CSR Limited
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www.csr.com.au
ABN 90 000 001 276

12 May 2010

Manager Companies
Company Announcements Office
Australian Securities Exchange Limited
Stock Exchange Centre
20 Bridge Street
Sydney NSW 2000

Preliminary final report for the year ended 31 March 2010

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

The slides for CSR's results presentation will be filed separately.

The results presentation will be available via an audio webcast from CSR's website www.csr.com.au, commencing at 10am today.

Yours sincerely

Chris Bertuch
General Counsel & Company Secretary

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CSR preliminary final report 2010

Details of the reporting period and previous corresponding reporting period

Current period:	1 April 2009 to 31 March 2010
Prior corresponding period	1 April 2008 to 31 March 2009

Results for announcement to the market

(All comparisons are to the full year ended 31 March 2009)

				$ million
Revenue from ordinary activities	up	8%	to	**3,754.9**
Profit after tax from ordinary activities attributable to members (excluding significant items)	**up**	**29%**	**to**	**173.4**
Net profit/(loss) for the period attributable to members (including significant items)	down	66%	to	(111.7)
Earnings before interest and tax (excluding significant items)	up	14%	to	364.1

	31 March 2010	31 March 2009
Net tangible assets per share	$1.04	$0.83

Dividends	**Amount per security**	**Franking**	**Franked amount per security at 30% tax**
Current Period			
Final	6 cents	100%	6 cents
Interim	2.5 cents	100%	2.5 cents
Previous corresponding period			
Final	1.5 cents	100%	1.5 cents
Interim	6 cents	100%	6 cents

Record date for determining entitlements to final dividend	16 June 2010
Dividend payment date	6 July 2010

This document represents information provided pursuant to Listing Rule 4.3A of the Australian Securities Exchange and is based on the audited financial accounts of CSR Limited for the period.

The results presentation will be available via an audio webcast from CSR's website www.csr.com.au commencing at 10am today.

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CSR Limited

Full year report for the year ended 31 March 2010

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12 May 2010

CSR reports EBIT of $364.1 million; 14 per cent increase on previous year

- CSR group EBIT (pre significant items) for the year ended 31 March 2010 of $364.1m, up 14% on previous year
- Sucrogen EBIT up 62% to $135.7m due to increase in realised raw sugar price and continued growth in earnings from Refining
- Building Products EBIT of $115.0m in line with previous year ($117.9m) despite generally weaker conditions for most of year, particularly in commercial construction
- Aluminium EBIT up 12% to $123.5m, ahead of previous market guidance due to higher unhedged aluminium price towards the end of the year and lower input and operating costs
- Strong working capital management focus - net cash from operating activities (before margin calls) more than doubles to $396.3m
- Improved EBIT and lower interest costs increased net profit after tax (pre significant items) by 29% to $173.4m
- Viridian impairment charge (disclosed at half year), demerger related expenses and charge to maintain product liability provision lead to significant items of $300.2m (pre tax) – results in net loss after tax (after significant items) of $111.7m, compared to net loss after tax (YEM09) $326.5m
- Equity capital raising successfully completed in November 2009 raised $375m (before costs) - net debt down to $767m with gearing reduced to 29.7%
- Final dividend of 6 cents per share fully-franked, increasing full year dividend to 8.5 cents per share on expanded capital base post equity raising

Financial results summary

Year ended 31 March [$ million unless stated]	**2010**	2009	change
Trading revenue	**3,754.9**	3,492.8	+8%
Earnings before interest, tax, depreciation and amortisation	**522.1**	474.9	+10%
Earnings before interest and tax – EBIT	**364.1**	320.1	+14%
Net finance cost	**-101.1**	-105.8	-4%
Tax expense (before significant items)	**-53.2**	-47.5	+12%
Non-controlling interests	**-36.4**	-32.8	+11%
Net profit before significant items	**173.4**	134.0	+29%
Net profit/(loss) after significant items	**(111.7)**	(326.5)	-66%
Earnings per share before significant items (EPS) [cents]	**12.7**	12.2	+4%
Gearing – net debt / net debt + equity [(1)]	**29.7%**	43.3%	

1. Excludes fair value of hedges from equity

Overview

CSR Limited (CSR) today announced group earnings before interest and tax (EBIT) pre significant items of $364.1 million for the year ended 31 March 2010, an increase of 14 per cent on the previous year.

Significantly improved earnings from the Sucrogen business as a result of higher realised raw sugar prices, despite the lower crop, assisted in the improved result.

Building Products earnings were similar to last year, despite weaker conditions for most of the year. The result reflected stronger contributions from the Insulation, Bricks & Roofing and Asian businesses.

Aluminium EBIT of $123.5m was 12 per cent higher than last year and above market guidance as a result of lower operating and input costs and an increase in the unhedged price of aluminium towards the end of the year.

As expected, commercial and industrial property markets remained challenging with Property EBIT of $12.8m, down from $25.1 million the previous year.

“Our two main operating businesses, Sucrogen and Building Products, have strengthened their competitive positions over the year which is reflected in an overall improved result,” said Jeremy Sutcliffe, Managing Director of CSR.

“While Sucrogen benefited from a higher average realised raw sugar price, the improved reliability and performance in the mills following the capital upgrade program also assisted in achieving a very strong result.

“Our Building Products businesses in general have performed creditably in what continued to be a challenging environment for most of the year and remain well positioned to capitalise on emerging signs of recovery, particularly in residential construction.

“Meanwhile, we continue to generate good earnings and cash flow from our investment in a globally cost competitive aluminium smelter.

“Overall, CSR has delivered a quality underlying result with return on funds employed improving across core businesses. This has been achieved during a period of significant corporate re-structuring to establish the businesses as more independent entities with strong platforms to pursue their distinct strategic agendas.”

Financial review

During the course of the financial year CSR strengthened its balance sheet following the completion of a successful entitlement offer to both institutional and retail shareholders, raising a total of $375 million before costs.

Proceeds from the raising were used to repay debt and CSR has repaid further debt to maintain its strong financial position. Net debt has reduced to $767 million from $1,236 million in September 2009. Gearing (measured as net debt/net debt plus equity) has decreased from 43.3 per cent as at 31 March 2009 to 29.7 per cent.

The Board has declared a final dividend of 6 cents per share, fully–franked, increasing the full year dividend to 8.5 cents per share on an increased capital base following the equity raising. The final dividend is an increase on both the final dividend paid last year (1.5 cents) and interim dividend paid in December 2009 (2.5 cents) and also reflects the Board’s continuing prudent approach to capital management.

Capital expenditure of $249 million has almost halved from last year with stay-in-business capital expenditure of $155 million down $126 million on last year, and in line with depreciation.

Working capital management continues to be a priority across the company with net cash generated from operations (before derivative margin calls) more than doubling to $396.3 million.

The rate of capital expenditure will reduce further in the current financial year to enhance free cash flow generation. Total capital expenditure (ex property) for YEM11 is expected to be approximately $230 million of which approximately $60 million is development capital, being the last stages of the CSR's major capital reinvestment program.

Significant Items

As advised at the half-year result, CSR completed a further review of the Viridian glass business, given the significant deterioration in external market conditions since the acquisition of that business in 2007. As a result, the full year result includes the non-cash, pre-tax impairment charge of $250 million to reduce the carrying value of Viridian.

Costs incurred to date of $27 million associated with the proposed demerger of the Sucrogen business and continued restructuring costs in Building Products of $6 million have been treated as significant items for the YEM10 result.

A charge to maintain the product liability provision at the same level as last year, after cash payments and adjustments for present value of future claims, has resulted in $17 million being treated as a significant item.

Product Liability

CSR continues to manage its asbestos liabilities responsibly and professionally. For the year ended 31 March 2010, CSR paid asbestos related claims of $38.4 million compared to $46.6 million the previous year. The reduction in payments reflects lower settlements in the United States.

CSR includes in its financial statements a product liability provision covering all known asbestos-related claims and reasonably foreseeable future claims. This provision is reviewed every six months based on independent expert advice in relation to the future incidence and value of asbestos related claims in the United States and Australia.

The provision also includes a prudential margin above the aggregate of the most likely estimate of CSR's total future asbestos liabilities. The prudential margin is determined by CSR Directors, having regard to the prevailing litigation environment, any material uncertainties that may affect future liabilities and consideration of the long term Australian dollar to United States dollar exchange rate.

As at 31 March 2010, a product liability provision of $455.3 million has been made (YEM09: $455.1 million). This provision includes a prudential margin of $96.8 million or 27 per cent above the most likely estimate of future liabilities. Over the past five years, the prudential margin has ranged between 10% and 34% above the central estimate of future liabilities.

Earnings before interest and tax (EBIT) by segment

Year ended 31 March [$ million unless stated]	**2010**	2009	Change
Building Products	**115.0**	117.9	-2%
Sucrogen	**135.7**	83.7	+62%
Aluminium	**123.5**	110.7	+12%
Property	**12.8**	25.1	-49%
Business segment total	**387.0**	337.4	+15%
Corporate costs	**-18.6**	-17.0	+9%
Restructure and provisions	**-4.3**	-0.3	
Total EBIT	**364.1**	320.1	+14%

Review of results by segment

Building Products

- **EBIT in line with previous year despite generally weaker conditions for most of year**
- **Gross margins generally maintained across portfolio from continued cost control and pricing discipline**
- **Repositioning of Viridian including restructured senior management team**

Year ended 31 March [$ million unless stated]	**2010**	2009	change
Trading revenue	**1,506.9**	1,537.5	-2%
EBITDA	**182.5**	183.1	---
EBIT	**115.0**	117.9	-2%
Funds employed**	**1,379.4**	1,714.3	-20%
EBITDA/trading revenue	**12.1%**	11.9%	+2%
Return on funds employed	**8.3%**	6.9%	+20%

** After asset write-downs

Australian residential housing activity remained weaker for most of the financial year with some signs of improvement towards year end. Residential housing commencements on a one quarter lag basis to 31 March 2010 were down 7 per cent on the previous year.

Leading indicators (finance approvals and dwelling approvals) improved during the course of the year, however the degree of expected recovery in residential construction remains mixed across each state.

Conditions for commercial construction (which comprises approximately 30% of CSR's Building Products revenue) were, however, weak and are expected to remain so in the short to medium term.

CSR Building Products has continued to optimise its manufacturing capacity and distribution and further align the cost base of the underlying businesses with market conditions to stabilise earnings.

Gross margins across the portfolio were generally steady despite softer markets for most of the year, with the businesses well positioned to capitalise on improving conditions.

Trading revenue of $1,507 million was down 2 per cent from $1,538 million last year, with EBIT of $115 million down slightly from $117.9 million.

Lightweight Systems' trading revenue (which includes Bradford™ insulation, Gyprock™ plasterboard, Cemintel™ Fibre Cement, Fricker™ Ceiling Systems, Mitex™ texture coating brands, Hebel™ lightweight concrete products, Edmonds™ ventilation systems and the Asian panels and technical insulation business) increased by 7 per cent to $845.9 million.

Volumes for Gyprock plasterboard were affected by weaker market conditions for most of the year, particularly in commercial markets, partially offset by price increases across most product lines and continued overhead cost control. Gyprock announced price increases of around 4% in the second half.

The $168 million program to upgrade the Gyprock plasterboard factory at Yarraville to a larger capacity, more environmentally sustainable plant, remains on schedule to be completed this year. The new boardline has been successfully commissioned with production transferred to the new line. The warehouse and distribution facility remains on track to be completed by the end of 2010. When complete, the reconfigured Gyprock network is expected to be the industry's lowest through-the-cycle delivered cost.

Margins and earnings in the Cemintel Fibre Cement business improved on steady revenue and continued cost reductions.

Bradford Insulation increased revenue and EBIT in response to the Federal Government's Energy Efficient Homes Package prior to its sudden termination by the Government in February 2010. During the year Bradford had increased its manufacturing capacity, increasing production at its new glasswool facility in Brendale, north of Brisbane and its existing factory at Ingleburn in western Sydney to meet increased demand.

Following the abrupt termination of the scheme, Bradford has implemented staff reductions at manufacturing plants and sales and marketing roles and restructured manufacturing capacity at its sites.

Bradford's core business outside the retro-fit market remains solid with the business continuing to strengthen its position in its traditional markets of new home construction and commercial applications.

Meanwhile, CSR's Asian panels and technical insulation business reported stronger earnings, based on significantly improved margins across core product lines in response to major projects in South East Asia.

As advised at the half year, earnings in the **Viridian** glass business continue to be impacted by weaker market conditions in residential and commercial markets across Australia/New Zealand, particularly in the downstream business.

Viridian reported a loss of $1.6 million on revenue of $379.7 million, with underlying trading performance improving in the second half.

Volumes in upstream manufacturing (Primary Products) improved slightly from a recovery in market share following the completion of the rebuild and refurbishment of the float glass facility at Dandenong. This managed to offset generally lower market activity and the continuing high Australian dollar for much of the year which makes imported float glass more price competitive.

There are indications that float glass prices have stabilised post the global financial crisis and during a period of excess capacity in Asia.

Revenue and EBIT in the Primary Products business were ahead of the prior year. Operationally, both plants are running well and should benefit from incremental volume.

The performance of the downstream business has not been satisfactory. Earnings were impacted by significantly reduced volumes on lower levels of market activity together with reduced market share in core east coast markets.

Customer service as measured by Delivery in Full On-Time (DIFOT) was not at an acceptable standard leading to a loss of market share. This was particularly evident in Victoria where problems associated with the implementation of the new fully-automated double-glazing line at the Clayton facility resulted in reduced customer service standards.

The business incurred significant extra costs by retaining additional manual handling to restore service levels which also impacted earnings during the year.

Operationally, glass utilisation levels were also below the required standard at a number of downstream locations which also affected the result.

In the second half of the year, the management team of the Viridian business was restructured with new senior management appointments for the Primary Products and Downstream businesses reporting directly to the CEO of CSR Building Products.

Downstream service delivery levels have started to improve as the business is repositioned, with regaining market share a major priority for the downstream business.

PGH™ bricks and Monier™ and Wunderlich™ roofing trading revenue of $281.3 million was down 5 per cent and in line with the downturn in market conditions for residential construction. However, a continued focus on overhead cost control and pricing discipline, together with some market share gains in specific product categories, resulted in increased EBIT compared to the previous year.

Given the market uncertainty in the first half of the year and high fixed cost plants, management was focused on working capital improvement.

Volumes were generally lower for single dwelling construction activity, particularly in Queensland during the year due to lower market activity and wet weather in the second half. However, price increases were achieved in most markets, with brick prices up an average 5.9% and rooftile prices increased with east coast concrete tile prices up 4.5% on last year.

Bricks and Roofing operated various manufacturing facilities at below capacity to continue to align inventory to lower levels of product demand. In addition, the brick plant at Cooroy, north of Brisbane, will be mothballed in the second half of this calendar year with production transferred to the more efficient and larger capacity facility at Oxley, in Brisbane.

Aluminium

- **Increased EBIT on higher unhedged aluminium price towards year end**
- **Continuing strong operational focus at Tomago smelter**
- **Strong improvement in return on funds employed**

Year ended 31 March [$ million unless stated]	**2010**	2009	change
Trading revenue	**510.7**	544.1	-6%
EBITDA	**152.1**	138.4	+10%
EBIT	**123.5**	110.7	+12%
Funds employed	**249.2**	286.1	-13%
EBITDA/trading revenue	**29.8%**	25.4%	+17%
Return on funds employed	**49.6%**	38.7%	+28%

Gove Aluminium Finance Limited (“GAF”) (70% CSR) benefitted from an increase in the unhedged aluminium price towards the end of the year which increased earnings above the previous forecast.

Stringent cost control resulted in lower than forecast operating costs at the Tomago smelter, and together with slightly increased sales volumes added to the better result.

EBIT of $123.5 million was 12 per cent higher than last year.

Trading revenue decreased by 6% to $510.7 million, reflecting the lower average realised aluminium price. GAF’s sales volume from the Tomago aluminium smelter was a record 190,981 tonnes, compared to 186,103 tonnes last year.

The average realised aluminium price was A$2,674 per tonne after hedging, compared with A$2,924 last year. The average world aluminium price was US$1,898 per tonne compared to last year’s US$2,274 per tonne.

Given the lower metal price, particularly earlier in the year, GAF has not materially added to its metal hedge book recently. As a result, at 30 April 2010 GAF had around 35% of net aluminium exposure for YEM11 hedged at A$3,195 per tonne, which is a lower proportion than usual.

The Tomago smelter retains its competitive position within the third decile of the global aluminium cost curve. Meanwhile, GAF has a long established customer base and as at year end, approximately 90 per cent of its share of production from the Tomago smelter is committed to sales arrangements in YEM11.

Property

- **Continued challenging market for commercial and industrial segments impacts EBIT**
- **Focus remains on solid medium term development pipeline**

Year ended 31 March [$ million unless stated]	**2010**	2009	change
EBIT	**12.8**	25.1	-49%
Capital investment	**14.8**	23.7	-38%

Market conditions for commercial and industrial property were challenging during the year with EBIT dependent on the timing of specific transactions of sales to end users.

As a result EBIT fell to $12.8 million compared to $25.1 million last year. CSR also reduced capital expenditure in light of the market conditions.

The main contribution to earnings from property sales were:

- the sale of a 17 hectare Industrial site at Brendale north of Brisbane;
- the sale of 1.5 hectares at Erskine Park;
- further light industrial lot sales at Darra, in Brisbane; and
- the sale of a former plasterboard site in Indonesia

Market conditions are indicating a gradual recovery and CSR remains focused on progressing core developments for the medium term. Approvals have now been received for the Narangba site north of Brisbane - a 606 lot residential subdivision - with site works commenced recently. In March 2010, the Victorian State Government approved the rezoning of the Chirnside Park site for residential development for approximately 450 lots.

Sucrogen

- **Higher average realised raw sugar price offsets weather impacted lower crop to drive strong result**
- **Ongoing improvements in mills reliability following capital upgrade assists earnings performance**
- **Continued growth in Refining margins and product innovation boosts Sweetener earnings**
- **Significant improvement in return on funds employed**

Year ended 31 March [$ million unless stated]	**2010**	2009	change
Trading revenue	**1,737.3**	1,410.7	+23%
EBITDA	**196.9**	140.1	+41%
EBIT	**135.7**	83.7	+62%
Funds employed	**1,112.1**	1,069.9	+4%
EBITDA/trading revenue	**11.3%**	9.9%	+14%
Return on funds employed	**12.2%**	7.8%	+56%

CSR's Sugar business, Sucrogen, delivered an exceptionally strong result with significant growth in earnings from its Cane Products division and continued growth in Sweeteners.

Trading revenue of $1,737 million was up from $1,411 million while EBIT of $135.7 million was significantly ahead of last year's result of $83.7 million due to the increase in the average realised raw sugar price from A$325 per tonne last year to A$427 per tonne IPS and increased earnings from Sweeteners (Refining).

Cane Products: The Cane Products (formerly Raw Sugar) business benefited strongly from higher realised raw sugar prices which offset the lower crop size as a result of severe flooding prior to the commencement of the crushing season last year. Crop was down 8 per cent to 12.4 million tonnes, due primarily to wet weather, however, sugar production was down only slightly to 1.91 million tonnes from 1.96 million tonnes previously on improved mills efficiency and higher cane yields.

EBIT for Cane Products more than doubled to $85.6 million, with strong capital management focus resulting in improved operating cash flows from the previous year.

Sugar mill reliability continues to improve as a result of the targeted capital upgrade program to refurbish critical equipment, improve cost efficiencies and increase sugar recovery.

In another positive development, the land area under cane continues to increase across most regions encouraged through a combination of higher sugar prices, planting incentives and the Sucrogen grower forward pricing scheme introduced last season.

Area under cane is expected to increase by more than 6,000 hectares in the coming year, while around 70 per cent of growers are now taking the opportunity to hedge prices for future seasons.

Lower Renewable Energy Certificate (REC) prices during the year impacted earnings from the Cogeneration business. REC prices started to recover towards the end of the year following proposed amendments to the Federal Government's Renewable Energy Target (RET) Scheme.

During the year, Sucrogen announced plans to further increase its renewable energy capacity, commencing construction of an expanded electricity cogeneration facility at the Victoria mill to increase the mill's total electricity exported to the QLD grid by up to 12 MW per year from 2011.

Sweeteners: Earnings from the Sweeteners (formerly Refining) business continued to increase with EBIT up 19 per cent to $53.2 million due to improved margins, particularly in the food and beverage sector. The Sweeteners business continues to generate stronger returns through a sustained focus on enhanced customer value and innovation in the food and beverage sector and retail sectors.

Volumes in both Australia and New Zealand were slightly lower than last year, primarily in response to higher sugar prices which have a minor impact on demand in some product categories.

Customer response to the launch of the 'Better For You' range of sugars, including CSR LoGiCane Low GI Cane Sugar, Organic Sugar and Smart White & Fine Raw Sugar blends continues to be positive with further distribution across Australian retail outlets.

Meanwhile, Sugar Australia extended its distribution of stevia extract products beyond the retail segment with a memorandum of understanding with GLG Life Tech Corporation to distribute and market its stevia extract products as an ingredient to the food and beverage sector.

BioEthanol: EBIT in BioEthanol (formerly Ethanol) fell by nearly two thirds to $4 million, with margins impacted by the high price of molasses which is Sucrogen's key feedstock in producing ethanol. Reduced molasses production from India drove the molasses price up an average A$30 per tonne on the previous year to over A$100 per tonne.

Earnings were also affected by lower fertiliser prices which resulted in lower agriculture fertiliser revenue, despite slightly higher volumes.

Group Outlook

In **Building Products** market conditions remain volatile and difficult to predict, however improved leading indicators in the residential building environment in Australia are expected to translate into increased housing commencements for CSR's financial year ending 31 March 2011 (YEM11).

However, the sustainability of this increase remains unclear due to a number of factors, including activity related to the investor construction segment, land & labour availability, housing affordability and general market confidence. In that environment, and until conditions become clearer, CSR continues to adopt a relatively cautious approach and is assuming housing starts (on a 1 quarter lag basis) in Australia of around 146,000 for the year ending March 2011.

Commercial activity is expected to remain weak in the near term, partially offset by Government stimulus activity in health, social housing and the schools programme.

The Building Products businesses have been strengthened by the recent capital reinvestment programme which is now largely complete, together with significant restructuring of the business. This investment provides a solid platform for strong cashflow generation in YEM11 if forecast improved market volumes are realised.

Management also continues to focus on the turn-around of the Viridian downstream operations to restore profitability through volume and market share gains. Viridian remains a core component of the Building Products portfolio and is well positioned to capitalise on an expected increase in demand for energy efficient solutions over the medium term.

In **Aluminium**, prices in the coming year will be influenced by the commissioning of new smelting capacity in the Middle East and China and the restoration of demand as global economic growth recovers. Alumina costs are forecast to be higher as a result of the increased metal price.

For YEM11, Gove Aluminium Finance has around 35% of its net aluminium exposure hedged at A$3,195 per tonne, which is a lower proportion than usual and means earnings will be more linked to spot aluminium prices than in previous years.

As previously advised conditions in the commercial and industrial **Property** sectors are expected to remain weak.

In **Sucrogen**, an earlier finish to the 2009 crush, coupled with good rain in the early part of this year, should see the crop return towards an average size this season.

In March 2010 Cyclone Ului caused minimal damage to the area where Sucrogen's mills are located.

While raw sugar prices have fallen recently, they remain at levels higher than the long run average price and Sucrogen continues its active hedging program to lock in attractive prices for forward years.

Sucrogen currently has around 70 per cent of its YEM11 crop priced at $A440 per tonne IPS and 50 per cent of the YEM12 crop priced at $A425 per tonne IPS.

CSR retains a strong focus on capital management with its two main businesses, Sucrogen and Building Products now well positioned to pursue their specific strategies.

Given current market conditions CSR considers it inappropriate to forecast YEM11 earnings at this early stage of its financial year. CSR expects to be able to give directional guidance with the benefit of first quarter trading information at the AGM on 8 July.

Business Separation

The Board of CSR has determined that continuing to engage with Bright Food is in the interests of shareholders in order to determine whether a proposal which adds value can be achieved. It is the intention of the Board to afford Bright Food a fair and reasonable opportunity to complete due diligence in a timely manner, confirm its valuation of A$1.75 billion and progress the obtaining of both Australian and PRC regulatory approvals.

At the same time, the Board considers that it is also in the interests of shareholders to continue with its demerger plans, in light of the recent decision of the Full Federal Court. A draft Explanatory Booklet is expected to be ready by late June for submission to ASIC which could lead to a shareholder meeting being convened in August 2010. CSR will continue to keep the market informed.

Media/analyst enquiries:

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CSR Limited

ABN 90 000 001 276

Directors of CSR Limited

Directors of CSR Limited at any time during the year ended 31 March 2010 are as follows (each of them was a director from 1 April 2009 up to and including the date of this report, with the exception of Mr Shane Gannon and Mr Jerry Maycock):

Ian Blackburne

Nick Burton Taylor

Kathleen Conlon

Shane Gannon*

Ray Horsburgh

Richard Lee

Jerry Maycock**

John Story

Jeremy Sutcliffe***

*Appointed on 24 September 2009

**Resigned on 31 March 2010

*** Appointed Managing Director on 1 April 2010

Signed in accordance with a resolution of the directors.

Jeremy Sutcliffe

Managing Director

Sydney, 12 May 2010

Deloitte Touche Tohmatsu
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The Directors
CSR Limited
Triniti 3
39 Delhi Road
NORTH RYDE NSW 2113

12 May 2010

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 2010, 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

CSR group statement of financial performance

Year ended 31 March ($ million unless indicated)	Note	2010	2009
Trading revenue - sale of goods		**3,754.9**	3,492.8
Cost of sales		**(2,893.4)**	(2,679.0)
Gross Margin		**861.5**	813.8
Warehouse and distribution costs		**(238.3)**	(245.5)
Selling costs		**(179.8)**	(172.3)
Administration and other operating costs		**(142.7)**	(140.6)
Share of net profit of associates	13	**15.4**	15.0
Operating profit		**316.1**	270.4
Other income from ordinary activities	7	**48.7**	52.7
Other expenses from ordinary activities	7	**(308.2)**	(540.1)
Dividend income		**7.3**	4.6
Profit (loss) from ordinary activities before finance and income tax		**63.9**	(212.4)
Interest income	3	**1.4**	3.3
Finance cost	3	**(102.5)**	(109.1)
(Loss) profit from ordinary activities before income tax		**(37.2)**	(318.2)
Income tax benefit (expense) relating to ordinary activities	4	**(38.1)**	24.5
Net (loss) profit		**(75.3)**	(293.7)
Net profit attributable to non-controlling interests		**36.4**	32.8
Net (loss) profit attributable to shareholders of CSR Limited		**(111.7)**	(326.5)
Net profit before significant items attributable to shareholders of CSR Limited		**173.4**	134.0
Reconciliation of retained profits			
Retained profits at the beginning of the financial year		**73.0**	636.4
Net (loss) profit attributable to shareholders of CSR Limited		**(111.7)**	(326.5)
Net profit (loss) recognised directly in retained profits		**40.4**	(87.2)
Total available for appropriation		**1.7**	222.7
Dividends provided for or paid	12	**(51.5)**	(149.7)
Retained profits at the end of the financial year		**(49.8)**	73.0
(cents)			
Basic earnings per share based on net (loss) profit attributable to shareholders of CSR Limited[a]		**(8.2)**	(29.7)
Diluted earnings per share based on net (loss) profit attributable to shareholders of CSR Limited[a]		**(8.2)**	(29.7)
Basic earnings per share based on net profit before significant items attributable to shareholders of CSR Limited[a]		**12.7**	12.2

a Weighted number of ordinary shares on issue used in the calculation of earnings per share is 1,368.7 million (2009: 1,098.7 million)

Notes to the financial statements are annexed

CSR group statement of financial position

($ million)	Note	As at 31 March 2010	As at 31 March 2009
Current assets			
Cash and cash equivalents		**43.9**	14.7
Receivables		**491.9**	562.1
Inventories		**455.9**	418.1
Other financial assets		**82.9**	120.2
Income tax assets		**44.0**	44.6
Other current assets		**30.9**	23.2
Total current assets		**1,149.5**	1,182.9
Non-current assets			
Receivables		**29.1**	27.4
Inventories		**32.1**	34.8
Investments accounted for using the equity method		**33.4**	30.2
Other financial assets		**97.4**	120.6
Property, plant and equipment		**2,246.4**	2,256.6
Goodwill		**69.8**	322.3
Other intangible assets		**36.3**	38.1
Deferred income tax assets		**164.8**	158.7
Other non-current assets		**15.8**	16.8
Total non-current assets		**2,725.1**	3,005.5
Total assets		**3,874.6**	4,188.4
Current liabilities			
Payables		**408.0**	416.6
Borrowings		**25.6**	17.2
Other financial liabilities		**53.1**	84.6
Tax payable		**21.7**	4.1
Provisions		**229.3**	244.2
Total current liabilities		**737.7**	766.7
Non-current liabilities			
Payables		**0.6**	6.7
Borrowings		**785.2**	1,186.9
Other financial liabilities		**15.9**	75.1
Provisions		**471.2**	463.5
Other non-current liabilities		**45.8**	103.0
Total non-current liabilities		**1,318.7**	1,835.2
Total liabilities		**2,056.4**	2,601.9
Net assets		**1,818.2**	1,586.5
Equity			
Issued capital	5	**1,700.9**	1,329.2
Reserves	9	**31.5**	30.7
Retained profits		**(49.8)**	73.0
Equity attributable to shareholders of CSR Limited		**1,682.6**	1,432.9
Non-controlling interests		**135.6**	153.6
Total equity		**1,818.2**	1,586.5

Notes to the financial statements are annexed

CSR group statement of comprehensive income

Year ended 31 March ($ million)	**2010**	2009
Net (loss)/profit for the financial half year	**(75.3)**	(293.7)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(33.1)**	24.2
Fair value adjustment for Sugar Terminals Ltd	**4.1**	(2.9)
(Loss)/gain on cash flow hedges taken to equity	**5.8**	111.3
Actuarial profit/(loss) on defined benefit plans	**51.9**	(120.4)
Income tax relating to components of other comprehensive income	**(17.4)**	2.7
Other comprehensive income for the period (net of tax)	**11.3**	14.9
Total comprehensive expense for the financial year	**(64.0)**	(278.8)
Total comprehensive income attributable to:		
CSR Limited shareholders	**(75.8)**	(355.3)
Non-controlling interests	**11.8**	76.5
Total comprehensive expense for the financial year	**(64.0)**	(278.8)

Notes to the financial statements are annexed

CSR group statement of changes in equity

Year ended 31 March ($ million)	Issued Capital	Hedge Reserve	Foreign currency translation	Employee Share reserve	Other reserve	Retained (losses)/ profits	Attributable to CSR Ltd shareholders	Non-controlling interests	**Total**
Balance at 1 April 2009	1,329.2	3.9	14.2	12.6	-	73.0	1,432.9	153.6	**1,586.5**
Net (loss)/profit for the financial year	-	-	-	-	-	(111.7)	(111.7)	36.4	**(75.3)**
Exchange differences arising on translation of foreign operations	-	-	(32.9)	-	-	-	(32.9)	(0.2)	**(33.1)**
Fair value adjustment for Sugar Terminals Ltd	-	-	-	-	-	4.1	4.1	-	**4.1**
Hedge profit (loss) recognised in equity	-	52.4	-	-	-	-	52.4	(11.3)	**41.1**
Hedge loss transferred to income statement	-	(11.7)	-	-	-	-	(11.7)	(23.6)	**(35.3)**
Actuarial profit on defined benefit plans	-	-	-	-	-	51.9	51.9	-	**51.9**
Income tax relating to components of other comprehensive income	-	(12.3)	-	-	-	(15.6)	(27.9)	10.5	**(17.4)**
Total comprehensive income (expense) for the financial year	-	28.4	(32.9)	-	-	(71.3)	(75.8)	11.8	**(64.0)**
Shares issued	371.7	-	-	-	-	-	371.7	-	**371.7**
Payment of dividends	-	-	-	-	-	(51.5)	(51.5)	(19.2)	**(70.7)**
Net contribution from joint venture partner								5.6	**5.6**
Purchase of non-controlling interests	-	-	-	-	5.3	-	5.3	(16.2)	**(10.9)**
Balance at 31 March 2010	1,700.9	32.3	(18.7)	12.6	5.3	(49.8)	1,682.6	135.6	**1,818.2**
Balance at 1 April 2008	879.2	(28.5)	(11.8)	9.5	-	636.4	1,484.8	105.9	**1,590.7**
Net (loss) profit for the financial year	-	-	-	-	-	(326.5)	(326.5)	32.8	**(293.7)**
Exchange differences arising on translation of foreign operations	-	-	26.0	-	-	-	26.0	(1.8)	**24.2**
Fair value adjustment for Sugar Terminals Ltd	-	-	-	-	-	(2.9)	(2.9)	-	**(2.9)**
Hedge profit recognised in equity	-	27.0	-	-	-	-	27.0	51.6	**78.6**
Hedge profit transferred to income statement	-	19.0	-	-	-	-	19.0	13.7	**32.7**
Actuarial loss on defined benefit plans	-	-	-	-	-	(120.4)	(120.4)	-	**(120.4)**
Income tax relating to components of other comprehensive income	-	(13.6)	-	-	-	36.1	22.5	(19.8)	**2.7**
Total comprehensive income (expense) for the financial year	-	32.4	26.0	-	-	(413.7)	(355.3)	76.5	**(278.8)**
Shares issued	450.0	-	-	3.1	-	-	453.1	-	**453.1**
Payment of dividends	-	-	-	-	-	(149.7)	(149.7)	(28.8)	**(178.5)**
Balance at 31 March 2009	1,329.2	3.9	14.2	12.6	-	73.0	1,432.9	153.6	**1,586.5**

Notes to the financial statements are annexed

CSR group statement of cash flows

Year ended 31 March ($ million)	Note	2010	2009
Cash flows from operating activities			
Receipts from customers		**4,101.7**	3,693.2
Payments to suppliers and employees		**(3,687.1)**	(3,485.0)
Dividends and distributions received		**19.5**	18.0
Interest received		**1.4**	3.3
Income tax paid		**(39.2)**	(64.1)
Net cash from operating activities before derivative margin calls		**396.3**	165.4
Derivative margin calls (paid) refunded		**(18.1)**	48.5
Net cash from operating activities	2	**378.2**	213.9
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		**(239.7)**	(476.3)
Proceeds from sale of property, plant and equipment and other non-current assets		**45.2**	169.2
Purchase of controlled entities and businesses, net of cash acquired		**-**	(11.8)
Purchase of non controlling interests		**(10.9)**	-
Loans and receivables advanced		**(2.0)**	(11.0)
Loans and receivables repaid		**-**	0.1
Net cash used in investing activities		**(207.4)**	(329.8)
Cash flows from financing activities			
Proceeds from issue of shares to CSR shareholders		**363.7**	343.1
Net (repayment of) proceeds from borrowings		**(383.7)**	(72.3)
Dividends paid		**(65.7)**	(71.1)
Interest and other finance costs paid		**(59.0)**	(97.3)
Net cash (used in) from financing activities		**(144.7)**	102.4
Net decrease in cash held		**26.1**	(13.5)
Net cash at beginning of the financial year		**14.3**	24.3
Effects of exchange rate changes		**3.5**	3.5
Net cash at the end of the financial year		**43.9**	14.3

Reconciliation of net cash

Reconciliation of net cash at the end of the financial year (as shown in the statement of cash flows) to the related items in the statement of financial position is as follows:

Cash at banks and on hand	**43.9**	14.7
Total cash	**43.9**	14.7
Bank overdraft	**-**	(0.4)
Net cash at the end of the financial year	**43.9**	14.3

Notes to the financial statements are annexed

Notes to the consolidated financial report for the year ended 31 March 2010

ADDITIONAL CASH FLOW INFORMATION

Non-cash financing and investing activities. During the financial year ended 31 March 2010, CSR Limited issued nil shares to employees of the CSR group under the terms of the Universal Share/Option Plan (2009: 3,035,700 shares). During the financial year ended 31 March 2010, $4.9 million (2009: $106.9 million) of CSR Limited dividends were reinvested in CSR shares.

Credit standby facilities. The CSR group has a total of $1,522 million (2009: $1,719 million) committed standby facilities. These facilities have fixed maturity dates as follows: $339 million in financial year 2011, $603 million in financial year 2012 with the balance $580 million in financial year 2013. As at 31 March 2010, $723 million of the standby facilities were undrawn.

OTHER NOTES

i. Basis of Preparation. This report is prepared in accordance with the ASX listing rule 4.3A, the requirements of the Corporations Act 2001, applicable accounting standards and interpretations, and complies with other requirements of the law and the listing rules of Australian Stock Exchange Limited. The financial report is based on historical cost, except for certain assets which are at deemed cost and the revalued amount of certain assets. It should be read in conjunction with announcements to the market made by the CSR group during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rule 3.1. This report does not include all the notes of the type normally included in an annual financial report.

ii. Subsequent events.

Dividends

For dividends declared after 31 March 2010, refer to Note 12.

Proposed demerger / disposal of Sugar

On 23 April 2010, the Full Federal Court ordered that a meeting of CSR's shareholders be convened, at a date and time to be determined by a single judge of the Court, to allow shareholders to consider and vote on the proposed demerger of CSR's Sugar and Renewable Energy business, Sucrogen. Completion of a demerger is subject to remaining due diligence and shareholder, court and other approvals.

On 1 April 2010, CSR announced that it had received a conditional offer from Bright Food (Group) Co. Ltd ('Bright Food') to acquire CSR's Sugar and Renewable Energy business, Sucrogen. The offer remains subject to a number of conditions including completion of due diligence, regulatory approvals and execution of transaction documentation. Accordingly, there is no certainty that any transaction will be completed with Bright Food.

The CSR board continues to evaluate methods of separation of the Sugar business from the CSR Group and will inform the market of further developments.

iii. Significant accounting policies.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2010, and are consistent with those of the previous year, unless otherwise stated.

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 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 2010, a provision of $455.3 million (2009: $455.1 million) has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. Refer note 15 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. Valuations are determined using discounted cash flows. Management judgement is required in these valuations in determining future cash flows and a suitable discount rate in order to calculate the present value. Future cashflows take into consideration the building cycle and expected changes, sugar price and crop, aluminium prices and exchange rates.

Intangibles. Certain trade names determined as having an indefinite life are not amortised.

Financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in 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 income immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in 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.

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

iii. Significant accounting policies. (continued)

New accounting standards and interpretations. The group has adoped the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 April 2009 as they are applicable for financial periods commencing on or after 1 January 2009.

- AASB 2008-1 Amendments to Australian Accounting Standard - Share- based payments: Vesting Conditions and Cancellations
- AASB 7 Financial Instruments: Disclosures
- AASB 8 Operating Segments
- AASB 101 Presentation of financial statements (revised 2007)
- AASB 123 Borrowings Costs (revised 2007)
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate effective 1 January 2009
- AASB 2009-6 Amendments to Australian Accounting Standards

Impairment of assets. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.
Other assets are reviewed for impairment at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in income immediately. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in profit or loss.

Employee benefits. For defined benefit superannuation plans, the cost of providing benefits is determined using the aggregate funding method (Harwood Superannuation Fund) and the Projected Unit Credit Method (Pilkington (Australia) Superannuation Scheme), 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 defined contribution superannuation plans are expensed when incurred and the CSR group's legal or constructive obligation is limited to these contributions.

Financial assets. Financial assets are classified as available for sale financial assets, or loans and receivables (stated at amortised cost less impairment). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.
Certain shares held by the CSR group are classified as being available for sale and are stated at fair value. Fair value is determined in accordance with a discounted cash flow analysis. Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period.

Income tax. Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable income for the financial year. It is calculated using tax rates and tax laws that have been enacted or substantially enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).
Deferred income tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax assets or liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the CSR group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis.
No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.
Current and deferred tax is recognised as an expense in the 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.

iii. Significant accounting policies. (continued)

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

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

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

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

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. Operating segments that meet the qualitative criteria as prescribed by AASB 8 are reported separately.

Accounting standards not yet effective. The following Australian accounting standards and interpretations have not yet been adopted by the CSR group:
- AASB 3 (revised) "Business Combinations" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 127 (revised) "Consolidated and Separate Financial Statements" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 2008-3 "Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 2008-6 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1 and AASB 5)" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 2008-8 "Amendments to Australian Accounting Standards - Eligible Hedged Items" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 2009-3 "Amendments to Australian Accounting Standards arising from Embedded Derivatives (AASB 139 and Interpretation 9)" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 2009-4 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 2009-5 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project" applicable to the CSR group for the financial year ending 31 March 2011
- AASB 2009-7 "amendments to Australian Accounting Standards" applicable to the CSR Group for the financial year ending 31 March 2011.
- AASB 9 "Financial instruments" applicable to the CSR Group for the financial year ending 31 March 2014.

The CSR group does not anticipate that the adoption of these standards will have a material effect on its financial statements. There will be no effect on reported income or net assets, however presentation of financial statements and notes may be different when the accounting standards are adopted. However, should any business combinations occur after 1 April 2010, the accounting for such transactions under AASB 3 (revised) is different to that applied to past combinations.

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

v. Rounding. Unless otherwise stated, amounts have been rounded to the nearest tenth of a million dollars and are shown by $ million. CSR Limited is a company of the kind referred to in the ASIC Class Order 98/100 issued 10 July 1998.

vi. Significant items.

Separation costs
Costs of $26.6 million associated with the proposed demerger of the Sugar business were incurred during the year.

Asset write downs
In September 2009 CSR undertook a review of the Viridian business, given the ongoing decline in building activity, the strengthening of the Australian dollar and other operational issues which have impacted business performance over the past twelve months. Forecast cash flows covering the next ten years were prepared and a valuation was calculated using a post-tax discount rate of 9.8%. Discounted cashflows over a ten year period are appropriate given the cyclical nature of the industry. The first five years represent financial plans approved by management, based on CSR's view of the respective cycle, with years six to ten applying averaging assumptions to ensure cash flows in year 10 are sufficiently stable to apply the terminal value. A terminal value was included from year eleven onwards including an annual growth of 2.5%. The key assumptions relate to housing starts, market share and the take up of energy efficient glass. The most sensitive assumptions are housing starts and market share. These assumptions have been determined with reference to current performance and expected changes taking into account external information. This valuation has resulted in Viridian goodwill being written down by $250.0 million (2009: $279.7 million).
In the year ended 31 March 2009 CSR reviewed the carrying value of its assets in light of the current and anticipated trading environment, particularly in residential housing and commercial construction. As a result of this review assets were written down by $355.7 million. The write down was primarily Viridian goodwill ($279.7 million) with the remainder mainly relating to Asian Panels ($14.0 million), Fibre Cement ($10.3 million) and Bricks and Roofing ($33.3 million) businesses and the Penrith Lakes Development ($7.2 million).

Viridian integration and restructure costs
In the year ended 31 March 2009, costs associated with the closure of the Viridian automotive glass facilities ($13.9 million), Alexandria factory closure ($5.9 million), and other costs (employee redundancies) associated with the integration and restructure of the Viridian glass business ($32.6 million) were incurred.

Product liability
In the year ended 31 March 2010, CSR recorded a charge of $17.2 million in order to maintain its product liability provision. In the year ended 31 March 2009, the provision was increased by $113.4 million reflecting the decrease in the A$/$US exchange rate and the routine re-estimate of future liabilities.

Building Products (excluding Viridian) and Corporate restructure costs
In Building Products, in response to market conditions, management action has continued on securing ongoing efficiencies to better align the business with the current market. This action has included extended shutdowns, temporary closures and further plant rationalisation. The continued costs associated with this along with some corporate restructure has been included as a significant item $6.4 million (2009: $11.0 million).

1. Segment information

Identification of reportable segments

The 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 identifed 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 group's major risks and have the most effect on the rates of return. Each of the business units disclosed below have been determined as both an operating segment and reportable segment.

Types of products and services

Sugar

The group's sugar segment encompasses three main businesses being cane products, sweeteners and bio-ethanol. The cane products business mills sugarcane to produce raw 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 sweetener business refines raw sugar to produce food-grade products. The bio-ethanol 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.

Building products

The group's building products segment encompasses:

- Lightweight systems (Gyprock plasterboard, Hebel aerated autoclaved concrete products, Cemintel fibre cement, Fricker Ceiling Systems, Alutri and Rokcore panels, and Rondo rollformed steel products) and Insulation (Bradford Insulation and Edmonds ventilation systems);
- Glass (Viridian); and
- Bricks and roofing (PGH bricks, Monier and Wunderlich roofing, MySteel roofing solutions and Topcat Safety Rail).

Aluminium

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

Property

The property business unit generates returns from the sale of industrial 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 New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land within otherwise built up areas) located in metropolitan regions.

Accounting policies and inter-segment transactions

The accounting policies used by the group in reporting segments internally are the same as those disclosed in the Significant Accounting Policies included within this report.

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 Sugar segment are sold to the Building Products and Aluminium segments. Sales of RECs between segments are recorded at fair value.

It is the 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 believe would be inconsistent. Reporting provided to the board of directors in respect of earnings is primarily measured based on Earnings Before Interest and Taxes (EBIT).

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Corporate overheads
- Restructuring and provisions
- Net finance costs
- Significant items

Major customers

The group has a number of customers to which it supplies products. The sugar segment supplies a customer which accounts for 23.2% (2009: 17.5%) of external revenues. There are no other customers which account for more than 10% of external revenue.

1 Segment information (continued)

($ million)	Profit from ordinary activities before income tax 2010	2009	Income tax 2010	2009	Non-controlling interests 2010	2009	Net profit 2010	2009
Sugar	**135.7**	83.7	**32.4**	18.8	**10.5**	8.8	**92.8**	56.1
Building Products	**115.0**	117.9	**29.1**	32.9	**1.7**	0.6	**84.2**	84.4
Aluminium	**123.5**	110.7	**36.4**	31.5	**25.6**	23.1	**61.5**	56.1
Property	**12.8**	25.1	**2.1**	2.1	**-**	-	**10.7**	23.0
Segment total	**387.0**	337.4	**100.0**	85.3	**37.8**	32.5	**249.2**	219.6
Corporate [a]	**(18.6)**	(17.0)	**(5.0)**	(4.8)	**-**	-	**(13.6)**	(12.2)
Restructuring and provisions [b]	**(4.3)**	(0.3)	**(10.5)**	(1.0)	**-**	-	**6.2**	0.7
	364.1	320.1	**84.5**	79.5	**37.8**	32.5	**241.8**	208.1
Net finance cost	**(101.1)**	(105.8)	**(31.3)**	(32.0)	**(1.4)**	0.3	**(68.4)**	(74.1)
Group total before significant items	**263.0**	214.3	**53.2**	47.5	**36.4**	32.8	**173.4**	134.0
Significant items	**(300.2)**	(532.5)	**(15.1)**	(72.0)	**-**	-	**(285.1)**	(460.5)
Group total after significant items	**(37.2)**	(318.2)	**38.1**	(24.5)	**36.4**	32.8	**(111.7)**	(326.5)

	Total revenue [c] 2010	2009	Share of associates' net profit 2010	2009	Depreciation and amortisation [d] 2010	2009	Additions to non-current assets [e] 2010	2009
Sugar	**1,758.4**	1,432.5	**4.6**	2.5	**61.2**	56.4	**89.0**	107.3
Building Products	**1,514.6**	1,538.5	**10.8**	12.5	**67.5**	65.2	**110.1**	310.9
Aluminium	**513.6**	549.5	**-**	-	**28.6**	27.7	**8.5**	26.2
Property	**14.1**	27.8	**-**	-	**0.3**	0.4	**14.8**	23.7
Segment total	**3,800.7**	3,548.3	**15.4**	15.0	**157.6**	149.7	**222.4**	468.1
Corporate [a]	**-**	-	**-**	-	**0.4**	5.1	**14.1**	8.6
Restructuring and provisions [b]	**10.2**	1.8	**-**	-	**-**	-	**-**	-
Interest revenue	**1.4**	3.3						
Group total before significant items	**3,812.3**	3,553.4	**15.4**	15.0	**158.0**	154.8	**236.5**	476.7
Significant items	**-**	-	**-**	-	**-**	-	**-**	-
Group total after significant items	**3,812.3**	3,553.4	**15.4**	15.0	**158.0**	154.8	**236.5**	476.7

	Assets [f] 2010	2009	Liabilities 2010	2009	Investments accounted for using the equity method 2010	2009	Impairment of property, plant and equipment and intangibles [g] 2010	2009
Sugar	**1,444.9**	1,378.8	**300.3**	342.4	**23.8**	19.2	**2.3**	0.3
Building Products	**1,643.1**	1,937.2	**268.7**	301.3	**9.6**	11.0	**251.0**	350.6
Aluminium	**408.8**	550.8	**57.1**	98.0	**-**	-	**-**	-
Property	**84.7**	62.8	**12.2**	10.9	**-**	-	**-**	-
Segment total	**3,581.5**	3,929.6	**638.3**	752.6	**33.4**	30.2	**253.3**	350.9
Unallocated [b]	**40.4**	40.8	**585.6**	641.1	**-**	-	**-**	-
	3,621.9	3,970.4	**1,223.9**	1,393.7	**33.4**	30.2	**253.3**	350.9
Cash / borrowings	**43.9**	14.7	**810.8**	1,204.1				
Tax assets/liabilities	**208.8**	203.3	**21.7**	4.1				
Group total	**3,874.6**	4,188.4	**2,056.4**	2,601.9	**33.4**	30.2	**253.3**	350.9

Geographical information

The Group operates principally in Australia. For the year ended 31 March 2010, the Group's revenue from external customers in Australia amounted to $3,398.9 million (2009: $3,154.5 million), with $356.0 million (2009: $338.3 million) of revenues related to other geographical areas. The Groups non-current assets excluding investments in associates, deferred tax assets and other financial assets in Australia amounted to $2,279.8 million at 31 March 2010 (2009: $2,490.1 million), with $149.6 million (2009: $205.8 million) related to other geographical areas.

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 Intersegment sales are negligible. Total revenue includes trading revenue, other income from ordinary activities, interest revenue, dividend income and excludes net profit from associates.

d Total depreciation and amortisation includes $8.8 million (2009: $11.1 million) amortisation of intangible assets. 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, purchase of non-controlling interests, loans and other financial instruments.

f No acquisitions of controlled entities or businesses occurred during the financial year ended 31 March 2010. All acquisitions of controlled entities and businesses in 2009 were in the Building Products segment.

g Includes $250.0 million impairment of Viridian goodwill for the year ended 31 March 2010 (2009: $279.7 million). Other impairment losses relate to write downs of property, plant and equipment.

Year ended 31 March	**2010** **$ million**	2009 $ million

2. Cash flow reconciliation

Reconciliation of net (loss) profit attributable to shareholders of CSR Limited to net cash from operating activities

Net loss attributable to shareholders of CSR Limited	**(111.7)**	(326.5)
Net profit attributable to non-controlling interests	**36.4**	32.8
Depreciation and amortisation	**158.0**	154.8
Net change in provisions	**(6.4)**	(92.9)
Significant items (non cash)	**250.0**	446.3
Interest expense	**57.5**	89.9
Profit on disposal of assets, asset write downs and associated costs	**(15.8)**	(28.5)
Net change in trade receivables	**28.7**	(73.2)
Net change in current inventories	**(18.7)**	(39.7)
Net change in trade payables	**(7.7)**	15.2
Derivative margin calls (paid) refunded	**(18.1)**	48.5
Other	**26.0**	(12.8)
Net cash from operating activities	**378.2**	213.9

3. Net finance cost

Interest paid or payable on short term debt	**2.6**	14.8
Interest paid or payable on long term debt	**54.9**	75.1
Total interest expense	**57.5**	89.9
Unwinding discount on non-current provisions and debtors	**23.5**	18.4
Funding costs	**9.0**	6.2
Foreign exchange loss (gain)	**12.5**	(5.4)
Finance cost	**102.5**	109.1
Interest income	**(1.4)**	(3.3)
Net finance cost	**101.1**	105.8

Year ended 31 March	**2010**	2009
	$ million	$ million

4. Income tax

Income tax expense

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

(Loss) profit from ordinary activities before income tax	**(37.2)**	(318.2)
Income tax (benefit) expense calculated at 30%	**(11.2)**	(95.5)
Increase (decrease) in income tax expense due to		
Utilisation of losses in asset disposals	**(8.4)**	(5.4)
Asset write-downs	**75.0**	86.5
Asian trading profits tax rate differential	**(0.5)**	(0.3)
Equity accounted associates' net profit and rebates on dividends received	**(8.7)**	(5.9)
Research and development	**(2.1)**	(6.8)
Income tax (over) under provided in prior years	**(5.9)**	0.7
Other items	**(0.1)**	2.2
Total income tax expense (benefit) on profit from ordinary activities	**38.1**	(24.5)

5. Issued capital [a]

	Ordinary shares fully paid	Price $	Issued capital $ million
Particulars of shares issued during the year by CSR Limited			
On issue 31 March 2009	1,286,059,187		1,329.2
Institutional placement [b]	115,808,670	1.66	188.4
Retail placement [c]	62,320,865	1.66	101.2
Retail shortfall bookbuild [d]	47,526,211	1.66	77.2
Dividend reinvestment plan [e]	3,205,881	1.53	4.9
On issue 31 March 2010	**1,514,920,814**		**1,700.9**

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

b Fully paid ordinary shares were issued on 10 November 2009. The purpose of the institutional placement was to facilitate the proposed demerger of CSR's sugar business and to strengthen CSR's financial position. Proceeds are net of share placement costs of $3.8 million.

c Fully paid ordinary shares were issued on 3 December 2009. The purpose of the retail placement was to facilitate the proposed demerger of CSR's sugar business and to strengthen CSR's financial position. Proceeds are net of share placement costs of $2.3 million.

d Fully paid ordinary shares were issued on 3 December 2009. The purpose of the retail shortfall bookbuild was to facilitate the proposed demerger of CSR's sugar business and to strengthen CSR's financial position. Proceeds are net of share placement costs of $1.7 million.

e Fully paid ordinary shares were issued on 3 July 2009. Eligible shareholders were able to reinvest all or part of their dividends in additional fully paid ordinary shares at a market discount of 2.5 per cent.

Year ended 31 March	**2010** **$ million**	2009 $ million

6. Expenses

Profit from ordinary activities before income tax and significant items includes the following items of expenditure:		
Depreciation of non-current assets	**149.2**	143.7
Amortisation of non-current assets	**8.8**	11.1
Other sundry write down of property, plant and equipment	**3.3**	2.4
Increase in allowance for bad debts	**1.9**	4.5

7. Other income and expenses

Income		
Profit on disposal of property, plant and equipment and other assets	**19.1**	30.9
Other	**29.6**	21.8
Total other income from ordinary activities	**48.7**	52.7
Expenses		
Significant items (refer note 8)	**(300.2)**	(532.5)
Other sundry asset write downs and associated costs	**(3.3)**	(2.4)
Other	**(4.7)**	(5.2)
Total other expenses from ordinary activities	**(308.2)**	(540.1)

8. Significant items

Separation costs		
Costs associated with the proposed demerger of the Sugar business	**(26.6)**	-
Income tax benefit	**8.0**	-
	(18.6)	-
Asset write downs		
Goodwill	**(250.0)**	(279.7)
Property, plant and equipment	**-**	(51.5)
Other intangibles including software	**-**	(6.2)
Other	**-**	(18.3)
Total asset write downs	**(250.0)**	(355.7)
Income tax benefit	**-**	19.0
	(250.0)	(336.7)
Viridian integration and restructure costs		
Integration and restructure costs	**-**	(52.4)
Income tax benefit	**-**	15.7
	-	(36.7)
Expense relating to product liability provision		
Charge to provision	**(17.2)**	(113.4)
Income tax benefit	**5.2**	34.0
	(12.0)	(79.4)
Building Products (excluding Viridan) and Corporate restructure costs		
Redundancy expenses	**(6.4)**	(11.0)
Income tax benefit	**1.9**	3.3
	(4.5)	(7.7)
Total significant items		
Significant items before income tax	**(300.2)**	(532.5)
Income tax benefit on significant items	**15.1**	72.0
Total significant items after income tax	**(285.1)**	(460.5)

9. Reserves

Foreign currency translation reserve	**(18.7)**	14.2
Employee share reserve	**12.6**	12.6
Hedge reserve	**32.3**	3.9
Other reserve	**5.3**	-
Total reserves	**31.5**	30.7

10. Net tangible assets per share[a]

	$	$
Net tangible assets per share	**1.04**	0.83

a Calculated as net assets attributable to CSR Ltd shareholders ($1,682.6 million) less intangible assets ($106.1 million) divided by the number of shares (1,514.9 million)

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

Control gained over entities

No acquisitions were made during the year ended 31 March 2010.

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

Details of the purchase consideration and the fair value of assets and liabilities acquired are given below. No additional consideration was paid for the acquisition made in the year ended 31 March 2009 over that reported previously.

Year ended 31 March ($ million)	**2010**	2009
Purchase consideration (refer below)		
Cash paid - purchase price	-	11.4
Direct costs relating to the acquisition	-	0.4
Total purchase consideration	-	11.8
Fair value of net identifiable assets acquired (refer below)	-	3.4
Goodwill (refer below)	-	8.4

Value of assets and liabilities acquired are as follows:

	2010		2009	
($ million)	**Acquiree's carrying amount**	**Fair value**	Acquiree's carrying amount	Fair value
Cash	-	-	-	-
Inventories	-	-	1.6	1.4
Property, plant and equipment	-	-	2.0	2.0
Net identifiable assets	-	-	3.6	3.4
Goodwill acquired[a]		-	-	8.4
Total consideration		-		11.8
Cash balances acquired		-		-
Total flow of cash		-		11.8

a. The goodwill is attributable to the workforce and the profitability of the acquired business.

12. Details relating to dividends

	Financial year ending 31 March	Franking percentage	Date dividend paid/payable	Amount per share cents	Total amount $ million
Interim dividend	2009	100	12 December 2008	6.0	61.3
Final dividend	2009	100	3 July 2009	1.5	19.3
Interim dividend	2010	100	23 December 2009	2.5	32.2
Final dividend	2010	100	6 July 2010	6.0	90.9

The final dividend in respect of ordinary shares for the financial year ended 31 March 2010 has not been recognised in this report because the final dividend was declared subsequent to 31 March 2010

Dividend reinvestment plan

CSR Limited established a dividend reinvestment plan under which the holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares rather than be paid in cash. This plan expired on 12 October 2009.

13. Details of associates and joint venture entities

Aggregate share of income of associate entities

	Year ended 31 March	
	2010 $ million	2009 $ million
Profit from ordinary activities before income tax	**21.8**	21.5
Income tax expense	**6.4**	6.5
Profit from ordinary activities after income tax	**15.4**	15.0
Significant items net of tax	**-**	-
Net profit	**15.4**	15.0
Minority interests	**-**	-
Total share of net profit	**15.4**	15.0

	Ownership interest As at 31 March		Contribution to net income Year ended 31 March	
Name of entity	**2010 %**	2009 %	**2010 $ million**	2009 $ million
Associate companies				
C. Czarnikow Limited	**43**	43	**4.6**	2.5
Rondo Pty Limited	**50**	50	**9.8**	12.2
Other non-material associates			**1.0**	0.3
Total share of net profit			**15.4**	15.0

The CSR group does not have any other material interests.

Year ended 31 March	**2010** **$ million**	2009 $ million

14. Contingent liabilities

Contingent liabilities, capable of estimation, arise in respect of the following categories:		
Performance guarantees provided to third parties and other contingent liabilities	**56.9**	35.8
Total contingent liabilities	**56.9**	35.8

Contingent liabilities/assets
Claims and possible claims (other than product liability which is discussed in note 15) have arisen in the course of business against entities in the CSR Group and made by entities in the CSR Group. Based on legal advice obtained, the directors believe that any resultant liability or asset will not materially affect the financial position of the consolidated entity.

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

Workers' compensation
CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, South Australia (to 10 April 2003), Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable future claims.

15. Product liability

Background
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 at 31 March 2010, there were 692 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 2010, there were 1,147 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2010, CSR had resolved 2,762 claims in Australia and approximately 135,200 claims in the United States.

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

Year ended 31 March	**2010**	**2009**	**2008**	**2007**	**2006**
Number of claims received	514	553	546	1489	2,424
Number of claims resolved	986	1,246	575	2,680	2,168
Amount spent on settlements (A$ million) [a]	33.4	41.6	28.2	23.5	21.2
Average cost per resolved claim (A$)	33,916	33,371	49,128	8,767	9,790

[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 source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

15. Product liability (continued)

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 the United States and Australia. CSR has appointed Taylor Fry Pty Limited, consulting actuaries, as the independent expert to estimate the Australian liabilities. CSR has appointed Navigant Consulting, Inc 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.

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 2010 the central estimate was A$184.8 million calculated using a discount rate of 6%. On an undiscounted and inflated basis that central estimate would be A$385.3 million over the period to 2060, 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 Navigant Consulting, Inc produces a base case estimate or most likely outcome. At 31 March 2010 the base case estimate was US$159.5 million calculated using a discount rate of 4.5%. On an undiscounted and inflated basis that base case estimate would be US$240.5 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 2006 to 2010:

Year ended 31 March ($ million)	2010	2009	2008	2007	2006
United States base case estimate $US	159.5	153.6	120.6	111.2	97.5
United States base case estimate A$	173.7	225.9	131.7	137.7	136.3
Australian central estimate A$	184.8	187.8	172.9	152.1	145.1
Sub total A$	**358.5**	**413.7**	**304.6**	**289.8**	**281.4**
Prudential Margin A$	96.8	41.4	66.9	98.2	84.4
	27.0%	*10.0%*	*22.0%*	*33.9%*	*30.0%*
Total product liability provision A$	**455.3**	**455.1**	**371.5**	**388.0**	**365.8**

At 31 March 2010, a provision of $455.3 million (2009: $455.1 million) has been made for all known claims and reasonably foreseeable future claims and includes a prudential margin of $96.8 million above the aggregate most likely estimate of the future asbestos liabilities in Australia and the United States as determined by Taylor Fry and Navigant Consulting 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 2010 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 the United States and Australia will not have a material adverse impact on the CSR group financial condition.

DIRECTORS' DECLARATION IN RELATION TO FINANCIAL STATEMENTS AND AUDIT

Deloitte has audited the financial statements contained within the CSR 2010 Annual Financial Report and has issued an unqualified audit report. A copy of their report will be available with the Annual Financial Report. This year end profit announcement has not been subject to audit. The preceding financial information contained in the Financial Report includes financial information extracted from the audited financial statements.

Jeremy Sutcliffe
Managing Director
12 May 2010