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ABN 90 000 001 276

15 May 2013

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 2013

Attached is the full year results information for CSR Limited (CSR) 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

DSchroeder

Debbie Schroeder

Company Secretary

CSR Limited ABN 90 000 001 276

Preliminary Final Report 2013

Results for the year ended 31 March 2013 (YEM13)

(All comparisons are to the full year ended 31 March 2012 (YEM12))

Results for announcement to the market

CSR announces full year net profit (pre significant items) [1] of $32.7 million
Statutory net loss after tax of $146.9 million following write-down of Viridian glass

- Trading revenue of $1,682.4 million down 7% from the prior year following a deterioration in market conditions, principally
  - Australian detached residential construction activity down 6%
  - Aluminium price down 13% in Australian dollar terms
- EBITDA[1] (earnings before interest, tax, depreciation and amortisation) of $161.8 million down 34%
- Profit impact of declines in market activity mitigated by significant reduction in cost base and overhead expenses
- EBIT[1] of $72.5 million compared with $156.7 million in YEM12
  - Building Products EBIT of $77.4 million down 11% in line with market conditions with result underpinned by strong performance in Gyprock, PGH and Hebel
  - Viridian EBIT loss of $38.8 million due to the impact of industry structural changes and continued decline in construction markets
  - Aluminium EBIT of $50.3 million down 38% due to lower aluminium prices
  - No significant Property sales recognised during the year due to timing of transactions compared to EBIT of $24.4 million in YEM12
- Net profit[1] of $32.7 million, down from $90.7 million in YEM12, in line with recent market guidance
- Earnings per share[1] of 6.5 cents, down from 17.9 cents in YEM12
- Net loss after tax (after significant items) of $146.9 million, compared to net profit after tax (after significant items) of $76.3 million in YEM12
- Restructuring costs and asset write-downs result in significant items of $255.6 million (before tax), including costs associated with the re-organisation of Viridian glass operations, as announced to the market on 11 March 2013
- Final unfranked dividend of 2.1 cents to be paid on 9 July 2013, representing a dividend payout ratio of 78% of net profit[1]
- Strong financial position maintained with net debt decreasing to $25.1 million from $45.5 million as at 30 September 2012
- Restructuring of Viridian glass underway to reduce operating costs and align operations and sales activities to meet current market conditions
- Increased aluminium hedge book with 32% of net aluminium exposure hedged for the year ending 31 March 2014 (YEM14) at A$2,218 per tonne, before premiums
- Property earnings expected to increase in YEM14 with a strong pipeline of transactions

1 EBITDA, EBIT and net profit are all pre significant items. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2013.

	31 March 2013	31 March 2012
Net tangible assets per share	$2.05	$2.32

Dividends

Year ended 31 March 2013	Amount per security	Franking
Final [1]	2.1 cents	0%
Interim	3.0 cents	0%

1 For Australian tax purposes, 100% of the dividend will be conduit foreign income.

Record date for determining entitlements to final dividend	13 June 2013
Dividend payment date	9 July 2013

Financial results summary

Year ended 31 March [A$ million unless stated]	2013	2012	Change
Trading revenue	**1,682.4**	1,801.9	(7%)
EBITDA [1]	**161.8**	246.3	(34%)
EBIT [1]			
Building Products (ex Viridian)	**77.4**	86.9	(11%)
Viridian	**(38.8)**	(19.3)	NM
Aluminium	**50.3**	80.5	(38%)
Property	**---**	24.4	NM
Corporate costs	**(13.8)**	(15.3)	
Restructure and provisions	**(2.6)**	(0.5)	
Total EBIT [1]	**72.5**	156.7	(54%)
Net finance cost	**(22.2)**	(23.2)	
Tax expense	**(6.2)**	(23.2)	
Non-controlling interests	**(11.4)**	(19.6)	
Net profit after tax [1]	**32.7**	90.7	(64%)
Significant items [2]	**(179.6)**	(14.4)	NM
Statutory net profit/(loss) after tax attributable to shareholders	**(146.9)**	76.3	NM
Earnings per share[1] [cents]	**6.5**	17.9	(64%)
Earnings per share (after significant items) [cents]	**(29.0)**	15.1	NM

1 EBITDA, EBIT and net profit are all pre significant items. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2013.

2 Details of the significant items can be found on pages 27-28 of the financial report.

Contents

Overview

CSR today reported a net profit after tax (pre significant items) of $32.7 million for the year ended 31 March 2013, in line with guidance provided to the market on 11 March 2013.

EBITDA of $161.8 million was down 34% on the prior year reflecting ongoing weakness in construction and aluminium markets and the timing of several Property transactions. The market-related shortfalls were partially offset by a continued focus on cost management and operational improvements achieved across all businesses.

Managing Director Rob Sindel said, "While our results were impacted by external market factors in the construction and aluminium sectors, we continue to focus on the areas we can control, such as aligning our operations to the current market and passing on input cost increases. We are also reinvesting in our business for longer term growth."

Building Products results were underpinned by strong performance in businesses including Gyprock plasterboard, PGH bricks and Monier roofing. Earnings in Hebel grew for the seventh consecutive year, and benefitted from its focus on higher-density residential construction and infrastructure projects.

In Aluminium, while the aluminium price has traded at or near historic lows for much of the year, earnings were assisted by higher premiums and a deliberate shift in the short term hedging strategy which took advantage of the volatility in pricing during the year. The Tomago operations also responded with improved productivity and increased production from operational efficiency programs.

The restructuring of Viridian is underway to improve Viridian's short term performance and ensure it can compete successfully in the future. These changes include consolidating Viridian's float glass operations, expanding its import supply chain capabilities and restructuring the glass processing footprint.

While the Australian construction market has been subdued for some time, the fundamentals are positive. Population growth, demand for housing, record low interest rates and affordability indicators all point to a recovery from current levels.

Mr Sindel noted, "Our focus is on ensuring that CSR is best positioned to compete in current market conditions. We are taking significant measures to restructure Viridian and our other Building Products businesses have improved their cost and competitive positions in the past year.

"CSR also retains a strong balance sheet, has largely completed its recent capital expenditure programme and is now well placed to increase earnings and cash flow as markets recover," Mr Sindel said.

Financial review

Net profit after tax (pre significant items) was $32.7 million compared to $90.7 million for the prior year.

Statutory net loss after tax was $146.9 million, which included a significant item charge of $255.6 million pre-tax ($179.6 million post tax) related primarily to restructuring costs and non-cash impairment charges to reduce the carrying value of Viridian glass operations.

Net finance costs of $22.2 million were down slightly from last year of $23.2 million, and included an ongoing charge to restate CSR's discounted product liability provision to nominal dollars and costs to maintain banking facilities.

Tax expense of $6.2 million (pre significant items) was $17.0 million lower than the prior year, reflecting the reduction in earnings as well as tax deductions for research and development (R&D) expenditure. This level of benefit from R&D tax deductions will not continue in future years due to changes in tax legislation.

CSR ended the year with net debt of $25.1 million compared to a net cash position of $55.7 million at 31 March 2012, reflecting the timing of Property cash flows and lower earnings.

CSR's recent major capital expenditure program is now largely finalised following the completion of a number of projects in recent years. Total capital expenditure (excluding Property) was $50.9 million representing 57% of depreciation, down from $87.7 million last year, excluding acquisitions. Of this total, $33.2 million was for stay-in-business capital projects and $17.7 million was development related capital expenditure.

CSR continued to invest in its Property business, specifically at the Brendale industrial site in Brisbane and Chirnside Park residential development in Melbourne resulting in a net cash outflow of $22.0 million for the year. Cash proceeds of $28 million from the sale of land at Brendale are expected in the coming months and the first contribution from Chirnside Park development should be realised later this financial year.

The board has resolved to pay an unfranked final dividend of 2.1 cents per share on 9 July 2013. This brings the full year dividend to 5.1 cents per share and represents a dividend payout ratio of 78% of net profit after tax (pre significant items). For Australian tax purposes, 100% of the dividend will be conduit foreign income.

The Company's dividend reinvestment plan (DRP) will operate for the final dividend payable on 9 July 2013. The last date for receipt of the election notice for participation in the DRP is 12 June 2013, being the business day before the dividend record date of 13 June 2013. For the final dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP. For further details of the DRP please refer to the DRP Terms and Conditions available on CSR's website (www.csr.com.au).

Significant items

A pre-tax significant items expense of $255.6 million (post tax $179.6 million) was incurred for the year.

Given the persistently weak market conditions in residential and commercial construction, CSR responded by continuing to align production levels with demand and ensuring its businesses were appropriately structured to reflect the current market. As a result, pre-tax restructuring costs (including redundancies) of $47.3 million were incurred in CSR's Building Products, Viridian, Aluminium businesses and in CSR's corporate head office and support functions.

On 11 March 2013, CSR announced that it had completed its review of the Viridian glass business and concluded that, the structural shift experienced in the market for architectural glass products over recent years was likely to be sustained.

These structural shifts included:

- a persistently high Australian dollar that has put downward pressure on pricing, and has enabled alternative import supply chains to be established which are now expected to become a permanent feature of the architectural glass market;
- weaker residential and commercial construction markets, both at cyclical lows and forecast to recover at a slower rate than previously anticipated; and
- a significant increase in (downstream) processing glass capacity during a period of weak demand has adversely impacted the profitability and profit potential of the industry;

These structural changes were assessed as part of CSR's review of Viridian's operational footprint and of the carrying value of its net assets. As a result, CSR has recognised non-cash, pre-tax asset write-downs and impairment charges of $196.1 million based on the revised valuation of the Australian business of $181.3 million.

Year ended 31 March 2013 significant items	A$m
Restructuring costs	(34.1)
Surplus leases/contracts	(10.8)
Inventory write-downs	(8.7)
Asset write-downs and impairment	(187.4)
Total significant items – Viridian	**(241.0)**
Other restructuring costs	(13.2)
Other costs	(1.4)
Total significant items before tax	**(255.6)**
Income tax benefit on significant items	75.1
Significant items attributable to non-controlling interests	0.9
Total significant items after tax	**(179.6)**

Product Liability

For the year ended 31 March 2013, CSR paid asbestos related claims of $34.7 million which was down 10% from $38.4 million.

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 central 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 2013, the product liability provision was $423.8 million compared to $441.7 million at 31 March 2012. This provision includes a prudential margin of $79.7 million which is 23% above the central estimate of future liabilities.

Building Products market overview

Year ended 31 March	2013	2012	change
Australia			
Detached housing (12 month starts – 000s)[1]	**88.7**	93.9	(6%)
Other residential (12 month starts – 000s)[1]	**56.4**	59.5	(5%)
Total dwellings (12 month starts – 000s)[1]	**145.1**	153.4	(5%)
Non-residential construction activity (A$B)[2]	**33.6**	33.1	2%
Alterations & additions (A$B)[2]	**7.1**	7.6	(7%)
New Zealand residential consents (000s)[3]	**16.0**	13.5	19%

1 Source ABS data – (two quarter lag – twelve months to December)
2 Source ABS (value of work done – twelve months to December)
3 Source Statistics New Zealand - (residential consents 2 quarter lag - twelve months to September)

It is well known that construction markets in Australia continued to decline in the last year. Australian residential dwelling commencements declined on the previous year, while New Zealand residential consents were up strongly as the Auckland market continues to improve.

Detached housing starts, a key market for CSR's building products portfolio, declined by 6% with the largest detached housing market - Victoria - down 13% following strong activity over the last three years. The New South Wales market was up 1% while Queensland increased 10% from a low base.

The other residential segment which includes multi-residential housing was also down on the previous year although projects in Sydney and Melbourne remain reasonably strong. The multi-residential market is continuing to increase its share of total residential construction accounting for 40% of all starts compared to a historical level of about one-third of total housing.

Building Products results

Year ended 31 March [A$ million unless stated]			
Pre significant items	**2013**	2012	Change
Trading revenue	970.0	991.4	(2%)
EBITDA	113.0	123.2	(8%)
EBIT	77.4	86.9	(11%)
Funds employed[1]	769.5	764.9	1%
EBIT/trading revenue	8.0%	8.8%	

1 Excludes cash and tax balances

Building Products trading revenue was $970.0 million, down 2% from $991.4 million. EBITDA declined by 8% to $113.0 million. Adjusting for the Malaysian autoclaved aerated concrete (AAC) business sold in December 2011, EBIT was down 7% as lower sales activity could only be partially offset by cost reduction initiatives completed over the last twelve months.

Lightweight Systems includes Gyprock™ plasterboard, Cemintel™ fibre cement, Ceilector™ and Potter™ interior systems and Hebel® lightweight concrete products. The division also includes the Bradford™ businesses (Insulation, Solar and Energy Solutions) and the Edmonds™ ventilation solutions business.

Lightweight Systems trading revenue was $699.2 million, down 3% from $723.2 million.

Gyprock revenues were down compared to the previous year, but by less than the decline in market activity. It maintained its market-leading brand position through further improvements in its national service offering, integrated multi-channel strategy and new product development. In the last year, three new Gyprock Trade Centres were opened further expanding the network in Newcastle and Penrith in New South Wales and north of Perth in Western Australia.

Earnings in **Cemintel** were largely in line with the previous year. The business made further progress with production efficiencies and increased contribution from new products such as the Designer Series™ innovative pre-finished external cladding range and flooring systems.

CSR's commercial ceilings businesses of **Ceilector** in Australia and **Potter Interior Systems** in New Zealand both continue to perform well in difficult office construction markets.

Revenues in **Hebel,** CSR's autoclaved aerated concrete panels business, were up 25% while earnings grew for the seventh consecutive year as it gains traction in residential housing and civil infrastructure segments with its lightweight wall and flooring solutions.

Trading conditions remain challenging for **Bradford.** Earnings were lower, reflecting weak demand and pricing due to increased competition in the market. Bradford also incurred significant setup costs in the development and launch of its new Bradford Energy Solutions business which is targeting home owners as well as industry in helping them identify and reduce their energy use.

Bricks and Roofing includes the PGH™ bricks, and Monier™ roofing businesses.

Trading revenue increased by 6% to $271.7 million and earnings improved notwithstanding the decline in the key market of detached housing by 6%.

In **Bricks**, volumes grew slightly on the prior year reflecting modest market improvements in New South Wales and Queensland. Earnings also improved following reduction in operational overheads and recovery of higher input costs.

The joint venture between CSR and Brickworks for the sale and distribution of bricks in the New Zealand market began trading in April 2013. The JV entity, New Zealand Brick Distributors, will jointly market CSR's Monier and Brickworks' Austral brands as well as other external cladding products. The JV entity will benefit from lower overhead and transport costs through access to CSR's brick operations in Auckland and Brickworks' network in Australia.

Trading revenue in **Roofing** was broadly in line with the previous year, despite the sharp decline in the detached housing market in Victoria, a key market for the Roofing business. A focus on installation channels and pricing discipline ensured cost increases were recovered and, as a result, earnings were slightly higher compared to the previous year.

Viridian results

Year ended 31 March [A$ million unless stated] **Pre significant items**	**2013**	2012	Change
Trading revenue	**268.2**	306.1	(12%)
EBITDA	**(14.1)**	5.3	NM
EBIT	**(38.8)**	(19.3)	NM
Funds employed[1]	**161.9**[2]	420.3	NM
EBIT/trading revenue	**NM**	NM	

1 Excludes cash and tax balances
2 Includes asset write downs, impairments and restructuring provisions.

Viridian's trading revenue of $268.2 million declined by 3%, after adjusting for the impact of Viridian's New Zealand operations, following the creation of the joint venture in March 2012.

Viridian had an EBITDA loss of $14.1 million compared to positive EBITDA of $5.3 million in the prior year, reflecting the decline in market activity, continued pricing pressure and growth of imports. Higher levels of depreciation resulted in an EBIT loss of $38.8 million compared to an EBIT loss of $19.3 million for the previous year.

In the last quarter, Viridian completed the construction of its new laminating line in Dandenong, Victoria, which consolidates the two existing laminating lines (at Dandenong and Clayton) on to a more efficient and regionally competitive line, immediately adjacent to the float production facilities. As a result of this consolidation, 37 people left the Victorian operations in recent months.

The first phase of the broader restructure, announced on 11 March 2013, is underway and on track. The float glass facility at Ingleburn, NSW is targeted for closure in July 2013 with laminating operations at the site to be closed by December 2013. The glass processing facility at Wetherill Park, NSW will be consolidated into the nearby Erskine Park facility by January 2014. Negotiations in relation to strengthening Viridian's import supply chain are also well progressed.

The cost of redundancies, site relocation and remediation costs of approximately $34 million was incurred as a significant item this year. Headcount reductions will be around 170 which, when combined with site consolidation benefits, will deliver an annualised EBIT improvement of $27 million.

These significant changes to Viridian's operations lay the foundations for the next phase of the restructuring program which will align and focus Viridian's operations and sales activities to specific customer segments within the market. Ultimately this segment-focused approach aims to reduce complexity and costs within Viridian's operations while better serving the needs of each market segment through a more tailored offering.

Once completed, Viridian will operate three market facing businesses: Fabricators, Merchandising and Distribution, and Glass Processing and Services.

1. **Fabricators**. The Fabricator segment comprises mainly residential window makers, which require a relatively consistent range of products delivered to a well-defined service level. This offering is well supported by Viridian's investments in fully automated processing and distribution. By concentrating operations on this market segment, Viridian will lift market penetration and asset utilisation – delivering high product quality and service reliability backed by the lowest unit cost position in the market.
2. **Merchandising and Distribution.** This business will be the market leader in bulk glass and standard ('off-the-shelf') product to provide downstream processors and integrated fabricators with access to Viridian's local float production and import capability. This business will be focused on efficiently serving a wide market through its national distribution network with the broadest product range, reliably stocked and matched to local market needs.
3. **Glass Processing and Services**. This is the existing network of operations serving regional markets and specialised glass applications. These businesses will range from specific forms of processed glass through to complete glazing solutions, either through Viridian-owned operations or strategic partnerships.

The full benefits from the restructuring initiatives will not be realised until the financial year ending 31 March 2015.

Aluminium market overview

Year ended 31 March	**2013**	2012	Change
LME 3 month average price in US$	US$2,005	US$2,341	(14%)
US$/A$ exchange rate	1.031	1.045	(1%)
LME 3 month average price in A$	A$1,944	A$2,239	(13%)
GAF realised price in A$ (including hedging and premiums)	**A$2,277**	A$2,603	(13%)

Uncertainty in global markets continued to weigh heavily on commodity markets and base metal markets in particular, during the last twelve months. As a result, the US$ LME 3 month aluminium price traded within a wide range during the last year with the average price of US$2,005 down 14% on the prior year.

The Australian dollar persisted at or near prior year levels for much of the year and, as a result, the realised aluminium price in Australian dollars after hedging and premiums for **Gove Aluminium Finance** (GAF – 70% CSR) was A$2,277 per tonne down 13% from YEM12.

Within these results, ingot premiums - the premium paid to aluminium suppliers above the LME aluminium price - rose sharply during the period with an average premium of over US$200 per tonne compared to an average of US$115 per tonne the previous year. This recent trend in premiums is predominately due to sustained tightness in physical aluminium supply caused by the constraints associated with warehousing of aluminium inventory under financing arrangements.

Relatively high ingot premiums are expected to continue, while attractive conditions for inventory financing persist and while constraints in relation to dispatching product from LME warehouses remain.

Aluminium results

Year ended 31 March [A$ million unless stated] **Pre significant items**	**2013**	2012	Change
Sales (tonnes)	**195,095**	193,808	1%
GAF realised price in A$ (including hedging and premiums)	**$2,277**	$2,603	(13%)
Trading revenue	**444.2**	504.4	(12%)
EBITDA	**78.3**	108.1	(28%)
EBIT	**50.3**	80.5	(38%)
Funds employed[1]	**222.4**	245.3	(9%)
EBIT/trading revenue	**11.3%**	16.0%	

1 Excludes cash, tax and fair value of derivative balances

GAF sales volume of 195,095 tonnes was 1% higher than the prior year due to increased production at Tomago following continued operational focus on efficiencies such as production yield and controlled increases in amperage. Trading revenue of $444.2 million was down 12%, reflecting the decline in underlying LME spot prices.

EBIT of $50.3 million was down 38%. The decline in EBIT is primarily due to the flow on effect of lower Australian dollar prices and the lower hedging profits compared with the prior year.

The Tomago smelter improvement program, launched in January 2012, resulted in a number of operational efficiency improvements during the year. Profitability benefitted from an organisational restructure that reduced headcount by 125 and reductions in contractor and maintenance expenditure.

Property results

Year ended 31 March [A$ million unless stated]	**2013**	2012	Change
EBIT	**---**	24.4	NM

CSR's property division recorded no earnings during the year compared to EBIT of $24.4 million in the previous year which included the sale of the 535 lot residential development and 7.5 hectares of industrial land at Brendale, north of Brisbane.

The launch of 'Cloverlea', a 533 lot residential development at Chirnside Park, Melbourne commenced during the year. This is the first major residential development in the area for more than a decade and is expected to deliver gross revenue of $155 million in six stages over a five year development period.

Bulk earthworks began in September 2012 with 83 sales contracts exchanged of the 92 Stage 1 released lots. Marketing has commenced on the 116 lot stage 2 release. Earnings from this development will begin to be recognised in YEM14.

Other projects include the development of the remaining 38.5 hectare industrial site at Brendale while marketing continues for the 9 hectare industrial site at Erskine Park, Sydney.

Group outlook for the year ending 31 March 2014 (YEM14)

CSR estimates that total housing starts in Australia (on a two quarter lag basis) will be around 147,000 for YEM14, up around 2% on the previous year and reflecting a stabilisation of recent declines in detached housing in Victoria and growth in NSW and Western Australia. The value of non-residential construction work done in Australia is expected to remain flat.

There are some encouraging signs of an improvement in housing construction in Australia, with rolling 12 month finance approvals increasing steadily over the last year and modest growth in lead indicators in NSW and Western Australia combined with record low interest rates. Any recovery is expected to be gradual until consumer and investor confidence improves.

Within Building Products, CSR expects to benefit from the restructuring and business improvement initiatives implemented over the last two years.

In Viridian, the restructuring which is underway should assist in earnings improvement in the current year while the full benefit of the various initiatives will be realised by the year ending 31 March 2015.

In Aluminium, GAF continues to increase its hedge book as opportunities arise with 42% of production hedged for the first half of YEM14. The overall net position is 32% hedged for YEM14 at an average price of A$2,218 per tonne (before premiums).

CSR notes that the average three month forward A$ aluminium price since 1 April 2013 was A$1,820 per tonne. While volatility in spot prices is expected to continue, the A$ aluminium price would need to increase from current levels by approximately 10% for GAF to achieve earnings in YEM14 similar to the level achieved in YEM13, assuming no change in current ingot premiums.

In relation to CSR's Property division, while earnings are always subject to timing, current transactions under negotiation should flow through to earnings for YEM14. Beyond this, CSR retains a solid pipeline, underpinned by Chirnside Park to be developed in several stages over the next five years.

Media/analyst enquiries:

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CSR Limited Investor Relations
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email: ataylor@csr.com.au
www.csr.com.au

Directors of CSR Limited

The Directors of CSR Limited at any time during the year ended 31 March 2013 are as follows:

Jeremy Sutcliffe
Kathleen Conlon
Ray Horsburgh
Michael Ihlein
Rebecca McGrath
Rob Sindel
John Story[1]

1 – Retired on 12 July 2012

Signed in accordance with a resolution of the directors.

Rob Sindel
Managing Director

Sydney, 15 May 2013

Deloitte.

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

15 May 2013

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 2013, 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

Statement of financial performance

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

($ MILLION)	NOTE	2013	2012
Trading revenue - sale of goods		**1,682.4**	1,801.9
Cost of sales		**(1,229.6)**	(1,278.8)
Gross margin		**452.8**	523.1
Other income	5	**9.6**	53.0
Warehouse and distribution costs		**(177.0)**	(179.8)
Selling, administration and other operating costs		**(221.2)**	(230.0)
Share of net profit of associates		**8.4**	11.1
Other expenses	5	**(255.7)**	(50.1)
(Loss) profit before finance and income tax		**(183.1)**	127.3
Interest income	6	**2.7**	7.0
Finance cost	6	**(24.9)**	(30.2)
(Loss) profit before income tax		**(205.3)**	104.1
Income tax benefit (expense)	7	**68.9**	(8.2)
Net (loss) profit		**(136.4)**	95.9
Net profit attributable to non-controlling interests		**10.5**	19.6
Net (loss) profit attributable to shareholders of CSR Limited [a]		**(146.9)**	76.3
EARNINGS PER SHARE (CENTS)			
Basic earnings per share - based on net (loss) profit attributable to shareholders of CSR Limited [b]		**(29.0)**	15.1
Diluted earnings per share - based on net (loss) profit attributable to shareholders of CSR Limited [b]		**(29.0)**	15.1

a Net profit before significant items attributable to shareholders of CSR Limited is $32.7 million (2012: $90.7 million). Refer to Note 3 to the financial statements.

b Weighted number of ordinary shares on issue used in the calculation of earnings per share is 506.0 million (2012: 506.0 million).

Notes to the financial statements are annexed.

Statement of comprehensive income

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

($ MILLION)	**2013**	2012
Net (loss) profit	**(136.4)**	95.9
Other comprehensive income (expense)		
Exchange differences arising on translation of foreign operations	**1.0**	0.9
Reclassification adjustments relating to foreign currency translation reserves and other reserves on disposed foreign operations	**-**	1.0
Hedge profit recognised in equity	**10.9**	14.9
Hedge (profit) transferred to the statement of financial performance	**(15.3)**	(19.0)
Actuarial gain (loss) on superannuation defined benefit plans	**3.0**	(34.0)
Income tax relating to components of other comprehensive income	**0.4**	11.2
Other comprehensive income (expense) for the period (net of tax)	**-**	(25.0)
Total comprehensive (expense) income	**(136.4)**	70.9
Total comprehensive (expense) income attributable to:		
Shareholders of CSR Limited	**(146.0)**	52.4
Non-controlling interests	**9.6**	18.5
Total comprehensive (expense) income	**(136.4)**	70.9

Notes to the financial statements are annexed.

Statement of financial position

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

($ MILLION)	NOTE	**2013**	2012
Current assets			
Cash and cash equivalents		**11.9**	55.8
Receivables		**244.8**	263.5
Inventories		**315.0**	309.5
Other financial assets		**14.4**	16.1
Income tax assets		**43.8**	40.8
Other current assets		**8.1**	7.4
Total current assets		**638.0**	693.1
Non-current assets			
Receivables		**60.6**	52.4
Inventories		**61.4**	54.6
Investments accounted for using the equity method		**37.3**	38.8
Other financial assets		**1.0**	3.7
Property, plant and equipment		**881.3**	1,120.3
Goodwill		**22.6**	22.4
Other intangible assets		**27.4**	31.7
Deferred income tax assets		**288.5**	213.7
Other non-current assets		**14.6**	14.8
Total non-current assets		**1,394.7**	1,552.4
Total assets		**2,032.7**	2,245.5
Current liabilities			
Payables		**201.7**	218.0
Borrowings		**2.5**	-
Other financial liabilities		**0.9**	0.8
Tax payable		**3.4**	2.1
Provisions		**204.7**	196.2
Total current liabilities		**413.2**	417.1
Non-current liabilities			
Payables		**1.7**	16.4
Borrowings		**34.5**	0.1
Provisions		**428.6**	447.6
Deferred income tax liabilities		**31.5**	36.2
Other non-current liabilities		**36.6**	49.4
Total non-current liabilities		**532.9**	549.7
Total liabilities		**946.1**	966.8
Net assets		**1,086.6**	1,278.7
Equity			
Issued capital	8	**1,042.2**	1,042.2
Reserves	9	**17.4**	17.6
Retained profits		**(24.8)**	170.6
Equity attributable to shareholders of CSR Limited		**1,034.8**	1,230.4
Non-controlling interests		**51.8**	48.3
Total equity		**1,086.6**	1,278.7

Notes to the financial statements are annexed.

Statement of changes in equity

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

($ MILLION)	ISSUED CAPITAL	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE RESERVE	OTHER RESERVES	RETAINED PROFITS	ATTRIBUTABLE TO CSR LIMITED SHARE-HOLDERS	NON-CONTROLLING INTERESTS	TOTAL
Balance at 1 April 2012	**1,042.2**	**9.9**	**(10.7)**	**18.4**	**-**	**170.6**	**1,230.4**	**48.3**	**1,278.7**
Net (loss) profit	**-**	**-**	**-**	**-**	**-**	**(146.9)**	**(146.9)**	**10.5**	**(136.4)**
Exchange differences arising on translation of foreign operations	**-**	**-**	**1.0**	**-**	**-**	**-**	**1.0**	**-**	**1.0**
Hedge profit recognised in equity	**-**	**7.5**	**-**	**-**	**-**	**-**	**7.5**	**3.4**	**10.9**
Hedge (profit) transferred to the statement of financial performance	**-**	**(10.7)**	**-**	**-**	**-**	**-**	**(10.7)**	**(4.6)**	**(15.3)**
Actuarial gain on superannuation defined benefit plans	**-**	**-**	**-**	**-**	**-**	**3.0**	**3.0**	**-**	**3.0**
Income tax relating to components of other comprehensive income	**-**	**1.0**	**-**	**-**	**-**	**(0.9)**	**0.1**	**0.3**	**0.4**
Total comprehensive (expense) income	**-**	**(2.2)**	**1.0**	**-**	**-**	**(144.8)**	**(146.0)**	**9.6**	**(136.4)**
Payment of ordinary dividends	**-**	**-**	**-**	**-**	**-**	**(50.6)**	**(50.6)**	**(6.1)**	**(56.7)**
Recognition of share based payments	**-**	**-**	**-**	**1.0**	**-**	**-**	**1.0**	**-**	**1.0**
Balance at 31 March 2013	**1,042.2**	**7.7**	**(9.7)**	**19.4**	**-**	**(24.8)**	**1,034.8**	**51.8**	**1,086.6**

($ MILLION)	ISSUED CAPITAL	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE RESERVE	OTHER RESERVES	RETAINED PROFITS	ATTRIBUTABLE TO CSR LIMITED SHARE-HOLDERS	NON-CONTROLLING INTERESTS	TOTAL
Balance at 1 April 2011	1,042.2	11.6	(12.6)	16.9	5.3	170.3	1,233.7	47.6	1,281.3
Net profit	-	-	-	-	-	76.3	76.3	19.6	95.9
Exchange differences arising on translation of foreign operations	-	-	0.9	-	-	-	0.9	-	0.9
Reclassification adjustments relating to foreign currency translation reserves and other reserves on disposed foreign operations	-	-	1.0	-	(5.3)	5.3	1.0	-	1.0
Hedge profit (loss) recognised in equity	-	10.7	-	-	-	-	10.7	4.2	14.9
Hedge (profit) transferred to the statement of financial performance	-	(13.2)	-	-	-	-	(13.2)	(5.8)	(19.0)
Actuarial loss on superannuation	-	-	-	-	-	(34.0)	(34.0)	-	(34.0)
Income tax relating to components of other comprehensive income	-	0.8	-	-	-	9.9	10.7	0.5	11.2
Total comprehensive (expense) income	-	(1.7)	1.9	-	(5.3)	57.5	52.4	18.5	70.9
Payment of ordinary dividends	-	-	-	-	-	(57.2)	(57.2)	(17.8)	(75.0)
Recognition of share based payments	-	-	-	1.5	-	-	1.5	-	1.5
Balance at 31 March 2012	1,042.2	9.9	(10.7)	18.4	-	170.6	1,230.4	48.3	1,278.7

Notes to the financial statements are annexed.

Statement of cash flows

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

($ MILLION)	NOTE	2013	2012
Cash flows from operating activities			
Receipts from customers		**1,829.9**	1,960.2
Payments to suppliers and employees		**(1,767.7)**	(1,836.3)
Dividends and distributions received		**10.4**	10.2
Interest received		**2.9**	6.3
Income tax paid		**(11.9)**	(37.1)
Net cash from operating activities		**63.6**	103.3
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		**(92.5)**	(129.6)
Proceeds from sale of property, plant and equipment and other non-current assets		**18.7**	48.0
Costs associated with disposal of discontinued operations	16	**(2.1)**	(13.7)
Net cash from disposal of businesses (net of payments for transaction costs)	16	**-**	31.1
Purchase of controlled entities and businesses, net of cash acquired	15	**-**	(16.1)
Loans advanced		**(4.4)**	(17.2)
Investment in associated entity		**-**	(1.1)
Net cash used in investing activities		**(80.3)**	(98.6)
Cash flows from financing activities			
Net proceeds from (repayment of) borrowings		**36.9**	(3.1)
Dividends paid		**(56.7)**	(75.0)
Interest and other finance costs paid		**(6.8)**	(13.4)
Net cash used in financing activities		**(26.6)**	(91.5)
Net decrease in cash held		**(43.3)**	(86.8)
Net cash at the beginning of the financial year		**55.8**	142.3
Effects of exchange rate changes		**(0.6)**	0.3
Net cash at the end of the financial year		**11.9**	55.8

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	**11.9**	26.8
Short term loans and deposits	**-**	29.0
Total cash	**11.9**	55.8

Notes to the financial statements are annexed.

Significant accounting policies

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

ADDITIONAL CASH FLOW INFORMATION
During the financial year ended 31 March 2013, CSR Limited purchased shares for employees of the CSR group under the terms of the Universal Share/Option Plan. These cashflows are classified as operating activities.

During the financial year ended 31 March 2013, $43.5 million was paid in dividends and $7.1 million was expended to purchase shares on market to satisfy obligations under the Dividend Reinvestment Plan (DRP) which collectively have been disclosed as dividends paid within financing activities on the statement of cashflows.

Credit standby facilities
The CSR group has a total of $535 million (2012: $635 million) committed standby facilities. These facilities have fixed maturity dates as follows: $155 million in the second half of financial year 2015, $165 million in financial year 2016, $150 million financial year 2017, with the balance of $65 million in financial year 2018. As at 31 March 2013, $500.6 million of the standby facilities were undrawn.

OTHER NOTES

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.

SUBSEQUENT EVENTS
Dividends: For dividends resolved to be paid after 31 March 2013, refer to Note 11.

SIGNIFICANT ACCOUNTING POLICIES
The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2013, and are consistent with those of the previous year, unless otherwise stated.

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

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

Control is achieved where CSR Limited has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

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

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

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

NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS
The CSR group has adopted all new and revised Australian Accounting Standards and Australian Accounting Standards Board (AASB) interpretations that are relevant to operations and effective for the current reporting period.

The adoption of new and revised standards and interpretations has not resulted in any changes to the CSR group's accounting policies and has no effect on the amounts reported for the current or comparative periods. In addition, no changes have been required to the CSR group's presentation or disclosures in these financial statements as a result of the new and revised standards and interpretations.

IMPACT OF ACCOUNTING STANDARDS AND INTERPRETATIONS ON ISSUE BUT NOT YET EFFECTIVE
The following Australian Accounting Standards and Interpretations have not yet been adopted by the CSR group and are expected to be applicable for the financial year ending 31 March 2014:

- AASB 9 Financial Instruments (effective date deferred);
- AASB 10 Consolidated Financial Statements;
- AASB 11 Joint Arrangements;
- AASB 12 Disclosure of Interests in Other Entities;
- AASB 13 Fair Value Measurement;
- AASB 101 Presentation of Financial Statements (revised); and
- AASB 119 Employee Benefits (revised).

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

The CSR group will adopt AASB 119 Employee Benefits (revised) from 1 April 2013. The revised standard includes changes to the recognition of income and expenses associated with the superannuation defined benefit plans in which the CSR group participates. Under the revised standard, return on plan assets will be calculated based on the rate used to discount the obligations rather than the expected rate of return on these assets, which may have a significant impact on profit or loss. The CSR group has obtained actuarial assessments which estimate the impact of the revised standard would have been a $4.0 million increase in the loss before tax for the financial year ended 31 March 2013.

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

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
The following are critical judgements and key assumptions that Management has made in the process of applying the CSR group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Product liability: CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. CSR's involvement in asbestos ceased with the disposal 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. At 31 March 2013, a provision of $423.8 million (2012: $441.7 million) has been made for all known claims and reasonably foreseeable future claims. Refer to Note 14 for further details of the key assumptions and uncertainties in estimating this liability.

Significant accounting policies (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

Asset impairment: Assets are reviewed for impairment at each reporting date in accordance with the accounting policy. Where a valuation is required, the valuation is determined using discounted cash flows. Management judgement is required in these valuations to forecast future cash flows and a suitable discount rate in order to calculate the present value. Future cash flows take into consideration forecast changes in the building cycle, aluminium prices and exchange rate where appropriate.

Cash flows are reforecast annually, covering the next ten years and a valuation was calculated using a post-tax discount rate of 10.2%. Discounted cash flow projections over a ten year period are used and deemed appropriate given the cyclical nature of the markets in which the CSR group operates. The first five years represent financial plans forecast by management, based on the CSR group's view of the respective cycle, with years six to ten applying averaging assumptions to ensure cash flows in year ten are sufficiently stable to apply the terminal value. A terminal value is used from year eleven onwards including an annual growth rate, which was 2.5% in the year ended 31 March 2013 (2012: 2.5%).

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

Provision for uninsured losses and future claims: The provision for uninsured losses and future claims relates to the CSR group's self insurance for workers' compensation program. CSR Limited is a licensed self insurer in NSW, Queensland, Victoria, South Australia (to 10 April 2003), Western Australia and the Australian Capital Territory for workers' compensation insurance. As at 31 March 2013, a provision of $32.4 million (2012: $33.6 million) has been made for all known claims and reasonably forseeable future claims. Management assesses the provision at each reporting date based on reports provided by independent experts.

SIGNIFICANT ITEMS

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

REVENUE RECOGNITION

Trading 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.

LEASES

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

NET FINANCE COST

Interest income and expense are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates.

Funding costs are capitalised and subsequently amortised over the term of the facility. Unwinding of the interest component of discounted assets and liabilities is treated as interest (finance cost).

TAX CONSOLIDATION

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

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

Prior to the adoption of the tax consolidation system, CSR Limited, as the head entity in the tax consolidated group, agreed to compensate or be compensated by its wholly owned controlled entities for the balance of their current tax liability/(asset) and any tax loss related deferred tax asset assumed by CSR Limited. Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by CSR Limited and each member of the group in relation to the tax contribution amounts paid or payable between CSR Limited and the other members of the tax consolidated group in accordance with the arrangement.

INCOME TAX

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

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

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

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

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

Significant accounting policies (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

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.

GOODS AND SERVICES TAX
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

FOREIGN CURRENCY
All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in profit or loss in the period in which they arise except if designated as cash flow hedges.

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

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

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

INVENTORIES
Inventories are valued at the lower of cost and net realisable value.

Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. The value of inventories is derived by the method most appropriate to each particular class of inventories. The major portion is valued on either a first-in-first-out or average cost basis.

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

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

DEPRECIATION
Depreciable assets are depreciated at rates based upon their expected economic life using the straight-line method.

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

Other intangible assets, including software and capitalised development costs, are initially recorded at cost and subsequently amortised over the period over which the benefits are expected to arise; in most cases, this is five years.

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

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

Other assets are reviewed for impairment at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in profit or loss.

Significant accounting policies (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

PAYABLES
Trade and other payables are recognised when the CSR group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

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

EMPLOYEE BENEFITS
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations (based on wage rates expected at the time of settling the liability) when it is probable that settlement will be required and they are capable of being reliably measured.
Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

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

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

PROVISIONS
Provisions are recognised when the CSR group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required and the obligation can be reliably estimated.

Product liability: The CSR group's provision for product liability is determined using reports provided by independent experts in each of Australia and the United States. The CSR group has included within the provision an appropriate prudential margin. Refer to Note 14 for further information on the basis for determining the product liability provision.

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

Provision for uninsured losses and future claims: The provision for uninsured losses and future claims relates to the CSR group's self insurance for workers' compensation program. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and is determined at each reporting date using reports provided by independent experts.

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 grants that will eventually vest.

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

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

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

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

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

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

Notes to the financial report

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

1. SEGMENT INFORMATION

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

Building Products	Lightweight Systems (Gyprock plasterboard, Hebel aerated autoclaved concrete products, Cemintel fibre cement, Fricker ceiling systems, and Rondo rollformed steel products) and Insulation (Bradford insulation and Edmonds ventilation systems). Bricks and Roofing (PGH bricks, Monier and Wunderlich roofing, MySteel roofing solutions and Topcat safety rail).
Glass	The Glass business includes the operations of Viridian, Australia's leading glass provider and the only manufacturer of float glass and hardcoated performance products in Australia. It operates two main businesses - manufacturing clear float, coated and bulk laminate glass in Victoria and NSW (closure of NSW facility announced 11 March 2013) and downstream value-added processing of glass from a number of facilities across Australia. It also participates in a glass processing joint venture in New Zealand.
Aluminium	The Aluminium business unit relates to the CSR group's 70% interest in Gove Aluminium Financial Limited, which in turn holds a 36.05% joint venture interest in the Tomago aluminium smelter (i.e. an effective interest of 25.24%). Gove Aluminium Finance Limited sources alumina, has it toll manufactured by Tomago and then sells aluminium into predominantly the Asian market. Products from the aluminium business include aluminium ingots, billets and slabs.
Property	The Property business unit generates returns typically from the sale of former operating sites by advancing the sites through various stages of the development cycle. In addition, this business is currently involved in a small number of large-scale developments in NSW, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.

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

Transfers of assets between segments are recognised at cost.

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

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

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

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

1. SEGMENT INFORMATION (CONTINUED)

	(LOSS) PROFIT BEFORE INCOME TAX		INCOME TAX (BENEFIT) EXPENSE		NON-CONTROLLING INTERESTS		NET (LOSS) PROFIT	
($ MILLION)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Business segments								
Building Products	**77.4**	86.9	**20.8**	22.5	**-**	-	**56.6**	64.4
Glass	**(38.8)**	(19.3)	**(12.1)**	(4.5)	**-**	-	**(26.7)**	(14.8)
Aluminium	**50.3**	80.5	**10.3**	11.7	**11.4**	19.6	**28.6**	49.2
Property	**-**	24.4	**(1.4)**	7.2	**-**	-	**1.4**	17.2
Segment total	**88.9**	172.5	**17.6**	36.9	**11.4**	19.6	**59.9**	116.0
Corporate [a]	**(13.8)**	(15.3)	**(4.5)**	(6.4)	**-**	-	**(9.3)**	(8.9)
Restructuring and provisions [b]	**(2.6)**	(0.5)	**(0.2)**	(0.2)	**-**	-	**(2.4)**	(0.3)
Earnings before interest and significant items	**72.5**	156.7	**12.9**	30.3	**11.4**	19.6	**48.2**	106.8
Net finance cost	**(22.2)**	(23.2)	**(6.7)**	(7.1)	**-**	-	**(15.5)**	(16.1)
Total before significant items	**50.3**	133.5	**6.2**	23.2	**11.4**	19.6	**32.7**	90.7
Significant items (Note 3)	**(255.6)**	(29.4)	**(75.1)**	(15.0)	**(0.9)**	-	**(179.6)**	(14.4)
Total after significant items	**(205.3)**	104.1	**(68.9)**	8.2	**10.5**	19.6	**(146.9)**	76.3

	TOTAL REVENUE [c]		SHARE OF NET PROFIT OF ASSOCIATES		DEPRECIATION AND AMORTISATION [d]		ADDITIONS TO NON-CURRENT ASSETS [e]	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Business segments								
Building Products	**970.7**	993.5	**10.2**	11.3	**35.6**	36.3	**28.9**	45.7
Glass	**268.2**	306.5	**(1.0)**	(0.2)	**24.7**	24.6	**15.0**	73.3
Aluminium	**451.4**	507.9	**-**	-	**28.0**	27.6	**6.9**	10.4
Property	**1.7**	27.2	**-**	-	**-**	-	**22.0**	74.2
Segment total	**1,692.0**	1,835.1	**9.2**	11.1	**88.3**	88.5	**72.8**	203.6
Corporate [a]	**-**	-	**-**	-	**1.0**	1.1	**0.1**	0.2
Restructuring and provisions [b]	**-**	-	**(0.8)**	-	**-**	-	**-**	-
Interest revenue	**2.7**	7.0						
Total before significant items	**1,694.7**	1842.1	**8.4**	11.1	**89.3**	89.6	**72.9**	203.8
Significant items (Note 3)	**-**	19.8	**-**	-	**-**	-	**-**	-
Total after significant items	**1,694.7**	1,861.9	**8.4**	11.1	**89.3**	89.6	**72.9**	203.8

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

1. SEGMENT INFORMATION (CONTINUED)

	ASSETS[f]		LIABILITIES		INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		IMPAIRMENT OF ASSETS[g]	
($ MILLION)	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Building Products	**930.3**	929.8	**161.2**	165.0	**16.4**	16.6	**(3.7)**	(4.8)
Glass	**261.4**	483.3	**99.6**	63.0	**21.7**	22.2	**(196.1)**	-
Aluminium	**304.1**	338.3	**66.5**	73.9	**-**	-	**-**	-
Property	**157.6**	139.9	**28.9**	57.2	**-**	-	**-**	-
Segment total	**1,653.4**	1,891.3	**356.2**	359.1	**38.1**	38.8	**(199.8)**	(4.8)
Unallocated [b]	**35.1**	43.9	**518.0**	569.3	**(0.8)**	-	**-**	-
	1,688.5	1,935.2	**874.2**	928.4	**37.3**	38.8	**(199.8)**	(4.8)
Cash / borrowings	**11.9**	55.8	**37.0**	0.1				
Tax assets / liabilities	**332.3**	254.5	**34.9**	38.3				
Group total	**2,032.7**	2,245.5	**946.1**	966.8	**37.3**	38.8	**(199.8)**	(4.8)

a Represents unallocated overhead and other revenues.

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

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

d Depreciation and amortisation includes $3.6 million (2012: $4.6 million) amortisation of intangible assets. Other significant non-cash expenses such as asset write downs and impairments, movements in provisions and other rationalisation expenses which are significant items are disclosed in Note 3. Other non-cash expenses are immaterial.

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

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

g Includes $196.1 million of asset write downs and impairments of the Viridian business (glass segment) as a result of restructuring and a reassessment of carrying value for this business. Viridian asset write downs and impairments are comprised of $187.4 million property, plant and equipment and other non-current assets and $8.7 million inventory. In addition, write downs of $3.7 million of plant and equipment have been recorded in the Building Products business.
Impairment of assets for the year ended 31 March 2012 includes $4.3 million impairment of property, plant and equipment and $0.5 million impairment of inventory relating to site closures in the Building Products business.

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2013, the CSR group's trading revenue from external customers in Australia amounted to $1,631.3 million (2012: $1,713.4 million), with $51.1 million (2012: $88.5 million) of trading revenue related to other geographical areas. The CSR group's non-current assets excluding investments accounted for using the equity method, deferred tax assets and other financial assets in Australia amounted to $1,049.6 million at 31 March 2013 (2012: $1,275.1 million), with $18.3 million (2012: $21.1 million) related to other geographical areas.

2. CASH FLOW RECONCILIATION

($ MILLION)	**2013**	2012
Reconciliation of net (loss) profit attributable to shareholders of CSR Limited to net cash from operating activities		
Net (loss) profit attributable to shareholders of CSR Limited	**(146.9)**	76.3
Net profit attributable to non-controlling interests	**10.5**	19.6
Depreciation and amortisation	**89.3**	89.6
Net change in provisions	**(46.6)**	(50.2)
Significant items (non-cash)	**154.3**	(16.5)
Interest expense	**24.9**	30.2
Profit on disposal of assets	**(6.7)**	(27.5)
Net change in trade receivables	**4.4**	9.9
Net change in current inventories	**6.2**	(21.4)
Net change in trade payables	**(9.6)**	15.0
Net change in other assets and liabilities	**(16.2)**	(21.7)
Net cash from operating activities	**63.6**	103.3

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

3. SIGNIFICANT ITEMS

($ MILLION)	2013	2012
Asset write downs, impairments and restructuring		
Property, plant and equipment and other non-current assets [a]	**(187.4)**	-
Inventory [a]	**(8.7)**	-
Restructuring costs [b]	**(34.1)**	-
Surplus leases, committed contracts and other costs [b]	**(10.8)**	-
Viridian asset write downs, impairments and restructuring	**(241.0)**	-
Other restructuring costs [c]	**(13.2)**	(27.6)
Total asset write downs, impairments and restructuring	**(254.2)**	(27.6)
Other significant items		
Charge to product liability provision [d]	**-**	(12.1)
Charge to provision for legal disputes, warranties and land remediation [e]	**-**	(9.5)
Gain on disposal of businesses and costs related to proposed and completed acquisitions [f]	**(1.4)**	19.8
Total other significant items	**(1.4)**	(1.8)
Total significant items		
Significant items before income tax	**(255.6)**	(29.4)
Income tax benefit on signficant items	**75.1**	15.0
Significant items after tax	**(180.5)**	(14.4)
Significant items attributable to non-controlling interests	**0.9**	-
Significant items attributable to shareholders of CSR Limited	**(179.6)**	(14.4)

Net (loss) profit attributable to shareholders of CSR Limited	**(146.9)**	76.3
Significant items attributable to shareholders of CSR Limited after tax	**179.6**	14.4
Net profit before significant items attributable to shareholders of CSR Limited	**32.7**	90.7

EARNINGS PER SHARE (CENTS)		
Before significant items		
Basic earnings per share - based on net profit attributable to shareholders of CSR Limited [g]	**6.5**	17.9
Diluted earnings per share - based on net profit attributable to shareholders of CSR Limited [g]	**6.5**	17.9

3. SIGNIFICANT ITEMS (CONTINUED)

a On 11 March 2013, CSR announced that it had completed a review of the Viridian (glass) business, and concluded that a structural shift experienced in the market for achitectural glass products over recent years was likely to be sustained.

These structural shifts included:
- A persistently high Australian dollar that has put downward pressure on pricing and product mix, as well as enabling alternative import supply channels to be established which are now expected to become a permanent feature of the architectural glass market;
- Weaker residential and non residential construction markets, with both at cyclical lows and forecast to recover at a slower rate than previously anticipated; and
- A significant increase in (downstream) processing glass capacity during a period of weak demand which has adversely impacted profitability and profit potential of the industry.

These factors formed part of the CSR group's review of Viridian's operational footprint and have been incorporated into the assessment of the carrying value of its net assets. A valuation of the business has been prepared as at 31 March 2013, and as a result, CSR has recognised asset write downs and impairment charges of $196.1 million, of which $187.4 million was allocated to property, plant and equipment and other non-current assets and $8.7 million to inventory.

The valuation was carried out using the methodology and discount rate outlined in significant accounting policies. In relation to the valuation model prepared, the key assumptions relate to the Australian dollar versus US dollar exchange rate, residential and non-residential construction activity, average selling prices, the composition (or mix) of product to be sold and manufactured, and market share. Assumptions were determined with reference to current performance and expected changes taking into account available external forecast information and the expected benefits from the restructuring initiatives announced on 11 March 2013.

b The decision to close the Viridian float and laminating glass manufacturing facility at Ingleburn (NSW), planned for July 2013, and the consolidation of the Viridian glass processing facility at Wetherill Park (NSW) into Erskine Park (NSW), which is expected to be completed by January 2014, has resulted in restructuring costs of $34.1 million, largely related to redundancies, asset decommissioning and relocation costs. In addition, a provision of $10.8 million has been recognised for onerous contractual obligations and other costs, mainly related to property leases.

c During the years ended 31 March 2013 and 2012, restructuring has taken place across Building Products, Aluminium and head office and support functions to align CSR group's cost base with current market conditions and secure ongoing efficiencies. Costs are related to redundancies and sundry asset write-offs.

Restructuring costs for the year ended 31 March 2012 include impairment of property, plant and equipment in relation to the decision to close the Clayton Rockwool factory.

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

e As at 31 March 2012, the CSR group remeasured provisions in relation to land remediation obligations for some legacy factory sites and ongoing legal disputes as these matters had advanced towards settlement.

f During the year ended 31 March 2013, the CSR group incurred costs associated with potential acquisitions of $1.4 million.

During the year ended 31 March 2012, the CSR group recorded a gain on disposal of businesses and acquisition costs of $19.8 million. This amount was mainly comprised of gain on sale of the Asian autoclaved aerated concrete business in Malaysia (Asian AAC business) which completed on 15 December 2011, refer to Note 16. A small net profit was also recorded on disposal of the Viridian New Zealand assets and establishment of a joint venture in relation to these business operations during the year ended 31 March 2012. The CSR group also incurred transaction costs in relation potential transactions and completed acquisitions disclosed in Note 15 and benefited from remeasurement of provisions for costs relating to the disposal of the Sucrogen business.

g Weighted number of ordinary shares on issue used in the calculation of earnings per share is 506.0 million (2012: 506.0 million).

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

4. EXPENSES

($ MILLION)	**2013**	2012
Profit before income tax and significant items includes the following items of expenditure:		
Depreciation of non-current assets	**85.7**	85.0
Amortisation of non-current assets	**3.6**	4.6
Increase (decrease) in allowance for doubtful debts	**1.1**	(0.2)

During the financial year ended 31 March 2013 expenses incurred in relation to employee benefits amounted to $403.5 million (2012: $427.4 million).

5. OTHER INCOME AND EXPENSES

($ MILLION)	**2013**	2012
Income		
Significant items	**-**	19.8
Profit on disposal of property, plant and equipment and other assets	**6.7**	27.5
Other	**2.9**	5.7
Total other income	**9.6**	53.0
Expenses		
Significant items	**(255.6)**	(49.2)
Other	**(0.1)**	(0.9)
Total other expenses	**(255.7)**	(50.1)

6. NET FINANCE COST

($ MILLION)	**2013**	2012
Interest expense	**2.7**	5.9
Unwinding of discount on non-current provisions	**19.1**	22.2
Funding costs	**5.0**	6.6
Foreign exchange gain	**(1.9)**	(4.5)
Finance cost	**24.9**	30.2
Interest income	**(2.7)**	(7.0)
Net finance cost	**22.2**	23.2

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

7. INCOME TAXES

($ MILLION)	2013	2012
Reconciliation of income tax (benefit) expense credited (charged) to the statement of financial performance with income tax calculated on (loss) profit before income tax:		
(Loss) profit before income tax	**(205.3)**	104.1
Income tax (benefit) expense calculated at 30%	**(61.6)**	31.2
(Increase) decrease in income tax (benefit) expense due to:		
Non taxable profit on business disposals	**-**	(7.2)
Significant items	**0.8**	-
Share of net profit of associates and rebates on dividend income	**(2.5)**	(3.4)
Income tax over provided in prior years	**(6.0)**	(14.6)
Other items	**0.4**	2.2
Total income tax (benefit) expense on (loss) profit	**(68.9)**	8.2
Total income tax (benefit) expense comprises:		
Current tax (income)	**(26.1)**	(25.2)
Deferred tax (income) expense relating to the origination and reversal of temporary differences	**(42.8)**	33.4
Total income tax (benefit) expense on (loss) profit	**(68.9)**	8.2

8. ISSUED CAPITAL

	2013		2012	
	ORDINARY SHARES FULLY PAID	SHARE CAPTIAL $ MILLION	ORDINARY SHARES FULLY PAID	SHARE CAPTIAL $ MILLION
CSR Limited				
On issue at the beginning of the financial year	**506,000,315**	**1,042.2**	506,000,315	1,042.2
On issue at the end of the financial year	**506,000,315**	**1,042.2**	506,000,315	1,042.2

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

No shares were issued during the years ended 31 March 2013 and 31 March 2012 under the Universal Share/Option Plan as shares in respect of this plan were acquired on market.

During the years ended 31 March 2013 and 31 March 2012, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on market and did not have any impact on issued capital.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

9. RESERVES

($ MILLION)	2013	2012
Foreign currency translation reserve	**(9.7)**	(10.7)
Employee share reserve	**19.4**	18.4
Hedge reserve	**7.7**	9.9
Total reserves	**17.4**	17.6

10. NET TANGIBLE ASSETS PER SHARE [a]

	2013	2012
	$	$
Net tangible assets per share	**2.05**	2.32

a Calculated as net assets attributable to CSR Ltd shareholders ($1,086.6 million) less intangible assets ($50.0 million) divided by the number of shares (506.0 million).

11. DETAILS RELATING TO DIVIDENDS

	FINANCIAL YEAR ENDING 31 MARCH	FRANKING PERCENTAGE	DATE DIVIDEND PAID/PAYABLE	AMOUNT PER SHARE CENTS	TOTAL AMOUNT $ MILLION
Interim dividend	2012	100	16 December 2011	6.0	30.4
Final dividend	2012	100	9 July 2012	7.0	35.4
Interim dividend	2013	Nil	18 December 2012	3.0	15.2
Final dividend	2013	Nil	9 July 2013	2.1	10.6

The final dividend in respect of ordinary shares for the financial year ended 31 March 2013 has not been recognised in this report because the final dividend was resolved to be paid subsequent to 31 March 2013.

Dividend reinvestment plan

CSR Limited established a dividend reinvestment plan (DRP) 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. The company's DRP will operate for the final dividend payable on 9 July 2013. For the the final dividend, shares will be acquired on-market and transferred to participants to satisfy any shares issued under the DRP.

12. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Share of net profit of associates

($ MILLION)	2013	2012
Profit before income tax	**12.8**	16.0
Income tax expense	**(4.4)**	(4.9)
Total share of net profit	**8.4**	11.1

	OWNERSHIP INTEREST AS AT 31 March		CONTRIBUTION TO NET PROFIT - YEAR ENDED 31 MARCH	
Name of entity	**2013 %**	2012 %	**2013 $ MILLION**	2012 $ MILLION
Associate companies and joint venture entities				
Rondo Pty Limited	**50**	50	**9.4**	9.8
Viridian Glass GP Limited [a]	**58**	58	**(1.8)**	(0.2)
Other non-material associates			**0.8**	1.5
Total share of net profit			**8.4**	11.1

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

The CSR group does not have any other material interests.

13. CONTINGENT LIABILITIES

($ MILLION)	2013	2012
Contingent liabilities, capable of estimation, arise in respect of the following categories		
Performance guarantees provided to third parties and other contingent liabilities	**50.1**	44.7
Total contingent liabilities	**50.1**	44.7

Contingent liabilities/assets
Claims and possible claims (other than product liability which is discussed in Note 14) have arisen in the course of business against entities in the CSR group and made by entities in the CSR group. Based on legal advice obtained, the directors believe that any resultant liability or asset will not materially affect the financial position of the CSR group.

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

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

Workers' compensation
CSR Limited is a licensed self insurer in NSW, Queensland, Victoria, South Australia (to 10 April 2003), Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable future claims with a provision of $32.4 million as at 31 March 2013 (2012: $33.6 million).

14. PRODUCT LIABILITY

CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the disposition of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.

In Australia, asbestos related personal injury claims have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos, as well as residents of and visitors to Wittenoom. As at 31 March 2013, there were 479 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 2013, there were 1,005 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2013, CSR had resolved 3,469 claims in Australia and approximately 136,000 claims in the United States.

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

YEAR ENDED 31 MARCH	2013	2012	2011	2010	2009
Number of claims received	**347**	435	412	514	553
Number of claims resolved	**488**	418	634	986	1,246
Amount spent on settlements (A$ million) [a]	**31.0**	34.7	32.5	33.4	41.6
Average cost per resolved claim (A$)	**63,553**	83,067	51,300	33,916	33,371

[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.

14. PRODUCT LIABILITY (CONTINUED)

Basis of provision

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

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in each of 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 Gnarus Advisors LLC as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities.

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

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

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

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

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 2013 the central estimate was A$158.3 million calculated using a discount rate of 4.5%. On an undiscounted and inflated basis that central estimate would be A$257.8 million over the period to 2063, being the period that the Australian independent expert advises CSR is relevant for the estimation of CSR's future Australian asbestos liabilities.

In the United States the methodology used by Gnarus Advisors LLC produces a base case estimate or most likely outcome. At 31 March 2013 the base case estimate was US$194.0 million calculated using a discount rate of 3.0%. On an undiscounted and inflated basis that base case estimate would be US$251.2 million over the anticipated further life of the United States liability (40 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.

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)

YEAR ENDED 31 MARCH 2013

14. PRODUCT LIABILITY (CONTINUED)

The table below shows CSR's asbestos provision from 2009 to 2013:

YEAR ENDED 31 MARCH ($MILLION)	**2013**	2012	2011	2010	2009
United States base case estimate US$	**194.0**	199.2	191.8	159.5	153.6
United States base case estimate A$	**185.8**	191.8	185.9	173.7	225.9
Australian central estimate A$	**158.3**	172.7	180.1	184.8	187.8
Sub total A$	**344.1**	364.5	366.0	358.5	413.7
Prudential margin A$	**79.7**	77.2	82.9	96.8	41.4
Prudential margin %	***23.2%***	*21.2%*	*22.7%*	*27.0%*	*10.0%*
Total product liability provision A$	**423.8**	441.7	448.9	455.3	455.1

At 31 March 2013, a provision of $423.8 million (2012: $441.7 million) has been made for all known claims and reasonably foreseeable future claims, and includes a prudential margin of $79.7 million above the aggregate most likely estimate of the future asbestos liabilities in Australia and the United States as determined by Taylor Fry Pty Limited and Gnarus Advisors LLC respectively.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 31 March 2013 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's financial condition.

Process agreed with the Foreign Investment Review Board (FIRB)

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

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

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

These requirements include that:

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

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

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

15. ACQUISITIONS OF CONTROLLED ENTITIES AND BUSINESSES

Businesses acquired

The CSR group did not acquire any controlled entities or businesses during the year ended 31 March 2013.

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

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

The acquisition related costs expensed were $1.1 million and initial accounting for the acquisitions was fully determined at 31 March 2012.

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

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

Value of net assets of controlled entities and businesses acquired

($ MILLION)	FAIR VALUE 2012
Inventories	2.4
Property, plant and equipment	1.6
Intangible assets	4.2
Deferred income tax assets	0.1
Provisions	(0.5)
Net identifiable assets acquired	7.8
Goodwill acquired	8.3
Total consideration	16.1

16. CONTROLLED ENTITIES AND BUSINESSES DISPOSED

No controlled entities or businesses were disposed during the year ended 31 March 2013.

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

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

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

16.2 Establishment of Joint Venture - Viridian New Zealand (disposal of a business)

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

Notes to the financial report (continued)

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

16. CONTROLLED ENTITIES AND BUSINESSES DISPOSED (CONTINUED)

16.3 Gain on disposal of controlled entities

On 15 December 2011, the CSR group disposed of the controlled entity which operated its Asian AAC business.

Gain on disposal of controlled entities	2012
($ MILLION)	Asian AAC
Consideration for equity holdings	30.6
Net assets disposed of	(9.2)
Hedge and foreign currency reserves reclassified from equity on loss of control of subsidiary	(1.0)
Divestment expenses	(1.6)
Gain on disposal before tax expense	18.8
Tax expense	(0.2)
Gain on disposal of controlled entities	18.6

16.4 Carrying value of net assets of controlled entities and businesses disposed

($ MILLION)	2012
Cash and cash equivalents	6.8
Receivables	8.3
Inventories	5.2
Other current assets	0.1
Property, plant and equipment	19.6
Payables and other financial liabilities	(3.5)
Current tax payable	(0.3)
Provisions	(1.1)
Net assets disposed [a]	35.1

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

16.5 Cashflows from disposal of controlled entities and businesses

($ MILLION)	2012
Equity consideration	30.6
Cash proceeds from asset disposal	9.3
	39.9
Cash balances disposed	(6.8)
Transaction costs paid	(2.0)
Total flow of cash	31.1

During the year ended 31 March 2013, the CSR group made cash payments of $2.1 million associated with discontinued operations disposed of in previous years (2012: $13.7 million).

Directors' declaration

CSR LIMITED AND ITS CONTROLLED ENTITIES (CSR GROUP)
YEAR ENDED 31 MARCH 2013

DIRECTORS' DECLARATION IN RELATION TO FINANCIAL STATEMENTS AND AUDIT

Deloitte has audited the financial statements contained within the CSR 2013 Annual Financial Report and has issued an unqualified audit report. This year end results 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. A copy of the audit report will be available with the CSR 2013 Annual Financial Report when it is released on 12 June 2013 and has not been included within the Financial Report as it does not include all of the information otherwise presented in the Annual Financial Report.

Rob Sindel
Managing Director
15 May 2013