CSR LIMITED

ANNUAL REPORT 2007

BE SURE WITH CSR

CSR LIMITED ABN 90 000 001 276

CSR ANNUAL REPORT 2007

COVER (main photo) CSR is actively working with others in the sugar industry to increase sugarcane crop yields. From left, CSR's Robin Juffs with cane farmer Christian Lago and Evan Shannon from BSES, the sugarcane industry's research organisation.

CSR 2007

CSR IS A LEADING AUSTRALIAN DIVERSIFIED COMPANY. OUR GOAL IS TO CREATE SHAREHOLDER VALUE, WHILE OPERATING IN A SUSTAINABLE WAY, BY BOOSTING THE PERFORMANCE OF OUR OPERATIONS AND PURSUING GROWTH INITIATIVES

IMPROVING OUR BUSINESSES

BUILDING PRODUCTS (main photo) Leann Ashton manages the Seven Hills, Sydney, Gyprock™ Trade Centre, which offers a full range of products for plasterboard contractors and other customers. We are streamlining delivery and production networks to serve customers better at lower cost.

SUGAR (right, top) Major operational upgrades are under way at our Melbourne refinery and the raw sugar mills.

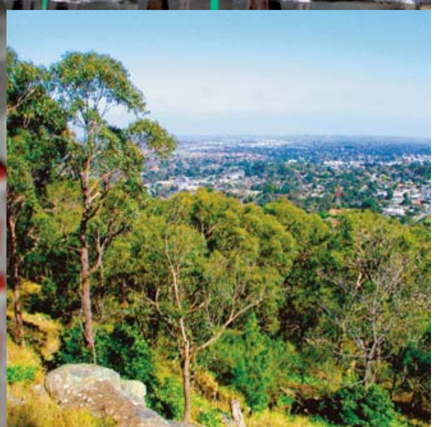
ALUMINIUM We are maximising value from the efficient operation of the expanded Tomago smelter (CSR 25.235%).

PROPERTY CSR is working to extend sites in development to build sustainable earnings.

CSR concentrates on businesses our people know well: Sugar, Building Products, Aluminium and Property.

CSR builds value by aiming for high performance, driving down costs and growing selectively, while striving to meet the expectations of our shareholders, customers and communities.

CSR was founded in Australia in 1855 as a sugar refiner and became a public company in 1887. We began manufacturing building materials in 1936 and entered the aluminium industry in 1969.



HIGHLIGHTS

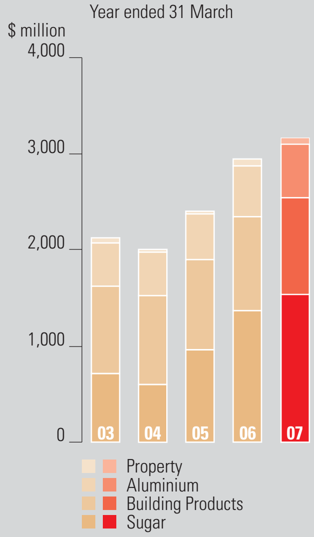
OVERVIEW OF CSR

THE YEAR IN BRIEF INCLUDING MAJOR ANNOUNCEMENTS TO ASX AND MEDIA RELEASES [a]

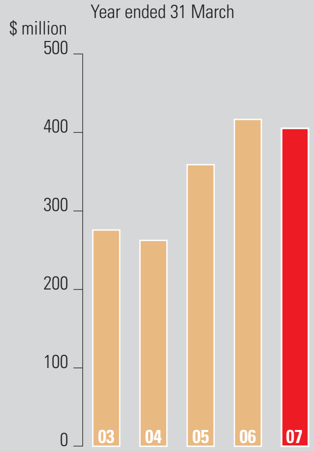
2007	
16 May	Results for the year ended 31 March 2007
9 April	CSR acquires Phoenix Insulation, a rockwool manufacturer in southern China
8 January	Sugar Australia (CSR 75%) signs distribution agreement for Equal® zero calorie sweetener
2006	
20 December	CSR to benefit net $103 million from settlement of longstanding insurance litigation
7 December	Building Products acquires Fricker Ceiling Systems™
8 November	Results for the half year ended 30 September 2006
2 November	Jerry Maycock to become managing director of CSR
25 October	$95 million sale to the GPT Group of 38 hectares of industrial land at Erskine Park, Sydney
20 October	$20 million Rokcore™ panels plant opens in southern China. A rockwool insulation plant is to be built on an adjoining site
28 September	Ray Horsburgh to join the CSR board of directors
4 September	$15 million fuel grade ethanol plant opens at Sarina, Queensland
4 August	$30 million expansion opens at PGH™ brick plant at Oxley, Brisbane
20 July	Australian Government awards CSR a $5 million Renewable Energy Development Initiative grant
16 June	$28 million second Bradford™ glasswool insulation production line opens, increasing capacity at the Ingleburn, Sydney, factory
17 May	Results for the year ended 31 March 2006

a Dates shown include when major announcements were made to the Australian Stock Exchange (ASX) or released to the media. 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.

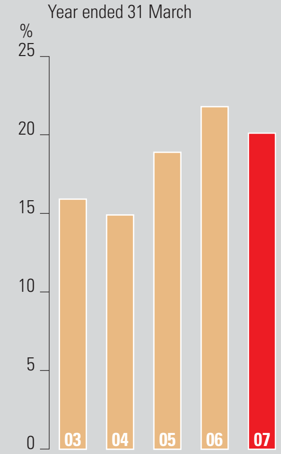
REVENUE BY BUSINESS
Year ended 31 March



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



RETURN ON SHAREHOLDERS' FUNDS (ROSF)
Year ended 31 March

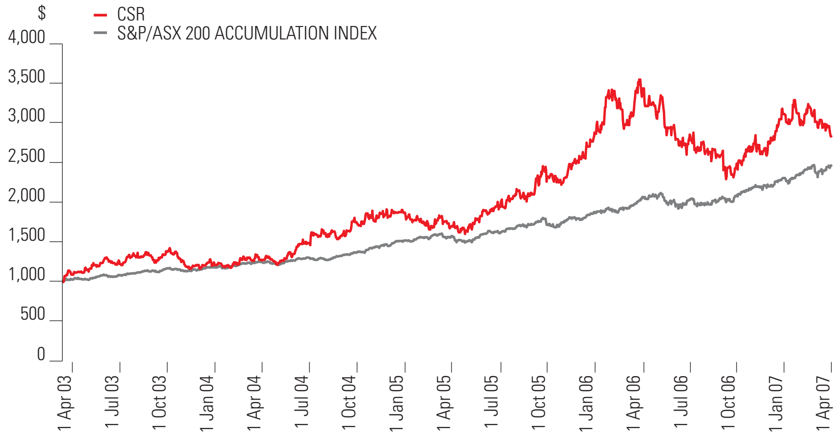


KEY FACTS

YEAR ENDED 31 MARCH – $ MILLION UNLESS STATED	**2007**	2006	% CHANGE
OPERATING RESULTS			
Trading revenue	**3,111.0**	2,866.9	8.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**531.9**	533.1	(0.2)
Earnings before interest and tax (EBIT)	**406.1**	416.8	(2.6)
Net profit before significant items	**240.5**	249.8	(3.7)
Net profit after significant items	**273.3**	305.0	(10.4)
Capital investment	**256.0**	299.5	(14.5)
FINANCIAL POSITION			
Shareholders' funds	**1,264.2**	1,075.4	17.6
Total assets	**2,938.0**	3,063.2	(4.1)
Net debt	**448.6**	558.5	(19.7)
KEY DATA PER SHARE			
Earnings before significant items [a] [cents]	**27.4**	27.4	–
Earnings after significant items [a] [cents]	**31.2**	33.4	(6.6)
Dividends [cents]	**15.0**	15.0	–
KEY MEASURES			
Profit margin (EBIT/trading revenue) [%]	**13.1**	14.5	
Return on shareholders' funds (ROSF) [b] [%]	**20.1**	21.8	
Gearing at 31 March [b] [%]	**25.3**	30.5	
Interest cover at 31 March [times]	**15.4**	17.2	
Employees [number of people employed]	**5,492**	6,363	
Safety performance [c] [recordable injuries]	**14.4**	15.6	

a Based on the number of shares outstanding at 31 March.
b Restated to exclude the fair value of hedges from equity.
c The total number of recordable injuries per million work hours.

CSR TOTAL SHAREHOLDER RETURN OVER FOUR YEARS



CSR VS S&P/ASX 200 ACCUMULATION INDEX
– 1 APRIL 2003 TO 31 MARCH 2007

$1,000 invested in CSR shares on 1 April 2003 was worth $2,830 four years later including reinvestment of dividends and the return of capital. The same investment of $1,000 in the S&P/ASX 200 Accumulation Index, a benchmark of the Australian equity market, was worth $2,464 after the same period.

As a guide to performance over the past five years, $1,000 invested in CSR shares on 29 March 2002 was worth $2,806 five years later. The same investment of $1,000 in the S&P/ASX 200 Accumulation index was worth $2,168. This calculation assumes that on the date CSR shares began trading ex-entitlement to Rinker Group Limited shares (31 March 2003), the Rinker shares were sold and proceeds reinvested in CSR.

CHAIRMAN'S MESSAGE

RESULTS IMPACTED BY CHALLENGING MARKET CONDITIONS

Last year saw CSR's diversified businesses face significant earnings challenges and total returns were a little down compared with the previous year.

The sugarcane harvest was interrupted by bad weather which reduced sugar production and yields and increased milling costs, offsetting some of the benefits of higher prices. The Australian east coast residential building market remained in a slump, impacting building products sales in CSR's normally strongest markets. Aluminium's results were down due to lower hedged prices and higher costs. Property made another solid contribution.

Net profit before significant items fell 3.7% to $240.5 million while earnings per share before significant items were steady at 27.4 cents, benefiting from the share buyback during the year.

CSR's total net profit after significant items was down 10.4% to $273.3 million. Significant items of $32.8 million comprised a $102.9 million net settlement of longstanding insurance litigation, offset by a $49.1 million after tax charge from restructuring the brick and roofing operations and a $21.0 million after tax increase in the product liability provision.

CSR continued to generate cash strongly, with cash flow from operating activities of $380.1 million, excluding the $196 million from settlements from insurance litigation, up 19.9% from $317.1 million.

The company continues to pay a significant proportion of sustainable profit as dividends. The final dividend to be paid on 3 July 2007 will be nine cents a share, bringing total dividends for the year to 15 cents, fully franked. This is the same as the previous year, when we increased dividends by 25%.

STRATEGIES FOR BUILDING VALUE FOR SHAREHOLDERS

The CSR board's prime aim is building shareholder value over the long-term, and that means growth, consistent dividends and fulfilment of the community's expectations (after all we have been operating for over 150 years).

CSR is actively investing in its businesses with over $450 million in development and acquisition capital expenditure (excluding property) spent in the past three years.

It is the firm view of the board that CSR should remain committed to growth in all its businesses, and in particular should sustain its strong position in the global sugar market and invest for the upturn in building products over the next few years. The company should also take opportunities to expand in products that improve energy and environmental sustainability. Projects recently completed included expansion of CSR's capacity to produce insulation and renewable fuel ethanol.

Shareholder value is also achieved through disciplined capital management. The company's financial structure is actively managed to ensure it remains appropriate to our strategy. In July 2006, the company announced a 12 month on-market buyback of up to 5% of its shares. We have invested $114.5 million to buy back 4% of the company's shares.

CSR's financial position is strong, with gearing (measured as net debt/net debt plus equity) of 25.3%, and net debt of $448.6 million. Return on shareholders' funds was 20.1%. The company's strong cash flow underpins our flexibility for growth.

CSR AND SUSTAINABILITY

Our goal of greater shareholder value must be achieved while operating in a sustainable manner. We are committed to ensuring that we protect our people's safety and health and the environment.

In December 2006, we launched a major new accreditation scheme to assess the specific safety, health and environment (SHE) performance of each company worksite. Accreditation establishes uniform SHE standards across CSR, enhancing our ability to measure and keep track of performance.

There is a growing recognition in Australia that much more needs to be done to deal with the impact of climate change, a view which CSR both endorses and supports.

CSR continues to work on expanding the range of our environmentally responsible products and services, including the production of renewable fuel ethanol and electricity as well as products targeting improved energy efficiency of residential, commercial and industrial buildings.

Our sustainability report (page 18) describes our efforts to protect the safety and health of people as well as the environments in which we operate.

BUILDING VALUE FOR CSR'S SHAREHOLDERS

WORKING FOR HIGH PERFORMANCE

CSR is committed to understanding our customers' needs and then meeting them in professional and innovative ways.

We continuously improve the efficiency and productivity of our operations with structured improvement programs and by installing new technology where appropriate.

We are working to develop our culture – the way we do business – to ensure high performance by our people, especially managers. We are building a workforce with the right values, aptitudes and skills – and incentives – who strive to improve shareholder value.

Some 5,500 people work for CSR across Australia and in New Zealand and Asia. Quarterly opinion surveys show their firm engagement in their work and support for the company's values. This commitment and dedication to performance ensured we achieved the result we did in the past year, despite challenging market conditions.

WELCOME TO OUR NEW MANAGING DIRECTOR

CSR's directors were pleased to welcome Jerry Maycock as our new managing director, succeeding Alec Brennan who retired on 31 March 2007. Jerry was appointed as an executive director in February 2007 and managing director on 1 April 2007.

Jerry brings to CSR extensive experience in manufacturing as well as a strong global perspective. He has proven credentials in leadership, including successfully driving corporate strategy, restructuring and performance improvement to increase profitability and growth.

Before joining CSR, Jerry had served three years as chief executive of Hastie Group Limited – Australasia's leading commercial air conditioning, refrigeration and electrical systems group. He led Hastie's successful restructuring, including making several acquisitions and the group's evolution from private equity ownership to its listing as a public company on the ASX in March 2005.

This experience followed a distinguished 23 year career with Swiss based Holcim Limited, one of the world's leading construction materials companies, with assets of over $30 billion. His most recent Holcim appointment was as senior vice president responsible for operations in a number of South East Asian countries, Australia, New Zealand and the Pacific region.

Alec Brennan, our former managing director, retired following a 38 year career with CSR, serving in a wide range of senior roles across the businesses. He had been a director since 1996 and managing director since March 2003. Alec was responsible for developing the company's restructure, which led to the demerger of Rinker Group Limited from CSR in 2003, creating significant value for shareholders.

We thank Alec for his work to make CSR a fundamentally strong company, with a clear set of strategic options and a strong performance philosophy.

BOARD CHANGES

We have also welcomed Ray Horsburgh, who joined the board in October 2006 as a non-executive director. Ray has over 30 years' experience in manufacturing businesses including his current role as group managing director and chief executive officer of Smorgon Steel Group Limited.

Barry Jackson retired from the board in March 2007 following four years' service. We thank Barry for his contribution to the company, particularly as chairman of the SHE Committee.

Jerry Maycock and Ray Horsburgh will stand for election as directors at CSR's annual general meeting in July 2007.

On current indications, we are expecting the year ahead will continue to stretch us, but CSR and its people are well equipped to handle the challenges and continue to build value for shareholders.

IAN BLACKBURNE
CHAIRMAN

CSR IS A STRONG COMPANY WITH SOUND BUSINESSES

MANAGING DIRECTOR'S REVIEW

This is my first annual review for CSR. I have been leading the company for only a few months, but I am already confident I can build upon my experience in growing internationally competitive manufacturing businesses to make a worthwhile contribution to CSR.

Thanks are due to my predecessor, Alec Brennan, for handing over a strong, well functioning company with sound businesses and good management teams. CSR's four major businesses all have leading or established positions in their target markets and, in Sugar and Building Products, well recognised brands.

I am currently undertaking a detailed review of the businesses to identify opportunities to improve performance and drive greater returns from our assets. While increasing the efficiency of our operations, we also intend to improve sustainability, building on CSR's solid achievements over the past few years.

We will continue to grow our base of skilled and capable people – including boosting CSR's program to measure and reward our people for high performance. This includes a number of targeted programs to develop people in key roles such as our line managers, sales force and our operational and technical people, to enhance their abilities.

CSR'S VALUES

I should emphasise that a key driver of our future success will be to build on the company's way of doing business, its culture, developed over recent years to support CSR's fundamental values, which are:

- **Safety, health and the environment** – We build sustainability by protecting our people, our business and our environment
- **Working together** – We respect one another and achieve more working together across CSR
- **Customers** – We listen, understand and meet the needs of our customers
- **Innovation** – We strive to improve the way we do business. It is key in our pursuit of quality and excellence in our industries
- **Results** – Together we achieve positive results for each other and our stakeholders

The safety of our people is of paramount importance. CSR has demonstrated a generally steady improvement in its safety statistics over the past few years – although injury rates in parts of our sugar milling business have disappointed for two successive years. To achieve better results, I intend to renew emphasis on ensuring all employees accept that safety performance is their personal responsibility. Similarly, we will renew attention on improving the way we systematically manage environmental protection.

OVERALL, LAST YEAR'S RESULTS DOWN BUT GROWTH CONTINUED

The results of operations last year were mixed, with CSR's earnings before interest, tax and significant items (EBIT) down 2.6% to $406.1 million mainly due to adverse external conditions for some of our businesses.

During the year, the company accelerated its rate of capital investment to renew and build assets which will generate more growth in forthcoming years.

While external factors point to the year ahead again being challenging, there are some positive factors influencing the businesses in the medium-term which provide a better fundamental outlook for several of our businesses.

Sugar

Last year, earnings before interest and tax (EBIT) rose 5.2% to $130.1 million.

Raw Sugar's revenue significantly increased with generally better – but still highly volatile – world sugar prices. However, the benefits were largely offset by lower sugarcane crop volumes, higher maintenance expenses and increased costs due to the extended milling season caused by bad weather.

Refined Sugar's earnings fell slightly with reduced demand by industrial sugar customers in response to higher prices, despite improved retail market share. In March 2007, Sugar Australia (CSR 75%) launched a $56 million major upgrade of the Yarraville refinery, Melbourne, which will upgrade equipment to enhance efficiency, reduce costs and improve environmental protection.

Ethanol's returns improved with stronger demand even though costs were driven up by the increased price of the raw material, molasses. Increased demand for renewable fuel ethanol improved sales volumes and prices.

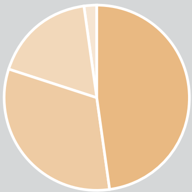
Last year's difficult milling season revealed shortcomings in equipment reliability in several of CSR's raw sugar mills. We have commenced a three year capital expenditure program to restore the efficiency of our operations and ensure that the mills remain competitive in the global market. To optimise returns on the funds invested, the scope and timing of this renewal program will be adjusted each year, based on the profitability level of the business and medium-term outlook for sugar prices.

Based on current price forecasts, Sugar's result is likely to be materially below that of last year because of lower sugar prices and higher costs although we expect better returns from Refined Sugar and Ethanol.

Building Products

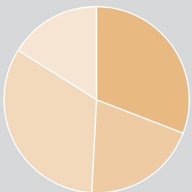
With CSR's main markets for our building products located in Australia's eastern states, returns have been significantly affected by the steep downturn in the residential housing market, especially in New South Wales.

REVENUE BY BUSINESS
Year ended 31 March 2007



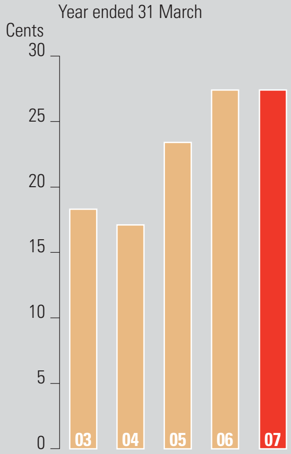
- Sugar 48%
- Building Products 32%
- Aluminium 18%
- Property 2%

EARNINGS BEFORE INTEREST AND TAX (EBIT)
Year ended 31 March 2007



- Sugar 31%
- Building Products 20%
- Aluminium 33%
- Property 16%

EARNINGS PER SHARE BEFORE SIGNIFICANT ITEMS
Year ended 31 March



EBIT of $84.5 million was up from the previous year's $80.9 million, however the latter included $20.6 million of one-off costs associated with closing two plants. Excluding these costs, EBIT was down 16.7%. Higher operating costs, due to reduced factory utilisation and increased fuel and energy costs, were partly offset by operational improvements.

Performance Systems' markets for Bradford™ insulation, Edmonds™ ventilation products and Bradcore™ panel systems continued to expand both in Australia and Asia.

A $140 million program is under way to replace the Melbourne Gyprock™ plasterboard factory with a larger capacity, environmentally sustainable plant that will deliver the industry's lowest through-the-cycle delivered cost.

We acquired Fricker Ceiling Systems™, a leading supplier of suspended ceilings to the commercial building sector which complements our other product offerings in this market.

PGH™ Bricks and Monier™ and Wunderlich™ Roofing operations have been restructured as one business unit to streamline overhead costs and to better service the market. In Brisbane, we completed the expansion of a low cost brick plant, enabling us to close an older, less efficient operation. To contain costs further, we have mothballed six brick kilns and rationalised our range of product lines. This restructure is expected to produce potential cost savings of up to $20 million per year.

The outlook for the residential construction market is to remain relatively flat in the eastern states. We expect EBIT will be higher than last year, with sales growth in the commercial sector as well as stronger growth from some products and further cost reductions.

Aluminium
CSR's 70% share of Gove Aluminium Finance Limited's (GAF) net profit before finance costs fell 9.0% on the prior year's record to $70.0 million. The average realised aluminium price after settlement of hedges was A$3,028 per tonne, up 7.4%, as a result of improved world prices.

Profit was below the previous year's record, reflecting lower prices for aluminium hedged in previous years and higher production costs.

GAF's earnings are expected to rise this year as a result of higher hedged prices. Hedging completed in previous years will increase A$ returns above those of last year although US$ aluminium prices are likely to decrease as the global supply of aluminium grows to exceed demand.

DRIVING GREATER RETURNS FROM OUR ASSETS

Property
Property's earnings are predominantly based on a limited number of relatively large transactions, resulting in the potential for significant swings in returns between financial reporting periods. Last year, the main contribution was the sale of 38 hectares of land in the Erskine Park industrial site in western Sydney.

EBIT of $69.7 million was down from $75.6 million which included two large property transactions.

This year, we expect Property's results to be below last year, returning to a more sustainable level.

THE YEAR AHEAD
Our early priorities for the year ahead will be to assess further opportunities for growth, especially in Sugar and Building Products, while concentrating on a number of initiatives in each business to enhance performance and reduce costs while improving sustainability.

CSR has a great brand and an exciting future, albeit with shorter term challenges. At this early stage in the year, we expect that the overall EBIT is unlikely to reach last year's result. There are a number of interesting growth opportunities under review both in our current operations and by external acquisitions. I am confident that when I report back to you next, it will be to describe how our strategies for improving performance and driving greater returns from our businesses are leading to the company's continued success.

JERRY MAYCOCK
MANAGING DIRECTOR

CSR'S CORPORATE MANAGEMENT

Chris Bertuch	General Counsel
Anne Brennan	Chief Financial Officer
Graham Hughes	Company Secretary
Martin Jones	General Manager Government Relations
Colin Streeter	General Manager Human Resources
Andrée Taylor	General Manager Investor Relations

SUMMARY OF OPERATIONS

SUGAR

CSR is Australia's leading and the world's fifth largest sugar producer. Operations include raw sugar milling, sugar refining and producing renewable ethanol and electricity.

PERFORMANCE SUMMARY

- Trading revenue $1,544.7 million, up 12.9%.
- Earnings before interest and tax (EBIT) $130.1 million, up 5.2%.
- Profit margin (EBIT/trading revenue) 8.4%, down from 9.0%.

FEATURES

- The price received for raw sugar milled increased to an estimated $354 per tonne from $316.
- Began a $56 million upgrade of the Melbourne refinery.
- Expanded fuel grade ethanol capacity.

PROGRESS AGAINST PRIORITIES

- **Improve safety and environmental performance:** The rate of recordable injuries rose 8.1%. We are taking firm action. We recorded 75 level 1 and 2 environmental incidents (105 the previous year) and no level 3 serious incidents.
- **Explore opportunities to grow based on our strong position in the global sugar industry:** A number of opportunities actively considered.
- **Reduce volatility of earnings by selectively hedging world sugar prices:** The sharp fall in the world sugar price early last year limited opportunities to hedge prices at attractive levels.
- **Actively support industry restructuring:** We continued to help progress the program to improve industry sustainability, including sugarcane farm yields.
- **Ensure that additional fuel ethanol production comes on stream:** The new plant at Sarina distillery began production in August.

KEY OBJECTIVES THIS YEAR

- Improve safety and environmental performance.
- Achieve operational efficiencies to ensure we are globally cost competitive.
- Seek growth opportunities based on our strong global sugar position.
- Develop additional initiatives for producing renewable energy.

BUILDING PRODUCTS

CSR is a leading supplier of building products and services. We have manufacturing operations in Australia, China, Malaysia, Singapore, Thailand and New Zealand and are the largest supplier of insulation in the Asia Pacific region. Building Products is structured as Performance Systems (Bradford™ insulation, Bradcore™ panels, Edmonds™ ventilation systems and Hebel™ lightweight concrete products); Gyprock™ Plasterboard and Cemintel™ Fibre Cement; and PGH™ Bricks and Monier™ and Wunderlich™ Roofing.

PERFORMANCE SUMMARY

- Trading revenue $1,004.0 million, up 3.1%.
- EBIT $84.5 million, up from $80.9 million, which included a $20.6 million plant write down. Excluding this cost, EBIT was down 16.7%.
- Profit margin 8.4%, up from 8.3%.

FEATURES

- The total Australian residential market was flat. CSR's main east coast markets fell 3%.
- We completed construction of a Rokcore™ panels plant in China and expansions at our Sydney Bradford™ insulation factory and a Brisbane PGH™ brick plant.
- Launched a $140 million upgrade of our Melbourne Gyprock™ plasterboard plant.
- Acquired Fricker Ceiling Systems™ in Sydney and Phoenix Insulation in southern China.

PROGRESS AGAINST PRIORITIES

- **Continue to improve safety and environmental performance:** The rate of recordable injuries fell 18.9%. We recorded 42 level 1 and 2 environmental incidents (34 the previous year) and no level 3 serious incidents.
- **Achieve the three year operational improvement total of $75 million:** Target achieved. A continuous operational improvement program is now under way.
- **Grow by extending product and service range:** Expanded into new products and services.
- **Continue drive for higher customer service:** We developed the skills of our sales force further.

KEY OBJECTIVES THIS YEAR

- Improve safety and environmental performance.
- Increase cost effectiveness through operational improvement, including optimisation of production and distribution networks.
- Grow by acquisition and by extending our range of products, especially those that improve energy efficiency and thermal and acoustic comfort in new buildings.
- Reinforce our powerful brands as well as the CSR master brand.
- Construct the new rockwool plant in China and the Gyprock™ plasterboard plant upgrade in Melbourne on schedule and within budget.

ALUMINIUM

CSR participates in the aluminium industry through its 70% shareholding in Gove Aluminium Finance Limited (GAF), which owns 36.05% of the Tomago smelter, near Newcastle, NSW. Like other joint venture participants, GAF supplies its own alumina raw material, pays its share of operating costs and markets its share of production. Tomago is Australia's second largest and one of the world's lower cost and more efficient aluminium smelters.

PERFORMANCE SUMMARY

- Trading revenue including hedging settlements was $561.4 million, up 7.2%.
- EBIT $141.9 million, down 9.1%.
- Profit margin 25.3%, down from 29.8%.
- CSR's share of GAF's net profit before finance costs fell 9.0% to $70.0 million.

FEATURES

- The average world aluminium price increased to US$2,670 a tonne, up 30.9%.
- Sales of value added aluminium billet and slab increased.
- Costs of raw materials, mainly alumina, rose.

PROGRESS AGAINST PRIORITIES

- **Hedge the world market aluminium price and US$ revenue to provide a base level of profitability and reduced volatility of earnings:** GAF forward hedged at times when aluminium prices were higher.
- **Maximise value from the efficient operation of the smelter. Support maintaining a competitive global position in smelting:** Sales of value added aluminium billet and slab increased to 20% of sales volume.

KEY OBJECTIVES THIS YEAR

- Take advantage of opportunities to hedge GAF's exposures to movements in the aluminium price and the A$/US$ exchange rate.
- Develop sales of value added billet and slab aluminium products.

PROPERTY

CSR maximises returns from the sale of industrial sites at the end of their productive life by advancing the sites through the development process and selling at the stage most profitable to CSR. Earnings are predominantly based on a relatively limited number of large transactions, with potential for sizeable swings from year to year.

PERFORMANCE SUMMARY

- Net revenue $67.0 million, down 3.9%.
- EBIT $69.7 million, down 7.8%.

FEATURES

- $95 million sale of industrial land at Erskine Park, Sydney, to the GPT Group.
- Sold 45 of 75 lots at the Ferntree Gully, Melbourne, residential estate.

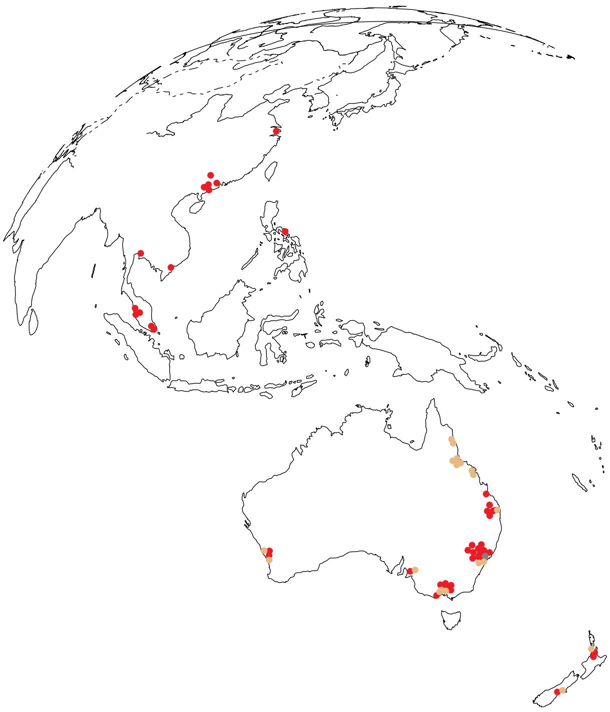
PROGRESS AGAINST PRIORITIES

- **Progress sale or development of land at Erskine Park and Ferntree Gully:** Sold 42 hectares at Erskine Park and 60% of the lots at Ferntree Gully.
- **Add new properties to development program:** In Brisbane, we are under way with developing for sale the 21 hectare light industrial site at Darra of a roof tile factory, the 44 hectare residential site at Narangba of a clay quarry and the 140 hectare site at Strathpine of a brick and paver factory.

KEY OBJECTIVES THIS YEAR

- Progress sale or development of land at Erskine Park and Ferntree Gully.
- Complete the NZ$20 million sale of 36 hectares of parkland at Chelsea sugar refinery in Auckland.
- Start subdividing the Darra site, Brisbane, for light industrial development.
- Progress development plans for sites at Narangba and Strathpine in Brisbane.
- Add new properties to the development program.

CSR'S OPERATIONS



OPERATING PLANTS

- Sugar
- Building Products[a]
- Aluminium

a Includes sales outlets in Asia.

Sugarcane trains haul harvested cane to CSR's mills via a network of rail lines. We are upgrading the network and our locomotive fleet.

HIGHER RAW SUGAR PRICES LARGELY OFFSET BY LOWER CROP AND INCREASED MILLING COSTS

SUGAR

Trading revenue rose 12.9% to $1,544.7 million. Earnings before interest and tax (EBIT) increased 5.2% to $130.1 million.

RAW SUGAR

EBIT of $96.8 million increased by 4.6% over the previous year. Significantly higher raw sugar prices were largely offset by lower sugarcane crop volumes and increased total production costs caused by unseasonably wet weather, which extended the milling season and increased operating costs.

The previous year's EBIT included a $10 million sustainability grant from the Australian Government as part of its sugar reform program (announced in April 2004).

Crop volumes fell to 14.3 million tonnes, 7.1% below the previous year's record. The amount of raw sugar produced fell by 4.5% to 2.1 million tonnes.

The milling season was extended by 26 days in the Herbert region and 14 days in the Burdekin region due to the unusually wet weather.

The world sugar price reached its highest level for some years in February 2006 as consumption outstripped supply of raw sugar due to reduced production in Thailand, India and the US. Since then, mainly because of growth in global sugar production, the price has fallen by 50% reaching the lowest level in two years.

The estimated average price for the 2006 season was $354 per tonne of sugar produced, a significant improvement on the previous year's $316 per tonne.

Raw sugar prices are likely to continue at around current levels of US 9-10 cents per pound in the short-term as global production and stocks of sugar are projected to exceed demand. In the medium to longer term, we expect sugar prices to be underpinned by the marginal cost of expansion of the Brazilian sugar industry (the world's largest producer) which we believe to be currently in the range of US 10-13 cents per pound.

We are actively investigating international expansion opportunities although recent sugar price movements and increased global interest in ethanol have made potential acquisitions more expensive.

Work continues by CSR with other members of the sugar industry to increase farm yield as part of the industry's successful productivity program.

Last year's difficult milling season also revealed shortcomings in equipment reliability in several of CSR's raw sugar mills. We have commenced a three year capital expenditure program to upgrade critically important equipment. The program will ensure that we maintain our competitive position in the global market and will boost mill equipment reliability and sugar recovery from cane.

The renewal program also includes upgrading the mills' IT systems, improving maintenance processes, upgrading sugarcane transportation networks and adding to our mills teams' skills and capabilities through recruitment and training.

To ensure that we optimise the return on the invested capital, the renewal program will be reviewed each year taking into account crop size, profitability levels of raw sugar milling and the medium-term outlook for sugar prices.

Safety performance in parts of our raw sugar milling operations was disappointing, for the second successive year. We are refocusing our efforts to improve this critically important aspect of our operations.

REFINED SUGAR

EBIT of $31.5 million was down 2.5%. Demand from food and beverage and other manufacturers fell in the earlier part of the year due to the increase in raw sugar prices. However, more recently the lower sugar prices have seen a recovery in market activity.

In New Zealand, the recent lower raw sugar prices have also stimulated a recovery in market activity, although earnings have been impacted by movements in the A$/$NZ exchange rates.

As part of Sugar Australia's strategy to be a leading provider of sweetening solutions, it entered into an agreement with Merisant in January 2007 for the Australian and New Zealand distribution rights for the Equal® brand of sweeteners in retail and food service markets.

Frank Paneccasio is part of the skilled team driving sugarcane locomotives at CSR's raw sugar mills. We have launched a major mill improvement program to maintain our competitive position in global sugar markets.

RENEWAL PROGRAM TO IMPROVE RAW SUGAR OPERATIONS

Sugar Australia is continuing to extend its range of retail sugar products, recently launching innovative new products such as CSR Jams and CSR Marmalade setting sugars and gluten free icing sugars.

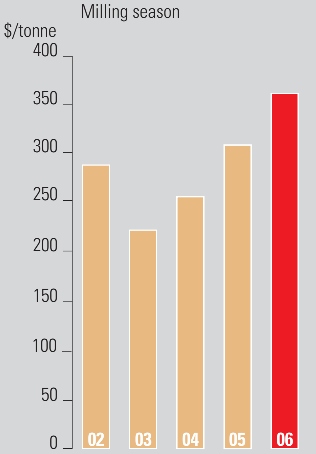
Sugar Australia has steadily improved refining margins over time which has allowed the business to commit to further investment. In March 2007, a $56 million major upgrade was launched at the Yarraville refinery, Melbourne, which will include replacing old equipment with efficient, low operating cost plant, improving working conditions, safety, and environmental protection.

ETHANOL

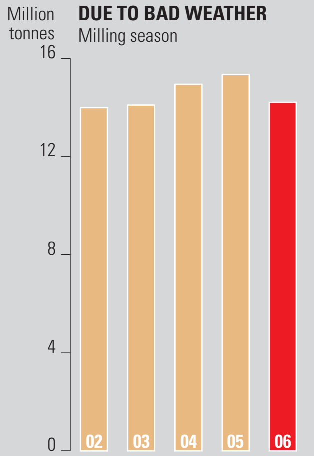
Overall, returns improved with stronger demand, despite the high cost of molasses, ethanol's main raw material. EBIT increased from $5.1 million to $7.4 million driven by improved sales volumes and prices – especially in the Australian vehicle fuel market. Stronger focus on the Agricultural Services business (which supplies a range of fertiliser by-products to sugarcane farmers) also resulted in improved sales and profitability.

In collaboration with the University of Queensland, we are continuing to invest in research to develop high yielding sugarcane varieties. In July 2006, CSR received a $5 million Australian Government research grant as part of the Renewable Energy Development Initiative funding program. The grant will help support a research program to develop significantly improved sugarcane feedstock for the environmentally and economically sustainable production of ethanol.

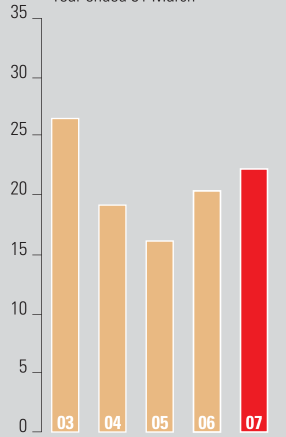
RAW SUGAR PRICE UP 12.0%
Milling season



SUGARCANE CROP DOWN 7.1% DUE TO BAD WEATHER
Milling season



THE RATE OF RECORDABLE INJURIES ROSE BY 8.1%
Year ended 31 March



Total recordable injuries per million work hours

CSR, Australia's second largest ethanol producer, distils the product from the renewable resource, molasses – a by-product of sugarcane milling. In August 2006, CSR completed a $15 million project to expand production of fuel grade ethanol at our Sarina distillery, North Queensland, bringing capacity to 32 million litres per year.

We are exploring further options to expand capacity to build on our strong position in the renewable fuel market.

THE YEAR AHEAD

Sugar's total result is forecast to be materially below that of last year, although we expect better returns from Refined Sugar and Ethanol.

Raw sugar production should be broadly in line with last year, even though this year's sugarcane crop is expected to be lower due to the impact of the unseasonably wet weather experienced last year. However, assuming there is no repeat of abnormal weather during the impending harvesting season, sugar recovery in the milling process will be higher.

The world raw sugar price is likely to continue to be volatile, with supply outgrowing demand. Hedging completed in previous years at higher prices (over 60% has been hedged at approximately $350 per tonne) will help underpin a sugar price to CSR in a range of about $300 to $330 per tonne.

As part of the mills' renewal program, we expect to incur around $10 million of additional operating costs.

We will continue to develop the sugar business by:

- improving operational efficiency, ensuring we maintain our competitive cost position in the global market
- seeking opportunities to grow based on our strong position in the global sugar industry
- developing additional renewable energy opportunities, including increasing production of renewable fuel ethanol and electricity

SENIOR MANAGEMENT

Ian Glasson	Chief Executive CSR Sugar
Paul Beattie	Chief Financial Officer
Mark Day	Executive General Manager Sugar Milling
Bernard Duignan	General Manager New Zealand Sugar Company
Tim Hart	Chief Executive Sugar Australia
Gavin Hughes	Executive General Manager Ethanol

SUGAR

YEAR ENDED 31 MARCH – $ MILLION UNLESS STATED	**2007**	2006	2005	2004	2003
KEY FACTS [a]					
Trading revenue	**1,544.7**	1,367.8	960.5	600.2	708.2
EBITDA	**177.7**	166.5	132.2	72.8	106.9
Depreciation and amortisation	**47.6**	42.8	34.4	35.2	36.1
EBIT	**130.1**	123.7	97.8	37.6	70.8
Net profit before finance	**90.2**	82.1	64.4	28.5	53.1
Business cash flow [b]	**153.4**	104.0	96.3	72.3	114.9
Funds employed at 31 March	**975.8**	931.3	800.8	655.1	655.8
Capital investment	**88.4**	111.3	157.6	38.9	21.1
Profit margin (EBIT/trading revenue) [%]	**8.4**	9.0	10.2	6.3	10.0
Return on funds employed (ROFE) [%]	**13.3**	13.3	12.2	5.7	10.8
Average working capital/trading revenue [%]	**13.4**	13.4	8.2	9.7	8.3
Number of people employed	**2,023**	1,820			

a Results in 2005 to 2007 are reported under Australian equivalents to International Financial Reporting Standards (A-IFRS). All results prior to 2005 were reported under previous Australian accounting standards.

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

PGH™ bricks specially made in 24 shapes, sizes and colours were used to restore the 115 year heritage listed Museum of Queensland in Brisbane.

SLOWDOWN IN RESIDENTIAL CONSTRUCTION IMPACTED RETURNS

BUILDING PRODUCTS

Trading revenue of $1,004.0 million increased by 3.1%, primarily due to growth in CSR Performance Systems as well as higher sales volumes from new products and services introduced over the past few years.

EBIT of $84.5 million was up from $80.9 million the previous year, which included $20.6 million of one-off costs associated with closing two manufacturing plants. Excluding these costs, underlying EBIT was down 16.7%. Higher operating costs, due to lower factory utilisation and increasing fuel and energy costs, were partly offset by operational improvement savings.

Australian residential building continued to be weak in the east coast markets, with housing commencements in the year to December 2006 down 5% in New South Wales (where the rate of detached housing construction was at a 35 year low). The overall Australian market was flat, with reduced activity in the eastern states balanced by 9% growth in Western Australia.

In other market segments, alterations and additions to dwellings rose 4% (measured by the value of work done) and commercial building activity was up 11%.

PREPARING FOR THE RESIDENTIAL BUILDING MARKET TURNAROUND

The medium-term outlook for the residential building market is positive, with indications of a recovery in the Queensland market later this year.

We are continuing an intensive production and distribution network improvement program to ensure that we optimise the efficiency of our businesses to improve profitability and to be ready for a market upturn. We are rationalising product lines and simplifying supply chains, while also ensuring capacity is available for growth.

CSR is growing in new products and services in existing and adjacent markets. We are increasingly developing our range of product systems that generate substantial benefits in improving the energy efficiency of buildings.

We are supporting our powerful building product brands and the CSR master brand. Targeted marketing programs are reinforcing messages about the company's key strengths of reliability of service, quality and certainty.

PERFORMANCE SYSTEMS (including Bradford™ insulation, Bradcore™ panels, Edmonds™ ventilation systems and Hebel™ lightweight concrete products) Revenue increased by 13.3% to $279.9 million.

In Australia, we expect demand for insulation and ventilation systems to grow strongly. Legislative changes requiring improved energy efficiency in new dwellings and commercial buildings are set to drive strong growth in markets for improved insulation and ventilation systems. This trend is accelerating also in our large Asian markets.

In April 2006, we completed a $27 million expansion of the Bradford™ insulation factory at Ingleburn, Sydney, increasing capacity 50% to 30,000 tonnes per year. This, with the installation of new packaging equipment, has allowed the business to meet customer demand more efficiently and has materially reduced unit costs.

The Asian regional insulation business continued to grow strongly in domestic and export markets. In October 2006, we successfully commissioned the new $20 million Rokcore™ non-combustible wall and ceiling panels plant in Guangzhou, southern China, which has capacity to produce 500,000 square metres per year.

In China, CSR is investing $43 million to build a 45,000 tonne per year capacity rockwool insulation factory, adjacent to the new panels plant. To come on stream in March 2008, the rockwool plant will supply both the insulation core for Rokcore™ panels and the growing market for industrial and commercial insulation in the Asian region and beyond. The new rockwool factory will replace CSR's less efficient Dongguan plant.

In April 2007, we acquired Phoenix Insulation, a rockwool manufacturer in southern China, to help meet domestic and export demand.

Hebel™ aerated lightweight concrete products' returns increased following success in entering new markets, significant factory improvements and tight cost control.

GYPROCK™ PLASTERBOARD AND CEMINTEL™ FIBRE CEMENT Revenue was flat at $395.0 million. In a very competitive plasterboard market, Gyprock™ is working to maintain profit by achieving operational improvement targets and providing new building system solutions with improved functionality and lower installation costs.

Robert Elliot and Henry De Jesus at our Ingleburn, Sydney, Bradford™ glasswool insulation plant. We recently invested $27 million in the factory to increase capacity by 50% and enhance cost effectiveness.

GROWTH FROM NEW PRODUCTS AND SERVICES

We are investing $140 million over three years to replace and expand capacity at the Gyprock™ plasterboard plant in Yarraville, Melbourne, and rationalise local warehousing and distribution facilities. As well as operating in an environmentally sustainable way, the world class new plant will provide capacity to ensure CSR has the lowest through-the-cycle delivered cost for plasterboard products in our major markets.

Our Cemintel™ Fibre Cement operation continued to broaden its product lines and now offers a full range of products in the cladding market.

In December 2006, we acquired Fricker Ceiling Systems™, a leading supplier of suspended ceilings to the Sydney commercial building market.

PGH™ BRICKS AND MONIER™ AND WUNDERLICH™ ROOFING Revenue was steady at $317.9 million. Growth in new products and services offset the impact of slow residential building activity.

CSR has restructured its brick and paver and roofing operations into one business unit. Targeting similar markets, the combined business is expected to satisfy customer requirements more efficiently. Manufacturing and logistics have been reconfigured to improve customer service and product ranges were rationalised to meet market needs with simpler supply chains.

In July 2006, CSR's PGH™ brick operation completed the expansion of a low operating cost plant in Oxley, Brisbane, which boosted capacity by 35 million bricks per year. This is enabling us to close the older, less efficient Strathpine brick and paver operation north of Brisbane. Strathpine's paver production is being consolidated at our nearby Cooroy factory. To contain costs further during the dip in building activity, we have mothballed six of our 14 brick kilns and closed the small brick plant in Bathurst, NSW.

We expect that this restructure will produce potential cost savings of up to $20 million per year. An after tax provision of $49.1 million was recorded in the results as a significant item relating to the write down of affected assets and associated closure costs.

Development options are under review for the 140 hectare Strathpine site in the rapidly growing region north of Brisbane.

CSR's roofing operations' sales revenue increased, with contributions from new products and services, including those supplied by MySteel™ Roofing Solutions and TopCat™ Safety Rail.

A $9 million upgrade program launched in April 2007 at our Springvale, Melbourne, Monier™ concrete roof tile plant will significantly improve product quality and increase capacity.

THE YEAR AHEAD

The residential construction market is forecast to remain relatively flat in the eastern states, although the Queensland market may show some signs of recovery later this year. We expect EBIT will be higher than last year, with sales growth in the commercial sector as well as stronger growth from some products and further cost reductions.

This year, we will:

- complete the production and distribution network optimisation program to reduce costs while effectively satisfying demand throughout the building cycle
- grow through acquisitions and extending our range of products, including those which provide improved energy efficiency and sustainability of residential and commercial buildings
- reinforce our powerful brands as well as the master CSR brand
- ensure that we construct the new rockwool plant in China and the first stage of the upgrade of our Melbourne Gyprock™ plasterboard operation on schedule and within budget

SENIOR MANAGEMENT

Neill Evans	Executive General Manager PGH™ Bricks and Monier™ and Wunderlich™ Roofing
John Hodgkinson	Executive General Manager Performance Systems
Gregory Rough	Executive General Manager Gyprock™ Plasterboard and Cemintel™ Fibre Cement

BUILDING PRODUCTS

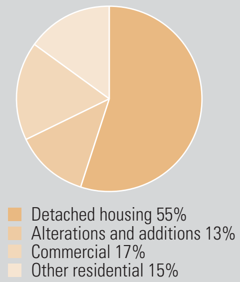
YEAR ENDED 31 MARCH – $ MILLION UNLESS STATED	**2007**	2006	2005	2004	2003
KEY FACTS [a]					
Trading revenue	**1,004.0**	974.2	932.3	918.0	896.2
EBITDA	**128.7**	122.6 [b]	149.5	155.5	154.6
Depreciation and amortisation	**44.2**	41.7	38.1	42.9	34.9
EBIT	**84.5**	80.9 [b]	111.4	112.6	119.7
Net profit before finance	**60.4**	60.5	83.4	81.3	87.2
Business cash flow [c]	**85.6**	97.0	92.2	130.5	141.4
Funds employed at 31 March	**688.5**	680.7	613.1	580.4	605.6
Capital investment	**87.0**	104.7	64.5	38.8	41.8
Profit margin (EBIT/trading revenue) [%]	**8.4**	8.3	11.9	12.3	13.4
Return on funds employed (ROFE) [%]	**12.3**	11.9	18.2	19.4	19.8
Average working capital/trading revenue [%]	**20.0**	20.0	17.8	16.9	16.7
Number of people employed	**3,280**	4,356			

a Results in 2005 to 2007 are reported under Australian equivalents to International Financial Reporting Standards (A-IFRS). All results prior to 2005 were reported under previous Australian accounting standards.

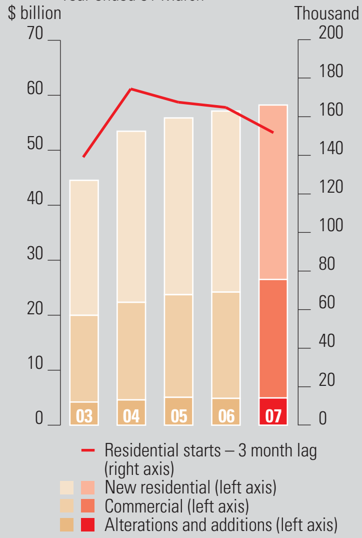
b Includes $20.6 million in one-off plant closure costs.

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

END MARKETS
Year ended 31 March 2007

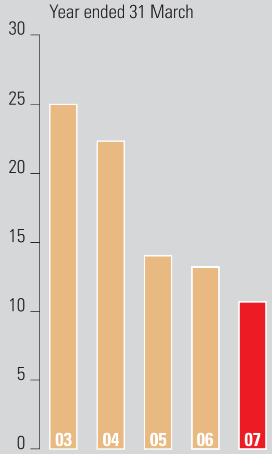


AUSTRALIAN NON-CIVIL BUILDING AND CONSTRUCTION ACTIVITY
Year ended 31 March



Source: Australian Bureau of Statistics and BIS Shrapnel

THE RATE OF RECORDABLE INJURIES FELL BY 18.9%
Year ended 31 March



Total recordable injuries per million work hours

REVIEW OF OPERATIONS – BUILDING PRODUCTS

Michael Beldzinski in the distribution yard at Tomago aluminium smelter. GAF is maximising value from the efficient operation of the smelter.

PROFIT DOWN 9.0% FROM PREVIOUS YEAR'S RECORD

ALUMINIUM

CSR's 70% share of Gove Aluminium Finance Limited's (GAF) net profit before finance costs fell 9.0% to $70.0 million. Trading revenue increased 7.2% to $561.4 million.

The average realised aluminium price was A$3,028 per tonne, including settlement of hedging losses, compared with A$2,820 the previous year. The average world aluminium price increased to US$2,670 per tonne, a rise of 30.9%, as higher prices continued through last year.

Profit was below the previous year's record, reflecting in part increased prices of Tomago smelter's raw materials. The A$ cost of alumina (based on the world aluminium price) rose by 32.9%.

Tomago smelter sustained aluminium output at near the record level of the previous year, which included some production delayed from the prior year. GAF's sales volume was 185,410 tonnes, down fractionally (0.1%).

Sales of value added aluminium billet and slab increased 13% to 37,277 tonnes – 20% of sales volume – following consistent demand from customers in Asia and diversification into a new market.

Global aluminium consumption grew by 8% in the 2006 calendar year, led by continuing strong demand growth in Asia, especially China, where consumption increased by more than 20%.

Prices were also supported by an aluminium supply deficit and increasing fund investment in base metals.

China's aluminium production continued to grow strongly. In 2006, it accounted for around three quarters of the growth in world production.

New alumina plants came into production last year, overcoming the global alumina supply shortage that had previously limited the growth rate of aluminium production.

THE YEAR AHEAD

- GAF's earnings are expected to rise as a result of higher hedged prices. Hedging completed in previous years will increase A$ returns above last year although US$ aluminium prices are likely to decrease as the global supply of aluminium grows to exceed demand. An active hedging program continues, with a substantial portion of net aluminium exposure hedged for this year, locking in an attractive level of returns.
- GAF's sales tonnage should be similar to last year.
- We will continue to:
  - take advantage of opportunities to hedge GAF's exposures to movements in the aluminium price and the A$/US$ exchange rate
  - maximise value from the efficient operation of the expanded Tomago smelter
  - develop sales of value added billet and slab aluminium products

SENIOR MANAGEMENT

John Davies	General Manager Gove Aluminium Finance

ALUMINIUM

YEAR ENDED 31 MARCH – $ MILLION UNLESS STATED	2007	2006	2005	2004	2003
KEY FACTS [a]					
Trading revenue	**561.4**	523.5	473.6	449.4	446.5
EBITDA	**171.8**	184.0	169.1	167.3	148.7
Depreciation and amortisation	**29.9**	27.9	27.2	23.1	22.4
EBIT	**141.9**	156.1	141.9	144.2	126.3
CSR's share of net profit before finance	**70.0**	76.9	70.3	72.2	63.7
Business cash flow [b]	**170.4**	143.4	152.7	169.3	162.0
Funds employed at 31 March	**266.7**	290.2	277.6	212.5	264.7
Capital investment	**15.3**	16.7	22.0	69.7	8.9
Profit margin (EBIT/trading revenue) [%]	**25.3**	29.8	30.0	32.1	28.3
Return on funds employed (ROFE) [%]	**53.2**	53.8	51.1	67.9	47.7
Average working capital/trading revenue [%]	**7.2**	7.2	7.0	8.2	10.0
Average world aluminium price (US$/tonne)	**2,670**	2,039	1,776	1,497	1,364

a Results in 2005 to 2007 are reported under Australian equivalents to International Financial Reporting Standards (A-IFRS). All results prior to 2005 were reported under previous Australian accounting standards.

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

CSR Property's Andrew Mackenzie and Kathy Pasalich. We are reviewing ways to expand the number of sites in our longer term land development program.

PROPERTY

PROPERTY CONTINUES TO MAKE SIGNIFICANT RETURNS

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

Net revenue was $67.0 million, down from $69.7 million, while EBIT was $69.7 million, down 7.8%. The main contributions to earnings were the sale of two major sites at the Erskine Park industrial development in Sydney's west.

CSR's Property team assists the various operating units to optimise the value of their land assets as part of their overall business strategy. As industrial sites reach the end of their productive life, we manage the development process, selling at the stage most profitable to CSR. The development process includes obtaining site regulatory approvals, rezoning, managing land rehabilitation and construction of infrastructure.

MAJOR PROJECTS UNDER WAY

Erskine Park, western Sydney CSR is well advanced with developing a former quarry as industrially zoned land with fully serviced lots. We have now secured transactions for about 80 hectares of the site. This includes completion of the $95 million sale last year of 38 hectares to the GPT Group.

CSR will continue to work with local and state development authorities to generate further value for the remaining 20 hectares of land at Erskine Park, subject to regulatory approval.

Ferntree Gully, Melbourne Last year, we sold 60% of the 75 residential lots at Peregrine Heights Estate. There is strong demand for the remaining sites at this rehabilitated quarry site adjacent to Dandenong National Park.

Chelsea sugar refinery, New Zealand In December 2005, CSR entered into a conditional agreement for the NZ$20 million sale of 36 hectares of land around New Zealand Sugar Company's sugar refinery in Auckland for use as a public park. The transaction is expected to be completed in the year ending 31 March 2008.

Brisbane sites We are reviewing development options for the:

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

Penrith Lakes, west of Sydney (CSR 20%) Negotiations continue with planning authorities for this major urban development.

ENVIROGUARD (CSR 50%)

The landfill waste management business performed well.

THE YEAR AHEAD

This year, Property's results are expected to be below last year, returning to a sustainable level in the range of $30 – $40 million.

We are working to:

- finalise the sale of parkland around the Chelsea sugar refinery in Auckland. This is expected to be the major transaction this year
- progress the development of the Erskine Park, Ferntree Gully, Darra, Narangba and Strathpine sites
- add new properties to our longer term development program

SENIOR MANAGEMENT

Andrew Mackenzie	General Manager Property

PROPERTY

YEAR ENDED 31 MARCH – $ MILLION UNLESS STATED	**2007**	2006	2005	2004	2003
KEY FACTS [a]					
Revenue	**67.0**	69.7	23.7	17.6	31.4
EBIT	**69.7**	75.6	27.1	15.9	28.8
Capital investment	**59.1**	54.2	14.0	15.3	–

a Results in 2005 to 2007 are reported under Australian equivalents to International Financial Reporting Standards (A-IFRS). All results prior to 2005 were reported under previous Australian accounting standards.

Our business goals must be achieved while operating in a sustainable way. This includes ensuring biodiversity.

CSR IS COMMITTED TO PROTECTING PEOPLE'S SAFETY AND HEALTH, AND IMPROVING THE ENVIRONMENT

SUSTAINABILITY REPORT

This sustainability report describes CSR's performance in the wider context of the company's activities including environmental, employee and social responsibilities.

Last year saw a number of environmental and other initiatives boost our performance as a responsible corporate citizen, especially the introduction of a system of site accreditation. CSR also continued expanding its environmentally responsible products and services, including the production of renewable fuel ethanol and electricity as well as products specifically targeting improved energy efficiency of residential, commercial and industrial buildings.

MANAGING CSR'S SAFETY, HEALTH, ENVIRONMENTAL (SHE) PROTECTION AND COMMUNITY RESPONSIBILITIES

The CSR board's SHE Committee sets policies and standards and regularly reports to the board on management of the company's SHE and community responsibilities

Worksite managers have direct responsibility for SHE issues at their operations. They are supported by a small, centralised expert team. Independent external audits, assessing SHE performance against CSR and Australian standards, aim to ensure that each of our operating sites fully complies with all appropriate laws and regulations.

Climate change and its implications will be integrated into strategic planning processes across CSR. All of our businesses will identify both risks and opportunities which climate change may present.

CSR is not directly responsible for operational management of Tomago aluminium smelter (CSR 25.235%) and we have not reported on the smelter's SHE activities in this report.

SAFETY, HEALTH AND ENVIRONMENTAL INITIATIVES

Site accreditation to enhance SHE management and performance

Begun in December 2006, CSR is establishing a worksite SHE accreditation scheme that includes an assessment of each site's plant and equipment, management and other systems and of the site's culture (the way people think and act) – especially the commitment of our employees to effective SHE practices.

This large scale initiative is developing uniform SHE standards across CSR, providing benchmarks against which performance of each operational site may be assessed and progress tracked.

To measure SHE performance and commitment, the accreditation process includes such indicators as injury severity and environmental incidents as well as water and energy use, emissions and waste production.

The assessment criteria and measures are consistent across all sites, shared and clearly understood, enabling people to compare their performance against that of other CSR sites and to learn from the best. The criteria provide targets for continuously improving processes, systems and site culture to achieve best possible practice.

To reinforce the success of the accreditation process, site managers' remuneration will continue to be linked to their SHE performance.

Improving SHE leadership training

We need effective leaders who will ensure that our workplaces are kept safe and that the environment is protected. Last year, CSR introduced a new SHE leadership training program, developed with the help of a cross section of employees. The program incorporates key aspects of CSR's SHE management system, problem solving techniques, risk assessment methods and our leadership skills program.

To reinforce and obtain full benefit from the training, employees carry out a workplace improvement project. Some 11 such projects have been successfully completed.

An example of one such SHE improvement project was an innovative truck loading system developed by a team at our Hebel™ lightweight concrete product plant in Somersby, north of Sydney. Designed in-house, the new process eliminates the potentially risky need for drivers to climb on their truck's tray to help with loading. Rather, bundles of product are assembled on the ground and installed by forklift as a full single load on the truck. In addition to increasing safety, the new system reduced loading time by up to 40%.

Energy Efficiency Opportunities program

CSR is currently adopting the Australian Government Department of Industry, Tourism and Resources' Energy Efficiency Opportunities program. We are assessing ways to reduce energy use, which we will report publicly. Our assessment and reporting schedule is to be completed by December 2007.

CSR's Darren Searle and Linden Birch with Richard Peprah from Greening Australia, which is helping us by propagating seeds of local native trees and plants for rehabilitating industrial sites.

WE ARE CHANGING THE WAY WE THINK AND ACT ABOUT SAFETY

Full commitment to Greenhouse Challenge Plus

We are extending our involvement in Greenhouse Challenge Plus – a cooperative partnership between industry and the Australian Government – to all CSR's operations. From 2008, CSR will report emissions yearly.

The industrywide Greenhouse Challenge Plus program aims to:

- reduce greenhouse gas emissions (including promotion of awareness of greenhouse gas abatement opportunities)
- accelerate the uptake of energy efficient methods
- integrate greenhouse gas reduction into business decision making
- provide more-consistent reporting of greenhouse gas emission levels

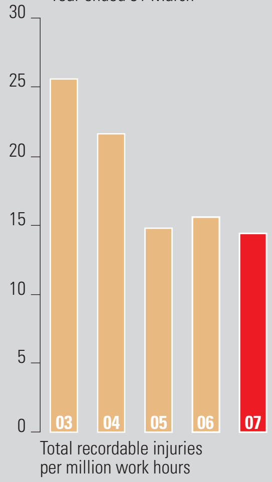
SAFETY AND HEALTH PERFORMANCE

Improving risk management systems

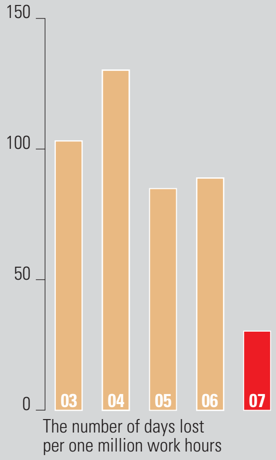
The new site SHE accreditation scheme now forms the backbone of CSR's integrated approach to changing the way we think and act about the safety and health of employees and contractors and anyone else on our worksites.

CSR is also adopting companywide the Risk Management and Safety System (RMSS) computer program (based on Australian Risk Management Standard AS/NZS 4360). RMSS leads employees and contractors, step by step, through a systematic process for managing risk to ensure effective, standardised and clearly understood shared procedures. RMSS links with company training in risk management.

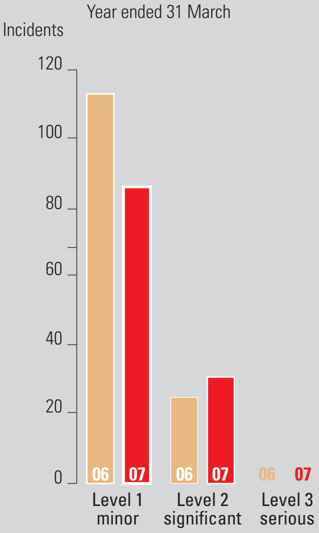
THE RATE OF RECORDABLE INJURIES FELL BY 7.7%
Year ended 31 March



THE SEVERITY RATE OF INJURIES FELL BY 60.7%
Year ended 31 March



THE TOTAL NUMBER OF ENVIRONMENTAL INCIDENTS FELL BY 15.8%
Year ended 31 March



Last year, our Building Products operations continued to show improvement in safety, with the total recordable injury frequency rate (TRIFR) falling by 19% to 10.7 medical treatment, lost time and restricted work injuries per million hours worked. The lost time injury frequency rate (LTIFR) fell by 31% to 2.9 days lost per million work hours.

The injury statistics in Sugar worsened, with TRIFR up 8% to 24.1 and LTIFR up 27% to 9.3. However, the injury severity rate fell by 55% to 70 days lost per million work hours. This progress follows increased focus during the past year on ways to prevent more-serious injuries. Firm action is under way to fix the adverse movement in injury rates.

CSR AND THE ENVIRONMENT

CSR impacts on the environment mainly through the production of clay, concrete and gypsum based and other building materials and sugar as well as constructing infrastructure as part of developing land for sale

The main environmental management issues facing us are the control of process water and stormwater, solid wastes, boiler stack emissions, dust, odour, noise and spills of petroleum products.

Each CSR business strives to improve their environmental performance. We have established key performance measures for water and energy use, waste production and greenhouse gas emissions, with each business concentrating on those issues most important to them.

We are upgrading our data monitoring and collection systems as part of the SHE accreditation scheme to improve our ability to report progress against indicators. However, we currently comply with reporting requirements for the National Pollutant Inventory (NPI). Full details are available on the NPI internet site, www.npi.gov.au.

Expansion of the Greenhouse Challenge Plus initiative to all CSR's operations will enable us to report emissions yearly from next year.

Each CSR operational site regularly reports environmental performance to senior managers and the board's SHE Committee. The environmental performance table opposite outlines performance highlights achieved in the past year and targets for this year.

ENVIRONMENTAL INCIDENTS

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

There were 117 environmental incidents recorded last year, 15.8% lower than the previous year. The incidents were all Level 1 and 2.

CSR is not aware of any pending prosecutions relating to environmental issues during the year. Nor are we aware of any environmental issues, not provided for, which would materially affect our business as a whole.

ENVIRONMENTAL INITIATIVES

Increasing recycling

CSR has an ongoing commitment to reduce waste. Each operating site is pursuing specific waste reduction projects.

Sugar Australia (CSR 75%) is a signatory to the National Packaging Covenant – a voluntary agreement between the packaging industry and the Australian Government to support self-regulation in the reduction of packaging waste. The company has increased the potential for recycling of sugar syrup retail packs by changing to recyclable plastic and we have successfully tested the use of 2 ply rather than 3 ply industrial sugar bags to minimise packaging.

New Zealand Sugar Company (CSR 75%) in Auckland blends and packs sugar with milk powders, dextrin and salt for supply to the food industry. The company now recycles all plastic waste and it sells waste blended products for stockfeed, reducing material going to landfill by over 80%.

The Cemintel™ fibre cement factory in western Sydney had been disposing of about 970 tonnes a month of its waste to landfill. Cemintel™ engaged a recycling operator to grind the waste fibre cement to a consistency which allows 100% of the waste to be sold to agricultural product distributors for use as a soil conditioner.

Improving water conservation

Sugar Australia has received two grants for water conservation and treatment at its Yarraville, Melbourne, sugar refinery. The Victorian Stormwater and Urban Water Conservation Fund's $70,400 grant will enable the refinery to install a screen and filtering system to reuse wastewater. This will reduce wastewater by over 30 million litres per year and decrease the dissolved solids discharged to the sewer system.

ENVIRONMENTAL PERFORMANCE

CSR BUSINESS	PRIME ENVIRONMENTAL PROTECTION FOCUS IS TO MINIMISE	PERFORMANCE HIGHLIGHTS YEAR ENDED 31 MARCH 2007	FOCUS FOR YEAR ENDING 31 MARCH 2008
SUGAR			
Raw sugar	Water use, solid waste generation and boiler stack emissions	12% reduction in water used during the sugarcane milling season in the Herbert region, Qld, raw sugar mills.	Water recovery infrastructure at Victoria mill is to divert another 20,000 tonnes of wastewater for reuse in milling – reducing by 4% water from external sources. Ten sugarcane haul locomotives will be changed to modern fuel efficient engines, reducing diesel use.
Refined sugar	Waste generation and water use	New boilers at Yarraville refinery, Melbourne, are minimising greenhouse gas emissions and saving energy. New Zealand Sugar Co's food product blending operation now fully recycles packaging plastic and sells waste product.	Install filtering system for carbon wastewater at Yarraville refinery to recover over 30 million litres of waste yearly. New plant at Yarraville is to remove calcium phosphate from waste. Develop better ways to minimise resource use at major sites.
Ethanol	Waste generation, water and energy use	10.2% reduction in town water use per 1,000 litres of ethanol produced.	Reduce water input for process steam by converting waste hot water to steam. Install plant to minimise solvent emissions.
BUILDING PRODUCTS			
Performance Systems (including Bradford™ insulation, Bradcore™ panels, Edmonds™ ventilation systems and Hebel™ lightweight concrete products)	Waste generation, water and energy use	100% of process wastewater is now recycled at insulation plants. The Clayton factory, Melbourne, is recycling briquettes of waste rockwool insulation in making new product. Water and energy savings plans developed for the Ingleburn, Sydney, glasswool insulation factory. Trials completed for recycling of waste for reuse in the production process at the Zhuhai, China, glasswool factory.	Implement the water and energy savings plans now developed for Ingleburn. Increase recycling of waste glasswool and rockwool insulation.
Gyprock™ Plasterboard and Cemintel™ Fibre Cement	Waste generation, water and energy use	Over 95% of waste fibre cement is now recycled as a soil conditioner. Significant investment in water reducing infrastructure at the fibre cement plant, Wetherill Park, Sydney. Water saving plans developed for plasterboard plants at Wetherill Park and Coopers Plains, Brisbane. Energy savings plan developed for the Wetherill Park plasterboard plant.	Reduce water and energy use through targeted savings plans. Invest in equipment in Wetherill Park plant to recycle over 95% of plasterboard waste from the production process and from building sites.
PGH™ Bricks and Monier™ and Wunderlich™ Roofing	Waste generation, water and energy use, and emissions to air	Stormwater collection systems installed at the Cecil Park, Sydney, plant reducing the use of town water. Product mixes reformulated to reduce waste generation. Change to water based coating of cement roof tiles substantially reduced emissions of solvent and odour at the Springvale, Melbourne, roof tile plant.	Reduce solvent emissions by continuing conversion to water based coatings of concrete roof tiles. Reduce town water consumption by collecting stormwater on selected sites for use in manufacturing.

As part of Victoria's salt reduction strategy, City West Water made a grant of $340,000 to Sugar Australia to support the installation of a $870,000 plant at Yarraville refinery to remove calcium phosphate from trade waste. This will improve recycling and disposal of treated effluent in sewerage plants. The solid calcium phosphate waste can be used as a valuable additive in soil conditioners and for composting organic material.

The project will enable Sugar Australia to recover 650 tonnes of total dissolved solids, 51 tonnes of phosphorus and 13 million litres of water each year.

In consultation with Sydney Water, CSR's Cemintel™ fibre cement factory initiated a project to reduce water consumption by 65% by mid 2007, eliminating the need for 410,000 litres of water daily.

Our PGH™ clay brick plant at Cecil Park, Sydney, constructed a stormwater management system, including a dam, to capture and treat sediment laden stormwater run off. The land surrounding the dam has been revegetated, with an area put aside for protected species of native birds and animals. Recycled stormwater is also stored in a 20,000 litre tank for such operations as spraying to suppress dust. This new stormwater management system saves 12 million litres of town water yearly, a 33% reduction.

Reducing energy consumption and emissions
Sugar Australia commissioned three new boilers to replace old plant at Yarraville refinery. The new boilers have so far eliminated over 1,900 tonnes per year of greenhouse gas emissions, saving over $400,000 per year in energy costs.

Among other duties, CSR Ethanol's Quality Manager Julie Dunemann monitors the purity of local waterways near CSR's distillery and sugar mill at Sarina, North Queensland.

WE ARE INTENSIFYING OUR FOCUS ON MANAGING ENVIRONMENTAL ISSUES

Our Burdekin and Hebert region raw sugar mills are progressively changing the diesel locomotives that haul harvested sugarcane from canefields to the mills, to modern, quieter, fuel efficient engines. When the changeover is completed, total locomotive diesel use will be reduced by up to 20%. Ten engines will be changed by June this year, when the 2007 sugar milling season starts.

Gyprock™ Plasterboard and Cemintel™ Fibre Cement broadened their contribution to sustainable development by joining the NSW Department of Environment and Conservation's new Sustainability Advantage program.

The department assists industry by providing expert help and advice in a broad range of sustainability areas, including resource efficiency and supply chain optimisation. The program accelerates and complements commitments by members to developing environmental performance by adding value through integrating sustainable practices in each business.

In December 2006, a review of Gyprock™ Plasterboard and Cemintel™ Fibre Cement in conjunction with the department's experts established the baseline of environmental performance. Action plans have been developed to improve sustainability.

The NSW Government identified CSR's Bradford™ insulation factory at Ingleburn, Sydney, as a high user of energy and required the plant to produce an energy savings plan. This plan has identified cost effective actions which should reduce energy needs by over 7,200 gigajoules per year – equivalent to about 2,000 tonnes of greenhouse gas emissions.

Monier™ roofing invested substantially in technologies to convert from solvent to water based finish coatings for concrete roof tiles. The initial project was undertaken at the Springvale factory, Victoria, where 100% of roof tiles are now coated with the water based product. The conversion has reduced:

- solvent emissions from 500 litres daily to as low as 6 or 7 litres
- odour emissions, substantially
- the risk of solvent spills or other accidental discharge damaging the environment

Work is now under way to adopt water based coating at all concrete roof tile plants by March 2008.

Ensuring biodiversity with land development
As part of CSR Property's development of our 100 hectare industrial site at Erskine Park, Sydney, we have developed a biodiversity strategy to protect and enhance the site's key ecological features with other local landowners and environmental and government authorities.

Over 30 hectares have been dedicated to the biodiversity project, including planting 3.5 trees for every tree that has had to be removed from the site. CSR is funding Greening Australia to collect seeds and propagate plants native to the area, to prepare for plantings to restore the land as part of the final stages of the project.

ENVIRONMENTALLY RESPONSIBLE PRODUCTS AND SERVICES

Expanding renewable fuel ethanol production
In September 2006, CSR Ethanol officially opened the $15 million expansion of its fuel ethanol plant at the Sarina distillery in Queensland. The expanded plant provides an additional 32 million litres per year of fuel grade ethanol for the Australian market. In support of the Sarina upgrade, CSR received an Australian Government Biofuels Capital Grant of $4.2 million and a Queensland Government Sugar Industry Innovation Fund Grant of $250,000.

We are exploring further options to expand fuel grade ethanol capacity in Australia.

Renewable ethanol is distilled from the raw material, molasses, a by-product of sugarcane milling.

Increasing production of renewable energy
CSR's sugar mills have improved energy efficiency, making possible an extra 53,000 megawatt hours per year of renewable electricity (fuelled by sugarcane waste fibre) to be produced for the Queensland energy market.

In the Burdekin region, upgrades to boilers at Inkerman and Kalamia raw sugar mills improved energy efficiency, enabling more waste sugarcane fibre to be sent to the Pioneer mill renewable energy plant as fuel for generating electricity.

Last year, our raw sugar mills increased electricity production for sale to the Queensland power grid by 20.7%. CSR now produces 514,000 megawatt hours of electricity per year from renewable sources, enough to meet the need for power by 68,000 homes. The reduced carbon dioxide emission compared with power generated from fossil fuels is equivalent to taking 115,000 motor cars off the road.

We have a number of additional renewable electricity projects that could make a significant contribution to greenhouse gas abatement. Further developments depend on government policy changes.

Hebel™ products – a good choice for the environment
CSR Hebel's™ aerated lightweight concrete products and systems were awarded the Good Environmental Choice Australia (GECA) Label.

Hebel's products and systems were assessed against the GECA 8-2005 Environmentally Innovative Products Standard. The review showed that Hebel's products and systems reduce environmental loads by at least 30% over their life-cycle compared with comparable building products.

The GECA Label is a clear and credible guide for consumers who want to purchase products with lower environmental impact. GECA is Australia's only independently assessed environmental labelling program.

Bradford Gold™ insulation – the sensitive choice for asthma and allergy sufferers
The National Asthma Council Australia approved Bradford Gold™ glasswool insulation as a product of choice for asthma and allergy sufferers. Our glasswool insulation has a number of characteristics making it a sensitive choice because it:

- decreases household allergy and asthma triggers
- has a low allergen content
- moderates temperature changes
- is bio-soluble
- does not contain hazardous air pollutants or ozone depleting substances

Bradford Gold™ insulation is produced from at least 50% and up to 80% recycled glass, with a large proportion of this being reclaimed from consumers.

Bradford is supporting Planet Ark's program to publicise ways households can fight against climate change. A leaflet being widely distributed includes a message that Bradford Gold™ insulation reduces heating and cooling energy use by up to 40%.

OUR PEOPLE

We are investing in our people, building on our high performance, high integrity ways of doing business

We are focusing on driving continuous improvement and innovation to meet customers' needs and delivering growth in CSR's value for our shareholders and rewarding careers for our people.

For more than 150 years, CSR's people have been well regarded for ethically meeting the needs of those with a stake in the company. A high performance, high integrity way of doing business continues across CSR.

As discussed by the managing director on page 6, CSR's fundamental values, core to way we do business to meet these needs, are:

- Safety, health and the environment – We build sustainability by protecting our people, our business and our environment
- Working together – We respect one another and achieve more working together across CSR
- Customers – We listen, understand and meet the needs of our customers
- Innovation – We strive to improve the way we do business. It is key in our pursuit of quality and excellence in our industries
- Results – Together we achieve positive results for each other and our stakeholders

We continue a strong focus on our fairness, respect and diversity in employment policy – continually reinforcing the acceptance and responsibility of each CSR person in upholding company policies on appropriate treatment of all fellow employees.

Emphasis on our core values continues to be robust. Those employees who demonstrate commitment to CSR's values are recognised, including having their contributions celebrated in our employee newsletter.

The CSR group now employs 5,492 people in Australia, Asia and New Zealand, down 13.7%. The total number of Chinese employees under contract to CSR fell when our lease of a glasswool factory in Nanning came to an end.

We aim to maintain an advantage over our competitors through the high quality of people we attract, retain and develop.

Developing our people

We continued to grow our base of skilled and capable people, investing in extensive assessment and individual development planning for our future leaders. The program helps our understanding of where we need to build the capabilities of this group to meet future business demands.

Board members meet a considerable number of our future leaders each year. The leadership program will be expanded this year, providing additional challenges for leaders in training.

We are accelerating the implementation of our high performance culture program. A key part of this is a performance coaching program, which has the additional benefit of growing our leadership strength across CSR.

We launched The CSR Way program to boost the gathering, retention, enhancement and dissemination of knowledge in such critical functions as marketing, sales, distribution and other logistics, and manufacturing. The program has increased sharing of information across our businesses, along with developing opportunities to improve our expertise.

CSR's Frontline Management program underpins the continuing development of our first line managers.

The specialised sales force effectiveness program, initiated last year, has successfully contributed to increasing value for our customers through the development of more effective ways to service their needs. This year, we will develop and implement an equivalent operational effectiveness program to build further on the abilities of our operational and technical people.

Our continued investment in apprenticeship training is important, especially in raw sugar mills in northern Queensland where over 100 apprentices are employed to ensure the continued availability of skills in a tight labour market.

Last year, 3,758 people completed 18,868 training programs, including in-house and CSR sponsored external programs, and shorter, customised courses. This is equivalent to 15.7 hours of training a year per employee, marginally down on the previous year, reflecting the need to defer costs in a tight year for the building products businesses.

Engaging and retaining our people

A quarterly opinion survey shows firm engagement in their work life by employees across CSR – our people strongly believe that safety is a high priority, that honesty and integrity continue to be high in their work unit and that they fully understand their job goals and responsibilities.

Our focus on providing market-competitive salaries and benefits including short-term and long-term incentives continued. This year, we will conduct further reviews of benchmarking and remuneration to ensure we continue to attract and retain high quality people.

We continued to retain key employees, with less than 6% of our high performing people leaving CSR last year in contrast to 23% of lower performing people.

To help align employees' interests with those of shareholders, an employee share plan encourages our people to own shares – 2,566 employees, 61.5% of those eligible, took part.

ENGAGING WITH OUR COMMUNITY

It is our firm policy 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

We have a strong responsibility to be a good corporate citizen. Our relations with the community significantly affect our ability to successfully operate and achieve business objectives.

CSR's SHE and community policies set out clear responsibilities, incorporating the outcome of consultation with all stakeholders, including the communities in which we operate.

In our Sugar operations, CSR's people have a long history of involvement with the local community. As one of the major employers in the local communities where CSR operates in North Queensland, we are able to identify and assist with particular areas of need. A recent example includes a joint venture between CSR Ethanol's Agricultural Services team and Sarina State High School. Students are working with our employees to rehabilitate farmland on CSR's pastoral property, Oonooie, with local varieties of native trees and shrubs to develop a better understanding of sustainable farming practices.

Building Products examples of community involvement include CSR actively engaging the community at Darra, Brisbane, during the planning stages for a roof tile manufacturing plant upgrade and light industrial land development. CSR met community leaders and held an information day to listen to the concerns and views of the local community. Following this consultation, CSR amended development plans to address community concerns.

Another example is the quarterly meetings held with the local community by CSR's Yarraville sugar refinery, distillery and plasterboard operations to discuss concerns and future developments. Formed in 1998, The Whitehall Street Community Liaison Group includes residents, representatives from each of the CSR businesses and government. To ensure maximum involvement we distribute the *Feedback* newsletter to local residences after every meeting.

To support the democratic process, CSR contributed $93,640 in direct and indirect donations to political parties last year. Our businesses are often involved in a degree of interaction with all levels of government. We assist all sides of politics in the development of policy in fields where CSR has specific expertise. All political contributions are disclosed in accordance with our obligations to the Australian Electoral Commission.

Supporting the community

Under CSR's Community Support Program, our people may donate a portion of their salary to any one of 14 Australian charities selected by employees. The company then matches these donations dollar for dollar. Last year, the total of donations and matching company contributions to the charities amounted to $397,666.

From April to June 2006, CSR employees raised $38,000 for the Cyclone Larry disaster relief fund. CSR matched each $1 donated with a special $3, lifting the total donation to the fund to $150,000.

CSR employees have continued to contribute to the fund since then, with the company matching these donations dollar for dollar. CSR also provided people and equipment at no cost, to help with the rebuilding process. We have been working with the Queensland Department of Emergency Services to supply building materials for a new State Emergency Service centre in Innisfail.

In addition to matching employee donations, CSR extended its support for Habitat for Humanity (one of the charities in our Community Support Program), which builds affordable housing for low-income families. During the past year, we donated building products and provided construction assistance to build homes in Logan and Ipswich in Queensland; St Helens and Bourke, NSW; and Dandenong, Victoria.

Adding value

CSR's main financial contributions to society are through payments to employees, dividends to shareholders, government taxes and charges, and interest paid to lenders. These are shown in the pie chart (right, below) describing the $1.0 billion of value added to the products and services bought from suppliers.

PEOPLE IN CSR

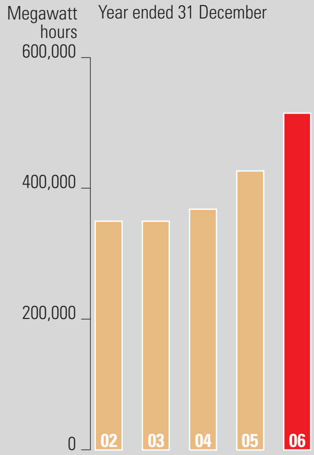
AS AT 31 MARCH	2007	2006	% CHANGE
Number of people employed [a]	**5,492**	6,363	(13.7)
Building Products	**3,280**	4,356	(24.7)
Sugar	**2,023**	1,820	11.2
Australian shared services, Property	**133**	132	0.8
Executive support team, Aluminium	**56**	55	1.8
Number of people employed by geographic grouping			
Australia	**4,052**	4,010	1.0
China	**759**	1,743	(56.5)
New Zealand	**346**	284	21.8
Malaysia	**196**	191	2.6
Thailand	**107**	109	(1.8)
Singapore	**32**	26	23.1

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

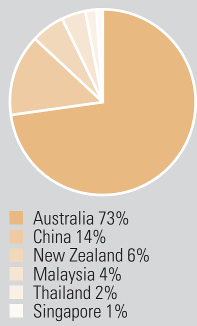
YEAR ENDED 31 MARCH	2007	2006	% CHANGE
Financial performance per employee			
Trading revenue [$000]	**566.5**	450.6	25.7
Net profit before significant items [$000]	**44.3**	39.3	12.7
Profit before finance and tax/labour cost [%]	**89.8**	95.6	(6.1)

CSR IS A MAJOR PRODUCER OF RENEWABLE ENERGY

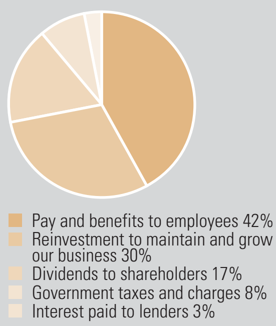
RENEWABLE ENERGY PRODUCTION INCREASED BY 20.7% IN 2006
Year ended 31 December



PEOPLE ACROSS CSR
As at 31 March 2007



VALUE ADDED TO THE COMMUNITY
Year ended 31 March 2007



FINANCIAL REVIEW

LOWER DEBT AND STRONG CASH FLOW UNDERPIN FLEXIBILITY FOR GROWTH

CSR's net profit before significant items fell 3.7% to $240.5 million for the year ended 31 March 2007. Earnings per share before significant items were steady at 27.4 cents, benefiting from the share buyback during the year.

CSR's total net profit after significant items was down 10.4% to $273.3 million.

CASH FLOW AND CAPITAL EXPENDITURE

CSR continued to generate cash strongly, with cash flow from operating activities of $380.1 million, excluding the $196 million from settlements from insurance litigation, up 19.9% from $317.1 million.

Cash from operations was directed to development capital expenditure of $165.2 million. Operating capital expenditure was $90.8 million – equivalent to 72% of depreciation and amortisation.

Net cash flow was used to repay borrowings of $116.3 million, fund interest of $40.3 million, dividends of $170.6 million and a share buyback of $114.5 million.

CSR's gearing (net debt/net debt plus equity) reduced to 25.3% from 30.5%. Net debt reduced from $558.5 million to $448.6 million. CSR's lower debt and strong cash flow underpin the company's flexibility for growth.

CAPITAL MANAGEMENT AND FUNDING

In July 2006, the company announced a 12 month on-market buyback of up to 5% of its shares. During the year ended 31 March 2007, $114.5 million was invested to purchase 4% of the company's shares at an average price of $3.06 per share.

Total dividends for the year remained at 15 cents per share, with full franking being maintained.

SIGNIFICANT ITEMS

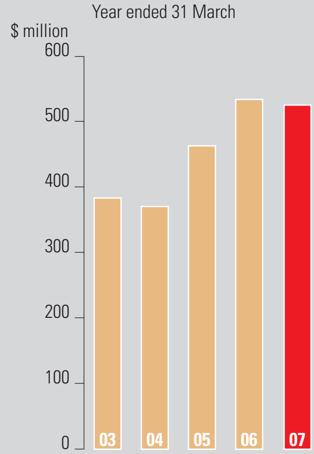
In December 2006, CSR Limited reached a settlement of longstanding litigation with certain members of the ACE Insurance Group (ACE). ACE was among a number of insurers sued by CSR in New Jersey in 1995. CSR sought indemnity for US asbestos claims under policies issued to CSR from approximately 1978 to 1989, together with other damages and relief. The settlement with ACE of $102.9 million (net of litigation costs) is recorded as a significant item.

This settlement concludes claims against all defendants in the New Jersey litigation, other than those few defendants that CSR believes to be insolvent.

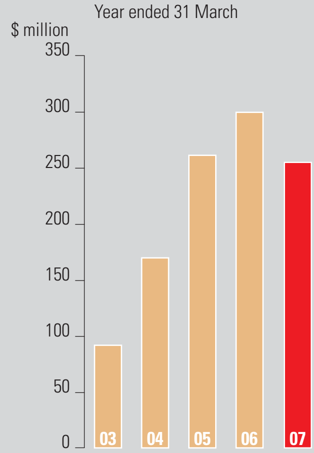
CSR's provision for product liability is determined using reports provided by independent experts in each of the United States and Australia. CSR has included within the provision an appropriate prudential margin. The company has increased its product liability provision by $30.0 million to $388.0 million to take account of developments in asbestos litigation in each of the United States and Australia, advice received from independent experts and the release of certain insurance policies which CSR believes provided coverage for asbestos-related claims.

PGH™ Bricks and Monier™ and Wunderlich™ Roofing operations have been restructured as one business unit to streamline overhead costs with the permanent closure of two brick factories. An after tax provision of $49.1 million was recorded in the results as a significant item relating to the write down of affected assets and associated closure and support costs.

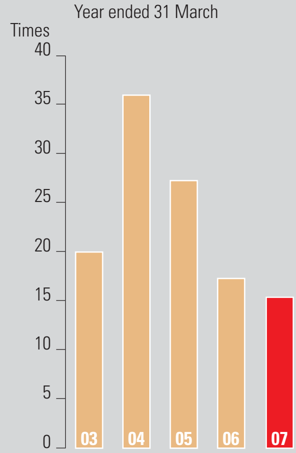
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)
Year ended 31 March



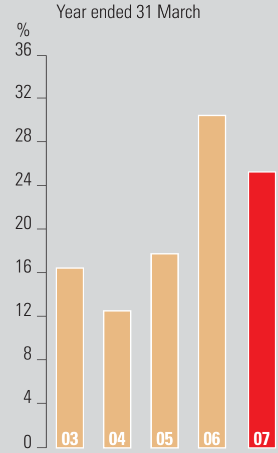
CASH CAPITAL INVESTMENT
Year ended 31 March



INTEREST COVER
Year ended 31 March



GEARING
Year ended 31 March



CSR directors (top, from left) Ian Blackburne, Jerry Maycock and Kathleen Conlon. (Below, from left) Ray Horsburgh, Richard Lee and John Story.

CSR DIRECTORS AS AT 16 MAY 2007 [a]

DIRECTORS

IAN BLACKBURNE

BSC(HONS), PHD, MBA, AGE 61.

Chairman, chairs the Remuneration and Nominations Committee and is a member of the Audit Committee and the Safety, Health and Environment Committee. He joined the board in 1999 and was last re-elected in 2004. An independent director, Ian is a former managing director of Caltex Australia Limited, with 25 years' experience in petroleum refining, distribution and marketing. He has been a director of both Suncorp-Metway Limited and Teekay Shipping Corporation for six years and of Symbion Health Limited for two years. Resides in Sydney.

JERRY MAYCOCK

BENG(MECH)(HONS), AGE 55.

Appointed as an executive director on 13 February 2007 and as managing director on 1 April 2007, Jerry has extensive experience in manufacturing businesses and a strong global perspective. For three years until recently, he led the successful restructure and growth of Hastie Group Limited, the last two years as managing director of the ASX-listed entity. This followed a 23 year career with Holcim Limited, one of the world's leading construction materials companies, most recently as senior vice president, responsible for operations in a number of South East Asian countries, as well as Australia, New Zealand and the Pacific region. In this role, he led a number of mergers and acquisitions. Jerry has been a director of AGL Energy Limited since October 2006. Resides in Brisbane.

KATHLEEN CONLON

BA(ECON)(DIST), MBA, AGE 43.

A member of the Safety, Health and Environment Committee and the Remuneration and Nominations Committee. Kathleen joined the board in 2004 as an independent director after seven years as a partner and director of the Boston Consulting Group (BCG) where she led BCG's Asia Pacific Operational Effectiveness Practice Area and, previously, the Sydney office. Kathleen brings to the CSR board over 20 years' experience in professional consulting, having advised many of Australia's leading industrial companies. She is a council member of Chief Executive Women, a NSW council member of the Australian Institute of Company Directors and a non-executive director of DLA Phillips Fox. Resides in Sydney.

RAY HORSBURGH AM

BENG(CHEM), AGE 64.

Chairs the Safety, Health and Environment Committee and is a member of the Remuneration and Nominations Committee. He joined the board in October 2006 as an independent director. Ray has a distinguished record of managing manufacturing businesses in Australia, Asia, the UK and New Zealand, including leading a number of mergers and acquisitions. For eight years, he has been managing director of Smorgon Steel Group Limited, following a 31 year career with the Australian Consolidated Industries group, primarily in glass and packaging businesses. Ray has been a director of Toll Holdings Limited for two years and last year joined the board of Traffic Technologies Limited. He is a member of the Business Council of Australia, a director of Epworth Hospital and chairman of Essendon Football Club. Resides in Melbourne.

RICHARD LEE

BENG(CHEM)(HONS), MA(OXON), AGE 57.

A member of the Audit Committee and the Remuneration and Nominations Committee, Richard joined the board in 2005 as an independent director. He has had 19 years' experience in investment banking and the finance industry. Richard is a former chief executive officer of N M Rothschild Australia Group. Prior to his investment banking career, he held a number of senior roles in CSR's Sugar division. Richard has been chairman of Salmat Limited for four years and is deputy chairman of Ridley Corporation Limited, where he has been a director for five years. A Rhodes Scholar, he is a fellow and NSW council member of the Australian Institute of Company Directors, a founding council member of the Institute of Neuromuscular Research and a director of the North Shore Heart Research Foundation and of the Australian Rugby Union. Resides in Sydney.

JOHN STORY

BA, LLB, AGE 61.

Chairs the Audit Committee and is a member of the Safety, Health and Environment Committee and the Remuneration and Nominations Committee. John joined the board in 2003. An independent director, he has over 30 years' experience as a senior lawyer advising in corporate and commercial law. He is chairman of Suncorp-Metway Limited, of which he has been a director for 12 years, and a director of Tabcorp Holdings Limited for three years. In 2005, he ceased to be a director of Advanced Magnesium Limited after three years. John is national chairman of the Australian Institute of Company Directors, the non-executive chairman of Corrs Chambers Westgarth Lawyers and a member of the Senate of the University of Queensland. Resides in Brisbane.

RETIREMENTS FROM THE BOARD

Alec Brennan retired from the board on 31 March 2007 after nearly 11 years' service, including four years as managing director, having completed a 38 year career with the company.

Barry Jackson retired as a non-executive director on 27 March 2007 after four years' service as a director and chair of the Safety, Health and Environment Committee.

a Company secretaries are shown on page 29.

CORPORATE GOVERNANCE

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 operations, profit performance and growth of the company
- the risks of business are identified and managed
- CSR's long established values and behaviour underpin the way we do business

This statement is organised under headings based on 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 are available on CSR's internet site.

CSR's constitution, also available on CSR's internet site, sets out the provisions which govern the internal management of the company and can only be amended by special resolution of shareholders. Under the constitution, shareholders elect directors whose function is to represent shareholders by ensuring that the best interests of the company are protected.

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.

ROLES AND RESPONSIBILITIES: The board prescribes the respective roles and responsibilities of the 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
- reviewing and 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 to manage the company and its businesses within levels of authority specified by the board.

LETTERS OF APPOINTMENT

The managing director's responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the agreement is available on CSR's internet site.

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

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

The 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. The chairman is appointed by the board and provides leadership to ensure that a high standard of values, processes and constructive debate are maintained. The chairman represents the views of the board to shareholders and conducts the annual general meeting to properly canvass the views of stakeholders. Information about directors is on page 27.

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

DIRECTORS' INDEPENDENCE

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.

The board's framework for determining director independence is included in the Board Charter. Any past or present relationship with the company is carefully examined to assess the likely impact on a director's ability to be objective and exercise independent judgment.

John Story is the non-executive chairman of Corrs Chambers Westgarth Lawyers (Corrs), a firm which CSR paid $1.2 million in legal fees last year. The board believes that John Story's role at Corrs does not affect his independence as a director because he receives a fixed salary for his role as non-executive chairman and he is one of seven directors on the Corrs' board. He is no longer a partner in the firm. CSR's policy is to engage those lawyers most appropriate for a task and uses a number of law firms.

ELECTION OF DIRECTORS
The Remuneration and Nominations Committee makes recommendations to the board on the appointment of new directors, criteria for new appointees and endorsement of retiring directors seeking re-election – based on the most recent performance review of the board.

The company aims to have a board which, as a whole, has the range of skills, knowledge and experience to govern CSR, made up of individuals of high integrity with sound commercial judgment and inquiring minds, and able to work cohesively with other directors. CSR seeks a combination of former chief executives and individuals experienced in manufacturing, finance, the law and, ideally, the industries in which CSR participates.

External consultants are engaged, where appropriate, to advise on potential appointees. The reputation and ethical standards of appointees must be beyond question. Prospective directors confirm that they will have sufficient time to meet their obligations 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 appointed from 2001 shall not seek re-election after serving for 10 years.

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 at least 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, Jerry Maycock, 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 are shown in the table below.

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

DIRECTORS' MEETINGS

YEAR ENDED 31 MARCH 2007	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	15	15	4	4	4	4	4	4
Jerry Maycock (Executive Director from 13 February 2007)	2	2						
Alec Brennan (Retired 31 March 2007)	15	15						
Kathleen Conlon	15	15			4	4	4	4
Ray Horsburgh (Joined board 1 October 2006)	7	7			1	1	2	2
Barry Jackson (Retired 27 March 2007)	15	13			4	4	4	3
Richard Lee	15	15	4	4			4	4
John Story	15	14	4	4	4	3	4	4

a Meetings held while a member.
b Meetings attended.

The chairman commits additional time and meets regularly with the managing director to review business and strategic issues and to agree board meeting agendas. The non-executive directors usually meet with no managers present at the commencement of board meetings and on occasions meet separately.

Except where the directors need to meet privately, the company secretary and, by invitation of the chairman, the chief financial officer and general counsel attend all board meetings.

Last year, the directors visited the company's sugar and ethanol operations in North Queensland and Melbourne and several Building Products' factories around Australia to understand better the issues facing each of those businesses and their people.

COMPANY SECRETARIES
The company secretaries of CSR are:

Graham Hughes BCOM, FCIS, CPA.
Since joining CSR in 1970, Graham has held a variety of senior finance, strategy and project management positions, including coordinating the team that managed the demerger from CSR of Rinker Group Limited. He has been company secretary since 2003.

Chris Bertuch BEC, LLM.
Chris is general counsel and alternative company secretary. He joined CSR as corporate lawyer in 1993. Previously, he was a partner in the law firm Gadens Lawyers in Sydney. Chris has had extensive experience in corporate, commercial and trade practice law, and dispute resolution.

INDUCTION AND REVIEW: 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 needed to operate effectively. The performance of the board is regularly reviewed.

INDUCTION AND ACCESS TO INFORMATION

The chairman briefs new directors on their roles and responsibilities. They receive a comprehensive information pack and special briefings from management and visit key operating sites to assist them to understand rapidly 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.

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.

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

PERFORMANCE REVIEW

In early 2007, the Remuneration and Nominations Committee reviewed the performance of the board in accordance with the Board Charter. The committee agreed further actions to improve the effectiveness of the board and its committees after considering the results of interviews and progress against recommendations made in 2006 by an external consultant.

REMUNERATION: 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)

CSR's policy is to reward 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 the board chairman. Together with an overview of people issues, particularly succession and development planning for senior managers, 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.

The committee also considers the board's size and composition, criteria for membership, candidates to fill vacancies and the terms and conditions of their appointment.

The remuneration report includes further details on CSR's remuneration policy and its relationship to the company's performance last year (pages 33 to 38). It includes details of the remuneration of directors and key managers last year. Shareholders are invited to vote on the adoption of the report at the company's annual general meeting.

EQUITY BASED EXECUTIVE REMUNERATION

Key features of the three employee share plans now used by CSR, the company's policy on share ownership and details of CSR shares beneficially owned by directors and key managers appear in the remuneration report on pages 33 to 36.

DISCLOSURE: 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 share market 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. Major announcements provided to the ASX last year are included in 'The year in brief' on page 2.

COMMENTARY ON FINANCIAL RESULTS

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

SHAREHOLDERS: 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 and can lodge proxies electronically for the annual general meeting. 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 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.

AUDIT: 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 John Story, the other members being Ian Blackburne and Richard Lee, all of whom are independent directors. 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 reviews changes to accounting standards and practices, the methods used to account for significant and unusual transactions, and material estimates and judgments in financial reports. The committee is a direct link for providing the views of internal and external auditors to the board, when 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. The committee's charter requires that individuals playing a significant role in the CSR audit be rotated every five years. The auditor annually confirms its independence within the meaning of applicable legislation and professional standards.

FINANCIAL REPORT ACCOUNTABILITY

CSR's process for approval of financial statements has a longstanding 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.

RISK MANAGEMENT: 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 is:

- Business risks The board requires managers of CSR's businesses to identify and quantify business risks and to adopt cost effective strategies to manage CSR's exposure. 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 and reporting 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 of 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. Limits of authority and a process for obtaining relevant sign-offs apply to material commitments. 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.

  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.

- 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.

RISK MANAGEMENT ACCOUNTABILITY

As part of the process of approving the financial statements, the managing director and other responsible senior executives provide statements in writing to the board on the quality and effectiveness of the company's risk management and internal compliance and control systems. The statements are substantiated in part by an annual review using applicable elements of the frameworks provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control and Enterprise Risk Management.

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.

CODE OF CONDUCT: 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 longstanding 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.

DEALING WITH CONFLICT OF INTEREST

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 Charter requires all directors to be provided with a copy of such advice and to be notified if the chairman's approval is withheld.

TRADING IN CSR SHARES

CSR directors are required to hold a minimum of 2,000 company shares under the company's constitution, and have agreed to forego a minimum of 25% of their directors' fees to buy CSR shares until they hold a beneficial interest in CSR shares equivalent in value to 12 months' directors' fees. Directors' shareholdings at 16 May 2007 are shown in the table below.

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.

STAKEHOLDERS: 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 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 individuals' obligations.

The board's Safety, Health and Environment Committee oversees and reports to the board on the management of the company's SHE responsibilities. The SHE Committee comprises Ray Horsburgh (chairman), Ian Blackburne, Kathleen Conlon and John Story.

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.

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.

The company's corporate governance framework is kept under review. A report is 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 16 May 2007

DIRECTORS' INTERESTS IN CSR SHARES

AS AT 16 MAY	**TOTAL 2007**	TOTAL 2006
Ian Blackburne	**146,301**	134,456
Jerry Maycock	**2,000**	
Kathleen Conlon	**14,808**	9,359
Ray Horsburgh	**2,000**	
Richard Lee	**65,000**	23,000
John Story	**57,851**	53,114

THIS REPORT FORMS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2007

REMUNERATION REPORT

REMUNERATION POLICY

The key principles on which CSR's executive remuneration policy are based are:

- Remuneration is set at levels that will attract and retain good performers and motivate and reward them to improve business results continually
- Remuneration is structured to reward employees for increasing shareholder value
- Rewards are linked to the achievement of business strategies and goals
- Ownership by employees of CSR shares is strongly encouraged
- Remuneration is benchmarked against similar positions in companies with which CSR competes for skilled people

REMUNERATION AND NOMINATIONS COMMITTEE

The composition and functions of this board committee, which oversees remuneration issues, nominations for directors and human resources matters, are set out on page 30. The committee's charter is available on CSR's internet site. Support for the committee, including the services of external advisers, is provided through CSR's general manager human resources.

The committee's specialist remuneration advisers are the Hay Group, Mercer Human Resource Consulting, Egan Associates and Godfrey Remuneration Group. During the year, the committee received advice on the appropriateness of the remuneration structure (described below) and the level and nature of remuneration for staff, the managing director and non-executive directors. External consultants were used in the processes which led to the appointments of a new managing director and non-executive director.

REMUNERATION STRUCTURE

The remuneration structure is in two parts:

FIXED REMUNERATION comprises salary, superannuation and other benefits provided by the company and is the pre-tax cost to CSR of these components.

Employees may forgo part of their cash remuneration and acquire CSR shares under the Employee Share Acquisition Plan (ESAP) approved by shareholders in 1998.

VARIABLE REMUNERATION comprises a short-term incentive – usually an annual cash payment and/or shares under ESAP – and a long-term incentive that is currently in the form of shares purchased in trust under the Cash Award Share Plan (CASP) and ESAP. Not all staff participate in the short and long-term incentive plans. Participation in both plans is selectively applied to people in positions more able to influence the performance of the business.

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

All CSR jobs are allocated grades based on functions and responsibilities. Each grade has a remuneration range between 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 some cases, superior performance or strong market demand for specific job categories justify above median fixed remuneration.

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

EMPLOYEE SHARE PLANS

The company actively encourages employees at all levels to hold shares in CSR, to align their interests with those of shareholders. The three share plans currently in use are:

UNIVERSAL SHARE/OPTION PLAN (USOP), for which amendments were last approved by shareholders in 2000, is available to all employees (except executive directors), who have the equivalent of one year's service. Each year, the board sets a maximum number of shares that can be issued to each eligible employee. In August 2006, eligible employees were offered 250 shares upon payment of market value plus a further 250 shares for no consideration. The offer allows employees to take advantage of the favourable tax treatment available for participants in employee share plans. The shares can only be sold three years after the date of issue or any earlier date on which the employee leaves CSR.

During the year ended 31 March 2007, 1,283,000 shares were issued to the 2,566 employees who participated in USOP (refer to note 22 to the financial statements on page 57).

EMPLOYEE SHARE ACQUISITION PLAN (ESAP), approved by shareholders in 1998, allows directors and staff employees to forgo part of their cash remuneration to acquire shares in the company. The shares are purchased on-market by the ESAP trustee who acts on instructions given in accordance with the plan rules and the company's share trading policy. The shares are held in trust while the participant is employed by CSR unless company approval is granted to sell or transfer them. The maximum period of income tax deferral on the value of the shares purchased is 10 years under current tax law. Participants are entitled to dividends and other distributions on shares held by the trustee and can instruct the trustee how to vote their shares at company annual general meetings.

During the year ended 31 March 2007, 220 employees acquired 1,760,799 shares under the plan and the non-executive directors acquired 27,953 shares.

CASH AWARD SHARE PLAN (CASP), described to shareholders in the notice of meeting for the 2002 annual general meeting, provides long-term incentives for senior managers. The trust structure and operation of the plan are identical to ESAP except that shares do not vest in the participant until certain conditions (see below) are met in the period three to five years after the shares are purchased.

SHORT-TERM INCENTIVE PLANS

Short-term incentives are used to differentiate rewards based on year by year performance. That is, with strong 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 100% of fixed remuneration for superior performance by both the business unit and the individual.

The key principles of short-term incentive plans are:

- Performance indicators will normally be based on business and/or group financial performance and individual achievement of specified goals – for example, achieving progress with initiatives relating to growth, operational improvement, safety, environmental protection and succession planning.
- At senior executive levels (except the managing director), financial measures carry a heavier weighting (60% of the potential incentive) than non-financial measures and are set so that the maximum reward can only be gained if results are at a level that should deliver shareholders a top quartile return. In some cases, there is a primary component – for example, the performance of a business – and a host component – such as, for example, performance of a group of businesses. The host component encourages teamwork, to extract synergies between businesses.
- The individual performance indicators must be genuine drivers of business performance, including safety and environmental performance, to support long-term sustainability.
- 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.
- Formula based incentives can be overridden to reward or penalise executives, for example, for inadequate safety performance or unacceptable business behaviour. The board can also adjust the aggregate, formula based incentive payments for the company or individual businesses to reflect overall relative performance, for example, to make adjustments for issues which are outside the executives' control such as commodity prices, currencies, substantial market fluctuations or corporate directives.

The executive directors' and key managers' short-term incentive payments are shown in the table on page 37.

THE LONG-TERM INCENTIVE PLAN

CASP provides long-term incentives for executives to reward sustained superior performance and to align their interests more closely with those of CSR shareholders.

CASP has advantages for 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.

Each year, eligible participants are offered the opportunity to qualify for CSR shares based on the achievement of specific long-term goals. The shares purchased are held in trust for participating executives. Participants will forfeit their interest in unvested CASP shares if they enter any hedging transaction in relation to those shares.

Dividend payments and returns of capital on these shares vest immediately. The Remuneration and Nominations Committee has reviewed the question of whether dividends and returns of capital should be paid on unvested CASP shares. Legal advice to the committee has suggested that holding back those payments may cause tax and legal complications. Dividends on unvested CASP shares are taken into account when setting the level of remuneration. The anticipated entitlement to dividends is factored into the market share price paid upon purchase of the shares, amortisation of which is included in the key managers' remuneration under 'long-term incentive' in the table on page 37.

The shares purchased in July 2005 and 2006 will vest if CSR's total return to shareholders (TSR), including share price growth, dividends and capital returns, exceeds the percentage increase in the S&P/ASX 200 Accumulation Index (index) for a minimum of 20 trading days in any of the six consecutive four month blocks that occur during the two year period between the third and fifth anniversary after purchase. If not, the opportunity to earn the shares will be forfeited. The shares purchased in 2003 and 2004 vest if CSR's TSR exceeds the index on any day during the relevant two year period. The 2003 shares vested in July 2006.

The board has discretion to specify a different period during which the performance hurdle may be met before shares vest if special circumstances (such as retirement, redundancy or death) have occurred. Shares which vest in the participants must remain in trust for the balance of a period of 10 years from the purchase date or until the earlier cessation of the participant's employment, unless board approval is granted to sell or transfer them.

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 close to the 50th percentile of market remuneration. Commencing with the 2004 offer, as an incentive to maximise the amount by which CSR's TSR exceeds the index after the three year holding period, additional shares can be purchased for executives and held in ESAP. For example, if after the holding period, CSR's TSR was equivalent to or above the TSR of the 75th percentile company in the index by weight, an equivalent number of additional shares would be purchased. If CSR's TSR was between the index and the TSR of the 75th percentile company in the index by weight, a pro-rata number of ESAP shares would be purchased.

Shares purchased under the long-term incentive plan for key managers are shown in the table opposite.

COMPANY PERFORMANCE

A graph of CSR's TSR performance compared to the S&P/ASX 200 Accumulation Index is shown on page 3, demonstrating continuing strong returns for CSR shareholders since March 2003. In July 2006, the performance hurdle was met for the CASP shares purchased in July 2003, resulting in the vesting of those shares to the participants. For the CASP shares purchased in July 2004, the two year period during which the long-term incentive performance hurdle must be met commences in July 2007. CSR group financial performance, impacting the level of short-term incentives, is described on pages 2 to 17, 26 and 40 to 68.

SHARE OWNERSHIP

To align their interests with those of shareholders, the company expects all non-executive directors and senior executives to acquire a beneficial interest in CSR shares equivalent in value to 12 months' base remuneration.

Until that goal is achieved:

- Non-executive directors have agreed to forgo a minimum of 25% of their directors' fees to buy CSR shares
- Senior executives are expected to forgo at least 25% of any short-term incentive and apply it to the purchase of CSR shares through ESAP

At 31 March 2007, directors and key managers confirmed in writing their beneficial interest in CSR shares, including any hedges over vested or unvested CSR shares.

The shareholdings of directors and key managers are shown in the table on page 36.

REMUNERATION REVIEW

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 skills 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 changes 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 a level above.

RETIREMENT BENEFITS FOR EMPLOYEES

CSR's Australian based employees may participate in the Harwood Superannuation Fund (CSR Super Plan). Most employees (4,515) participate in cash accumulation divisions, their retirement benefit being the company's and their own contributions plus investment earnings. The fund is licensed by the Australian Prudential Regulation Authority to operate as a registered superannuation entity, and by the Australian Securities and Investments Commission (ASIC) to provide general financial advice.

A small number (17) of current employees are members of a division of the fund (closed to new members in 1987) that provides a defined benefit pension or lump sum on retirement. A further 33 accumulation division members can receive a defined lump sum if it is greater than their account balance.

A separate division of the Harwood Superannuation Fund was established in April 2006 by successor transfer of the Monier PGH Superannuation Fund – a legacy from the acquisition of these companies – which was closed to new members in 1996. It has 330 defined benefit members and 32 cash accumulation members.

Some 215 New Zealand employees may participate in the CSR New Zealand Group Superannuation Plan, a cash accumulation superannuation plan. CSR employees in Asia participate in government specified retirement arrangements.

All CSR sponsored plans are fully funded.

REMUNERATION OF STAFF AND EXECUTIVES

The key managers listed in the tables have no fixed term of employment. 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.

KEY MANAGERS' LONG-TERM INCENTIVES

UNVESTED SHARES HELD IN TRUST UNDER THE CASH AWARD SHARE PLAN

	NUMBER OF CASP SHARES					
	OPENING BALANCE	PURCHASED [a]	VESTED [b]	LAPSED	BALANCE AT 31 MARCH	INCLUDED IN REMUNERATION YEAR ENDED 31 MARCH [c]
Chris Bertuch						
2006	72,524	37,803	–	–	110,327	36,776
2007	**110,327**	**30,736**	**(42,301)**	**–**	**98,762**	**32,921**
Anne Brennan (Joined CSR 20 February 2006)						
2007	**–**	**107,576**	**–**	**–**	**107,576**	**35,859**
Neill Evans						
2006	56,661	45,363	–	–	102,024	34,008
2007	**102,024**	**30,736**	**(26,438)**	**–**	**106,322**	**35,441**
Ian Glasson (Joined CSR 3 April 2006)						
2007		**107,576**	–	**–**	107,576	**35,859**
John Hodgkinson						
2006	76,841	52,924	–	–	129,765	43,255
2007	**129,765**	**43,030**	**(42,301)**	**–**	**130,494**	**43,498**
Gregory Rough						
2006		52,924	–	–	52,924	17,641
2007	**52,924**	**43,030**	**–**	**–**	**95,954**	**31,985**

a A total of 134 executives participated in CASP in the year ended 31 March 2007, with 1,089,787 shares purchased at a price of $3.25 per share.
b The CASP shares issued in July 2003 vested in July 2006. These shares will remain in the plan until 24 July 2013, or until the participant ceases to be an employee of any CSR group company, unless board approval is granted to sell or transfer them.
c One third of the CASP shares purchased during the year and each of the two previous years.

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.

Should any of the key managers listed in the tables in this remuneration report be retrenched or have their employment contracts terminated by CSR, they are entitled to 12 months' notice or payment in lieu of that notice.

REMUNERATION OF EXECUTIVE DIRECTORS

JERRY MAYCOCK was appointed as an executive director on 13 February 2007 and as managing director and chief executive officer on 1 April 2007. A summary of his contract is available on CSR's internet site.

Jerry Maycock's remuneration comprises fixed remuneration; an annual short-term incentive of up to 100% of fixed remuneration; and as an annual long-term incentive, the opportunity to earn up to 120% of fixed remuneration in CSR shares. The shares will be purchased on-market and held in trust under the rules of CASP, the company's long-term incentive plan, described on page 34.

His annual short-term incentive will be weighted 40% on financial performance, 40% on achievement of specific non-financial goals and 20% on assessment of the general state of the company.

Half of the long-term incentive shares held in CASP will vest if CSR's TSR exceeds the index for the number of days specified during the two year period between the third and fifth anniversary after purchase. The maximum number of shares will vest if CSR's TSR is equivalent to or above the TSR of the 75th percentile company in the index by weight. If CSR's TSR is between the index and the TSR of the 75th percentile company in the index by weight, a pro-rata number of shares will vest.

Jerry Maycock is entitled to a sign-on benefit of $350,000, which can be salary sacrificed into shares purchased on-market to be held in ESAP. The shares or cash will be paid or will vest in two equal tranches on the dates 12 and 24 months from his commencing employment (if he is still with CSR at that time).

The company may terminate Jerry Maycock's employment by giving him 12 months' notice. He will be entitled to a pro-rata short-term incentive for any year in which he may be terminated. However, the maximum incentive will be payable in certain circumstances, for example where his responsibilities are materially diminished. It is the board's practice to exercise its discretion under CASP rules to vest long-term incentive shares on a pro-rata basis where an executive is terminated by the company before the vesting conditions can be met.

DIRECTORS' AND KEY MANAGERS' SHAREHOLDINGS[a]

	NUMBER OF CSR SHARES				
	BALANCE AT 31 MARCH 2006	INCLUDED IN REMUNERATION YEAR ENDED 31 MARCH 2007	ACQUIRED YEAR ENDED 31 MARCH 2007	SOLD YEAR ENDED 31 MARCH 2007	BALANCE AT 31 MARCH 2007
DIRECTORS					
Ian Blackburne (Chairman)	134,456	–	11,845	–	146,301
Jerry Maycock (Executive Director from 13 February 2007; Managing Director from 1 April 2007)		–	2,000	–	2,000
Alec Brennan[b] (Retired as Managing Director 31 March 2007)	3,318,552	771,720	289,953	(500,000)	3,880,225
Kathleen Conlon	9,359	–	5,449	–	14,808
Ray Horsburgh (Joined board 1 October 2006)		–	2,000	–	2,000
Barry Jackson (Retired 27 March 2007)	65,901	–	5,922	–	
Richard Lee	23,000	–	42,000	–	65,000
John Story	53,114	–	4,737	–	57,851
KEY MANAGERS					
Chris Bertuch	217,386	–	42,801	–	260,187
Anne Brennan[c] (Joined CSR 20 February 2006)	–	64,000	–	–	64,000
Neill Evans	65,141	–	41,725	–	106,866
Ian Glasson (Joined CSR 3 April 2006)		–	1,182	–	1,182
John Hodgkinson	98,216	–	42,801	(40,000)	101,017
Gregory Rough	–	–	29,725	–	29,725

a CSR shares in which the director or key manager has a beneficial interest, including shares held under ESAP and CASP, but excluding shares held under CASP which have not vested.
b During the year ended 31 March 2007, 771,720 shares were purchased under ESAP as a long-term incentive in accordance with the terms of Alec Brennan's contract.
c Shares purchased as a recruitment premium for Anne Brennan and held under ESAP.

There are provisions for immediate termination for cause and for termination as a result of death or total permanent disablement. Jerry Maycock must give six months' notice of resignation. In all cases, vested shares in ESAP and CASP would be released to him upon termination.

ALEC BRENNAN retired as managing director and executive director on 31 March 2007. A board member since 1 May 1996, he was appointed managing director and chief executive officer in March 2003.

Alec Brennan's remuneration comprised fixed remuneration; an annual short-term incentive of up to 100% of fixed remuneration; and as a long-term incentive, the opportunity to earn a maximum of 750,000 shares for the first two years of his contract, 817,000 shares for the third year and 806,000 shares for the final year, subject to exceeding performance hurdles. Shares purchased have been held in ESAP.

Under the terms of his contract, in May following the completion of each CSR financial year ending 31 March, if CSR's TSR exceeds the index over the period since 1 April 2003, one half of the relevant maximum shares are purchased and vest immediately. The balance of the relevant maximum shares are purchased and vest immediately if CSR's TSR exceeds the TSR of the 75th percentile company in the index by weight. For vesting, either of these hurdles can be met at any time in the subsequent 12 months. Between June and November 2006, 771,720 shares were purchased and vested immediately because the corresponding hurdles were met. If a hurdle is met after his retirement, the value of any final year share entitlement can be paid in cash.

His short-term incentive payment was weighted in the same manner as will apply to Jerry Maycock this year (see above).

Alec Brennan's entitlements upon retirement were the sum of his accrued annual and long service leave, his short-term incentive and the value of the long-term incentive entitlement for his final year of service. Also, shares held in ESAP are released to employees upon termination.

REMUNERATION OF KEY MANAGERS

Remuneration details for key managers – those executives who held the positions of greatest authority and/or received the highest remuneration during the year – are shown in the executive directors' and key managers' remuneration table opposite.

No director or key manager had an outstanding loan from any entity in the CSR group during the financial year ended 31 March 2007.

EXECUTIVE DIRECTORS' AND KEY MANAGERS' REMUNERATION

$ YEAR ENDED 31 MARCH	FIXED REMUNERATION [a]	SHORT-TERM INCENTIVE [b]	RETIREMENT ALLOWANCE [c]	USOP [d]	LONG-TERM INCENTIVE [e,f]	OTHER BENEFITS [g]	TOTAL	AT RISK [h]
EXECUTIVE DIRECTORS								
Jerry Maycock (Executive Director from 13 February 2007; Managing Director from 1 April 2007)								
2007	**142,917**	**–**	**–**	**–**	**–**	**286**	**143,203**	
Alec Brennan [c,e] (Retired as Managing Director 31 March 2007)								
2006	1,346,000	900,000	915,115	–	1,981,180	26,920	5,169,215	56%
2007	**1,465,302**	**950,000**	**909,627**	**–**	**2,856,724**	**29,306**	**6,210,959**	**61%**
Total executive directors								
2006	1,346,000	900,000	915,115	–	1,981,180	26,920	5,169,215	56%
2007	**1,608,219**	**950,000**	**909,627**	**–**	**2,856,724**	**29,592**	**6,354,162**	**60%**
KEY MANAGERS								
Chris Bertuch [i] (General Counsel)								
2006	343,000	497,000	–	1,048	83,332	6,860	931,240	62%
2007	**364,500**	**557,000**	**–**	**820**	**89,999**	**7,290**	**1,019,609**	**63%**
Anne Brennan [g] (Chief Financial Officer from 20 February 2006)								
2006	78,750	–	–	–	–	158	78,908	
2007	**700,000**	**410,000**	**–**	**–**	**116,667**	**240,873**	**1,467,540**	**36%**
Neill Evans [g] (Executive General Manager PGH™ Bricks and Monier™ and Wunderlich™ Roofing)								
2006	344,750	110,000	–	1,048	79,999	11,256	547,053	35%
2007	**380,167**	**150,000**	**–**	**820**	**96,665**	**10,865**	**638,517**	**39%**
Ian Glasson (Chief Executive Officer Sugar from 3 April 2006)								
2007	**750,000**	**305,000**	**–**	**–**	**116,667**	**3,000**	**1,174,667**	**36%**
John Hodgkinson [g] (Executive General Manager Performance Systems)								
2006	418,000	200,000	–	–	99,997	5,032	723,029	41%
2007	**442,500**	**300,000**	**–**	**820**	**119,998**	**7,108**	**870,426**	**48%**
Gregory Rough [g] (Executive General Manager Gyprock™ Plasterboard and Cemintel™ Fibre Cement)								
2006	422,000	176,000	–	–	46,666	1,688	646,354	34%
2007	**442,500**	**100,000**	**–**	**–**	**93,332**	**2,851**	**638,683**	**30%**
Total key managers (Excluding the executive directors)								
2006	1,606,500	983,000	–	2,096	309,994	24,994	2,926,584	44%
2007	**3,079,667**	**1,822,000**	**–**	**2,460**	**633,328**	**271,987**	**5,809,442**	**42%**

a Fixed remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative limits), motor vehicles and certain other benefits.

b The minimum entitlement to a short-term incentive is zero and the maximum entitlement as a % of fixed remuneration for the year ended 31 March 2007 was 100% for the managing director and 75% for other key managers, except 84% for Anne Brennan whose incentive covered the period since her date of commencement on 20 February 2006. Short-term incentives may be allocated at the executive's discretion to cash, the purchase of shares under ESAP or additional superannuation contributions.

c The value of Alec Brennan's participation in the CSR group defined benefit superannuation plan is calculated as his lump sum payout at 31 March 2007 less the equivalent figure at 31 March 2006. His retirement pension entitlement is $736,644 per year as at 31 March 2007 ($645,300 at 31 March 2006).

d Value of 250 free shares issued under USOP at $3.28 per share (2006: 400 shares at $2.62 per share). This plan is available to all eligible employees and is not subject to performance conditions.

e Alec Brennan's long-term incentive was the purchase of 771,720 shares under ESAP in accordance with his contract.

f For key managers, one third of CASP shares purchased on 24 July 2006 at $3.25 per share, one third of CASP shares purchased on 25 July 2005 at $2.64 per share and one third of CASP shares purchased on 26 July 2004 at $2.32 a share. These shares vest if CSR total shareholder return exceeds the percentage increase in the S&P/ASX 200 Accumulation Index during specified periods between the third and fifth anniversary after purchase of the shares.

g In the years ended 31 March 2006 and 2007, other benefits included an allowance for long service leave. Other benefits also included: for Anne Brennan, a recruitment premium; for Neill Evans, accommodation, airfares and corporate hospitality; for John Hodgkinson, airfares and corporate hospitality; and for Gregory Rough, corporate hospitality. In CSR's 2006 annual report, an allowance for long service leave was included in fixed remuneration.

h Short-term incentive plus long-term incentive, as a percentage of total remuneration.

i For both years, includes an additional incentive relating to achievement of multi-year goals.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Fees for non-executive directors are based on the scope of directors' responsibilities and on the relative size and complexity of CSR.

The Remuneration and Nominations Committee considers the level of remuneration required to attract and retain directors with the necessary skills and experience for the CSR board. This takes into account survey data on the level of fees being paid to directors of comparable companies.

Non-executive directors are not offered equity incentives. No retirement allowances are payable to non-executive directors appointed after 1 April 2003. The chairman, who joined the board before then, remains entitled to a retirement allowance of $211,306 frozen as at 31 March 2004.

The remuneration details for non-executive directors last year are shown in the directors' remuneration table (right).

The maximum aggregate sum (or cap) for the remuneration of non-executive directors is $1,150,000, approved by shareholders in 2005. This cap covers directors' fees, superannuation contributions and retirement benefits.

The fees for non-executive directors were increased effective 1 April 2007. The base director's fee per year, including committee work, is $125,000 (formerly $116,000) and the chairman's fee is $312,500 (formerly $290,000). The chair of the Audit Committee is paid an additional $17,000 per year (unchanged) and the chair of the Safety, Health and Environment Committee $8,000 (formerly $6,000) per year.

DIRECTORS' REMUNERATION

$ YEAR ENDED 31 MARCH	DIRECTORS' FEES [a]	SUPERANNUATION	TOTAL
NON-EXECUTIVE DIRECTORS			
Ian Blackburne [b] (Chairman)			
2006	275,000	24,750	299,750
2007	**290,000**	**26,100**	**316,100**
Kathleen Conlon			
2006	110,000	9,900	119,900
2007	**116,000**	**10,440**	**126,440**
Ray Horsburgh (Appointed 1 October 2006)			
2007	**58,000**	**5,220**	**63,220**
Barry Jackson (Retired 27 March 2007)			
2006	116,000	10,440	126,440
2007	**120,613**	**10,855**	**131,468**
Richard Lee			
2006	96,250	8,663	104,913
2007	**116,000**	**10,440**	**126,440**
John Story			
2006	120,655	10,859	131,514
2007	**133,000**	**11,970**	**144,970**
Total non-executive directors			
2006	717,905	64,612	782,517
2007	**833,613**	**75,025**	**908,638**
EXECUTIVE DIRECTORS (Details are in the executive directors' and key managers' remuneration table on page 37)			
Jerry Maycock (Appointed Executive Director from 13 February 2007)			
2007			**143,203**
Alec Brennan (Retired as Managing Director 31 March 2007)			
2006			5,169,215
2007			**6,210,959**
Total executive directors			
2006			5,169,215
2007			**6,354,162**
Total directors			
2006	717,905	64,612	5,951,732
2007	**833,613**	**75,025**	**7,262,800**

a Includes committee fees. Directors' fees may be allocated at the director's discretion to cash, the purchase of shares under ESAP or additional superannuation contributions. Details of shares acquired by directors during the year are on page 36.

b Non-executive directors' retirement allowances were frozen at 31 March 2004. The retirement allowance accrual as at 31 March 2007 for Ian Blackburne was $211,306.

DIRECTORS' REPORT

THE DIRECTORS OF CSR LIMITED (CSR) PRESENT THEIR REPORT FOR THE YEAR ENDED 31 MARCH 2007

REVIEW OF THE COMPANY, ITS OPERATIONS AND RESULTS

A review of CSR group operations and the results for the year ended 31 March 2007 are set out on pages 2 to 17, 26 and 40 to 68. This includes information on the financial position, strategies and prospects of the group for future years. This report omits information about strategies and prospects for future years that would unreasonably prejudice CSR.

SIGNIFICANT CHANGES

There were no significant changes in the state of affairs of the CSR group during the year.

PRINCIPAL ACTIVITIES

The principal activities of entities in the CSR group during the year included the milling of raw sugar from sugarcane as well as production of renewable electricity and ethanol in Australia, and manufacture and distribution of refined sugar products in Australia and New Zealand. CSR manufactures and supplies building products in Australia, China, Malaysia, Singapore, Thailand and New Zealand. In Australia, the group has an interest in the smelting of aluminium. Also, CSR maximises returns from the sale of industrial land in Australia by advancing sites through stages of the development process. There were no significant changes to the nature of those activities during the year.

EVENTS AFTER BALANCE DATE

No material matters or circumstances have arisen since the end of the year.

LIKELY DEVELOPMENTS

Likely developments in the operations of the CSR group in the future and the expected results are referred to on pages 6 to 9, 12, 15, 16 and 17. 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 5 July 2007 will be reported to the meeting.

ENVIRONMENTAL PERFORMANCE

CSR group performance in relation to environmental regulation is reviewed on pages 18 to 23.

DIVIDENDS

A final dividend for the year to 31 March 2007 of nine cents per ordinary share, fully franked, will be paid on 3 July 2007. Dividends paid and declared during the year are in note 26 to the financial statements on page 58.

DIRECTORS, SECRETARIES, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS

The names of the directors who held office between 1 April 2006 and the date of this report and details about current directors' qualifications, age, experience, special responsibilities and directorships of listed companies are on pages 27 to 32. The qualifications and experience of each company secretary at 31 March 2007 are on page 29. Details about meetings of the board and of board committees, including attendance, are on page 29 and the directors' interests in CSR shares are on page 32. No company in the CSR group made available to any director any interest in a registered scheme.

AUDITOR INDEPENDENCE

There is no former partner or director of Deloitte Touche Tohmatsu, CSR's auditor, who is or was at any time during the year ended 31 March 2007 an officer of CSR group. No auditor played a significant role in the CSR group audit for the year to 31 March 2007 in reliance on a declaration made under section 342A of the Corporations Act 2001 (ASIC relaxation of requirements to rotate persons who play a significant role in the audit every five years). The auditor's independence declaration (made under section 307C of the Corporations Act 2001) is set out on page 68 and forms part of this report.

OPTIONS OVER SHARE CAPITAL

No CSR options were granted to executives or non-executive directors during the year. There were no unissued shares or interests in CSR subject to options at the date of this report and no CSR shares or interests issued pursuant to exercised options during or since the end of the year.

INDEMNITIES AND INSURANCE

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 their 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.

No indemnities were paid to current or former officers or auditors during or since the end of the year.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the CSR group auditor Deloitte Touche Tohmatsu for non-audit services provided by that firm during the year are shown in note 25 to the financial statements on page 57. In accordance with advice provided by the Audit Committee, the directors are satisfied that the provision of non-audit services by Deloitte Touche Tohmatsu is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

PROCEEDINGS ON BEHALF OF CSR

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

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The remuneration report on pages 33 to 38, which forms part of this directors' report, describes board policy for determining the nature and amount of remuneration for directors, secretaries and senior executives of the group; the relationship between this policy and the company's performance; a detailed summary of performance conditions, why they were chosen and how performance is measured against them; and the remuneration details for each director and key manager.

ROUNDING OF AMOUNTS

CSR is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts included in this directors' report and in the financial report are rounded to the nearest million dollars, unless otherwise indicated.

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

IAN BLACKBURNE
CHAIRMAN

JERRY MAYCOCK
MANAGING DIRECTOR

16 May 2007

FIVE YEAR PERFORMANCE

KEY FACTS

YEAR ENDED 31 MARCH – $ MILLION UNLESS STATED	**2007**	2006	2005	2004	2003
OPERATING RESULTS [a,b]					
Trading revenue	**3,111.0**	2,866.9	2,367.5	1,970.8	2,051.2
EARNINGS BEFORE INTEREST AND TAX (EBIT)					
Sugar	**130.1**	123.7	97.8	37.6	70.8
Building Products	**84.5**	80.9	111.4	112.6	119.7
Aluminium	**141.9**	156.1	141.9	144.2	126.3
Property	**69.7**	75.6	27.1	15.9	23.5
Segment total	**426.2**	436.3	378.2	310.3	340.3
Corporate [c]	**(20.3)**	(18.9)	(16.9)	(18.6)	(18.9)
Restructuring and provisions	**0.2**	(0.6)	(2.7)	(29.0)	(45.7)
CSR EBIT	**406.1**	416.8	358.6	262.7	275.7
Net profit before significant items	**240.5**	249.8	214.0	160.2	171.7
Net profit after significant items	**273.3**	305.0	318.9	160.2	171.7
Capital investment	**256.0**	299.5	261.0	169.8	92.1
FINANCIAL POSITION					
Shareholders' funds	**1,264.2**	1,075.4	1,256.1	1,144.9	1,148.8
Total assets	**2,938.0**	3,063.2	2,380.1	2,349.9	2,735.5
Net debt	**448.6**	558.5	270.1	164.1	225.9
KEY DATA PER SHARE					
Earnings before significant items [d] [cents]	**27.4**	27.4	23.4	17.4	18.2
Earnings after significant items [d] [cents]	**31.2**	33.4	34.8	17.4	18.2
Dividends [cents]	**15.0**	15.0	12.0	11.0	11.0
Payout ratio [%]	**54.7**	54.7	51.3	63.2	60.4
KEY MEASURES					
Profit margin (EBIT/trading revenue) [%]	**13.1**	14.5	15.1	13.3	13.4
Return on shareholders' funds (ROSF) [e] [%]	**20.1**	21.8	18.9	14.9	15.9
Gearing at 31 March [e] [%]	**25.3**	30.5	17.7	12.5	16.4
Interest cover at 31 March [times]	**15.4**	17.2	27.2	35.9	19.9
Employees [number of people employed]	**5,492**	6,363	5,973	4,535	4,546
Safety performance [f] [recordable injuries]	**14.4**	15.6	14.8	21.5	25.0

a Results in 2005 to 2007 are reported under Australian equivalents to International Financial Reporting Standards (A-IFRS). All results prior to 2005 were reported under previous Australian accounting standards.
b The results shown for the year ended 31 March 2003 exclude the Rinker Materials Corporation and Readymix businesses demerged from CSR on 28 March 2003. Corporate costs have also been adjusted to reflect the demerger.
c Represents unallocated other revenues and overheads.
d Based on the number of shares outstanding at 31 March.
e Restated to exclude the fair value of hedges from equity.
f The total number of recordable injuries per million work hours.

FINANCIAL REPORT

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)

FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2007

INCOME STATEMENT

YEAR ENDED 31 MARCH

CSR Limited and its controlled entities

($ MILLION)	NOTE	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
Trading revenue – sale of goods		**3,111.0**	2,866.9	**21.4**	21.4
Cost of sales		**(2,394.7)**	(2,138.3)	**(0.1)**	–
Gross margin		**716.3**	728.6	**21.3**	21.4
Warehouse and distribution costs		**(166.3)**	(161.8)	**–**	–
Selling costs		**(152.8)**	(148.1)	**–**	–
Administration and other operating costs		**(91.7)**	(81.8)	**(23.6)**	(22.3)
Share of profit of associates		**22.7**	22.1	**–**	–
Operating profit		**328.2**	359.0	**(2.3)**	(0.9)
Other income from ordinary activities	2	**200.2**	182.9	**191.1**	175.4
Other expenses from ordinary activities	2	**(121.4)**	(89.6)	**(50.4)**	(68.0)
Dividend income from controlled entities				**8.0**	172.6
Dividend income		**4.5**	3.5	**4.5**	3.5
Profit from ordinary activities before finance and income tax		**411.5**	455.8	**150.9**	282.6
Interest income	6	**4.6**	3.5	**12.7**	11.4
Finance cost	4	**(61.5)**	(54.3)	**(62.5)**	(57.0)
Profit from ordinary activities before income tax		**354.6**	405.0	**101.1**	237.0
Income tax (expense) benefit relating to ordinary activities	8	**(46.6)**	(61.9)	**20.9**	27.1
Net profit		**308.0**	343.1	**122.0**	264.1
Net profit attributable to minority interests		**34.7**	38.1		
Net profit attributable to shareholders of CSR Limited		**273.3**	305.0	**122.0**	264.1
Net profit before significant items attributable to shareholders of CSR Limited		**240.5**	249.8	**40.1**	208.9
Reconciliation of retained profits					
Retained profits at the beginning of the financial year		**470.2**	267.7	**543.9**	382.3
Net profit attributable to shareholders of CSR Limited		**273.3**	305.0	**122.0**	264.1
Net income recognised directly in retained profits		**21.9**	6.9	**21.9**	6.9
Total available for appropriation		**765.4**	579.6	**687.8**	653.3
Dividends provided for or paid	26	**(134.7)**	(109.4)	**(134.7)**	(109.4)
Retained profits at the end of the financial year		**630.7**	470.2	**553.1**	543.9

(CENTS)					
Basic earnings per share based on net profit attributable to shareholders of CSR Limited [a]		**30.6**	33.5		
Diluted earnings per share based on net profit attributable to shareholders of CSR Limited [a]		**30.6**	33.5		

a Weighted number of ordinary shares on issue used in the calculation of earnings per share is 891.8 million (2006: 911.6 million).

Notes to the financial statements are annexed.

BALANCE SHEET

AS AT 31 MARCH

CSR Limited and its controlled entities

($ MILLION)	NOTE	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
Current assets					
Cash and cash equivalents	7	**53.2**	58.3	**16.1**	6.2
Receivables	10	**541.9**	669.0	**648.9**	717.7
Inventories	9	**278.1**	277.0	**–**	–
Other financial assets	11	**79.4**	92.3	**1.0**	–
Other current assets	12	**28.2**	52.5	**3.4**	3.1
Total current assets		**980.8**	1,149.1	**669.4**	727.0
Non-current assets					
Receivables	10	**34.8**	37.4	**1,672.9**	1,592.5
Inventories	9	**27.3**	37.7	**13.7**	23.6
Investments accounted for using the equity method	31	**33.0**	29.1	**–**	–
Other financial assets	11	**88.8**	54.5	**1,060.9**	1,038.9
Property, plant and equipment	13	**1,564.1**	1,529.1	**19.0**	16.8
Goodwill	15	**15.5**	14.6	**–**	–
Other intangible assets	16	**50.3**	51.1	**1.1**	9.3
Deferred income tax assets	8	**79.2**	127.2	**135.6**	129.3
Other non-current assets	12	**64.2**	33.4	**50.8**	20.2
Total non-current assets		**1,957.2**	1,914.1	**2,954.0**	2,830.6
Total assets		**2,938.0**	3,063.2	**3,623.4**	3,557.6
Current liabilities					
Payables	17	**361.9**	418.9	**117.9**	40.2
Borrowings	18	**4.1**	28.7	**5.1**	21.2
Other financial liabilities	19	**129.1**	197.2	**–**	0.3
Tax payable	8	**8.0**	13.4	**–**	–
Provisions	21	**191.5**	158.2	**123.5**	128.9
Total current liabilities		**694.6**	816.4	**246.5**	190.6
Non-current liabilities					
Payables	17	**1.3**	2.1	**–**	2.0
Borrowings	18	**497.7**	588.1	**1,852.8**	1,765.1
Other financial liabilities	19	**76.9**	200.9	**–**	0.4
Provisions	21	**403.3**	380.3	**402.3**	379.4
Total non-current liabilities		**979.2**	1,171.4	**2,255.1**	2,146.9
Total liabilities		**1,673.8**	1,987.8	**2,501.6**	2,337.5
Net assets		**1,264.2**	1,075.4	**1,121.8**	1,220.1
Equity					
Issued capital	22	**559.5**	671.9	**559.5**	671.9
Reserves	23	**(30.7)**	(165.0)	**9.2**	4.3
Retained profits		**630.7**	470.2	**553.1**	543.9
Equity attributable to shareholders of CSR Limited		**1,159.5**	977.1	**1,121.8**	1,220.1
Minority interests in controlled entities	24	**104.7**	98.3		
Total equity		**1,264.2**	1,075.4	**1,121.8**	1,220.1

Notes to the financial statements are annexed.

RECOGNISED INCOME AND EXPENSE STATEMENT

YEAR ENDED 31 MARCH

CSR Limited and its controlled entities

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
Actuarial profit on defined benefit plans	**23.6**	3.0	**23.6**	3.0
Income tax on actuarial profit	**(7.1)**	(0.8)	**(7.1)**	(0.8)
Fair value adjustment for Sugar Terminals Limited	**5.4**	4.7	**5.4**	4.7
Net income recognised directly in retained profits	**21.9**	6.9	**21.9**	6.9
Hedge gain (loss) taken to other equity	**198.7**	(326.8)	**3.9**	(0.7)
Income tax (expense) benefit on cash flow hedges	**(59.6)**	98.0	**(1.2)**	0.2
Translation of foreign operations taken to other equity	**(0.7)**	(2.4)	**–**	–
Net income recognised directly in other equity	**138.4**	(231.2)	**2.7**	(0.5)
Total income recognised directly in equity	**160.3**	(224.3)	**24.6**	6.4
Net profit for the financial year	**308.0**	343.1	**122.0**	264.1
Total recognised income and expense for the financial year	**468.3**	118.8	**146.6**	270.5
Attributable to:				
CSR Limited shareholders	**427.5**	120.1	**146.6**	270.5
Minority interests	**40.8**	(1.3)		
Total recognised income and expense for the financial year	**468.3**	118.8	**146.6**	270.5

Notes to the financial statements are annexed.

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH

CSR Limited and its controlled entities

($ MILLION)	NOTE	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
Cash flows from operating activities					
Receipts from customers		**3,415.8**	2,998.0	**33.6**	28.9
Payments to suppliers and employees		**(3,014.5)**	(2,615.1)	**(46.3)**	(62.2)
Dividends and distributions received		**23.3**	21.4	**4.4**	176.2
Interest received		**5.2**	3.2	**13.1**	10.9
Income tax paid		**(69.3)**	(54.3)	**(18.7)**	(5.5)
Net cash from operating activities before derivative margin calls and insurance settlements		**360.5**	353.2	**(13.9)**	148.3
Proceeds from legal settlement with insurers		**225.3**	–	**225.3**	–
Legal costs associated with legal settlement with insurers		**(28.0)**	–	**(28.0)**	–
Derivative margin calls		**19.6**	(36.1)	**–**	–
Net cash from operating activities		**577.4**	317.1	**183.4**	148.3
Cash flows from investing activities					
Purchase of property, plant and equipment and other non-current assets		**(241.1)**	(274.2)	**(49.3)**	(56.0)
Proceeds from sale of property, plant and equipment and other non-current assets		**110.7**	45.3	**100.9**	17.3
Purchase of controlled entities and businesses, net of cash acquired	36	**(7.7)**	(5.7)	**–**	–
Loans and receivables advanced		**(3.4)**	(0.1)	**(3.4)**	–
Loans and receivables repaid		**–**	0.1	**–**	0.1
Net cash (used in) from investing activities		**(141.5)**	(234.6)	**48.2**	(38.6)
Cash flows from financing activities					
Proceeds from issue of shares to CSR shareholders		**2.1**	2.6	**2.1**	2.6
Share buyback		**(114.5)**	(12.3)	**(114.5)**	(12.3)
Capital return to CSR shareholders		**–**	(181.6)	**–**	(181.6)
Net (repayment of) proceeds from borrowings		**(116.3)**	291.7	**(109.7)**	383.5
Net financing by (of) controlled entities				**172.9**	(147.9)
Dividends paid		**(170.6)**	(144.9)	**(134.3)**	(109.0)
Interest and other finance costs paid		**(40.3)**	(34.0)	**(41.4)**	(29.4)
Net cash used in financing activities		**(439.6)**	(78.5)	**(224.9)**	(94.1)
Net (decrease) increase in cash held		**(3.7)**	4.0	**6.7**	15.6
Net cash at beginning of the financial year		**57.4**	53.0	**4.3**	(11.3)
Effects of exchange rate changes		**(2.4)**	0.4	**–**	–
Net cash at the end of the financial year	7	**51.3**	57.4	**11.0**	4.3
Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities					
Net profit attributable to shareholders of CSR Limited		**273.3**	305.0	**122.0**	264.1
Significant items – shutdown or closure of Building Products' factories		**49.1**	–	**–**	–
Insurance settlement net of costs		**94.5**	(93.0)	**94.5**	(93.0)
Depreciation and amortisation	5	**125.8**	116.3	**4.4**	4.2
Net change in provisions		**22.8**	53.8	**23.3**	53.9
Interest expense	4	**39.2**	30.2	**40.1**	31.2
Profit on disposal of assets, asset write downs and associated costs	2	**(64.6)**	(55.9)	**(61.5)**	(69.0)
Net profit attributable to minority interests		**34.7**	38.1		
Net change in trade receivables and other current assets		**42.2**	(104.0)	**–**	–
Net change in current inventories		**1.5**	(27.6)	**–**	–
Net change in trade payables		**(41.9)**	100.1	**–**	–
Derivative margin calls		**19.6**	(36.1)	**–**	–
Other		**(18.8)**	(9.8)	**(39.4)**	(43.1)
Net cash from operating activities		**577.4**	317.1	**183.4**	148.3

Credit facilities are shown in note 20.

Notes to the financial statements are annexed.

SIGNIFICANT ACCOUNTING POLICIES

CSR Limited and its controlled entities

BASIS OF ACCOUNTING

This general purpose financial report is prepared in accordance with the Corporations Act 2001, applicable accounting standards and interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the CSR group. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the CSR group comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS32 "Financial Instruments: Disclosure and Presentation" as the Australian equivalent accounting standard, AASB132 does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the group.

The financial report is based on historical cost, except for certain assets which are at deemed cost and the revalued amount of certain assets. In preparing this financial report, the CSR group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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
- 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.

CASH FLOW STATEMENT

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.

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 value as at the date of acquisition.

PAYABLES

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

CURRENCY

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

DEPRECIATION

Depreciable assets are depreciated at rates based upon their expected economic life using the straight-line method. The economic lives of property, plant and equipment assets are detailed in note 13.

RENEWABLE ENERGY CERTIFICATES

Renewable Energy Certificates (RECs) are recognised as other assets when they have been generated and the CSR group has obtained the necessary government approvals to sell them. They are valued at net realisable value.

INTANGIBLE ASSETS

Goodwill assets represent the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised, but tested annually or whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Certain trade names determined as having an indefinite life are not amortised but are assessed annually for impairment. Internal costs relating to acquired intangible assets are expensed.

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

BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income over the period of the borrowing using the effective interest rate method.

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 asset.

INVENTORIES

Inventories 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.

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.

REVENUE RECOGNITION

Sales revenue is measured at the fair value of the consideration receivable, and is recognised when each of the following conditions is met:

- Persuasive evidence of an arrangement exists, which is usually in the form of a contractual arrangement
- The significant risks and rewards of ownership of the goods have transferred from the CSR group to the buyer
- The seller's price to the buyer is fixed or determinable, and
- Collectibility is reasonably assured.

Other than raw sugar sales, other products and services are sold on normal trade terms and conditions. In the case of raw sugar sold by the CSR group, revenue is recognised on a provisional basis at the time of title transfer to the centralised marketing authority, based on prevailing prices, and is subject to final adjustment when the final price is advised by the centralised marketing authority. In the current and prior years, this financial adjustment was not material.

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

INCOME TAX
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable income for the financial year. It is calculated using tax rates and tax laws that have been enacted or substantially enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax assets or liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the CSR group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis.

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

Current and deferred tax is recognised as an expense in the income statement except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from an initial accounting for a business acquisition, in which case it is taken into account in the determination of goodwill.

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.

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 CSR group has 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.

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. Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by CSR Limited and each member of the group in relation to the tax contribution amounts paid or payable between CSR Limited and the other members of the tax consolidated group in accordance with the arrangement.

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 (based on wage rates expected at the time of settling the liability) when it is probable that settlement will be required and they are capable of being reliably measured.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the CSR group.

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

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

PRODUCT LIABILITY
The CSR group's provision for product liability is determined using reports provided by independent experts in each of the United States and Australia. The CSR group has included within the provision an appropriate prudential margin.

JOINT VENTURE AND ASSOCIATE ENTITIES
Investments in joint venture and associate entities have been accounted for under the equity method in the group financial statements.

SIGNIFICANT ACCOUNTING POLICIES

CSR Limited and its controlled entities
(continued)

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 venture operations in their respective categories.

SHARE BASED PAYMENTS

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

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 income in the period in which they arise except if designated as hedges.

On consolidation, the financial statements of the CSR group's overseas operations are translated at exchange rates prevailing at reporting date. Exchange differences are recognised in the foreign currency translation reserve and recognised in income on disposal of the operation.

FINANCIAL INSTRUMENTS

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

Fair value hedges

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

Cash flow hedges

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

Embedded derivatives

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

BORROWING COSTS

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

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.

ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following Australian accounting standards and interpretations have not yet been adopted by the CSR group:

- AASB7 "Financial Instruments: Disclosures" applicable to the CSR group for the financial year ending 31 March 2008,
- AASB101 "Presentation of Financial Statements" applicable to the CSR group for the financial year ending 31 March 2008, and
- AASB2005-10 "Amendments to Australian Accounting Standards" applicable to the CSR group for the financial year ending 31 March 2008.

The CSR group does not anticipate that the adoption of these standards will have a material effect on its financial statements. Upon adoption of AASB7, the CSR group will be required to disclose additional information about financial instruments. There will be no effect on reported income or net assets.

FINANCIAL ASSETS

Financial assets are classified as available for sale financial assets, or loans and receivables (stated at amortised cost less impairment). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Certain shares held by the CSR group are classified as being available-for-sale and are stated at fair value. Fair value is determined in accordance with a discounted cash flow analysis. Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in income for the period.

IMPAIRMENT OF ASSETS

At each reporting date, the CSR group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in income immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in income.

($ MILLION)	PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX 2007	2006	INCOME TAX 2007	2006	MINORITY INTERESTS 2007	2006	NET PROFIT 2007	2006
1 SEGMENT INFORMATION								
Business segments								
Sugar [a]	**130.1**	123.7	**34.8**	35.7	**5.1**	5.9	**90.2**	82.1
Building Products [b]	**84.5**	80.9	**22.7**	19.2	**1.4**	1.2	**60.4**	60.5
Aluminium	**141.9**	156.1	**42.9**	47.1	**29.0**	32.1	**70.0**	76.9
Property	**69.7**	75.6	**1.4**	(1.1)	**–**	–	**68.3**	76.7
Segment total	**426.2**	436.3	**101.8**	100.9	**35.5**	39.2	**288.9**	296.2
Corporate [c]	**(20.3)**	(18.9)	**(6.1)**	(5.5)	**–**	–	**(14.2)**	(13.4)
Restructuring and provisions [d]	**0.2**	(0.6)	**(4.2)**	(1.6)	**–**	–	**4.4**	1.0
	406.1	416.8	**91.5**	93.8	**35.5**	39.2	**279.1**	283.8
Net finance cost	**(56.9)**	(50.8)	**(17.5)**	(15.7)	**(0.8)**	(1.1)	**(38.6)**	(34.0)
Group total before significant items	**349.2**	366.0	**74.0**	78.1	**34.7**	38.1	**240.5**	249.8
Significant items (note 3)	**5.4**	39.0	**(27.4)**	(16.2)	**–**	–	**32.8**	55.2
Group total after significant items	**354.6**	405.0	**46.6**	61.9	**34.7**	38.1	**273.3**	305.0

Products and services

Sugar: raw sugar and renewable electricity; ethanol and refined sugar

Building Products: glasswool and rockwool insulation, plasterboard, fibre cement, clay bricks and pavers, concrete and terracotta roof tiles, and lightweight concrete products

Aluminium: aluminium ingots, billets and slabs

Property: property and waste management

	TOTAL REVENUE [e] 2007	2006	SHARE OF ASSOCIATES' NET PROFIT 2007	2006	DEPRECIATION AND AMORTISATION [f] 2007	2006	CAPITAL EXPENDITURE 2007	2006
Business segments								
Sugar [a]	**1,550.6**	1,371.4	**6.1**	3.1	**47.6**	42.8	**88.4**	111.3
Building Products	**1,004.0**	978.1	**11.4**	9.6	**44.2**	41.7	**87.0**	104.7
Aluminium	**567.6**	526.9	**–**	–	**29.9**	27.9	**15.3**	16.7
Property	**67.0**	69.7	**5.2**	9.4	**0.3**	–	**59.1**	54.2
Segment total	**3,189.2**	2,946.1	**22.7**	22.1	**122.0**	112.4	**249.8**	286.9
Corporate [c]	**6.2**	3.9	**–**	–	**3.8**	3.9	**6.2**	12.6
Interest revenue	**4.6**	3.5						
Group total before significant items	**3,200.0**	2,953.5	**22.7**	22.1	**125.8**	116.3	**256.0**	299.5
Significant items (note 3)	**120.3**	103.3	**–**	–	**–**	–	**–**	–
Group total after significant items	**3,320.3**	3,056.8	**22.7**	22.1	**125.8**	116.3	**256.0**	299.5

	ASSETS 2007	2006	LIABILITIES 2007	2006	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 2007	2006
Business segments						
Sugar	**1,255.7**	1,288.2	**250.1**	448.2	**18.0**	14.5
Building Products	**851.7**	826.4	**179.7**	153.8	**9.0**	8.9
Aluminium	**457.4**	468.1	**223.9**	275.7	**–**	–
Property	**168.0**	148.9	**32.5**	20.8	**6.0**	5.7
Segment total	**2,732.8**	2,731.6	**686.2**	898.5	**33.0**	29.1
Unallocated [d]	**72.8**	146.1	**477.8**	459.1	**–**	–
	2,805.6	2,877.7	**1,164.0**	1,357.6	**33.0**	29.1
Finance assets/liabilities	**53.2**	58.3	**501.8**	616.8		
Tax assets/liabilities	**79.2**	127.2	**8.0**	13.4		
Group total	**2,938.0**	3,063.2	**1,673.8**	1,987.8	**33.0**	29.1

a The 2006 amount includes $10.1 million which is the CSR group's allocation of the sustainability grant provided by the Australian Government to the sugar industry.
b The 2006 amount includes $20.6 million relating to the shutdown or closure of Building Products' factories.
c Represents unallocated overhead and other revenues.
d Includes product liability, and certain defined benefit superannuation, and other non-operating costs.
e Intersegment sales are negligible. Excludes net profit from associates.
f Total depreciation and amortisation includes $11.8 million (2006: $8.9 million) amortisation of intangible assets.

($ MILLION)	PROFIT FROM ORDINARY ACTIVITIES BEFORE FINANCE, INCOME TAX AND SIGNIFICANT ITEMS 2007	2006	TOTAL REVENUE [a] 2007	2006	SEGMENT ASSETS 2007	2006	CAPITAL EXPENDITURE 2007	2006
1 SEGMENT INFORMATION (CONTINUED)								
Geographic segments								
Australia	**386.2**	393.9	**3,021.1**	2,784.3	**2,706.5**	2,841.4	**228.2**	289.1
New Zealand	**12.8**	18.1	**206.7**	187.4	**120.2**	123.8	**4.2**	3.3
Asia	**7.1**	4.8	**92.5**	85.1	**111.3**	98.0	**23.6**	7.1
Group total	**406.1**	416.8	**3,320.3**	3,056.8	**2,938.0**	3,063.2	**256.0**	299.5

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

	NOTE	CSR GROUP 2007	2006	CSR LIMITED 2007	2006
2 OTHER INCOME AND EXPENSES FROM ORDINARY ACTIVITIES					
Income					
Significant items	3	**120.3**	103.3	**120.3**	103.3
Profit on disposal of property, plant and equipment and other assets		**66.5**	76.8	**61.5**	69.3
Write back of allowance for controlled entities' doubtful debts				**2.9**	–
Other		**13.4**	2.8	**6.4**	2.8
Total other income from ordinary activities		**200.2**	182.9	**191.1**	175.4
Expenses					
Significant items	3	**(114.9)**	(64.3)	**(47.5)**	(64.3)
Asset write downs and associated costs [a]		**(1.9)**	(20.9)	**–**	(0.3)
Increase allowance for controlled entities' doubtful debts				**–**	(2.4)
Other		**(4.6)**	(4.4)	**(2.9)**	(1.0)
Total other expenses from ordinary activities		**(121.4)**	(89.6)	**(50.4)**	(68.0)

a Results from the shutdown or closure of Building Products' factories. Includes write down of property, plant and equipment, retrenchments and other rationalisation costs.

3 SIGNIFICANT ITEMS				
Insurance litigation settlement				
Receipt from certain insurers	**120.3**	103.3	**120.3**	103.3
Associated legal expenses	**(17.5)**	(10.3)	**(17.5)**	(10.3)
Tax benefit	**0.1**	–	**0.1**	–
	102.9	93.0	**102.9**	93.0
Shutdown or closure of Building Products' factories				
Asset write downs, retrenchments and other rationalisation costs	**(67.4)**	–	**–**	–
Tax benefit	**18.3**	–	**–**	–
	(49.1)	–	**–**	–
Increase in product liability provision				
Increase in provision	**(30.0)**	(54.0)	**(30.0)**	(54.0)
Tax benefit	**9.0**	16.2	**9.0**	16.2
	(21.0)	(37.8)	**(21.0)**	(37.8)
Total significant items				
Significant items before tax	**5.4**	39.0	**72.8**	39.0
Income tax benefit on significant items	**27.4**	16.2	**9.1**	16.2
Total significant items after tax	**32.8**	55.2	**81.9**	55.2
4 NET FINANCE COST				
Interest paid or payable on				
Short-term debt to controlled entities			**1.6**	0.6
Long-term debt to controlled entities			**0.3**	6.3
Short-term debt to others	**1.5**	1.5	**0.8**	0.4
Long-term debt to others	**37.7**	33.0	**37.4**	23.9
Amount capitalised	**–**	(4.3)	**–**	–
Total interest expense	**39.2**	30.2	**40.1**	31.2
Unwinding discount on non-current provisions and debtors	**21.2**	22.2	**21.2**	22.2
Funding costs	**1.4**	1.1	**1.3**	0.6
Foreign exchange (gain) loss	**(0.3)**	0.8	**(0.1)**	3.0
Finance cost	**61.5**	54.3	**62.5**	57.0
Interest income (note 6)	**(4.6)**	(3.5)	**(12.7)**	(11.4)
Net finance cost	**56.9**	50.8	**49.8**	45.6

($ MILLION)	NOTE	CSR GROUP 2007	2006	CSR LIMITED 2007	2006

5 DEPRECIATION AND AMORTISATION

Amounts incurred for depreciation, amortisation and depletion of					
Property, plant and equipment		**114.0**	107.3	**4.1**	4.0
Intangible assets		**11.8**	8.9	**0.3**	0.2
Other		**–**	0.1	**–**	–
Total depreciation and amortisation		**125.8**	116.3	**4.4**	4.2

6 INTEREST INCOME

Interest income from					
Short-term debt to controlled entities				**5.2**	4.5
Long-term debt to controlled entities				**4.8**	5.8
Short-term debt to others		**4.5**	2.7	**2.7**	1.1
Long-term debt to others		**0.1**	0.8	**–**	–
Total interest income		**4.6**	3.5	**12.7**	11.4

7 NET CASH

Cash at banks and on hand		**40.9**	55.6	**5.0**	4.5
Short-term loans and deposits		**12.3**	2.7	**11.1**	1.7
Total cash		**53.2**	58.3	**16.1**	6.2
Bank overdraft	18	**(1.9)**	(0.9)	**(5.1)**	(1.9)
Net cash		**51.3**	57.4	**11.0**	4.3

8 INCOME TAXES [a]

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

Profit from ordinary activities before income tax		**354.6**	405.0	**101.1**	237.0
Income tax expense calculated at 30%		**106.4**	121.5	**30.3**	71.1
Increase (decrease) in income tax expense (benefit) due to					
Utilisation of losses in asset disposals		**(15.3)**	(21.5)	**(17.8)**	(20.7)
Asian trading profits tax rate differential		**(0.5)**	(1.1)	**–**	–
Equity accounted associates' net profit and rebates on dividends received		**(8.2)**	(7.7)	**(1.3)**	(50.6)
Income tax under (over) provided in prior years		**0.8**	(0.9)	**1.1**	1.0
Utilisation of losses against significant items		**(32.7)**	(27.9)	**(32.7)**	(27.9)
Other items [b]		**(3.9)**	(0.5)	**(0.5)**	–
Total income tax expense (benefit) on profit from ordinary activities		**46.6**	61.9	**(20.9)**	(27.1)
Total income tax expense (benefit) comprises					
Current tax expense (income)		**65.3**	86.8	**(6.3)**	(3.9)
Deferred tax expense (income) relating to the origination and reversal of temporary differences		**(18.7)**	(24.9)	**(14.6)**	(23.2)
Total income tax expense (benefit) on profit from ordinary activities		**46.6**	61.9	**(20.9)**	(27.1)
Current income tax payable attributable to					
Entities in the tax consolidated group		**–**	–	**–**	–
Other entities		**8.0**	13.4	**–**	–
Total current income tax payable		**8.0**	13.4	**–**	–
Deferred income tax assets and liabilities comprise					
Tax losses – revenue recorded as asset		**–**	–	**–**	–
Temporary differences recorded as net asset		**79.2**	127.2	**135.6**	129.3
Net deferred income tax assets and liabilities		**79.2**	127.2	**135.6**	129.3

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 in 2007 and 2006.

($ MILLION)	CSR GROUP OPENING BALANCE	CSR GROUP CHARGED TO INCOME	CSR GROUP CHARGED TO EQUITY	CSR GROUP OTHER	CSR GROUP **CLOSING BALANCE**	CSR LIMITED OPENING BALANCE	CSR LIMITED CHARGED TO INCOME	CSR LIMITED CHARGED TO EQUITY	CSR LIMITED OTHER	CSR LIMITED **CLOSING BALANCE**
8 INCOME TAXES (CONTINUED)										
2007										
Movement in net deferred income tax assets/liabilities attributable to temporary differences										
Fair value of hedges	**84.5**	**(2.8)**	**(59.6)**	**–**	**22.1**	**0.2**	**–**	**(1.2)**	**–**	**(1.0)**
Property, plant and equipment	**(97.8)**	**11.9**	**–**	**–**	**(85.9)**	**(7.9)**	**1.1**	**–**	**–**	**(6.8)**
Intangible assets	**(9.1)**	**1.0**	**–**	**–**	**(8.1)**	**–**	**–**	**–**	**–**	**–**
Defined benefit superannuation	**(5.4)**	**(2.3)**	**(7.1)**	**–**	**(14.8)**	**(5.4)**	**(2.3)**	**(7.1)**	**–**	**(14.8)**
Prepayments	**(3.3)**	**–**	**–**	**–**	**(3.3)**	**–**	**–**	**–**	**–**	**–**
Product liability provision	**109.7**	**6.7**	**–**	**–**	**116.4**	**109.7**	**6.7**	**–**	**–**	**116.4**
Employee benefits provisions	**29.9**	**(0.1)**	**–**	**–**	**29.8**	**25.0**	**(0.6)**	**–**	**–**	**24.4**
Other provisions	**11.3**	**9.2**	**–**	**–**	**20.5**	**6.2**	**(0.3)**	**–**	**–**	**5.9**
Foreign currency monetary items	**1.4**	**(0.2)**	**–**	**–**	**1.2**	**1.9**	**(0.1)**	**–**	**–**	**1.8**
Other	**6.0**	**(4.7)**	**–**	**–**	**1.3**	**(0.4)**	**10.1**	**–**	**–**	**9.7**
	127.2	**18.7**	**(66.7)**	**–**	**79.2**	**129.3**	**14.6**	**(8.3)**	**–**	**135.6**
2006										
Movement in net deferred income tax assets/liabilities attributable to temporary differences										
Fair value of hedges	–	–	84.5	–	84.5	–	–	0.2	–	0.2
Property, plant and equipment	(109.0)	11.2	–	–	(97.8)	(12.3)	4.4	–	–	(7.9)
Intangible assets	(10.0)	0.9	–	–	(9.1)	–	–	–	–	–
Defined benefit superannuation	(2.3)	(2.3)	(0.8)	–	(5.4)	(2.3)	(2.3)	(0.8)	–	(5.4)
Prepayments	(3.3)	–	–	–	(3.3)	–	–	–	–	–
Product liability provision	95.5	14.2	–	–	109.7	95.5	14.2	–	–	109.7
Employee benefits provisions	27.0	2.9	–	–	29.9	22.4	2.6	–	–	25.0
Other provisions	9.4	1.9	–	–	11.3	4.0	2.2	–	–	6.2
Foreign currency monetary items	2.4	(1.0)	–	–	1.4	2.3	(0.4)	–	–	1.9
Other	8.9	(2.9)	–	–	6.0	(2.9)	2.5	–	–	(0.4)
	18.6	24.9	83.7	–	127.2	106.7	23.2	(0.6)	–	129.3

($ MILLION)	CSR GROUP **2007**	CSR GROUP 2006	CSR LIMITED **2007**	CSR LIMITED 2006
Deferred income tax assets not taken to account [c]				
Balance at the beginning of the financial year	**64.2**	142.2	**53.1**	33.3
Assets now taken to account	**(50.0)**	(51.7)	**(45.7)**	(36.2)
Assets not recognised	**0.8**	12.4	**–**	56.0
Assets now expired	**–**	(38.7)	**–**	–
Balance at the end of the financial year [d]	**15.0**	64.2	**7.4**	53.1

c Includes capital tax losses – CSR group $7.4 million (2006: $53.1 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 relevant income tax legislation.

9 INVENTORIES

($ MILLION)	CSR GROUP **2007**	CSR GROUP 2006	CSR LIMITED **2007**	CSR LIMITED 2006
Current				
Raw and process materials and stores	**67.9**	84.9	**–**	–
Work in progress	**11.3**	11.1	**–**	–
Finished goods	**198.9**	181.0	**–**	–
Total current inventories	**278.1**	277.0	**–**	–
Non-current				
Raw and process materials and stores	**5.3**	5.1	**–**	–
Land held for sale at cost	**22.0**	32.6	**13.7**	23.6
Total non-current inventories	**27.3**	37.7	**13.7**	23.6

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
10 RECEIVABLES				
Current				
Trade receivables	**396.1**	441.2	**0.1**	0.4
Allowance for doubtful debts	**(5.5)**	(5.3)	**–**	–
	390.6	435.9	**0.1**	0.4
Amounts owing by controlled entities			**545.7**	541.2
Allowance for doubtful debts			**(17.0)**	(19.9)
			528.7	521.3
Loans to and receivables from associate entities	**10.4**	8.3	**10.4**	8.3
Divestment debtors	**116.5**	90.4	**103.0**	79.6
Insurance settlements receivable	**4.0**	103.3	**4.0**	103.3
Other loans and receivables	**50.4**	61.1	**32.7**	34.8
Allowance for doubtful debts	**(30.0)**	(30.0)	**(30.0)**	(30.0)
	151.3	233.1	**120.1**	196.0
Total current receivables	**541.9**	669.0	**648.9**	717.7
Opening balance allowance for doubtful debts	**(35.3)**	(34.7)	**(49.9)**	(48.7)
Trade debts written off	**1.7**	0.7	**–**	–
Controlled entities debts written off			**–**	1.1
Trade debts provided	**(1.9)**	(1.2)	**–**	–
Controlled entities debts provided			**2.9**	(2.4)
Other	**–**	(0.1)	**–**	0.1
Closing balance allowance for doubtful debts	**(35.5)**	(35.3)	**(47.0)**	(49.9)
Non-current				
Loans to employees [a]	**–**	0.4	**–**	0.4
Amounts owing by controlled entities			**1,649.5**	1,570.3
Loans to associate entities	**18.2**	16.5	**7.2**	5.5
Other loans and receivables	**16.6**	20.5	**16.2**	16.3
Total non-current receivables	**34.8**	37.4	**1,672.9**	1,592.5

a There were no outstanding loans to executive or non-executive directors of CSR Limited as at 31 March 2007 and 31 March 2006.

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
11 OTHER FINANCIAL ASSETS				
Current				
Fair value of derivatives recognised in equity	**79.4**	92.3	**1.0**	–
Total current financial assets	**79.4**	92.3	**1.0**	–
Non-current				
Investment in controlled entities at cost			**1,022.6**	1,008.2
Available for sale: shares at fair value [a,b]	**36.1**	30.7	**36.1**	30.7
Fair value of derivatives recognised in equity	**52.7**	23.8	**2.2**	–
Total non-current other financial assets	**88.8**	54.5	**1,060.9**	1,038.9

a Not quoted on stock exchanges.
b The CSR group holds 13.7% (2006: 13.7%) of the share capital of Sugar Terminals Limited, a company involved in storage of raw sugar. The CSR group does not believe that it is able to exert significant influence over Sugar Terminals Limited as it has only one director on the board comprised of a minimum of five directors.

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
12 OTHER ASSETS				
Current				
Prepayments (including derivative margin calls)	**23.1**	46.9	**2.1**	2.1
Renewable Energy Certificates at fair value	**3.0**	4.0	**–**	–
Deferred costs	**2.1**	1.6	**1.3**	1.0
Total other current assets	**28.2**	52.5	**3.4**	3.1
Non-current				
Prepayments	**12.7**	12.7	**–**	–
Superannuation defined benefit plans – fair value of surplus	**49.4**	18.1	**49.4**	18.1
Deferred costs	**2.1**	2.6	**1.4**	2.1
Total other non-current assets	**64.2**	33.4	**50.8**	20.2

NOTES TO THE FINANCIAL STATEMENTS

CSR Limited and its controlled entities
(continued)

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
13 PROPERTY, PLANT AND EQUIPMENT [a]				
Land and buildings				
At cost	**446.9**	426.5	**7.0**	7.0
Accumulated depreciation	**(78.5)**	(68.4)	**(0.3)**	–
Total land and buildings	**368.4**	358.1	**6.7**	7.0
Plant and equipment				
At cost	**2,509.5**	2,417.4	**25.6**	24.2
Accumulated depreciation	**(1,313.8)**	(1,246.4)	**(13.3)**	(14.4)
Total plant and equipment	**1,195.7**	1,171.0	**12.3**	9.8
Total property, plant and equipment	**1,564.1**	1,529.1	**19.0**	16.8

a The economic life over which assets are depreciated is buildings – 10 to 40 years; and plant and equipment – two to 40 years. The weighted average life of buildings – 22 years; and plant and equipment – 12 years.

($ MILLION)	LAND AND BUILDINGS CSR GROUP	LAND AND BUILDINGS CSR LIMITED	PLANT AND EQUIPMENT CSR GROUP	PLANT AND EQUIPMENT CSR LIMITED
14 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT				
Balance at 1 April 2006	**358.1**	**7.0**	**1,171.0**	**9.8**
Capital expenditure	**33.6**	**–**	**149.4**	**6.3**
Disposed	**–**	**–**	**(1.6)**	**–**
Depreciation and amortisation	**(11.6)**	**(0.3)**	**(102.4)**	**(3.8)**
Write downs	**(11.5)**	**–**	**(18.4)**	**–**
Foreign currency translation	**(0.2)**	**–**	**(0.3)**	**–**
Transferred to inventory	**–**	**–**	**(2.0)**	**–**
Balance at 31 March 2007	**368.4**	**6.7**	**1,195.7**	**12.3**
Balance at 1 April 2005	357.5	4.4	1,075.3	10.6
Capital expenditure	13.6	1.5	204.6	3.8
Disposed	(2.1)	–	(1.6)	(0.6)
Depreciation and amortisation	(11.0)	–	(96.3)	(4.0)
Write downs	(1.4)	(0.3)	(12.2)	–
Foreign currency translation	0.1	–	(0.7)	–
Transferred from inventory	1.4	1.4	1.9	–
Balance at 31 March 2006	358.1	7.0	1,171.0	9.8

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
15 GOODWILL [a]				
Carrying amount				
Balance at the beginning of the financial year	**14.6**	14.0	**–**	–
Acquisitions	**0.7**	0.9	**–**	–
Foreign currency translation	**0.2**	(0.3)	**–**	–
Balance at the end of the financial year	**15.5**	14.6	**–**	–

a The carrying amount of goodwill is: Building Products (2007: $7.0 million, 2006: $6.3 million), Sugar (2007: $8.5 million, 2006: $8.3 million). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections based on financial budgets approved by management covering a five year period. The discount rate used is between 8 – 13% depending on the cash generating unit.

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
16 OTHER INTANGIBLE ASSETS				
Systems software				
Software and systems development	**61.0**	54.8	**2.0**	9.9
Accumulated amortisation	**(36.3)**	(25.2)	**(0.9)**	(0.6)
Total systems software	**24.7**	29.6	**1.1**	9.3
Movements in systems software				
Net book value at the beginning of the financial year	**29.6**	18.8	**9.3**	0.5
Capital expenditure	**6.2**	19.3	**2.1**	9.0
Transfer to subsidiaries			**(10.0)**	–
Amortisation	**(11.1)**	(8.5)	**(0.3)**	(0.2)
Net book value at the end of the financial year	**24.7**	29.6	**1.1**	9.3

($ MILLION)	CSR GROUP 2007	2006	CSR LIMITED 2007	2006

16 OTHER INTANGIBLE ASSETS (CONTINUED)

Trade names and non-competition agreements [a]				
At cost	**35.9**	32.1	**–**	–
Accumulated amortisation	**(10.3)**	(10.6)	**–**	–
Total trade names and non-competition agreements	**25.6**	21.5	**–**	–
Movements in trade names and non-competition agreements				
Net book value at the beginning of the financial year	**21.5**	20.3	**–**	–
Capital expenditure	**6.7**	1.6	**–**	–
Write downs	**(1.9)**	–	**–**	–
Amortisation	**(0.7)**	(0.4)	**–**	–
Net book value at the end of the financial year	**25.6**	21.5	**–**	–
Total other intangible assets	**50.3**	51.1	**1.1**	9.3

a Includes indefinite life Building Products trade names (2007: $17.0 million, 2006: $19.9 million). The recoverable amounts of the cash generating units that include the trade names are determined using discounted cash flow projections based on financial budgets approved by management covering a five year period. These trade names currently have an indefinite life as the CSR group is continually spending money on marketing and developing the trade names and there are no contractual or other restrictions on the use of the trade names.

17 PAYABLES

Current				
Trade payables	**288.5**	335.3	**3.4**	2.4
Amounts owing to controlled entities			**75.9**	–
Other payables	**73.4**	83.6	**38.6**	37.8
Total current payables	**361.9**	418.9	**117.9**	40.2
Non-current				
Other payables	**1.3**	2.1	**–**	2.0
Total non-current payables	**1.3**	2.1	**–**	2.0

18 BORROWINGS

Current				
Unsecured bank overdraft	**1.9**	0.9	**5.1**	1.9
Short-term borrowings				
Secured				
Other facilities [a]	**0.1**	6.6	**–**	–
Unsecured				
Bank loans	**0.6**	1.9	**–**	–
Other facilities	**1.5**	19.3	**–**	19.3
	2.2	27.8	**–**	19.3
Total current borrowings	**4.1**	28.7	**5.1**	21.2
Non-current				
Long-term borrowings				
Unsecured				
Loans from controlled entities			**1,373.4**	1,195.5
Bonds	**200.1**	200.1	**200.0**	200.0
Bank loans	**297.6**	388.0	**279.4**	369.6
Total non-current borrowings	**497.7**	588.1	**1,852.8**	1,765.1

a 2006: Finance lease secured by refinery assets with book value of $56.7 million.

19 OTHER FINANCIAL LIABILITIES

Current				
Fair value of derivatives	**129.1**	197.2	**–**	0.3
Total current other financial liabilities	**129.1**	197.2	**–**	0.3
Non-current				
Fair value of derivatives	**76.9**	200.9	**–**	0.4
Total non-current other financial liabilities	**76.9**	200.9	**–**	0.4

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	2007 AVERAGE RATE % PA	2007 YEAR OF MATURITY
20 CREDIT FACILITIES AND MATURITY PROFILE				
Long-term maturities of borrowings				
United States dollar debt				
Bonds	**0.1**	0.1	**7.7**	**2025**
Australian dollar debt				
Bank loans	**260.0**	355.0	**6.6**	**2011**
Bonds	**200.0**	200.0	**6.0**	**2009**
New Zealand dollar debt				
Bank loans	**19.5**	14.6	**8.0**	**2011**
Thai baht debt				
Bank loans	**7.5**	7.0	**4.1**	**2007**
Malaysian ringgit debt				
Bank loans	**10.6**	11.4	**4.1**	**2008**
Total non-current borrowings and payables	**497.7**	588.1		

Credit standby facilities

The CSR group has a total of $600 million (2006: $675 million) committed standby facilities. These facilities have fixed maturity dates ranging from September 2007 to September 2011. As at 31 March 2007, $320 million of the standby facilities were undrawn.

($ MILLION)	31 MARCH 2006	RECOGNISED / REMEASURED	SETTLED/ TRANSFERRED	ACQUIRED	UNWINDING OF DISCOUNT	DISPOSED / OTHER	31 MARCH 2007
21 PROVISIONS							
CSR group							
Current							
Employee benefits	99.7	52.6	(52.9)	0.1	–	–	**99.5**
Fringe benefits tax	1.3	4.1	(4.8)	–	–	–	**0.6**
Restructure and rationalisation	5.8	35.9	(2.7)	–	–	–	**39.0**
Product liability [a]	22.0	27.8	(27.4)	–	–	–	**22.4**
Restoration and environmental rehabilitation	4.9	–	–	–	–	–	**4.9**
Uninsured losses and future claims [b]	11.1	7.9	(10.7)	–	–	–	**8.3**
Other [c]	13.4	13.2	(9.8)	–	–	–	**16.8**
Total CSR group current provisions	158.2	141.5	(108.3)	0.1	–	–	**191.5**
Non-current							
Product liability [a]	343.8	2.2	–	–	19.6	–	**365.6**
Restoration and environmental rehabilitation	1.4	–	–	–	–	–	**1.4**
Uninsured losses and future claims [b]	34.1	(0.9)	–	–	2.4	–	**35.6**
Other	1.0	(0.3)	–	–	–	–	**0.7**
Total CSR group non-current provisions	380.3	1.0	–	–	22.0	–	**403.3**
CSR Limited							
Current							
Employee benefits	83.4	41.8	(43.8)	–	–	–	**81.4**
Fringe benefits tax	1.2	3.6	(4.3)	–	–	–	**0.5**
Restructure and rationalisation	2.8	–	(1.4)	–	–	–	**1.4**
Product liability [a]	22.0	27.8	(27.4)	–	–	–	**22.4**
Restoration and environmental rehabilitation	4.9	–	(0.1)	–	–	–	**4.8**
Uninsured losses and future claims [b]	10.8	8.1	(10.6)	–	–	–	**8.3**
Other	3.8	6.8	(5.9)	–	–	–	**4.7**
Total CSR Limited current provisions	128.9	88.1	(93.5)	–	–	–	**123.5**
Non-current							
Product liability [a]	343.8	2.2	–	–	19.6	–	**365.6**
Restoration and environmental rehabilitation	0.4	–	–	–	–	–	**0.4**
Uninsured losses and future claims [b]	34.1	(0.9)	–	–	2.4	–	**35.6**
Other	1.1	(0.4)	–	–	–	–	**0.7**
Total CSR Limited non-current provisions	379.4	0.9	–	–	22.0	–	**402.3**

a Refer to note 35 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's self insurance for workers' compensation program.
c Mainly relates to anticipated disposal costs of Tomago smelter's spent pot lining.

	2007			2006		
	ORDINARY SHARES FULLY PAID	PRICE $	SHARE CAPITAL $ MILLION	ORDINARY SHARES FULLY PAID	PRICE $	SHARE CAPITAL $ MILLION
22 ISSUED CAPITAL [a]						
CSR Limited						
On issue at the beginning of the financial year	**912,369,315**		**671.9**	915,584,749		863.7
Share buyback [b]	**(37,374,815)**	**3.06**	**(114.5)**	(5,212,234)	2.37	(12.3)
Capital return	**–**		**–**	–	0.20	(182.1)
Universal Share/Option Plan [c]	**1,283,000**	**1.64**	**2.1**	1,996,800	1.31	2.6
Total movements during the financial year	**(36,091,815)**		**(112.4)**	(3,215,434)		(191.8)
On issue at the end of the financial year	**876,277,500**		**559.5**	912,369,315		671.9

a The shares are fully paid ordinary shares listed on the Australian Stock Exchange and carry one vote per share and the right to dividends.
b In July 2006, CSR Limited announced a 12 month on-market share buyback of up to 5% of its fully paid shares. In the period from July 2006 to March 2007, 37,374,815 shares were repurchased and cancelled under the buyback. During the financial year to 31 March 2006, a total of 5,212,234 shares were repurchased and cancelled.
c Fully paid ordinary shares were issued in August and September 2006 and August, September and November 2005 under the employee Universal Share/Option Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the CSR group. Offers of fully paid shares were made to all eligible employees (2007: 4,170, 2006: 4,017). 2,566 (2006: 2,497) accepted the offer, subscribing for up to 250 shares (2006: 400 shares) at the market price of $3.28 each (2006: $2.62) and receiving an equivalent number of shares at no cost. The issue of 641,500 (2006: 998,400) shares purchased by employees was taken to equity. The additional 641,500 (2006: 998,400) shares issued at no cost were recorded as an expense in the financial report with an offsetting entry to the employee share reserve.

23 RESERVES

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
Foreign currency translation reserve				
Value at beginning of financial year	**(1.3)**	(0.2)	**–**	–
Translation of foreign operations	**(1.7)**	(1.1)	**–**	–
Value at the end of the financial year	**(3.0)**	(1.3)	**–**	–
Employee share reserve				
Value at the beginning of financial year	**4.8**	2.2	**4.8**	2.2
CSR Limited free employee shares issued	**2.1**	2.6	**2.1**	2.6
Value at the end of the financial year	**6.9**	4.8	**6.9**	4.8
Hedge reserve				
Value at the beginning of financial year	**(168.5)**	22.2	**(0.5)**	–
Hedge profit (loss)	**191.3**	(272.4)	**4.0**	(0.7)
Income tax (expense) benefit on hedge profit (loss)	**(57.4)**	81.7	**(1.2)**	0.2
Value at the end of the financial year	**(34.6)**	(168.5)	**2.3**	(0.5)
Total reserves	**(30.7)**	(165.0)	**9.2**	4.3

24 MINORITY INTERESTS IN CONTROLLED ENTITIES

Issued capital	**49.5**	49.5
Hedge reserve	**(23.8)**	(29.0)
Other reserves	**15.9**	13.8
Retained profits	**63.1**	64.0
Total minority interests in controlled entities	**104.7**	98.3

($ THOUSAND)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
25 AUDITORS' REMUNERATION				
Auditing and reviewing the financial report of the CSR group				
Deloitte Touche Tohmatsu in Australia	**1,267**	1,308	**467**	437
Deloitte Touche Tohmatsu outside of Australia	**129**	111	**–**	–
	1,396	1,419	**467**	437
Other services				
Deloitte Touche Tohmatsu in Australia	**17**	60	**17**	57
Deloitte Touche Tohmatsu outside of Australia	**30**	30	**–**	–
	47	90	**17**	57
Total auditors' remuneration	**1,443**	1,509	**484**	494
Other services comprise				
Taxation strategy and compliance	**30**	33	**–**	–
Accounting advice	**13**	30	**13**	30
Other	**4**	27	**4**	27
	47	90	**17**	57

	2007 CENTS PER SHARE	2007 TOTAL $ MILLION	2006 CENTS PER SHARE	2006 TOTAL $ MILLION
26 DIVIDENDS AND FRANKING CREDITS				
Recognised amounts				
Fully paid ordinary shares				
Prior year final dividend – franked to 100% (2006: 100%)	**9.0**	**82.1**	6.0	54.6
Interim dividend – franked to 100% (2006: 100%)	**6.0**	**52.6**	6.0	54.8
	15.0	**134.7**	12.0	109.4
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 100% (2006: 100%)	**9.0**	**78.9**	9.0	82.1

The final dividend for the financial year ended 31 March 2007 has not been recognised in this financial report because it was declared after 31 March 2007. The amounts 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.

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
Adjusted franking account balance (tax paid basis)	**3.4**	2.7	**3.4**	2.7
Impact on franking account balance of dividends not recognised	**(33.8)**	(35.1)	**(33.8)**	(35.1)

27 RELATED PARTY INFORMATION

Key management personnel remuneration
During the financial year, total remuneration of $13,072,242 (2006: $12,751,341) was paid to directors and key management personnel. Details of the payments, and the CSR Limited equity holdings of directors and key management personnel are shown in the remuneration report on pages 33 to 38.

CSR Limited transactions with controlled entities
During the financial years ended 31 March 2007 and 2006, CSR Limited advanced and repaid loans, sold and purchased goods and services and provided accounting and administrative assistance to its controlled entities.
Details of write downs of receivables from the controlled entities are disclosed in note 2.
Amounts receivable from and payable to these related parties are disclosed in notes 10, 17 and 18.
All loans advanced to and payable to these related parties are unsecured and subordinate to other liabilities.
Loans between members of the Australian tax consolidations group are not on normal terms and conditions.
Details of interest paid to and received from controlled entities are shown in notes 4 and 6.
Details of dividends received by CSR Limited from controlled entities are shown in the income statement.

Other related parties
Other than transactions with associate entities disclosed in note 31, no material amounts were receivable from, or payable to, other related parties as at 31 March 2007 or 2006, and no material transactions with other related parties occurred during those years.

Details of payments to defined benefit superannuation plans are shown in note 29.

Employee share plan interest free loans to directors or key management personnel
No new loans, loan repayments or loan balances occurred between the CSR group and key management personnel of the CSR group during the financial year ended 31 March 2007 or 2006.

Transactions entered into during the financial year with directors of CSR Limited and key management personnel of the CSR group and with their closely 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 including:
- 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.

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
28 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				
Cash and receivables	**1.9**	2.6	**–**	–
Inventories	**25.8**	24.6	**–**	–
Other	**1.0**	0.9	**–**	–
	28.7	28.1	**–**	–
Non-current assets				
Receivables	**0.3**	0.3	**–**	–
Property, plant and equipment	**298.6**	311.7	**–**	–
Other	**18.0**	19.9	**–**	–
	316.9	331.9	**–**	–
Total assets	**345.6**	360.0	**–**	–
Current liabilities	**41.1**	35.5	**–**	–
Non-current liabilities	**75.0**	79.3	**–**	–
Total liabilities	**116.1**	114.8	**–**	–
Net assets	**229.5**	245.2	**–**	–
Contracted capital expenditure	**3.8**	5.1	**–**	–
Contingent liabilities	**–**	–	**–**	–

a The CSR group's joint venture interest of 36.05% (2006: 36.05%) is held through a controlled entity in which the CSR group has a 70% interest.
b Principal activity: Aluminium production.

29 SUPERANNUATION COMMITMENTS

The CSR group participates in a number of superannuation funds (funds) in Australia, New Zealand and other countries where it operates. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees (and spouses) on retirement, resignation, 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. 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 2007 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: $30.8 million (2006: $30.4 million); and CSR Limited: $24.8 million (2006: $25.1 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 members. Contributions are made by the members and the company based on a percentage of the members' 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 divisions of funds (DBD) 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 cease when a fund is in actuarial surplus. The accounting treatment of the defined benefit superannuation funds is discussed in the note on significant accounting policies.

Harwood Superannuation Fund

In Australia, the CSR group participates in the Harwood Superannuation Fund for those employees and pensioners who are currently members of that fund and any new employees who become members of that fund. CSR Limited and Rinker Group Limited (Rinker group) 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 have been employed post-demerger.

Expected contributions to defined benefit funds

The CSR group does not expect to make a contribution to the defined benefit funds during the next financial year. The aggregate funding method was used to determine the contribution rates.

Expected rate of return on defined benefit fund assets

The expected return on assets is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class. The returns used for each asset class are net of investment tax and investment fees.

Defined benefit funds sponsored by the CSR group

($ MILLION)		DEFINED BENEFIT OBLIGATION	FAIR VALUE OF FUND ASSETS	ASSET/ (LIABILITY)	CONTRIBUTIONS PAID
Harwood Superannuation Fund	– DBD – CSR pre-demerger [a,b]	175.3	210.3	35.0	–
	– DBD – post-demerger CSR plan [a,c]	5.9	5.8	(0.1)	1.3
	– DBD Monier PGH plan [d]	55.2	69.6	14.4	2.2

a Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2007, or in the case of the pre-demerger liabilities to 28 March 2003. These amounts are calculated at 31 March 2007 based on the assumptions used for the last actuarial review which was performed on 30 June 2006 by K Knapman FIAA. The fund was split into separate plans for the CSR and Rinker groups from the date of demerger of Rinker group effective 28 March 2003.

b There is an enforceable obligation for CSR Limited and the Rinker group 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 is required to cover, in effect, 50% of such obligations.
The 120% coverage is determined according to guidelines that are not consistent with Australian Accounting Standards. CSR Limited has made available to the trustee of the fund a bank guarantee to satisfy the balance of its commitment if assets fall below 120%.

c There is an obligation for CSR Limited to contribute such amounts to the post-demerger CSR plan DBD, so 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 if assets fall below 120%.

d Accrued benefits, market value of assets and surplus relate to the last actuarial review performed on 30 June 2006.

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
29 SUPERANNUATION COMMITMENTS (CONTINUED)				
Amounts recognised in the income statement (administration costs) in respect of the defined benefit funds				
Current service cost	**3.0**	3.5	**3.0**	3.5
Interest cost	**11.3**	11.1	**11.3**	11.1
Expected return on assets	**(18.5)**	(16.7)	**(18.5)**	(16.7)
Total (income) expense included in the income statement	**(4.2)**	(2.1)	**(4.2)**	(2.1)
Actuarial gains incurred during the financial year and recognised in the recognised income and expense statement	**23.6**	3.0	**23.6**	3.0
Cumulative actuarial gains and losses recognised in the recognised income and expense statement	**54.6**	31.0	**54.6**	31.0
Net (asset) liability of defined benefit funds				
Present value of liabilities	**236.3**	250.5	**236.3**	250.5
Fair value of assets	**(285.7)**	(268.6)	**(285.7)**	(268.6)
Net (asset) liability	**(49.4)**	(18.1)	**(49.4)**	(18.1)
Included in the balance sheet				
Other non-current assets (note 12)	**(49.4)**	(18.1)	**(49.4)**	(18.1)
Net asset	**(49.4)**	(18.1)	**(49.4)**	(18.1)
Movements in the present value of the defined benefit funds liabilities were as follows:				
Liabilities at the beginning of the financial year	**250.5**	237.5	**250.5**	237.5
Current service cost	**3.0**	3.5	**3.0**	3.5
Interest cost	**11.3**	11.1	**11.3**	11.1
Contributions from participants	**0.7**	1.2	**0.7**	1.2
Actuarial (gains) losses	**(11.2)**	15.3	**(11.2)**	15.3
Benefits paid	**(18.0)**	(18.2)	**(18.0)**	(18.2)
Transfers in	**–**	0.1	**–**	0.1
Liabilities at the end of the the financial year	**236.3**	250.5	**236.3**	250.5
Movements in the present value of the defined benefit funds assets were as follows:				
Assets at the beginning of the financial year	**268.6**	245.0	**268.6**	245.0
Return on fund assets – expected	**18.5**	16.7	**18.5**	16.7
Return on fund assets – actuarial	**12.4**	18.3	**12.4**	18.3
Contributions from the employer	**3.5**	5.5	**3.5**	5.5
Contributions from participants	**0.7**	1.2	**0.7**	1.2
Benefits paid	**(18.0)**	(18.2)	**(18.0)**	(18.2)
Transfers in	**–**	0.1	**–**	0.1
Assets at the end of the financial year	**285.7**	268.6	**285.7**	268.6
The history of experience adjustments is as follows:				
Experience gain (loss) on fund liabilities	**0.4**	(7.3)	**0.4**	(7.3)
Experience gain on fund assets	**12.4**	18.3	**12.4**	18.3

%		CSR GROUP 2007	CSR GROUP 2006
Key assumptions and parameters (expressed as weighted averages):			
Discount rate (after tax)		**4.9**	4.6
Expected return on fund assets (after tax)		**6.9**	6.8
Expected salary increase		**3.5**	3.7
Asset class allocation	– equity instruments	**53.3**	54.5
	– debt instruments	**32.2**	31.5
	– property	**9.6**	9.0
	– other	**4.9**	5.0

30 FINANCIAL INSTRUMENTS

The CSR group uses a variety of derivative instruments to manage financial and commodity price risks. The CSR group does not use 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 Standard & Poor's or Moody's rating of at least A- and A3 respectively.

The CSR group controls risk through the use of credit 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 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 2007, 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.

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 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 at acceptable prices 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 undertakes longer-term pricing in A$ terms with the sugar and currency exposure closely matched. This pricing may be conducted in declining volumes for up to five years where an acceptable price outcome can be achieved. In addition, CSR undertakes sugar pricing during the season (in season pricing). The remainder of the sugar pricing, excluding CSR's long-term and in season pricing is undertaken by Queensland Sugar Limited (QSL). The CSR group receives its share of the Australian dollar pool price revenue derived by QSL based on QSL's sugar price and foreign exchange pricing activities. Sugar pricing is carried out by QSL for a maximum term usually of 18 months. As at 31 March 2007, approximately 3% of the 2006 milling season (year ended 31 March 2007) sugar remained unpriced by QSL. The estimated sugar price for the year ended 31 March 2007 was $354 per tonne. This sugar price is a weighted average of the expected QSL sugar price and CSR's hedged sugar price. CSR priced approximately 10% of the 2006 milling season's crop (year ended 31 March 2007) with the remainder priced by QSL. A 1US cent per pound movement in sugar price in relation to the remaining unpriced sugar would impact net profit after tax by approximately $0.4 million. For the anticipated production of the 2007 milling season (year ending 31 March 2008) and as at 31 March 2007, CSR is approximately 60% priced including longer-term pricing, in season pricing and QSL pricing.

Sugar refining businesses seek to cover their exposure to raw sugar input costs against their refined sugar sales to industrial and retail customers on a back to back basis, thus eliminating market risk and locking in a refining margin. In this way, sugar commodity and currency price risk is minimised.

COMMODITY PRICE RISK EXPOSURE ($ MILLION)	AVERAGE PRICE [a,b]	PRINCIPAL / MATURITIES 1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	NET FAIR VALUE ASSET	LIABILITY
2007							
Aluminium							
London Metal Exchange aluminium futures sell contracts [c]	**2,204.7**	**42.5**	**51.7**	**–**	**94.2**	**–**	**18.5**
Aluminium commodity swaps [c]	**2,161.6**	**262.3**	**412.4**	**–**	**674.7**	**–**	**131.1**
Raw sugar							
New York Board of Trade Sugar No 11 futures buy contracts [c]	**263.4**	**132.1**	**5.0**	**–**	**137.1**	**–**	**20.7**
New York Board of Trade Sugar No 11 futures sell contracts [c]	**269.8**	**108.5**	**5.0**	**–**	**113.5**	**18.7**	**–**
Sugar commodity swaps [c]	**255.3**	**132.3**	**185.4**	**–**	**317.7**	**28.7**	**20.8**
Total						**47.4**	**191.1**
2006							
Aluminium							
London Metal Exchange aluminium futures sell contracts [c]	1,796.4	49.7	40.7	–	90.4	–	29.9
Aluminium commodity swaps [c]	1,998.4	251.9	586.0	–	837.9	1.4	146.9
Raw sugar							
New York Board of Trade Sugar No 11 futures buy contracts [c]	304.9	161.5	11.6	–	173.1	54.5	0.1
New York Board of Trade Sugar No 11 futures sell contracts [c]	295.3	148.4	4.9	–	153.3	–	54.9
Sugar commodity swaps [c]	337.0	30.1	297.2	0.2	327.5	23.2	138.5
Total						79.1	370.3

a Average prices for the individual periods do not materially differ from the overall average price disclosed.
b US dollars per metric tonne.
c $143.7 million of commodity contract losses (2006: $291.2 million losses) was deferred in 2007 as the losses relate to hedges of highly probable forecast transactions and fair value hedges. The expected timing of recognition based on the fair values at 31 March 2007 is one year or less: $91.1 million and one to five years: $62.4 million and $9.8 million of commodity contract losses relating to fair value hedges was recognised in 2007.

30 FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange and risk management

The CSR group uses a variety of foreign exchange risk management instruments including spot, forward and swap currency contracts and currency options, to hedge foreign currency denominated receipts resulting from revenue denominated in foreign currencies and payments for raw materials and capital equipment, 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 and sugar commodity price exposure and it 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.

Other foreign exchange exposures are relatively small with the 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, the 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 EXPOSURE ($ MILLION)	AVERAGE EXCHANGE RATE [a]	PRINCIPAL MATURITIES 1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	NET FAIR VALUE [c] ASSET	LIABILITY
2007							
US dollar							
Forward exchange rate agreements [b]							
Receive US dollar	**0.75**	**199.4**	**66.4**	**–**	**265.8**	**–**	**14.8**
Pay US dollar	**0.72**	**434.8**	**575.4**	**–**	**1,010.2**	**81.1**	**–**
New Zealand dollar							
Forward exchange rate agreements [b]							
Pay New Zealand dollar	**1.15**	**4.1**	**0.1**	**–**	**4.2**	**–**	**–**
Euro							
Forward exchange rate agreements [b]							
Receive euro	**0.60**	**3.0**	**–**	**–**	**3.0**	**–**	**–**
United Kingdom pound							
Forward exchange rate agreements [b]							
Receive United Kingdom pound	**0.41**	**0.5**	**–**	**–**	**0.5**	**–**	**–**
Japanese yen							
Forward exchange rate agreements [b]							
Receive Japanese yen	**93.00**	**0.7**	**–**	**–**	**0.7**	**–**	**–**
Pay Japanese yen	**93.00**	**0.2**	**–**	**–**	**0.2**	**–**	**–**
Swedish kronor							
Forward exchange rate agreements [b]							
Receive Swedish kronor	**5.41**	**2.1**	**–**	**–**	**2.1**	**–**	**0.1**
Singaporean dollar							
Forward exchange rate agreements [b]							
Receive Singaporean dollar	**1.34**	**0.5**	**0.7**	**–**	**1.2**	**0.1**	**–**
Total						**81.2**	**14.9**
2006							
US dollar							
Forward exchange rate agreements [b]							
Receive US dollar	0.75	135.5	31.6	–	167.1	9.6	0.2
Pay US dollar	0.71	334.6	820.0	0.2	1,154.8	26.9	26.7
New Zealand dollar							
Forward exchange rate agreements [b]							
Pay New Zealand dollar	1.09	3.7	–	–	3.7	0.3	–
Euro							
Forward exchange rate agreements [b]							
Receive euro	0.59	5.4	–	–	5.4	0.1	0.1
Japanese yen							
Forward exchange rate agreements [b]							
Receive Japanese yen	83.00	0.2	–	–	0.2	–	–
Pay Japanese yen	87.00	2.4	–	–	2.4	–	0.1
Singaporean dollar							
Forward exchange rate agreements [b]							
Receive Singaporean dollar	1.19	0.5	1.1	–	1.6	0.1	–
Total						37.0	27.1

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

b $66.3 million of net foreign exchange contract gains (2006: $9.9 million gain) have been deferred as the gains relate to hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values as at 31 March 2007 are one year or less: $30.7 million gain (2006: $20.5 million gain) and one to five years: $35.6 million gain (2006: $10.6 million loss).

c As at reporting date, the aggregate amount of unrealised gains under forward foreign exchange contracts relating to anticipated future transactions is $66.3 million (2006: unrealised gains of $9.9 million). These unrealised gains have been deferred in the hedge reserve to the extent the hedge is effective.

30 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate sensitivity and risk management

CSR group policy allows the group to enter into a variety of derivative instruments to manage its 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. CSR group policy allows interest rate swaps and options to be 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 note 18.

INTEREST RATE RISK EXPOSURE ($ MILLION)	NOTE	WEIGHTED AVERAGE TERM IN YEARS	WEIGHTED AVERAGE RATE % PA [a]	PRINCIPAL/MATURITIES 1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNT ASSET	LIABILITY	NET FAIR VALUE ASSET	LIABILITY
2007											
Long-term debt											
Fixed rate US dollar debt	18	**18.3**	**7.7**	**–**	**–**	**0.1**	**0.1**	**–**	**0.1**	**–**	**0.1**
Fixed rate Australian dollar debt	18	**2.0**	**6.0**	**–**	**200.0**	**–**	**200.0**	**–**	**200.0**	**–**	**197.4**
Fixed rate Thai baht debt	18	**0.7**	**4.1**	**7.5**	**–**	**–**	**7.5**	**–**	**7.5**	**–**	**7.5**
Fixed rate Malaysian ringgit debt	18	**1.2**	**4.1**	**0.5**	**10.1**	**–**	**10.6**	**–**	**10.6**	**–**	**10.6**
Floating rate Australian dollar debt [b]	18	**4.0**	**6.6**	**–**	**260.0**	**–**	**260.0**	**–**	**260.0**	**–**	**260.0**
Floating rate New Zealand dollar debt	18	**4.0**	**8.0**	**–**	**19.5**	**–**	**19.5**	**–**	**19.5**	**–**	**19.5**
Short-term debt											
Floating rate Singaporean dollar debt	18	**0.1**	**3.7**	**0.6**	**–**	**–**	**0.6**	**–**	**0.6**	**–**	**0.6**
Floating rate New Zealand dollar debt	18	**0.1**	**7.6**	**1.5**	**–**	**–**	**1.5**	**–**	**1.5**	**–**	**1.5**
Secured other Australian dollar debt	18	**1.0**	**–**	**0.1**	**–**	**–**	**0.1**	**–**	**0.1**	**–**	**0.1**
Term payables and other	17	**–**	**–**	**–**	**1.3**	**–**	**1.3**	**–**	**1.3**	**–**	**1.3**
Cash at bank and on deposit (net of overdraft) [c]	7	**–**	**–**	**51.3**	**–**	**–**	**51.3**	**53.2**	**1.9**	**51.3**	**–**
Total										**51.3**	**498.6**
2006											
Long-term debt											
Fixed rate US dollar debt	18	19.3	7.7	–	–	0.1	0.1	–	0.1	–	0.1
Fixed rate Australian dollar debt	18	3.0	6.0	–	200.0	–	200.0	–	200.0	–	195.3
Fixed rate Thai baht debt	18	1.7	4.1	–	7.0	–	7.0	–	7.0	–	6.9
Fixed rate Malaysian ringgit debt	18	2.1	4.1	–	11.4	–	11.4	–	11.4	–	11.3
Floating rate Australian dollar debt [b]	18	3.8	5.8	–	355.0	–	355.0	–	355.0	–	355.0
Floating rate New Zealand dollar debt	18	4.5	7.7	–	14.6	–	14.6	–	14.6	–	14.6
Short-term debt											
Floating rate Australian dollar debt	18	0.1	5.6	19.3	–	–	19.3	–	19.3	–	19.3
Floating rate Singaporean dollar debt	18	0.1	3.3	1.3	–	–	1.3	–	1.3	–	1.3
Fixed rate Malaysian ringgit debt	18	0.2	3.5	0.6	–	–	0.6	–	0.6	–	0.6
Secured other Australian dollar debt	18	1.0	–	6.6	–	–	6.6	–	6.6	–	6.6
Term payables and other	17	–	–	–	2.1	–	2.1	–	2.1	–	2.1
Cash at bank and on deposit (net of overdraft) [c]	7	–	–	57.4	–	–	57.4	58.3	0.9	57.4	–
Total										57.4	613.1

a Average rates for the individual periods do not materially differ from the overall average rates disclosed. Other financial assets and liabilities are not exposed to interest rate risk.
b Maturities based on the maturity date of the debt facilities, not the repricing date.
c Interest rates vary from nil to 7.5% per annum (2006: nil to 7.3% per annum).

Interest rate derivatives

Australian dollar interest rate swaps										
2007										
Fixed rate receiver against A$ bank bills	3.5	5.9	–	150.0	–	150.0	–	–	3.2	–
2006										
Fixed rate receiver against A$ bank bills	4.5	5.9	–	150.0	–	150.0	–	–	–	0.7

NET FAIR VALUES ($ MILLION)	CARRYING AMOUNT ASSET **2007**	2006	LIABILITY **2007**	2006	NET FAIR VALUE ASSET **2007**	2006	LIABILITY **2007**	2006
Other financial assets	**168.2**	146.8			**168.2**	146.8		
Current trade receivables	**390.6**	435.9			**390.6**	435.9		
Current payables and financial liabilities			**491.0**	616.1			**491.0**	616.1
Non-current payables and financial liabilities			**78.2**	203.0			**78.2**	203.0
Total	**558.8**	582.7	**569.2**	819.1	**558.8**	582.7	**569.2**	819.1

		Ownership interest 2007 %	2006 %	Carrying amount 2007 $ million	2006 $ million
31 EQUITY ACCOUNTING INFORMATION					
Name of entity	**Principal activity**				
C. Czarnikow Limited [a]	Sugar brokering	**43**	43	**18.0**	14.5
Enviroguard Pty Limited	Waste management	**50**	50	**6.0**	5.7
Rondo Pty Limited	Building products	**50**	50	**8.2**	8.2
Other non-material associates				**0.8**	0.7
Total investments accounted for using the equity method				**33.0**	29.1

All incorporated in Australia except C. Czarnikow Limited which is incorporated in England and Wales.

($ MILLION)	CSR Group 2007	2006
Equity accounted amount of investments at the beginning of the financial year	**29.1**	25.0
Share of associate entities' profit from ordinary activities before income tax	**32.6**	31.4
Share of income tax	**(9.9)**	(9.3)
Dividends and distributions received	**(18.8)**	(17.9)
Foreign currency translation and other	**–**	(0.1)
Equity accounted amount of investments at the end of the financial year	**33.0**	29.1
Share of revenue and reserves attributable to associate entities		
Revenue	**142.0**	142.2
Retained profits [b]	**23.2**	21.9
Asset revaluation reserves [b]	**1.4**	0.7
Other reserves [b]	**8.7**	8.6
Summarised balance sheet of associate entities		
Assets		
– cash	**49.8**	65.0
– other current assets	**442.1**	215.7
– property, plant and equipment	**19.7**	18.3
– other non-current assets	**13.0**	1.9
Liabilities		
– current payables	**163.2**	131.8
– current borrowings and other liabilities	**265.1**	87.9
– non-current liabilities	**8.9**	16.0
Net assets	**87.4**	65.2

($ MILLION)	CSR Group 2007	2006	CSR Limited 2007	2006
Balances and transactions with associate entities [c]				
Current loans and receivables	**10.4**	8.3	**10.4**	8.3
Non-current loans and receivables	**18.2**	16.5	**7.2**	5.5
New loans and receivables	**13.1**	11.7	**3.0**	10.5
Loans and receivables repaid	**11.0**	15.5	**3.2**	3.0
Current payables	**3.9**	3.5	**–**	–
Purchases of goods and services	**44.2**	38.6	**–**	–
Sales of goods and services	**4.9**	2.5	**–**	–
Dividends and distributions received and receivable	**18.8**	17.9	**–**	–

a The reporting date is 31 December.
b The opening balances as at 1 April 2005 were retained profits $18.2 million, asset revaluation reserves $0.7 million and other reserves $9.1 million.
c Purchases and sales of goods and services are on normal terms and conditions.

32 PARTICULARS RELATING TO CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION/ FORMATION	% CSR OWNERSHIP 2007	2006
BETIGL Pty Ltd (formerly Amalgamated Sugar Mills Pty Ltd)[a]	Australia	**–**	100
BI (Contracting) Pty Ltd	Australia	**100**	100
Bradford Insulation Industries Pty Ltd	Australia	**100**	100
Bradford Insulation (SA) Pty Ltd[b]	Australia	**100**	100
Buchanan Borehole Collieries Pty Ltd	Australia	**100**	100
Chelsea Estates NZ Pty Ltd	Australia	**100**	100
Chelsea Nominees Ltd	New Zealand	**100**	100
CSR Bradford Air (M) Sdn Bhd	Malaysia	**70**	70
CSR Building Materials (HK) Ltd	Hong Kong	**100**	100
CSR Building Materials (M) Sdn Bhd	Malaysia	**70**	70
CSR Building Products (NZ) Ltd	New Zealand	**100**	100
CSR Building Materials Trading (Shanghai) Co., Ltd	China	**100**	100
CSR Building Products Ltd	Australia	**100**	100
CSR Climate Control (M) Sdn Bhd	Malaysia	**70**	70
CSR Developments Pty Ltd	Australia	**100**	100
CSR Distilleries Operations Pty Ltd	Australia	**100**	100
CSR Erskine Park Trust	Australia	**100**	100
CSR Ethanol Pty Ltd	Australia	**100**	100
CSR Finance Ltd	Australia	**100**	100
CSR Guangdong Glasswool Co., Ltd	China	**79**	79
CSR Industrial Property Trust	Australia	**100**	100
CSR Industrial Property Nominees No 1 Pty Ltd	Australia	**100**	100
CSR Industrial Property Nominees No 2 Pty Ltd	Australia	**100**	100
CSR Insulation (Thailand) Limited	Thailand	**100**	100
CSR Insurance Pte Limited	Singapore	**100**	100
CSR International Pty Ltd	Australia	**100**	100
CSR Investments Pty Ltd	Australia	**100**	100
CSR Investments (Asia) Pty Ltd	Australia	**100**	100
CSR Investments (Indonesia) Pty Ltd	Australia	**100**	100
CSR Investments (Thailand) Pty Ltd	Australia	**100**	100
CSR Plane Creek Pty Ltd	Australia	**100**	100
CSR Refining Investments Pty Ltd	Australia	**100**	100

	COUNTRY OF INCORPORATION/ FORMATION	% CSR OWNERSHIP 2007	2006
CSR Refining Investments (NZ) Ltd	New Zealand	**100**	100
CSR Share Plan Pty Ltd	Australia	**100**	100
CSR South East Asia Pte Ltd	Singapore	**100**	100
CSR Sugar Investments Pty Ltd	Australia	**100**	100
CSR Sugar Pty Ltd	Australia	**100**	100
CSR Sugar (Herbert) Pty Ltd	Australia	**100**	100
CSR Sugar (Invicta) Pty Ltd	Australia	**100**	100
CSR Sugar (Kalamia) Pty Ltd	Australia	**100**	100
CSR (Guangzhou) Building Materials Co., Ltd	China	**100**	100
CSR (Guangdong) Rockwool Co., Ltd	China	**70**	70
CSR (Pioneer Sugar) Pty Ltd	Australia	**100**	100
Farley & Lewers Pty Ltd	Australia	**100**	100
FEP Concrete Pty Ltd	Australia	**100**	100
Gove Aluminium Finance Ltd	Australia	**70**	70
Gyprock Holdings Pty Ltd	Australia	**100**	100
Midalco Pty Ltd	Australia	**100**	100
New Zealand Sugar Company Ltd	New Zealand	**75**	75
PEDD Investments (Taiwan) Pty Ltd (formerly CSR Investments (Taiwan) Pty Ltd)[a]	Australia	**–**	100
Pioneer Sugar Mills Pty Ltd	Australia	**100**	100
Premier Packers Ltd	New Zealand	**75**	75
PT Prima Karya Plasterboard	Indonesia	**100**	100
Refined Sugar Services Pty Ltd	Australia	**100**	100
Rivarol Pty Ltd	Australia	**100**	100
Seltsam Pty Ltd	Australia	**100**	100
Softwood Holdings Ltd[b]	Australia	**100**	100
Softwood Plantations Pty Ltd[b]	Australia	**100**	100
Softwoods Queensland Pty Ltd[b]	Australia	**100**	100
Sugar Australia Joint Venture	Australia	**75**	75
Sugar Australia Pty Ltd	Australia	**75**	75
Tatefield Pty Ltd	Australia	**75**	75
The Haughton Sugar Co Pty Ltd	Australia	**100**	100
Thiess Bros Pty Ltd	Australia	**100**	100
Thiess Holdings Pty Ltd	Australia	**100**	100

a Liquidated/deregistered during the financial year.
b In voluntary liquidation.

33 CONTRACTED LEASE AND HIRE EXPENDITURE[a]

($ MILLION)	CSR GROUP 2007	2006	CSR LIMITED 2007	2006
Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements				
Land and buildings	**32.2**	19.7	**10.7**	3.4
Plant and equipment	**72.9**	66.0	**0.1**	0.3
	105.1	85.7	**10.8**	3.7
Contracted lease and hire expenditure comprises:				
Non-cancellable operating leases payable				
Within one year	**24.5**	10.0	**3.4**	3.1
Between one and two years	**21.0**	7.0	**3.5**	–
Between two and five years	**20.5**	12.9	**3.2**	–
After five years	**–**	5.7	**–**	–
	66.0	35.6	**10.1**	3.1
Other payable				
Within one year	**10.8**	7.7	**0.2**	0.2
Between one and two years	**9.3**	7.6	**0.2**	0.2
Between two and five years	**19.0**	22.2	**0.3**	0.2
After five years	**–**	12.6	**–**	–
	39.1	50.1	**0.7**	0.6
Total operating lease and hire expenditure	**105.1**	85.7	**10.8**	3.7

a The operating lease and rental payments were CSR group $30.8 million (2006: $30.1 million) and CSR Limited $4.2 million (2006: $4.7 million). The total of minimum rentals to be received in the future under non-cancellable sub-leases as at 31 March 2007 is not material. Contingent rentals for 2007 and 2006 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 profitability of business conducted at the location. Finance lease liabilities are detailed in note 18.

($ MILLION)	CSR GROUP 2007	CSR GROUP 2006	CSR LIMITED 2007	CSR LIMITED 2006
34 CONTRACTED CAPITAL EXPENDITURE				
Estimated capital expenditure contracted for at year end but not provided for				
Payable within one year – CSR group	**86.8**	57.3	**33.0**	12.8
Payable within one year – associate entities	**–**	–	**–**	–
Total contracted capital expenditure	**86.8**	57.3	**33.0**	12.8
35 CONTINGENT LIABILITIES				
Contingent liabilities, capable of estimation, arise in respect of the following categories:				
Performance guarantees provided to third parties and other contingent liabilities	**11.3**	3.2	**–**	–
Guarantees given by CSR Limited in respect of amounts borrowed by CSR Finance Limited			**0.1**	0.1
Total contingent liabilities	**11.3**	3.2	**0.1**	0.1

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

In Australia, asbestos related personal injury claims have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos. As at 31 March 2007, there were 539 such claims pending.

In the United States, claims are 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 2007, there were 2,496 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2007, CSR had resolved 2,138 claims in Australia and approximately 131,000 claims in the United States. There are uncertainties surrounding litigation in each of the United States and Australia. The incidence of asbestos related disease, the propensity of claimants to make formal demands on CSR, the amount of those demands, the presence of other defendants in litigation involving CSR, the impact on the United States litigation environment of recent asbestos bankruptcies, the passage of certain state based legislation relating to asbestos claims in the United States, and recent changes to the system for compensating asbestos claims in New South Wales impact the numbers and value of claims made against CSR.

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

In 1995, CSR Limited commenced proceedings in the United States District Court for the District of New Jersey against various Australian, European and American insurers that issued policies to CSR from approximately 1978 to 1989 (the Policies). In those proceedings, CSR sought, among other things, (1) compensatory damages for breach of contract for failure to defend and indemnify CSR in US asbestos litigation; (2) a declaratory judgement that CSR is entitled to coverage under the Policies for future US asbestos claims; and (3) punitive damages for defendants' bad faith. The insurers denied liability for CSR's claims and raised various defences in the proceedings.

CSR has now resolved the New Jersey litigation against all but a few minor insolvent defendants. Settlements to date with defendants in the litigation have totalled more than A$280 million before litigation costs. Major settlements have included a settlement in 2004 with certain Underwriters at Lloyd's (reinsured by Equitas) for A$41 million; a settlement in April 2006 with a group of 49 Australian, United Kingdom and European insurers for A$105 million; and a settlement in December 2006 with ACE Insurance Limited and certain of its affiliates for A$120 million. CSR does not anticipate any further material settlements in or developments with respect to the New Jersey litigation.

At 31 March 2007, a provision of $388.0 million (2006: $365.8 million) has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos related claims or the future impact on its financial condition. However, taking into account the provision already included in CSR's financial statements and current claims management experience, CSR is of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on the CSR group financial condition.

Workers' compensation
CSR Limited 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.

($ MILLION)

36 ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES

VALUE OF NET ASSETS OF CONTROLLED ENTITIES AND BUSINESSES ACQUIRED/DISPOSED	CSR GROUP ACQUISITIONS 2007	2006	CSR GROUP DISPOSALS 2007	2006
Inventories	**–**	1.5	**–**	–
Other current assets	**–**	0.1	**–**	–
Property, plant and equipment	**0.3**	2.6	**–**	–
Intangible assets	**6.7**	1.3	**–**	–
Other non-current assets	**–**	0.1	**–**	–
Interest-bearing liabilities	**–**	(0.5)	**–**	–
Provisions and tax liabilities	**–**	(0.3)	**–**	–
	7.0	4.8	**–**	–
Goodwill acquired	**0.7**	0.9	**–**	–
Total consideration	**7.7**	5.7	**–**	–
Cash balances acquired/disposed	**–**	–	**–**	–
Total flow of cash	**7.7**	5.7	**–**	–

37 SUBSEQUENT EVENTS

There have been no changes in events since 31 March 2007 that would materially impact any information disclosed in this financial report.

DIRECTORS' DECLARATION

1. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 March 2007.
2. In the Directors' opinion:
   (a) the financial statements and notes, set out on pages 41 to 67 are in accordance with the Corporations Act 2001, including:
      (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
      (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2007 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
   (b) there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors pursuant to section 295(5) of the Corporations Act 2001.

Ian Blackburne

IAN BLACKBURNE
CHAIRMAN

JERRY MAYCOCK
MANAGING DIRECTOR
16 May 2007

Deloitte.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CSR LIMITED

We have audited the accompanying financial report of CSR Limited, which comprises the balance sheet as at 31 March 2007, and the income statement, cash flow statement and statement of recognised income and expenses for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 41 to 67.

The company has disclosed information about the compensation of key management personnel as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB124 Related Party Disclosures ("AASB124") ("the compensation disclosures"), under the heading "Remuneration Report" in pages 33 to 38 of the directors' report, and not in the financial report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. The responsibility includes designing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors are also responsible for the compensation disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and the compensation disclosures comply with AASB124. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the compensation disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

AUDIT OPINION

In our opinion:

(1) the financial report of CSR Limited is in accordance with 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 2007 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(2) the compensation disclosures that are contained under the heading "Remuneration Report" in pages 33 to 38 of the directors' report comply with Accounting Standard paragraphs Aus 25.4 to Aus 25.7.2 of AASB124.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G COUTTAS
PARTNER
CHARTERED ACCOUNTANTS
Sydney, 16 May 2007

The following declaration has been provided to the directors of CSR Limited

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CSR LIMITED

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

As lead audit partner for the audit of CSR Limited financial statements for the year ended 31 March 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G COUTTAS
PARTNER
CHARTERED ACCOUNTANTS
Sydney, 16 May 2007

SHARE INFORMATION

AS AT 16 MAY 2007	ORDINARY SHARES	% OF TOTAL SHARES
20 LARGEST HOLDERS OF ORDINARY FULLY PAID SHARES		
HSBC Custody Nominees (Australia) Limited	134,918,164	15.40
JPMorgan Nominees Australia Limited	130,824,044	14.93
National Nominees Limited	95,364,891	10.88
ANZ Nominees Limited	28,043,919	3.20
RBC Dexia Investor Services Australia Nominees Pty Limited	25,423,076	2.90
Citicorp Nominees Pty Limited	24,472,375	2.79
Cogent Nominees Pty Limited	20,655,419	2.36
CSR Share Plan Pty Limited	8,260,729	0.94
Australian Foundation Investment Company Limited	6,244,404	0.71
RBC Dexia Investor Services Australia Nominees Pty Limited	3,839,120	0.44
AMP Life Limited	3,640,454	0.42
Queensland Investment Corporation	3,284,609	0.37
Argo Investments Limited	3,095,512	0.35
Perpetual Trustee Company Limited	3,002,967	0.34
RBC Dexia Investor Services Australia Nominees Pty Limited	2,902,691	0.33
The Senior Master of the Supreme Court	2,838,047	0.32
Australian Reward Investment Alliance	2,557,094	0.29
HSBC Custody Nominees (Australia) Limited	2,405,706	0.27
UBS Nominees Pty Limited	2,355,000	0.27
IAG Nominees Pty Limited	2,354,508	0.27
	506,482,729	57.78
Total issued capital	876,277,500	

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

M&G Investment Management Limited advised that, as at 4 May 2007, it and its associates had a relevant interest in 89.28 million shares, which represented 10.16% of CSR's total issued capital.

Perpetual Limited advised that, as at 16 January 2007, it and its associates had a relevant interest in 54.13 million shares, which represented 6.18% of CSR's total issued capital.

Barclays Global Investors Australia Limited advised that, as at 10 May 2007, it and its associates had a relevant interest in 54.19 million shares, which represented 6.17% of CSR's total issued capital.

M&G Investment Funds advised that, as at 12 April 2007, it and its associates had a relevant interest in 53.35 million shares, which represented 6.07% of CSR's total issued capital.

MIR Investment Management Limited advised that, as at 3 May 2007, it and its associates had a relevant interest in 43.92 million shares, which represented 5.01% of CSR's total issued capital.

AS AT 16 MAY 2007	SHAREHOLDERS	%	SHARES	%
DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDINGS				
Registered address				
Australia	84,230	96.30	865,567,647	98.78
New Zealand	2,034	2.32	6,657,527	0.76
United Kingdom	443	0.51	1,330,369	0.15
United States	189	0.22	383,365	0.04
Other	565	0.65	2,338,592	0.27
Total	87,461	100.00	876,277,500	100.00
Size of shareholding				
1 – 1,000	28,584	32.68	17,041,268	1.94
1,001 – 5,000	42,672	48.79	108,458,124	12.38
5,001 – 10,000	10,320	11.80	75,160,194	8.58
10,001 – 100,000	5,690	6.51	115,581,344	13.19
100,001 – and over	195	0.22	560,036,570	63.91
Total	87,461	100.00	876,277,500	100.00
Shareholdings of less than a marketable parcel				
Holdings of 137 or less shares	945	1.08	76,743	0.01

ON-MARKET BUYBACK

In July 2006, the company announced a 12 month on-market buyback of up to 5% of its shares. During the year ended 31 March 2007, 37.4 million shares were purchased at an average price of $3.06 per share.

RECENT CSR DIVIDENDS

DATE PAID	TYPE OF DIVIDEND	DIVIDEND PER SHARE	FRANKING	FRANKED AMOUNT PER SHARE AT 30% TAX
July 2004	Final	6 cents	70%	4.2 cents
December 2004	Interim	6 cents	100%	6 cents
July 2005	Final	6 cents	100%	6 cents
August 2005	Capital return	20 cents		
December 2005	Interim	6 cents	100%	6 cents
July 2006	Final	9 cents	100%	9 cents
December 2006	Interim	6 cents	100%	6 cents

CSR LIMITED ABN 90 000 001 276

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CSR internet site www.csr.com.au

INFORMATION FOR SHAREHOLDERS

Annual general meeting
10.00 am Thursday 5 July 2007
The Four Seasons Hotel
199 George Street, Sydney

SHAREHOLDERS' TIMETABLE [a]

	2007
CSR year end	31 March
Full year profit and final dividend announced	16 May
Shares begin trading ex dividend	5 June
Annual report, notice of meeting and proxy form released	6 June
Record date for final dividend	12 June
Final dividend paid	3 July
Proxy returns close 10.00 am Sydney	3 July
Annual general meeting 10.00 am Sydney	5 July
CSR half year end	30 September
Half year profit and half year dividend announced	7 November

	2008
CSR year end	31 March

a Timing of events is subject to change.

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 2975, Melbourne Vic 3001 Australia

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