accounted for using the equity method	139.0	138.4	96.1	97.0

a Not quoted on stock exchanges.

b Details of investments in associate entities are shown in note 34.

13 OTHER FINANCIAL ASSETS				
Investment in controlled entities at cost			873.4	736.6
Other financial assets at cost ^a	22.4	22.4	22.4	22.4
Total other financial assets	22.4	22.4	895.8	759.0

a Not quoted on stock exchanges.

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
14 PROPERTY, PLANT AND EQUIPMENT^a				
Land and buildings				
At cost	329.3	339.2	1.7	101.6
Accumulated depreciation	(24.2)	(17.6)	–	(5.4)
Total land and buildings^b	305.1	321.6	1.7	96.2
Plant and equipment				
At cost	2,083.4	2,017.8	5.9	362.2
Accumulated depreciation	(1,048.4)	(982.0)	(2.2)	(177.5)
Total plant and equipment	1,035.0	1,035.8	3.7	184.7
Total property, plant and equipment	1,340.1	1,357.4	5.4	280.9

a The economic life over which assets is depreciated is buildings – 10 to 46 years; plant and equipment – one to 50 years. The weighted average life is buildings – 27 years; plant and equipment – 17 years.

b All land and buildings owned by the CSR Group, except land held for sale, were valued as at 31 December 2003. All independent valuations were carried out by Jones Lang LaSalle (Advisory Services), with the exception of Aluminium properties which was carried out by Craig Miller Pty Limited and Edward Rushtons Pty Limited. The basis of the independent valuations was existing use, except for the sites that are considered to be surplus to CSR Group requirements where an open market value was used. The fair value of the CSR Group properties was \$389.9 million, \$84.3 million above book value.

	LAND AND BUILDINGS		PLANT AND EQUIPMENT	
	CSR GROUP	CSR LIMITED	CSR GROUP	CSR LIMITED
15 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT				
Balance at the beginning of the financial year	321.6	96.2	1,035.8	184.7
acquired	13.5	–	126.9	7.1
disposed ^a	(1.0)	(86.9)	(29.4)	(182.1)
depreciation and amortisation	(7.6)	–	(88.1)	(6.2)
foreign currency translation	(6.3)	–	(5.9)	–
transferred to land held for sale	(11.6)	(7.6)	–	–
write downs	(1.9)	–	(6.1)	–
reclassifications	(1.6)	–	1.8	0.2
Balance at the end of the financial year	305.1	1.7	1,035.0	3.7

a CSR Limited disposals primarily relate to an internal reorganisation, where assets were sold to a controlled entity.

	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
16 INTANGIBLES				
Goodwill				
At cost	29.9	28.7	0.4	4.0
Accumulated amortisation	(21.3)	(19.7)	(0.4)	(1.3)
Total goodwill	8.6	9.0	–	2.7
Other intangibles				
At cost	36.6	36.6	–	–
Accumulated amortisation	(10.5)	(9.5)	–	–
Total other intangibles	26.1	27.1	–	–
Total intangibles	34.7	36.1	–	2.7

17 CURRENT PAYABLES

Trade payables	166.7	189.4	56.9	142.8
Other payables ^a	94.6	51.7	16.0	39.4
Amounts owing to controlled entities			41.4	683.5
Total current payables	261.3	241.1	114.3	865.7

a Includes net hedging losses deferred \$nil (2003: \$0.5 million). 2004 includes development capital expenditure creditors of \$64.2 million relating to the expansion of Tomago aluminium smelter.

NOTES TO THE FINANCIAL STATEMENTS

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
18 INTEREST-BEARING LIABILITIES AND NON-CURRENT PAYABLES				
Current				
Unsecured bank overdraft	3.1	6.3	0.1	3.8
Short-term borrowings				
Secured				
– bank loans ^a	3.3	–	–	–
Unsecured				
– bank loans	6.1	3.3	–	–
– Rinker Group ^b	–	315.5	–	315.5
– other facilities	11.8	0.5	11.8	0.1
	21.2	319.3	11.8	315.6
Total current interest-bearing liabilities	24.3	325.6	11.9	319.4
Non-current				
Long-term borrowings				
Secured				
– bank loans ^a	–	9.5	–	–
– other facilities	–	0.3	–	–
Unsecured				
– loans from controlled entities			1,260.5	534.5
– bonds	200.1	0.2	200.0	–
– bank loans	–	262.5	–	–
– other facilities	–	0.2	–	0.2
Total non-current interest-bearing liabilities	200.1	272.7	1,460.5	534.7
Non-current payables	3.9	1.5	3.9	1.5
Total non-current interest-bearing liabilities and payables	204.0	274.2	1,464.4	536.2

a Secured by charge over property, plant and equipment owned by CSR Insulation (Thailand) Limited amounting to \$8.3 million (2003: \$9.5 million).

b As part of the demerger, \$60.2 million of the CSR Group's cash balances was allocated to Rinker Group. In addition, \$255.3 million was payable to Rinker Group to extinguish debt. The payments were made to Rinker Group in the year ended 31 March 2004.

	CSR GROUP		2004	
	2004	2003	AVERAGE RATE % PA	YEAR OF MATURITY
19 CREDIT FACILITIES AND MATURITY PROFILE				
Long-term maturities of borrowings				
United States dollar debt				
– US dollar bonds ^a	0.1	0.2	7.7	2025
Australian dollar debt				
– bank loans	–	262.5		
– bonds	200.0	–	6.0	2009
– other	3.9	2.0		
Thai baht				
– bank loans	–	9.5		
Total non-current interest-bearing liabilities and payables	204.0	274.2		

a Refer to note 33 for further details of debt.

Commercial paper. The CSR Group has a commercial paper program based in Australia. This program, which totals \$600 million (2003: \$600 million), is an evergreen facility. Drawings on the program are backed by the credit standby facilities referred to below. As at 31 March 2004, no commercial paper was on issue.

Credit standby facilities. The CSR Group has a total of \$481 million (2003: \$500 million) committed standby facilities. These facilities have fixed maturity dates ranging from March 2005 to April 2009. As at 31 March 2004, no standby facilities were in use.

(\$ MILLION)

20 PROVISIONS
CSR Group
Current

	31 MARCH 2004	RECOGNISED/ REMEASURED	DISPOSED	SETTLED/ TRANSFERRED	FOREIGN CURRENCY TRANSLATION	CHANGE IN ACCOUNTING POLICY	31 MARCH 2003
Employee benefits ^d	44.8	47.7	(0.2)	(54.2)	(0.2)	3.2	48.5
Fringe benefits tax	1.2	4.5	–	(4.8)	–	–	1.5
Restructure and rationalisation	6.5	(1.8)	–	(3.9)	–	–	12.2
Product liability ^a	22.8	23.0	–	(24.7)	–	–	24.5
Restoration and environmental rehabilitation	5.4	0.2	–	(0.6)	–	–	5.8
Uninsured losses and future claims ^b	10.0	14.5	–	(23.8)	–	–	19.3
Other ^c	17.2	2.6	–	(12.1)	(0.3)	–	27.0
Total CSR Group current provisions	107.9	90.7	(0.2)	(124.1)	(0.5)	3.2	138.8

Non-current

Employee benefits ^d	39.1	1.4	–	–	–	–	37.7
Product liability ^a	301.2	(6.6)	–	–	–	–	307.8
Restoration and environmental rehabilitation	0.1	0.1	–	–	–	–	–
Uninsured losses and future claims ^b	34.7	–	–	–	–	–	34.7
Other	0.8	0.8	–	–	–	–	–
Total CSR Group non-current provisions	375.9	(4.3)	–	–	–	–	380.2

CSR Limited
Current

Employee benefits ^d	39.5	44.1	(0.2)	(49.6)	–	3.1	42.1
Fringe benefits tax	1.0	4.1	–	(4.4)	–	–	1.3
Restructure and rationalisation	5.6	(4.0)	–	(1.8)	–	–	11.4
Product liability ^a	22.8	23.0	–	(24.7)	–	–	24.5
Restoration and environmental rehabilitation	5.3	–	–	(0.6)	–	–	5.9
Uninsured losses and future claims ^b	10.8	15.6	–	(23.8)	–	–	19.0
Other	0.5	(2.6)	–	(6.4)	–	–	9.5
Total CSR Limited current provisions	85.5	80.2	(0.2)	(111.3)	–	3.1	113.7

Non-current

Employee benefits ^d	35.3	2.0	–	–	–	–	33.3
Product liability ^a	301.2	(6.6)	–	–	–	–	307.8
Uninsured losses and future claims ^b	34.7	–	–	–	–	–	34.7
Other	0.8	0.8	–	–	–	–	–
Total CSR Limited non-current provisions	372.0	(3.8)	–	–	–	–	375.8

a Refer to note 39 and the significant accounting policies note for details of the basis of the product liability provision.

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

c Mainly relates to anticipated disposal costs of Tomago smelter spent potlining.

d The number of employees as at 31 March 2004 in the CSR Group 4,535 (2003: 4,456).

	2004		2003	
	CENTS PER SHARE	TOTAL \$ MILLION	CENTS PER SHARE	TOTAL \$ MILLION

21 DIVIDENDS AND FRANKING CREDITS
Recognised amounts
Fully paid ordinary shares

Prior year final dividend – franked to 70% (2003: 70%)	6.0	56.7	13.0	121.7
Interim dividend – franked to 70% (2003: 70%)	5.0	47.2	11.0	103.3
		103.9		225.0

Unrecognised amounts
Fully paid ordinary shares

Final dividend – franked to 70% (2003: 70%)	6.0	55.9	6.0	56.7
		55.9		56.7

The final dividend in respect of ordinary shares for the financial year ended 31 March 2004 has not been recognised in this financial report because it was declared after 31 March 2004. On the basis that directors have and will continue to publicly recommend dividends in respect of ordinary shares subsequent to reporting date, the amount disclosed as 'recognised' is the final dividend in respect of the prior financial year, and the interim dividend in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
21 DIVIDENDS AND FRANKING CREDITS (CONTINUED)				
Adjusted franking account balance (tax paid basis)	4.9	1.2	4.3	0.6

	ORDINARY SHARES ^a FULLY PAID	PRICE \$	SHARE CAPITAL \$ MILLION
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22 CONTRIBUTED EQUITY^a

Particulars of shares issued during the year by CSR Limited

On issue 31 March 2003	944,668,106		919.7
Share buyback ^b	(27,855,405)	1.80	(50.1)
Universal Share/Option Plan ^c	1,696,000	1.00	1.7
Total movements during the year	(26,159,405)		(48.4)
On issue 31 March 2004	918,508,701		871.3

a Fully paid ordinary shares are quoted on the Australian Stock Exchange. The sponsored American Depositary Receipts which traded on the over-the-counter market in the United States were terminated on 3 October 2003. Fully paid ordinary shares carry one vote per share and the right to dividends.

b On 20 May 2003, CSR Limited announced that a 12 month share buyback of up to 5% of its fully paid shares would commence from 1 June 2003. A total of 27,855,405 shares were repurchased under the buyback during the financial year to 31 March 2004.

c Fully paid ordinary shares were issued in September 2003 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 ordinary shares were made to all eligible employees (3,872). 2,120 employees accepted the offer, subscribing for 400 shares and receiving a further 400 shares at no cost. The issue of 400 shares was taken to equity. The issue of the 400 shares at no cost was not recorded as a financial transaction.

Options^d

Under the executive option plans, the following options, each convertible to one CSR Limited fully paid ordinary share, have been issued:

CALENDAR YEAR OF ISSUE	NUMBER OF EXECUTIVES	PRICE \$	ORIGINAL ISSUE	ON ISSUE 31 MARCH 2003	DURING THE YEAR			ON ISSUE 31 MARCH 2004
					ISSUED	CONVERTED	LAPSED	
1998	12	3.86	2,500,000	825,000	–	–	(825,000)	–
2001	147	7.03	3,180,000	2,790,000	–	–	(2,790,000)	–
2001	3	6.62	315,000	315,000	–	–	(315,000)	–
2002	7	6.39	720,000	205,000	–	–	(205,000)	–
Total				4,135,000	–	–	(4,135,000)	–

d As outlined in the demerger booklet, the CSR Limited board waived the restrictions on the exercise of the options to allow them to be converted prior to the demerger. Options not converted all lapsed during the year ended 31 March 2004.

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
23 RESERVES				
Capital	–	–	–	–
Foreign currency translation	(1.2)	12.6	–	0.9
Total reserves	(1.2)	12.6	–	0.9
Movements in capital reserves				
Balance at the beginning of the financial year	–	30.0	–	100.7
Transferred to retained profits on demerger	–	(30.0)	–	(100.7)
Balance at the end of the financial year	–	–	–	–
Movements in foreign currency translation reserve				
Balance at the beginning of the financial year	12.6	251.1	0.9	0.9
Exchange differences relating to overseas net assets				
– net loss on translation	(13.1)	(242.7)	–	–
– net gain on hedge transactions	–	29.9	–	–
	(13.1)	(212.8)	–	–
Transferred to retained profits on demerger – Rinker Group	–	(107.9)	–	–
Transferred to retained profits on demerger – net hedge of Rinker Group	–	80.8	–	–
Transferred to retained profits – other	(0.7)	1.4	(0.9)	–
Balance at the end of the financial year	(1.2)	12.6	–	0.9

(\$ MILLION)

	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
24 OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES				
Contributed equity	48.0	51.6		
Reserves	2.1	0.8		
Retained profits	22.7	16.8		
Total outside equity interests in controlled entities	72.8	69.2		

25 INTEREST IN JOINT VENTURE OPERATION

Interest in the Tomago aluminium smelter joint venture operation^{a b} is included in the financial statements in the following categories:

Current assets

– receivables	2.1	1.5	–	–
– inventories	20.6	20.2	–	–
– other	0.9	0.9	–	–
	23.6	22.6	–	–

Non-current assets

– receivables	0.2	0.2	–	–
– property, plant and equipment	335.7	292.2	–	–
– other	13.1	13.4	–	–
	349.0	305.8	–	–

Total assets

	372.6	328.4	–	–
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Current liabilities

	(101.1)	(38.7)	–	–
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Non-current liabilities

	(3.8)	(2.9)	–	–
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Total liabilities

	(104.9)	(41.6)	–	–
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Net assets

	267.7	286.8	–	–
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Contracted capital expenditure^c

	9.8	2.6	–	–
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Contingent liabilities

	1.1	1.1	–	–
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a The CSR Group's joint venture interest of 36.1% (2003: 36.1%) is held through a controlled entity in which the CSR Group has a 70% interest.

b Principal activity: Aluminium.

c The CSR Group is committed to spending \$75.7 million on the new AP22 technology. Of this amount, \$64.2 million has been incurred at 31 March 2004 and is included as fixed assets and current liabilities in the CSR Group financial statements and the note above.

(\$ THOUSAND)

	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
26 AUDITORS' REMUNERATION				
Auditing and reviewing the financial report of the CSR Group				
– Deloitte Touche Tohmatsu in Australia	913	1,342	468	809
– Deloitte Touche Tohmatsu outside of Australia	130	1,920	–	85
	1,043	3,262	468	894
Other services				
– Deloitte Touche Tohmatsu in Australia	73	493	73	436
– Deloitte Touche Tohmatsu outside of Australia	59	312	–	–
	132	805	73	436
Total auditors' remuneration	1,175	4,067	541	1,330
Other services comprise:				
– taxation strategy and compliance	35	227	–	–
– completion audits	–	25	–	–
– accounting advice	16	157	16	125
– attest services ^a	–	167	–	167
– corporate reorganisation	25	–	25	–
– other	56	229	32	144
	132	805	73	436

a Related to the demerger.

NOTES TO THE FINANCIAL STATEMENTS

(\$ THOUSAND)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
27 DIRECTORS' AND EXECUTIVES' REMUNERATION^{a b}				
Aggregate income paid or payable, or otherwise made available, to directors of				
– CSR Limited ^c	2,873	20,448	2,873	20,448
– controlled entities ^d	4,780	8,331		
	7,653	28,779	2,873	20,448
Remuneration of Australian executives whose total income equals or exceeds \$100,000 ^e	17,477	39,275	17,196	39,013

	CSR GROUP		CSR LIMITED		CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003	2004	2003	2004	2003
The number of CSR Limited directors and Australian executives whose total income fell within the following bands ^e :								
Directors (\$)					Directors (\$)			
90,000 to 99,999	1		1		300,000 to 309,999	1		1
100,000 to 109,999	2		2		410,000 to 419,999		1	
110,000 to 119,999	1		1		2,140,000 to 2,149,999	1		1
120,000 to 129,999		1		1	2,280,000 to 2,289,999		1	
130,000 to 139,999		3		3	6,140,000 to 6,149,999		1	
150,000 to 159,999		1		1	10,900,000 to 10,909,999		1	
Australian executives (\$)					Australian executives (\$)			
110,000 to 119,999	1		1		440,000 to 449,999		3	
120,000 to 129,999		2		2	460,000 to 469,999	1		1
140,000 to 149,999	1	1	1	1	470,000 to 479,999		2	
210,000 to 219,999	1	1	1	1	490,000 to 499,999		1	
220,000 to 229,999	3		3		520,000 to 529,999	1	2	1
230,000 to 239,999	2	3	2	3	530,000 to 539,999		1	
240,000 to 249,999	3	1	3	1	560,000 to 569,999		1	
250,000 to 259,999		2		2	580,000 to 589,999	1	1	1
260,000 to 269,999	1	2	1	1	610,000 to 619,999	1	1	1
270,000 to 279,999	1		1		620,000 to 629,999	1		1
280,000 to 289,999	1				630,000 to 639,999		1	
290,000 to 299,999		1		1	650,000 to 659,999		2	
300,000 to 309,999	2	2	2	2	660,000 to 669,999	1		1
310,000 to 319,999	1	1	1	1	680,000 to 689,999		2	
320,000 to 329,999		1		1	690,000 to 699,999		1	
340,000 to 349,999	2	3	2	3	1,020,000 to 1,029,999	1		1
350,000 to 359,999		2		2	1,030,000 to 1,039,999	1		1
360,000 to 369,999		2		2	1,310,000 to 1,319,999		1	
370,000 to 379,999	2	2	2	2	1,340,000 to 1,349,999		1	
380,000 to 389,999		2		2	1,530,000 to 1,539,999		1	
390,000 to 399,999	2	1	2	1	1,620,000 to 1,629,999		1	
400,000 to 409,999	1	2	1	2	2,140,000 to 2,149,999	1		1
410,000 to 419,999		1		1	2,280,000 to 2,289,999		1	
420,000 to 429,999	1		1		2,620,000 to 2,629,999	1		1
430,000 to 439,999		1		1	10,900,000 to 10,909,999		1	

a Total remuneration for each director and executive includes salary, bonus, accumulation superannuation payments, accrual of retirement allowance and other benefits, but excludes possible benefits arising from executive directors' and executives' participation in the Executive Share Option Plan as the exercise price of options issued is the market price at the time of issue. Refer to note 22.

b Included in the statement of financial position is a provision for the retirement allowances of CSR Limited non-executive directors. This provision has increased from \$0.498 million as at 31 March 2003 to \$0.577 million as at 31 March 2004.

c Directors' remuneration includes movements in retirement allowance provision. Previously remuneration was based on payments on retirement.

d Includes executive directors of partly owned controlled entities.

e Number of Australian executives 35 (2003: 57). Average remuneration \$499,344 (2003: \$689,035). The definition of executive is 'Employees responsible for the strategic direction and operational management of the company'.

28 NON-CASH FINANCING AND INVESTING ACTIVITIES

During the financial year ended 31 March 2003, the CSR Group demerged its Rinker Materials and Readymix businesses through a non-cash capital return and distribution to shareholders. The demerger was implemented by way of a scheme of arrangement ('Scheme') between CSR Limited and its shareholders, a reduction in CSR Limited's capital (\$0.84 per share) and a special dividend (\$0.69 per share). Under the Scheme, instead of CSR Limited shareholders receiving these entitlements in cash, CSR Limited automatically applied these amounts as payment for Rinker Group Limited shares. Rinker Group Limited shares were issued on 11 April 2003. Details of the assets demerged are given in notes 35 and 38, and details of the profit recorded on demerger are given in note 3.

During the financial years ended 31 March 2003 and 2004, CSR Limited issued shares to employees of the CSR Group under the terms of the Universal Share/Option Plan (refer note 22).

During the financial years ended 31 March 2003 and 2004, CSR Limited sold certain businesses to other entities within the wholly owned group. These transactions were settled by way of intercompany loans.

During the financial year ended 31 March 2004, the CSR Group invested \$64.2 million in the Aluminium smelter at Tomago, however the cash contribution in relation to this expenditure is not due until November 2004.

29 CONTRACTED LEASE AND HIRE EXPENDITURE

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements				
– land and buildings	33.0	38.1	12.8	37.2
– plant and equipment	14.7	11.4	0.3	11.0
	47.7	49.5	13.1	48.2
Contracted lease and hire expenditure comprises				
Operating leases				
Non-cancellable payable				
– within one year	17.8	14.3	4.2	14.0
– between one and two years	15.4	12.9	4.4	12.7
– between two and five years	13.4	17.2	4.1	16.9
– after five years	0.2	1.5	–	1.3
	46.8	45.9	12.7	44.9
Other payable				
– within one year	0.3	0.9	0.1	0.8
– between one and two years	0.2	1.0	0.1	0.9
– between two and five years	0.4	1.7	0.2	1.6
	0.9	3.6	0.4	3.3
Total operating lease and hire expenditure	47.7	49.5	13.1	48.2
Total minimum finance lease payments	–	0.3	–	–
Less amounts provided for in the financial statements				
– current lease liabilities	–	0.1	–	–
– non-current lease liabilities	–	0.2	–	–
Finance lease expenditure not otherwise provided for in the financial statements	–	–	–	–
Total contracted lease and hire expenditure not otherwise provided for in the financial statements	47.7	49.5	13.1	48.2

The operating lease and rental payments were: CSR Group \$27.1 million (2003: \$60.4 million), CSR Limited \$6.2 million (2003: \$29.2 million).

The total of minimum rentals to be received in the future under non-cancellable sub leases as at 31 March 2004 is not material. Contingent rentals for 2004 and 2003 financial years were not material. The leases on most of the CSR Group's rental premises contain renewal options. The CSR Group's decision to exercise renewal options is primarily dependent upon the level of business conducted at the location and the profitability thereof.

30 CONTRACTED CAPITAL EXPENDITURE

Estimated capital expenditure contracted for at year end but not provided for				
– payable within one year – CSR Group	26.6	13.3	–	8.8
– payable within one year – associate entities	0.5	–	–	–
Total contracted capital expenditure	27.1	13.3	–	8.8

NOTES TO THE FINANCIAL STATEMENTS

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31 RELATED PARTY INFORMATION

Transactions within the wholly-owned group

During the financial year ended 31 March 2003, mainly to facilitate the demerger, CSR Limited sold certain businesses to other entities within the wholly-owned group. A number of contractual arrangements were entered into with the Rinker Group to facilitate the demerger. These arrangements were not necessarily on commercial terms and conditions. Amounts receivable from and payable to Rinker Group as at 31 March 2004 are detailed in notes 9 and 18. During the year ended 31 March 2004, CSR Limited sold certain businesses to other entities within the wholly-owned group.

During the financial years ended 31 March 2003 and 2004 CSR Limited advanced and repaid loans, sold and purchased goods and services and provided accounting and administrative assistance to its wholly-owned controlled entities.

All non-demerger transactions with related parties except for certain intracompany loans, are on commercial terms and conditions.

Other related parties

Other than transactions with Rinker Group discussed above and associate entities disclosed in note 34, no material amounts were receivable from, or payable to, related parties as at 31 March 2004, and no material transactions with related parties occurred during the year.

Directors and director-related entities

The directors of CSR Limited who held office during the financial year and their holdings of CSR Limited securities are detailed in the table below. The directors increased their holdings of CSR Limited ordinary shares on terms and conditions no more favourable than those available to other employees or shareholders.

Three non-executive directors have agreements with CSR Limited which conform to the provisions of CSR Limited's constitution in respect of entitlements to retirement and termination payments.

Employee share plan interest free loans to directors

Aggregate loans of \$nil (2003: \$0.031 million) were made to, and aggregate repayments of \$0.050 million (2003: \$0.222 million) were received from, the following directors of CSR Limited and its controlled entities during the financial year:

K Commins, N Evans, E Leung, K Merton, P Moss, W Ong, M Ring, E Smith, C Soh, P Stone, J Wilcox.

In addition, transactions entered into during the financial year with directors of CSR Limited and its controlled entities and with their director-related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders include:

- acquisition of shares in CSR Limited under the employee share plans
- dividends from shares in CSR Limited
- sale and purchase of goods and services
- contracts of employment and reimbursement of expenses
- contracts of employment with relatives of directors on either a full-time or work experience basis.

Shareholdings of directors and executives and their related entities^a

	NUMBER OF SHARES				CASP SHARES HELD IN TRUST ^d		
	31 MARCH 2003	ACQUIRED	SOLD	31 MARCH 2004	31 MARCH 2003	ACQUIRED	31 MARCH 2004
Directors^b							
Ian Blackburne	24,000	51,168	–	75,168	–	–	–
Alec Brennan	797,722	537,882	(100,000)	1,235,604	–	–	–
Carolyn Hewson	23,604	12,580	–	36,184	–	–	–
Barry Jackson ^c	–	42,976	–	42,976	–	–	–
John Story ^c	2,706	40,000	–	42,706	–	–	–
John Wylie	34,641	44,554	–	79,195	–	–	–
Executives							
Graeme Doyle	180,341	67,209	–	247,550	–	26,438	26,438
John Dyer	153,443	62,257	–	215,700	–	52,876	52,876
Neill Evans	3,800	800	–	4,600	–	26,438	26,438
Chris Grubb	108,158	10,248	–	118,406	–	21,150	21,150
John Hodgkinson	3,000	15,576	–	18,576	–	42,301	42,301
Ian McMaster	360,655	269,425	–	630,080	–	132,191	132,191
Warren Saxelby	101,127	304,134	–	405,261	–	105,753	105,753

a Options held by Alec Brennan (100,000), and former directors Peter Kirby (225,000) and David Clarke (300,000) on 31 March 2003 had lapsed by 7 February 2004.

b Four directors who resigned from the CSR board on 12 April 2003 following the demerger of Rinker Group held shares at 31 March 2003: John Arthur (17,663), John Ballard (20,000), David Clarke (188,294) and John Morschel (39,640).

c Appointed 12 April 2003.

d CASP is the Cash Award Share Plan, where shares are purchased on-market and held in trust for participating executives. The number of shares allocated to each executive depends on their seniority within the company. The shares vest to the executives after three years or on termination of employment due to redundancy (pro-rata basis) if certain performance criteria are met. During the financial year ended 31 March 2004, 1,264,383 shares were purchased for \$2,396,361. This amount was fully expensed during the financial year. The shares attract normal dividends and voting rights.

32 SUPERANNUATION COMMITMENTS

The CSR Group participates in a number of superannuation funds ('funds') in Australia, New Zealand and other countries where they operate. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. However, CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian Superannuation Guarantee legislation.

Asset backing

The assets of the funds at 31 March 2004, were sufficient to satisfy all benefits which would have been vested in the event of termination of the funds, or in the event of the voluntary or compulsory termination of the employment of each employee.

Retirement funds

The contributions to the funds were: CSR Group: \$37.6 million (2003: \$88.1 million), CSR Limited: \$36.5 million (2003: \$53.3 million).

Accumulation funds

The benefits provided by accumulation funds are based on the contributions and income thereon held by the funds on behalf of the member. Contributions are made by the member and the company based on a percentage of the member's salary, as specified by the rules of the fund. These contributions are expensed in the period they are incurred.

Defined benefit funds

The benefits provided by defined benefit funds are based on length of service or membership and salary of the member at or near retirement. Member contributions, based on a percentage of salary, are specified by the rules of the fund. Employer contributions generally vary based on actuarial advice and may be reduced or even cease when a fund is in actuarial surplus. These contributions are expensed in the period they are incurred.

Harwood Superannuation Fund

In Australia, CSR Group entities participate in the Harwood Superannuation Fund for those employees who are currently members of that fund and any new employees who become members of that fund. CSR Limited and Rinker Group Limited each separately cover, in effect, 50% of the funding of the accrued defined benefit liabilities of the Harwood Superannuation Fund as at the demerger date (28 March 2003), which will be revalued by the actuary at least annually. The CSR Group will be responsible for obligations with respect to benefits accrued after the demerger relating to individuals who are employed post demerger.

Defined benefit funds sponsored by CSR Group

(\$ MILLION)		ACCRUED BENEFITS	MARKET VALUE OF ASSETS	SURPLUS	VESTED BENEFITS	EMPLOYER CONTRIBUTIONS	
						PAID	PAYABLE
Harwood Superannuation Fund	– DBD – pre demerger ^{a b}	163.7	189.1	25.4	163.1	11.5	–
	– DBD – post demerger CSR Plan ^{a c}	2.7	3.0	0.3	2.7	3.6	–
Monier PGH Superannuation Fund	– DBD ^d	47.9	54.0	6.1	47.6	3.0	0.2

a Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2004. These amounts are calculated at 31 March 2004 based on the assumptions used for the last actuarial review which was performed on 30 June 2003 by R Paton FIA FIAA. These amounts represent the liabilities as at 31 March 2004. The fund was split into two separate plans from the date of demerger.

b As at 31 March 2004, the assets of the Harwood Superannuation Fund attributable to the pre demerger Defined Benefit Division ('DBD') were 116% of the corresponding actuarial liabilities. There is an enforceable obligation for CSR Limited and Rinker Group Limited to ensure that the assets attributable to the pre demerger DBD are not less than 120% of the amount required to meet the actuarial liabilities of the DBD of the Harwood Superannuation Fund as at the demerger date, which are revalued by the actuary annually. Rinker Group Limited is required to cover, in effect, 50% of such obligations. CSR Limited has made available to the trustee of the fund a bank guarantee to satisfy the balance of its commitment.

c As at 31 March 2004, the assets of the post demerger CSR Plan attributable to the post demerger CSR Plan DBD were 111% of the corresponding actuarial liabilities. There is an obligation for CSR Limited to contribute such amounts as to ensure that the assets attributable to the CSR Plan DBD are not less than 120% of the amount required to meet the actuarial liabilities of the CSR Plan DBD. CSR Limited has made available to the trustee of the fund a bank guarantee to satisfy the balance of its commitment.

d Last actuarial review performed on 1 July 2002.

NOTES TO THE FINANCIAL STATEMENTS

33 FINANCIAL INSTRUMENTS

The CSR Group uses a variety of derivative instruments to manage financial and commodity price risks. The CSR Group does not use or issue derivative or financial instruments for speculative or trading purposes.

Credit exposure

The CSR Group is exposed to credit related losses in the event of non-performance by counterparties to these derivative and financial instruments. The counterparties are predominantly prime financial institutions with a Moody's or Standard & Poor's rating of at least A2 or A respectively.

The CSR Group controls risk through the use of credit ratings, limits and monitoring procedures. The CSR Group does not usually require collateral or other security to support financial instruments with credit risk.

Credit exposure of interest rate, foreign currency and commodity price derivatives is represented by the net fair value of the contracts.

The carrying amounts of financial assets included in the CSR Group's financial statements represent its exposure to credit risk in relation to these assets.

As at 31 March 2004, the CSR Group had no significant concentration of credit risk for derivative instruments with any single counterparty or group of counterparties. Concentrations of credit risk with respect to receivables are limited due to the large number of clients and markets in which the CSR Group does business, as well as the dispersion across many geographic areas.

Net fair value

Certain estimates and judgements were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that CSR would realise upon disposition nor do they indicate the CSR Group's intent or ability to dispose of the financial instrument.

The following assumptions and methods were used to estimate net fair value:

Commodity futures: The net fair value is based on the closing price on the applicable futures exchange and other market prices.

Interest rate swaps, caps, swaptions, foreign currency contracts, foreign exchange options, currency swaps and commodity swaps: The net fair value is estimated using market accepted formulae and market quoted input variables.

Cash, short-term loans and deposits, receivables, payables and short-term borrowings: The carrying amounts of these financial instruments approximate net fair value because of their short maturity.

Long-term borrowings: The present value of expected cash flows has been used to determine net fair value using interest rates derived from market parameters that accurately reflect their term structure. Certain estimates and judgements were required to develop the fair value amounts.

Commodity price sensitivity and risk management

The CSR Group has exposure to aluminium commodity prices. The aluminium exposure arises from sales contracts that commit the CSR Group to supply aluminium in future years. Prices for product supplied under these contracts are a function of the US dollar market price at the time of delivery. The CSR Group has a policy of maintaining a minimum, but declining level of hedging for up to the next five years and uses a variety of derivative instruments to manage its commodity price exposure with the objective of ensuring more predictable revenue cash flows.

The CSR Group also has exposure to sugar prices through its raw sugar milling activities. The CSR Group receives its share of Australian dollar pool price revenue derived by Queensland Sugar Limited based on its sugar price and foreign exchange hedging activities. Sugar price hedging is carried out by Queensland Sugar Limited for a maximum term usually of 18 months. Limited additional hedging for a longer term has been undertaken by the CSR Group when an acceptable price outcome could be achieved.

Commodity price risk exposures

(\$ MILLION)	AVERAGE PRICE ^a	PRINCIPLE / MATURITIES			TOTAL	NET FAIR VALUE	
		1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS		ASSET	LIABILITY
2004							
Aluminium							
London Metal Exchange aluminium futures sell contracts ^a	1,466.5 ^b	55.1	23.6	–	78.7	–	11.6
Aluminium commodity swaps ^a	1,454.4 ^b	118.1	159.2	–	277.3	–	39.5
Total		173.2	182.8	–	356.0	–	51.1
2003							
Aluminium							
London Metal Exchange aluminium futures sell contracts ^a	1,431.4 ^b	7.1	42.9	–	50.0	2.4	–
Aluminium commodity swaps ^a	1,485.6 ^b	200.9	233.2	–	434.1	36.7	–
Raw sugar							
Commodity swaps ^a							
– US dollar raw sugar	8.31 ^c	1.0	–	–	1.0	0.1	–
– Australian dollar raw sugar	12.39 ^d	1.0	–	–	1.0	–	–
Total		210.0	276.1	–	486.1	39.2	–

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

b US dollars per metric tonne.

c US cents per pound.

d Australian cents per pound.

e \$51.1 million of commodity contract losses (2003: \$39.2 million gains) have been deferred or not recognised as the losses relate to hedges of anticipated transactions. The expected timing of recognition based on the fair values at 31 March 2004 are one year or less \$29.8 million and one to five years \$21.3 million.

33 FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange sensitivity and risk management

The CSR Group uses a variety of foreign exchange risk management instruments, including currency swaps, forward contracts and currency options to hedge foreign currency denominated receipts resulting from revenue denominated in foreign currencies, payments for raw materials, capital equipment, liabilities and assets, with the key objective of achieving more predictable Australian dollar equivalent revenues.

The CSR Group's major foreign currency exposure relates to its US dollar aluminium commodity price exposure and consequently has a currency hedging policy which complements the commodity price hedging policy by providing minimum but declining levels of hedging for up to the next five years using forward exchange rate contracts and currency options. Any sugar price hedging undertaken directly by the CSR Group (noted previously) is also matched with currency hedging.

Other foreign exchange exposures are relatively small with CSR Group policy outlining guidelines for hedging for up to 18 months. The policy requires that foreign currency denominated purchases of capital equipment be fully hedged to the domestic currency to eliminate all currency exposure. Similarly, policy also requires that foreign currency assets and liabilities are fully hedged to the relevant entity's domestic currency.

The table below provides information about the CSR Group's significant exchange rate exposures.

Foreign exchange risk exposures

(\$ MILLION)	AVERAGE EXCHANGE RATE ^a	PRINCIPLE MATURITIES			TOTAL	NET FAIR VALUE	
		1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS		ASSET	LIABILITY
2004							
US dollar							
Forward exchange rate agreements^b							
Receive US dollar	0.74	4.4	–	–	4.4	–	0.1
Pay US dollar	0.56	286.5	355.3	–	641.8	145.3	–
NZ dollar							
Forward exchange rate agreements^b							
Pay NZ dollar	1.15	7.0	–	–	7.0	–	–
Euro							
Forward exchange rate agreements^b							
Receive Euro	0.59	7.8	1.4	–	9.2	–	0.3
Total		305.7	356.7	–	662.4	145.3	0.4
2003							
US dollar							
Forward exchange rate agreements^b							
Receive US dollar	0.57	46.1	–	–	46.1	–	1.8
Pay US dollar	0.53	418.0	458.3	–	876.3	72.2	0.2
NZ dollar							
Forward exchange rate agreements^b							
Pay NZ dollar	1.09	7.8	–	–	7.8	–	–
Euro							
Forward exchange rate agreements^b							
Receive Euro	0.60	0.6	–	–	0.6	–	–
Total		472.5	458.3	–	930.8	72.2	2.0

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

b \$144.9 million of net foreign exchange contract gains (2003: \$70.2 million gains) has been deferred or not recognised as the gains relate to hedges of anticipated transactions. The expected timing of recognition based on the fair values at 31 March 2004 are one year or less \$68.1 million and one to five years \$76.8 million.

Net fair values

(\$ MILLION)	CARRYING AMOUNT				NET FAIR VALUE			
	ASSET		LIABILITY		ASSET		LIABILITY	
	2004	2003	2004	2003	2004	2003	2004	2003
Other financial assets	22.4	22.4			26.8	22.4		
Current receivables	215.5	258.3			215.5	258.3		
Current payables			261.3	241.1			261.3	241.1
Non-current payables			3.9	1.5			3.9	1.5
Total	237.9	280.7	265.2	242.6	242.3	280.7	265.2	242.6

NOTES TO THE FINANCIAL STATEMENTS

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33 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate sensitivity and risk management

The CSR Group enters into a variety of derivative instruments in the management of interest rate exposure with the objective of obtaining lower funding costs and a more stable and predictable interest expense. The CSR Group has a policy to maintain the percentage of fixed and variable rate debt within controlled limits. Interest rate swaps and options are entered into to maintain the mix of fixed and variable rate debt. The table below provides information about the CSR Group's interest rate exposure and should be read in conjunction with notes 18 and 19.

Interest rate risk exposure

(\$ MILLION)	WEIGHTED AVERAGE		PRINCIPAL / MATURITIES				CARRYING AMOUNT		NET FAIR VALUE	
	TERM IN YEARS	RATE % PA ^a	1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY	ASSET	LIABILITY
2004										
Long-term debt										
Fixed rate US dollar debt	21.3	7.7	-	-	0.1	0.1	-	0.1	-	0.1
Fixed rate Australian dollar debt	5.0	6.0	-	200.0	-	200.0	-	200.0	-	197.2
Unsecured other Australian dollar debt	25.3	-	-	-	13.6	13.6	13.6	-	13.6	-
Short-term debt										
Floating rate Australian dollar debt	0.1	5.3	11.8	-	-	11.8	-	11.8	-	11.8
Floating rate NZ dollar debt	0.1	-	4.7	-	-	4.7	-	4.7	-	4.7
Floating rate Singapore dollar debt	0.1	1.2	1.4	-	-	1.4	-	1.4	-	1.4
Floating rate Thailand baht debt	0.1	-	3.3	-	-	3.3	-	3.3	-	3.3
Term payables and other	-	-	-	3.9	-	3.9	-	3.9	-	3.9
Cash at bank and on deposit (net of overdraft)^c	-	-	57.2	-	-	57.2	60.3	3.1	57.2	-
Total			78.4	203.9	13.7	296.0	73.9	228.3	70.8	222.4

2003

Long-term debt

Fixed rate US dollar debt	22.3	7.7	-	-	0.2	0.2	-	0.2	-	0.2
Floating rate Australian dollar debt ^b	3.0	5.1	87.5	175.5	-	263.0	-	263.0	-	262.7
Floating rate Thailand baht debt	1.8	-	-	9.5	-	9.5	-	9.5	-	9.2
Unsecured other Australian dollar debt	26.1	-	-	-	22.5	22.5	22.5	-	22.5	-

Short-term debt

Floating rate Australian dollar debt	-	-	0.5	-	-	0.5	-	0.5	-	0.5
Floating rate NZ dollar debt	-	-	0.9	-	-	0.9	-	0.9	-	0.9
Floating rate Singapore dollar debt	0.1	1.1	2.4	-	-	2.4	-	2.4	-	2.4
Amount owing to Rinker Group	-	-	315.5	-	-	315.5	-	315.5	-	315.5

Term payables and other

Cash at bank and on deposit (net of overdraft)^c	-	-	366.1	-	-	366.1	372.4	6.3	366.1	-
Total			772.9	186.5	22.7	982.1	394.9	599.8	388.6	592.9

Interest rate derivatives**Australian dollar interest rate swaps**

Fixed rate receiver against Australian dollar bank bills 0.3	5.8	10.0	-	-	-	10.0	-	-	-	-
Total		10.0	-	-	-	10.0	-	-	-	-

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

b Maturities based on the maturity date of the debt facilities, not the repricing date. This debt was refinanced using existing credit standby facilities.

c Interest rates vary from nil to 5.3% (2003: nil to 4.8%).

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34 EQUITY ACCOUNTING INFORMATION

Name of entity	Principal activity	OWNERSHIP INTEREST		CARRYING AMOUNT	
		2004 %	2003 %	2004 \$ MILLION	2003
C.Czarnikow Limited ^a	sugar brokering	43	43	11.4	12.0
Enviroguard Pty Limited	waste management	50	50	5.5	5.1
New Zealand Sugar Company Limited ^b	sugar refining	50	50	20.2	19.8
Rondo Pty Limited	building products	50	50	5.2	4.5
Other immaterial associates				0.6	–
Associate companies				42.9	41.4
Sugar Australia joint venture ^{b c}	sugar refining	50	50	96.1	97.0
Total investments accounted for using the equity method				139.0	138.4

(\$ MILLION)	CSR GROUP	
	2004	2003
Equity accounted amount of investments at the beginning of the financial year	138.4	316.6
Share of associate entities' profit from ordinary activities before income tax	40.0	72.3
Share of income tax	(11.2)	(19.0)
Dividends and distributions received	(28.7)	(66.9)
Additional capital investment	–	0.5
Acquisition of new associate	–	9.2
Controlled entity now an associate entity	0.5	–
Demerged associate entities ^d	–	(172.5)
Foreign currency translation and other	–	(1.8)
Equity accounted amount of investments at the end of the financial year	139.0	138.4
Share of reserves attributable to associate entities		
Retained profits ^e	30.4	37.7
Asset revaluation reserves ^e	1.1	0.5
Other reserves	9.2	0.5
Summarised financial position of associate entities		
Assets		
– cash	45.9	58.1
– other current assets	275.0	243.2
– property, plant and equipment	187.9	189.7
– other non-current assets	33.0	16.8
Liabilities		
– current payables	(94.6)	(83.9)
– current borrowings and other liabilities	(114.4)	(94.3)
– non-current liabilities	(39.1)	(38.7)
Net assets	293.7	290.9

a The reporting date is 31 December.

b The CSR Group increased its interest in these associate entities on 2 April 2004 to 75%. This transaction is not reflected in the financial report as at 31 March 2004.

c The CSR Group's share of revenue from Sugar Australia was \$176.1 million (2003: \$197.1 million) and share of expenses was \$166.1 million (2003: \$185.1 million).

d Demerged on 28 March 2003.

e The opening balances as at 1 April 2002 were: retained profits \$49.1 million, asset revaluation reserves \$0.5 million.

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
Balances and transactions with associate entities^a				
Current loans and receivables	15.4	19.5	7.5	8.4
Non-current loans and receivables	14.9	7.4	3.5	3.5
New loans and receivables	22.7	24.1	10.9	13.0
Loans and receivables repaid	19.3	21.4	8.2	3.9
Current payables	2.9	0.5	–	0.5
Purchases of goods and services	15.1	159.0	–	97.0
Sales of goods and services	4.3	49.7	–	49.7
Capital repaid	–	0.8	–	–
Dividends and distributions received and receivable	28.7	66.9	11.0	19.0

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

NOTES TO THE FINANCIAL STATEMENTS

(\$ MILLION)	PROFIT ON DISPOSAL	NET TANGIBLE ASSETS
35 ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES		
Controlled entities disposed during the financial year^a		
Premier Ceilings	–	0.2
Businesses disposed during the financial year	–	–
	–	0.2

Value of net assets of controlled entities and businesses demerged/acquired/disposed	DEMERGED ENTITIES	CSR GROUP ACQUISITIONS ^b		CSR GROUP DISPOSALS	
	2003	2004	2003	2004	2003
Cash	184.8	–	34.4	0.2	–
Cash available from CSR Limited	255.3	–	–	–	–
Receivables	785.6	–	124.1	1.0	4.0
Inventories	388.2	–	27.1	–	9.6
Other current assets	376	–	5.4	–	–
Investments	172.5	–	9.2	–	–
Property, plant and equipment	2,675.5	–	303.6	0.3	20.3
Intangibles	38.0	–	0.5	–	1.1
Other non-current assets	305.3	–	17.7	–	0.3
Payables	(646.2)	–	(100.5)	(0.5)	(2.2)
Interest-bearing liabilities	(2,019.9)	–	(5.9)	(0.5)	–
Provisions and tax liabilities	(591.6)	–	(108.0)	(0.2)	–
Outside equity interests in controlled entities ^b	(16.9)	–	(2.4)	(0.1)	–
	1,568.2	–	305.2	0.2	33.1
Goodwill acquired/disposed	1,455.6	–	696.4	0.5	1.5
	3,023.8	–	1,001.6	0.7	34.6
Divestment/acquisition expenses	74.2	–	(0.8)	–	–
Profit on disposal	1,475.0	–	–	–	1.1
Total consideration	4,573.0	–	1,000.8	0.7	35.7
Cash balances acquired/disposed	–	–	(34.4)	(0.2)	–
Transfer to investment in associate entity	–	–	–	(0.5)	–
Change in capital receivables and payables	–	–	5.4	–	36.1
Total flow of cash	–	–	971.8	–	71.8

a Operating results of the entities acquired (disposed) are included in the statement of financial performance from the date acquired (up to the date disposed).

b Acquired 100% of the holding company Kiewit Materials Company in 2003, which owned some non 100% owned controlled entities with outside equity interests.

36 SUBSEQUENT EVENTS

The CSR Group increased its investment in the Australian and New Zealand sugar refining associates from 50% to 75% on 2 April 2004 for a purchase price of \$61 million. This transaction has not been reflected in the financial statements as at 31 March 2004. There has been no other event since the end of the financial year which has had a material effect on the matters already reported.

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37 PARTICULARS RELATING TO CONTROLLED ENTITIES

Parent entity

	COUNTRY OF INCORPORATION	% CSR OWNERSHIP			COUNTRY OF INCORPORATION	% CSR OWNERSHIP	
		2004	2003			2004	2003
CSR Limited	Australia						
ACN 009 639 847 Pty Ltd ^b	Australia	100	100	CSR Share Plan Pty Ltd	Australia	100	100
ACN 010 462 629 Pty Ltd ^b	Australia	100	100	CSR South East Asia Pte Ltd	Singapore	100	100
Alstergren Pty Ltd ^b	Australia	100	100	CSR Sugar Investments Pty Ltd	Australia	100	100
Amalgamated Sugar Mills Pty Ltd	Australia	100	100	CSR Sugar Pty Ltd	Australia	100	100
Australian Blue Metal Ltd ^b	Australia	100	100	CSR Sugar (Herbert) Pty Ltd	Australia	100	100
BI (Australia) Pty Ltd ^c	Australia	–	100	CSR Sugar (Invicta) Pty Ltd	Australia	100	100
BI (Contracting) Pty Ltd	Australia	100	100	CSR Sugar (Kalamia) Pty Ltd	Australia	100	100
BI Holdings Australia Pty Ltd ^c	Australia	–	100	CSR Taiwan Co, Ltd	Taiwan	100	100
Bradford Holdings, Inc	Canada	100	100	CSR Travel Pty Ltd ^c	Australia	–	100
Bradford Insulation (M) Sdn Bhd	Malaysia	100	100	CSR (Guangdong) Rockwool Co., Ltd	China	70	70
Bradford Insulation Industries Pty Ltd	Australia	100	100	CSR (Pioneer Sugar) Pty Ltd	Australia	100	100
Brimik Pty Ltd ^c	Australia	–	100	F & L (Qld) Pty Ltd ^c	Australia	–	100
Buchanan Borehole Collieries Pty Ltd	Australia	100	100	Farley & Lewers Ltd	Australia	100	100
Chang Chien Engineering Co., Ltd ^a	Taiwan	–	100	FEP Colourtile Pty Ltd ^c	Australia	–	100
Chang Yuan Enterprises Ltd ^c	Taiwan	–	100	FEP Construction Holdings Pty Ltd ^c	Australia	–	100
Chelsea Estates NZ Pty Ltd	Australia	100	100	FEP Concrete Ltd			
Chelsea Nominees Ltd	New Zealand	100	100	(formerly Ready Mixed Concrete Ltd)	Australia	100	100
CSR-SYC Hebel Taiwan Co, Ltd	Taiwan	100	100	FEP (Qld) Pty Ltd ^c			
CSR Bradford Air (M) Sdn Bhd	Malaysia	100	100	(formerly CSR Readymix (Qld) Pty Ltd)	Australia	–	100
CSR Building Materials (HK) Ltd	Hong Kong	100	100	Gove Aluminium Finance Ltd	Australia	70	70
CSR Building Materials (M) Sdn Bhd	Malaysia	70	70	Gyprock Holdings Pty Ltd	Australia	100	100
CSR Building Products (NZ) Ltd				Havelock Food Products Pty Ltd ^b	Australia	100	100
(formerly CSR Building Materials (NZ) Ltd)	New Zealand	100	100	Midalco Pty Ltd	Australia	100	100
CSR Building Materials Trading (Shanghai) Co., Ltd	China	100	100	Ozsands International Pty Ltd ^c	Australia	–	100
CSR Building Products Ltd				Pioneer Sugar Mills Pty Ltd	Australia	100	100
(formerly Monier PGH Holdings Ltd)	Australia	100	100	Premier Ceilings (WA) Pty Ltd ^d	Australia	50	67
CSR Building Systems (M) Sdn Bhd	Malaysia	70	70	PT Prima Karya Plasterboard	Indonesia	100	100
CSR Climate Control (M) Sdn Bhd	Malaysia	70	70	Pyneboard Pty Ltd	Australia	100	100
CSR Concrete Products Co., Ltd ^c	Taiwan	–	85	Queensland Sugar Power Pool Pty Ltd ^b	Australia	82	82
CSR Developments Pty Ltd	Australia	100	100	Refined Sugar Services Pty Ltd	Australia	100	100
CSR Distilleries Operations Pty Ltd	Australia	100	100	Rivarol Pty Ltd	Australia	100	100
CSR Ethanol Pty Ltd	Australia	100	100	Sellars Holdings Ltd ^c	Australia	–	100
CSR Finance Limited	Australia	100	100	Seltsam Pty Ltd	Australia	100	100
CSR Guangdong Glasswool Co., Ltd	China	79	79	Shelf Drilling Pty Ltd	Australia	100	100
CSR Gypsum Products (UK) Ltd	UK	100	100	Softwood Holdings Ltd ^b	Australia	100	100
CSR Hebel Australia Pty Ltd	Australia	100	100	Softwood Plantations Pty Ltd ^b	Australia	100	100
CSR Humes Pty Ltd ^b	Australia	100	100	Softwoods Queensland Pty Ltd ^b	Australia	100	100
CSR Humes (UK) Limited	UK	100	100	Sunrock Quarries Pty Ltd ^c	Australia	–	100
CSR Insulation (Thailand) Limited	Thailand	100	100	The Forestry Pulp & Paper Company of Australia ^c	Australia	–	100
CSR Insurance Pte Limited	Singapore	100	100	The Houghton Sugar Co Pty Ltd	Australia	100	100
CSR International Pty Ltd	Australia	100	100	The Readymix Group (Australia) Ltd ^b	Australia	100	100
CSR Investments Pty Ltd	Australia	100	100	Thiess Bros Pty Ltd	Australia	100	100
CSR Investments (Asia) Pty Ltd	Australia	100	100	Thiess Holdings Pty Ltd	Australia	100	100
CSR Investments (Indonesia) Pty Ltd	Australia	100	100	Timber Holdings Pty Ltd ^b	Australia	100	100
CSR Investments (Taiwan) Pty Ltd	Australia	100	100	Upline Holdings Pty Ltd ^b	Australia	100	100
CSR Investments (Thailand) Pty Ltd	Australia	100	100	Waterford Sands Pty Ltd ^c	Australia	–	100
CSR Plane Creek Pty Ltd	Australia	100	100	West Moreton Industries Pty Ltd ^c	Australia	–	100
CSR Readymix (Australia) Pty Ltd ^b	Australia	100	100	Woodland Pty Ltd	Australia	100	100

a Amalgamated into another controlled entity of CSR Limited.

b In voluntary liquidation.

c Controlled entity liquidated/deregistered during the financial year.

d Classified as an associate entity in financial year ended 31 March 2004.

NOTES TO THE FINANCIAL STATEMENTS

38 DISCONTINUED OPERATIONS

On 19 November 2002, directors announced a demerger of Rinker Group from the CSR Group. The demerger of the Rinker Group from the CSR Group was approved by shareholders in an Extraordinary General Meeting on 25 March 2003, and court approval was obtained on 28 March 2003. The effective date of the demerger was 28 March 2003 when CSR Limited ceased to control the Rinker Group. The businesses demerged were essentially the Rinker Materials Corporation (operating in the United States) and Readymix (operating in Australia and Asia) segments. This resulted in the formation of two groups:

- Rinker Group: an international heavy building materials group of companies; and
- CSR Group: an Australian diversified industrial group of companies with three principal businesses in Building Products, Aluminium and Sugar.

The financial information for the financial year ended 31 March 2003 for the businesses that comprised the Rinker Group from 28 March 2003 is as follows:

(\$ MILLION)	2003
Financial performance information for the financial year ended 31 March	
Trading revenue – sale of goods	5,231.7
Cost of sales	(3,125.5)
Warehouse and distribution costs	(932.2)
Selling costs	(98.2)
Administration and other operating costs ^a	(439.2)
Share of partnership net loss	(0.3)
Share of associate entities' net profit	24.6
Operating profit	660.9
Other revenue from ordinary activities	129.7
Other expenses from ordinary activities	(92.7)
Dividend income from others	0.2
Profit from ordinary activities before finance and income tax	698.1
Interest income	0.6
Borrowing costs ^b	(86.7)
Profit from ordinary activities before income tax	612.0
Income tax expense relating to ordinary activities	(220.5)
Net profit	391.5
Net profit attributable to outside equity interests in controlled entities	(2.4)
Net profit attributable to members of Rinker Group Limited	389.1

a Includes an allocation of corporate costs of \$13.4 million before tax.

b Total borrowing costs for the financial year less amount allocated to the CSR Group (based on a net debt of \$225 million).

Cash flow information for the financial year ended 31 March

Cash inflow from operating activities	912.7
Cash outflow from investing activities	(1,083.6)
Cash inflow from financing activities	332.6
Total cash inflow	161.7

Geographical segment financial performance information for the year ended 31 March 2003

	UNITED STATES	AUSTRALIA	ASIA	TOTAL
Revenue from ordinary activities	4,311.1	980.3	70.8	5,362.2
Expenses from ordinary activities	(3,822.6)	(862.5)	(65.1)	(4,750.2)
Profit before income tax	488.5	117.8	5.7	612.0
Income tax expense	(192.8)	(27.1)	(0.6)	(220.5)
Outside equity interests in controlled entities	(0.6)	–	(1.8)	(2.4)
Net profit attributable to members of Rinker Group Limited	295.1	90.7	3.3	389.1

Geographical financial position information as at 31 March 2003^c

Assets	5,099.7	1,168.0	30.7	6,298.4
Liabilities	(2,967.1)	(275.6)	(15.0)	(3,257.7)
Net assets	2,132.6	892.4	15.7	3,040.7

c Refer to note 35 for detailed financial position information.

(\$ MILLION)	CSR GROUP		CSR LIMITED	
	2004	2003	2004	2003
39 CONTINGENT LIABILITIES				
Contingent liabilities, capable of estimation, arise in respect of the following categories				
Performance guarantees provided to third parties and other contingent liabilities	13.1	3.8	9.8	3.8
Guarantees given by CSR Limited in respect of amounts borrowed by				
– CSR Finance Limited			0.1	262.5
– Rinker Materials Corporation ^a	331.0	499.1	331.0	499.1
Total contingent liabilities	344.1	502.9	340.9	765.4

^a Outstanding pre demerger guarantees on 2004 and 2005 Rinker Materials Corporation bonds. Rinker Materials Corporation has obtained bank guarantees for CSR Limited's benefit for any payment obligations that are due under CSR Limited's guarantees.

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, claims for asbestos induced injury 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 2004, there were 638 such claims pending.

In the United States, claims for damages are being made by people who allege exposure to asbestos fibre liberated either during the manufacture of products containing asbestos or in the installation or use of those products. As at 31 March 2004, there were 2,354 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2004, CSR had resolved approximately 127,000 claims in the United States, including resolution of approximately 103,000 claims in mass settlements in West Virginia, Texas, Mississippi and Ohio and 1,441 claims in Australia.

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 formal demands on CSR, the amount of those demands, the presence of other defendants in litigation involving CSR, the impact of the US litigation environment of recent asbestos bankruptcies, and the possible passage of legislation relating to asbestos claims in the United States legal system, impact the numbers and value of claims made against CSR.

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

CSR has commenced proceedings in New Jersey against a number of insurers who issued policies to CSR from approximately 1978 to 1989. In those proceedings CSR seeks indemnity for US asbestos claims and certain other relief. Those proceedings are being pursued by CSR as speedily as possible. Costs in relation to this legal action are being deferred (2004: \$18.6 million, 2003: \$10.0 million); however, the full potential benefit from this litigation is not included in the financial statements.

At 31 March 2004, a provision of \$324.0 million (2003: \$332.3 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, the status of proceedings in CSR's insurance litigation and current claims management experience, the directors are of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on CSR's financial condition.

Workers' compensation

CSR Limited acts as an authorised 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.

Other

The CSR Group sold its interest in Gove Aluminium Limited to Alcan Northern Territory Alumina Pty Limited ('Alcan') on 31 January 2001. In July 2003, a CSR Limited controlled entity commenced action in the Supreme Court of New South Wales against Alcan in respect of an adjustment for diesel fuel rebates totalling US\$21.9 million pursuant to the adjustment provisions under the sale agreement. Alcan has disputed the claim and raised claims for approximately A\$22.5 million in respect of the sale. Neither the potential liability nor the potential asset arising from these disputes has been recorded in the financial statements.

DIRECTORS' DECLARATION

Declaration by directors on the financial statements and notes thereto set out on pages 39 to 65

The directors declare that the financial statements and notes thereto:

- (a) comply with Accounting Standards;
- (b) give a true and fair view of the financial position and performance of the company and consolidated entity;
- (c) are, in the directors' opinion, in accordance with the Corporations Act 2001.

In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.



IAN BLACKBURNE
Chairman



ALEC BRENNAN
Managing Director

19 May 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CSR LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both CSR Limited (the company) and the consolidated entity, for the financial year ended 31 March 2004 as set out on pages 39 to 66. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of CSR Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



G COUTTAS
Partner
Chartered Accountants

Sydney, 19 May 2004

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

Shareholders

AS AT 19 MAY 2004	ORDINARY SHARES	% OF TOTAL SHARES
20 LARGEST HOLDERS OF ORDINARY FULLY PAID SHARES		
National Nominees Limited	113,715,505	12.41
J P Morgan Nominees Australia Limited	109,058,417	11.90
Westpac Custodian Nominees Limited	94,056,513	10.27
RBC Global Services Australia Nominees Pty Limited	70,918,393	7.74
RBC Global Services Australia Nominees Pty Limited	19,818,470	2.16
Citicorp Nominees Pty Limited	19,556,645	2.13
Queensland Investment Corporation	15,250,589	1.66
Cogent Nominees Pty Limited	14,210,346	1.55
AMP Life Limited	11,711,144	1.28
IOOF Investment Management Limited	10,355,153	1.13
ANZ Nominees Limited	10,149,696	1.11
RBC Global Services Australia Nominees Pty Limited	9,442,896	1.03
Cogent Nominees Pty Limited	7,738,133	0.85
Australian Foundation Investment Company Limited	6,244,404	0.68
CSR Share Plan Pty Limited	4,573,501	0.50
Government Superannuation Office	4,485,286	0.49
HSBC Custody Nominees (Australia) Limited	4,215,971	0.46
PSS Board	3,342,281	0.37
Argo Investments Limited	3,095,512	0.34
CSS Board	2,788,406	0.30
	534,727,261	58.36

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

Perpetual Trustees Australia Limited advised that, as at 3 May 2004, it and its associates had a relevant interest in 104.53 million shares, which represented 11.40% of CSR's total issued capital.

Maple-Brown Abbott Limited advised that, as at 17 February 2004, it and its associates had a relevant interest in 98.52 million shares, which represented 10.68% of CSR's total issued capital.

GMO Australia Limited advised that, as at 30 September 2003, it and its associates had a relevant interest in 47.95 million shares, which represented 5.08% of CSR's total issued capital.

AS AT 19 MAY 2004	LISTED FULLY PAID SHARES WITH FULL VOTING RIGHTS			
	SHAREHOLDERS	%	SHARES	%
DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDINGS				
Registered address				
Australia	90,629	96.22	905,223,509	98.80
New Zealand	2,286	2.43	6,490,054	0.71
UK	506	0.54	1,494,989	0.16
USA	195	0.21	333,993	0.04
Other	568	0.60	2,680,156	0.29
	94,184	100.00	916,222,701	100.00

Size of shareholding

1 – 1,000	31,982	33.96	19,378,174	2.12
1,001 – 5,000	46,510	49.38	115,449,366	12.60
5,001 – 10,000	10,030	10.65	71,751,368	7.83
10,001 – 100,000	5,484	5.82	110,064,899	12.01
100,001 – and over	178	0.19	599,578,894	65.44
	94,184	100.00	916,222,701	100.00

Shareholdings of less than a marketable parcel

Holdings of 268 or less shares	2,512	2.67	402,815	0.04
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ON-MARKET BUYBACK

CSR has a current on-market buyback which concludes on 10 June 2004. A total of 30,141,405 shares were purchased in the period to 19 May 2004. On 19 May 2004, the board decided to buy back up to a further 5% of CSR shares during the year starting 11 June 2004.

Information

ANNUAL GENERAL MEETING

10.00 am Thursday 15 July 2004
The Westin Hotel
1 Martin Place
Sydney

SHAREHOLDERS' TIMETABLE*

2004

31 MAR	CSR year end
19 MAY	Full year profit and final dividend announced
1 JUN	Shares begin trading ex dividend
7 JUN	Record date for determining shareholders' entitlement to final dividend payment
16 JUN	CSR annual report, notice of meeting and proxy form released
1 JUL	Final dividend paid
13 JUL	Proxy returns close 10.00 am Sydney
15 JUL	Annual general meeting 10.00 am Sydney
30 SEP	CSR half year end
9 NOV	Half year profit and interim dividend announced
15 NOV	Shares begin trading ex dividend
19 NOV	Record date for determining shareholders' entitlement to interim dividend payment
3 DEC	Interim dividend paid

2005

1 JAN	CSR's 150 th anniversary since foundation
31 MAR	CSR year end

* Timing of events is subject to change.

CSR IS COMMITTED to striving for a high standard of corporate governance, including reporting on the company's activities to its shareholders.

SHAREHOLDER INFORMATION AND INQUIRIES

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

Computershare Investor Services
Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000 Australia

GPO Box 7045
Sydney NSW 2001 Australia

Telephone within Australia 1800 676 061
International +61 3 9415 4033
Facsimile (02) 8234 5050
International +61 2 8234 5050

Internet site www.computershare.com.au

E-mail web.queries@computershare.com.au

REMOVAL FROM ANNUAL REPORT MAILING LIST

Should you wish not to receive the annual report by mail, please notify the share registry, Computershare, in writing. An annual report election form can be downloaded from CSR's internet site at www.csr.com.au using the *Investor Centre* link service.

CHANGED YOUR ADDRESS?

If you change your address, please promptly notify the share registry, Computershare, by telephone or in writing – quoting your shareholder number and your old address, as security checks. A change of address advice form is available online from the internet from CSR's site by using the *Investor Centre* link or from Computershare's internet based investor centre at www.computershare.com.au.

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, again, can be downloaded from our internet site using the *Investor Centre* link.

If you subsequently change your bank account, please promptly notify the share registry in writing, signed by you, quoting your old bank account number as an added security check.

DO WE HAVE YOUR TAX FILE NUMBER (TFN)?

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. You can notify Computershare of your tax file number by telephone or in writing. Tax file number forms can be downloaded from CSR's internet site via the *Investor Centre* link service.

It is not compulsory for shareholders to provide a tax file number. But if you 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.

AMERICAN DEPOSITARY RECEIPTS

CSR terminated its American Depositary Receipt program on 3 October 2003. Any inquiries regarding the termination process should be directed to J P Morgan Service Center, 150 Royall Street, Mail Stop 45-02-54, Canton, MA 02021 United States of America; telephone +1 781 575 4328 or facsimile +1 781 575 4082.

RECENT CSR DIVIDENDS

DATE PAID	TYPE	CENTS PER SHARE	FRANKING % / RATE IN DOLLAR
JUL 2002	Final	13	70% / 30 cents
DEC 2002	Interim	11	70% / 30 cents
JUL 2003	Final	6*	70% / 30 cents
DEC 2003	Interim	5*	70% / 30 cents

* Post-demergence of Rinker from CSR.

PRIVACY

CSR respects the privacy of individuals. A copy of our privacy policy is available on our internet site.

INQUIRIES ABOUT CSR

For further inquiries about CSR, contact CSR Investor Relations or visit our internet site www.csr.com.au.

CSR Investor Relations
9 Help Street
Chatswood NSW 2067 Australia

Telephone (02) 9235 8000
International +61 2 9235 8000
Facsimile (02) 9235 8055
International +61 2 9235 8055

E-mail investorrelations@csr.com.au

CORPORATE GOVERNANCE A complete framework of CSR's corporate governance policies, board charters and the CSR constitution is available from this section of the internet site.

CSR AND SOCIETY

This section of our internet site is dedicated to reporting on CSR's environment, safety and community relations record.

PEOPLE

CSR aims to be the employer of first choice in the job markets in which we compete for capable people. We aim to maintain an advantage over our competitors through the high quality of people we attract, develop and retain. Read about CSR's recruitment, employment benefits and development programs.

ABOUT CSR

The site provides *Facts about CSR* – an internet based facts book which provides interested readers with a detailed understanding of CSR and its businesses.

SERVICES FOR CUSTOMERS

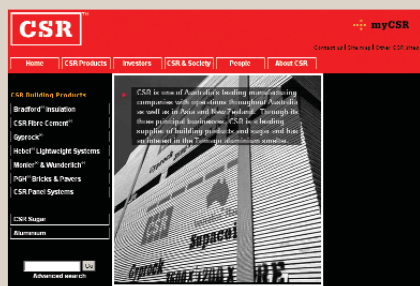
BUILDING PRODUCTS' internet service provides customers immediate access to information about our entire Australian range of building materials. Each of Building Products' businesses has its own section of the site with detailed product information.

CSR DESIGNLINK helps architects, builders and specifiers develop building systems for walls, floors, roofs, ceilings and columns based on CSR's wide range of building materials. In addition, DesignLINK offers production information including fire and acoustic rating systems and computer aided design (CAD) files.

MYCSR is a secure service providing CSR's customers with speedy access to information about their transactions, including orders, delivery status and invoices.



CSR'S INTERNET SITE OFFERS ONLINE SERVICES TO SHAREHOLDERS AND CUSTOMERS



CSR'S INTERNET SITE, www.csr.com.au, is an increasingly popular way for shareholders and others to keep informed about the company.

SERVICES FOR SHAREHOLDERS

RECEIVE SHAREHOLDER INFORMATION BY E-MAIL As featured on the outside back cover, you can register your e-mail address to receive CSR shareholder information electronically and benefit the environment under the eTree program. Nominate now by contacting www.eTree.com.au/csr.

CONTACT CSR'S SHARE REGISTRY You can contact CSR's registry, Computershare Investor Services Pty Limited, directly through the *Investor Centre* link on our internet site to check details of your shareholding in CSR.

You can access standard forms, including change of address forms, requests to consolidate holdings, and direct credit advices to arrange to have your dividends deposited directly into a bank or other account.

KEEP UP TO DATE ABOUT YOUR COMPANY

Our internet site offers regular updates of our share price, shareholders' calendar, news releases, financial presentations and the latest corporate reports.

CSR'S ANNUAL REPORT Copies of recent annual reports are available online in both internet and Adobe Acrobat PDF formats. The internet form (HTML) is convenient to read on your computer screen. Pages are linked to each other and to other parts of our site. The PDF version is suitable for printing the annual report as it appears in its published form and includes the financial report.





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Facsimile (02) 8234 5050
International +61 2 8234 5050

E-mail web.queries@computershare.com.au

Internet site www.computershare.com.au

CSR SHAREHOLDERS CAN GO ONLINE IN EXCHANGE FOR TREES

You can help the environment by choosing to receive CSR shareholder information electronically. In return, you will have trees planted on your behalf.

Register for this initiative at www.eTree.com.au/csr and a donation of \$2 will go to Landcare Australia to support a major reforestation project in your state or territory.

Printing and posting paper publications such as this annual report are costly. By receiving this information electronically, you will help the environment and reduce your company's costs.

This initiative is being run in conjunction with our share registry, Computershare Investor Services Pty Limited. You can also register on the eTree internet site via Computershare's site www.computershare.com.au.