Knowledge you can build on

CONTENTS

CSR's building products brands have been trusted by generations of Australians. Now, CSR is developing products and solutions for the future of building.

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Bricks and Roofing CSR's Bricks and Roofing businesses include widely recognised brands such as PGH™ clay bricks and pavers, Monier™ concrete roof tiles and Wunderlich™ terracotta roof tiles.

Lightweight Systems CSR provides a range of lightweight and energy efficient solutions in residential and commercial construction, through its market-leading brands, including Gyprock™ plasterboard, Bradford™ insulation, Cemintel™ fibre cement, Ceilector™ ceiling solutions, Hebel® lightweight concrete products and Edmonds™ ventilation systems.

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Viridian™ is Australia's leading glass provider and the only manufacturer of float and hardcoat performance glass products in Australia. Viridian's broad product range includes energy efficient glass and glass for a variety of other solutions, including noise reduction, security, mirrored and privacy glass and decorative interior glass.

CSR'S TRUSTED BUILDING PRODUCTS BRANDS

GYPROCK™ Everything else is just plasterboard

Bradford™ for smarter environments

cemintel™ fibre cement systems

MONIER™ BRICKS & ROOFING

MONIER™ Living in style.

“The cover showcases the CSR house which has been built to an 8 star energy efficient rating to provide a tangible experience for a range of stakeholders of how CSR products and systems can be used to provide greater energy efficiency in building.”

CSR prides itself on being at the forefront of innovation across its building products portfolio. We operate low cost manufacturing facilities and a strong distribution network to service our customers across Australia and New Zealand.

We continue to invest in research to develop new products and solutions in residential and commercial construction.

Our focus is on developing innovative solutions right across our portfolio, targeting the buildings of the future. Our customers benefit from our insight and expertise built over decades of experience.

It’s knowledge you can build on.

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Aluminium CSR holds an effective 25.2 per cent interest in the Tomago aluminium smelter joint venture through its 70 per cent interest in Gove Aluminium Finance Limited (GAF) which in turn owns 36.05 per cent of Tomago. Located near Newcastle, NSW, Tomago produces some 25 per cent of Australia’s primary aluminium production.

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Property CSR’s Property division is responsible for managing CSR’s property portfolio, with a primary focus on maximising financial returns by developing surplus former CSR manufacturing sites and industrial land for sale. The division obtains rezoning approvals and pre-commitments before developing particular parcels of land to on-sell to a range of buyers.

WUNDERLICH The lasting beauty of terracotta | EDMONDS Technologies for a Sustainable Future | hebel The better way to build | PGH BRICKS & PAVERS | Ceilector Ceiling Solutions | Viridian New World Glass

Highlights

- Net profit (pre significant items) of $90.7 million – slightly improved from prior year ($90.2 million)[1,2]
- Statutory net profit of $76.3 million compared to a net loss of $78.0 million in the prior year[1]
- Full year dividend of 13 cents per share fully franked
- Earnings per share (pre significant items) of 17.9 cents per share compared to 17.8 cents per share in prior year[1]
- Earnings before interest and tax (EBIT) of $156.7 million compared to $212.0 million in prior year[1]
- Strong financial position maintained – net cash at year end $55.7 million

[1] From continuing operations which exclude the Sucrogen and Asian insulation businesses which were sold on 22 December 2010.

[2] Net profit (pre significant items) is a non-IFRS measure and is used internally by management to assess the performance of the business and has been extracted or derived from CSR's audited financial statements for the year ended 31 March 2012.

YEAR ENDED 31 MARCH 2012

TRADING REVENUE

$1,801.9m

EBIT BEFORE SIGNIFICANT ITEMS

$156.7m

NET PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS

$90.7m

STATUTORY NET PROFIT AFTER TAX

$76.3m

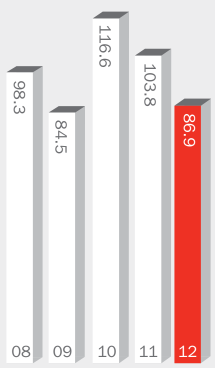
EARNINGS PER SHARE BEFORE SIGNIFICANT ITEMS

17.9c

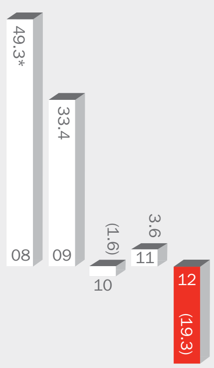
FULL YEAR DIVIDEND PER SHARE

13.0c

BUILDING PRODUCTS EBIT
YEAR ENDED 31 MARCH
($ MILLION)

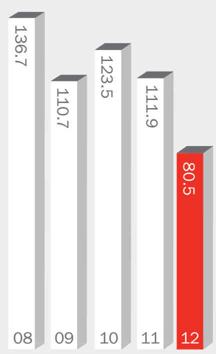


VIRIDIAN EBIT
YEAR ENDED 31 MARCH
($ MILLION)



* Includes 9 months Pilkington, 6 months DMS.

ALUMINIUM EBIT
YEAR ENDED 31 MARCH
($ MILLION)



Five year performance

YEAR ENDED 31 MARCH ($ MILLION) UNLESS STATED	**Continuing operations[a]**				
	2012	2011	2010	2009	2008
Operating results					
Trading revenue	**1,801.9**	1,913.6	3,754.9	3,492.8	3,231.3
Earnings before interest and tax (EBIT)					
Building Products	**86.9**	103.8	116.6	84.5	98.3
Viridian	**(19.3)**	3.6	(1.6)	33.4	49.3
Aluminium	**80.5**	111.9	123.5	110.7	136.7
Property	**24.4**	14.6	12.8	25.1	45.4
Sucrogen	–	–	135.7	83.7	71.7
Segment total	**172.5**	233.9	387.0	337.4	401.4
Corporate [b]	**(15.3)**	(19.0)	(18.6)	(17.0)	(18.4)
Restructuring and provisions	**(0.5)**	(2.9)	(4.3)	(0.3)	3.3
CSR EBIT	**156.7**	212.0	364.1	320.1	386.3
Net profit after tax (before significant items)	**90.7**	90.2	173.4	134.0	192.8
Net profit (loss) after tax (after significant items)	**76.3**	(78.0)	(111.7)	(326.5)	177.4
Financial position					
Shareholders' funds	**1,278.7**	1,281.3	1,818.2	1,586.5	1,590.7
Total assets	**2,247.8**	2,258.2	3,874.6	4,188.4	4,099.2
Net (cash)/debt	**(55.7)**	(139.1)	766.9	1,189.4	1,236.7
Key data per share					
Earnings before significant items (cents) [c]	**17.9**	17.8	38.1	36.6	62.7
Earnings after significant items (cents) [c]	**15.1**	(15.4)	(24.5)	(89.1)	57.6
Dividend (cents)	**13.0**	14.3[c]	25.5[d]	22.5[d]	45.0[d]
Payout ratio (%)	**72.6**	80.0	66.9	61.5	71.8
Key measures					
Profit margin (EBIT: trading revenue) (%)	**8.7**	11.1	9.7	9.2	12.0
Return on shareholders' funds (%) [e]	**7.4**	10.6	10.5	9.4	12.7
Gearing at 31 March (%) [e] (net debt/net debt plus equity)	**n/a**	n/a	30.1	43.3	43.0
Interest cover at 31 March (times)	**n/a**	n/a	9.3	5.5	7.4
Employees (number of people employed)	**3,582**	3,925	6,738	6,704	7,282

[a] From continuing operations which exclude the Sucrogen and Asian insulation businesses which were sold on 22 December 2010.

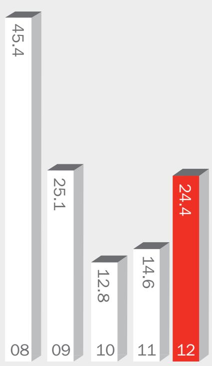
[b] Represents unallocated overhead and other revenues.

[c] Interim dividend restated for the 3:1 share consolidation completed on 3 March 2011 and excludes special dividend of 9.1 cents.

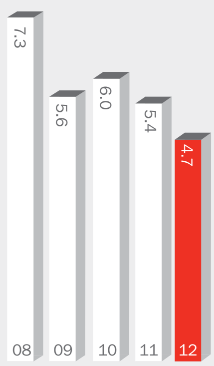
[d] Restated for the 3:1 share consolidation completed on 3 March 2011.

[e] Restated to exclude the fair value of hedges from equity.

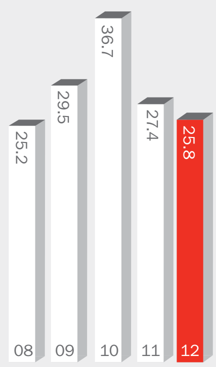
PROPERTY EBIT
YEAR ENDED 31 MARCH
($ MILLION)



LOST TIME INJURY FREQUENCY RATE
YEAR ENDED 31 MARCH
(PER MILLION WORK HOURS)



TOTAL RECORDABLE INJURY FREQUENCY RATE
YEAR ENDED 31 MARCH
(PER MILLION WORK HOURS)



Positioning CSR to meet challenging markets

JEREMY SUTCLIFFE
CHAIRMAN

This has been an extremely tough year.

Residential and commercial construction activity declined in Australia from already very low levels so much so, that in some states, it is now at the lowest it has been for over 10 years.

CSR, like other Australian manufacturing companies, was also adversely impacted by the record high Australian dollar. This, combined with declining LME aluminium prices, resulted in lower earnings in our other important division, our investment in Tomago Aluminium.

Primarily as a result of these external factors, CSR's earnings before interest and tax (EBIT) before significant items declined by 26 per cent to $156.7 million for the year. Our net profit after tax from continuing operations (before significant items) of $90.7 million was, however, slightly ahead of last year.

Our statutory net profit of $76.3 million was a significant improvement on the loss recorded in the previous year.

Your board's decision to use the proceeds of the sale of the Sucrogen business in 2010, to repay CSR's debt, (in addition to returning $800 million to shareholders), resulted in significantly lower interest costs during the year. Having no debt and such a strong balance sheet is a big plus as we face such a challenging economic environment.

Our strong financial position also assists CSR in continuing to pay dividends to our shareholders. We understand the importance of this and it remains a key focus of the board.

As a result, the board resolved to pay a final dividend of 7.0 cents per share fully franked which brings the total dividend for the financial year to 13.0 cents per share, fully franked.

MEETING THE CHALLENGES

While the high Australian dollar and low levels of construction activity make for very difficult market conditions, we remain focused on the things we can control. CSR continues to make progress on improving our underlying businesses which will stand the company in good stead as market conditions improve.

Viridian remains a problem for us. Our current management, although not responsible for the Viridian acquisition, is determined to extract value from the business. We announced a restructure in the Viridian Primary Products business which will result in around $10 million in annualised cost savings. We also established a joint venture of Viridian's Glass Processing & Services business in New Zealand. This will result in a significantly more cost efficient structure through site rationalisation and other savings.

While Viridian's current performance remains very disappointing, it is important to note that the business was positive at the EBITDA line for the year.

It is pleasing to note that within our Lightweight Systems division, Gyprock, Cemintel and Hebel all performed strongly. We have also been reducing costs throughout our operations and aligning manufacturing capacity to the current weaker market conditions.

INVESTING FOR GROWTH

In addition to focusing on overall cost efficiencies to meet the current market, we also need to continue our investment strategy to build sustainable businesses for the medium to longer term.

During the year, we added to our trade distribution network in plasterboard, extended our product range in glass, fibre cement and bricks and also broadened our customer offering in insulation to include energy efficiency services such as solar energy.

I believe our strategy provides a sound platform for sustainable earnings growth as markets recover. CSR's strong financial position also gives us the leverage to complement this organic growth with sensible acquisition and other business development opportunities.

> Having no debt and such a strong balance sheet is a big plus as we face such a challenging economic environment."

BOARD RENEWAL

Having successfully completed our separation strategy with the sale of Sucrogen in 2010, there were some changes to the board during the year.

Ian Blackburne retired in July 2011, having served as chairman for CSR for 8 years. Ian led CSR through a significant period of change, including the successful sale of Sucrogen in 2010 and I want to thank Ian for his long-standing dedication and leadership.

Rick Lee and Nick Burton Taylor, also retired from the board in May 2011. Both Rick and Nick made significant contributions to CSR during their time on the board, particularly in helping to steer CSR through its business separation process in 2009 and 2010.

John Story has also announced his intention to retire from the board following the Annual General Meeting in July 2012. John has been a director of CSR since 2003 and his counsel and experience have been invaluable to the company in that time.

We appointed two new directors to the board last year; Mike Ihlein and Rebecca McGrath.

Mike is a highly experienced professional, having held executive director positions with Coca-Cola Amatil as chief financial officer, and with Brambles as chief financial officer and chief executive officer. He is also on the board of Westfield Retail Trust.

Rebecca brings extensive industry experience to CSR across several disciplines, including finance, operations and marketing during her executive career with BP Australia. Rebecca is currently a non-executive director of Incitec Pivot Limited, Oz Minerals Limited and Goodman Group.

Both Rebecca and Mike are valuable additions to our board.

CSR PEOPLE

During the year, the board visited a number of CSR's manufacturing facilities, and it was encouraging to witness first-hand the progress and enthusiasm among our employees to improve our operations across all facets of our business.

On behalf of the board, I particularly want to thank our managing director, Rob Sindel, his executive team and our 3,600 employees across Australia and New Zealand for their commitment and focus in what has been, as I said, an extremely tough year for the company. Rob has shown exceptional leadership in challenging circumstances and has put the interests of CSR, its employees and other stakeholders first in everything he has done.

Finally, I would like to thank shareholders for your continued support of the company.

JEREMY SUTCLIFFE

A focused strategy to create sustainable value

ROB SINDEL
MANAGING DIRECTOR

Despite difficult market conditions over the past year, CSR continued to make steady progress on a number of fronts.

HEALTH AND SAFETY

The safety of our employees remains a core value of CSR. I am pleased to report that our safety performance improved during the course of the year. The rate of lost time injuries as measured by the lost time injury frequency rate declined from 5.4 to 4.7 while the total number of injuries as measured by the total recordable injury frequency rate declined from 27.4 to 25.8.

Despite this improvement, we are still incurring too many injuries. We continue to implement improvement programmes that include behavioural based initiatives to continue the good improvement that has been achieved in the past few years.

For the current financial year, we are targeting a further reduction in injuries of 25 per cent.

FINANCIAL RESULTS

Despite weak construction markets, a higher Australian dollar and a lower aluminium price, CSR's net profit after tax (before significant items) increased slightly to $90.7 million from the previous year's total of $90.2 million.

This result was assisted by a strong performance in our Gyprock, Cemintel and Hebel businesses and significantly reduced net finance costs following the repayment of outstanding debt after the sale of Sucrogen in the prior year. CSR also benefited from a lower effective tax rate.

Earnings before interest and tax (EBIT) (before significant items) were $156.7 million which was a reduction of 26 per cent on the previous year.

The continuing high Australian dollar and lower realised aluminium price impacted our aluminium earnings where EBIT declined by 28 per cent. Our hedging strategy protected earnings to some extent, however this was not sufficient to compensate for the lower aluminium price and higher input costs at the Tomago smelter.

The high Australian dollar, together with the continued downturn in construction activity also impacted the performance of Viridian which reported a loss of $19.3 million.

This result was particularly disappointing. While it reflects the continuing impact of these external factors, it has also led management to undertake a further restructure of the business and implement additional initiatives to further reduce the fixed cost base and improve operational efficiency.

With the exception of our insulation business, the remainder of our Building Products businesses are generally not trade exposed. Against the challenges of significantly weakening residential and commercial construction markets, our performance across these businesses was pleasing.

In our Lightweight Systems division particularly, we managed to increase earnings across most of our businesses despite the reduced levels of construction activity. This improvement demonstrates our leading market position. We have also strengthened our trade and distribution network with some prudent acquisitions.

Meanwhile, our smaller businesses in fibre cement, lightweight concrete and commercial interiors are also benefiting from our more focused business structure.

Earnings in Bradford Insulation were lower than last year with pricing continuing to be impacted by the overhang of the sudden termination of the Federal Government's ceiling insulation rebate scheme and the high Australian dollar which makes imported product more price competitive.

The construction market downturn, particularly in detached housing, also impacted the performance of our Bricks and Roofing division which reported lower revenue and earnings.

In total, EBIT from Building Products declined by 16 per cent to $86.9 million.

Our Property division completed a number of key transactions which enabled EBIT to increase by 67 per cent on the previous year to $24.4 million.

DELIVERING ON OUR STRATEGY

During the year we made progress in implementing our strategy to strengthen our Building Products business over the medium term.

Our strategy is straightforward and involves three core components:

(1) improving our manufacturing efficiency and lowering energy costs across our manufacturing facilities;

(2) investing in product and systems innovation to:
- improve speed and lower the cost of construction;
- increase our exposure to the growing segment of multi-residential construction;
- develop solutions which improve energy efficiency in buildings; and

(3) leverage our strong financial position with disciplined acquisitions which complement and strengthen our business.

> “During the year we made progress in implementing our strategy to strengthen our Building Products business over the medium term.”

IMPROVED MANUFACTURING EFFICIENCY

During the year, our management teams focused on reducing overhead costs, aligning production to meet current levels of demand and improving operational efficiency.

As a result, we continued to rationalise production which led to the difficult decisions to close our rockwool insulation factory at Clayton in Victoria and also mothball one kiln at our Cecil Park brick facility in Sydney.

In Viridian, we will complete the restructure of the Primary Products float glass manufacturing business later this year. As part of the restructure, Viridian has now ceased the manufacture of uneconomical, low margin products such as toughened door panels and has also reduced off-line cutting at the Dandenong and Ingleburn float glass facilities.

We are also rationalising our laminating operations in Melbourne with the closure of the two laminating lines at Clayton and Dandenong which will be replaced by a more efficient line at Dandenong. The new line is expected to be operational by the second half of the current financial year.

We also implemented a new programme targeting energy savings across our manufacturing sites. This has included using more efficient lighting, reducing compressed air leaks, optimising voltage at specific sites and using more efficient compressors.

PRODUCT AND SYSTEMS INNOVATION

One of our key initiatives last year was to establish the CSR innovation centre. This centre is developing building products and solutions targeting our core themes of speed and cost of construction, improved energy efficiency and greater exposure to multi-residential dwellings.

Our innovation team has already made significant progress, highlighted by the construction of the CSR house at Schofields, western Sydney. By constructing our own 8 star energy efficient house, we are able to demonstrate to our customers, building regulators and the industry more generally how to build more energy efficient houses at an affordable price point, using CSR’s suite of building products.

We are using the knowledge gained from this project to assist with our product and systems development.

Meanwhile, we continued to launch new products. Our Cemintel fibre cement business launched the Designer Series™ external cladding product, while PGH bricks launched the new ceramic glazed range of bricks. Our Hebel business successfully launched a supply and fix offer in Victoria, while Viridian launched SmartGlass™ energy efficient coated glass.

Our dedicated employees continue to ensure all our energy is directed at assisting our customers. The hard work, enthusiasm and dedication of our employees remain the difference between us and our competitors. I would again take the opportunity to thank them for their continued efforts as well as thanking our customers for their support.

DISCIPLINED ACQUISITIONS

We completed some small scale acquisitions during the year to complement our portfolio. In Gyprock, we enhanced our distribution network with the addition of a business in South Australia together with a plasterboard and trade distribution outlet in Karratha.

We completed the joint venture between our New Zealand glass subsidiary and Euroglass Systems Limited. The joint venture will result in a more efficient operational structure through ongoing cost synergies and site rationalisation savings.

Viridian also completed the acquisition of Burnbridge Glass in Newcastle, NSW.

OUTLOOK

For the current financial year, we expect housing starts in Australia to be around 140,000 (on a one quarter lag) compared to 148,300 in the previous year.

We expect non-residential construction to remain broadly steady on the previous year.

In that environment, we remain focused on ensuring our cost base and manufacturing capacity continue to reflect current market conditions.

Within our Building Products and Viridian businesses, we expect to benefit from the restructuring and business improvement initiatives implemented over the past year.

In Aluminium, lower US$ spot aluminium prices, together with the continuing high Australian dollar, mean we entered the current financial year with a significantly lower net hedged position than in previous years. We will add hedging as metal and currency markets permit; however, earnings in the current year will be more exposed to the A$ spot price of aluminium than in previous years.

As always, our Property earnings remain subject to the timing of specific transactions.

At a group level, CSR will continue to benefit from its strong financial position, resulting in low net finance costs.

ROB SINDEL

$255.7m
REVENUE
BRICKS AND ROOFING

$735.7m
REVENUE
LIGHTWEIGHT SYSTEMS

Building a strong foundation

Construction markets in Australia and New Zealand were significantly weaker than the previous year, with the majority of government stimulus programmes having concluded by the start of the financial year.

In Australia, total residential dwelling commencements declined by 12 per cent (on a one quarter lag basis) to 148,300 for the year ended 31 March 2012. In New Zealand, residential consents declined by 17 per cent on the previous year. In this very challenging market environment, Building Products trading revenue was $991.4 million, 6 per cent lower than the prior year. EBIT declined by 16 per cent to $86.9 million.

Bricks and Roofing The Bricks and Roofing division includes the PGH™ bricks, and Monier™, MonierPrime™ and Wunderlich™ roofing businesses.

PGH introduces new brick collections

PGH has upgraded its glazed brick range with new products scheduled for 2012.

The upgrade will result in an improvement in glaze consistency and quality.

Glazed bricks provide architects, builders and designers with a unique product choice with a distinguished tile-like finish.

The PGH glazed collection comes in a variety of colours.

Bricks and Roofing trading revenue declined by 11 per cent on the prior year to $255.7 million. While the key market of detached housing in Australia declined by 13 per cent for the year, trading revenue declined by less than this amount as a result of price increases.

In the Bricks business, lower volumes reflected the decline in detached residential housing markets, particularly in Queensland, NSW and South Australia where CSR has greatest market exposure. Despite the downturn, average selling prices increased in most markets, with a 20 per cent price increase implemented in Queensland from 1 January 2012.

Further price increases to recover the impost of the carbon tax will be implemented from 1 July 2012.

The Bricks business continues to rationalise manufacturing capacity to align production with the lower levels of demand. As a consequence, PGH ceased production at the Plant 1 brick manufacturing facility at Cecil Park, Sydney at the end of October 2011.

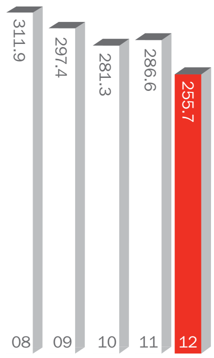
Plant 2 remains in operation and PGH is servicing the broader brick market with product ranges manufactured from other facilities within its network.

Market response to the new higher margin, ceramic glazed brick range produced at Horsley Park, Sydney, continues to improve with further product releases scheduled for this year.

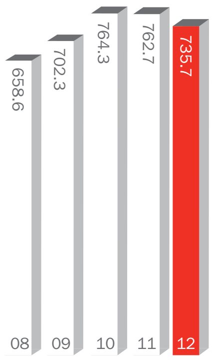
Trading revenue in roof tiles declined on lower volumes; however, the decline was less than the market as a result of higher average selling prices of around 2 per cent.

Volumes declined, particularly in the weak detached housing markets of Queensland and South Australia, partially off-set by better than market volume declines in Victoria and New Zealand.

BRICKS AND ROOFING REVENUE
YEAR ENDED 31 MARCH
($ MILLION)



LIGHTWEIGHT SYSTEMS REVENUE
YEAR ENDED 31 MARCH
($ MILLION)



AUSTRALIAN HOUSING STARTS
YEAR ENDED 31 MARCH
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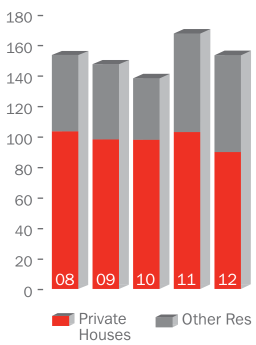
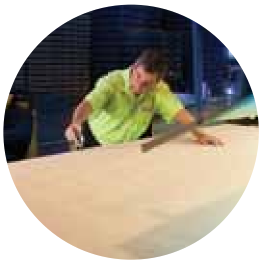


Source: ABS



"Gyprock maintained its market-leading brand position through its strong, national service offering."

Lightweight Systems The Lightweight Systems division includes the Gyprock™ plasterboard, Cemintel™ fibre cement, Ceilector™ commercial ceiling systems, Hebel® lightweight concrete products, Bradford™ insulation and Edmonds™ ventilation systems businesses. The division's results also includes nine months' contribution from the autoclaved aerated concrete (AAC) business in Malaysia which was sold in December 2011 compared to 12 months' contribution the previous year.

Lightweight Systems trading revenue was $735.7 million compared to $762.7 million in the prior year.

While the insulation business was impacted by the continuing high Australian dollar and the overhang of the sudden termination of the Federal Government's ceiling insulation rebate scheme, the remainder of the Lightweight Systems division delivered a strong performance in a difficult market.

Trading revenue in Gyprock, Cemintel and Hebel increased through a continued focus on pricing, shift in product mix towards higher value products and modest additional volume, primarily through prudent acquisitions to the Gyprock trade distribution network.

Total earnings in these businesses also improved on the prior year, reflecting increased sales, continued tight control on overhead expenditure and improved operational efficiencies across manufacturing facilities. The improvement in earnings also reflects the benefit from increased management focus on smaller businesses such as Cemintel, Hebel and Ceilector, with each business improving earnings on the prior year.

Gyprock maintained its market-leading brand position through its strong, national service offering.

During the year, Gyprock expanded its trade retail and customer service capability with the acquisition of a specialist supplier to the plasterboard segment in South Australia and a plasterboard and trade distribution outlet in Karratha, Western Australia.

Gyprock also opened two new trade facilities during the period: Gladstone in Queensland and Beresfield in NSW.

Meanwhile, Gyprock is enhancing its trade retail capability with the launch of its own branded accessory range, GTPRO™, with aligned distributors in the coming year.

Earnings in Cemintel fibre cement increased on the previous year, on further improvements in manufacturing efficiencies, and increased contribution from new products such as the Designer Series™ innovative external cladding product range which continues to gain traction in the market.

Earnings in Hebel lightweight concrete also increased on the prior year. Market response from residential builders to the supply and fix offer in Victoria continues to improve. Given this positive market feedback, Hebel intends to launch a similar supply and fix offer in NSW this year. The contract to provide sound barriers on the M2 motorway in Sydney also assisted earnings growth.

Earnings in the Ceilector commercial ceilings business increased from improved pricing and new systems such as aluminium partitioning in New Zealand.

Trading revenue and earnings in the Bradford Insulation business were lower than the previous year with pricing continuing to be impacted by the overhang of the sudden termination of the Federal Government's ceiling insulation rebate scheme and the high Australian dollar, which makes imported product more price competitive.

The prior year also included a more significant earnings contribution from the Home Insulation Safety Programme which was completed in April 2011.

Cemintel launches Designer Series™

Cemintel launched a new pre-finished lightweight walling solution, the Designer Series™, for the residential market.

The innovative range of pre-finished panels comes in a range of unique modern textures and colours. The product offers solutions for walling applications, from stand alone or feature walls to wrapping an entire house.

The Designers Series™ is lightweight and durable and provides an innovative fixing system which rapidly reduces installation time.

Upgrade for Gyprock at Yarraville

Gyprock has officially opened its refurbished manufacturing and state office facilities in Yarraville.

Gyprock, which celebrates its 65th anniversary in 2012, is the leading plasterboard brand in Australia.

The upgraded facility provides Gyprock a solid platform to leverage this position to build an even stronger manufacturing and distribution presence in the southern region, including Victoria, South Australia and Tasmania.

CSR invested $168 million to upgrade the facility which now provides Gyprock with a low cost plasterboard manufacturing and distribution capability in the region.

As part of the major capital upgrade, the boardline capacity has been increased by around 45 per cent, while a new gypsum storage facility provides under cover storage to reduce dust emissions.

The upgrade also provides additional environmental benefits such as reduced gas and water consumption.

"The restructure of the Primary Products float glass manufacturing business has commenced on schedule and is due to be completed by the end of calendar 2013."

Responding to difficult markets conditions

Viridian is Australia's leading glass provider and the only manufacturer of float and hardcoat performance glass products in Australia. Viridian's broad product range includes energy efficient glass and glass for a variety of other solutions, including noise reduction, security, mirrored and privacy glass and decorative interior glass.

CSR forms joint venture in New Zealand

Viridian has established a joint venture between its New Zealand glass subsidiary and Euroglass Systems Limited.

The joint venture, of which Viridian owns 58 per cent, will result in a more efficient operational structure through ongoing cost synergies and site rationalisation savings.

It will also provide modest additional glass volume by replacing previously imported glass with manufactured glass from Viridian's Primary Products business.

This transaction builds on the previous acquisition of Burnbridge Glass in NSW.

Viridian launches energy efficient glass

Viridian launched SmartGlass™, an affordable energy efficient upgrade that provides superior insulation than ordinary glass.

SmartGlass™ is a range of affordable energy efficient glass that reflects heat to actively insulate houses. It can help homes achieve up to an extra star rating in energy efficiency when compared to ordinary glass.*

It can also provide up to 39 per cent better insulation than ordinary glass.**

* Based on Accurate v1.4.1 modelling in Brisbane climate zone replacing 4mm clear float glass with 6mm SmartGlass™. Results will vary by location, orientation, materials and home design.

** Based on U-value comparison of 4mm clear float glass to 6mm SmartGlass™.

The result in Viridian was disappointing and reflects the business' sensitivity to changes in volume and currency.

The ongoing deterioration in construction markets, together with the continuing high Australian dollar, has a more pronounced impact on Viridian compared to other building products businesses in the CSR portfolio.

Primarily as a result of these external impacts, Viridian's revenue declined by 12 per cent to $306.1 million from $348.8 million the prior year. While EBITDA remained positive at $5.3 million, high levels of depreciation resulted in a loss before interest and tax of $19.3 million.

In response to these very challenging external market conditions, CSR has implemented initiatives to reduce the fixed cost base further and improve operational efficiency.

The restructure of the **Primary Products** float glass manufacturing business has commenced on schedule and is due to be completed by the end of calendar 2013.

As part of the restructure, Viridian has now ceased the manufacture of uneconomical, low margin products such as toughened door panels and has also reduced off-line cutting at the Dandenong and Ingleburn facilities. This cost saving has reduced the capacity at Ingleburn to approximately 65,000 tonnes from around 95,000 tonnes previously.

Further efficiencies will be achieved by switching the manufacture of non-coated grey glass from Ingleburn to Dandenong and by manufacturing grey coated glass at Dandenong instead of importing.

Viridian is also rationalising its laminating operations in Melbourne with the closure of the two laminating lines at Clayton and Dandenong which will be replaced by a more efficient line at Dandenong. The new line is expected to be operational by the second half of this year.

The restructure in Primary Products is expected to deliver ongoing annualised cost savings in excess of $10 million once complete.

In the **Glass Processing & Services** downstream business, Viridian's immediate focus continues on rationalising glass processing capacity, reducing fixed costs and improving service levels to support price increases.

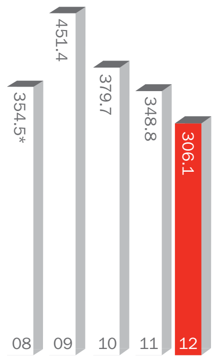
Having commenced the restructure in Primary Products and established the joint venture in New Zealand, Viridian's next focus is on the NSW market and how best to structure its processing capacity to optimise profitability in that state.

The capital projects within both the Primary Products and Glass Processing & Services businesses are largely complete, such that capital expenditure in Viridian is expected to more than halve in the current financial year.

$306.1m
REVENUE

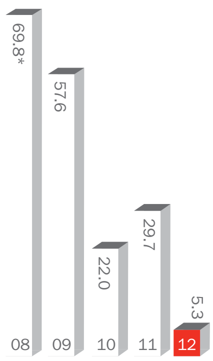
$5.3m
EBITDA

VIRIDIAN REVENUE
YEAR ENDED 31 MARCH
($ MILLION)



*Includes 9 months Pilkington, 6 months DMS.

VIRIDIAN EBITDA
YEAR ENDED 31 MARCH
($ MILLION)



*Includes 9 months Pilkington, 6 months DMS.

"Tomago has commenced a restructure of its operations to ensure the smelter maintains a globally cost competitive position."

Maintaining global cost competitiveness

Aluminium CSR holds an effective 25.2 per cent interest in the Tomago aluminium smelter joint venture through its 70 per cent interest in Gove Aluminium Finance Limited which in turn owns 36.05 per cent of Tomago.

Tomago to restructure its operations

Tomago Aluminium has announced plans to restructure its operations to ensure the business can compete globally in the current difficult market conditions.

Global economic uncertainty has resulted in the global price for aluminium declining from nearly US$2,800 per tonne in May 2011 to below US$2,000 per tonne at the start of 2012. During the same period the high Australian dollar has also impacted on price competitiveness.

The restructure will allow Tomago Aluminium to respond to the global pressures that are affecting the industry and create an improved and sustainable environment for its operations.

The restructure will involve a reduction of approximately 100 existing roles at the smelter, in addition to a number of other cost reduction initiatives including changes to maintenance and capital works budgets.

Earnings for Gove Aluminium Finance Limited (GAF) were impacted by lower revenue as a result of the lower A$ aluminium price and higher production costs at the Tomago smelter, primarily petroleum coke.

GAF sales volume of 193,808 tonnes was 3 per cent higher than last year's total of 188,246 tonnes.

However, the higher Australian dollar for much of the year resulted in an average A$ aluminium price *before* hedging of A$2,363 per tonne compared to A$2,537 per tonne the previous year.

Through its currency and metal hedging strategy, GAF managed to secure higher prices such that the average A$ realised price *after* hedging was A$2,603 per tonne – an increase of A$240 per tonne on the unhedged price in YEM12.

However, this average realised aluminium price after hedging was 5 per cent lower than last year (YEM11: A$2,738 per tonne). As a result, trading revenue of $504.4 million was 2 per cent lower than last year's total of $515.5 million.

EBIT was $80.5 million, 28 per cent lower than last year, impacted by the lower A$ realised aluminium price, increased input costs at the Tomago smelter and slightly higher contracted alumina costs.

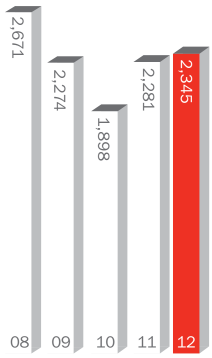
Global economic concerns caused a significant decline in the US$ LME 3 month price of aluminium from around US$2,800 per tonne in May 2011 to below US$2,000 per tonne at the start of calendar year 2012. Economic uncertainty in global markets continues to weigh on commodity markets in general and in base metal markets more particularly.

Lower US$ spot aluminium prices together with the continuing high Australian dollar means GAF has entered the current financial year with a significantly lower net hedged position than in previous years. For YEM13, GAF has approximately 14 per cent of its net aluminium exposure hedged at A$3,077 per tonne.

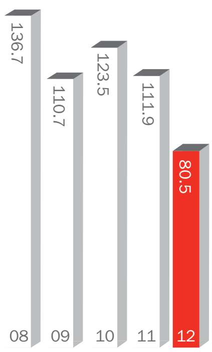
$504.4m
REVENUE

$80.5m
EBIT

AVERAGE LME ALUMINIUM PRICE
YEAR ENDED 31 MARCH
(US$ PER TONNE)



ALUMINIUM EBIT
YEAR ENDED 31 MARCH
($ MILLION)



"CSR continues to progress its medium term pipeline of property development opportunities."

Maximising value from development pipeline

Property CSR's Property division is responsible for managing CSR's property portfolio, with a primary focus on maximising financial returns by developing surplus former CSR manufacturing sites and industrial land for sale.

CSR sells Brendale residential development site to Defence Housing Australia

During the year, CSR sold a 535 lot residential development site at Brendale, north of Brisbane, to Defence Housing Australia (DHA).

The transaction is an example of CSR's strategy in its Property division, to reduce project risk and monetise its property portfolio to maximise value.

The Brendale site was a former quarry which DHA intends to redevelop for housing.

The sale follows the transaction in the previous year where CSR sold a 606 lot, 47 hectare residential development at Narangba to Stockland for $25.3 million.

EBIT from CSR's Property division was $24.4 million, an increase of 67 per cent from the previous year.

The primary contributor to earnings was the sale of the 535 lot, residential development at Brendale, north of Brisbane, to Defence Housing Australia for $35 million.

The project was sold on deferred settlement terms with the proceeds to be received in stages, concluding by August 2013.

A further sale of 7.5 hectares of industrial land at Brendale also contributed to EBIT for the year.

CSR completed the site remediation works on the remaining 38.5 hectares of industrial land it owns at Brendale with infrastructure works now commenced.

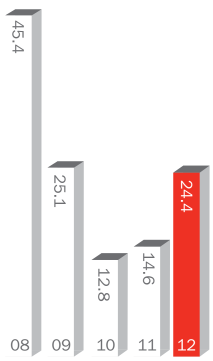
Sale proceeds of approximately $27 million from the sale of the 2.7 hectare former glass factory at Alexandria were received in the first half of the year.

Marketing continues for the remaining 9 hectares industrial site at Erskine Park, western Sydney while 5 light industrial lots at Darra, Brisbane remain to be sold out of a total of 40 lots.

Having received regulatory approvals, CSR is scheduled to commence development in mid 2012 of the first stage of the 536 lot residential development at Chirnside Park, Melbourne.

$24.4m
EBIT

PROPERTY EBIT
YEAR ENDED 31 MARCH
($ MILLION)



"Our sustainability agenda is entrenched within our corporate values."

Continuing our commitment to sustainable business practices

Community and sustainability CSR remains committed to integrating sustainable practices throughout all our businesses and these are embedded into our corporate values.

CSR's sustainability agenda extends beyond carbon emissions and environmental issues. At CSR, our sustainability agenda is entrenched within our values which are at the very core of our operations. We seek to create value within our business, recognising our broader responsibilities to the communities in which we operate.

Our approach to sustainability therefore is to operate our businesses safely and ethically, use resources such as energy and water more economically and generate less waste. However, our approach also focuses on creating better environments by manufacturing building products and systems which contribute to more energy efficient and sustainable buildings and by ensuring we continue to operate as a good corporate citizen by earning the respect of the communities in which we operate.

Full details of CSR's sustainability agenda and data relating to greenhouse gas emissions, energy consumption and water and waste production are included in CSR's sustainability report which is available on CSR's website www.csr.com.au.

SAFETY

Our commitment to safety in our workplace remains our highest priority. While safety performance during YEM12 continued to improve on the previous year, we still have considerable work to do to achieve our goal of 'zero harm' across all our operations.

For the year ended 31 March 2012, CSR's lost time injury frequency rate, which measures the number of lost time injuries per million work hours improved to 4.7 from 5.4 in the prior year.

The number of lost time injuries decreased by 7 per cent, while the severity rate of injuries decreased by 8 per cent. The number of recordable injuries, which includes lost time, restricted work and medical treatment injuries was down 8 per cent (190 compared to 206 in YEM11).

The majority of injuries in our workplace continue to comprise manual handling, with injuries such as cuts and abrasions accounting for most injuries.

Reducing injuries from manual handling continues to be major priority of our safety programme in the current year.

PEOPLE

As at 31 March 2012, CSR had 3,582 full-time equivalent (FTE) employees working across its operations in Australia and New Zealand. This is a reduction of 9 per cent and reflects the deteriorating conditions in residential and construction markets and CSR's response by aligning production with the lower levels of demand.

We remain committed to respecting the various differences among our people and also recognise the benefits which flow from having a workforce which embraces diversity.

The proportion of women working at CSR is approximately 14 per cent. While this is consistent with the industries in which we operate, we recognise that we have much work to do to improve the number of women working across our businesses.

COMMUNITY

CSR continues to partner with a number of organisations in line with our commitment to operate in a sustainable manner to gain the confidence of the communities in which we operate. A core component of our community involvement is the CSR Community Support Programme, under which CSR matches employee contributions dollar for dollar to three charities selected by employees: The Salvation Army, Youth off the Streets and Assistance Dogs. During the year, CSR and its employees donated $96,334 through the programme.

CSR also works with a range of organisations to support local communities in which we operate. As part of these initiatives, CSR donates a range of its building products to community organisations.

One of the major initiatives during the year was partnering with Youth off the Streets by assisting them to build a new Centre for Youth at Macquarie Fields in western Sydney. CSR provided a significant amount of technical building expertise and building products which helped to ensure this vital community asset was built.

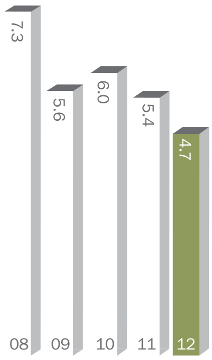
Also during the year, CSR commenced a partnership with the Australian Business and Community Network. This network includes a range of leading Australian companies where employees volunteer their time to help students from schools in disadvantaged areas with reading and mentoring programmes.

Over 50 CSR mentors have helped 57 students at five schools and volunteered 287 hours of their time to assist these students.

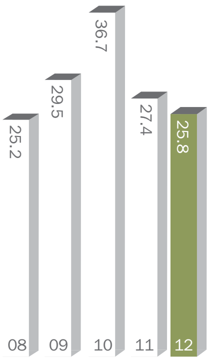
$96,334
COMMUNITY DONATIONS

12%
IMPROVEMENT IN SAFETY PERFORMANCE

LOST TIME INJURY FREQUENCY RATE
YEAR ENDED 31 MARCH
(PER MILLION WORK HOURS)



TOTAL RECORDABLE INJURY FREQUENCY RATE
YEAR ENDED 31 MARCH
(PER MILLION WORK HOURS)



Board of Directors

JEREMY SUTCLIFFE
LLB (HONS), MAICD, AGE 54.

Appointed chairman July 2011 and a member of the Risk & Audit Committee and Remuneration & Human Resources Committee. Jeremy joined the board in 2008 as an independent director. He held the position of interim CEO and managing director from 1 April to 31 December 2010. Jeremy was Group CEO of Sims Metal Management Limited from 2002 until 2008 and a director until 2009. He is a non-executive director of Amcor Limited, a member and director of The Australian Rugby League Commission Limited, holds advisory roles with Scholz AG and Veolia Environmental Australia and is a member of the Investment Committee of Lazard Australia Corporate Opportunity Fund No 2.

ROB SINDEL
BENG, MBA, GAICD, AGE 47.

Appointed to the board as an executive director December 2010 and managing director January 2011. Joined CSR April 2008 as Executive General Manager of CSR Lightweight Systems. In October 2009, appointed CEO of CSR Building Products. Formerly the managing director of Civil & Marine (UK), a subsidiary of the global building materials company, Hanson, now part of the Heidelberg Cement Group. Rob has also held the position of commercial trading director for Hanson Aggregates (UK). Previously, Rob was with Pioneer Australia, where he worked for over 13 years. A member of the UNSW Australian School of Business Advisory Council and a member of the Australian Business and Community Network Council, a not for profit organisation, working on mentoring and coaching programmes with schools in areas of high need.

MICHAEL IHLEIN
BBUS (ACCOUNTING), MAICD, CPA, AGE 56.

A member of the Workplace Health, Safety & Environment Committee and the Risk & Audit Committee. Mike joined the board in 2011 as an independent director. He is a highly experienced corporate and finance executive. He joined Brambles Limited as chief financial officer in 2004 and held the position of chief executive officer from 2007 until November 2009. Mike also had a long career with Coca-Cola Amatil Limited including seven years as chief financial officer and executive director and a number of senior operational, finance, business development and treasury roles including managing director of Coca-Cola Amatil Poland. Mike is currently a non-executive director, chair of the Audit & Risk Committee and a member of the Conflicts Committee of Westfield Retail Trust. He is also a member of the Australian Institute of Company Directors, CPA Australia, Financial Executives Institute of Australia and the Financial Services Institute of Australasia. He is also chair of the Australian Theatre for Young People.

REBECCA McGRATH
BTP (HONS), MASC, GAICD, AGE 47.

A member of the Workplace Health, Safety & Environment Committee and Remuneration & Human Resources Committee. Rebecca joined the board in 2012 as an independent director. She was formerly chief financial officer and executive director of BP Australasia, a position held until January 2012, prior to which she was vice president operations and executive director, Australia & Pacific for BP Australasia and general manager Group Marketing Performance, for BP Plc (London). Rebecca's management career with BP spanned 22 years. Rebecca is currently a non-executive director of Goodman Group, Oz Minerals Limited and Incitec Pivot Limited and was previously a non-executive director of Big Sky Credit Union. She is also a member of Chief Executive Women and a graduate of the Australian Institute of Company Directors.

KATHLEEN CONLON
BA (ECON) (DIST), MBA, AGE 48.

Chairman of the Remuneration & Human Resources Committee and a member of the Risk & Audit 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. She is a member of Chief Executive Women, a NSW council member of the Australian Institute of Company Directors and a non-executive director of REA Group Limited and Lynas Corporation Limited.

RAY HORSBURGH AM
BENG (CHEM), HON D UNIV, FAICD, FIE AUST, AGE 69.

Chairman of the Workplace Health, Safety & Environment Committee. He joined the board in October 2006. Ray has had a distinguished record of managing manufacturing businesses, including leading a number of mergers and acquisitions. He was managing director of Smorgon Steel Group Limited for 15 years until its merger with OneSteel Limited in August 2007. This followed a 31 year career with the Australian Consolidated Industries Group, primarily in senior roles in the glass and packaging businesses. In September 2007, he was appointed chairman of Toll Holdings Limited where he has served as a director for eight years. Ray is a director and former chairman of Traffic Technologies Limited, National Can Industries Limited, Revolution Roofing and the Ponting Foundation.

JOHN STORY
BA, LLB, FAICD, AGE 66.

Chairman of the Risk & Audit Committee and is a member of the Remuneration & Human Resources Committee. John joined the board in 2003. An independent director, he has a great depth of experience as a senior lawyer advising on corporate and commercial law. In 2007, he retired as non-executive chairman of the law firm Corrs Chambers Westgarth, where he was a partner for 36 years until his retirement as a partner in 2006. John retired as chairman of Suncorp-Metway Limited in 2011, where he was a director for 13 years. Appointed chairman of Echo Entertainment Group on the demerger from Tabcorp Holdings Limited in 2011. Previously, he was chairman and a director of Tabcorp and was a director of Jupiters Limited.

Company Secretary

DEBBIE SCHROEDER
BED (HONS), LLB, MAICD.

Company secretary since July 2010 and CSR legal counsel. Joined CSR in September 2001, managing workers' compensation 2003 to 2006 and human resources for the Sugar division 2006 to 2008. Debbie was appointed legal counsel for CSR Limited in 2008. Was previously a lawyer at Tress Cocks & Maddox and Lander & Rogers. Debbie has extensive experience in dispute resolution, employment law, insurance and trade practices. Debbie holds a Graduate Diploma in Applied Corporate Governance and is a member of Chartered Secretaries Australia and the Australian Institute of Company Directors.

Corporate Governance

CSR's corporate governance is the system by which the company is directed and managed. It is the framework of rules, relationships, systems and processes that underpin CSR's long established values and behaviours, the way it does business and within which:

- **the CSR board of directors is accountable to shareholders for the operations, financial performance and growth of the company; and**
- **the risks of business are identified and managed.**

CSR actively reviews Australian and international developments in corporate governance and considers the views of shareholders, regulators and other stakeholders. The CSR board adopts those arrangements which it considers are in the best interests of CSR and its shareholders.

The directors of CSR are committed to ensuring that the company maintains an effective system of corporate governance and that good corporate governance is an integral part of the culture and business practices of the CSR group.

The CSR board fully supports the *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council (ASX CGC).

Throughout the reporting period, being the year ended 31 March 2012, CSR complied with the recommendations contained in the ASX CGC's revised *Corporate Governance Principles and Recommendations* (second edition) dated August 2007, including the 2010 amendments, unless otherwise noted in this report.

Charters and policies referred to in this corporate governance statement have been reviewed in light of ASX CGC's revised principles and recommendations (including the 2010 amendments) and are also available on CSR's internet site in the "investor centre & news" section under "corporate governance" at www.csr.com.au/Investor-Centre-and-News/Corporate-Governance.

CSR's constitution (available on CSR's internet site), which sets out the provisions that govern the internal management of the company, 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.

This corporate governance statement is organised under headings reflecting the ASX CGC's current principles and recommendations (including the 2010 amendments).

ROLES AND RESPONSIBILITIES:
CSR has established and disclosed the respective roles and responsibilities of the board and management (ASX CGC Principle 1)

The board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

The roles of board and management

The board has adopted a formal board charter (available on CSR's internet site) which establishes those matters reserved for the board and authority delegated to management. The board's functions, as summarised in the board charter, include:

- approving CSR strategies, budgets, plans and policies;
- assessing performance against business plans to monitor both the performance of management as well as the continuing suitability of business strategies;
- reviewing operating information to understand, at all times, the state of the company;
- considering management recommendations on proposed acquisitions, divestments and significant capital expenditure;
- considering management recommendations on capital management, the issue or allotment of equity, borrowings and other financing proposals, guarantees of non-group liabilities, and restructures;
- ensuring that the company operates an appropriate corporate governance structure, in particular ensuring that CSR acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- approving CSR's risk management strategy and frameworks and monitoring their effectiveness;
- considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- maintaining a constructive and ongoing relationship with the exchanges, regulators and shareholders and approving policies regarding disclosure and communications with the market and shareholders; and
- monitoring internal governance including delegated authorities, and monitoring resources available to senior executives.

Day-to-day management of the company's affairs and the implementation of strategy and policy initiatives are formally delegated by the board to the managing director and senior executives.

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 senior executives, covering duties, time commitments, induction and company policies and corporate governance.

Induction of senior executives

New executives undertake a structured induction program when they join the company. This includes comprehensive briefings and information on the company's businesses, and its policies and procedures. Additionally, the program includes site visits and meetings with people in key internal and external roles in order to build the relationships necessary to meet the requirements of their role.

As discussed further below, and in the remuneration report, key performance indicators are agreed with each executive to ensure goals and performance policies are fully and accurately understood and disclosed.

Performance evaluation of senior executives

CSR's high performance management framework requires that a balanced scorecard of annual key performance indicators (including financial and non-financial measures) is set for each senior executive. Every half year, each senior executive discusses their performance with their manager. At the end of the year, as part of a formal review process, each manager's performance is reviewed against compliance with the performance indicators. Also, each individual's performance and behaviour are compared and measured against the performance of their peers. CSR conducted evaluations of its senior executives in accordance with this process in September 2011 and March 2012.

Further details of the process for evaluating the performance of senior executives and the remuneration policy for senior executives are provided in the remuneration report.

BOARD OF DIRECTORS:
CSR has a board of effective composition, size and commitment to adequately discharge its responsibilities and duties (ASX CGC 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 considers that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the suite of CSR businesses and the environment in which CSR operates these businesses so as to be able to agree with management the objectives, goals and strategic direction which will maximise shareholder value; and
- assess the performance of management in meeting those objectives and goals.

The chairman is appointed by the board and provides leadership to ensure that a high standard of values, processes and constructive interaction is maintained. The chairman represents the views of the board to shareholders and conducts the Annual General Meeting (AGM) to canvass properly the views of stakeholders.

In YEM12, there were significant changes to the CSR board, as follows:

- on 11 May 2011, Richard Lee and Nicholas Burton Taylor retired from the board;
- on 7 July 2011, Ian Blackburne retired as chairman of the board;
- on 7 July 2011, Jeremy Sutcliffe became chairman of the board;
- on 7 July 2011, Michael Ihlein joined the board; and
- on 1 February 2012, Rebecca McGrath joined the board.

Michael Ihlein and Rebecca McGrath will stand for election at the AGM on 12 July 2012.

John Story will retire from the board at the close of the AGM on 12 July 2012. Going forward, the board will comprise five non-executive directors and one executive director.

Information about directors, including their skills, experience and expertise is on pages 14 and 15. The board keeps the balance of skills and experience of its members, their independence and access to advice and information, under review. The board strives to achieve diversity in its composition.

Directors' independence

At all times throughout YEM12, a majority of the board was independent directors. Each of the non-executive directors, including the chairman, has been determined by the board to be 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 and operates in accordance with the considerations set out in the ASX CGC Principles. Any past or present relationship with the company is regularly examined carefully to assess the likely impact on a director's ability to be objective and exercise independent judgement.

Dealing with conflict of interest

The board has a process to ensure that conflicts of interest are managed appropriately, in place. If a potential conflict of interest arises, the director concerned is excluded from all discussion and decision making on the matter. Directors must advise the board immediately of any interests that could potentially conflict with those of CSR.

Election of directors

The CSR board takes on the role of the nominations and governance committee, which includes the following functions:

- determining the appropriate size and composition of the board (in accordance with the company's constitution);
- determining the appropriate criteria (necessary and desirable skills and experience) for appointment of directors;
- recommendations for the appointment and removal of directors;
- defining the terms and conditions of appointment to and retirement from the board;
- induction and continuing education programs for non-executive directors; and
- the evaluation of the board's performance.

It is considered appropriate that the board takes on this role, noting the smaller size of the company.

The company aims to have a board which, as a whole, has the range of skills, knowledge, background and experience to govern CSR, made up of individuals of high integrity, with sound commercial judgement 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.

CSR undertakes a rigorous process when selecting new directors. Specifically, CSR develops a matrix of required skills and experience. This matrix is developed by taking into account CSR's desire to ensure a diverse range of gender, background and experience is maintained on the board at all times, and also ensuring directors are appropriately qualified.

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. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment. The board charter states that non-executive directors appointed from 2001 shall not seek re-election after serving for 10 years, unless determined by the board that it is appropriate to do so.

Board committees

To increase its effectiveness, the board has three committees consisting of the Risk & Audit Committee, Workplace Health, Safety & Environment Committee and Remuneration & Human Resources Committee. It is the policy of the board that a majority of the members of each committee be independent directors, that all Risk & Audit Committee members be independent directors and that the Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee be chaired by independent directors.

Each committee has a charter which includes a more detailed description of their duties and responsibilities. The charters are available on CSR's internet site. The Risk & Audit Committee, the Remuneration & Human Resources Committee and the Workplace Health, Safety & Environment Committee each comprise at least three non-executive directors and are chaired by directors other than the board chairman. All committees meet at least four times per year.

Rob Sindel, the managing director, attended meetings of board committees by invitation. He was not present at these meetings where it was considered that his presence could compromise the objectivity of proceedings.

Committee papers are copied to all directors before the meetings. Minutes of committee meetings 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 "Directors' meetings" table on page 22.

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.

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 directors usually meet with no managers present at the commencement of board meetings and on other occasions as required.

Except where the directors need to meet privately, the company secretary attends all board meetings.

In YEM12, the directors visited the Gyprock factory at Yarraville, Victoria to understand better the issues facing each of the businesses and their people.

Since September 2011, every meeting of the Workplace Health, Safety & Environment Committee has been held at a site and, in YEM12, the Workplace Health, Safety & Environment Committee visited the Viridian factory at Clayton, in Victoria, the Brick factory at Schofields, in NSW, and the Gyprock factory in Coopers Plains, in Queensland.

Corporate Governance (continued)

Directors' induction education and access to information
The board strives to ensure that directors and key executives have the knowledge and information needed to operate effectively.

The chairman briefs new directors on their roles and responsibilities. New directors receive a comprehensive information pack as part of this induction, as well as special briefings from management and visits to 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 senior management 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 of the company.

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

The board appoints and removes the company secretary. 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 governance matters.

Board evaluation
The performance of the board is reviewed annually. The board undertakes a self assessment of both its collective performance and that of individual directors and seeks specific feedback from the senior management team on particular aspects of its performance. The board establishes procedures and oversees this annual performance assessment program. The process may be assisted by an independent third party facilitator. The results and any action plans flowing from this annual assessment are documented, together with specific performance goals that are agreed for the coming year.

In addition, each board committee undertakes an annual self assessment on the performance of the committee and achievement of committee objectives.

The performance of the managing director is reviewed, at least annually, through a formal performance appraisal process conducted by the board.

Performance evaluations of the board, the committees and the managing director were undertaken in accordance with the above processes in YEM12. Performance evaluations of the non-executive directors will take place in YEM13.

CODE OF CONDUCT:
CSR actively promotes ethical and responsible decision making (ASX CGC Principle 3)
CSR has a robust framework of policies, underpinned by its goals and values and Code of Business Conduct & Ethics. CSR's Code of Business Conduct & Ethics and policies discussed below set the standards for dealing with obligations to external stakeholders. A statement of CSR's community engagement is detailed in this annual report, which is available on CSR's internet site. A statement on CSR's approach to sustainability is included in this annual report.

Code of Business Conduct and Ethics
The underlying principle of CSR's Code of Business Conduct & Ethics is that ethical behaviour is required of directors, executives and all other employees, as well as advisers, consultants and contractors.

The board has endorsed a Code of Business Conduct & 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.

CSR's Code of Business Conduct & 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 the communities in which CSR operates.

In addition, the board has adopted specific policies in key areas, including trade practices; workplace health, safety and the environment; fairness, respect and diversity in employment; 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 each year signifying that they have read and complied with the Code of Business Conduct & Ethics and are not aware of any beaches of that policy.

Further, CSR employees are encouraged to report potential breaches to a confidential line. CSR's Whistleblowers' Protection Policy provides 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 & Ethics.

Diversity
CSR strives to ensure diversity within the organisation. CSR's policy on diversity is contained within the Fairness, Respect & Diversity Policy. A summary of this policy is available on CSR's internet site in the "careers" section under "our people".

CSR recognises that improving diversity is important to improving and sustaining a workforce capable of generating better relationships and more innovative solutions for its customers. Ultimately, this improves the results of CSR. CSR has adopted the ASX CGC's revised Principles and Recommendations (including the 2010 amendments) in respect of diversity.

CSR recognises that improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. The culture change themes have been used by CSR to structure its measurable objectives. The objectives and achievements for YEM12 are described later in this statement along with a brief outline of the objectives for YEM13.

CSR workplace profile
At board level two of the six non-executive directors are women.

18% of employees in senior management positions are women including the company secretary, the group treasurer and the group financial controller.

Overall, 14.3% of the CSR workforce are women.

Measurable Objectives

The following table describes the measurable objectives that CSR will use to plan and report progress on diversity initiatives:

MEASURABLE OBJECTIVE	YEM12 ACHIEVEMENTS	YEM13 INITIATIVES
1 **Leadership and commitment**	Appointment of Rebecca McGrath as a non-executive director of CSR Internal promotion of two women to senior management roles Establishment of a diversity working group to design and support cultural change initiatives Completed a gender pay equity review as part of the annual salary review	Include specific diversity objectives into executive team members' performance and development review Completion of diversity workshop by executive team members Completion of quarterly review of objectives and performance by executive team members Continue to monitor and maintain pay equity
2 **Organisational awareness and readiness**	Updated the CSR policy on fairness, respect and diversity Developed and rolled out the fairness, respect and diversity online training module which is included for all inductions of new staff and has been completed by 1,387 existing employees Additional face-to-face training on fairness, respect and diversity with 203 employees	Survey the workforce and design a program of work and an improvement plan based on the survey results
3 **Communication**	Promotion of the updated CSR Paid Parental Leave Policy which was accessed by 11 women Used CSR's internal staff magazine to promote women in non-traditional roles	Promote results of surveys on diversity and other diversity initiatives through CSR's internal staff magazine
4 **Building leadership and managing diversity capability**	CSR leaders program – 19% female participation CSR strengthening leadership program – 20% female participation	Continue to ensure adequate female participation rates in CSR leadership programs Design and implement a diversity workshop to grow awareness, skills and leadership
5 **Recruitment and retention**	Updated CSR careers page on CSR website to represent a more inclusive, supportive and flexible employer Increased number of roles where women were included on the shortlist 30% of internal promotions were women	Incrementally improve female appointments to middle and senior management roles by reviewing recruitment processes Improve the employee value proposition for women and develop strategic alliances for attraction of senior female talent Develop more career sponsorships for senior women to improve retention

Trading in CSR shares

Directors' shareholdings at 16 May 2012 are shown in the table "Directors' interests in CSR shares" on page 22.

Under the company's Share Trading Policy (available on CSR's internet site), directors and senior managers 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 24 hours after the date of the full year and half year results announcements and the AGM. Also, they are prohibited from dealing in any financial products relating to CSR securities or entering into hedging arrangements in respect of CSR securities they hold, or which are held on their behalf. Under the policy, all directors and employees 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 notified to the ASX within the required time.

AUDIT:
CSR has a structure to independently verify and safeguard the integrity of the company's financial reporting (ASX CGC Principle 4)

Risk & Audit Committee

The Risk & Audit Committee is chaired by John Story. Up to 7 July 2011, the other members were Ian Blackburne, Kathleen Conlon and Jeremy Sutcliffe. From 7 July 2011, the other members were Jeremy Sutcliffe, Kathleen Conlon and Michael Ihlein.

The external audit firm partner in charge of the CSR audit attends Risk & 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.

The committee's specific responsibilities are set out in its charter and include:

- review of the scope of the annual audit plans of the external auditor and internal auditor and oversight of the work performed by the auditors throughout the year;
- consideration of and recommendations to the board on significant accounting policies and material estimates and judgements in financial reports;
- review and monitor internal controls and risk management across the group;
- review of and recommendations to the board for the adoption of the company's full year and half year financial statements; and
- reviewing the effectiveness and performance of internal and external auditors.

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.

Corporate Governance (continued)

The committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to CSR. Under the policy on auditor independence:

- the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise;
- significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the committee or, between committee meetings, the committee chair; and
- the external audit engagement partner and review partner must be rotated every five years.

Procedures for selection and appointment of the external auditor, and for the rotation of external audit engagement partners are set out in the committee charter.

The external auditor annually confirms its independence within the meaning of applicable legislation and professional standards.

Financial report accountability

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 statements are in accordance with relevant accounting standards give a true and fair view, in all material respects, of the company's and the group's financial condition and operational results and comply with the *Corporations Act 2001* and associated regulations.

DISCLOSURE:
CSR promotes timely and balanced disclosure of all material matters concerning the company (ASX CGC Principle 5)

Continuous disclosure

CSR believes that shareholders, regulators, ratings agencies and the investment community generally, should be informed of all major business events and risks that influence CSR in a factual, timely and widely available manner. CSR has a long established practice of providing relevant and timely information to stakeholders, supported by its share market disclosure policy which details comprehensive procedures to ensure compliance with all legal obligations. Under this policy any price sensitive material for public announcement, including full year and half year profit announcements, release of financial reports, presentations to investors and analysts and other prepared investor briefings for CSR will be:

- lodged with the ASX as soon as practical and before external disclosure elsewhere; and
- posted on CSR's internet site.

The policy limits external briefings in the periods between the end of a full year or half year and the release to the ASX of the relevant results. CSR's management Corporate Governance and Disclosure Committee meets as required, and often on very short notice, to ensure compliance with disclosure requirements. Members of this committee are the managing director, chief financial officer, company secretary, and the general manager investor relations and corporate communications. The managing director approves all disclosures before they are released. The board approves all disclosures that are significant.

The company secretary is responsible for communications with the ASX.

Commentary on financial results

CSR provides a review of operations and financial performance in this annual report which includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the chairman's and managing director's addresses at the company's AGM are made available on the company's internet site.

SHAREHOLDERS:
CSR respects the rights of shareholders and facilitates the effective exercise of those rights (ASX CGC Principle 6)

CSR strives to communicate effectively with shareholders about the company's performance, presenting the 2012 annual report and other corporate information in clear language, supported by descriptive graphics and tables.

Where practicable, the company uses the latest widely available electronic technology to communicate openly and continually with shareholders – and the share 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-mails with links to the newly posted annual report and can lodge proxies electronically for the AGM. CSR keeps summary records for internal use of the issues discussed at group and one-on-one briefings with investors and analysts.

The AGM and profit announcement briefings are available via a live webcast from the company's internet site, for access by all interested parties.

The company's policy on shareholder communication is available on the company's internet site.

Auditor attendance at 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 AGM.

RISK MANAGEMENT:
CSR has a sound system of risk oversight and management and internal control (ASX CGC Principle 7)

There are many risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR's control, can influence performance across CSR's businesses. In many of these businesses, CSR constantly and deliberately assumes certain levels of risk in a calculated and controlled manner. CSR has in place limits and a range of policies and procedures to monitor the risk in its activities and these are periodically reviewed by the board. CSR's Risk Management Policy, which sets out the framework for risk management, internal compliance and control systems, is available on CSR's internet site. There are several layers that assist the board in ensuring the appropriate focus is placed on the risk management framework:

- **the Risk & 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 Risk & Audit Committee recommends to the board the appointment or dismissal of the internal auditor, who is independent of the external auditor;
- **the Workplace Health, Safety & Environment Committee** – reviews and reports to the board on the management of the company's safety, health and environment liabilities and legal responsibilities; and
- **the senior management team** – manages and reports to the board on business and financial risks and overall compliance.

Risk management is sponsored by the board, and is a top priority for senior managers, starting with the managing director. The board oversees the risk appetite and profile of CSR and ensures that business developments are consistent with the risk appetite and goals of CSR.

The risk management framework covering business risk, financial risk, financial integrity and legal compliance, including the establishment of policies for the control of these risks, is in place. The board, through the Risk & Audit Committee, receives recommendations in relation to the risk profile of CSR, breaches of the policy framework and external developments which may impact on the effectiveness of the risk management framework. It also approves significant changes to the risk management framework and related policies.

The Risk & Audit Committee has responsibility for monitoring compliance with the risk management framework approved by the board for internal control and compliance matters. In this role, the Risk & Audit Committee monitors and reviews the effectiveness of the internal audit and compliance functions. The management Corporate Governance and Disclosure Committee has responsibility for any governance matters. Committees exist at the executive management level to ensure the necessary elements of expertise are focused on specific risk areas. Beneath this level, other committees exist where senior specialists focus on specific risks as appropriate.

The risk management framework is designed to ensure policies and procedures are in place to manage the risk arising within each business unit. Application varies in detail from one part of CSR to another; however, the same risk management framework applies across all business activities without exception.

Risk management accountability

As part of the process of approving the financial statements, at each reporting date 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 on Internal Control and Enterprise Risk Management.

The board has also received statements from the managing director and the chief financial officer certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the group financial reports are founded on a sound system of effective and efficient risk management and internal compliance and control;
- the system of risk management in operation at 31 March 2012 implements the policies adopted and delegated by the board and of the other decision making bodies operating within the group and was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

Further, the board received the relevant declarations required under section 295A of the *Corporations Act 2001* and the relevant reports and assurances required under recommendations 7.2 and 7.3 of the revised ASX CGC Principles.

REMUNERATION:
CSR ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear (ASX CGC Principle 8)

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 executive directors may forgo part of their cash remuneration or, for non-executive directors, their directors' fees to acquire shares in CSR. Employees cannot approve their own remuneration, nor can they review that of their direct subordinates without their manager's approval.

Remuneration & Human Resources Committee

The Remuneration & Human Resources Committee changed substantially in YEM12. Specifically:

- up to 11 May 2011, the committee comprised Richard Lee (chairman), Ian Blackburne, Ray Horsburgh and John Story;
- from 11 May to 7 July 2011, the committee comprised Kathleen Conlon (chairman), Ray Horsburgh, Ian Blackburne, and John Story;
- from 7 July 2011 to 31 January 2012, the committee comprised Kathleen Conlon (chairman), Ray Horsburgh, John Story and Jeremy Sutcliffe; and
- from 1 February 2012, the committee comprised Kathleen Conlon (chairman), John Story, Jeremy Sutcliffe and Rebecca McGrath.

At all times throughout YEM12, the composition of the committee was in accordance with the ASX CGC Principles and the committee charter.

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 remuneration report includes further details on CSR's remuneration policy and its relationship to the company's performance last year (pages 23 to 38). It also includes details of the remuneration of directors and key managers last year and clearly distinguishes between the structure of non-executive director remuneration from that of the executive director and other key managers. Shareholders are invited to vote on the adoption of the report at the company's AGM.

Equity based executive remuneration

Key features of the employee share plans 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, which is on pages 23 to 38.

Workplace health, safety 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 Workplace Health, Safety & Environment Committee oversees and reports to the board on the management of the company's SHE responsibilities. The Workplace Health, Safety & Environment Committee changed substantially in YEM12. Specifically:

- up to 11 May 2011, the committee comprised Ray Horsburgh (chairman), Ian Blackburne, Nicholas Burton Taylor, Kathleen Conlon and Jeremy Sutcliffe;
- from 11 May 2011 to 7 July 2011, the committee comprised Ray Horsburgh (chairman), Ian Blackburne, Kathleen Conlon and Jeremy Sutcliffe;
- from 7 July 2011 to 31 January 2012, the committee comprised Ray Horsburgh (chairman), Michael Ihlein and Jeremy Sutcliffe; and
- from 1 February 2012, the committee comprised Ray Horsburgh (chairman), Michael Ihlein and Rebecca McGrath.

The managing director attends all meetings of the Workplace Health, Safety & Environment Committee, by invitation.

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.

The committee aims to have every meeting at a CSR site and such meetings include a presentation from local management and a site tour.

Corporate governance and disclosure

CSR considers that the above corporate governance practices comply with the ASX CGC's Principles and Recommendations (as applying to the relevant reporting period).

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

Corporate Governance (continued)

Statement as at 16 May 2012.

DIRECTORS' INTERESTS IN CSR SHARES

AS AT 16 MAY	TOTAL 2012	TOTAL 2011
Ian Blackburne	**N/A** [1]	102,357
Nicholas Burton Taylor	**N/A** [2]	36,036
Kathleen Conlon	**30,940**	28,372
Ray Horsburgh	**32,482**	19,791
Michael Ihlein	**50,195** [3]	–
Richard Lee	**N/A** [4]	58,004
Rebecca McGrath	**–** [5]	–
Rob Sindel	**69,443**	15,344
John Story	**61,943**	61,943
Jeremy Sutcliffe	**125,546**	25,467

1 Ian Blackburne retired as chairman on 7 July 2011.
2 Nicholas Burton Taylor retired on 11 May 2011.
3 Michael Ihlein was appointed as a non-executive director on 7 July 2011.
4 Richard Lee retired on 11 May 2011.
5 Rebecca McGrath was appointed as a non-executive director on 1 February 2012. Under CSR's Share Trading Policy, Rebecca is not permitted to acquire shares in CSR until the trading window opens on 17 May 2012.

DIRECTORS' MEETINGS

	CSR BOARD		RISK & AUDIT COMMITTEE		WORKPLACE HEALTH, SAFETY & ENVIRONMENT COMMITTEE		REMUNERATION & HUMAN RESOURCES COMMITTEE	
YEAR ENDED 31 MARCH 2012	HELD [a]	ATTENDED [b]	HELD [a]	ATTENDED [b]	HELD [a]	ATTENDED [b]	HELD [a]	ATTENDED [b]
Ian Blackburne [1]	5	5	1	1	1	1	2	2
Jeremy Sutcliffe [2]	14	14	4	4	3	2	5	5
Nicholas Burton Taylor [3]	2	2	1	1	N/A	N/A	N/A	N/A
Kathleen Conlon [4]	14	14	4	4	1	1	4	4
Ray Horsburgh [5]	14	14	N/A	N/A	4	4	4	4
Michael Ihlein [6]	9	9	3	3	3	3	N/A	N/A
Richard Lee [7]	2	1	1	0	N/A	N/A	1	0
Rebecca McGrath [8]	2	2	N/A	N/A	1	1	1	1
John Story	14	14	4	4	N/A	N/A	5	5

a Meetings held whilst a member.
b Meetings attended.
1 Ian Blackburne retired as chairman on 7 July 2011.
2 Jeremy Sutcliffe appointed as chairman on 7 July 2011 and ceased to be a member of the Workplace Health, Safety & Environment Committee on 1 February 2012.
3 Nicholas Burton Taylor retired on 11 May 2011.
4 Kathleen Conlon appointed as chairman of Remuneration & Human Resources Committee as of 11 May 2011 and ceased to be a member of the Workplace Health, Safety & Environment Committee on 7 July 2011.
5 Ray Horsburgh ceased to be a member of the Remuneration & Human Resources Committee on 1 February 2012.
6 Michael Ihlein appointed as a non-executive director on 7 July 2011 and joined the Risk & Audit and Workplace Health, Safety & Environment Committees.
7 Richard Lee retired on 11 May 2011.
8 Rebecca McGrath was appointed as a non-executive director on 1 February 2012 and joined the Remuneration & Human Resources and Workplace Health, Safety & Environment Committees.

Remuneration Report

THIS REPORT FORMS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

INTRODUCTION

This remuneration report provides a summary of CSR's remuneration policy and practices during the past financial year as they apply to CSR directors and senior executives.

The report begins with an executive summary intended to provide a 'plain English' explanation for shareholders as to how the CSR remuneration framework works, and key outcomes and events that occurred during the financial year. The report then outlines the role of the CSR Remuneration & Human Resources Committee, details CSR's remuneration policy and practice and provides information on the remuneration and shareholdings of key management personnel (KMP), which is comprised of CSR's non-executive directors (NEDs) and senior executives and includes the company's five highest remunerated company and group executives for the financial year.

Key points to note in relation to this report are:

- the disclosures set out in this report have been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001* and Corporations Regulation 2M.3.03;
- the report has been audited by CSR's external auditor;
- KMP are as defined by the Accounting Standard AASB 124 Related Party Disclosures; and
- for consistency in this report, the term 'executives' is used to describe those members of the KMP who are not NEDs and includes the managing director. In some cases, where aspects apply only to senior roles within the executive group, the term 'senior executives' is also used.

CONTENTS

A – EXECUTIVE SUMMARY

YEM12 remuneration framework update

Following the implementation of the revised executive reward framework in YEM10, there have been three changes to CSR's remuneration policy and practices that were implemented during YEM12. The changes were as follows:

- for Long Term Incentive (LTI) grants made in YEM12, a new performance hurdle was introduced under the Performance Rights Plan (PRP) relating to the annual compound Earnings Per Share (EPS) growth over three years. 50% of the YEM12 PRP grant was aligned to this performance hurdle. The remaining 50% continues to be aligned to CSR's three year total shareholder return (TSR) relative to the TSR of the other S&P/ASX 200 index constituents (the peer group);
- the introduction of a short term incentive (STI) deferral Plan for executives where 20% of any STI earned by executives is delivered in CSR shares which must then be held in trust and subject to trading restrictions and a continued service requirement for a minimum of two years. The remaining 80% of STI earned will continue to be delivered to executives in cash; and
- new Executive Services Agreements were entered into by the executive team. These Executive Services Agreements included market competitive remuneration in line with CSR policy and termination arrangements consistent with the termination benefits legislation of the *Corporations Act 2001*.

Overview of executive remuneration approach and framework

CSR's remuneration framework is based on the principles that remuneration:

- is performance driven;
- aligns with shareholder interests; and
- provides market competitive remuneration opportunities.

The key features of CSR's executive remuneration framework are outlined below. Detail is provided in the body of the remuneration report.

- **Market positioning:** Fixed remuneration is positioned at the market median against the Hay Group industrial and services index for roles of comparative size, or relative to their counterparts in related industries. Variable remuneration provides executives the opportunity to earn upper quartile total remuneration for stretch performance.
- **Fixed pay/variable mix:** Total remuneration is comprised of fixed plus variable (or 'at risk') remuneration. A significant portion of the total remuneration opportunity for senior executives is variable, and 'at risk' based on performance.
- **Short Term Incentive (STI) plan:** The STI plan provides rewards to executives and senior executives for achievement of business financial performance goals (60% weighting) and individual performance goals which are focused on non-financial performance (40% weighting). Weightings of 50% financial and 50% personal goals may apply to lower job grades. As noted above, 20% of the total STI earned by executives and senior executives is delivered in shares.

  Financial performance for YEM12 was measured by Earnings Before Interest and Tax (EBIT) before significant items, focused at the organisational level which best reflects the role's influence. For instance, corporate roles had two equally weighted EBIT measures at CSR Building Products and CSR overall. Business roles were rewarded based on a combination of their business' and CSR's EBIT outcome. Return On Funds Employed (ROFE) is used as a secondary metric for the STI plan to ensure effective utilisation of assets.

  Non-financial performance reflects an individual's objectives which are linked to business strategy implementation. Payment for the individual component is normally independent of the business' financial result. However, if the business' financial result is below expectations, there is discretion to reduce any incentive for individual performance.

Remuneration Report (continued)

- **Long Term Incentive (LTI) plan:** The Performance Rights Plan ('PRP') provides CSR executives with grants of performance rights that vest based on:
  (i) CSR's three year Total Shareholder Return ('TSR') relative to the TSR of the other S&P/ASX 200 index constituents (the peer group); and
  (ii) CSR's annual compound EPS growth over three years.

  Any performance rights which vest will be converted automatically into shares. Holders of performance rights are not entitled to dividends until the rights have vested and converted into shares.
- **Equity sacrifice:** Executives are eligible to elect to forgo a portion of their pre-tax fixed remuneration to purchase restricted CSR shares, up to the $5,000 annual limit as provided under the tax legislation that applies from 1 July 2009.
- **Hedging prohibition:** CSR's Share Trading Policy prohibits participants in any LTI plan from hedging their exposure to unvested shares or reducing the risk associated with the performance hurdles applicable to those shares in any way.

Overview of non-executive director remuneration
- **Market comparison:** NEDs are paid a base fee for service to the board and an additional fee for service to board committees. The fees are set with consideration to the fees paid in companies of a similar size and complexity.
- **Fee pool:** The fee pool is currently $1,450,000 per annum including superannuation.
- **Voluntary fee sacrifice:** NEDs can elect to forgo up to $5,000 of pre-tax fees annually to purchase CSR shares.

Remuneration outcomes for YEM12
The following is a high-level summary of CSR's remuneration outcomes for YEM12. Further detail of these outcomes is provided in the body of this report.
- **Total remuneration:** Total expensed remuneration increased for some disclosed executives from YEM11 to YEM12, whilst it reduced for others, including the managing director. Increases were due primarily to the full year application of the Executive Services Agreements that were implemented following the sale of Sucrogen. These Executive Services Agreements included market competitive remuneration in line with CSR policy and termination arrangements consistent with the termination benefits legislation of the *Corporations Act 2001*. Reductions in remuneration were mainly due to reduced STI outcomes.
- **STI outcomes:** YEM12 STI plan payments reduced by 37% compared with those for YEM11, primarily due to a reduced level of financial performance.
- **LTI outcomes:** No LTI grants vested during YEM12 as the relevant performance hurdles were not met following testing.

The following table sets out the actual value of remuneration received by senior executives who are KMP and includes the company's five highest remunerated company and group executives for the financial year, derived from the various components of their remuneration during YEM12. This table differs from the more detailed remuneration disclosures provided in section G on pages 34 to 36 due to the exclusion of LTI amounts not vested.

Table 1: Actual remuneration received by senior executives

$ YEAR ENDED 31 MARCH 2012	FIXED REMUNERATION	SHORT TERM INCENTIVE	LONG TERM INCENTIVE (EARNED) [a]	TERMINATION BENEFITS	USOP	OTHER BENEFITS [b]	TOTAL
Currently employed executives as at 31 March 2012							
Rob Sindel	1,050,000	275,000	–	–	–	24,553	1,349,553
Greg Barnes	507,500	142,800	–	–	999	7,621	658,920
Ian Hardiman	428,500	174,825	–	–	–	45,403	648,728
Andrew MacKenzie	365,280	143,842	–	–	999	6,558	516,679
Anthony Tannous	414,800	43,000	–	–	999	39,806	498,605
Total currently employed executives	**2,766,080**	**779,467**	**–**	**–**	**2,997**	**123,941**	**3,672,485**

a Represents the value of any LTI awards that were vested or paid during YEM12. Excludes the value of any unvested LTI granted or expensed during the year.
b In YEM12, other benefits included the movement in accrual of long service leave and also included corporate hospitality, airfares and accommodation for Rob Sindel, Ian Hardiman and Anthony Tannous and their spouses.

The CSR board is considering the following initiative for implementation in YEM13:
- increasing the financial weighting of the STI program to drive increased alignment between plan participants and shareholders.

Detail of this initiative will be disclosed in the YEM13 remuneration report.

B – THE REMUNERATION & HUMAN RESOURCES COMMITTEE'S ROLE
Whilst the board retains ultimate responsibility, CSR's remuneration policy is implemented by the board operating through its Remuneration & Human Resources Committee. The composition and functions of the Remuneration & Human Resources Committee, which oversees remuneration issues and human resources matters, are set out in the charter available from the CSR internet site. The charter was reviewed and updated during the year.

The role of the committee is to review and make recommendations to the board on (but not limited to):
- remuneration of NEDs;
- remuneration of the managing director and senior executives;
- remuneration incentive policies, and guidelines for executives and senior managers;
- talent management – including succession planning;
- initiatives to improve and drive a stronger performance culture; and
- diversity.

Support to the committee was provided through CSR's general manager human resources, and external advisers.

C – EXECUTIVE REMUNERATION POLICY

C1 – Key principles

Table 2 below outlines the key principles on which CSR's executive remuneration policy are based:

Table 2: Key principles of CSR's executive remuneration policy

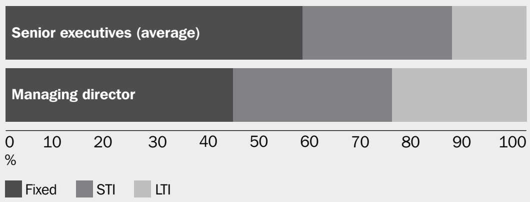
Performance driven	Remuneration should reward executives based on annual performance against business plans and longer term shareholder returns. A significant proportion of executive remuneration should be 'at risk' and performance dependent. Performance measurement is mainly focused at the organisational level which best reflects the role's influence.
Alignment with shareholder interests	Incentive plans and performance measures are aligned with CSR's short and long term success. Ownership of CSR shares is encouraged through the use of equity as the vehicle for the LTI plan, the STI deferral plan for senior executives and the ability to forgo part of fixed remuneration to acquire shares.
Market competitive remuneration opportunities	Remuneration opportunities, including those elements which can be earned subject to performance, are set at competitive levels that will attract, motivate and retain high quality executives.

C2 – Ensuring executive remuneration is performance driven

The variable components of remuneration (both short term and long term) are driven by challenging targets focused on both external and internal measures of financial and non-financial performance. Details of the performance measures used are set out in sections D2 – STI plans and D3 – LTI plans. Further detail on the link between performance and remuneration is set out in section E.

A significant proportion of executive remuneration is 'at risk'. The following target remuneration mix chart sets out the remuneration mix as fixed remuneration, on-target STI and half of the LTI expense (representing target LTI) for senior executives and the managing director.

Chart 1: Target remuneration mix for the senior executives and the managing director



C3 – Alignment with shareholder interests

Executives' remuneration is aligned with shareholder interests via a significant emphasis on variable (incentive) remuneration. These awards are linked to short term and long term performance benchmarks that support CSR's business strategy and future success, and LTI awards are in the form of CSR equity.

In order to encourage executive share ownership and further increase the alignment with shareholder interests, the STI deferral scheme was introduced in YEM12 and will apply to STI payments made in respect of YEM12 and subsequent financial years. Executives can also forgo salary to acquire shares in CSR.

C4 – Ensuring market competitive remuneration

Executive remuneration is reviewed annually. CSR aims to provide market competitive remuneration against jobs of comparable size and responsibility (as measured by the Hay Group job evaluation system and by position matching against equivalent roles from organisations with similar market capitalisation) as follows:

- fixed remuneration for executives is targeted at market median; and
- variable remuneration (through STI and LTI) provides the opportunity to earn total remuneration (fixed remuneration plus variable remuneration)

that reaches the top quartile of the market for superior performance.

D – EXECUTIVE REMUNERATION FRAMEWORK

The executive remuneration framework consists of:

Fixed remuneration	• base salary • superannuation • other short term benefits
Variable remuneration	• STI • LTI

D1 – Fixed remuneration

Fixed remuneration comprises salary, superannuation and other short term benefits provided by the company.

As discussed above, fixed remuneration is targeted at the median of the market for jobs of comparable size and responsibility. In some cases, superior performance or strong market demand for specific job categories may justify above median fixed remuneration.

Employees are able to forgo part of their fixed remuneration to acquire CSR shares under the Employee Share Acquisition Plan (ESAP), discussed in section D4 – Other equity incentive plans, up to a maximum salary sacrifice of $5,000 annually.

D2 – Short Term Incentive plan

CSR's executives all participate in an STI plan. Typically, the STI plan is weighted 60% to financial metrics and 40% to individual metrics.

EBIT before significant items continued as the primary financial metric for the YEM12 STI plan. Significant items are excluded to keep participants focused on outcomes they can directly influence.

ROFE continues to act as a secondary metric for the STI plan to ensure continued effective utilisation of assets. In order to earn STI payments, ROFE goals were also required to be met as a secondary objective. Minimum ROFE gateways must be met in order to earn an incentive above threshold, target and stretch levels, while EBIT results determine the quantum of the incentive.

For YEM12, senior executive roles had an STI opportunity of 50% of fixed remuneration for target level achievement against financial and individual objectives. If no objectives were achieved the executive may receive no STI for that financial year, while stretch performance could result in an STI of up to 100% of fixed remuneration. In YEM12 the managing director had an STI target opportunity of 70% of fixed remuneration and maximum opportunity for stretch performance of up to 100% of fixed remuneration.

Remuneration Report (continued)

Table 3: Short Term Incentive plan – summary

Purpose	To drive individual and team performance to deliver annual business plans and increase shareholder value.
Frequency and timing	• Awards are determined on an annual basis with performance measured over the year to 31 March. • Payment is normally made in June following the end of the performance year.
Financial measures	The quantum of any STI is determined by EBIT before significant items (from continuing operations only), which assesses the amount of pre-tax profit generated by the business. Financial performance for YEM12 STI awards was measured against EBIT that was assigned at the organisational level which best reflects the roles' influence. ROFE was employed as a secondary metric to ensure effective utilisation of assets. In order to earn STI payments, minimum ROFE thresholds must also be met in order to qualify for a STI payment at threshold, target or stretch levels. The measures used in the YEM12 STI plan are: • **Corporate roles:** EBIT* of CSR's operations (50%**) and CSR Building Products (50%); • **Divisional executive roles:** divisional EBIT* (50%**) and CSR EBIT* (50%**); The financial targets are set each year by the managing director, in consultation with the business unit and corporate leaders, and approved by the board. The managing director's targets are set each year by the board. * before significant items. ** expressed as a percentage of STI financial component. STI financial component typically comprises 60% of target STI.
Individual objectives used (and rationale)	Individual objectives are constructed for each executive chosen because they are critical to CSR's short term and long term success, and are aligned to the business plan. These cover areas including: • safety, health and environment; • meeting customer needs and becoming supplier of choice; • leadership and development of people; • personal sales targets; • operational improvement; • restructuring and rationalisation; • production targets; • growth; and • other personally attributable budget goals.
Assessment of performance against measures	At the end of the CSR financial year, each executive's performance is assessed based on financial results for CSR and the relevant businesses. A review by the executive's manager and, where appropriate, 360 degree feedback (i.e. feedback provided by the executive's immediate manager, peers and employees reporting to the executive) is also undertaken to determine performance against the relevant individual objectives for each executive. STI assessments and recommendations are made by an executive's immediate manager, as he or she is best placed to assess the individual's performance. The recommendations are then approved by the Remuneration & Human Resources Committee so as to ensure group-wide consistency. Payment for the individual component is normally independent of the business financial result. However, if the business financial result is below expectations, there is discretion to reduce the payout for performance against non-financial measures. The payout, based on performance, is between the threshold of 0% and a maximum of 200% of target.
Discretionary override	The intention is to minimise discretionary adjustments to the plan outcomes. However, the board and the managing director do retain discretion in certain circumstances to alter payments having regard to: • CSR's overall financial performance; • occurrence of a fatality, regardless of fault; • maintenance and preservation of the company's assets; • development and attention to customer relationships; • any short term action which causes market share loss or other damage to CSR; and • other special circumstances (e.g. acquisitions and divestments).
Service condition	New starters with CSR or people promoted into eligible roles can participate in the STI with pro-rata entitlements if they have been in the role for more than three months of the relevant financial year. For staff who retire, die or are retrenched during the performance period, the managing director and the board have discretion in awarding a payment. No payment will be made to participants who cease employment voluntarily, or have their employment terminated for inadequate performance or misconduct, before the end of the performance year.
Equity deferral	For STI payments made in respect of YEM12 and subsequent financial years, the board has implemented an STI deferral scheme. Under this scheme, 20% of any STI earned by executives is delivered in CSR shares. These shares must be held in trust subject to trading restrictions and a continued service requirement for a minimum of two years from the date of allocation. During this restriction period, the shares are subject to forfeiture if the executive resigns or is terminated for cause. No further performance conditions will apply and shares will fully vest to the executive at the end of the restriction period if the continued service requirement is met. As the shares are awarded in lieu of a full cash STI payment and relate to an incentive that has already been earned, the board has determined that during the restriction period, executives will be entitled to all dividend and voting entitlements applying to the shares held on trust in their name.

D3 – Long Term Incentive Plans

Purpose

During the financial year, eligible executives were invited to participate in CSR's LTI program, which aims to:

- provide executives with performance rights in order to build their interest in CSR equity; and
- attract, motivate and retain the necessary executive talent to deliver and sustain business performance and increase returns to shareholders. All securities referred to in this report are granted by CSR Limited.

CSR's executive LTI plans

The PRP has been CSR's executive LTI plan since YEM10.

Under the PRP, participants are granted performance rights subject to a three year vesting period and associated performance hurdles. The YEM10 and YEM11 PRP performance hurdles were based on CSR's TSR over the performance period of three years with subsequent performance re-testing in year four and five. On vesting of performance rights, CSR shares will be provided at no cost to the participant. If there is no, or partial, vesting of the performance rights after the initial performance hurdle test, there will be opportunities for re-testing of performance on the fourth and fifth grant date anniversaries (YEM10 and YEM11 plans only). 50% of the performance rights will vest if the TSR of CSR equals the median TSR of the constituents of the S&P/ASX 200 index (defined at date of grant), and 100% will vest for upper quartile performance.

The YEM12 PRP introduced a second performance condition based upon the annual compound EPS growth over the performance period. 50% of PRP grants are subject to CSR's TSR performance against the comparator group (Tranche A) and 50% is based upon compound EPS growth (Tranche B). The following vesting schedules apply for these tranches:

TSR OF CSR RELATIVE TO THE PEER GROUP	PROPORTION OF TRANCHE A VESTING
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight-line vesting between 50% and 100% (e.g. each percentile improvement will result in an additional 2% vesting)
75th percentile or greater	100%

EPS TARGET RANGE (COMPOUND GROWTH PER ANNUM)	PROPORTION OF TRANCHE B TO VEST
Below 7% compound EPS target	0%
Equal to 7% compound EPS	50%
Between 7% and 12% compound EPS	Between 50% and 100% increasing on a straight line basis
Greater than 12% compound EPS	100%

Particular features of the PRP are as follows:

- LTI participation eligibility is restricted to the managing director, direct reports and selected critical corporate roles within CSR;
- under the PRP, participants are not entitled to dividends in respect of unvested performance rights;
- consistent with recently introduced prohibitions under the *Corporations Act 2001*, the CSR Share Trading Policy prohibits participants hedging their exposure risk in relation to unvested performance rights or reducing the risk associated with the performance hurdles applicable to those performance rights in any way. Under the policy, participants forfeit their interest in unvested shares (i.e. shares that have not met the performance hurdles) if they enter into any hedging transaction in relation to those shares; and
- looking forward for YEM13, the PRP grant performance hurdle will be maintained so that 50% of the grant is subject to the same relative TSR performance hurdle as previous PRP grants, and 50% of the grant is made subject to an EPS performance hurdle. This is intended to continue to align with best practice and improve executives' line of sight over LTI reward outcomes. The performance period of three years with a fourth year performance re-test will continue in the YEM13 plan.

Historically, the CSR executive LTI plan was the Cash Award Share Plan (CASP). While new grants under this plan have been discontinued, the details of the CASP are disclosed in this report as historical grants under the plan have a three to five year vesting period and remain subject to ongoing performance hurdle testing. The 2006 CASP grant lapsed with no vesting after it failed to meet the final scheduled performance hurdle test on 23 July 2011. There are three CASP grants that remain on foot (refer table 5 on page 31 for key dates).

On 3 March 2011, CSR shares underwent a 3:1 consolidation. The consolidation applied to existing grants under CSR's LTI plans which equated to a reduction in the number of shares or rights by two-thirds. The impact of the share consolidation on LTI grants to KMP under the CASP and the PRP is disclosed in section G.

Remuneration Report (continued)

Operation of LTI plans for YEM12

The operation of the LTI plans for YEM12 is described in more detail as follows:

Table 4: Long Term Incentive plans – summary

	CASP (DISCONTINUED)	PRP
Participation	Executives were eligible subject to approval by the board.	Managing director, direct reports and select key critical corporate roles are eligible subject to approval by the board.
Grant frequency	Prior to YEM10, grants were typically made on an annual basis. One individual grant only was made in YEM10 under the CASP, to the former managing director due to the timing of the award and implementation of the PRP.	Grants are intended to be made on an annual basis.
Type of award	Grants of shares held in trust subject to service requirements and performance vesting criteria. If a further performance condition is met, additional shares are to be purchased and held in trust in the company's ESAP trust (described below). Refer to 'Performance conditions' below for more detail.	Grants of performance rights subject to service requirements and performance vesting criteria. If performance conditions are met, CSR shares will be purchased and transferred to participants. Refer to 'Performance conditions' below for more detail.
Vesting/performance period	Awards are subject to a three year minimum holding period. Immediately following the completion of the minimum holding period, from the third anniversary of grant to the fifth anniversary of grant, the performance conditions (detailed below) are tested to determine whether, and to what extent, awards vest.	Under the PRP, awards are typically subject to a three year vesting period. Immediately following completion of the vesting period, the performance conditions (detailed below) are tested to determine whether, and to what extent, awards vest. The initial testing period for YEM12 awards commenced on 23 July 2011, finishes on or around 22 July 2014, and can extend to 22 July 2015 or such other period as the board dictates.
Performance conditions	**Performance period and testing approach** CSR's TSR performance is measured from the date of grant up to the relevant testing date. TSR is the percentage growth in shareholder value, taking into account share price growth, dividends and capital returns. The testing dates fall within a two year period, starting from the third anniversary of grant and ending on the fifth anniversary of grant (performance testing period). CSR's TSR is measured over this period to ensure that the long term measurement of performance under the plan is not distorted by business and commodity cycles or capital investment decisions. The performance conditions for the 2005, 2006 and 2007 grants were tested in six consecutive four month windows during the performance testing period. The performance conditions for 2008 and 2009 grants are based on the 20 trading day volume weighted average price up to and including the last day of the three year performance period and, to the extent the grant has not vested, the fourth and fifth anniversaries of the date of grant.	For YEM12 grants under the PRP over the initial three year performance period two performance hurdles are applied weighted equally at 50%: (i) **Relative TSR:** TSR measures the percentage growth in shareholder value, taking into account share price growth, dividends and capital returns. To the extent any performance rights that are tested against this hurdle (Tranche A) remain unvested at the end of the initial three year period, the performance period will be extended for a further 12 months and performance will be re-tested at the end of the extended period to determine if any additional vesting is available; and (ii) **EPS:** the annual compound EPS growth over the period from commencement of the performance period to the test date. This performance hurdle was introduced in the YEM12 PRP. EPS is defined as basic core earnings per share from continuing operations. The board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one off costs. To the extent any performance rights that are tested against this hurdle remain unvested (Tranche B) at the end of the initial three year period, the performance period will be extended and performance will be re-tested at the end of the four year period. Performance is measured over this period to ensure that the long term measurement of performance under the plan is not distorted by business and commodity cycles or capital investment decisions. For the purposes of the TSR calculation, the start and end share prices will be calculated based on 10 trading day volume weighted average share price.

		CASP (DISCONTINUED)	PRP
	Performance conditions	If CSR's TSR exceeds the percentage increase in the S&P/ASX 200 accumulation index for a minimum of 20 trading days within any of the six four month windows (2005, 2006 and 2007 grants) or three windows of 20 trading days preceding the third, fourth or fifth anniversaries of the grant date (2008 and 2009 grants), the shares will vest at the end of the trading window in which the performance condition is met. If the performance condition is not met by the fifth anniversary of the date of grant, participants will forfeit their interests in the unvested shares (and the opportunity to be granted additional shares). Based on CSR's performance against a second TSR hurdle, measured over the same period as the performance testing period, an additional grant of shares may be purchased and held in the ESAP trust. CSR's TSR is ranked against the companies in the S&P/ASX 200 index and, subject to performance, an additional grant of shares will be made as follows: • if CSR's TSR ranks equal to or above the 75th percentile of the peer group, a grant of an additional number of shares equal to the original grant will be made; • if CSR's TSR ranks between the median and 75th percentile of the peer group, a pro-rata number of shares between 0% and 100% of the original grant will be made; and • if CSR's TSR ranks below the median of the peer group, no additional shares will be granted. The 75th percentile and median are adjusted to take into account the market capitalisation weighting of the ranked companies. The constituents of the S&P/ASX 200 index at the date of grant are used as the peer group. Any companies that are no longer in the S&P/ASX 200 index at the date of testing are removed from the peer group.	PRP grants issued before YEM12 had only one performance condition, being TSR, which applied as follows: • if CSR's TSR equals the median TSR of the constituents of the S&P/ASX 200 index over the performance period, 50% of the grant of performance rights will vest; • if CSR's TSR equals the upper quartile TSR of the constituents of the S&P/ASX 200 index over the performance period, 100% of the grant of performance rights will vest; • for TSR performance between the median and the upper quartile TSR of the constituents of the S&P/ASX 200 index over the performance period, each percentile improvement will result in an additional 2% vesting (i.e. straight-line vesting between 50% and 100%); • to the extent that performance rights have not vested following the three and four year testing dates, the performance period will be extended as described above; and • if the performance condition is not met by the fifth anniversary of the date of grant, participants will forfeit their interests in any unvested performance rights. For the YEM12 PRP grants, Tranche A is tested against a TSR hurdle using the S&P/ASX 200 index hurdles described above. Tranche B is tested against the annual compound EPS growth over the period from commencement of the performance period to the test date. EPS is defined as basic core earnings per share from continuing operations. The board set a threshold vesting schedule of 7% compound growth in EPS per year. In the event that this 7% compound growth in EPS was achieved then 50% of this component would vest progressing on a straight line basis to 100% vesting for achieving a 12% compound growth in EPS. To the extent any performance rights under either of Tranche A or Tranche B remain unvested at the end of the initial three year period, the performance period will be extended for a fourth year (i.e. performance will be re-tested at the end of the four year period to determine if any additional vesting is available for the relevant performance rights). The re-testing done at the end of the four year period will be done based on the entire applicable four year period (in the case of the retest of Tranche B, the EPS targets will be compounded for four years rather than three).
	How is performance assessed and why is it assessed that way?	Performance against the performance conditions is assessed by CSR based on publicly available data. TSR performance compared to the S&P/ASX 200 accumulation index is considered appropriate given CSR's size and mix of businesses.	Performance is assessed against the performance conditions by CSR based on publicly available data. TSR performance compared to the constituents of the S&P/ASX 200 index is considered appropriate given CSR's size and mix of businesses. EPS performance hurdles were implemented in YEM12. Compound growth in EPS assesses the success of the business in generating continued growth in earnings and aligns the effort of senior executives with shareholder interests.
Treatment of dividends		As shares are held on trust for participants during the vesting period, participants are entitled to dividends paid on these shares.	There is no entitlement to dividends on performance rights under the plan during the vesting period.

Remuneration Report (continued)

			CASP (DISCONTINUED)	PRP
Treatment of capital return			As shares are held on trust for participants during the vesting period, participants are entitled to any capital return paid on these shares.	There is no entitlement to a capital return; however, the board may seek shareholder approval to make an adjustment to the number of shares underlying existing and unvested performance rights that would be awarded to the participant if and when performance rights vest. The number of additional shares underlying the performance rights corresponds to the cash amount per share returned to shareholders, and is intended to ensure the awards of PRP holders are not eroded by capital returns.
Sales restrictions post vesting			For grants prior to 30 June 2009, shares which satisfy the performance conditions remain in the CASP/ESAP trusts for the balance of a period of 10 years from grant date or until the earlier cessation of a participant's employment unless a notice of withdrawal is submitted by a participant and approved by the board. For grants made after 30 June 2009, grants which satisfy the performance conditions remain in the CASP/ESAP trusts for the balance of the period of seven years from grant date or until the earlier cessation of the participant's employment.	Shares acquired by participants on the vesting of performance rights will be transferred to participants. Previously, any shares allocated in respect of vested performance rights would be placed in trust for up to seven years from date of grant. In considering evolving market practice and the tightened disposal restrictions on shares held in trust associated with the revised tax legislation governing employee share schemes, the board elected to remove post-vesting disposal restrictions for any future vesting of existing and future grants of performance rights. As a result, any performance rights under the PRP that vest in the future will result in associated shares being transferred directly to the participants.
Treatment of vested and unvested awards on cessation of employment	**Unvested award**		Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interests in the unvested shares. However, if the cessation of employment is the result of retirement, redundancy, permanent disablement, death or any other special circumstances at the board's discretion, then the board can apply its discretion to enable awards to vest. Board policy is to consider the time elapsed and performance up to the date of cessation in determining the proportion (if any) of awards that vest.	Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interests in the unvested rights. However, if the cessation of employment is the result of retirement, redundancy, total or permanent disablement, death or any other special circumstances at the board's discretion, board policy is to retain awards in the plan subject to ongoing performance hurdles following cessation of employment i.e. awards remain 'on foot'.
	Vested awards		Awards that have vested to participants and are held in the CASP/ESAP trusts will be released to participants upon cessation of employment.	Awards that have vested are transferred to participants immediately at the time of vesting.
Treatment of vested and unvested awards on change of control	**Unvested awards**		The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger).	The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger).
	Vested awards		Awards that have vested to participants and are being held in the CASP/ESAP trusts will be released to participants on a change of control of CSR.	Awards that have vested are transferred to participants at the time of vesting.
Prohibition of hedging arrangements	Participants will forfeit their interest in unvested shares if they enter any hedging transaction in relation to those shares in breach of the board's policy outlined above. At 31 March 2012, relevant executives confirmed in writing their beneficial interest in CSR shares, including confirming that they had not entered into any hedging arrangements over vested or unvested CSR shares.			

The following table summarises the key dates and current status of the current outstanding LTI awards:

Table 5: Status and key dates – outstanding LTI awards

GRANT DATE	HOLDING PERIOD	PERFORMANCE TESTING WINDOWS (PERFORMANCE TEST STARTS FROM DATE OF GRANT)	EXPIRY DATE (IF HURDLE NOT MET)	DATE AT WHICH SALES RESTRICTION LIFTED	PERFORMANCE STATUS
CASP					
16 July 2007	16 July 2007 to 15 July 2010	16 July 2010 to 15 July 2012	16 July 2012	16 July 2017	Performance tested but not yet exceeded the S&P/ASX 200 accumulation index. No shares have vested.
21 July 2008	21 July 2008 to 20 July 2011	21 July 2011 to 20 July 2013	21 July 2013	21 July 2018	Performance tested but not yet exceeded the S&P/ASX 200 accumulation index. No shares have vested.
21 July 2009	21 July 2009 to 20 July 2012	21 July 2012 to 20 July 2014	21 July 2014	21 July 2016	Performance testing window not yet commenced.
PRP					
24 July 2009	24 July 2009 to 23 July 2012	24 July 2012 to 23 July 2014	24 July 2014	N/A	Performance testing window not yet commenced.
24 July 2010	24 July 2010 to 23 July 2013	24 July 2013 to 23 July 2015	24 July 2015	N/A	Performance testing window not yet commenced.
23 July 2011	23 July 2011 to 22 July 2014	23 July 2014 to 22 July 2015 (Tranche A) 1 April 2014 to 31 March 2015 (Tranche B)	22 July 2015	N/A	Performance testing window not yet commenced.

D4 – Other equity incentive plans

Employee Share Acquisition Plan (ESAP)

The ESAP currently serves to encourage equity ownership as well as providing a vehicle to hold additional shares granted under the CASP as outlined below:

- **Forgo salary to purchase equity.** The ESAP allows directors and employees to forgo up to $5,000 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. Participants are entitled to dividends and other distributions on shares held by the trustee on their behalf and can instruct the trustee how to vote their shares at CSR annual general meetings. As participants forgo part of their salary to acquire the shares, no performance conditions apply to shares acquired under this part of the ESAP.

  The shares are held in trust while the participant is employed by CSR, unless board approval is granted to sell or transfer shares under specific circumstances (e.g. financial hardship). Under current Australian tax law, the maximum period of income tax deferral on the shares purchased is seven years; and
- **Hold any additional shares granted under the CASP.** As discussed above, if the second TSR hurdle in the CASP is achieved, an additional grant of shares is made and held in the ESAP until released in accordance with the LTI plan rules. Note this provision does not apply to the PRP (refer to section D3 for more information on the PRP).

Universal Share Ownership Plan (USOP)

The USOP provides all CSR employees with the opportunity to link their interests more closely with those of other shareholders by buying company shares and working to improve their value. The current plan is summarised in the following USOP table:

Table 6: USOP

Purpose	To encourage share ownership through enabling executives and employees to benefit from a favourable Australian tax treatment ($1,000 tax exemption available where certain conditions met).
Participation	All executives and employees (except executive directors), who have the equivalent of at least one year's service.
Form and quantum of award	Each year, the board approves the purchase of shares up to a maximum value of $1,000 (being the limit of the tax exemption) for each eligible participant. The award is structured such that participants buy shares which are then matched one-for-one by the company at no additional cost to participants.
Vesting period	Shares vest immediately upon acquisition by participants. The shares can only be sold three years after the date of grant, unless the participant's employment ceases before then.
Absence of a performance condition	The USOP grants are designed to encourage share ownership among the broad employee population and therefore do not have any performance conditions attached.
Dividends and voting rights	Participants are entitled to dividends and have full voting rights during the three year holding period.

The CSR board has approved making an offer to staff under the USOP for YEM13. CSR shares will be purchased on market to meet the USOP participation by eligible CSR employees.

Remuneration Report (continued)

E – LINK BETWEEN REMUNERATION AND COMPANY PERFORMANCE

A key underlying principle of the executive reward strategy is that remuneration should be linked to performance.

STI payments are based on a variety of performance conditions, both financial and non-financial. The key financial measure in YEM12, depending on role and seniority, was EBIT before significant items from continuing operations (while ROFE was maintained as an underpinning metric). Significant items (both positive and negative) are excluded when measuring performance for STIs as they are not considered part of the ordinary trading results for CSR. CSR's earnings and other performance measures are affected by external economic factors, including aluminium prices and foreign exchange rates. CSR's dividend policy is to pay dividends to shareholders based on net profit before significant items.

In YEM12, the performance of CSR's businesses declined on the prior year with EBIT (from continuing operations and pre significant items) decreasing by 26% to $156.7 million and net profit after tax (from continuing operations and pre significant items) increasing by 1% to $90.7 million. ROFE for CSR decreased.

The following table provides reported financial information on which STIs have been based for the last five years. Note that CSR disposed of a significant proportion of its business and undertook a share consolidation during YEM11, so the pre-2011 information is not directly comparable. Refer to detailed footnotes for explanation.

Table 7: Key financials

YEAR ENDED 31 MARCH [1]	**2012**	2011	2010	2009	2008
EBIT ($ million) [2]	**156.7**	212.0	364.1	320.1	386.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**246.3**	308.0	522.1	474.9	536.5
Shareholders' funds ($ million)	**1,278.7**	1,281.3	1,818.2	1,586.5	1,590.7
ROFE based on year end funds employed [3]	**12.5%**	18.2%	14.1%	11.3%	13.6%
Net profit before significant items ($ million)	**90.7**	90.2	173.4	134.0	192.8
Net profit (loss) after significant items ($ million)	**76.3**	503.4	(111.7)	(326.5)	177.4
Basic earnings per share before significant items (cents) [4]	**17.9**	17.8	12.7	12.2	20.9
Dividend per share (cents) [5]	**13.0**	17.4	8.5	7.5	15.0
Share price as of 31 March ($) [6]	**1.80**	3.28	1.66	1.20	3.20

1 All years represent results for the full CSR group operations for the year, with the exception of 2011 which represents results from continuing operations only (i.e. excludes Sucrogen and Asian insulation businesses sold during the financial year).

2 EBIT excludes significant items and represents the primary financial metric used in the YEM12 STI plan.

3 ROFE is calculated as EBIT/funds employed (restated to exclude the fair value of derivatives and superannuation defined benefit fund liabilities) as at 31 March of the respective year. STI payments for YEM12 were awarded taking into consideration both the average funds employed balance throughout the financial year and the impact of significant items on funds employed.

4 EPS is based on net profit after tax from continuing operations. EPS results for 2011 reflect the impact of the 3:1 share consolidation on 3 March 2011, while prior EPS results reflect pre-consolidation share numbers.

5 Dividend per share (cents) is comprised of the following, (note YEM11 interim and special dividend has not been adjusted for the impact of the 3:1 share consolidation):

	2012	2011
Interim dividend	**6.0**	3.0
Special dividend	–	9.1
Final dividend	**7.0**	5.3
Total	**13.0**	17.4

6 2011 share price represents the CSR share price after the 3:1 share consolidation of 3 March 2011. Share prices for 2006-2010 represent pre-consolidation share prices.

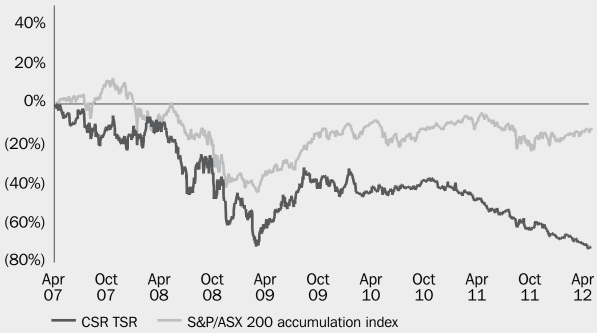
In YEM12, CSR did not meet the EBIT threshold set by the board. External market drivers such as the further cyclical downturn in residential and commercial construction in Australia and New Zealand, the continuing high Australian dollar and the significant deterioration in the Australian dollar-realised aluminium price resulted in lower than budgeted financial performance. There is a clear link between this performance and the level of STI awarded in YEM12 with most business units paid no STI payments for the financial element of the STI which represents up to 60% of the overall STI payment. Overall this has resulted in a year-on-year reduction of STI payments of 37%.

LTIs have been linked to company performance as follows:

- awards comprise shares (under the CASP) or performance rights (under the PRP) whose value ultimately depends on share price performance; and
- awards vest subject to CSR's relative TSR performance compared against the constituents of the S&P/ASX 200 index. The following chart shows CSR's TSR performance over the past five years against the S&P/ASX 200 accumulation index.

CSR's TSR fell below that of the S&P/ASX 200 accumulation index for the period from April 2007 to April 2012. As a consequence, no existing CASP grants vested in YEM12, as CSR's relative TSR performance did not reach the performance threshold necessary for vesting. During YEM12, the 2006 CASP grant did not reach its performance threshold and all 2006 CASP shares were forfeited.

Chart 2: TSR and S&P/ASX 200 accumulation index five year comparison



F – EXECUTIVE SERVICES AGREEMENTS

F1 – EXECUTIVES

The details of the Executive Services Agreements of CSR's senior executives named in the remuneration tables (excluding the managing director) can be summarised as:

- all executives have ongoing agreements of no fixed term;
- the agreements may be terminated by the individual giving between three to six months' notice, or by the company giving between six and 12 months' notice or payment in lieu of that notice;
- upon termination, executives are entitled to:
  - payment of annual and long service leave;
  - at the discretion of the board, an STI payment may be awarded on a pro-rata basis reflective of the executive's achievement of financial and personal objectives during the year;
  - LTI awards that have vested, as discussed under section D3; and
  - at the discretion of the board and under board policy, if an executive ceases employment due to retrenchment, death, disablement or retirement:
    - unvested CASP shares may vest depending on the performance against hurdles prior to termination. If performance hurdles are not achieved during the testing window(s) specified by the board, no vesting would occur in relation to unvested CASP awards; and
    - unvested PRP grants may be left in the plan subject to ongoing performance hurdles; and
- if an executive is retrenched, executives will receive payment in lieu of 6–12 months' notice, or (for those executives covered by the CSR Redundancy & Retrenchment Agreement) the executive will receive the greater of the entitlement to severance pay plus notice under the CSR Redundancy & Retrenchment Agreement* or payment in lieu of 12 months' notice and, subject to board discretion, a pro-rata STI payment for the proportion of the financial year served. Under the federal government's executive termination benefit legislation, a shareholder vote would be required in the event that KMP or directors in publicly listed companies appointed from November 2009 were to receive a termination payment in excess of one year's salary.
- No termination payments were paid to senior executives during YEM12.

* entitlement for eligible employees under the CSR Redundancy & Retrenchment Agreement is three months' base salary plus 0.7 months per year of completed service up to a maximum of two years.

F2 – MANAGING DIRECTOR – EXECUTIVE SERVICES AGREEMENT

Rob Sindel was appointed as managing director of CSR effective 1 January 2011. Mr Sindel's remuneration package is summarised as follows:

Table 8: Managing director's remuneration package

Fixed remuneration	The managing director receives an annual fixed remuneration of $1,050,000 inclusive of superannuation contributions effective from 1 January 2011. Fixed remuneration is reviewed annually commencing 1 July 2012.
STI	The annual maximum STI opportunity is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 70% of the maximum STI being paid. The STI is weighted 60% on financial performance and 40% on individual performance.
LTI	The managing director is able to participate in the PRP. The potential value of any award of performance rights he may earn is not less than 100% of fixed remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section D3 for details).

There was no sign-on incentive associated with Mr Sindel's appointment as managing director.

The contract is for an indefinite duration. Under the Executive Service Agreement, Mr Sindel's employment can be terminated by:

- the company giving him 12 months' notice of termination; or
- Mr Sindel giving six months' notice of resignation.

Remuneration Report (continued)

Under his Executive Services Agreement, Mr Sindel's incentives are treated in the event of termination, or a change of control, as follows:

Table 9: Treatment of the managing director's incentives on termination

		LONG TERM INCENTIVE	
CIRCUMSTANCE	SHORT TERM INCENTIVE [a]	UNVESTED PERFORMANCE RIGHTS	SHARES ALLOCATED IN RESPECT OF VESTED PERFORMANCE RIGHTS
Notice by company	STI will be paid on a pro-rata basis	Board discretion to allow awards to vest or remain subject to performance hurdles after termination	Vested performance rights are released at time of vesting
Death or permanent disability	STI will be paid on a pro-rata basis	Board discretion to allow awards to vest	Vested performance rights are released at time of vesting
Change of control and subsequent material change to managing director's role [b]	STI will be paid on a pro-rata basis	Board discretion to allow awards to vest or remain subject to performance hurdles after termination	Vested performance rights are released at time of vesting

a Any STI payments will be paid according to the normal annual STI payment time frame (i.e. payment timing will not be accelerated).

b Note – if the managing director resigned due to a material change in the managing director's status (including the company undergoing a change of control), there would be an entitlement to a payment equivalent to 12 months' notice of termination.

G – REMUNERATION AND SHAREHOLDINGS FOR YEM12 (AND COMPARATIVES)

Managing director's and key managers' long term incentives

		NUMBER OF CASP SHARES						
UNVESTED SHARES HELD IN TRUST UNDER THE CASP [a]		BALANCE AT 1 APRIL	GRANTED	VESTED	LAPSED [b]	IMPACT OF SHARE CONSOLIDATION [c]	BALANCE AT 31 MARCH [d]	CASP SHARES INCLUDED IN REMUNERATION YEAR ENDED 31 MARCH [e]
Executive director								
Rob Sindel	2011	67,895	–	–	–	(45,263)	22,632	**7,544**
(Managing Director)	**2012**	**22,632**	**–**	**–**	**–**	**–**	**22,632**	**–**
Senior executives								
	2011	–	–	–	–	–	–	–
Greg Barnes[f]	**2012**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2011	44,960	–	–	(7,561)	(24,932)	12,467	1,886
Ian Hardiman	**2012**	**12,467**	**–**	**–**	**(3,586)**	**–**	**8,881**	**–**
	2011	77,177	–	–	(18,901)	(38,850)	19,426	3,233
Andrew MacKenzie	**2012**	**19,426**	**–**	**–**	**(5,122)**	**–**	**14,304**	**–**
	2011	46,398	–	–	(7,561)	(25,891)	12,946	2,694
Anthony Tannous	**2012**	**12,946**	**–**	**–**	**(2,561)**	**–**	**10,385**	**–**

a Unvested CASP shares may vest if the TSR of CSR exceeds the ASX 200 Accumulation index during the prescribed testing dates. An additional equivalent number of "top-up" shares may be awarded if the TSR of CSR exceeds the 75th percentile of the ASX 200 during the prescribed testing dates (refer section D3 for more detail).

b For YEM12, the CASP shares granted under the 2006 CASP grant did not meet the performance hurdles on the final testing date and lapsed on 24 July 2011.

c On 3 March 2011, CSR shares underwent a 3:1 consolidation. This column indicates the impact of the consolidation on CASP shares (which equated to a reduction by two-thirds).

d Balance at 31 March includes unvested shares granted under the following CASP grants: Mr Sindel – 2008 CASP grant; and Mr Hardiman, Mr MacKenzie and Mr Tannous – 2007 and 2008 CASP grants.

e For YEM11, one-third of the CASP shares purchased in 2008 at $2.062 per share. For YEM12 for the relevant KMPs listed above the final grant was made in 2008 and this grant has been fully expensed at 31 March 2011.

f Mr Barnes commenced after the cessation of CASP.

Note – number of performance rights granted under the PRP represents the maximum award for stretch performance, whereas under the CASP the number of shares granted represented the award for target level performance with an out-performance 'top-up' granted at a later date if the second performance hurdle was achieved.

UNVESTED RIGHTS GRANTED UNDER THE PRP [a]		NUMBER OF PERFORMANCE RIGHTS: RIGHTS BALANCE AT 1 APRIL	RIGHTS GRANTED	RIGHTS VESTED	RIGHTS LAPSED	RIGHTS – IMPACT OF CONSOLIDATION [b]	RIGHTS BALANCE AT 31 MARCH	CSR SHARES ELIGIBLE AT VESTING [c]	NO. OF RIGHTS INCLUDED IN REMUNERATION YEAR ENDED 31 MARCH [d]
Executive director									
Rob Sindel	2011	473,394	390,087	–	–	(575,654)	287,827	384,951	246,859
(Managing Director)	**2012**	**287,827**	**426,988**	**–**	**–**	**–**	**714,815**	**811,939**	**397,049**
Senior executives									
	2011	135,256	137,678	–	–	(181,956)	90,978	121,677	76,519
Greg Barnes	**2012**	**90,978**	**112,824**	**–**	**–**	**–**	**203,802**	**234,501**	**124,136**
	2011	108,204	83,525	–	–	(127,819)	63,910	85,475	55,138
Ian Hardiman	**2012**	**63,910**	**73,847**	**–**	**–**	**–**	**137,757**	**159,322**	**85,819**
	2011	67,628	81,377	–	–	(99,337)	49,668	66,428	41,122
Andrew MacKenzie	**2012**	**49,668**	**54,395**	**–**	**–**	**–**	**104,063**	**120,823**	**66,030**
	2011	108,204	84,718	–	–	(128,615)	64,307	86,007	55,410
Anthony Tannous	**2012**	**64,307**	**71,897**	**–**	**–**	**–**	**136,204**	**157,904**	**85,657**

a PRP grants are expensed over the vesting period at a valuation determined on grant date. Grant valuations are as follows: grant in year ended 31 March 2010: $1.06; year ended 31 March 2011: $1.23; and year ended 31 March 2012: Tranche A (TSR) $1.49 and Tranche B (EPS) $2.27. Valuations are performed by a third party accounting firm.

b On 3 March 2011, CSR shares underwent a 3:1 consolidation. This column indicates the impact of the consolidation on PRP grants (which equated to a reduction by two-thirds).

c Represents the number of shares that will be granted if performance rights vest. For grants on issue at the date of the CSR return of capital on 3 March 2011, each performance right is worth 1.337 CSR shares on vesting. All grants made after this date are eligible for one CSR share per one performance right on vesting. Shares acquired on vesting are fully paid ordinary shares and the amount payable by KMP to acquire these shares is nil.

d Represents the number of performance rights expensed during the financial year in accordance with the valuation described in Note (a).

Managing director's and senior executives' shareholdings [a]

		NUMBER OF CSR SHARES: BALANCE AT 1 APRIL	INCLUDED IN REMUNERATION	ACQUIRED	SOLD OR TRANSFERRED	IMPACT OF SHARE CONSOLIDATION [b]	BALANCE AT 31 MARCH
Managing director							
	2011	41,293	–	4,735	–	(30,684)	15,344
Rob Sindel	**2012**	**15,344**	**–**	**54,099**	**–**	**–**	**69,443**
Senior executives							
	2011	2,500	–	2,959	–	(3,638)	1,821
Greg Barnes	**2012**	**1,821**	**–**	**5,143**	**–**	**–**	**6,964**
	2011	21,381	–	–	–	(14,254)	7,127
Ian Hardiman	**2012**	**7,127**	**–**	**–**	**–**	**–**	**7,127**
	2011	140,369	–	4,033	–	(96,266)	48,136
Andrew MacKenzie	**2012**	**48,136**	**–**	**1,781**	**–**	**–**	**49,917**
	2011	18,235	–	4,140	–	(14,915)	7,460
Anthony Tannous	**2012**	**7,460**	**–**	**3,272**	**–**	**–**	**10,732**

a CSR shares in which the senior executive has a beneficial interest, including shares held under the ESAP and CASP trusts or via their related parties, but excluding shares held under CASP which have not vested. It also includes spouse shareholdings. Shares held under the CASP trust which have not vested are disclosed in the table "Managing director's and key managers' long term incentives" above.

b On 3 March 2011 CSR underwent a 3:1 share consolidation. For YEM11 this column indicates the impact of the consolidation the shareholding (which equated to a reduction by two-thirds).

Remuneration Report (continued)

Managing director's and senior executives' remuneration

The remuneration table below shows a higher level of disclosed remuneration for the KMP in YEM12 versus YEM11. The increases in the disclosed remuneration quantum are a result of the implementation of the Executive Services Agreements whilst the decreases are explained by reduced STI outcomes.

$ YEAR ENDED 31 MARCH	FIXED REMUNERATION [a]	STI [b]	USOP	LTI ACCRUAL [c]	OTHER BENEFITS [d]	TOTAL (INCL ACCRUED LTI)	AT RISK [e] (%)	VESTED AT RISK [f] (%)	TOTAL ACTUAL REMUNERATION [g]
Managing director									
Rob Sindel									
2011	900,000	550,000	957	323,559	34,167	1,808,683	48	30	1,485,124
2012	**1,050,000**	**275,000**	**–**	**528,657**	**24,553**	**1,878,210**	**43**	**12**	**1,349,553**
Senior executives									
Greg Barnes (chief financial officer)									
2011	414,583	189,583	–	86,453	9,066	699,685	40	27	613,232
2012	**507,500**	**142,800**	**999**	**156,544**	**7,621**	**815,464**	**37**	**14**	**658,920**
Ian Hardiman (general manager Lightweight Systems)									
2011	360,500	134,680	–	84,164	13,837	593,181	37	23	509,017
2012	**428,500**	**174,825**	**–**	**106,713**	**45,403**	**755,441**	**37**	**19**	**648,728**
Andrew MacKenzie (general manager Property)									
2011	351,230	193,279	957	77,294	7,780	630,540	43	31	553,246
2012	**365,280**	**143,842**	**999**	**82,477**	**6,558**	**599,156**	**38**	**19**	**516,679**
Anthony Tannous (general manager Bradford Insulation)									
2011	357,990	158,756	957	89,661	27,198	634,562	39	25	544,901
2012	**414,800**	**43,000**	**999**	**106,298**	**39,806**	**604,903**	**25**	**6**	**498,605**
Total senior executives (excluding the managing director)									
2011	1,484,303	676,298	1,914	337,572	57,881	2,557,968	40	27	2,220,396
2012	**1,716,080**	**504,467**	**2,997**	**452,032**	**99,388**	**2,774,964**	**34**	**15**	**2,322,932**

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

b The minimum entitlement to an STI payment is zero and the target entitlement as a % of fixed remuneration for YEM12 is 50% for senior executives and 70% for the managing director. Maximum potential STI entitlement is 100% of fixed remuneration. STI payments may be allocated at the executive's discretion to cash or additional superannuation contributions. To the extent the executive is not holding six months' fixed remuneration in CSR shares, up to 20% of the STI value will be deferred into CSR shares.

c "Long term incentive accrual" is as defined in the accounting standards. Includes the amortised expenses for the YEM10, YEM11 and YEM12 PRP grants (for participating employees – refer to tables on page 35 for LTI grant participation by KMP and senior executives).

d In YEM11 and YEM12, other benefits include the movement in accrual of long service leave entitlement. Accruals have increased where new Executive Service Agreements have been implemented. Also included for YEM11 is spouse travel for Rob Sindel, corporate hospitality for Ian Hardiman and corporate hospitality, membership fees, spouse travel and spouse accommodation for Anthony Tannous. YEM12 also included corporate hospitality, airfares and accommodation for Rob Sindel, Ian Hardiman and Anthony Tannous and their spouses. No other post-employment benefits apply.

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

f Represents the proportion of total remuneration (including accrued LTI and non-deferred STI) that has vested.

g Represents the total of all remuneration package components including deferred STI amounts but excluding any LTI amounts that were accrued but not vested. There was no vesting of LTI awards from previous years in YEM12. This figure represents what was actually earned by the executive for YEM11 and YEM12.

H – NON-EXECUTIVE DIRECTOR REMUNERATION

ROLE	ANNUAL FEE
Chairman base fees	$317,500
NED base fees (including one committee membership)	$127,000
Chairman of the Risk & Audit Committee	An additional $30,000
Chairman of the Workplace Health, Safety & Environment Committee	An additional $15,000
Chairman of the Remuneration & Human Resources Committee	An additional $20,000
Additional committee membership	An additional $10,000 per additional committee (applies to directors other than the chairman)

All fees are exclusive of any superannuation guarantee contributions.

NEDs do not participate in the company's STI or LTI plans or receive any variable remuneration, but are able to forgo fees for CSR shares under the ESAP. To further align NEDs' interests with those of shareholders, the company expects all NEDs to acquire a beneficial interest in CSR shares.

No retirement allowances are payable to NEDs appointed after 1 April 2003.

Non-executive directors' shareholdings [a]

		NUMBER OF CSR SHARES					
	YEAR	BALANCE AT 1 APRIL	INCLUDED IN REMUNERATION	ACQUIRED	SOLD OR TRANSFERRED	IMPACT OF SHARE CONSOLIDATION [b]	BALANCE AT 31 MARCH
Ian Blackburne	2011	307,067	–	–	–	(204,710)	102,357
(retired 7 July 2011)	**2012**	**102,357**	**–**	**–**	**–**	**–**	**N/A**
Nicholas Burton Taylor	2011	108,100	–	–	–	(72,064)	36,036
(retired 11 May 2011)	**2012**	**36,036**	**–**	**–**	**–**	**–**	**N/A**
	2011	85,113	–	–	–	(56,741)	28,372
Kathleen Conlon	**2012**	**28,372**	**–**	**2,568**	**–**	**–**	**30,940**
	2011	35,768	–	23,600	–	(39,577)	19,791
Ray Horsburgh	**2012**	**19,791**	**–**	**12,691**	**–**	**–**	**32,482**
Michael Ihlein	2011	–	–	–	–	–	–
(joined board 7 July 2011)	**2012**	–	–	**50,195**	–	–	**50,195**
Richard Lee	2011	174,009	–	–	–	(116,005)	58,004
(retired 11 May 2011)	**2012**	**58,004**	**–**	**–**	**–**	**–**	**N/A**
Rebecca McGrath[c]	2011	–	–	–	–	–	–
(joined board 1 February 2012)	**2012**	**–**	**–**	**–**	**–**	**–**	**–**
	2011	185,825	–	–	–	(123,882)	61,943
John Story	**2012**	**61,943**	**–**	**–**	**–**	**–**	**61,943**
Jeremy Sutcliffe	2011	74,312	–	2,089	–	(50,934)	25,467
(chairman)	**2012**	**25,467**	**–**	**100,079**	**–**	**–**	**125,546**

a CSR shares in which the director has a beneficial interest, including shares held under the ESAP trust or via related parties.

b On 3 March 2011, CSR underwent a 3:1 share consolidation. This column indicates the impact of the consolidation on the shareholding (which equated to a reduction by two-thirds).

c Rebecca McGrath was appointed as a non-executive director on 1 February 2012. Under CSR's Share Trading Policy, Rebecca McGrath is not permitted to acquire shares in CSR until the trading window opens on 17 May 2012.

Remuneration Report (continued)

Non-executve directors' remuneration

$ YEAR ENDED 31 MARCH	YEAR	DIRECTORS' FEES	TERMINATION BENEFITS	SUPERANNUATION	TOTAL
	2011	317,500		28,575	346,075
Ian Blackburne (chairman) [a]	**2012**	**85,349**	**161,306**	**57,681**	**304,336**
	2011	132,000		11,880	143,880
Nicholas Burton Taylor [b]	**2012**	**22,000**		**1,341**	**23,341**
	2011	132,000		11,880	143,880
Kathleen Conlon	**2012**	**150,347**		**13,531**	**163,878**
	2011	135,000		12,150	147,150
Ray Horsburgh	**2012**	**142,000**		**12,780**	**154,780**
Michael Ihlein [c]	**2012**	**100,540**		**9,049**	**109,589**
	2011	135,000		12,150	147,150
Richard Lee [d]	**2012**	**22,500**		**1,372**	**23,872**
Rebecca McGrath [e]	**2012**	**22,833**		**2,055**	**24,888**
	2011	144,000		12,960	156,960
John Story	**2012**	**157,000**		**14,130**	**171,130**
	2011	33,000		2,970	35,970
Jeremy Sutcliffe [f] (Chairman)	**2012**	**283,133**		**25,482**	**308,615**
	2011	1,028,500		92,565	1,121,065
Total non-executive directors	**2012**	**985,702**	**161,306**	**137,421**	**1,284,429**

a Dr Ian Blackburne retired as Chairman on 7 July 2011. As Dr Blackburne joined the board prior to 1 April 2003, he had a frozen retirement allowance of $211,306 which was paid as part of his retirement from the CSR board. $50,000 of this amount was eligible to be rolled over into superannuation and the remainder was paid as a termination benefit.

b Mr Burton Taylor retired on 11 May 2011.

c Mr Ihlein joined the board on 7 July 2011.

d Mr Lee retired on 11 May 2011.

e Ms McGrath joined the board on 1 February 2012.

f 2011 figures represent the amount Mr Sutcliffe earned as an NED from January to March 2011. For 2012, Mr Sutcliffe was appointed Chairman on 7 July 2011.

Directors' Report

The directors of CSR Limited (CSR) present their report on the consolidated entity, being CSR and its controlled entities (CSR group), for the year ended 31 March 2012 and the auditor's report thereon. Information in the annual report referred to in this report, including the remuneration report, or contained in a note to the financial statements referred to in this report, forms part of, and is to be read as part of, this report.

REVIEW OF OPERATIONS AND RESULTS

A review of the CSR group's operations, and the results for the year ended 31 March 2012, are set out on the inside front cover to page 3 and pages 41 to 87 of the annual report.

This includes information on the CSR group's financial position, and the business strategies and prospects of the CSR 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 to the CSR Group in the financial year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of entities in the CSR group during the year included the manufacture and supply of building products in Australia and New Zealand.

In Australia, the CSR group has an interest in the smelting of aluminium through its 70% interest in Gove Aluminium Finance Limited, which owns 36.05% of the Tomago aluminium smelter. Also in Australia, CSR maximises returns from the sale of industrial land by advancing sites through stages of the development process.

EVENTS AFTER BALANCE DATE

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the CSR group's operations, the results of those operations or the CSR group's state of affairs in future financial years.

LIKELY DEVELOPMENTS

Likely developments in the operations of the CSR group in the future and the expected results are set out in the inside front cover to page 3 and pages 41 to 87. 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 Thursday 12 July 2012 will be reported to the meeting.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The board places a high priority on environmental issues and is satisfied that adequate systems are in place for the management of the CSR group's compliance with applicable environmental regulations under the laws of the Commonwealth, States and Territories of Australia and New Zealand. CSR is not aware of any pending prosecutions relating to environmental issues last year, nor is CSR aware of any environmental issues, not provided for, which would materially affect the business as a whole.

POLITICAL DONATIONS

CSR contributed $45,715 excluding GST in direct and indirect donations to political parties in the year ended 31 March 2012 (2011: $40,086). These donations were primarily directed towards attendance at organised functions. CSR's businesses are often involved in a degree of interaction with all levels of government. CSR assists all sides of politics in the development of policy in fields where CSR has specific expertise.

All donations are disclosed in accordance with CSR's obligations to the Australian Electoral Commission.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS

On 16 May 2012, the board resolved to pay a fully franked dividend for the year ended 31 March 2012, of 7 cents per ordinary share, on 9 July 2012. During the year, a final dividend of 5.3 cents per ordinary share, with respect to the financial year ended 31 March 2011, was paid on 14 July 2011 and an interim dividend of 6 cents per ordinary share was paid on 16 December 2011 (as set out in Note 25 to the financial statements on page 67). No other distributions were paid during the year.

DIRECTORS, SECRETARIES, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS

As noted in the chairman's report on page 4, there have been significant changes to CSR's board throughout the last 12 months. The names of directors who held office at 16 May 2012, as well as details about current directors' period of appointment, qualifications, age, experience, special responsibilities, current directorships and directorships for the past three years of other listed companies, are on pages 14 to 15. The qualifications and experience of the company secretary at 16 May 2012 are also on page 15.

Details about meetings of the board and of board committees, including attendance, are on page 22 and the directors' relevant interests in shares in CSR or a related body corporate as at the date of this report are on page 22. Other than as disclosed elsewhere in this report, no director:

- has any relevant interest in debentures of, or interests in a registered scheme made available by, CSR or a related body corporate;
- has any rights or options over shares in, debentures of, or interests in a registered scheme made available by, CSR or a related body corporate; or
- is a party to or entitled to a benefit under any contracts that confer a right to call for or deliver shares in, debentures of, or interests in a registered scheme made available by, CSR or a related body corporate.

OPTIONS OVER SHARE CAPITAL

Other than as disclosed in the remuneration report:

- 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 were issued pursuant to exercised options during or since the end of the year.

INDEMNITIES AND INSURANCE

Under clause 101 of CSR's constitution, CSR indemnifies every person who is or has been an officer of CSR, to the extent permitted by law and subject to the restrictions in sections 199A and 199B of the *Corporations Act 2001* 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; and
- 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.

For the purposes of clause 101 of CSR's constitution, "officer" means a director, secretary and executive officer (as defined in the *Corporations Act 2001*). CSR has entered into a deed of indemnity with current and former directors of CSR and its subsidiaries. The deeds of indemnity are substantially in the form approved by shareholders in July 1999.

The company has a similar policy covering all employees. CSR's external auditor is not indemnified under clause 101 of CSR's constitution or any other agreement.

During the year, CSR paid premiums in respect of insurance contracts for the year ended 31 March 2012 and, since the end of the year, CSR has paid, or agreed to pay, premiums in respect of such contracts for the year ending 31 March 2013. The insurance contracts insure against certain liability (subject to exclusion) incurred by persons who are or have been directors or officers of CSR and its controlled entities. In accordance with normal commercial practice, the insurance contract prohibits disclosure of the nature of the liability covered by, or the premium payable under, the contract of insurance. No claims under the indemnities have been made against CSR during or since the end of the year.

Directors' Report (continued)

AUDITOR INDEPENDENCE

There is no current or former partner or director of Deloitte Touche Tohmatsu, CSR's auditor, who is, or was at any time during the year ended 31 March 2012, an officer of the CSR group. No auditor played a significant role in the CSR group audit for the year ended 31 March 2012 in reliance on a declaration made under section 342A of the *Corporations Act 2001* (i.e. the 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 87 and forms part of this report.

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 28 to the financial statements on page 70. In accordance with written advice provided by the Risk & Audit Committee, the directors are satisfied that the provision of non-audit services during the year by Deloitte Touche Tohmatsu:

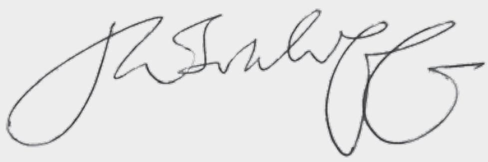
- is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*; and
- did not compromise the auditor independence requirements of the *Corporations Act 2001* in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

PROCEEDINGS ON BEHALF OF CSR

No proceedings have been brought, or intervened in, on behalf of CSR, nor has any application for leave been made in respect of CSR under section 237 of the *Corporations Act 2001* (which allows current and former members and officers and certain other persons to bring proceedings on behalf of a company).

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The remuneration report on pages 23 to 38 which forms part of the directors' report, provides a summary of the board's remuneration policy and practices during the past year as they apply to directors and senior executives (including "key management personnel" as defined by the Accounting Standard AASB 124 Related Party Disclosures); the relationship between remuneration policy and the CSR group's performance; a detailed summary of performance rights granted to senior executives (including the applicable performance conditions, why they were chosen and how performance is measured against them); and the remuneration details for each director and senior executive.



Jeremy Sutcliffe
Chairman

Rob Sindel
Managing Director

16 May 2012

Financial Report

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

Statement of financial performance

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH

		CSR GROUP	
($ MILLION)	NOTE	**2012**	2011
Continuing operations			
Trading revenue – sale of goods		**1,801.9**	1,913.6
Cost of sales		**(1,278.8)**	(1,323.0)
Gross margin from continuing operations		**523.1**	590.6
Other income	2	**53.0**	19.9
Warehouse and distribution costs		**(179.8)**	(184.2)
Selling, administration and other operating costs		**(230.0)**	(222.0)
Share of net profit of associates		**11.1**	10.5
Other expenses	2	**(50.1)**	(222.3)
Profit (loss) from continuing operations before finance and income tax		**127.3**	(7.5)
Interest income	4	**7.0**	11.2
Finance cost	4	**(30.2)**	(68.2)
Profit (loss) from continuing operations before income tax		**104.1**	(64.5)
Income tax (expense) benefit from continuing operations	6	**(8.2)**	9.5
Net profit (loss) from continuing operations		**95.9**	(55.0)
Net profit from discontinued operations[a]		**–**	589.0
Net profit		**95.9**	534.0
Net profit from continuing operations attributable to non-controlling interests		**19.6**	23.0
Net profit from discontinued operations attributable to non-controlling interests		**–**	7.6
Net profit attributable to non-controlling interests		**19.6**	30.6
Net profit (loss) from continuing operations attributable to shareholders of CSR Limited		**76.3**	(78.0)
Net profit from discontinued operations attributable to shareholders of CSR Limited	7	**–**	581.4
Net profit attributable to shareholders of CSR Limited[b]		**76.3**	503.4

EARNINGS PER SHARE (CENTS)		
From continuing and discontinued operations		
Basic earnings per share – based on net profit attributable to shareholders of CSR Limited[c]	**15.1**	99.6
Diluted earnings per share – based on net profit attributable to shareholders of CSR Limited[c]	**15.1**	99.6
From continuing operations		
Basic earnings per share – based on net profit (loss) attributable to shareholders of CSR Limited[c]	**15.1**	(15.4)
Diluted earnings per share – based on net profit (loss) attributable to shareholders of CSR Limited[c]	**15.1**	(15.4)

a Discontinued operations relate to Sucrogen and Asian insulation businesses sold on 22 December 2010.

b Net profit from continuing operations before significant items attributable to shareholders of CSR Limited is $90.7 million (2011: $90.2 million). Refer to Note 3 to the financial statements.

c Weighted number of ordinary shares on issue used in the calculation of earnings per share is 506.0 million (2011: 505.6 million).

Notes to the financial statements are annexed.

Statement of comprehensive income

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH

($ MILLION)	CSR GROUP 2012	2011
Net profit (loss) from continuing operations	**95.9**	(55.0)
Net profit from discontinued operations	**–**	589.0
Net profit	**95.9**	534.0
Other comprehensive income (expense) from continuing operations		
Exchange differences arising on translation of foreign operations	**0.9**	(3.5)
Reclassification adjustments relating to foreign currency translation reserves and other reserves on disposed foreign operations	**1.0**	–
Hedge profit recognised in equity	**14.9**	2.3
Hedge profit transferred to the statement of financial performance	**(19.0)**	(20.5)
Actuarial losses on superannuation defined benefit plans	**(34.0)**	(11.8)
Income tax relating to components of other comprehensive income	**11.2**	9.1
Other comprehensive expense for the period (net of tax) from continuing operations	**(25.0)**	(24.4)
Other comprehensive (expense) income from discontinued operations		
Exchange differences arising on translation of foreign operations	**–**	(2.4)
Reclassification adjustments relating to foreign currency translation and hedge reserves	**–**	93.5
Hedge loss recognised in equity	**–**	(108.2)
Hedge profit transferred to the statement of financial performance	**–**	(9.3)
Income tax relating to components of other comprehensive income	**–**	35.2
Other comprehensive income for the period (net of tax) from discontinued operations	**–**	8.8
Total comprehensive income (expense) from continuing operations	**70.9**	(79.4)
Total comprehensive income from discontinued operations	**–**	597.8
Total comprehensive income	**70.9**	518.4
Total comprehensive income attributable to:		
Shareholders of CSR Limited	**52.4**	480.5
Non-controlling interests	**18.5**	37.9
Total comprehensive income	**70.9**	518.4
Shareholders of CSR Limited from continuing operations	**52.4**	(98.4)
Non-controlling interests from continuing operations	**18.5**	19.0
Total comprehensive income (expense) from continuing operations	**70.9**	(79.4)
Shareholders of CSR Limited from discontinued operations	**–**	578.9
Non-controlling interests from discontinued operations	**–**	18.9
Total comprehensive income from discontinued operations	**–**	597.8
Total comprehensive income	**70.9**	518.4

Notes to the financial statements are annexed.

Statement of financial position

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
AS AT 31 MARCH

		CSR GROUP	
($ MILLION)	NOTE	**2012**	2011
Current assets			
Cash and cash equivalents	8	**55.8**	143.6
Receivables	10	**263.5**	302.4
Inventories	9	**309.5**	281.9
Other financial assets	11	**16.1**	25.9
Income tax assets	6	**40.8**	–
Other current assets	12	**7.4**	8.5
Total current assets		**693.1**	762.3
Non-current assets			
Receivables	10	**52.4**	27.0
Inventories	9	**54.6**	17.6
Investments accounted for using the equity method	32	**41.1**	14.5
Other financial assets	11	**3.7**	5.8
Property, plant and equipment	13	**1,120.3**	1,134.5
Goodwill	15	**22.4**	13.8
Other intangible assets	16	**31.7**	32.1
Deferred income tax assets	6	**213.7**	236.9
Other non-current assets	12	**14.8**	13.7
Total non-current assets		**1,554.7**	1,495.9
Total assets		**2,247.8**	2,258.2
Current liabilities			
Payables	17	**218.0**	201.6
Borrowings	18	**–**	3.1
Other financial liabilities	19	**0.8**	7.1
Tax payable	6	**2.1**	19.7
Provisions	21	**198.5**	199.1
Total current liabilities		**419.4**	430.6
Non-current liabilities			
Payables	17	**16.4**	2.5
Borrowings	18	**0.1**	1.4
Other financial liabilities	19	**–**	1.8
Provisions	21	**447.6**	462.0
Deferred income tax liabilities	6	**36.2**	42.2
Other non-current liabilities	17	**49.4**	36.4
Total non-current liabilities		**549.7**	546.3
Total liabilities		**969.1**	976.9
Net assets		**1,278.7**	1,281.3
Equity			
Issued capital	22	**1,042.2**	1,042.2
Reserves	23	**17.6**	21.2
Retained profits		**170.6**	170.3
Equity attributable to shareholders of CSR Limited		**1,230.4**	1,233.7
Non-controlling interests	24	**48.3**	47.6
Total equity		**1,278.7**	1,281.3

Notes to the financial statements are annexed.

Statement of changes in equity

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH

CSR GROUP ($ MILLION)	ISSUED CAPITAL	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE RESERVE	OTHER RESERVES	RETAINED PROFITS	ATTRIBUTABLE TO CSR LIMITED SHARE-HOLDERS	NON-CONTROLLING INTERESTS	TOTAL
Balance at 1 April 2011	**1,042.2**	**11.6**	**(12.6)**	**16.9**	**5.3**	**170.3**	**1,233.7**	**47.6**	**1,281.3**
Net profit	**–**	**–**	**–**	**–**	**–**	**76.3**	**76.3**	**19.6**	**95.9**
Exchange differences arising on translation of foreign operations	**–**	**–**	**0.9**	**–**	**–**	**–**	**0.9**	**–**	**0.9**
Reclassification adjustments relating to foreign currency translation reserves and other reserves on disposed foreign operations	**–**	**–**	**1.0**	**–**	**(5.3)**	**5.3**	**1.0**	**–**	**1.0**
Hedge profit recognised in equity	**–**	**10.7**	**–**	**–**	**–**	**–**	**10.7**	**4.2**	**14.9**
Hedge (profit) transferred to the statement of financial performance	**–**	**(13.2)**	**–**	**–**	**–**	**–**	**(13.2)**	**(5.8)**	**(19.0)**
Actuarial losses on superannuation defined benefit plans	**–**	**–**	**–**	**–**	**–**	**(34.0)**	**(34.0)**	**–**	**(34.0)**
Income tax relating to components of other comprehensive income	**–**	**0.8**	**–**	**–**	**–**	**9.9**	**10.7**	**0.5**	**11.2**
Total comprehensive (expense) income	**–**	**(1.7)**	**1.9**	**–**	**(5.3)**	**57.5**	**52.4**	**18.5**	**70.9**
Payment of ordinary dividends	**–**	**–**	**–**	**–**	**–**	**(57.2)**	**(57.2)**	**(17.8)**	**(75.0)**
Recognition of share based payments	**–**	**–**	**–**	**1.5**	**–**	**–**	**1.5**	**–**	**1.5**
Balance at 31 March 2012	**1,042.2**	**9.9**	**(10.7)**	**18.4**	**–**	**170.6**	**1,230.4**	**48.3**	**1,278.7**
Balance at 1 April 2010	1,700.9	32.3	(18.7)	12.6	5.3	(49.8)	1,682.6	135.6	1,818.2
Net profit	–	–	–	–	–	503.4	503.4	30.6	534.0
Exchange differences arising on translation of foreign operations	–	–	(6.3)	–	–	–	(6.3)	0.4	(5.9)
Reclassification adjustments relating to hedge and foreign currency translation reserves on discontinued operations	–	81.1	12.4	–	–	–	93.5	–	93.5
Hedge (loss) profit recognised in equity	–	(119.6)	–	–	–	–	(119.6)	13.7	(105.9)
Hedge (profit) transferred to the statement of financial performance	–	(25.9)	–	–	–	–	(25.9)	(3.9)	(29.8)
Actuarial losses on superannuation defined benefit plans	–	–	–	–	–	(11.8)	(11.8)	–	(11.8)
Income tax relating to components of other comprehensive income	–	43.7	–	–	–	3.5	47.2	(2.9)	44.3
Total comprehensive (expense) income	–	(20.7)	6.1	–	–	495.1	480.5	37.9	518.4
Shares issued	2.6	–	–	2.6	–	–	5.2	–	5.2
Payment of ordinary dividends	–	–	–	–	–	(136.4)	(136.4)	(32.2)	(168.6)
Payment of special dividend	–	–	–	–	–	(138.6)	(138.6)	–	(138.6)
Capital return	(661.3)	–	–	–	–	–	(661.3)	–	(661.3)
Recognition of share based payments	–	–	–	1.7	–	–	1.7	–	1.7
Net contribution to joint venture partner								(4.7)	(4.7)
Disposal of non-controlling interests	–	–	–	–	–	–	–	(89.0)	(89.0)
Balance at 31 March 2011	1,042.2	11.6	(12.6)	16.9	5.3	170.3	1,233.7	47.6	1,281.3

Notes to the financial statements are annexed.

Statement of cash flows

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH

		CSR GROUP	
($ MILLION)	NOTE	**2012**	2011
Cash flows from operating activities			
Receipts from customers		**1,960.2**	3,400.2
Payments to suppliers and employees		**(1,836.3)**	(3,141.6)
Dividends and distributions received		**10.2**	7.3
Interest received		**6.3**	13.3
Income tax paid		**(37.1)**	(64.6)
Derivative margin calls paid		**–**	(29.3)
Net cash from operating activities		**103.3**	185.3
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		**(129.6)**	(143.1)
Proceeds from sale of property, plant and equipment and other non-current assets		**48.0**	48.8
Net cash from disposal of discontinued operations (including payments for transaction costs)	7	**(13.7)**	1,873.7
Tax instalment paid on disposal of discontinued operations		**–**	(60.1)
Net cash from disposal of businesses (net of payments for transaction costs)	7	**31.1**	–
Purchase of controlled entities and businesses, net of cash acquired	38	**(16.1)**	(2.4)
Loans and receivables (advanced) repaid		**(17.2)**	2.3
Investment in associated entity		**(1.1)**	–
Net cash (used in) from investing activities		**(98.6)**	1,719.2
Cash flows from financing activities			
Proceeds from issue of shares to CSR Limited shareholders		**–**	2.6
Net repayment of borrowings		**(3.1)**	(794.5)
Dividends paid		**(75.0)**	(307.2)
Capital return to CSR Limited shareholders		**–**	(661.3)
Interest and other finance costs paid		**(13.4)**	(41.4)
Net cash used in financing activities		**(91.5)**	(1,801.8)
Net (decrease) increase in cash held		**(86.8)**	102.7
Net cash at the beginning of the financial year		**142.3**	43.9
Effects of exchange rate changes		**0.3**	(4.3)
Net cash at the end of the financial year	8	**55.8**	142.3
Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities			
Net profit attributable to shareholders of CSR Limited		**76.3**	503.4
Net profit attributable to non-controlling interests		**19.6**	30.6
Depreciation and amortisation		**89.6**	141.8
Net change in provisions		**(50.2)**	(33.2)
Gain on disposal of discontinued operations (net of tax)		**–**	(542.1)
Significant items from continuing operations (non-cash)		**(16.5)**	149.6
Interest expense		**30.2**	38.4
Profit on disposal of assets, asset write downs and associated costs		**(27.5)**	(15.7)
Net change in trade receivables		**9.9**	(87.7)
Net change in current inventories		**(21.4)**	(7.1)
Net change in trade payables		**15.0**	36.5
Net change in other assets and liabilities		**(21.7)**	0.1
Derivative margin calls paid		**–**	(29.3)
Net cash from operating activities		**103.3**	185.3

Credit facilities are shown in Note 20.

Notes to the financial statements are annexed.

Significant accounting policies

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

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 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 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; and
- all inter-entity balances and transactions are eliminated.

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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. At 31 March 2012, a provision of $441.7 million (2011: $448.9 million) has been made for all known claims and reasonably foreseeable future claims. Refer to Note 37 for further details of the key assumptions and uncertainties in estimating this liability.

Asset impairment: Assets are reviewed for impairment at each reporting date in accordance with the accounting policy. Where a valuation is required, the valuation is determined using discounted cash flows. Management judgement is required in these valuations to forecast future cash flows and a suitable discount rate in order to calculate the present value. Future cash flows take into consideration forecast changes in the building cycle, aluminium prices and exchange rate where appropriate. Discounted cash flow projections over a ten year period are used and deemed appropriate given the cyclical nature of the markets in which the CSR group operates. The first five years represent financial plans approved by management, based on the CSR group's view of the respective cycle, with years six to ten applying averaging assumptions to ensure cash flows in year ten are sufficiently stable to apply the terminal value. A terminal value is used from year eleven onwards.

Measurement of provisions for restoration and environmental rehabilitation and legal claims: The CSR group is in the process of remediating land in relation to legacy factory sites and is involved in a number of ongoing legal disputes. Judgement is required in arriving at an estimate of future costs required to extinguish these obligations. Expert advice is relied upon (where available) and known facts at the date of this report are considered to arrive at the best estimate for future liabilities that the CSR group will incur. Given the nature of these issues, circumstances may change and estimates and provisions will be updated accordingly.

STATEMENT OF CASH FLOWS

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

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The CSR group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 April 2011 as they are applicable for financial periods commencing on or after 1 July 2010:

- AASB 124 (revised) Related Party Disclosures;
- AASB 2009-12 Amendments to Australian Accounting Standards;
- AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement;
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2010-5 Amendments to Australian Accounting Standards; and
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.

ACQUISITION OF ASSETS

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of 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.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the CSR group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received by the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

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 statements, 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.

Significant accounting policies (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

INTANGIBLE ASSETS

Goodwill represents 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 statement of financial performance 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 the period over which the benefits are expected to arise; in most cases, this is five years.

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 profit or loss 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 inventories is derived by the method most appropriate to each particular class of inventories. 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 (included in discontinued operations in the comparative period), other products and services are sold on normal trade terms and conditions. In the case of raw sugar sold by the CSR group, revenue was recognised on a provisional basis at the time of title transfer to the centralised marketing authority, based on prevailing prices, and was subject to final adjustment when the final price was advised by the centralised marketing authority. In the prior year, this financial adjustment was not material.

PROVISION FOR RESTORATION AND ENVIRONMENTAL 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 at each reporting period and the provision is adjusted accordingly.

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 superannuation defined benefit 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 statement of comprehensive income. 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 statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Contributions to superannuation defined contribution plans are expensed when incurred and the CSR group's legal or constructive obligation is limited to these contributions.

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 consolidated group, agreed to compensate or be compensated by its wholly owned controlled entities for the balance of their current tax liability/(asset) and any tax loss related deferred tax asset assumed by CSR Limited. 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.

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 substantively 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 assets and liabilities reflects the tax consequences that would follow from the manner in which the CSR group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

Current and deferred tax is recognised as an expense in the statement of financial performance 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.

PRODUCT LIABILITY

The CSR group's provision for product liability is determined using reports provided by independent experts in each of Australia and the United States. The CSR group has included within the provision an appropriate prudential margin. Refer to Note 37 for further information on the basis for determining the product liability provision.

JOINT VENTURE AND ASSOCIATE ENTITIES

Investments in joint venture and associate entities have been accounted for under the equity method in the CSR group financial statements.

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 profit or loss in the period in which they arise except if designated as cash flow 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 profit or loss 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 profit or loss 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 profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

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.

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 profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. An allowance for doubtful debts is raised based on a review of outstanding balances at balance date. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of financial performance.

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 ASIC Class Order 98/100 issued 10 July 1998.

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.

IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

Significant accounting policies (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

OPERATING SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers – being the board of directors – to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The CSR group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in respect of the nature of products, production processes, type of customer and the methods used to distribute the product. Operating segments that meet the qualitative criteria as prescribed by AASB 8 Operating Segments are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

COMPARATIVE INFORMATION

Where applicable, comparative information has been reclassified in order to comply with current period disclosure requirements.

ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following Australian Accounting Standards and Interpretations have not yet been adopted by the CSR group:

- AASB 1054 Australian Additional Disclosures applicable to the CSR group for the financial year ending 31 March 3013;
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets applicable to the CSR group for the financial year ending 31 March 2013;
- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets applicable to the CSR group for the financial year ending 31 March 2013;
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 9 Financial Instruments applicable to the CSR group (effective date deferred);
- AASB 2010-7 and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 10 Consolidated Financial Statements applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 11 Joint Arrangements applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 12 Disclosure of Interests in Other Entities applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 13 Fair Value Measurement applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 119 Employee Benefits applicable to the CSR group for the financial year ending 31 March 2014;
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 applicable to the CSR group for the financial year ending 31 March 2014; and
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements applicable to the CSR group for the financial year ending 31 March 2015.

Presentation of financial statements and notes may be different when these Accounting Standards are adopted.

Implementation of AASB 119 is expected to result in changes to the accounting treatment for the CSR group's defined benefit superannuation funds and provisions for employee benefits which will impact amounts reported in profit or loss and net assets.

The CSR group does not anticipate any change in accounting for existing arrangements under AASB 10, AASB 11 and AASB 12. However, should any arrangements take place which changes existing interests or creates new interests in controlled entities, the accounting for such transactions may be different to that applied to transactions in the past.

1. SEGMENT INFORMATION

Identification of reportable segments

The CSR group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments are identified by management and the board of directors based on the nature of the product sold and production processes involved. The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold as these are the sources of the CSR group's major risks and have the most effect on the rates of return. Each of the business units disclosed below has been determined as both an operating segment and a reportable segment.

Types of products and services

Building Products

The group's Building Products segment encompasses:

- Lightweight Systems (Gyprock plasterboard, Hebel aerated autoclaved concrete products, Cemintel fibre cement, Fricker ceiling systems, and Rondo rollformed steel products) and Insulation (Bradford insulation and Edmonds ventilation systems); and
- Bricks and Roofing (PGH bricks, Monier and Wunderlich roofing, MySteel roofing solutions and Topcat safety rail).

Glass

The Glass business includes the operations of Viridian, Australia's leading glass provider and the only manufacturer of float glass and hardcoated performance products in Australia. It operates two main businesses – manufacturing clear float, coated and bulk laminate glass in Victoria and NSW and downstream value-added processing of glass from a number of facilities across Australia and New Zealand.

Aluminium

The Aluminium business unit relates to the CSR group's 36.05% interest in the Tomago aluminium smelter joint venture via a 70% interest in Gove Aluminium Finance Limited (i.e. an effective interest of 25.24%). Products from the aluminium business include aluminium ingots, billets and slabs.

Property

The Property business unit generates returns typically from the sale of former operating sites by advancing the sites through various stages of the development cycle. In addition, this business is currently involved in a small number of large-scale developments in NSW, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.

Sucrogen (discontinued operations)

The CSR group's Sucrogen segment encompassed three main businesses, being Cane Products, Sweeteners and Bioethanol. The Cane Products business mills sugar. It also produces by-products such as molasses (which is distilled and fermented to produce ethanol and is used as a livestock feed additive). The mills generate their own electricity, with excess electricity sold into the Queensland electricity grid. The Sweeteners business refines raw sugar to produce food-grade products. The Bioethanol business produces ethanol, which is used in fuels and also in pharmaceuticals, food and beverages, cosmetics, printing, aerosols and paint. This business also produces agricultural fertiliser. This segment was sold on 22 December 2010 and was included as a discontinued operation for the comparative financial year.

Accounting policies and inter-segment transactions

The accounting policies used by the CSR group in reporting segments internally are the same as those disclosed in the significant accounting policies included within these financial statements, with the exception that significant items (i.e. those items which by their size, nature or incidence are relevant in explaining financial performance) are excluded from trading profits. This approach is consistent with the manner in which results are reported to the Chief Operating Decision Makers (CODM).

Asset transfers

Transfers of assets between segments are recognised at cost.

Inter-segment sales

From time to time, Renewable Energy Certificates (RECs) produced by the Sucrogen segment (now discontinued) were sold to the Building Products and Aluminium segments. Sales of RECs between segments are recorded at fair value.

It is the CSR group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believes would be inconsistent. Reporting provided to the board of directors in respect of earnings is primarily measured based on earnings before interest and tax (EBIT), excluding significant items with significant items reviewed and reported separately to the CODM. The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

- corporate overheads;
- restructuring and provisions;
- net finance costs; and
- significant items.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

1. SEGMENT INFORMATION (CONTINUED)

($ MILLION)	PROFIT (LOSS) BEFORE INCOME TAX 2012	PROFIT (LOSS) BEFORE INCOME TAX 2011	INCOME TAX 2012	INCOME TAX 2011	NON-CONTROLLING INTERESTS 2012	NON-CONTROLLING INTERESTS 2011	NET PROFIT (LOSS) 2012	NET PROFIT (LOSS) 2011
Business segments from continuing operations								
Building Products	**86.9**	103.8	**22.5**	27.7	**–**	0.3	**64.4**	75.8
Glass	**(19.3)**	3.6	**(4.5)**	1.0	**–**	–	**(14.8)**	2.6
Aluminium	**80.5**	111.9	**11.7**	31.1	**19.6**	23.6	**49.2**	57.2
Property	**24.4**	14.6	**7.2**	4.4	**–**	–	**17.2**	10.2
Segment total for continuing operations	**172.5**	233.9	**36.9**	64.2	**19.6**	23.9	**116.0**	145.8
Corporate[a]	**(15.3)**	(19.0)	**(6.4)**	(5.7)	**–**	–	**(8.9)**	(13.3)
Restructuring and provisions[b]	**(0.5)**	(2.9)	**(0.2)**	(0.3)	**–**	–	**(0.3)**	(2.6)
Earnings before interest and significant items	**156.7**	212.0	**30.3**	58.2	**19.6**	23.9	**106.8**	129.9
Net finance cost	**(23.2)**	(57.0)	**(7.1)**	(16.4)	**–**	(0.9)	**(16.1)**	(39.7)
Continuing operations total before significant items	**133.5**	155.0	**23.2**	41.8	**19.6**	23.0	**90.7**	90.2
Significant items (Note 3)	**(29.4)**	(219.5)	**(15.0)**	(51.3)	**–**	–	**(14.4)**	(168.2)
Continuing operations total after significant items	**104.1**	(64.5)	**8.2**	(9.5)	**19.6**	23.0	**76.3**	(78.0)
Business segments from discontinued operations								
Sucrogen	**–**	69.4	**–**	25.2	**–**	7.6	**–**	36.6
Asian insulation business	**–**	7.0	**–**	2.1	**–**	–	**–**	4.9
Net finance cost	**–**	(2.3)	**–**	(0.1)	**–**	–	**–**	(2.2)
Significant items (Note 7)	**–**	692.1	**–**	150.0	**–**	–	**–**	542.1
Segment total for discontinued operations	**–**	766.2	**–**	177.2	**–**	7.6	**–**	581.4
Group total after significant items	**104.1**	701.7	**8.2**	167.7	**19.6**	30.6	**76.3**	503.4

	TOTAL REVENUE[c] 2012	TOTAL REVENUE[c] 2011	SHARE OF NET PROFIT OF ASSOCIATES 2012	SHARE OF NET PROFIT OF ASSOCIATES 2011	DEPRECIATION AND AMORTISATION[d] 2012	DEPRECIATION AND AMORTISATION[d] 2011	ADDITIONS TO NON-CURRENT ASSETS[e] 2012	ADDITIONS TO NON-CURRENT ASSETS[e] 2011
Business segments from continuing operations								
Building Products	**993.5**	1,048.7	**11.3**	10.5	**36.3**	41.7	**45.7**	38.2
Glass	**306.5**	348.8	**(0.2)**	–	**24.6**	26.1	**73.3**	20.1
Aluminium	**507.9**	519.6	**–**	–	**27.6**	27.5	**10.4**	7.9
Property	**27.2**	16.4	**–**	–	**–**	–	**74.2**	15.6
Segment total for continuing operations	**1,835.1**	1,933.5	**11.1**	10.5	**88.5**	95.3	**203.6**	81.8
Corporate[a]	**–**	–	**–**	–	**1.1**	0.7	**0.2**	–
Restructuring and provisions[b]	**–**	–	**–**	–	**–**	–	**–**	–
Interest income	**7.0**	11.2						
Continuing operations total before significant items	**1,842.1**	1,944.7	**11.1**	10.5	**89.6**	96.0	**203.8**	81.8
Significant items (Note 3)	**19.8**	–	**–**	–	**–**	–	**–**	–
Continuing operations total after significant items	**1,861.9**	1,944.7	**11.1**	10.5	**89.6**	96.0	**203.8**	81.8
Business segments from discontinued operations								
Sucrogen	**–**	1,368.5	**–**	3.0	**–**	43.4	**–**	62.4
Asian insulation business	**–**	60.2	**–**	–	**–**	2.4	**–**	0.3
Interest income	**–**	0.2						
Significant items (Note 7)	**–**	692.1	**–**	–	**–**	–	**–**	–
Segment total for discontinued operations	**–**	2,121.0	**–**	3.0	**–**	45.8	**–**	62.7
Group total after significant items	**1,861.9**	4,065.7	**11.1**	13.5	**89.6**	141.8	**203.8**	144.5

1. SEGMENT INFORMATION (CONTINUED)

($ MILLION)	ASSETS[f] 2012	ASSETS[f] 2011	LIABILITIES 2012	LIABILITIES 2011	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 2012	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 2011	IMPAIRMENT OF ASSETS[g] 2012	IMPAIRMENT OF ASSETS[g] 2011
Building Products	**929.8**	927.1	**165.0**	160.5	**16.6**	14.5	**(4.8)**	30.6
Glass	**485.6**	462.9	**65.3**	60.5	**24.5**	–	**–**	121.0
Aluminium	**338.3**	362.7	**73.9**	73.8	**–**	–	**–**	–
Property	**139.9**	81.3	**57.2**	18.6	**–**	–	**–**	–
Segment total	**1,893.6**	1,834.0	**361.4**	313.4	**41.1**	14.5	**(4.8)**	151.6
Unallocated[b]	**43.9**	43.7	**569.3**	597.1	**–**	–	**–**	–
	1,937.5	1,877.7	**930.7**	910.5	**41.1**	14.5	**(4.8)**	151.6
Cash/borrowings	**55.8**	143.6	**0.1**	4.5				
Tax assets/liabilities	**254.5**	236.9	**38.3**	61.9				
Group total	**2,247.8**	2,258.2	**969.1**	976.9	**41.1**	14.5	**(4.8)**	151.6

a Represents unallocated overhead and other revenues.

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

c Inter-segment sales are negligible. Total revenue includes trading revenue, other income, interest income and dividend income from other entities and excludes share of net profit of associates.

d Depreciation and amortisation from continuing operations includes $4.6 million (2011: $5.3 million) amortisation of intangible assets. Other significant non-cash expenses such as asset write downs, movements in provisions and other rationalisation expenses which are significant items are disclosed in Note 3. Other non-cash expenses are immaterial.

e Includes additions for non-current assets other than deferred tax assets, loans and other financial instruments.

f All acquisitions of controlled entities and businesses in 2011 and 2012 were in the Building Products and Glass segments.

g Includes $4.3 million impairment of property, plant and equipment and $0.5 million impairment of inventories relating to closure of the Clayton Rockwool insulation factory. Impairment of assets for the year ended 31 March 2011 included $100.0 million relating to impairment of property, plant and equipment of the Glass and Bricks businesses. Goodwill of $48.2 million was impaired during the year ended 31 March 2011 relating to Glass ($46.7 million) and Roofing ($1.5 million). In addition, $3.4 million of inventories relating to Glass were impaired in the year ended 31 March 2011.

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2012, the CSR group's trading revenue from continuing operations from external customers in Australia amounted to $1,713.4 million (2011: $1,805.0 million), with $88.5 million (2011: $108.6 million) of trading revenue related to other geographical areas. The CSR group's non-current assets excluding investments accounted for using the equity method, deferred tax assets and other financial assets from continuing operations in Australia amounted to $1,275.1 million at 31 March 2012 (2011: $1,191.6 million), with $21.1 million (2011: $47.1 million) related to other geographical areas.

2. OTHER INCOME AND EXPENSES FROM CONTINUING OPERATIONS

($ MILLION)	NOTE	CSR GROUP 2012	CSR GROUP 2011
Income			
Significant items	3	**19.8**	–
Profit on disposal of property, plant and equipment and other assets		**27.5**	15.7
Other		**5.7**	4.2
Total other income from continuing operations		**53.0**	19.9
Expenses			
Significant items	3	**(49.2)**	(219.5)
Other		**(0.9)**	(2.8)
Total other expenses from continuing operations		**(50.1)**	(222.3)

During the financial year ended 31 March 2012, expenses incurred in relation to employee benefits amounted to $427.4 million (2011: 428.9 million).

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

3. SIGNIFICANT ITEMS FROM CONTINUING OPERATIONS

	CSR GROUP	
($ MILLION)	**2012**	2011
Asset write downs and restructuring[a]		
Goodwill	**–**	(48.2)
Property, plant and equipment[b]	**(4.3)**	(100.0)
Redundancy costs and other[b]	**(23.3)**	(9.8)
Total asset write downs and restructuring	**(27.6)**	(158.0)
Income tax benefit	**8.3**	32.8
	(19.3)	(125.2)
Expense relating to product liability provision[c]		
Charge to provision	**(12.1)**	(12.6)
Income tax benefit	**3.6**	3.8
	(8.5)	(8.8)
Legal disputes, warranties and land remediation[d]		
Charge to provision	**(9.5)**	(25.3)
Income tax benefit	**2.0**	7.6
	(7.5)	(17.7)
Acquisitions and disposals of businesses[e]		
Gain on disposal of businesses and acquisition related costs	**19.8**	–
Income tax benefit	**1.1**	–
	20.9	–
Termination of Federal Government's Energy Efficient Homes Package[f]		
Stock obsolescence and inventory management costs	**–**	(23.6)
Income tax benefit	**–**	7.1
	–	(16.5)
Total significant items from continuing operations		
Significant items before income tax	**(29.4)**	(219.5)
Income tax benefit on significant items	**15.0**	51.3
Total significant items from continuing operations after income tax	**(14.4)**	(168.2)
Net profit (loss) from continuing operations attributable to shareholders of CSR Limited	**76.3**	(78.0)
Total significant expense from continuing operations after tax	**14.4**	168.2
Net profit before significant items from continuing operations attributable to shareholders of CSR Limited	**90.7**	90.2
EARNINGS PER SHARE (CENTS)		
From continuing operations before significant items		
Basic earnings per share – based on net profit attributable to shareholders of CSR Limited	**17.9**	17.8
Diluted earnings per share – based on net profit attributable to shareholders of CSR Limited	**17.9**	17.8

3. SIGNIFICANT ITEMS FROM CONTINUING OPERATIONS (CONTINUED)

a CSR reviews the carrying value of its assets as required under Australian Accounting Standards. No impairments have been recorded in the year ended 31 March 2012. During the year ended 31 March 2011, this review resulted in impairment of the Viridian business (reported as the Glass segment) and Bricks business (reported as part of the Building Products segment).

Viridian

At 31 March 2011, the CSR group reforecast future cash flows from this business to reflect macro factors prevailing at the time, affecting this business, including the change in outlook for the Australian dollar, the deterioration in commercial construction activity and a mixed commitment by government to drive energy efficient building code changes. In relation to the valuation model prepared, the key assumptions relate to the Australian dollar versus US dollar exchange rate, commercial building activity levels, average sale prices, the take up of energy efficient glass, housing starts and market share. These assumptions were determined with reference to current performance and expected changes taking into account external forecast information where available. This valuation resulted in an impairment to the Viridian business of $121.0 million, of which $46.7 million was allocated against goodwill balances, $3.4 million to inventories and the remainder to property, plant and equipment.

Bricks

At 31 March 2011, the CSR group undertook a review of the Bricks business which also resulted in an impairment charge. Future cash flows were reforecast to reflect the current outlook for housing starts and the strategic decision to reallocate land which is surplus to the Bricks operations (and the associated forecast cash flows) to the Property segment. In relation to the valuation model prepared, the key assumptions related to housing starts, market share and average sale price. These assumptions were determined with reference to current performance and expected changes taking into account external forecast information where available. This valuation resulted in an impairment being recorded against the Bricks business of $29.1 million which was allocated against property, plant and equipment.

b During the year ended 31 March 2012, the decision to close the Clayton Rockwool factory resulted in impairment of property, plant and equipment of $4.3 million. Other items of $23.3 million mainly relate to redundancy costs associated with the continued restructuring of the Building Products and Viridian businesses to secure ongoing efficiencies to better align the business with the current market, along with some corporate restructure (2011: $9.8 million).

c In the year ended 31 March 2012, the CSR group recorded a charge of $12.1 million in relation to its product liability provision, reflecting an increase in the routine estimate of future asbestos related claims in the United States (after cash payments and adjustments for the present value of future claims) (2011: $12.6 million).

d At 31 March 2012, the CSR group remeasured provisions in relation to land remediation obligations for some legacy factory sites and ongoing legal disputes as these matters have been advanced towards settlement.

e This amount is mainly comprised of the gain on sale of the Asian autoclaved aerated concrete business in Malaysia (Asian AAC business) which completed on 15 December 2011: refer to Note 7. A small net profit was also recorded on disposal of the Viridian New Zealand assets and establishment of a joint venture in relation to these business operations during the year. The CSR group has also incurred transaction costs in relation potential transactions and completed acquisitions disclosed in Note 38 and benefited from remeasurement of provisions for costs relating to the disposal of the Sucrogen business.

f During the year ended 31 March 2011, costs of $23.6 million were incurred as a result of the abrupt termination of the Federal Government's Energy Efficient Homes Package including stock obsolescence, disposal and inventory management costs.

4. NET FINANCE COST – CONTINUING OPERATIONS

	CSR GROUP	
($ MILLION)	**2012**	2011
Interest expense	**5.9**	36.5
Unwinding of discount on non-current provisions	**22.2**	21.3
Funding costs	**6.6**	8.1
Foreign exchange (gain) loss	**(4.5)**	2.3
Finance cost	**30.2**	68.2
Interest income	**7.0**	11.2
Net finance cost	**23.2**	57.0

5. DEPRECIATION AND AMORTISATION – CONTINUING OPERATIONS

	CSR GROUP	
($ MILLION)	**2012**	2011
Amounts incurred for depreciation and amortisation of		
Property, plant and equipment	**85.0**	90.7
Other intangible assets	**4.6**	5.3
Total depreciation and amortisation	**89.6**	96.0

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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6. INCOME TAXES – CONTINUING OPERATIONS[a]

	CSR GROUP	
($ MILLION)	2012	2011
Reconciliation of income tax expense (benefit) charged (credited) to the statement of financial performance with income tax calculated on profit (loss) from continuing operations before income tax:		
Profit (loss) from continuing operations before income tax	**104.1**	(64.5)
Income tax expense (benefit) calculated at 30%	**31.2**	(19.4)
(Decrease) increase in income tax expense (benefit) due to:		
Non-taxable profit on business disposals	**(7.2)**	–
Asset write downs on non-tax depreciable assets	**–**	14.6
Asian trading profits tax rate differential	**(0.2)**	(0.3)
Share of net profit of associates and rebates on dividend income	**(3.4)**	(3.6)
Income tax over provided in prior years	**(14.6)**	(0.4)
Other items	**2.4**	(0.4)
Total income tax expense (benefit) on profit (loss) from continuing operations	**8.2**	(9.5)
Total income tax expense (benefit) comprises		
Current tax (income) expense	**(25.2)**	31.6
Deferred tax expense (income) relating to the origination and reversal of temporary differences	**33.4**	(41.1)
Total income tax expense (benefit) on profit (loss) from continuing operations	**8.2**	(9.5)
Current tax payable attributable to		
Entities in the tax consolidated group	**–**	5.8
Other entities	**2.1**	13.9
Total current tax payable	**2.1**	19.7
Deferred income tax assets and liabilities comprise		
Temporary differences recorded as asset	**168.0**	236.9
Temporary differences recorded as liability	**(36.2)**	(42.2)
Net temporary differences – asset	**131.8**	194.7
Tax losses – revenue recorded as asset	**45.7**	–
Net deferred income tax assets	**177.5**	194.7
Current income tax assets	**40.8**	–

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

6. INCOME TAXES – CONTINUING OPERATIONS (CONTINUED)

($ MILLION)	CSR GROUP					
	OPENING BALANCE	CREDITED (CHARGED) TO PROFIT OR LOSS	CREDITED (CHARGED) TO EQUITY	DISPOSED[c]	OTHER	CLOSING BALANCE
2012						
Movement in net deferred income tax assets (liabilities) attributable to temporary differences						
Fair value of hedges	**(7.0)**	**–**	**1.3**	**–**	**–**	**(5.7)**
Property, plant and equipment	**(8.2)**	**(8.8)**	**–**	**–**	**(10.4)**	**(27.4)**
Superannuation defined benefit plans	**10.9**	**(2.3)**	**9.9**	**–**	**(3.7)**	**14.8**
Product liability provision	**134.7**	**(2.2)**	**–**	**–**	**–**	**132.5**
Employee benefits provisions	**27.4**	**(2.3)**	**–**	**–**	**–**	**25.1**
Other provisions	**30.6**	**(3.8)**	**–**	**–**	**–**	**26.8**
Spares and stores	**(13.2)**	**(0.3)**	**–**	**–**	**–**	**(13.5)**
Transaction costs	**16.6**	**(5.2)**	**–**	**–**	**(2.9)**	**8.5**
Prepayments[b]	**(3.2)**	**–**	**–**	**–**	**–**	**(3.2)**
Deferred tax on sale of property[b]	**–**	**(5.6)**	**–**	**–**	**–**	**(5.6)**
Other taxes refundable[b]	**13.8**	**–**	**–**	**–**	**(13.8)**	**–**
Other[b]	**(7.7)**	**(2.9)**	**–**	**(0.2)**	**(9.7)**	**(20.5)**
	194.7	**(33.4)**	**11.2**	**(0.2)**	**(40.5)**	**131.8**
2011						
Movement in net deferred income tax assets (liabilities) attributable to temporary differences						
Fair value of hedges	(17.8)	–	6.3	4.5	–	(7.0)
Property, plant and equipment	(69.8)	25.6	0.1	35.9	–	(8.2)
Superannuation defined benefit plans	13.4	(2.9)	1.8	(1.4)	–	10.9
Product liability provision	136.6	(1.9)	–	–	–	134.7
Employee benefits provisions	42.9	(4.3)	–	(11.2)	–	27.4
Other provisions	22.0	16.3	(0.2)	(7.5)	–	30.6
Spares and stores	(20.6)	(2.0)	–	9.4	–	(13.2)
Transaction costs	8.0	8.6	–	–	–	16.6
Other	(9.1)	1.7	1.1	2.8	6.4	2.9
	105.6	41.1	9.1	32.5	6.4	194.7

b Amounts classified as "other" in prior year have been reclassified in the current year to provide additional information.

c Disposed amounts for the year ended 31 March 2012 relate to businesses disposed during the period. Disposed amounts for the year ended 31 March 2011 relate to deferred tax balances for the Sucrogen and Asian Insulation businesses as at 1 April 2010 as these businesses were sold on 22 December 2010 and do not form part of continuing operations.

($ MILLION)	CSR GROUP	
	2012	2011
Deferred income tax assets not taken to account[d]		
Balance at the beginning of the financial year	**–**	17.2
Assets now taken to account	**–**	(17.2)
Balance at the end of the financial year	**–**	–

d Includes capital tax losses – CSR group.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

7. DISCONTINUED OPERATIONS, CONTROLLED ENTITIES AND BUSINESSES DISPOSED OF DURING THE YEAR

7.1 Disposal of the Asian AAC business (disposal of controlled entity)

On 5 October 2011, CSR Limited announced that it had agreed to sell its Asian autoclaved aerated concrete business (Asian AAC business) to Saint-Gobain Construction Products (Malaysia). The sale was completed on 15 December 2011 and after working capital adjustments the final consideration was $30.6 million.

Disposal of the Asian AAC business has not been recorded as a discontinued operation as it is not considered a major line of business for the CSR group.

7.2 Establishment of joint venture – Viridian New Zealand (disposal of a business)

On 20 February 2012, CSR Limited announced that it had established a joint venture between its glass subsidiary, Viridian New Zealand Limited and Euroglass Systems Limited. This transaction was completed on 2 March 2012. This transaction involved the disposal of substantially all of the operating assets and liabilities of Viridian New Zealand Limited to the joint venture vehicle “Viridian Glass Limited Partnership”. Part of the consideration received for these assets was a 58% equity holding in the Viridian Glass Limited Partnership.

7.3 Disposal of the Sucrogen business (discontinued operations)

On 5 July 2010, CSR Limited announced that it had agreed to sell its Sucrogen business to Wilmar International Limited for an enterprise value of $1.75 billion. The sale was completed on 22 December 2010; due to settlement adjustments, Wilmar International Limited paid a total of $1.84 billion on completion.

7.4 Disposal of the Asian insulation business (discontinued operations)

On 6 July 2010, CSR Limited announced that it had agreed to sell its Asian insulation business to the Rockwool Group for consideration of $128.0 million. The transaction was completed on 22 December 2010 and due to working capital adjustments, the final consideration was $126.8 million.

7.5 Analysis of profit from discontinued operations

The combined results of the discontinued operations (i.e. Sucrogen and Asian insulation businesses) included as discontinued operations in the statement of financial performance for the year ended 31 March 2011 are set out below.

($ MILLION)	**2012**	2011
Profit from discontinued operations		
Trading revenue	–	1,420.9
Other income from operating activities	–	8.0
	–	1,428.9
Expenses	–	(1,354.8)
Profit before tax	–	74.1
Income tax expense	–	(27.2)
Net profit	–	46.9
Net profit attributable to non-controlling interests	–	7.6
Net profit before significant items from discontinued operations attributable to shareholders of CSR Limited	–	39.3
Significant items from discontinued operations		
Gain on disposal of operations	–	692.1
Income tax expense	–	(150.0)
Total significant items after income tax[a]	–	542.1
Net profit from discontinued operations attributable to shareholders of CSR Limited[b]	–	581.4

a Significant items for the year ended 31 March 2011 include transaction costs related to separation of the Sucrogen business.

b Net profit from discontinued operations attributable to shareholders of CSR Limited of $581.4 million for the year ended 31 March 2011 excludes non-controlling interests of $7.6 million. Net profit from discontinued operations including non-controlling interests for the year ended 31 March 2011 is $589.0 million.

($ MILLION)	**2012**	2011
Cash flows from discontinued operations		
Net cash flows from operating activities	–	13.7
Net cash flows from investing activities	**(13.7)**	1,752.3
Net cash flows from financing activities	–	(22.0)
Net cash inflows[c]	**(13.7)**	1,744.0

c Net cash flows from investing activities for the year ended 31 March 2012 include $13.7 million cash payments for costs associated with disposal of the Sucrogen and Asian insulation businesses (2011: $47.4 million).

7. DISCONTINUED OPERATIONS, CONTROLLED ENTITIES AND BUSINESSES DISPOSED OF DURING THE YEAR (CONTINUED)

7.6 Gain on disposal of controlled entities

On 15 December 2011, the CSR group disposed of the controlled entity which operated its Asian AAC business. On 22 December 2010, the CSR group disposed of all the controlled entities comprising the Sucrogen and Asian insulation businesses.

GAIN ON DISPOSAL OF CONTROLLED ENTITIES	2012	2011		
($ MILLION)	ASIAN AAC	SUCROGEN	ASIAN INSULATION	TOTAL
Consideration for equity holdings	**30.6**	1,347.0	126.8	1,473.8
Settlement of inter-group debt balances	**–**	493.8	–	493.8
Total consideration	**30.6**	1,840.8	126.8	1,967.6
Indemnities in relation to continuing liabilities	**–**	22.8	–	22.8
Net assets disposed of	**(9.2)**	(1,169.7)	(69.7)	(1,239.4)
Non-controlling interests	**–**	89.0	–	89.0
Hedge and foreign currency reserves reclassified from equity on loss of control of subsidiary	**(1.0)**	(92.8)	(0.7)	(93.5)
Divestment expenses	**(1.6)**	(44.1)	(10.3)	(54.4)
Gain on disposal before tax expense	**18.8**	646.0	46.1	692.1
Tax expense	**(0.2)**	(148.9)	(1.1)	(150.0)
Gain on disposal of controlled entities	**18.6**	497.1	45.0	542.1

7.7 Carrying value of net assets of controlled entities and businesses disposed during the year

($ MILLION)	2012	2011
Cash and cash equivalents	**6.8**	48.5
Receivables	**8.3**	320.1
Inventories	**5.2**	186.9
Other current assets	**0.1**	131.7
Property, plant and equipment	**19.6**	985.5
Goodwill	**–**	7.7
Other intangible assets	**–**	10.6
Deferred income tax assets	**–**	18.8
Other non-current assets	**–**	119.9
Payables and other financial liabilities	**(3.5)**	(520.6)
Current tax payable	**(0.3)**	(2.4)
Borrowings	**–**	(11.0)
Provisions	**(1.1)**	(56.3)
Net assets disposed[a]	**35.1**	1,239.4

a Includes net assets disposed of as part of the sale of the Asian AAC business ($9.2 million) and the establishment of the Viridian New Zealand joint venture ($25.9 million).

7.8 Cash flows from disposal of controlled entities and businesses

($ MILLION)	2012	2011
Equity consideration	**30.6**	1,473.8
Cash proceeds from asset disposal	**9.3**	–
Settlement of inter-group debt balances	**–**	493.8
	39.9	1,967.6
Cash balances disposed	**(6.8)**	(48.5)
Transaction costs paid	**(2.0)**	(47.4)
Sale adjustments – not yet settled in cash	**–**	2.0
Total flow of cash	**31.1**	1,873.7

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

8. CASH AND CASH EQUIVALENTS

		CSR GROUP	
($ MILLION)	NOTE	2012	2011
Cash at banks and on hand		**26.8**	34.2
Short term loans and deposits		**29.0**	109.4
Total cash		**55.8**	143.6
Bank overdraft	18	**–**	(1.3)
Net cash		**55.8**	142.3

9. INVENTORIES

	CSR GROUP	
($ MILLION)	2012	2011
Current		
Raw and process materials and stores	**93.2**	83.0
Work in progress	**12.5**	11.8
Finished goods	**183.6**	169.3
Land held for sale and development costs	**20.2**	17.8
Total current inventories	**309.5**	281.9
Non-current		
Raw and process materials and stores	**–**	1.3
Land held for sale and development costs	**54.6**	16.3
Total non-current inventories	**54.6**	17.6

10. RECEIVABLES

	CSR GROUP	
($ MILLION)	2012	2011
Current		
Trade receivables	**201.6**	220.9
Allowance for doubtful debts	**(5.4)**	(5.6)
	196.2	215.3
Loans to and receivables from associates[a]	**8.3**	9.8
Divestment debtors[a]	**45.0**	34.9
Other loans and receivables	**14.0**	42.4
	67.3	87.1
Total current receivables	**263.5**	302.4
Trade receivables – past due 0-60 days – not impaired	**11.3**	10.2
Trade receivables – past due >60 days – not impaired	**3.3**	5.3
Trade receivables – past due >60 days – impaired	**5.4**	5.6
Trade receivables – past due >60 days	**8.7**	10.9
Movement in allowance for doubtful debts – trade receivables		
Opening balance	**(5.6)**	(7.5)
Trade debts written off	**4.4**	4.2
Trade debts provided	**(4.7)**	(1.9)
Other[b]	**0.5**	(0.4)
Closing balance	**(5.4)**	(5.6)
Non-current		
Loans to associates[c]	**34.3**	15.4
Other loans and receivables[d]	**18.1**	11.6
Total non-current receivables	**52.4**	27.0

a Includes no amounts past due.

b Other includes amounts disposed on sale of businesses.

c During the year ended 31 March 2012, the CSR group provided a facility to an associate on arm's length terms, with a maturity date of 30 September 2013. At reporting date, the amount drawn on this facility was $18.9 million. Remaining loans to associates do not have fixed repayment terms.

d No fixed repayment term.

11. OTHER FINANCIAL ASSETS

($ MILLION)	CSR GROUP 2012	2011
Current		
Fair value of derivatives recognised in hedge reserve	**16.1**	25.9
Total current financial assets	**16.1**	25.9
Non-current		
Fair value of derivatives recognised in hedge reserve	**3.7**	5.8
Total non-current other financial assets	**3.7**	5.8

12. OTHER ASSETS

($ MILLION)	CSR GROUP 2012	2011
Current		
Prepayments and other assets	**7.4**	8.5
Total other current assets	**7.4**	8.5
Non-current		
Prepayments	**12.7**	12.9
Other assets	**2.1**	0.8
Total other non-current assets	**14.8**	13.7

13. PROPERTY, PLANT AND EQUIPMENT[a]

($ MILLION)	CSR GROUP 2012	2011
Land and buildings		
At cost	**417.6**	433.6
Accumulated depreciation	**(47.4)**	(47.7)
Total land and buildings	**370.2**	385.9
Plant and equipment		
At cost or written down value	**1,403.4**	1,450.7
Accumulated depreciation	**(653.3)**	(702.1)
Total plant and equipment	**750.1**	748.6
Total property, plant and equipment	**1,120.3**	1,134.5

a The economic life over which assets are depreciated is buildings – 10 to 40 years; and plant and equipment – 2 to 40 years. The weighted average life of buildings is 24 years; and plant and equipment is 11 years.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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14. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

($ MILLION)	NOTE	LAND AND BUILDINGS	PLANT AND EQUIPMENT
Balance at 1 April 2011		**385.9**	**748.6**
Capital expenditure		**10.2**	**87.7**
Disposed		**(4.0)**	**(1.7)**
Depreciation and amortisation		**(13.2)**	**(71.8)**
Write down	3	**(2.0)**	**(2.3)**
Foreign currency translation		**0.4**	**1.7**
Reclassifications		**0.8**	**(0.8)**
Transferred from intangible assets		**–**	**0.4**
Transferred (to) from inventories and other assets		**(6.0)**	**4.4**
Assets acquired on purchase of business	38	**–**	**1.6**
Assets disposed on sale of businesses		**(1.9)**	**(17.7)**
Balance at 31 March 2012		**370.2**	**750.1**
Balance at 1 April 2010		565.7	1,680.7
Capital expenditure		2.8	121.6
Disposed		(1.1)	(3.0)
Depreciation and amortisation		(16.9)	(117.1)
Write down	3	(7.8)	(92.2)
Foreign currency translation		(1.6)	(0.9)
Reclassifications		9.7	(9.7)
Transferred to intangible assets		–	(11.2)
Assets acquired on purchase of business	38	–	1.0
Assets disposed on sale of businesses		(164.9)	(820.6)
Balance at 31 March 2011		385.9	748.6

15. GOODWILL[a]

		CSR GROUP	
($ MILLION)	NOTE	**2012**	2011
Carrying amount			
Balance at the beginning of the financial year		**13.8**	69.8
Write down	3	**–**	(48.2)
Recognised on purchase of business	38	**8.3**	–
Derecognised on sale of Sucrogen business	7	**–**	(7.7)
Foreign currency translation		**0.3**	(0.1)
Balance at the end of the financial year		**22.4**	13.8

a The carrying amount of goodwill forms part of the Building Products segment: $22.4 million (2011: $13.8 million). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections. The discount rate used is a post-tax rate of 10.2% per annum. Refer to Note 1 for key assumptions in assessing impairment of these balances.

16. OTHER INTANGIBLE ASSETS

($ MILLION)	NOTE	CSR GROUP 2012	2011
Systems software			
Software and systems development		**66.2**	69.1
Accumulated amortisation		**(58.0)**	(57.3)
Total systems software		**8.2**	11.8
Movements in systems software			
Net book value at the beginning of the financial year		**11.8**	16.5
Capital expenditure		**0.4**	2.1
Transferred from property, plant and equipment		**(0.4)**	11.2
Amortisation		**(3.6)**	(7.4)
Assets disposed on sale of Sucrogen and Asian Insulation businesses		**–**	(10.6)
Net book value at the end of the financial year		**8.2**	11.8
Trade names, non-competition agreements and other intangible assets[a]			
At cost		**36.6**	32.5
Accumulated amortisation		**(13.1)**	(12.2)
Total trade names and non-competition agreements		**23.5**	20.3
Movements in trade names, non-competition agreements and other intangible assets			
Net book value at the beginning of the financial year		**20.3**	19.8
Capital expenditure		**–**	–
Assets acquired on purchase of business	38	**4.2**	0.9
Amortisation		**(1.0)**	(0.4)
Net book value at the end of the financial year		**23.5**	20.3
Total other intangible assets		**31.7**	32.1

a Includes indefinite life Building Products' trade names of $17.8 million (2011: $17.8 million). The recoverable amounts of the cash generating units that include the trade names are determined using discounted cash flow projections. Refer to Note 1 for key assumptions in assessing impairment of these balances. These trade names currently have an indefinite life as the CSR group is continually investing in marketing activities to develop the trade names and there are no contractual or other restrictions on the use of the trade names.

17. PAYABLES AND OTHER LIABILITIES

($ MILLION)	CSR GROUP 2012	2011
Current		
Trade payables	**176.5**	173.4
Other payables	**41.5**	28.2
Total current payables	**218.0**	201.6
Non-current		
Superannuation defined benefit plans – fair value of deficit[a]	**49.4**	36.4
Other payables	**16.4**	2.5
Total non-current payables and other liabilities	**65.8**	38.9

a Refer to Note 30 for details on the basis for the liability for superannuation defined benefit plans – fair value of deficit.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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18. BORROWINGS

($ MILLION)	CSR GROUP 2012	2011
Current		
Unsecured bank overdraft	–	1.3
Secured		
Other facilities	–	1.8
Unsecured		
Bank loans	–	–
Other loans	–	–
	–	1.8
Total current borrowings	–	3.1
Non-current		
Secured		
Other facilities	–	1.3
Unsecured		
Bonds	**0.1**	0.1
Bank loans[a]	–	–
Total non-current borrowings	**0.1**	1.4

a Proceeds from disposal of Sucrogen and Asian insulation businesses were used to repay borrowings during the year ended 31 March 2011.

Refer to Note 20 for details of credit facilities and maturity profile.

19. OTHER FINANCIAL LIABILITIES

($ MILLION)	CSR GROUP 2012	2011
Current		
Fair value of derivatives recognised in hedge reserve	**0.8**	7.1
Total current other financial liabilities	**0.8**	7.1
Non-current		
Fair value of derivatives recognised in hedge reserve	–	1.8
Total non-current other financial liabilities	–	1.8

20. CREDIT FACILITIES AND MATURITY PROFILE

($ MILLION)	CSR GROUP 2012	2011	2012 AVERAGE RATE % PA	FINANCIAL YEAR OF MATURITY
Long term maturities of borrowings				
United States dollar debt				
Bonds	**0.1**	0.1	**7.7**	**2026**
Australian dollar debt				
Other loans	–	1.3	–	–
Total non-current borrowings	**0.1**	1.4		

Credit standby facilities
The CSR group has a total of $635 million (2011: $1,160 million) committed standby facilities. These facilities have fixed maturity dates as follows: $100 million in the second half of financial year 2013, $370 million in financial year 2015, with the balance of $165 million in financial year 2016. As at 31 March 2012, $635 million of the standby facilities were undrawn.

21. PROVISIONS

($ MILLION)	CSR GROUP 31 MARCH 2011	RECOGNISED/ REMEASURED	SETTLED/ TRANSFERRED	UNWINDING OF DISCOUNT	ACQUIRED/ (DISPOSED)	OTHER	**31 MARCH 2012**
Current							
Employee benefits	90.7	36.5	(41.7)	–	(0.5)	–	**85.0**
Fringe benefits tax	1.0	3.3	(2.8)	–	–	–	**1.5**
Restructure and rationalisation	12.0	25.8	(16.2)	–	–	–	**21.6**
Product liability[a]	39.0	37.4	(38.4)	–	–	–	**38.0**
Restoration and environmental rehabilitation	25.8	3.6	(9.7)	–	–	–	**19.7**
Uninsured losses and future claims[b]	5.0	15.5	(14.9)	–	–	–	**5.6**
Other[c]	25.6	12.5	(11.0)	–	–	–	**27.1**
Total current provisions	199.1	134.6	(134.7)	–	(0.5)	–	**198.5**
Non-current							
Product liability[a]	409.9	(25.4)	–	19.2	–	–	**403.7**
Restoration and environmental rehabilitation	1.0	–	–	–	–	–	**1.0**
Uninsured losses and future claims[b]	37.0	(11.2)	–	2.4	–	–	**28.2**
Other[c]	14.1	–	–	0.6	–	–	**14.7**
Total non-current provisions	462.0	(36.6)	–	22.2	–	–	**447.6**

a Refer to Note 37 and the significant accounting policies for details of the basis for the product liability provision.

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

c Includes provision for anticipated disposal costs of Tomago aluminium smelter's spent pot lining.

22. ISSUED CAPITAL[a]

	2012			2011		
	ORDINARY SHARES FULLY PAID	PRICE $	SHARE CAPITAL $ MILLION	ORDINARY SHARES FULLY PAID	PRICE $	SHARE CAPITAL $ MILLION
CSR Limited						
On issue at the beginning of the financial year	**506,000,315**		**1,042.2**	1,514,920,814		1,700.9
Universal Share Ownership Plan[b]	**–**	**–**	**–**	2,988,700	0.87	2.6
Dividend Reinvestment Plan[c]	**–**	**–**	**–**	–	–	–
Capital return[d]	**–**	**–**	**–**	–	0.44	(661.3)
Share consolidation[e]	**–**	**–**	**–**	(1,011,909,199)	–	–
Total movements during the financial year	**–**	**–**	**–**	(1,008,920,499)	–	(658.7)
On issue at the end of the financial year	**506,000,315**	**–**	**1,042.2**	506,000,315	–	1,042.2

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

b No shares were issued during the year ended 31 March 2012 under the Universal Share Ownership Plan as shares in respect of this plan were acquired on market. During the year ended 31 March 2011, 2,986,500 fully paid ordinary shares were issued on 31 August 2010 and 2,200 fully paid ordinary shares were issued on 2 November 2010 under the employee Universal Share Ownership Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the CSR group.

During the year ended 31 March 2011, offers of fully paid shares were made to 5,352 eligible employees: 2,717 accepted the offer, subscribing for 550 shares at the market price of $1.74 each and receiving an equivalent number of shares at no cost. For the year ended 31 March 2011, the issue of 1,494,350 shares purchased by employees was taken to equity. The additional 1,494,350 shares issued at no cost were recorded as an expense in the financial report with an offsetting entry to the employee share reserve.

c During the year ended 31 March 2012, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on market and did not have any impact on issued capital.

d CSR Limited shareholders received a capital return of 43.57 cents per share on 3 March 2011 prior to share consolidation.

e Shares were consolidated in a ratio of 3:1 on 3 March 2011.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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23. RESERVES

($ MILLION)	CSR GROUP 2012	2011
Hedge reserve		
Value at the beginning of the financial year	**11.6**	32.3
Disposal of operations[a]	**–**	81.1
Hedge profit (loss) recognised in equity	**10.7**	(119.6)
Hedge loss transferred to the statement of financial performance[b]	**(13.2)**	(25.9)
Income tax benefit	**0.8**	43.7
Value at the end of the financial year	**9.9**	11.6
Foreign currency translation reserve		
Value at the beginning of the financial year	**(12.6)**	(18.7)
Translation of foreign operations	**0.9**	(6.3)
Disposal of foreign operations[a]	**1.0**	12.4
Value at the end of the financial year	**(10.7)**	(12.6)
Employee share reserve		
Value at the beginning of the financial year	**16.9**	12.6
Share based payments expense	**1.5**	4.3
Value at the end of the financial year	**18.4**	16.9
Other reserves		
Value at the beginning of the financial year	**5.3**	5.3
Transferred to retained profits on disposal of foreign operations	**(5.3)**	–
Value at the end of the financial year	**–**	5.3
Total reserves	**17.6**	21.2

a This amount has been transferred to gain on disposal of Asian AAC, Sucrogen and Asian insulation businesses – refer to Note 7.

b The 2012 amount transferred to the statement of financial performance of $(13.2) million before tax (2011: $(25.9) million) and $(9.2) million after tax (2011: $(18.1) million) was taken to revenue $(13.4) million (2011: $(35.7) million), with the balance mainly taken to cost of sales and interest expense.

24. NON-CONTROLLING INTERESTS

($ MILLION)	CSR GROUP 2012	2011
Issued capital	**37.1**	37.1
Hedge reserve	**4.0**	4.9
Other reserves	**0.3**	0.3
Retained profits	**6.9**	5.3
Total non-controlling interests	**48.3**	47.6

25. DIVIDENDS AND FRANKING CREDITS

	2012		2011	
	CENTS PER SHARE	TOTAL $ MILLION	CENTS PER SHARE	TOTAL $ MILLION
Recognised amounts				
Fully paid ordinary shares				
Prior year final dividend – franked to 100% (2011: 100%)	**5.3**	**26.8**	6.0	90.9
Interim dividend – franked to 100% (2011: 100%)	**6.0**	**30.4**	3.0	45.5
Special dividend – franked to 100%	**–**	**–**	9.1	138.6
	11.3	**57.2**	18.1	275.0
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 100% (2011: 100%)	**7.0**	**35.4**	5.3	26.8

The final dividend for the financial year ended 31 March 2012 has not been recognised in this financial report because it was resolved to be paid after 31 March 2012. The amounts disclosed as recognised in 2012 are the final dividend in respect of the prior financial year and the interim dividend in respect of the current financial year. The amounts disclosed as recognised in 2011 are the final dividend in respect of the prior financial year, the interim dividend in respect of the current financial year and the special dividend paid on 2 February 2011.

	CSR GROUP	
($ MILLION)	2012	2011
Franking account balance (tax paid basis)	**1.8**	(6.4)
Impact on franking account balance of dividends not recognised	**(15.2)**	(11.5)

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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26. RELATED PARTY INFORMATION

Key management personnel remuneration
During the financial year, total remuneration set out below was paid or payable to directors and other key management personnel:

	CSR GROUP	
($)	**2012**	2011
Short term employee benefits	**4,795,608**	8,963,630
Termination benefits	**161,306**	2,311,963
Share based payment	**980,689**	2,292,381
	5,937,603	13,567,974

Key management personnel equity holdings

	NUMBER OF CSR LIMITED SHARES						
	BALANCE AT 1 APRIL	INCLUDED IN REMUNERATION	ACQUIRED	SOLD/ TRANSFERRED	IMPACT OF SHARE CONSOLIDATION	BALANCE AT 31 MARCH	BALANCE HELD NOMINALLY
2012							
Kathleen Conlon	**28,372**	–	**2,568**	–	–	**30,940**	–
Ray Horsburgh	**19,791**	–	**12,691**	–	–	**32,482**	–
John Story	**61,943**	–	–	–	–	**61,943**	–
Jeremy Sutcliffe	**25,467**	–	**100,079**	–	–	**125,546**	–
Michael Ihlein	–	–	**50,195**	–	–	**50,195**	–
Rebecca McGrath	–	–	–	–	–	–	–
Rob Sindel	**15,344**	–	**54,099**	–	–	**69,443**	–
Greg Barnes	**1,821**	–	**5,143**	–	–	**6,964**	–
Ian Hardiman	**7,127**	–	–	–	–	**7,127**	–
Andrew MacKenzie	**48,136**	–	**1,781**	–	–	**49,917**	–
Anthony Tannous	**7,460**	–	**3,272**	–	–	**10,732**	–
2011							
Ian Blackburne	307,067	–	–	–	(204,710)	102,357	–
Nicholas Burton Taylor	108,100	–	–	–	(72,064)	36,036	–
Kathleen Conlon	85,113	–	–	–	(56,741)	28,372	–
Ray Horsburgh	35,768	–	23,600	–	(39,577)	19,791	–
Richard Lee	174,009	–	–	–	(116,005)	58,004	–
John Story	185,825	–	–	–	(123,882)	61,943	–
Jeremy Sutcliffe	74,312	–	2,089	–	(50,934)	25,467	–
Shane Gannon	25,461	–	–	–	(16,974)	8,487	–
Chris Bertuch	465,403	–	1,100	–	(311,001)	155,502	–
Rob Sindel	41,293	–	4,735	–	(30,684)	15,344	–
Ian Glasson	101,808	–	3,999	–	(70,537)	35,270	–
Greg Barnes	2,500	–	2,959	–	(3,638)	1,821	–

Details of remuneration and the CSR Limited equity holdings of directors and other key management personnel are shown in the remuneration report.

26. RELATED PARTY INFORMATION (CONTINUED)

CSR Limited transactions with controlled entities

During the financial years ended 31 March 2012 and 2011, CSR Limited advanced and repaid loans, sold and purchased goods and services, and provided accounting and administrative assistance to its controlled entities.

All loans advanced to and payable to these related parties are unsecured and subordinate to other liabilities.

Loans between members of the Australian tax consolidation group are not on normal terms and conditions.

During the 2011 year, CSR Building Products Ltd issued 65,000,000 “A” class ordinary shares to CSR Limited at a cost of $2 per share. The consideration received from CSR Limited was applied to the loan owing by CSR Building Products Ltd to CSR Limited.

Other related parties

Other than transactions with associate entities disclosed in Note 32, no material amounts were receivable from, or payable to, other related parties as at 31 March 2012 or 2011, and no material transactions with other related parties occurred during those years.

Details of payments to superannuation defined benefit plans are shown in Note 30.

Employee share plan interest free loans and other transactions with directors or other key management personnel

No new loans, loan repayments or loan balances occurred between the CSR group and directors and other key management personnel of the CSR group during the financial year ended 31 March 2012 or 2011.

Transactions entered into during the financial year with directors of CSR Limited and other 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 included:

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

27. INTEREST IN JOINT VENTURE OPERATION

	CSR GROUP	
($ MILLION)	**2012**	2011
Interest in the Tomago aluminium smelter joint venture operation[ab] is included in the financial statements in the following categories		
Current assets		
Cash and cash equivalents and receivables	**6.2**	3.0
Inventories	**35.9**	33.9
Other current assets	**3.0**	2.5
Total current assets	**45.1**	39.4
Non-current assets		
Receivables	**0.7**	0.7
Property, plant and equipment	**222.8**	240.4
Other non-current assets	**13.0**	13.0
Total non-current assets	**236.5**	254.1
Total assets	**281.6**	293.5
Total current liabilities	**117.9**	116.1
Total non-current liabilities	**14.7**	14.0
Total liabilities	**132.6**	130.1
Net assets	**149.0**	163.4
Contracted capital expenditure	**3.1**	2.3
Contingent liabilities	**–**	–

a The CSR group’s joint venture interest of 36.05% (2011: 36.05%) is held through a controlled entity in which the CSR group has a 70% interest, resulting in an effective interest in the joint venture of 25.24%.

b Principal activity: aluminium production.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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28. AUDITOR'S REMUNERATION

	CSR GROUP	
($ THOUSAND)	2012	2011
Auditing and reviewing the financial report of the CSR group		
Deloitte Touche Tohmatsu in Australia	**995**	1,118
Deloitte Touche Tohmatsu outside of Australia	**38**	87
	1,033	1,205
Other services		
Deloitte Touche Tohmatsu in Australia	**112**	258
Deloitte Touche Tohmatsu outside of Australia	**–**	24
	112	282
Total auditor's remuneration	**1,145**	1,487
Other services comprise		
Taxation strategy and compliance	**41**	13
Services related to the capital return to shareholders of CSR Limited	**–**	58
Services related to separation of Sucrogen business	**–**	125
Other	**71**	86
	112	282

29. CSR LIMITED DISCLOSURES

Financial position

	CSR LIMITED	
($ MILLION)	2012	2011
Assets		
Current assets	**1,874.4**	2,000.6
Non-current assets	**3,201.9**	3,081.4
Total assets	**5,076.3**	5,082.0
Liabilities		
Current liabilities	**738.7**	809.8
Non-current liabilities	**2,633.0**	2,479.1
Total liabilities	**3,371.7**	3,288.9
Equity		
Issued capital	**1,042.2**	1,042.2
Reserves		
– Hedge reserve	**–**	0.1
– Employee share reserve	**18.4**	16.9
Retained profits[a]	**644.1**	733.9
Total equity	**1,704.7**	1,793.1
Financial performance		
Net (loss) profit	**(16.2)**	708.9
Other comprehensive expense	**(16.6)**	(2.7)
Total comprehensive (expense) income[a]	**(32.8)**	706.2

Contingent liabilities

($ MILLION)	2012	2011
Contingent liabilities, capable of estimation, arise in respect of the following categories		
Guarantees given by CSR Limited in respect of amounts borrowed by CSR Finance Limited	**0.1**	0.1
Bank guarantee to Harwood Superannuation Fund[b]	**29.3**	15.2
Total contingent liabilities	**29.4**	15.3

a In the prior year, disclosed total comprehensive income for CSR Limited was $431.3 million and retained profits was $459.2 million. During the year ended 31 March 2012, these comparatives have been restated for finalisation of profit on sale of the Sucrogen business in the individual entity, CSR Limited. These restatements impact CSR Limited only and have no impact on the CSR group's financial performance or position.

b There is an obligation for CSR Limited to contribute such amounts so as to ensure that the assets attributable to certain superannuation defined benefit plans are not less than 120% of the amount required to meet the actuarial liabilities. Refer to Note 30 for details of superannuation commitments as at 31 March 2012.

29. CSR LIMITED DISCLOSURES (CONTINUED)

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

Hornsby Shire Council compulsorily acquired land from CSR in 2003 for $25 million. The Council has brought a claim for damages against the CSR group and others in relation to the acquisition. CSR is defending the claim and based on information available at reporting date is of the view that the outcome of the claim will not be material to the CSR group's financial results.

Workers' compensation

CSR Limited is a licensed self insurer in NSW, 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 reasonably foreseeable future claims with a provision of $33.6 million as at 31 March 2012 (2011: $42.0 million).

Product liability

Refer to Note 37 for details of CSR Limited's product liability. CSR Limited is liable for all product liability exposure in the CSR group shown in Note 37.

Commitments for the acquisition of property, plant and equipment

CSR Limited has committed $0.1 million to the acquisition of property, plant and equipment as at 31 March 2012 (2011: $nil).

30. SUPERANNUATION COMMITMENTS

During the year, the CSR group participated in a number of superannuation funds (funds) in Australia, New Zealand and other countries where it had operations. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees (and spouses) on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. 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.

Australian superannuation funds

In Australia, the CSR group participates in the Harwood Superannuation Fund and the Pilkington (Australia) Superannuation Scheme for those employees and pensioners who are currently members of these funds and any new employees who become members of those funds.

Retirement funds

The contributions to the funds for the year ended 31 March 2012 were: CSR group: $33.2 million (2011: $43.0 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 as agreed between the member and the company. These contributions are expensed in the period they are incurred.

Defined benefit funds

The benefits provided by defined benefit divisions of funds (DBDs) 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 superannuation defined benefit plans is discussed in the significant accounting policies. All DBDs are closed to new members.

Changes to defined benefit obligations

The Harwood Superannuation Fund Trust Deed was amended with effect from midnight on 31 December 2011 to restructure the various plans within the fund, including splitting the CSR Plan Division One (defined benefit) into three separate plans. The amendment reflected the agreement between CSR Limited and Wilmar International Limited that Sucrogen Limited would assume full responsibility to fund its obligations for defined benefit members employed by Sucrogen as well as its share of the funding obligation in respect of the Harwood Pensioner DBD Plan.

As such, amounts recorded as at 31 March 2012 for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Sucrogen Limited. In the prior year, as amendments to the Trust Deed had not been finalised, the CSR group recorded all funding obligations, assets and liabilities for the CSR Plan Division One (defined benefit) and a receivable in respect of Sucrogen Limited's share of the obligations. There has been no impact on the current year statement of financial performance as a result of these activities.

Asset backing

The assets of the funds at 31 March 2012 were insufficient 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. The funds have obligations in excess of the fair value of assets as at 31 March 2012. The CSR group's obligation in respect of the shortfall in asset value is $49.4 million (2011: $36.4 million). The CSR group is making contributions to the funds as follows:

Harwood Superannuation Fund	– DBD CSR	$60,000 per month from 1 April 2012
	– DBD Harwood Pensioner	Additional contribution of $600,400 to be made prior to 30 June 2012
	– DBD Monier PGH	16.4% of eligible salary plus $42,006 per month from 1 April 2012
Pilkington (Australia) Superannuation Scheme	– DBD	14.6% of eligible salary plus $185,000 per month from 1 April 2012 to 30 June 2014 plus a further additional contribution of $1,471,000 to be made prior to 30 June 2012
CSR Viridian (New Zealand) Limited Superannuation Scheme	– DBD	9.66% of eligible salary plus NZ$448,000 per annum

The last actuarial assessment for the Harwood Superannuation Fund and the Pilkington (Australia) Superannuation Scheme was completed as at 30 June 2011. The funding requirements were reviewed as at 31 December 2011. A combination of the attained age normal and projected unit credit funding methods were used to determine the contribution rates for the Harwood Superannuation Fund. The projected unit credit funding method was used for the Pilkington (Australia) Superannuation Scheme.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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30. SUPERANNUATION COMMITMENTS (CONTINUED)

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 fees and investment tax (if applicable).

Defined benefit funds sponsored by the CSR group

($ MILLION)		DEFINED BENEFIT OBLIGATION	FAIR VALUE OF FUND ASSETS	LIABILITY	CONTRIBUTIONS PAID
Harwood Superannuation Fund	– DBD CSR and	91.2	62.7	(28.5)	0.4
	– DBD Harwood Pensioner[a b]				
	– DBD Monier PGH[c]	45.0	42.6	(2.4)	3.5
Pilkington (Australia) Superannuation Scheme	– DBD[c]	60.2	43.9	(16.3)	4.5
CSR Viridian (New Zealand) Limited Superannuation Scheme	– DBD[d]	4.0	1.8	(2.2)	0.7

a Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2012. These amounts are calculated at 31 March 2012 based on the assumptions used in the last actuarial review performed on 30 June 2011 by K Knapman FIAA.

b There is an obligation for plan employers to contribute such amounts so as to ensure that the assets are not less than 120% of the amount required to meet the actuarial liabilities of Division One of the Harwood Superannuation Fund which includes DBD CSR and DBD Harwood Pensioner. At the time of the last actuarial review, these funds had a funding position of 106% and therefore CSR Limited made available to the trustee of the fund a bank guarantee to satisfy the balance of its commitment to 120%. At the time of the restructure of the fund, the trustee provided an update of the funding position and as a result as at 31 March 2012, CSR Limited has provided a bank guarantee of $29.3 million to the trustee of the fund (2011: $15.2 million). The bank guarantee has been disclosed in Note 29 and 36 as a contingent liability.

c These amounts are calculated at 31 March 2012 based on assumptions used in the last actuarial review performed on 30 June 2011.

d These amounts are calculated at 31 March 2012 based on assumptions used in the last actuarial review performed on 31 March 2009.

	CSR GROUP	
($ MILLION)	**2012**	2011
Amounts recognised in the statement of financial performance (administration and other operating costs) in respect of the defined benefit plans		
Current service cost	**3.8**	4.5
Finance cost	**8.5**	13.6
Expected return on assets	**(11.0)**	(18.6)
Total expense (income) included in the statement of financial performance	**1.3**	(0.5)
Actuarial losses incurred during the financial year and recognised in the statement of comprehensive income[a]	**(34.5)**	(5.3)
Cumulative actuarial losses recognised in the statement of comprehensive income	**(103.6)**	(69.1)

a During the year ended 31 March 2012, actuarial losses in the statement of comprehensive income of $34.0 million (2011: $11.8 million) include $34.5 million (2011: $5.3 million) relating to actuarial losses for the CSR group, in addition to revaluation of a balance receivable from Sucrogen and recognition of contribution payments from Sucrogen in relation to the superannuation defined benefit plan of ($0.5) million (2011: $6.5 million).

30. SUPERANNUATION COMMITMENTS (CONTINUED)

($ MILLION)	CSR GROUP 2012	2011
Net liability of superannuation defined benefit plans		
Present value of liabilities	**200.4**	299.4
Fair value of assets	**(151.0)**	(263.0)
Net liability	**49.4**	36.4
Included in the statement of financial position		
Payables and other non-current liabilities (Note 17)	**49.4**	36.4
Net liability	**49.4**	36.4
Movements in the present value of the defined benefit plan liabilities were as follows		
Liabilities at the beginning of the financial year	**299.4**	307.4
Acquisitions, transfers and revaluations	**(0.3)**	0.9
Current service cost	**3.8**	4.5
Finance cost	**8.5**	13.6
Contributions from participants	**1.3**	1.3
Actuarial losses	**24.3**	5.1
Benefits paid	**(24.4)**	(33.4)
Liabilities transferred to Sucrogen[b]	**(112.2)**	–
Liabilities at the end of the financial year	**200.4**	299.4
Movements in the present value of the defined benefit plan assets were as follows		
Assets at the beginning of the financial year	**263.0**	261.6
Acquisitions, transfers and revaluations	**(0.5)**	(0.5)
Return on plan assets – expected	**11.0**	18.6
Return on plan assets – actuarial	**(10.2)**	(0.2)
Contributions from the employer	**9.1**	15.6
Contributions from participants	**1.3**	1.3
Benefits paid	**(24.4)**	(33.4)
Assets transferred to Sucrogen[b]	**(98.3)**	–
Assets at the end of the financial year	**151.0**	263.0

b Represents share attributed to Sucrogen Limited as at 31 March 2011.

The history of experience adjustments is as follows:		
Experience loss on plan liabilities	**(4.0)**	(7.5)
Experience loss on plan assets	**(10.2)**	(0.2)

(%)		CSR GROUP 2012	2011
Key assumptions and parameters (expressed as weighted averages)			
Discount rate (after tax)		**3.9**	5.3
Expected return on plan assets (after tax)		**5.8**	6.7
Expected salary increase		**3.7**	3.5
Asset class allocation	– equity instruments	**45.4**	51.8
	– debt instruments	**38.3**	36.4
	– property	**6.5**	7.6
	– other	**9.8**	4.2

($ MILLION)	CSR GROUP 2012	2011	2010	2009	2008
Net liability of superannuation defined benefit plans					
Present value of liabilities	**200.4**	299.4	307.4	329.0	312.6
Fair value of assets	**(151.0)**	(263.0)	(261.6)	(226.0)	(323.6)
Net liability (asset)	**49.4**	36.4	45.8	103.0	(11.0)
The history of experience adjustments is as follows					
Experience (loss) gain on plan liabilities	**(4.0)**	(7.5)	(24.8)	6.5	(22.0)
Experience (loss) gain on plan assets	**(10.2)**	(0.2)	54.8	(87.2)	(35.5)

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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31. FINANCIAL RISK MANAGEMENT

The CSR group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including commodity price risk, currency risk and interest rate risk). 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.

CSR Treasury provides services to the businesses, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the CSR group through internal risk reports that analyse exposures by degree and magnitude of risks as detailed further in this note. The use of financial derivatives is governed by the policies approved by the board of directors. The policies provide specific principles in relation to foreign exchange risk, interest rate risk, credit risk, the use of derivatives and the investment of excess liquidity. Compliance with policies and procedures is reviewed by the Finance Committee on a routine basis. The Finance Committee membership consists of the Managing Director and other relevant senior executives.

Capital management

The CSR group manages its capital to ensure that entities in the CSR group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

As reported in the financial statements at each reporting date since the sale of Sucrogen in December 2010, the CSR group has maintained a net cash position with only small residual debt balances relating to finance leases and bonds.

The capital structure of the CSR group consists of debt which includes the borrowings disclosed in Note 18, cash and cash equivalents disclosed in Note 8, issued capital and reserves disclosed in Notes 22 and 23 and retained profits. The CSR group reviews the capital structure regularly and balances its overall capital structure through the payment of dividends, new share issues, share consolidations and share buy-backs, as well as the issue of new debt or the redemption of existing debt.

Fair value

The fair values of financial assets and liabilities are determined as follows:

- the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair values of derivative instruments are calculated using quoted market prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates matching maturities of the contract. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The assumptions and methods used to estimate fair value for the following financial assets and financial liabilities were:

- **Commodity futures:** The fair value is based on the closing price on the applicable futures exchange;
- **Foreign currency contracts, foreign exchange options, currency swaps and commodity swaps:** The fair value is estimated using market quoted spot and forward exchange rates and commodity prices and applicable yield curves following market accepted formulae and practices;
- **Cash, short term loans and deposits, receivables, payables and short term borrowings:** The carrying amounts of these financial instruments approximate fair value because of their short maturity;
- **Long term borrowings:** The present value of expected cash flows has been used to determine 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; and
- **Interest rate swaps:** The present value of expected cash flows has been used to determine fair value using yield curves derived from market parameters that accurately reflect their term structure. 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 the CSR group would realise upon disposition, nor do they indicate the CSR group's intent or ability to dispose of the financial instrument.

Credit risk

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 as at 31 March 2012 were all prime financial institutions with a Standard & Poor's or Moody's rating of at least A- or A3 respectively and the counterparties as at 31 March 2011 were predominantly prime financial institutions, the majority with a Standard & Poor's or Moody's rating of at least A- or 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.

Under the Counterparty Credit Risk Policy, credit exposure of foreign currency and commodity price derivatives is represented by the fair value of the contracts plus an assigned credit usage factor. 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 2012, 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. Refer to Note 10 for more information on credit risk on receivables.

Liquidity risk

Liquidity risk management requires maintaining sufficient cash, bank facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Details of credit facilities and the maturity profile are in Note 20.

The table below analyses the CSR group's financial liabilities and derivative financial instruments, currently in a liability position, into relevant maturity groupings based on the remaining period at the reporting date to maturity date.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

($ MILLION)	MATURITY GROUPING 1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
2012					
Current payables	**218.0**	**–**	**–**	**–**	**218.0**
Non-current other payables	**–**	**16.4**	**–**	**–**	**16.4**
Borrowings (including interest)[a]	**–**	**–**	**–**	**0.2**	**0.2**
Commodity financial instruments[b]	**–**	**–**	**–**	**–**	**–**
Foreign currency financial instruments[b]	**0.8**	**–**	**–**	**–**	**0.8**
Total	**218.8**	**16.4**	**–**	**0.2**	**235.4**
2011					
Current payables	201.6	–	–	–	201.6
Non-current other payables	–	2.5	–	–	2.5
Borrowings (including interest)[a]	1.9	0.1	0.1	1.5	3.6
Commodity financial instruments[b]	6.1	1.8	–	–	7.9
Foreign currency financial instruments[b]	1.0	–	–	–	1.0
Total	210.6	4.4	0.1	1.5	216.6

a Over five years includes repayment of borrowings in July 2025 – CSR group $0.1 million (2011: $0.1 million). Bank overdrafts are not included in this analysis as they are part of a set-off arrangement of cash balances with Commonwealth Bank of Australia.

b Settlement of commodity and foreign currency financial instruments will be offset by revenue from the sale of commodities.

Market risk

Commodity price and risk management

The CSR group has exposure to aluminium commodity prices. The aluminium price 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 hedging its aluminium sales, where acceptable pricing is available, to reduce the volatility of its aluminium earnings when exchanged into Australian dollars. Hedging is undertaken at declining levels for up to four years.

Commodity price risk exposure

($ MILLION)	AVERAGE PRICE[a b]	PRINCIPAL/MATURITIES 1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	FAIR VALUE ASSET	LIABILITY
2012								
Aluminium								
Aluminium commodity swaps[c]	**2,754.4**	**36.8**	**14.9**	**–**	**–**	**51.7**	**10.6**	**–**
Pulp								
Pulp commodity swaps	**872.7**	**1.0**	**–**	**–**	**–**	**1.0**	**–**	**–**
Small-scale technology certificates (STC)								
STC forwards	**31.7**	**0.3**	**–**	**–**	**–**	**0.3**	**–**	**–**
Total							**10.6**	**–**
2011								
Aluminium								
Aluminium commodity swaps[c]	2,626.1	133.2	58.3	–	–	191.5	2.7	7.7
Sold aluminium call option	2,800.0	4.7	–	–	–	4.7	–	0.2
Pulp								
Pulp commodity swaps	870.0	1.4	–	–	–	1.4	0.2	–
Total							2.9	7.9

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

b US dollars per metric tonne, except the price of STCs which is a function of AUD per certificate.

c $10.6 million of commodity contract gains (2011: $4.9 million losses) were deferred in 2012 as the gains relate to hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2012 is one year or less: $7.6 million gain (2011: $3.6 million loss); one to three year(s): $3.0 million gain (2011: $1.3 million loss); three to five years: $nil (2011: $nil); and over five years: $nil (2011: $nil). No commodity contract gains or losses relating to fair value hedges were recognised in 2012 (2011: $nil).

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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31. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the CSR group's sensitivity to an increase in the commodity prices assuming a constant exchange rate on hedging contracts in place at 31 March 2012. A decrease would have the opposite impact to the amounts shown in the table. The sensitivity analysis of the CSR group's exposure to commodity price risk at the reporting date has been determined based on the balances as at reporting date. The rate used when reporting commodity risk internally to key management personnel is 10% increase/decrease.

Price change sensitivity

	ALUMINIUM PRICE – 10%		PULP PRICE – 10%		STC PRICE – 10%	
($ MILLION)	**2012**	2011	**2012**	2011	**2012**	2011
Profit or loss – (decrease)	**–**	(0.2)	**–**	–	**–**	–
Other equity – (decrease) increase	**(4.1)**	(19.7)	**0.1**	0.2	**–**	–

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 and payments for raw materials and capital equipment denominated in foreign currencies.

The CSR group's major foreign currency exposure relates to its US dollar aluminium sales revenue. The CSR group's policy is to hedge its US dollar aluminium revenue to reduce the volatility of aluminium earnings, when acceptable Australian dollar outcomes can be achieved. This policy is aligned with and operates in conjunction with aluminium commodity price hedging. Hedging is undertaken at declining levels for up to four years.

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

		PRINCIPAL MATURITIES					FAIR VALUE[c]	
($ MILLION)	AVERAGE EXCHANGE RATE[a]	1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY
2012								
Forward exchange rate agreements[b]								
US dollar								
Buy US dollar	**1.04**	**43.7**	**–**	**–**	**–**	**43.7**	**0.4**	**0.1**
Sell US dollar	**0.91**	**61.9**	**17.3**	**–**	**–**	**79.2**	**8.7**	**0.1**
New Zealand dollar								
Buy New Zealand dollar	**1.24**	**8.3**	**–**	**–**	**–**	**8.3**	**–**	**0.1**
Sell New Zealand dollar	**1.28**	**56.9**	**–**	**–**	**–**	**56.9**	**–**	**0.4**
Euro								
Buy euro	**0.78**	**8.1**	**–**	**–**	**–**	**8.1**	**0.1**	**0.1**
Total							**9.2**	**0.8**
2011								
Forward exchange rate agreements[b]								
US dollar								
Buy US dollar	1.00	27.1	0.2	–	–	27.3	–	0.6
Sell US dollar	0.82	120.7	7.8	–	–	128.5	28.6	–
New Zealand dollar								
Sell New Zealand dollar	1.35	33.2	–	–	–	33.2	0.2	0.2
Euro								
Buy euro	0.71	6.5	–	–	–	6.5	–	0.1
Sell euro	0.72	1.0	–	–	–	1.0	–	–
Great British pound								
Buy Great British pound	0.61	1.4	–	–	–	1.4	–	0.1
Canadian dollar								
Buy Canadian dollar	0.98	0.2	–	–	–	0.2	–	–
Total							28.8	1.0

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

b $8.4 million of net foreign exchange contract gains (2011: $27.8 million gains) have been deferred as the gains relate to hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2012 are one year or less: $7.7 million gain (2011: $22.4 million gain); one to three years: $0.7 million gain (2011: $5.4 million gain); three to five years: $nil (2011: $nil); and over five years: $nil (2011: $nil).

c As at reporting date, the aggregate amount of unrealised gains under forward foreign exchange contracts relating to anticipated future transactions is $8.4 million (2011: unrealised gains of $27.8 million). These unrealised gains have been deferred in the hedge reserve to the extent the hedge is effective.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 March 2012, had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies with all other variables held constant, the post-tax profit would have been materially unchanged mainly as a result of the effectiveness of the hedging in place. Equity would have been $7.0 million higher/$8.6 million lower (2011: $11.9 million higher/$14.5 million lower) had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies arising mainly from foreign forward exchange contracts designated as cash flow hedges.

Interest rate sensitivity and risk management

CSR group policy allows the CSR 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. During the 2011 year, the CSR group used the proceeds from the sale of the Sucrogen business to repay all bank debt, leaving a small residual debt balance, and consequently closed out all outstanding interest rate swaps. 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

		WEIGHTED AVERAGE		PRINCIPAL/MATURITIES					CARRYING AMOUNT		FAIR VALUE	
($ MILLION)	NOTE	TERM IN YEARS	RATE % PA[a]	1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY	ASSET	LIABILITY
2012												
Long term debt												
Fixed rate US dollar debt	18	**13.3**	**7.7**	**–**	**–**	**–**	**0.1**	**0.1**	**–**	**0.1**	**–**	**0.2**
Short term debt												
Net cash[c]	8	**–**	**–**	**(55.8)**	**–**	**–**	**–**	**(55.8)**	**55.8**	**–**	**55.8**	**–**
Total				**(55.8)**	**–**	**–**	**0.1**	**(55.7)**	**55.8**	**0.1**	**55.8**	**0.2**
2011												
Long term debt												
Fixed rate US dollar debt	18	14.3	7.7	–	–	–	0.1	0.1	–	0.1	–	0.2
Floating rate Australian dollar debt[b]	18	6.0	5.0	–	–	–	1.3	1.3	–	1.3	–	1.3
Short term debt												
Floating rate Australian dollar debt[b]	18	1.0	5.0	1.8	–	–	–	1.8	–	1.8	–	1.8
Net cash[c]	8	–	–	(142.3)	–	–	–	(142.3)	143.6	1.3	142.3	–
Total				(140.5)	–	–	1.4	(139.1)	143.6	4.5	142.3	3.3

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 Net of bank overdraft. Interest rates vary from nil to 5.0% per annum (2011: nil to 5.0% per annum).

At 31 March 2012, if interest rates had increased/decreased by one percentage point per annum from the year end rates with all other variables held constant, the post-tax profit for the year would have been $0.4 million higher/lower (2011: $1.0 million higher/lower), mainly as a result of higher interest income on cash balances (2011: higher interest income on cash balances).

The following table compares the difference between carrying amount and fair value of financial instruments:

Other fair values

	CARRYING AMOUNT				FAIR VALUE			
	ASSET		LIABILITY		ASSET		LIABILITY	
($ MILLION)	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Current receivables	**263.5**	302.4			**263.5**	302.4		
Non-current receivables	**52.4**	27.0			**36.0**	9.3		
Other financial assets	**19.8**	31.7			**19.8**	31.7		
Current payables and other financial liabilities			**218.8**	208.7			**218.8**	208.7
Non-current payables and other liabilities and other financial liabilities			**65.8**	40.7			**65.8**	40.7
Total	**335.7**	361.1	**284.6**	249.4	**319.3**	343.4	**284.6**	249.4

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurements recognised in the statement of financial position
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition of fair value, grouped into Level(s) 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2012			
($ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value				
Aluminium				
Aluminium commodity swaps	**–**	**10.6**	**–**	**10.6**
Other financial instruments				
Forward exchange rate agreements	**–**	**9.2**	**–**	**9.2**
Total	**–**	**19.8**	**–**	**19.8**

	2012			
($ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities at fair value				
Other financial instruments				
Forward exchange rate agreements	**–**	**0.8**	**–**	**0.8**
Total	**–**	**0.8**	**–**	**0.8**

	2011			
($ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value				
Aluminium				
Aluminium commodity swaps	–	2.7	–	2.7
Pulp				
Pulp commodity swaps	–	0.2	–	0.2
Other financial instruments				
Forward exchange rate agreements	–	28.8	–	28.8
Total	–	31.7	–	31.7

	2011			
($ MILLION)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities at fair value				
Aluminium				
Aluminium commodity swaps	–	7.7	–	7.7
Sold aluminium call option	–	0.2	–	0.2
Other financial instruments				
Forward exchange rate agreements	–	1.0	–	1.0
Total	–	8.9	–	8.9

There have been no movements of financial assets or liabilities between levels during the year.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Reconciliation of Level 3 fair value measurements

($ MILLION)	AVAILABLE FOR SALE: SHARES AT FAIR VALUE 2012	2011
Opening balance	–	44.7
Disposal of interest[a]	–	(44.7)
Closing balance	**–**	–

a The investment in shares of Sugar Terminals Limited was disposed with the sale of the Sucrogen business in December 2010.

32. EQUITY ACCOUNTING INFORMATION

			OWNERSHIP INTEREST		CARRYING AMOUNT	
			2012	2011	**2012**	2011
NAME OF ENTITY	**COUNTRY OF ORIGIN**	**PRINCIPAL ACTIVITY**	%	%	$ MILLION	$ MILLION
Rondo Pty Limited	Australia	Building products	**50**	50	**10.8**	10.0
Viridian Glass GP Limited[a]	New Zealand	Glass products	**58**	–	**24.5**	–
Other non-material associates[b]	Australia	Building products			**5.8**	4.5
Total investments accounted for using the equity method					**41.1**	14.5

($ MILLION)	CSR GROUP 2012	2011
Equity accounted amount of investments at the beginning of the financial year	**14.5**	33.4
Share of associate entities' profit before income tax[c]	**16.0**	19.3
Share of income tax	**(4.9)**	(5.8)
Dividends and distributions received	**(10.2)**	(5.7)
Disposal of Sucrogen business	**–**	(26.8)
Acquisitions[d]	**25.3**	–
Foreign currency translation and other	**0.4**	0.1
Equity accounted amount of investments at the end of the financial year	**41.1**	14.5
Share of revenue and reserves attributable to associate and joint venture entities		
Revenue	**96.7**	101.5
Retained profits[e]	**11.7**	10.8
Asset revaluation reserves[e]	**–**	–
Other reserves[e]	**(0.5)**	0.3
Summarised statement of financial position of associate and joint venture entities		
Assets		
– Cash and cash equivalents	**12.2**	7.6
– Other current assets	**70.3**	50.9
– Property, plant and equipment	**41.5**	16.1
– Other non-current assets	**5.7**	2.2
Liabilities		
– Current payables	**19.9**	15.1
– Current borrowings and other liabilities	**8.6**	23.7
– Non-current liabilities	**44.5**	16.6
Net assets	**56.7**	21.4

a The CSR group acquired 58% of the shares in Viridian Glass GP Limited on 2 March 2012 entitling CSR group to a 58% share of profits of the Viridian Glass Limited Partnership (Glass segment), a joint venture with Euroglass Systems Limited. It is noted that whilst the CSR group holds over 50% of the partnership capital, it has been determined that joint control exists between the partners due to the structure of the Limited Partnership Agreement.

b The CSR group acquired 50% of the shares in Luna & Valk Pty Limited Contracting business on 1 September 2011 which is accounted for as a joint venture (Building Products segment).

c The year ended 31 March 2011 includes $4.3 million of share of associate entities' profit before income tax and $(1.3) million share of income tax relating to discontinued operations.

d Included contribution of assets by Viridian New Zealand Limited (a controlled entity of CSR Limited) on formation of the Viridian Glass Limited Partnership. Refer to Note 7.

e The opening balances as at 1 April 2010 were retained profits $27.6 million, asset revaluation reserves $0.2 million and other reserves $3.8 million.

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CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
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32. EQUITY ACCOUNTING INFORMATION (CONTINUED)

	CSR GROUP	
($ MILLION)	**2012**	2011
Balances and transactions with associate and joint venture entities[f]		
Current loans and receivables	**8.3**	9.8
Non-current loans and receivables	**34.3**	15.4
New loans and receivables provided	**18.9**	–
Loans and receivables repaid	**1.5**	6.0
Current payables	**5.0**	4.7
Purchases of goods and services	**38.5**	39.6
Sales of goods and services	**4.8**	5.2
Dividends and distributions received and receivable	**10.2**	5.7

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

33. PARTICULARS RELATING TO CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION/ FORMATION	% CSR OWNERSHIP 2012	% CSR OWNERSHIP 2011
BI (Contracting) Pty Ltd	Australia	**100**	100
Bradford Insulation Industries Pty Ltd	Australia	**100**	100
Bradford Insulation (SA) Pty Ltd[a]	Australia	**100**	100
Buchanan Borehole Collieries Pty Ltd	Australia	**100**	100
CSR Building Materials (M) Sdn Bhd[b]	Malaysia	**–**	100
CSR Building Products (NZ) Ltd	New Zealand	**100**	100
CSR Building Products Ltd	Australia	**100**	100
CSR Developments Pty Ltd	Australia	**100**	100
CSR Erskine Park Trust	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 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 Share Plan Pty Ltd	Australia	**100**	100
CSR Viridian Finance Pty Limited	Australia	**100**	100
CSR Viridian Holdings Limited	Australia	**100**	100
CSR Viridian International Pty Limited	Australia	**100**	100
CSR Viridian Investment Company Pty Limited	Australia	**100**	100
CSR Viridian Limited	Australia	**100**	100
CSR Viridian Operations Pty Limited	Australia	**100**	100
CSR Viridian Properties Pty Limited	Australia	**100**	100
CSR Viridian (New Zealand) Holdings Limited	New Zealand	**100**	100
CSR Viridian (New Zealand) Limited	New Zealand	**100**	100
CSR (Guangdong) Rockwool Co., Ltd[a]	China	**100**	100
DMS Security Glass Pty Limited	Australia	**100**	100
Don Mathieson & Staff Glass Pty Limited	Australia	**100**	100
Farley & Lewers Pty Ltd	Australia	**100**	100
FEP Concrete Pty Ltd	Australia	**100**	100
Gove Aluminium Finance Limited	Australia	**70**	70
Gyprock Holdings Pty Ltd	Australia	**100**	100
Midalco Pty Ltd	Australia	**100**	100
PASS Pty Limited	Australia	**100**	100
PT Prima Karya Plasterboard	Indonesia	**100**	100
Rivarol Pty Ltd	Australia	**100**	100
SA Independent Glass Pty Limited	Australia	**100**	100
Seltsam Pty Ltd	Australia	**100**	100
Softwood Holdings Ltd[a]	Australia	**100**	100
Softwood Plantations Pty Ltd[a]	Australia	**100**	100
Softwoods Queensland Pty Ltd[a]	Australia	**100**	100
Thiess Bros Pty Ltd	Australia	**100**	100
Thiess Holdings Pty Ltd	Australia	**100**	100
VEST Super Pty Limited	Australia	**100**	100

a In members' voluntary liquidation.
b Asian AAC business disposed during the year.

34. CONTRACTED OPERATIONAL EXPENDITURE

Operating lease and hire expenditure[a]

($ MILLION)	CSR GROUP 2012	2011
Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements		
Land and buildings	**151.9**	147.0
Plant and equipment	**20.1**	22.7
	172.0	169.7
Contracted lease and hire expenditure comprises Non-cancellable operating leases payable		
Within one year	**36.3**	32.4
Between one and two year(s)	**27.5**	25.8
Between two and five years	**54.0**	54.0
After five years	**41.2**	39.5
	159.0	151.7
Other payable		
Within one year	**5.8**	8.1
Between one and two year(s)	**3.8**	5.2
Between two and five years	**3.4**	4.7
After five years	**–**	–
	13.0	18.0
Total operating lease and hire expenditure	**172.0**	169.7

a The operating lease and rental payments during the year ended 31 March 2012 were $49.3 million (2011: $57.2 million).

The total of minimum rentals to be received in the future under non-cancellable sub-leases as at 31 March 2012 is not material. Contingent rentals for 2012 and 2011 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.

35. CONTRACTED CAPITAL EXPENDITURE

($ MILLION)	CSR GROUP 2012	2011
Estimated capital expenditure contracted for at year end but not provided for		
Payable within one year – CSR group	**12.5**	16.3
Payable within one year – associate entities	**–**	–
Total contracted capital expenditure	**12.5**	16.3

36. CONTINGENT LIABILITIES

($ MILLION)	CSR GROUP 2012	2011
Contingent liabilities, capable of estimation, arise in respect of the following categories		
Performance guarantees provided to third parties and other contingent liabilities	**44.7**	39.4
Total contingent liabilities	**44.7**	39.4

Contingent liabilities/assets

Claims and possible claims (other than product liability which is discussed in Note 37) have arisen in the course of business against entities in the CSR group and made by entities in the CSR group. Based on legal advice obtained, the directors believe that any resultant liability or asset will not materially affect the financial position of the CSR group.

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

Hornsby Shire Council compulsorily acquired land from CSR in 2003 for $25 million. The Council has brought a claim for damages against the CSR group and others in relation to the acquisition. CSR is defending the claim and based on information available at reporting date is of the view that the outcome of the claim will not be material to the CSR group's financial results.

Workers' compensation

CSR Limited is a licensed self insurer in NSW, 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 reasonably foreseeable future claims with a provision of $33.6 million as at 31 March 2012 (2011: $42.0 million).

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

37. 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. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the disposition of the Wunderlich asbestos cement business in 1977. 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 well as residents of and visitors to Wittenoom. As at 31 March 2012, there were 602 such claims pending.

In the United States, claims are made by people who allege exposure to asbestos fibre used in the manufacture of products containing asbestos or in the installation or use of those products. As at 31 March 2012, there were 1,032 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2012, CSR had resolved 3,206 claims in Australia and approximately 135,820 claims in the United States.

CSR's recent claims experience can be summarised as follows:

YEAR ENDED 31 MARCH	**2012**	2011	2010	2009	2008
Number of claims received	**435**	412	514	553	546
Number of claims resolved	**418**	634	986	1,246	575
Amount spent on settlements (A$ million)[a]	**34.7**	32.5	33.4	41.6	28.2
Average cost per resolved claim (A$)	**83,067**	51,300	33,916	33,371	49,128

a Excludes external legal costs.

The annual amounts paid by CSR in respect of asbestos related claims vary year on year depending on the number and types of claims received and resolved during each year, the litigation or other determination of particular claims or issues and any determination by management to resolve claims that may have been received in earlier years.

Basis of provision

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers' compensation payments from available workers' compensation insurers. CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in each of Australia and the United States. CSR has appointed Taylor Fry Pty Limited, consulting actuaries, as the independent expert to estimate the Australian liabilities. CSR has appointed Gnarus Advisors LLC as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using 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.

Many factors are relevant to the independent experts' estimates of future asbestos liabilities, including:

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation; and
- the discount rate applied to future payments.

There are a number of assumptions and limitations that impact on the assessments made by CSR's experts, including the following:

- assumptions used in the modelling are based on the various considerations referred to above;
- the future cost of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by various academic material on the epidemiology of asbestos related diseases that is considered by the experts to be authoritative;
- the analysis is limited to liability in the respective jurisdictions of Australia and the United States that are the subject of the analysis of that expert and to the asbestos related diseases that are currently compensated in those jurisdictions; and
- the effect of possible events that have not yet occurred which are currently impossible to quantify, such as medical and epidemiological developments in the future in treating asbestos diseases, future court and jury decisions on asbestos liabilities, and legislative changes affecting liability for asbestos diseases.

37. PRODUCT LIABILITY (CONTINUED)

In Australia, the methodology used by Taylor Fry Pty Limited produces a range of potential outcomes, including a central estimate, or most likely outcome. At 31 March 2012, the central estimate was A$172.7 million calculated using a discount rate of 5.5%. On an undiscounted and inflated basis, that central estimate would be A$325.8 million over the period to 2063, being the period that the Australian independent expert advises CSR is relevant for the estimation of CSR's future Australian asbestos liabilities.

In the United States, the methodology used by Gnarus Advisors LLC produces a base case estimate or most likely outcome. At 31 March 2012, the base case estimate was US$199.2 million calculated using a discount rate of 3.8%. On an undiscounted and inflated basis, that base case estimate would be US$273.8 million over the anticipated further life of the United States liability (45 years).

The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential margin is determined by the CSR directors at the balance date, having regard to the prevailing litigation environment, any material uncertainties that may affect future liabilities and the applicable long term Australian dollar to United States dollar exchange rate. As evidenced by the analysis below, due, in particular, to the fluctuations in exchange rate, the prudential margin has been variable over the past five years. The directors anticipate that the prudential margin will continue to fluctuate within a range approximating 10% to 30% depending on the prevailing circumstances at each balance date.

The table below shows CSR's asbestos provision from 2008 to 2012:

YEAR ENDED 31 MARCH ($ MILLION)	**2012**	2011	2010	2009	2008
United States base case estimate US$	**199.2**	191.8	159.5	153.6	120.6
United States base case estimate A$	**191.8**	185.9	173.7	225.9	131.7
Australian central estimate A$	**172.7**	180.1	184.8	187.8	172.9
Sub total A$	**364.5**	366.0	358.5	413.7	304.6
Prudential margin A$	**77.2**	82.9	96.8	41.4	66.9
Prudential margin %	**21.2%**	22.7%	27.0%	10.0%	22.0%
Total product liability provision A$	**441.7**	448.9	455.3	455.1	371.5

At 31 March 2012, a provision of $441.7 million (2011: $448.9 million) has been made for all known claims and reasonably foreseeable future claims, and includes a prudential margin of $77.2 million above the aggregate most likely estimate of the future asbestos liabilities in Australia and the United States as determined by Taylor Fry Pty Limited and Gnarus Advisors LLC respectively.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 31 March 2012 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially under or over state CSR's asbestos liability.

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 Australia and the United States will not have a material adverse impact on the CSR group's financial condition.

Process agreed with the Foreign Investment Review Board (FIRB)

On 22 December 2010, CSR sold its Sucrogen business to Wilmar International Limited (Wilmar). The sale of Sucrogen to Wilmar required approval from the Commonwealth Treasurer (via the FIRB).

As part of the approval process, and as further evidence of CSR's commitment to responsibly managing its asbestos related liabilities, CSR has put in place a process for the external oversight of any repatriation of capital by CSR to its shareholders during the period of seven years following the sale of Sucrogen (subject to limited earlier termination provisions).

As part of this process, CSR has entered into an agreement with an independent body, The Trust Company (TTC), pursuant to which CSR must demonstrate that CSR has fulfilled certain requirements prior to any repatriation of funds to its shareholders other than half yearly or annual dividends paid by CSR in accordance with its usual practice and its dividend policy in force from time to time.

These requirements include that:

- CSR's asbestos liabilities have been reviewed by an additional independent expert;
- CSR intends to retain its 'investment grade' credit rating following any repatriation; and
- an approved accounting firm has expressed an opinion that the decision of CSR's directors that a particular repatriation of capital would not materially prejudice creditors, including current and reasonably foreseeable future asbestos claimants, was formed on a reasonable basis.

In accordance with the agreement with TTC, documentation was provided by CSR to TTC to demonstrate that the above requirements were fulfilled in relation to the special dividend and the capital return which were paid to CSR shareholders on 2 February 2011 and 3 March 2011 respectively.

Notes to the financial statements (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

38. ACQUISITIONS OF CONTROLLED ENTITIES AND BUSINESSES

Businesses acquired during the year
The CSR group acquired the net assets of the following businesses during the year ended 31 March 2012:

- Burnbridge glass products business on 30 June 2011 (Glass segment);
- Luna & Valk Group Pty Limited Distribution business in South Australia on 1 September 2011 (Building Products segment); and
- Karratha Timber and Building Supplies in Western Australia on 2 August 2011 (Building Products segment); and

The primary reason for the acquisitions was to continue the CSR group's growth in glass and building products.

The acquisition related costs expensed were $1.1 million.

The initial accounting for the acquisitions has been fully determined at 31 March 2012. At the date of finalisation of this report, the necessary market valuations and other calculations had been finalised and the fair value of the property, plant and equipment, associated deferred tax liabilities and goodwill noted below have been determined based on the directors' best estimate of the likely fair value of the property, plant and equipment.

Details of the purchase consideration and the fair value of assets and liabilities acquired are given below.

Acquisitions made during the year ended 31 March 2011 were as follows:

- On 14 May 2010, the CSR group acquired the net assets of commercial ceiling and educational products businesses, Comprador Pacific (based in Australia) and Potters Interior Systems (based in New Zealand).
- The primary reason for the acquisition was to continue the CSR group's growth in commercial ceiling tiles and related products.
- The acquisition related costs expensed were $0.3 million.

Details of the purchase consideration and the fair value of assets and liabilities acquired are given below.

($ MILLION)	2012	2011
Purchase consideration	**16.1**	2.1
Fair value of net identifiable assets acquired (refer to below)	**7.8**	2.1
Goodwill acquired (refer to below)	**8.3**	–

Value of net assets of controlled entities and businesses acquired

	FAIR VALUE	
($ MILLION)	2012	2011
Inventories	**2.4**	6.1
Other current assets	**–**	0.3
Property, plant and equipment	**1.6**	1.0
Intangible assets	**4.2**	0.9
Deferred income tax assets	**0.1**	0.3
Other non-current assets	**–**	0.1
Trade payables	**–**	(5.9)
Borrowings	**–**	(0.1)
Provisions	**(0.5)**	(0.6)
Net identifiable assets acquired	**7.8**	2.1
Goodwill acquired	**8.3**	–
Total consideration	**16.1**	2.1

39. SUBSEQUENT EVENTS

Dividends
For dividends declared after 31 March 2012, refer to Note 25.

Directors' declaration

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as disclosed in the significant accounting policies;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 March 2012.

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

Jeremy Sutcliffe
Chairman
16 May 2012

Rob Sindel
Managing Director
16 May 2012

Independent auditor's report to the members of CSR Limited

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of CSR Limited, which comprises the statement of financial position as at 31 March 2012, the statement of financial performance, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 85.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In "Significant accounting policies" the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

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. Those 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.

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 of the financial report that gives a true and fair view, 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.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CSR Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of CSR Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Significant accounting policies.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 23 to 38 of the directors' report for the year ended 31 March 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of CSR Limited for the year ended 31 March 2012, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Samantha Lewis
Partner
Chartered Accountants
Sydney, 16 May 2012

Auditor’s independence declaration to the directors of CSR Limited

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2012

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
CSR Limited
Triniti 3
39 Delhi Road
North Ryde NSW 2113

16 May 2012

Dear Directors,

CSR Limited

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

As lead audit partner for the audit of the financial statements of CSR Limited for the financial year ended 31 March 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Samantha Lewis
Partner
Chartered Accountants
Sydney, 16 May 2012

Shareholder information

20 LARGEST HOLDERS OF ORDINARY SHARES
As at 16 May 2012

RANK	NAME	UNITS	% OF UNITS
1	J.P. Morgan Nominees Australia Limited	97,118,834	19.19
2	National Nominees Limited	75,618,178	14.94
3	HSBC Custody Nominees (Australia) Limited	58,087,114	11.48
4	RBC Dexia Investor Services Australia Nominees Pty Limited	28,621,892	5.66
5	Citicorp Nominees Pty Limited	16,019,957	3.17
6	Cogent Nominees Pty Limited	12,244,311	2.42
7	J.P. Morgan Nominees Australia Limited	5,182,827	1.02
8	Cogent Nominees Pty Limited	4,734,040	0.94
9	Citicorp Nominees Pty Limited	4,220,842	0.83
10	RBC Dexia Investor Services Australia Nominees Pty Limited	3,600,323	0.71
11	RBC Dexia Investor Services Australia Nominees Pty Ltd	3,343,208	0.66
12	The Senior Master of the Supreme Court	3,227,321	0.64
13	Share Direct Nominees Pty Ltd	2,550,000	0.50
14	Queensland Investment Corporation	2,471,622	0.49
15	Australian Foundation Investment Company Limited	2,445,725	0.48
16	AMP Life Limited	1,912,320	0.38
17	CSR Share Plan Pty Limited	1,732,841	0.34
18	HSBC Custody Nominees (Australia) Limited	1,284,545	0.25
19	UBS Nominees Pty Ltd	1,188,107	0.24
20	CS Fourth Nominees Pty Ltd	1,185,601	0.24
Top 20 holders of issued capital		**326,789,608**	**64.58**
Total remaining holders balance		**179,210,707**	**35.42**

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

UBS AG and its related bodies corporate advised that as at 3 April 2012, it and its associates had an interest in 30.9 million shares, which represented 6.11 per cent of CSR's issued capital at that time.

Perpetual Limited and its subsidiaries advised that as at 27 February 2012, it and its associates had an interest in 73.7 million shares, which represented 14.57 per cent of CSR's issued capital at that time.

National Australia Bank Limited advised that as at 7 February 2012, it and its associates had an interest in 31.9 million shares, which represented 6.32 per cent of CSR's issued capital at that time.

Blackrock Investment Management (Australia) Limited advised that as at 4 March 2011, it and its associates had an interest in 27.7 million shares, which represented 5.48 per cent of CSR's issued capital at that time.

DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDING

LOCATION	UNITS	UNITS %	HOLDERS	HOLDERS %
Australia	501,282,703	99.07	76,100	96.29
New Zealand	3,198,288	0.63	1,932	2.44
United Kingdom	417,974	0.08	382	0.48
United States of America	123,491	0.02	175	0.22
Other	977,859	0.20	441	0.57
Total	**506,000,315**	**100.00**	**79,030**	**100.00**

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1–1,000	44,327	18,577,473	3.67
1,001–5,000	28,628	63,195,602	12.49
5,001–10,000	3,850	27,308,746	5.40
10,001–100,000	2,120	46,615,604	9.21
100,001 and over	105	350,302,890	69.23
Total	**79,030**	**506,000,315**	**100.00**

UNMARKETABLE PARCELS	HOLDERS	UNITS
Holdings of 301 or less shares	18,503	2,982,143

RECENT CSR DIVIDENDS

DATE PAID	TYPE OF DIVIDEND	DIVIDEND PER SHARE	FRANKING	FRANKED AMOUNT PER SHARE AT 30% TAX
December 2007	Interim	6 cents	100%	6 cents
July 2008	Final	9 cents	100%	9 cents
December 2008	Interim	6 cents	100%	6 cents
July 2009	Final	1.5 cents	100%	1.5 cents
December 2009	Interim	2.5 cents	100%	2.5 cents
July 2010	Final	6 cents	100%	6 cents
December 2010	Interim	3 cents	100%	3 cents
February 2011	Special	9.1 cents	100%	9.1 cents
July 2011	Final	5.3 cents	100%	5.3 cents
December 2011	Interim	6 cents	100%	6 cents

Shareholder information

ANNUAL GENERAL MEETING
Annual General Meeting
10:00 am
Thursday 12 July 2012
Civic Pavilion, The Concourse,
409 Victoria Avenue,
Chatswood NSW 2067

CORPORATE REPORTS
The CSR Annual Report and Sustainability Report are available to view online or download, visit **www.csr.com.au**

REGISTRY INFORMATION
All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:
Computershare Investor Services Pty Limited
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The CSR Annual Report and Sustainability Report are available to view online or download, visit **www.csr.com.au**

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