



CSRTM

ANNUAL REPORT 2002

REVIEW OF THE YEAR AND WHERE THE CSR GROUP IS HEADING

AN OVERVIEW OF CSR'S YEAR

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CSR LIMITED ABN 90 000 001 276

Cover: Rinker Materials Corporation's new automated concrete pipe plant in the growing Houston, Texas, market. Rinker is making strategic plant upgrades, including constructing such low cost, high capacity operations



which have flexibility to produce a range of high quality pipe and pre-cast concrete box culvert products to respond to customers' needs. Above: Ronald Lamb (centre), owner of Kenneth Lamb Construction Company, with Rinker's Steve Gumina (left) and Mike Hobson.

Building a powerful presence internationally. CSR is one of the world's top 10 building materials groups. Group companies have operations in Australia, the United States, Asia and New Zealand. We also have a sugar business and an investment in aluminium.

We will provide value to our customers, ensure a safe and a challenging workplace for our people and deliver excellent returns for our shareholders by:

- being a focused, international heavy building materials group
- being number one or two in every market we serve
- creating significant shareholder value through profitable growth
- each person in the group acting as if they own their own business, being aggressive and commercially astute and driving extraordinary performance from all our operations
- setting uncomfortable stretch targets, substantially rewarding success and holding people accountable for unacceptable returns.

CSR was founded in Australia in 1855 as a sugar refiner, became a public company in 1887 and began manufacturing building materials in 1936.

PERFORMANCE HIGHLIGHTS

Strong results reflect improved performance and growth

KEY FACTS

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED

OPERATING RESULTS

	2002	2001	% CHANGE
Trading revenue	6,984.7	6,424.0	9
Earnings before interest, tax and significant items (EBIT)	925.8	922.6	
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA)	1,378.7	1,338.0	3
Net profit after significant items	552.6	634.1	-13
Net profit before significant items	552.6	504.9	9
Net cash from operating activities	1,194.8	1,024.2	17
Capital investment	583.9	1,659.7	-65

FINANCIAL POSITION AT YEAR END

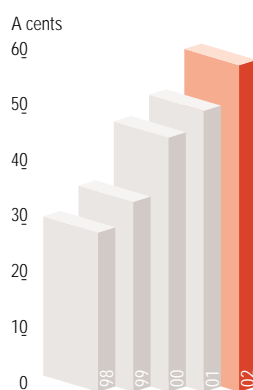
	2002	2001	% CHANGE
Contributed equity	2,139.4	2,322.4	-8
CSR shareholders' funds	4,022.8	3,983.1	1
Total assets	7,950.7	8,461.6	-6
Net debt	1,738.1	2,099.9	-17

KEY DATA PER SHARE

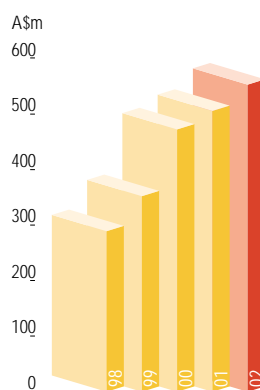
	2002	2001	% CHANGE
Earnings after significant items [A cents]	58.5	63.2	-7
Earnings before significant items [A cents]	58.5	50.3	16
Dividend [A cents]	24.0	23.0	4

KEY MEASURES

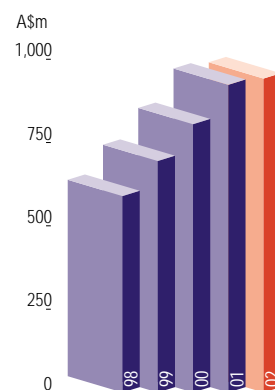
	2002	2001	% CHANGE
Profit margin (EBIT : trading revenue) [%]	13.3	14.4	
Return on funds employed before significant items [%]	15.5	14.6	
Return on CSR shareholders' funds before significant items [%]	13.7	12.7	
Gearing at 31 March [%]	29.7	34.0	
Interest cover at 31 March [Times]	8.5	6.8	
Employees	16,057	16,134	
Safety improvement [Recordable injuries per million work hours]	27.3	36.8	-26



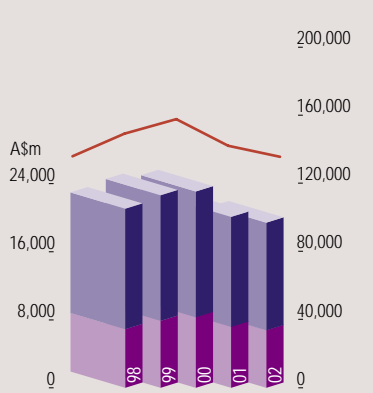
EARNINGS PER SHARE* UP 16%
*Before significant items
Year ended 31 March



NET PROFIT* UP 9%
*Before significant items
Year ended 31 March

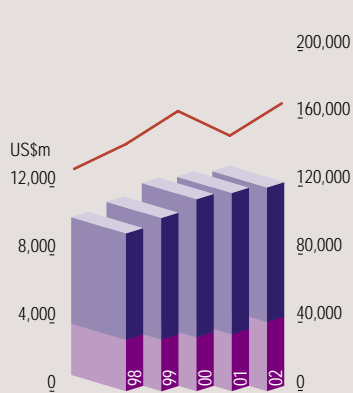


EARNINGS BEFORE INTEREST AND TAX* ROSE MARGINALLY
*Before significant items
Year ended 31 March



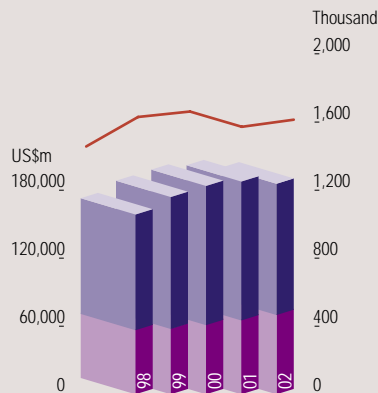
AUSTRALIA CONSTRUCTION ACTIVITY
Year ended 31 March

- Housing starts lagged 3 months (right axis)
- Commercial (non residential) (left axis)
- Civil (engineering construction) (left axis)



FLORIDA CONSTRUCTION ACTIVITY
Year ended 31 March

- Housing starts lagged 3 months (right axis)
- Commercial (non residential) (left axis)
- Civil (non building) (left axis)



US TOTAL CONSTRUCTION ACTIVITY
Year ended 31 March

- Housing starts lagged 3 months (right axis)
- Commercial (non residential) (left axis)
- Civil (non building) (left axis)



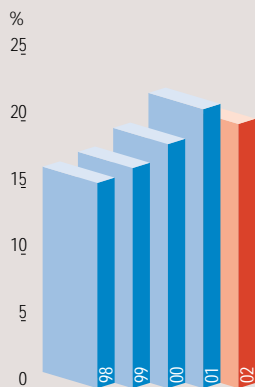
CSR vs GLOBAL BUILDING MATERIALS INDICES
CSR continued to outperform the major building material indices around the world. A\$1,000 invested in CSR shares on 31 March 1999 (with dividends reinvested) was worth A\$2,223 on 17 May 2002. The values of initial A\$1,000 investments in various international indices are shown.

- CSR Limited
- MSCI Building Materials (global)
- S&P Construction Index (US)
- BE500 Building Materials (Europe)

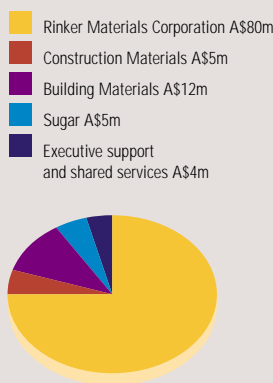


CSR vs AUSTRALIAN BUILDING MATERIALS AND ALL INDUSTRIALS INDICES
A\$1,000 invested in CSR shares on 31 March 1999 was worth A\$2,223 on 17 May 2002. The same investment in the Building Materials index was worth A\$2,298 and in the All Industrials index, A\$1,237.

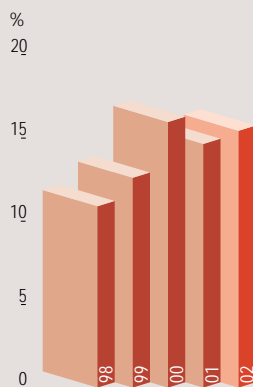
- CSR Limited
- ASX Building Materials Accumulation
- ASX All Industrials Accumulation



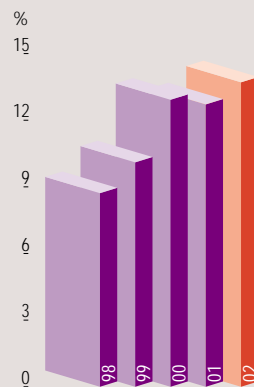
EBITDA MARGIN* 19.7%
*Earnings before interest, tax, depreciation, amortisation and significant items : trading revenue
Year ended 31 March



PERFORMANCE IMPROVEMENT SAVED COSTS OF A\$106 MILLION
Year ended 31 March



RETURN ON FUNDS EMPLOYED* 15.5%
*Before significant items
Year ended 31 March



RETURN ON SHAREHOLDERS' FUNDS* 13.7%
*Before significant items
Year ended 31 March

CHAIRMAN'S REVIEW FROM JOHN MORSCHEL

CSR's total return to shareholders rose 31% last year



The CSR group reported a profit after tax of A\$553 million, up 9% before significant items^a. On the same basis, earnings per share rose 16% to 58.5 cents.

The result again achieved our objective of adding shareholder value and was particularly satisfactory in view of the uncertain global economy.

CSR's total shareholder return for the year – the increase in the share price plus dividends – was 31%. Despite price volatility last year, CSR's shareholder return has grown 30% a year compound over the past three years. The graph (left) shows that relative to our international building materials peers, this is a very strong performance.

The group's strategy is proving successful. We are focusing on heavy building materials through value adding growth – particularly in Rinker Materials Corporation in the United States.

This geographic diversification helped reduce the impact of depressed market conditions for building materials in Australia during the first half of the year. In the US, the disastrous events of September 11 resulted in market uncertainty.

The overall result was slower growth for the group last year. Even so, this was an improvement on previous cyclical downturns when the group experienced a marked decline in profitability.

We are also continuing the restructure of CSR. There are several options being evaluated, including a demerger.

The total dividend has been increased 4% to 24 cents for the year. Franking on the final dividend has increased to 70%.

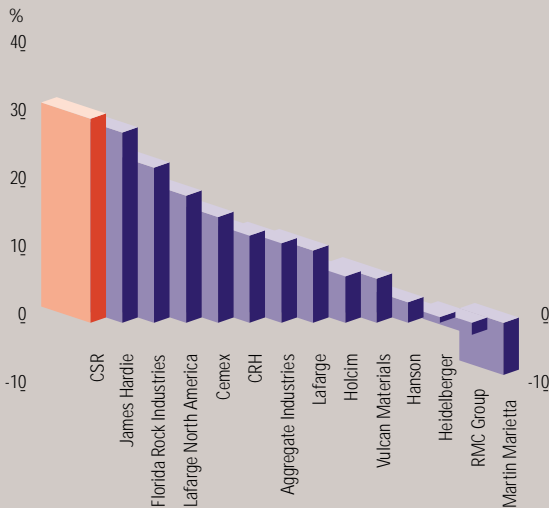
The group's financial position is sound and our focus is on strong balance sheet management. The cash flow we generate is being reinvested in the business, used to repay debt or to buy back shares.

Auditor independence is an issue of concern to many shareholders. The board Audit Committee has undertaken a thorough review of our auditors' performance and our policies – including procedures to manage any non audit consultancy work by the audit firm (for full disclosure see note 28 to the financial statements on page 55). Board policy now requires that following finalisation of the reports for the year ending March 2003, the signing audit partner for CSR will be rotated every five years.

The board is working well together, benefiting from the complementary skills of directors.

I would like to thank my fellow directors, managing director Peter Kirby, and everyone across the group who has worked hard to generate another solid performance during the year.

In the year ahead, we will continue to pursue efficiency gains and international growth in heavy building materials. The global outlook has improved considerably over recent months. We remain cautiously optimistic.



TOTAL RETURN TO SHAREHOLDERS
CSR vs INTERNATIONAL BUILDING MATERIALS PEERS
 Three years to 31 March 2002 (% compound per year)
 (basis local currencies)

With dividends reinvested, CSR Limited has generated a 30% compound annual return to our shareholders in the three years to March 2002.

^a Last year's profit included a significant (previously classified as abnormal) gain of A\$129 million following the sale of our Gove alumina interest and a number of significant expenses. This year's net profit was down 12.9% if that significant gain is included.

JOHN MORSCHEL Chairman

MANAGING DIRECTOR'S REVIEW FROM PETER KIRBY

This has been a year of continuing progress and consolidation for the CSR group after recent rapid growth



Despite global economic uncertainty and a slowdown in the United States, we delivered a record result before significant items^a, with earnings per share up 16% to 58.5 cents. Over the past five years, earnings per share growth has averaged 22% a year compound.

Profit after tax, before significant items, rose 9% to A\$553 million. Operating cash flow was up 17% to A\$1,195 million. Return on equity was 13.7%, the highest since 1989.

We saw another strong performance from our US subsidiary Rinker Materials Corporation, a substantial recovery in CSR's sugar business and ongoing solid results from our aluminium investment. These helped offset lower earnings from Building Materials and the foregone profit from the Gove alumina business, sold in January 2001.

Rinker, which produced 65% of the group's earnings before interest, tax and significant items (EBIT), successfully integrated the previous year's A\$1.3 billion in acquisitions. Last year, acquisitions totalled A\$160 million, including quarries in Kentucky and an aggregate and concrete business in Las Vegas – the fastest growing area in the US.

Now in 30 states, Rinker is the third largest building materials company in the US, the fifth largest aggregates producer and the leading producer of concrete pipe.

Rinker has been cautious not to overpay for acquisitions as the economy slowed, and has not proceeded with some opportunities. We remain confident about growth in the US heavy building materials sector – subject to value being obtained and strong synergies being available. Rinker is actively assessing further acquisitions.

FINANCIAL PERFORMANCE

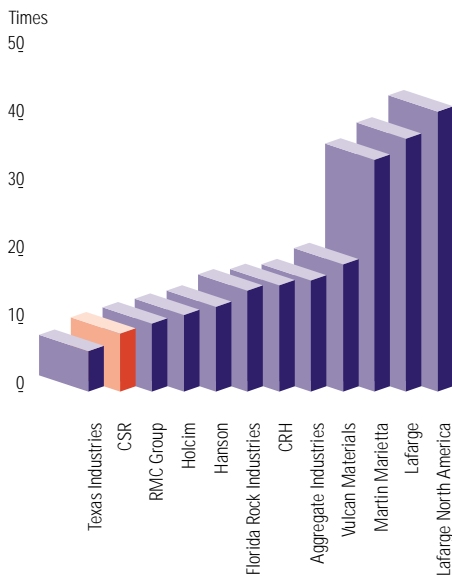
The group's financial strength continued to improve. Gearing – net debt to equity and net debt – fell to 29.7%, interest cover was 8.5 times and net debt fell 17% to A\$1,738 million.

Along with repaying debt and reinvesting in the business, buying back CSR shares helped utilise cash flow and generate returns for shareholders. Over the past two years we have purchased 11% of our shares, at an average price of A\$4.92. CSR has the financial capability directly to spend A\$1.5 billion on acquisitions, to pay back debt or to buy back shares.

SHARE PRICE

The CSR share price rose 26% during the year, despite some volatility, again outperforming its international building materials peers (as represented in the Morgan Stanley Capital Index global building materials index).

The graph (left) shows that the share price, relative to free cash flow (a measure of the cash CSR generates) is well below almost all of its international building materials peers.



CSR vs INTERNATIONAL BUILDING MATERIALS PEERS SHARE PRICE AS A MULTIPLE OF FREE CASH FLOW

Share prices as at 17 May 2002 – CSR A\$6.70.

Free cash flow – latest financial year. Source Bloomberg.

Free cash flow is Bloomberg's definition: Cash from operations less capital expenditures.

^a Significant items were previously classified as abnormal items.

GROUP STRATEGY

Our objective is to build shareholder value by operating as a focused, international heavy building materials group. The strategy, which we have followed since 1998, is to concurrently:

- grow in heavy building materials, mainly through acquisitions of aggregate, concrete and concrete pipe businesses by Rinker in the US
- separate the group's other assets in a way that delivers value for shareholders
- improve the operating performance of our businesses
- build strong positions as number one or two in every market.

Since March 1998, the group has sold 22 businesses, for A\$1.5 billion, and reinvested A\$1.8 billion in Rinker for 24 acquisitions in the US heavy building materials industry.

Geographic diversification and ongoing growth have helped overcome the recent cyclical downturn in Australian housing and other construction markets. Group EBIT has doubled since the previous Australian downturn in 1997.

Exposure to the heavy building materials market, particularly in the US, is valued by investors. This has underpinned CSR's improved market value since 1998.

Despite this improvement, substantial value is still to be realised. After a year of consolidation, we are now vigorously pursuing our tandem strategy of growth and restructuring, in order to unlock this value for our existing shareholders.

We are currently evaluating a number of options to progress the restructure of the group. The recently announced Federal demerger legislation is expected to facilitate this.

Options to be evaluated will include the creation of two separate Australian listed companies. As always, the driver of any restructuring will be delivering value for our shareholders.

With regard to growth, the group has substantial financial flexibility. Rinker is actively investigating further acquisitions in the US, including some major acquisitions in new areas. We remain positive about the heavy building materials sector and the opportunities for value creating growth in the US. We also continue to look at longer term opportunities in Asia and Europe.

The Australian Government has renegotiated its tax treaty with the US so that Rinker would be able to remit dividends to CSR Limited in Australia without paying withholding tax.

BUSINESS STRATEGY

Over the past five years, Rinker's compound sales revenue growth has averaged nearly 17% a year, and EBIT 24% a year.

Growth has been generated by improving the underlying businesses, and by acquisitions – building strong, low cost market positions, particularly in Florida and Tennessee, and recently in Las Vegas. Rinker's quarry and concrete operations are mainly in high growth states.

Construction Materials (Australia and Asia) – like its major competitors – has been earning below its cost of capital. The main problem is low prices. Management has been strengthened. A concerted program to increase prices and profit margins, while continuing to improve customer service, is under way. Early signs are positive. This, together with a forecast improvement in Australian construction activity from late 2002, should significantly lift profitability.

Building Materials' (Australia, New Zealand and Asia) profit held up well relative to the same stage in previous business cycles.

The business has strong brands and leading market shares in most products. Product innovation continues. Industry restructuring opportunities are being assessed.

CSR's Asian building and construction materials businesses improved significantly, delivering A\$9 million EBIT, up strongly from a A\$3 million loss the previous year. We expect further improvement in this region, and so are looking for small scale, value adding investments.

Sugar EBIT grew 347%, mainly due to raw sugar prices paid to mills being higher than the previous year. The milling business is supporting a major industry wide efficiency program to compete better internationally, and to reduce industry costs by up to A\$400 million. We are reviewing small, value enhancing investments to improve Sugar's earnings and reduce volatility – including further electricity cogeneration.

Aluminium performed as expected, due to ongoing hedging of both prices and currency. CSR has the option to invest A\$53 million in a 15% capacity upgrade of the Tomago smelter. We are considering how to maximise shareholder returns in view of our intention to separate this asset.

SAFETY

The CSR group is deeply committed to working safely. The total recordable injury frequency rate – a measure of medical treatment, lost time and restricted work injuries – fell 26% and is now less than half what it was two years ago.

Despite this improvement, we deeply regret that two people lost their lives while working for Rinker in the US. CSR's operations – in Australia, New Zealand and Asia – have been free of fatalities for two years.



OUTLOOK FOR THE YEAR AHEAD

The tragic events of September 11 and the US economic slowdown have been cause for major concern but little market impact has been experienced. US forecasts of housing and construction activity are becoming less pessimistic and Rinker is experiencing the benefits of the Transport Equity Act for the 21st Century (TEA-21) transport infrastructure spending program.

Legislation is likely to resolve concern about TEA-21 spending levels for the 2003 calendar year. Meanwhile, state spending on infrastructure, particularly in Florida – the source of 57% of Rinker's earnings – remains strong. US housing starts are currently forecast to fall 4% from record levels and commercial activity to fall 6%, with construction overall down 1-2%.

Australian housing approvals peaked early in 2002. Current activity remains strong, but is expected to fall in the second half of this year.

Civil construction is forecast to increase 4% as major road and other infrastructure projects get under way. Commercial activity is forecast to rise 2%.

Overall, we remain cautious about the year ahead, but expect to deliver another solid result. A stronger outlook for Australian construction activity should help offset any slowdown in the United States.

The strengthening Australian dollar will adversely impact the results, if its rise is sustained, but this is balanced, in part, by the group's debt being mainly US\$ denominated.

We will strive to offset the effect of a low world sugar price, the expected US slowdown and a higher A\$ dollar, with an improvement in Construction Materials and profit from any acquisitions.

Achieving an improvement in last year's normalised earnings – that is, excluding the A\$41 million one-off tax refund benefit – will be challenging.

PRIORITIES FOR THE YEAR AHEAD

Priorities include:

- actively pursuing international growth in heavy building materials
- expediting the separation of assets
- ongoing improvement in the performance of all businesses, particularly Construction Materials
- instilling a high performance way of working across the group
- further improving safety and environmental performance.

Finally, I would like to thank all the people across the CSR group who contributed an enormous effort in difficult circumstances last year. Sincere thanks also to our customers. We will work to serve you even better this year.

Our commitment remains, as always, to deliver further value for shareholders. The focus on continuing growth, pursuing the separation strategy we began four years ago and improving the performance of all our businesses, should ensure we again achieve this outcome.

PETER KIRBY *Managing director*

SUMMARY OF OPERATIONS

Rinker Materials Corporation

USA

PERFORMANCE SUMMARY

- Trading revenue A\$4,116 million, up 15% on the previous year (US\$2,104 million, up 7%).
- Earnings before interest and tax (EBIT) A\$598 million, up 16% (US\$306 million, up 8%).
- Earnings before interest, tax, depreciation and amortisation (EBITDA) A\$898 million, up 18% (US\$459 million, up 10%).
- Profit margins – EBIT : trading revenue 14.5%, the previous year 14.4%. EBITDA : trading revenue 21.8%, the previous year 21.2%.

FEATURES

- Rinker had a good year, especially in quarries and pre-mixed concrete in the south eastern US and in cement – assisted by federal transport infrastructure spending. Nevada improved strongly.
- Rinker Materials Corporation changed its name from CSR America, Inc. following customer surveys.

PROGRESS AGAINST PRIORITIES

- Grow through bolt-on acquisitions and, if opportunities present, major acquisitions: investigate new geographic markets: **Bolt-on acquisitions included five quarries, six pre-mixed concrete plants, a block plant as well as buying out the joint venture partner in five concrete pipe plants.**
- Reduce costs through operational improvement: **Costs cut by A\$80 million.**
- Improve safety and environmental performance: **Recordable injury frequency fell 31%. Level 1 and 2 minor and significant environmental incidents rose by six to 11; there was one level 3 serious incident, down 75%.***

KEY OBJECTIVES THIS YEAR

- Grow through bolt-on acquisitions and, as opportunities present, major acquisitions; investigate new geographic markets.
- Reduce costs through operational improvement.
- Improve safety and environmental performance.

* Safety and environmental issues are reported in pages 24-27.

Construction Materials

Australia and Asia

PERFORMANCE SUMMARY

- Trading revenue A\$926 million, the previous year A\$923 million.
- Earnings before interest and tax A\$57 million, up 11%.
- Earnings before interest, tax, depreciation and amortisation A\$104 million, up 2%.
- Profit margins – EBIT : trading revenue 6.1%, up from 5.6%. EBITDA : trading revenue 11.2%, the previous year 11.0%.

FEATURES

- Australian civil construction fell 6%. Total construction (in areas affecting CSR) fell 2%.
- In October, we appointed a new chief executive, Karl H Watson Jr, previously vice president of Rinker's Florida Materials division.
- Construction Materials has been restructured as 58 performance cells with profit responsibility.

PROGRESS AGAINST PRIORITIES

- Increase rate of improvement in efficiency and cost reduction: **Operational improvement reduced costs by A\$5 million.**
- Continue to manage the slowdown in the construction cycle. Prepare to take swift and value adding advantage of the upturn: **We upgraded plants while continuing to ensure they are optimally located. Employee numbers fell. Marketing and pricing discipline was better but more improvement is needed.**
- Improve safety and environmental performance: **Recordable injury frequency fell 32%. Level 1 and 2 minor and significant environmental incidents fell 37%.***

KEY OBJECTIVES THIS YEAR

- Restore profit levels above the cost of capital. More disciplined management of profit margins. Lift prices.
- Localise the businesses, focusing on customers.
- Improve safety and environmental performance.

* Safety and environmental issues are reported in pages 24-27.

Building Materials

Australia, New Zealand and Asia

PERFORMANCE SUMMARY

- Trading revenue A\$806 million, 6% down.
- Earnings before interest and tax A\$109 million, 19% down.
- Earnings before interest, tax, depreciation and amortisation A\$143 million, down 18%.
- Profit margins – EBIT : trading revenue 13.5%, the previous year 15.7%. EBITDA : trading revenue 17.7%, the previous year 20.2%.

FEATURES

- Progressed with transition to high performance (cell) structure.
- New Sydney concrete roof tile plant now commissioning.
- Key Australian building unions endorsed new building codes, enabling our biosoluble insulation to be installed in high rise dwellings and commercial buildings.
- Operational improvements cut costs by A\$12 million.

PROGRESS AGAINST PRIORITIES

- Intensify efforts to improve further the servicing of our customers and the quality of our sales force: **New programs successfully implemented in all businesses.**
- Closely manage pricing, while maintaining market share: **Pricing tightly managed in all businesses, although prices fell for plasterboard and Australian glasswool insulation.**
- Tightly control operating capital to ensure only value creating projects are implemented: **Continued to be tightly managed.**
- Improve safety and environmental performance: **Recordable injury frequency fell 7%. Level 1 and 2 minor and significant environmental incidents rose 35%. There was one level 3 serious incident.***

KEY OBJECTIVES THIS YEAR

- Increase effectiveness of our sales force and servicing of our customers.
- Closely manage pricing, while maintaining market share.
- Tightly control operating capital.
- Improve safety and environmental performance.

* Safety and environmental issues are reported in pages 24-27.



Sugar

Australia and New Zealand

PERFORMANCE SUMMARY

- Trading revenue A\$694 million, up 31%.
- Earnings before interest and tax A\$74 million, up from A\$16 million.
- Earnings before interest, tax, depreciation and amortisation A\$110 million, up from A\$54 million.
- Profit margins – EBIT : trading revenue 10.6%, up from 3.1%. EBITDA : trading revenue rose to 15.9% from 10.1%.

FEATURES

- The sugarcane crop was disappointing, with 11.6 million tonnes milled, up 2%.
- A major sugar industry improvement program is under way. We are working with sugarcane growers, harvesters and other millers to minimise industry costs and optimise output for mutual benefit.
- Mills management was restructured on a regional basis as part of a high performance way of working.
- We continued investigating expansion of renewable energy production.

PROGRESS AGAINST PRIORITIES

- Continue to investigate options for separating the sugar operations from the group's building materials businesses: **So far unsuccessful, but CSR continues to work on solutions to realise value for shareholders.**
- Continue to cut costs and improve operations: **Operational improvements cut costs by A\$5 million.**
- Achieve mill efficiencies: **A poor crop and milling delays limited operational efficiency gains.**
- Improve safety and environmental performance: **Recordable injury frequency fell 18%. The number of level 1 and 2 minor and significant environmental incidents was unchanged.***

KEY OBJECTIVES THIS YEAR

- Obtain commitment and cooperation from the others in the Australian sugar industry for productivity initiatives.
- Get renewable energy projects under way.
- Improve safety and environmental performance.

* Safety and environmental issues are reported in pages 24-27.

Aluminium

Australia

PERFORMANCE SUMMARY

- Trading revenue of A\$443 million was down 15%, following the January 2001 sale of Gove Aluminium Ltd – GAL (70% CSR).
- Earnings before interest and tax A\$110 million, the previous year A\$212 million (A\$145 million excluding GAL).
- Earnings before interest, tax, depreciation and amortisation A\$132 million, the previous year A\$241 million (A\$167 million excluding GAL).
- Profit margins – EBIT : trading revenue 24.8%, the previous year 40.6%. EBITDA : trading revenue 29.7%, the previous year 46.4%.
- CSR's share of the Gove Aluminium Finance – GAF (70% CSR) – net profit after tax and before finance was A\$58 million, the previous year A\$98 million (A\$67 million excluding GAL).

FEATURES

- Aluminium demand fell in GAF's key markets in Japan and other Asian countries.
- The world price averaged US\$1,412 a tonne, down 9%, but CSR's hedging protected returns.

PROGRESS AGAINST PRIORITIES

- Continue to manage CSR's aluminium investment to achieve the best outcome for shareholders: **The business performed well in difficult market conditions.**
- Take advantage of opportunities to hedge the world market aluminium price and US\$ revenue: **We continue to hedge our exposure to aluminium prices and US\$ exchange rates for the next two to three years – to provide a base level of profitability and reduce volatility of earnings.**

KEY OBJECTIVES THIS YEAR

- Continue to manage CSR's aluminium investment to achieve the best outcome for shareholders.
- Continue to hedge the world market aluminium price and US\$ revenue.

THE CSR GROUP

Building a powerful presence internationally

	TOTAL	RINKER MATERIALS CORPORATION	AUSTRALIA	NEW ZEALAND	CHINA	TAIWAN	MALAYSIA	THAILAND	
OPERATING PLANTS*									
Quarries and sand mines	130	48	81		1				PRODUCTION CAPACITY / YEAR
Pre-mixed concrete	304	89	212		3				84.4 million tonnes
Asphalt and road surfacing	34	5	29						15.7 million cubic metres
Concrete pipe and products	94	75	18			1			6.3 million tonnes
Concrete blocks	25	23	2						5.5 million tonnes
Cement mills and terminals	6	4	2						US: 162 million units
Other	14	12	2						3.4 million tonnes
Plasterboard	4		4						79 million square metres
Fibre cement	1		1						10 million square metres
Insulation	7		3		2		1	1	83 thousand tonnes
Roof tiles	9		7	2					9 million square metres
Clay bricks and pavers	10		9	1					415 million units
Lightweight concrete products	2		1				1		249 thousand cubic metres
Total building materials	640	256	371	3	6	1	2	1	
Raw sugar mills	7		7						
Sugar refineries	3		2	1					
Distilleries	2		2						
Aluminium smelter	1		1						
Total	653	256	383	4	6	1	2	1	

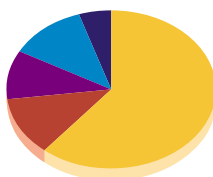
* Includes joint ventures



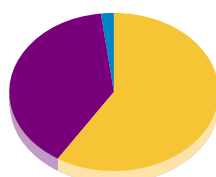
CSR group companies have over 650 producing plants internationally.

- Rinker Materials Corporation A\$3,592m
- Construction Materials A\$728m
- Building Materials A\$612m
- Sugar A\$698m
- Aluminium A\$308m

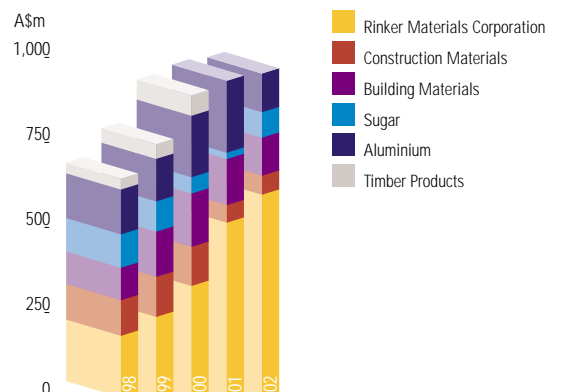
- North America 59%
- Australia and New Zealand 39%
- Asia 2%



FUNDS EMPLOYED
At 31 March



TRADING REVENUE
BY COUNTRY OF ORIGIN
Year ended 31 March



EARNINGS BEFORE INTEREST
AND TAX BY BUSINESS*
*Before significant items
Year ended 31 March

10



RINKER MATERIALS CORPORATION

United States of America

Rinker had another strong year

Page 11: Rinker Materials Corporation is benefiting from US Federal Government spending on transport infrastructure.

Here, at the West Palm Beach interchange in Florida, overpass lanes leading to the airport are being constructed at the I-95 highway, requiring large quantities of aggregate, concrete and cement.

Above: Construction contractor Modern Continental South's safety manager Bill Ledford (left) with Rinker's Dean Dunford and Bill Gschwend.



Rinker Materials Corporation had another strong year, especially the Florida Materials, Quarries, Cement, and Nevada businesses.

Trading revenue rose 15% to A\$4,116 million, (US\$2,104 million, up 7%). Earnings before interest, tax and significant items grew 16% to A\$598 million (US\$306 million, up 8%). Profit margin was 14.5% (the previous year 14.4%).

The results reflected the first full year's contribution from acquisitions in the previous year, including the major purchases, Florida Crushed Stone and American Limestone.

Improvements in the way the businesses operate saved A\$80 million in costs, more than offsetting inflation.

The US economy continued to grow, – although at only 1.1%, the slowest rate for a decade. Economic uncertainty caused by the September 11 terrorist attacks appears to have reduced, with the US economy showing signs of recovery.

The housing market remained strong. Civil construction was boosted by the Transport Equity Act for the 21st Century (TEA-21), the Federal Government's US\$216 billion six year transport infrastructure program. Commercial construction slowed.

The impact of construction activity on Rinker's sales volumes varied across the nation. In Florida – where over half Rinker's operations are located – the effect on sales volumes of Rinker's various products ranged from +3.5% to +8%. There were negative impacts in Georgia -7%, Tennessee -10%, Nevada -7% and Northwest -13%. In the concrete pipe business in 29 states across the US, the effect overall was to increase concrete pipe volumes by 3%.

Rinker Materials Corporation changed its name from CSR America, Inc. on 1 August 2001. This followed customer surveys showing strong recognition of the Rinker brand.

A YEAR OF CONSOLIDATION WHILE GROWTH CONTINUED

Since March 1998, Rinker has invested US\$1.0 billion in major acquisitions and buying smaller value creating, bolt-on businesses, which share existing administration and integrated supply and logistics. A further US\$300 million has been spent on *organic* growth, building new plant or upgrading existing cement, pipe and concrete operations.

In the past year, Rinker continued the strategy of focusing on heavy building materials, growing in selected geographic markets. US\$80 million was invested in acquisitions to strengthen regional businesses.

Bolt-on businesses acquired included:

- in July, Mid-Coast Concrete, a concrete and concrete block business in western Florida. The purchase builds on the US\$348 million acquisition in August 2000 of Florida Crushed Stone, a major aggregates and cement producer, based in the same region of the state
- in September, Hanson's quarry and concrete operations in Las Vegas, Nevada
- in December, Cemex's quarries in Kentucky. These are the first bolt-ons for the American Limestone Company in adjacent Tennessee, acquired the previous year for US\$211 million.

Rinker also constructed a pre-mixed concrete plant in Washington state and redeveloped a sand mine in central Florida to service the region more fully.

RECORD SALES VOLUMES IN MAJOR BUSINESSES

QUARRIES Sales volumes for Rinker's eastern US quarries rose 15% driven by record levels of concrete production by Florida Materials and supplying quarry products for large

1. Rinker is supplying a substantial amount of materials for the construction of The Villages, a retirement community near Orlando, Florida. This is an outcome of good long-term customer relationships supported by Rinker's high performance way of empowering local managers.

2. Rinker is now a leading supplier of quarry products and concrete in Las Vegas, following acquisitions.

3. Rinker has been supplying major commercial projects including this high rise condominium in Miami Beach, Florida.



1



2



3

civil construction projects. With generally good prices, earnings before interest and tax rose 26%.

Four quarries bought from Cemex, in regional areas of Kentucky, have been integrated into Rinker's operations in adjacent Tennessee, sharing management, marketing and distribution functions.

FLORIDA MATERIALS Sales volumes of pre-mixed concrete rose 4% and concrete block 10%. Returns increased with improved prices for both. Earnings before interest and tax rose 21%.

The Mid-Coast Concrete purchase added three concrete plants and a concrete block plant in the Tampa Bay area, western Florida – a relatively densely populated part of the state.

CEMENT Rinker sells 3.7 million US tons of cement yearly, producing 1.8 million tons at its two modern dry process cement mills in Brooksville and Miami, in Florida. It imports or buys the balance.

RINKER MATERIALS CORPORATION

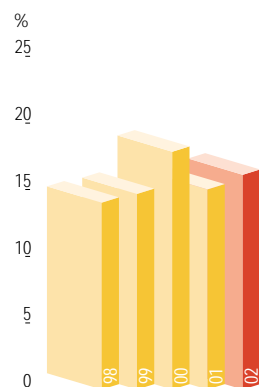
YEAR ENDED 31 MARCH – \$ MILLION UNLESS STATED

	2002	2001	2000	1999	1998	1997
KEY FACTS						
Trading revenue	4,116	3,590	2,690	2,439	1,949	1,910
Depreciation and amortisation	299.6	246.6	150.3	140.1	117.0	120.9
Earnings before interest, tax and significant items (EBIT)	598.5	515.5	327.8	238.7	182.7	203.4
Net profit before finance and significant items	365.0	315.1	194.2	142.9	106.9	117.7
Business cash flow ^a	789.5	652.8	341.6	353.0	250.1	251.7
Funds employed at 31 March	3,592	3,865	1,930	1,600	1,437	1,532
Capital investment	433.2	1,537.3	412.4	344.3	165.9	153.2
Profit margin (EBIT : trading revenue) [%]	14.5	14.4	12.2	9.8	9.4	10.6
Return on funds employed [%]	16.7	13.3	17.0	14.9	12.7	13.3
Average working capital : trading revenue [%]	16.2	16.7	13.7	14.1	14.3	14.1

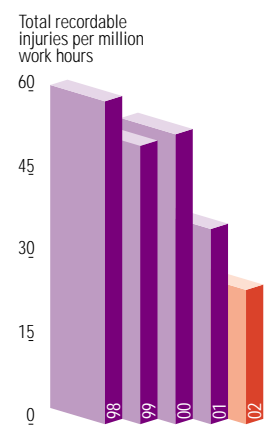
RESERVES PROVED AND PROBABLE – MILLION TONNES

Limestone/hard rock/sand and gravel	1,970	1,900
Number of people employed	8,667	8,591
Number of operating plants	256	250 ^b

a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.
b Adjusted since last annual report.



US\$ RETURN ON FUNDS EMPLOYED – 16.1% (adjusted for acquisitions – 16.6%)
Year ended 31 March



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

Cement sales volumes rose 11%. Prices rose marginally in a difficult market, as a result of some uncertainty in the economy, especially in the period after September 11. Earnings before interest and tax rose 8%.

NEVADA Returns improved strongly after a loss the previous year.

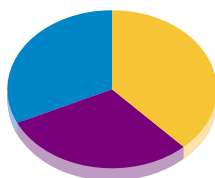
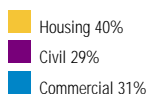
Bolt-on purchases from Hanson included a quarry, three pre-mixed concrete plants, a mobile concrete plant and an aggregate trucking fleet. Rinker has now established itself as a leading aggregate and concrete supplier in Las Vegas – the fastest growing area of the US.

NORTHWEST Profit fell 7%. Sales volumes fell considerably as the market was hit by a general regional economic downturn and problems (now resolved) with state government funding of roadworks. Rinker opened a new pre-mixed concrete plant in Washington state.

OTHER BUSINESSES In **Gypsum Supply**, formerly the Distribution division, profit fell sharply to more normal levels following two years of unusually high returns, when prices were driven up as demand outstripped supply. Despite a significant fall in sales, the business delivered a solid return on investment.

The **PolyPipe** and **Pipeline Rehabilitation** businesses, which produce high density polyethylene pipe and rehabilitate old underground pipelines in situ, made a small loss, with returns well down from the previous year. Industry sales volumes were down 20-30%.

The **Pre-stressed Concrete Products** business also made a small loss compared with a modest profit the previous year. Operating 16 plants (mainly in the US mid west) producing pre-stressed concrete beams and pre-cast architectural panels, the business was hit by a weaker commercial construction market. An improvement plan is being put into effect to return the business to profit.



END MARKETS – % SALES
Year ended 31 March

CONCRETE PIPE

Trading under the Hydro Conduit brand, Rinker's concrete pipe business is the United States' leading supplier, with 59 plants across the nation. Strategic plant upgrades and construction of highly automated large scale plants are reducing unit operating costs in this business.

Three efficient new or upgraded pipe plants are either in the commissioning stage or soon to enter full scale production and another is producing on a commercial basis. Last year, Rinker closed seven less efficient operations and divested two other plants.

Concrete pipe sales volumes were up 13%, although sales fell in some markets, mainly the northern and mid west US, as economic activity weakened. Earnings before interest and tax rose 11%.

Rinker bought out its 50% joint venture partner in five concrete pipe plants in the New England region: two in each of Maine and Connecticut and another in New Hampshire.

THE WAY AHEAD

- The US economy is expected to continue to recover, returning to its long-term yearly growth rate of about 3.5%. The outlook in Rinker's main areas of operation is for a continued good level of demand, supported by the US Federal Government's TEA-21 infrastructure spending and Florida's US\$6 billion Mobility 2000 program. Total construction activity is forecast to fall 1-2% for the US overall and slightly more in Florida.
- Rinker will increase profitability by:
 - growing through bolt-on acquisitions and, where opportunities become available, major acquisitions, together with progressively upgrading operations
 - investigating new geographic markets, especially in regions adjoining current operations
 - reducing costs, and benchmarking and lifting performance against competitors
 - further improving skills by training and recruiting highly competent people.



CONSTRUCTION MATERIALS

Australia and Asia

A disappointing result in Australia, but Asia improved. Changes are being made to improve profitability

Construction Materials had another tough year – but showed slight improvement. Trading revenue of A\$926 million was similar to the previous year. Earnings before interest, tax and significant items, EBIT, increased by 11% to A\$57 million and the profit margin increased to 6.1% from 5.6%.

The business continued to suffer from the construction slowdown. Although housing activity was stronger, civil construction fell by 6% and commercial construction by 2% – mainly due to delayed commencements of approved public and private infrastructure projects.

But the main reason for the continued disappointing result was the depressed selling prices for aggregate, concrete and concrete pipe. Concrete prices, for example, across Australia's major metropolitan markets fell to the lowest levels in 10 years.

Construction Materials is not earning enough to cover the cost of capital and so create value for our shareholders.

BUILDING FOUNDATIONS FOR THE FUTURE

Construction Materials has been reorganised into 58 business unit cells. To ensure they add value for shareholders, cell managers are held accountable for results in their businesses, being subject to quarterly reviews. They are trained and supported with management systems providing information needed to run their businesses – to deal effectively with local customers on local issues.

The primary responsibilities of cell managers are to ensure that:

- their people and the public are safe
- they provide a high level of customer service
- product quality is assured, backed by world class technical support
- employee involvement is assured, by employing the best people and rewarding them appropriately

through an *at risk* incentive program based on their adding value for shareholders.

Construction Materials has three main objectives:

1. Improve consistency of customer service and product quality. Our entire organisation must be focused on delivering what our customers need. Their success is our success.
2. Upgrade plant and equipment to enhance customer service and reduce operating costs.
3. Profit margins must be managed with greater discipline.

PRICES DEPRESSED ACROSS ALL PRODUCTS

QUARRY PRODUCTS AND CONCRETE

Quarry sales volumes were down slightly; selling prices fell 14%. A quarry improvement group has been formed to increase productivity, share best technology across the group and ensure best management of our long-term aggregate reserves.

Concrete volumes increased 4%, however prices fell 2%. We are taking steps to increase our prices of both aggregate and concrete. We announced an increase from 1 April 2002 and are planning further increases for later in the year.

CONCRETE PIPE AND PRODUCTS

CSR Humes concrete pipe volumes remained depressed and prices have continued to decline across the eastern states, with the entry of competitors into the market. We are reducing overheads and increasing productivity across our plants.

CSR EMOLEUM ROAD SERVICES (50% CSR)

The asphalt road surfacing joint venture continued to suffer from intense competition and higher bitumen prices.

CEMENT Returns from CSR's 50% interest in Australian Cement Holdings improved. Sales volumes rose across the eastern seaboard. Prices increased marginally. Productivity improvements reduced costs.

Page 15: As well as supplying large volumes of high strength concrete and a range of other building materials for Sydney's 86 storey residential and commercial World Tower, CSR is providing support with advanced technology in the design of high performance concrete mixes suitable for constructing such a tall building. Above: CSR Readymix's Bruce Thompson with the developer Meriton Apartments' managing director, Harry Triguboff, and construction contractor Grocon's general manager construction, John Pugliese.



CSR Readymix and CSR Humes supplied materials to a number of large projects across Australia, including:

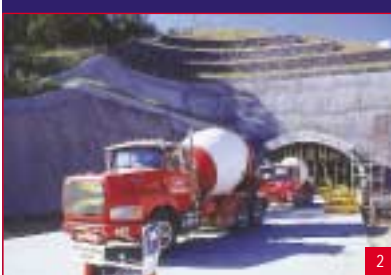
1. Brisbane's Inner City bypass and
2. the Yelgun to Chinderah freeway in northern New South Wales.

3. CSR Readymix focuses on servicing smaller customers too. At Sydney's Middle Harbour a truck on a barge delivers Super Spray concrete for a swimming pool.

4. CSR Humeceptor™ pollution preventing underground concrete units remove sediment from stormwater runoff.



1



2

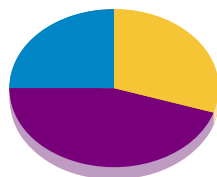


3



4

- Housing 30%
- Civil 45%
- Commercial 25%



END MARKETS – % SALES
Year ended 31 March

ASIA The Asian businesses increased earnings, having won a large number of government infrastructure jobs. Operational improvements increased productivity and reduced costs.

The CSR (Tianjin) Readymix (70% CSR) aggregates and pre-mixed concrete business in Tianjin (population 9 million), in northern China, is well positioned for the increased activity expected to flow from nearby Beijing's hosting of the 2008 Olympic Games.

We are looking across China for low cost ways to expand the business.

THE WAY AHEAD

- Australian total construction activity is expected to improve as major infrastructure projects come on stream during this year.
- We must:
 - localise the businesses, increasing focus on customers
 - greatly enhance discipline in managing profit margins across all products
 - selectively grow in Australia and China
 - continue to achieve operational improvements.

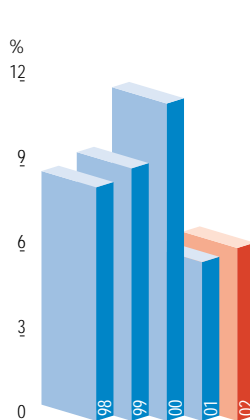
CONSTRUCTION MATERIALS

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED	2002	2001	2000	1999	1998	1997
KEY FACTS						
Trading revenue	926	923	1,048	1,313	1,276	1,220
Depreciation and amortisation	47.2	50.3	49.6	75.1	90.4	91.1
Earnings before interest, tax and significant items (EBIT)	56.7	51.2	116.9	116.8	104.9	71.8
Net profit before finance and significant items	46.7	41.2	82.3	82.9	77.5	53.7
Business cash flow ^a	87.2	80.7	136.3	160.8	174.1	147.8
Funds employed at 31 March	728	751	815	906	1,018	1,126
Capital investment	43.1	44.9	34.4	110.0	95.1	84.7
Profit margin (EBIT : trading revenue) [%]	6.1	5.6	11.2	8.9	8.2	5.9
Return on funds employed [%]	7.8	6.8	14.4	12.9	10.3	6.4
Average working capital : trading revenue [%]	12.5	14.0	12.4	10.5	10.9	13.0

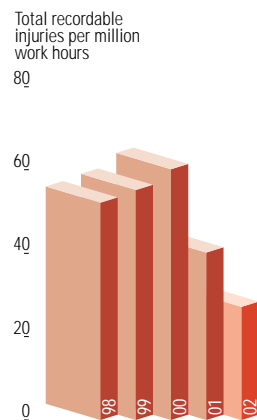
RESERVES PROVED AND PROBABLE – MILLION TONNES

Hard rock, sand and gravel	1,177	1,082
Limestone ^b	196	198
Number of people employed	2,687	2,826
Number of operating plants	351	350

a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.
b 50% CSR.



PROFIT MARGIN*
*Earnings before interest, tax and significant items : trading revenue
Year ended 31 March



THE RATE OF RECORDABLE INJURIES FELL 32%
Year ended 31 March



BUILDING MATERIALS

Australia, New Zealand and Asia

A tougher year, but improving
in the second half

CSR Building Materials' results were significantly better than in the previous downturn (1996-97), even though housing activity was at similar levels.

Trading revenue was A\$806 million, down 6%. Earnings before interest, tax and significant items (EBIT) of A\$109 million were down 19%. Profit margin was 13.5% (the previous year 15.7%).

Operational improvements cut costs by A\$12 million.

A TOUGH MARKET

In Australia, the year was one of two very different halves. First, a building slump followed the boom caused by the pull-forward effect of the Goods and Services Tax introduced in July 2000. This downturn was reinforced by an expected cyclical low. Then came a recovery bolstered by the Federal Government's First Home Owners' Grant, continuing low interest rates and a strong domestic economy. Approvals and building starts recovered strongly in the second half of the year, although approvals seem to have now peaked.

Factors including prolonged council approvals and delays by builders in obtaining home warranty insurance extended the lag between approval and the start of house building, particularly in New South Wales, by up to six months. We therefore expect the increase in housing activity to continue well into this year.

Building Materials is continuing its transition to a high performance organisation – operating a more localised structure, with more defined decision making for managers (but centralised price controls), rewards for meeting targets and penalties for failure.

The introduction of SAP computer based business systems is on schedule.

THE BUSINESSES PERFORMED WELL IN STIFF COMPETITION

PLASTERBOARD We introduced value adding new products, enhancing our plasterboard range and meeting specialised market needs. And we continued strengthening distribution channels, finalising the upgrading of retail outlets into Gyprock Trade Centres – now numbering 50 across Australia.

Returns fell with lower sales and marginally lower prices as competitors endeavoured to increase market share. NSW volumes were affected by the increase in construction of multi storey apartment dwellings – which use relatively less building materials – to around 57% of total residential starts, up from 38%.

FIBRE CEMENT Profitability fell as costs rose marginally, despite slightly higher prices. New products were launched, including the innovative CSR Rendaline™ wall cladding system. A new fibre cement finishing line improved product quality, allowing penetration of new markets.

ROOFING Sales volumes and prices fell in very competitive markets. Commissioning is under way of the new A\$25 million concrete roof tile factory at our Rosehill, Sydney, site. The new plant will enable us to close older factories, reduce manufacturing costs and release funds by selling valuable sites.

BRICKS, PAVERS AND LIGHTWEIGHT CONCRETE PRODUCTS The businesses improved market share by working closely with customers to satisfy their needs better. We introduced new products and, with lightweight concrete blocks and panels, refocused on the commercial market. Profitability fell, reflecting a number of short-term manufacturing issues, which have since been resolved. We closed an outdated paver factory in Toowoomba, Queensland.

Left: Federation Square, Melbourne's new civic, commercial and cultural complex has been lined with Gyprock® plasterboard and CSR Fibre Cement™. Built above rail yards alongside busy roads and rail lines, the structure needed to use lightweight materials while achieving high levels of acoustic and fire rating.

Above: CSR's Martyn Pearson with construction contractor Multiplex's senior project manager, Tony Hodder, and Wally Cockram from W H Cockram and Sons, wall and ceiling contractor.



1. The SmartCut™ computerised system at CSR Bradford Insulation's rockwool factory, automatically shapes insulation for a variety of uses by manufacturers.
2. CSR Gyprock has upgraded its retail outlets as Gyprock Trade Centres.
3. The new Monier® concrete roof tile plant at Rosehill, Sydney.
4. CSR PGH offers a wide range of natural clay bricks and pavers.

INSULATION In Australia, continuing fierce competition put pressure on prices and profit.

Key Australian building unions have endorsed new building codes, enabling CSR Bradford Insulation's biosoluble insulation products to be installed in high rise dwellings and commercial buildings.

ASIA Our Asian operations made a profit. CSR's regional insulation business, the leader in the Asia Pacific market, increased prices and sales volumes.

THE WAY AHEAD

- Total housing activity in Australia is expected to be similar to last year.
- We will continue to:
 - focus on price management while maintaining market share
 - tightly manage operating capital.
- Complete the rollout of a high performance organisation (cell) structure.

BUILDING MATERIALS

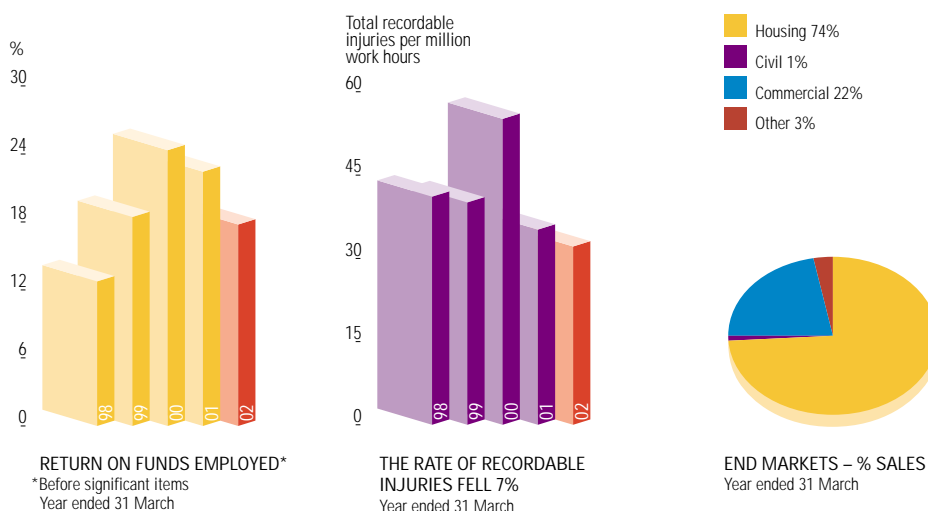
YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED	2002	2001	2000	1999	1998	1997
KEY FACTS						
Trading revenue	806	860	943	836	810	729
Depreciation and amortisation	33.9	38.4	39.4	41.7	45.3	42.2
Earnings before interest, tax and significant items (EBIT)	108.8	135.1	155.9	132.5	94.8	44.5
Net profit before finance and significant items	74.9	89.9	99.2	80.9	67.8	33.2
Business cash flow ^a	128.4	170.8	172.4	163.9	120.3	97.1
Funds employed at 31 March	612	602	642	721	744	951
Capital investment	52.3	27.5	14.8	23.1	47.0	77.7
Profit margin (EBIT : trading revenue) [%]	13.5	15.7	16.5	15.8	11.7	6.1
Return on funds employed [%]	17.8	22.4	24.3	18.4	12.7	4.7
Average working capital : trading revenue [%]	18.9	17.5	15.8	19.1	20.8	20.8

RESERVES PROVED AND PROBABLE – MILLION TONNES

Gypsum ^b	280	288
Clay and shale	34	34
Number of people employed	2,911	2,957
Number of operating plants	33	34

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

b 50% CSR.



SUGAR

Australia and New Zealand

Trading revenue of A\$694 million rose 31%. Earnings before interest, tax and significant items were A\$74 million, up from A\$16 million. Profit margin rose to 10.6% from 3.1%.

Operational improvements cut costs by A\$5 million. We are developing a high performance organisation to deliver further productivity gains.

World sugar prices fell in expectation of a significant increase in the Brazilian sugar crop. But earlier hedging by the industry marketing body, Queensland Sugar Ltd, protected returns to the industry, including the price paid to CSR mills. CSR is working closely with sugarcane growers and harvesters in a major industry productivity improvement program to optimise mill use, improve farm productivity and increase harvesting efficiency.

The Federal Government has commissioned an independent assessment of the Australian sugar industry to review the state of the industry and its future viability – to report by mid 2002. CSR has contributed extensively to the assessment.

We continue to investigate expanding our output of renewable energy

products, including fuel ethanol and cogeneration of electricity.

RAW SUGAR

Crop size was again disappointing. We milled 11.6 million tonnes of sugarcane (up 2%) in Queensland, producing 1.8 million tonnes of raw sugar (up 7%). Profit rose substantially on higher world raw sugar prices paid to mills following the earlier hedging.

REFINED SUGAR (50% CSR)

Returns from the New Zealand Sugar Company improved. Although Sugar Australia's returns fell overall, they improved strongly in the second half.

DISTILLERIES

Strong ethanol prices, increased sales volumes and reduced costs improved returns.

THE WAY AHEAD

- The 2002 crop size is expected to improve but world prices are expected to be well down.
- Industry wide productivity improvement, critical for long-term success, requires unprecedented cooperation and commitment from all sectors.
- We are seeking further agreements on cogeneration of electricity.

ALUMINIUM

Australia

CSR has a 70% interest in Gove Aluminium Finance (GAF), which owns 36.05% of the Tomago aluminium smelter, New South Wales.

Trading revenue of A\$443 million was down 15% following the January 2001 sale of Gove Aluminium Ltd – GAL. CSR's share of net profit was A\$58 million; compared with the previous year's A\$98 million, which included GAL.

Aluminium sales were a record 163,862 tonnes, up 2%. But sales of value added billet and slab decreased.

GAF's total revenue per tonne of aluminium sold was A\$2,704, including hedging of both the aluminium price and US\$ revenue.

THE WAY AHEAD

- Aluminium demand should gradually improve with global economic recovery.
- Continue to appropriately hedge the world market aluminium price and US\$ revenue, to provide a base level of profitability and reduce volatility of earnings.

SUGAR

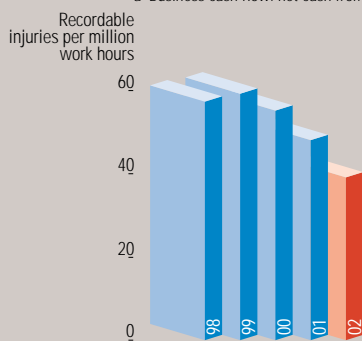
YEAR ENDED 31 MARCH –
A\$ MILLION UNLESS STATED

	2002	2001	2000	1999	1998	1997
KEY FACTS						
Trading revenue	694	529	643	746	1,169	1,162
Depreciation and amortisation	36.3	37.0	38.5	36.9	44.9	43.1
Earnings before interest, tax and significant items (EBIT)	73.8	16.5	44.7	88.1	97.0	70.4
Net profit before finance and significant items	57.3	12.5	31.1	61.0	69.0	51.6
Business cash flow ^a	99.2	6.3	90.9	115.9	70.7	75.5
Funds employed at 31 March	698	757	755	804	910	841
Capital investment	23.0	21.7	16.8	31.7	65.0	98.8
Profit margin (EBIT : trading revenue) [%]	10.6	3.1	7.0	11.8	8.3	6.1
Return on funds employed [%]	10.6	2.2	5.9	11.0	10.7	8.4
Average working capital : trading revenue [%]	9.2	9.8	7.3	8.7	11.9	12.5
Average world aluminium price [US\$/tonne]						
Number of people employed	1,487	1,449				
Number of operating plants	12	12				

ALUMINIUM

	2002	2001	2000	1999	1998	1997
Trading revenue	443	520	485	413	405	396
Depreciation and amortisation	21.7	29.8	31.4	28.9	30.0	25.7
Earnings before interest, tax and significant items (EBIT)	110.0	211.5	182.8	125.1	133.0	129.67
Net profit before finance and significant items	58.2	97.9	82.4	57.3	59.6	58.3
Business cash flow ^a	128.9	217.8	192.4	129.3	157.9	140.8
Funds employed at 31 March	308	304	435	464	421	365
Capital investment	9.5	13.1	18.7	56.3	33.4	13.3
Profit margin (EBIT : trading revenue) [%]	24.8	40.6	37.7	30.3	32.8	32.7
Return on funds employed [%]	35.7	69.5	42.0	27.0	31.6	35.5
Average working capital : trading revenue [%]	9.7	10.9	11.6	14.3	12.8	14.3
Average world aluminium price [US\$/tonne]	1,412	1,544	1,498	1,312	1,584	1,534
Number of people employed	1	1				
Number of operating plants						

For more information, see Raw sugar milling – Australia etc in Facts about CSR in our internet site at www.csr.com.au.
a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.



THE RATE OF RECORDABLE INJURIES FELL 18%
Year ended 31 March

FINANCIAL REVIEW

Net profit after tax of A\$553 million increased 9% before significant items

Trading revenue increased 9% to A\$6,985 million. Earnings before interest, tax and significant items rose slightly to A\$926 million. Net profit after tax and significant items decreased A\$81.5 million, down 13%, to A\$552.6 million. Excluding significant items (the previous year these were classified as abnormals), net profit after tax increased A\$47.7 million to A\$552.6 million. Restructuring, asset sales and other non allocated items returned a similar result to the previous year.

Contributing to the 2002 result was a A\$33 million tax refund (plus an interest payment of A\$11 million) from the Australian Taxation Office, following a Federal Court decision on the tax treatment of a 1995 settlement with an insurer.

Earnings per share increased 16%, from 50.3 cents to 58.5 cents, before significant items. After significant items, earnings per share fell 7%.

CASH FLOW AND CAPITAL EXPENDITURE

Cash from operating activities rose 17% to A\$1,195 million, a record for the group. This resulted from the improved operating result, tight control over working capital and lower tax payments.

Cash from operations was mainly directed to development capital expenditure of A\$337 million, primarily for acquisitions by Rinker Materials Corporation. Operating capital expenditure was A\$247 million (up 12%) – equivalent to 71% of depreciation.

Divestment proceeds of A\$136 million included A\$60 million from the sale of our investment in Downer Group Ltd equity, generating a profit of around A\$5 million.

After funding net capital expenditure, internally generated cash was used to repay debt of A\$243 million, fund dividends and interest of A\$375 million and a share buyback of A\$209 million.

BALANCE SHEET

The average working capital balance during the year was 14.9% of sales, down from 15.4% the previous year. This resulted in an additional A\$35 million of cash flow being generated.

Total debt fell A\$405 million to A\$1,895 million, including a A\$161 million currency translation benefit which reflects the year end increase of the Australian dollar value (US\$0.5285 at end March 2002 compared to US\$0.4910 at end March 2001). Net debt was A\$1,738 million.

Gearing – net debt to equity plus net debt – fell from 34.0% to 29.7% reflecting the CSR group's high cash flow, lower level of acquisition activity and the stronger Australian dollar. Interest cover rose from 6.8 times to 8.5 times.

At year end, group companies had available undrawn debt facilities of A\$1,182 million.

CSR's long and short-term credit ratings continued unchanged at A-/A2 from Standard and Poor's, A2/P1 from Moody's Investors Services, and A/F1 from Fitch.

SHARE BUYBACK

A further on-market share buyback of up to 10% of the company's ordinary shares was announced in May 2001 following the announcement of the first buyback in May 2000. By 31 March 2002, 3.5% or 34.1 million shares had been repurchased during the year, and 111.7 million shares over the past two years. The average price for shares bought back last year was A\$6.12 and A\$4.92 over the two years.

Total shareholder return – the change in share price plus dividends – was 31.3% for the year.

The total dividend for the year was increased by a cent to 24 cents per share. The final dividend of 13 cents, up 8%, will be franked to 70% from 40% previously. The interim dividend

was 40% franked. The unfranked part of the final dividend will be paid from the group's foreign dividend account, as was the interim dividend, and hence no withholding tax is payable by non resident shareholders.

The return on shareholders' funds before significant items rose from 12.7% to 13.7%. Return on shareholders' funds has risen at a compound annual growth rate of 18% per year over the past five years.

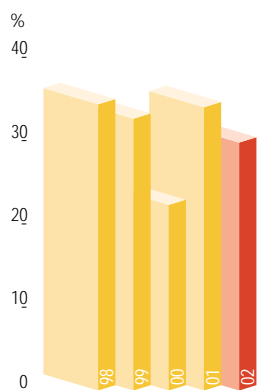
FINANCIAL RISK MANAGEMENT

CSR has an overall program to manage risks associated with interest rate, commodity price and exchange rate movements. CSR's financial risk management program aims to assure a base level of profitability and reduce volatility in earnings. CSR is exposed to the impact of exchange rate movements on US\$ earnings and on its investment in Rinker Materials Corporation. Exposure to adverse exchange rate movements on US\$ earnings is reduced by incurring US\$ interest expense on US\$ debt, while the exposure in relation to US\$ net assets is partly reduced by US\$ debt.

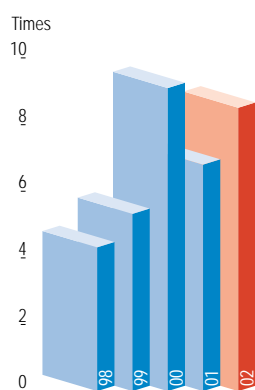
The board has approved policies and principles to manage financial risks that provide the basis for CSR's comprehensive risk management program (further details, page 31).

TAX CASE

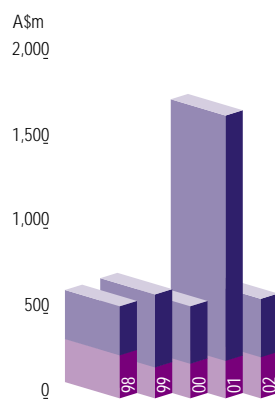
CSR had been in dispute with the Australian Taxation Office in relation to the treatment of a lump sum settlement with an insurer. In November 2001, the High Court of Australia rejected the ATO's special leave application, thereby confirming the full Federal Court decision in favour of CSR. In January 2002, CSR received a tax refund of A\$33 million plus interest of A\$11.4 million. These amounts were taken to net profit in the current year.



GEARING
Year ended 31 March

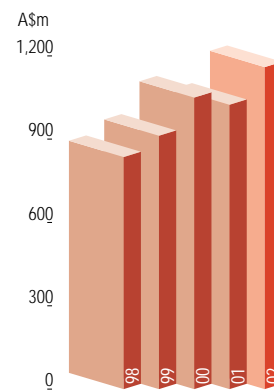


INTEREST COVER
Year ended 31 March



CAPITAL EXPENDITURE
Year ended 31 March

■ Development
■ Stay in business



CASH FROM OPERATING ACTIVITIES
Year ended 31 March

PROFITABILITY

YEAR ENDED 31 MARCH – A\$ MILLION	TRADING REVENUE		PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX				INCOME TAX		OUTSIDE EQUITY INTERESTS		NET PROFIT	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Rinker Materials Corporation	4,116	3,590	598.5	515.5	232.8	200.5	0.7	(0.1)	365.0	315.1		
Construction Materials	926	923	56.7	51.2	8.9	10.6	1.1	(0.6)	46.7	41.2		
Building Materials	806	860	108.8	135.1	32.8	45.5	1.1	(0.3)	74.9	89.9		
Sugar	694	529	73.8	16.5	16.5	4.0	–	–	57.3	12.5		
Aluminium	443	520	110.0	211.5	31.4	73.1	20.4	40.5	58.2	97.9		
Corporate costs	–	–	(34.3)	(32.0)	(9.9)	(13.3)	–	–	(24.4)	(18.7)		
Restructuring, asset sales and other	–	2	12.3	24.8	(27.7)	(18.4)	–	–	40.0	43.2		
Segment totals	6,985	6,424	925.8	922.6	284.8	302.0	23.3	39.5	617.7	581.1		
Finance			(107.3)	(131.7)	(41.1)	(56.6)	(1.1)	1.1	(65.1)	(76.2)		
	6,985	6,424	818.5	790.9	243.7	245.4	22.2	40.6	552.6	504.9		
Significant items			–	57.3	–	(66.3)	–	(5.6)	–	129.2		
Group	6,985	6,424	818.5	848.2	243.7	179.1	22.2	35.0	552.6	634.1		

CASH FLOW

YEAR ENDED 31 MARCH – A\$ MILLION	2002	2001
Operating profit before finance, income tax and significant items	925.8	922.6
Depreciation, amortisation and provisions	405.9	365.4
Net income tax paid	(158.8)	(213.5)
Change in working capital	(17.0)	(37.1)
Other	38.9	(13.2)
Cash flow from operating activities	1,194.8	1,024.2
Cash capital investment	(585.5)	(1,484.2)
Divestment proceeds	136.1	881.7
Other	12.1	23.0
Cash flow applied to investing activities	(437.3)	(579.5)
Internal cash flow	757.5	444.7

DEBT AND GEARING

AT 31 MARCH – A\$ MILLION	2002	2001
Total debt	1,894.7	2,300.1
Total cash and short-term lending	156.6	200.2
Net debt	1,738.1	2,099.9
Total shareholders' equity	4,104.4	4,081.0
Gearing ratios [%]		
Net debt : equity plus net debt	29.7	34.0
Net debt : equity	42.3	51.5
Interest cover [times]	8.5	6.8

PEOPLE AND SAFETY

We are building teams of top performers

The CSR group is changing the way it is organised and managed.

Businesses are being restructured with fewer layers, to push out responsibility from the centre to smaller, more accountable, profit centre cells.

The managers of the nearly 170 cells across the group are subject to rigorous quarterly reviews to ensure they add value for shareholders. The managers are supported by systems providing financial and other information needed for operating at the local level.

Cell managers are trained in skills needed to manage key areas: safety, environmental protection, leading and developing people, marketing, strategy, finance and operations. Potential cell managers are also being trained, to ensure continuity in managerial succession.

Business cells are being benchmarked against good performers in similar businesses, both inside and outside the CSR group. People are being individually assessed against key performance measures.

High performers are being well rewarded for reaching stretch targets. Under performers are subject to rigorous consequence management, which can range from closer guidance until performance improves, to counselling and down to dismissal. In Australia, of the people rated as high performers a year ago, we have lost fewer than 5%, while more than 26% of marginal performers have departed.

Across the group, we develop top performers, ensuring that they receive the right job experience, feedback, coaching, mentoring and intensive training programs. Succession planning in CSR and Rinker Materials Corporation ensures that we match people with future needs.

In Australia, more than 1,050 people undertook 80 management or supervisory training programs, including both in-house and CSR sponsored external programs.

There have been 2,755 participants in 24 shorter, customised courses. CSR Readymix's diploma level course in technical quarry skills is being expanded to include training in concrete making skills.

There is greater recognition for jobs well done. In the past year, 24 of our most dedicated and innovative people were recognised as *CSR Heroes*.

The CSR share plan for employees encourages them to own shares to align their interests with other shareholders. Of those eligible, over 60% continue to take part.

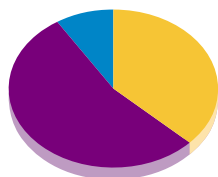
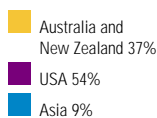
SAFETY INITIATIVES

Good progress was made in safety, with injuries across the group halving over the past two years. However, we deeply regret that in the US two people lost their lives while working for Rinker Materials Corporation.

The recordable injury rate (medically treated and lost time injuries plus people put on restricted duties per million hours worked) fell 26% to 27.3. This was half the rate of two years ago, but is still far too high.

The lost time injury frequency rate fell by 14% to 3.2 injuries per million work hours. Days lost to injuries decreased by 15% to 6,632 days. In CSR, 68% of work groups (330 out of 484) have not had a recordable injury for over a year.

CSR and Rinker continued with site safety workshop programs, with many sites now holding refresher workshops.



PEOPLE ACROSS THE CSR GROUP
Year ended 31 March

1. Some 28 supervisors are undertaking a frontline management distance learning program. Here they are improving their communication and networking skills to help them subsequently support one another individually with their workplace based training.



2. Several senior managers were selected for the CSR Managing Director's Award for excellence in such key areas as adding value for shareholders, safety and customer service.

3. Rinker people at the Las Vegas concrete pipe plant undertaking forklift safety training developed as part of an employee participation safety plan for operating sites.



4. CSR Readymix in Western Australia have substantially reduced injury rates by helping develop everyone's safety awareness and behaviour. Joe Maglizza with Gordon Herrick at a one-on-one safety awareness session at Gosnells quarry, Perth.



These are significantly improving the way people think about safety.

Initiatives introduced in the past year include leadership training in safety, health and environment for cell managers and other frontline people.

Other initiatives include manual handling training and incident investigation.

Some 68 sites were externally audited as part of our program of safety, health and environment audits of operating sites. Also, over 100 sites were externally audited to assess compliance for safety and health self insurance requirements.

PEOPLE ACROSS THE CSR GROUP

YEAR ENDED 31 MARCH	2002	2001	% CHANGE
Number of people employed^a	16,057	16,134	
Rinker Materials Corporation	8,667	8,591	1
CSR Limited:	7,390	7,543	-2
Construction Materials	2,687	2,826	-5
Building Materials	2,911	2,957	-2
Sugar	1,487	1,449	3
Australian shared services	221	229	-3
Executive support team and Aluminium	84	82	2

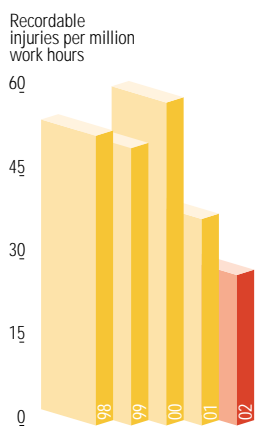
a Full time equivalent employees, including those employed by partly owned subsidiaries.

NUMBER OF PEOPLE EMPLOYED – BY GEOGRAPHIC GROUPING

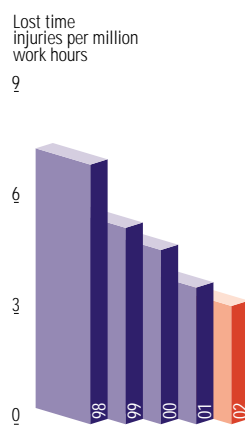
	2002	2001	% CHANGE
Australia and New Zealand	5,978	6,071	-2
United States	8,667	8,591	1
China	910	935	-3
South East Asia and Taiwan	502	537	-7

FINANCIAL PERFORMANCE PER EMPLOYEE

	2002	2001	% CHANGE
Trading revenue [A\$000]	435.0	398.2	9
Net profit before significant items [A\$000]	34.4	31.3	10
Cash flow per employee [A\$000]	74.4	63.5	17



THE RATE OF RECORDABLE INJURIES FELL 26%
Year ended 31 March



LOST TIME INJURY FREQUENCY RATE FELL 14%
Year ended 31 March

THE CSR GROUP IN THE ENVIRONMENT AND COMMUNITY

The CSR group strives to encourage and earn the support of the communities in which we operate

The CSR group is committed to minimising the impact of our operations on the environment.

The group strives continuously to do better, but is substantially complying with the many and increasingly stringent environmental laws and regulations and the numerous environmental licence requirements to which the group's over 650 operating sites are subject.

The environmental management systems of CSR and Rinker Materials Corporation are based on auditing all sites for compliance with these requirements.

We are not aware of any environmental issues which would materially affect the CSR group as a whole. We have provisions for expenditure of A\$32 million to reduce our impact on the environment – mainly relating to the future rehabilitation of quarry sites.

Rinker has received several industry and government environmental awards.

CSR Sugar is investigating expanding the production of renewable energy products. We are looking at cogeneration of electricity – fuelled by sugarcane waste fibre (bagasse) – at our raw sugar mills. Currently, one of our mills, Invicta, supplies extra power on a commercial basis for Queensland's electricity grid.

CSR Distilleries is in discussion with the Federal Government about final details of its policy to support the production of renewable biofuels – including ethanol for blending with petroleum.

ENVIRONMENTAL INCIDENTS

CSR and Rinker's operations – including the production of aggregates, clay, concrete, other building materials and sugar – have the potential to impact on the environment mainly through the release of process water and

stormwater, liquid spills, boiler stack and dust emissions, noise and ground vibration.

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

There were 188 environmental incidents last year, down 16%. These were mostly level 1 or level 2. There was a level 3 breach in both CSR and Rinker – six less in total than the previous year. Relevant authorities were notified of all these incidents. There were no level 4 or 5 incidents.

CSR was fined A\$240,000 following a 1992 incident when an effluent storage dam leaked at the Tumut, New South Wales, particleboard factory of the Timber Products business (since sold). CSR extensively rehabilitated the site.

CSR Distilleries was fined A\$45,000 for an incident in 2000 when sugar processing residues and soil impregnated with distillery waste were stored incorrectly, near Sarina, North Queensland. We have changed management practices and improved storage and handling of residues.

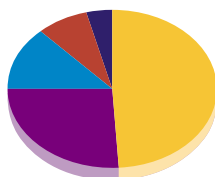
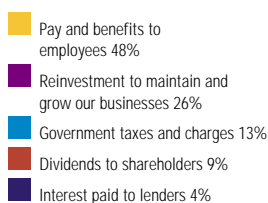
CSR sincerely regrets these incidents.

ENVIRONMENTAL PERFORMANCE TARGETS

In Australia, the group measures key environmental performance indicators, with the aim of progressively reducing waste generation, water use, energy consumption and carbon dioxide air emissions over a five year period.

ENVIRONMENTAL REMEDIATION

Construction Materials has disposed of 129 underground diesel fuel tanks over the past two years. The remaining tanks will be dealt with as soon as we receive planning approval.



VALUE ADDED TO THE COMMUNITY
Year ended 31 March

1. At an *outdoor classroom* at a Rinker sand mine in Central Florida, local school children build bird nesting boxes.



1

2. School children plant local native trees on a buffer earth wall at CSR Readymix's Albion Park Quarry, south of Sydney.



2

3. CSR is working with the Beacon Foundation. At St Helens, Tasmania, Beacon set up a seafoods supply business to provide training and employment for young adults.



3

4. At Karkarook Park, Melbourne, an exhausted sand mine has been restored as wetlands.



4

COMMUNITY

AUSTRALIA CSR donated around A\$100,000 to community projects and to educational, medical research and charitable institutions.

Our businesses also made many individual contributions to local communities, including supplying building materials. And our people contributed their time and skill to assist community groups.

CSR is working closely with the Beacon Foundation which is developing innovative approaches to help resolve the problem of youth unemployment in Australia.

USA The Rinker Foundation contributed to universities and community groups.

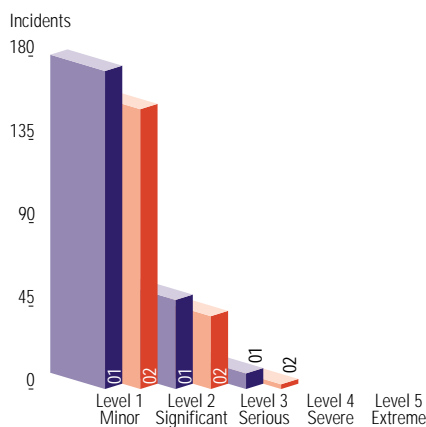
The Rinker Foundation and the people of Rinker contributed US\$306,000 to the September 11 Fund providing for the victims of the New York and Washington terrorist attacks.

Rinker's program of involvement with its communities has been rewarded with a number of industry and government awards. For example, (see photo 1) the Wildlife Habitat Council recognised the Florida Sand Mines' dedication of the entire

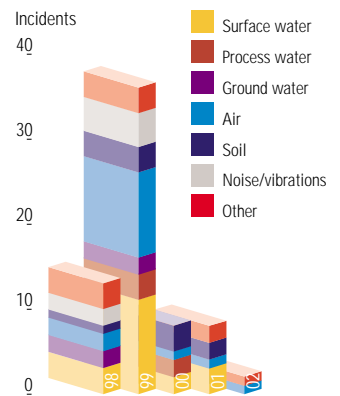
500 hectare site of a sand mine as an outdoor classroom where elementary, middle and high school students are designing a nature trail and recording the different species of animals, birds and plants found there.

CSR made donations to political parties totalling around A\$120,000.

VALUE ADDED TO THE COMMUNITY The main contributions by group companies to their communities are in the dividends paid to shareholders, the products and services and jobs they provide, payments to suppliers and lenders, and to governments in rates, taxes and other charges. Last year, CSR group companies added A\$2,928 million in value to the materials and services they bought. The pie chart (opposite) shows how this was distributed.



TOTAL ENVIRONMENTAL INCIDENTS*
 *2001 data adjusted since last annual report
 Year ended 31 March



LEVEL 3 – SERIOUS ENVIRONMENTAL INCIDENTS
 Year ended 31 March

MANAGEMENT

CSR CHIEF EXECUTIVE COMMITTEE

Peter Kirby
managing director

Alec Brennan
director Strategy
and Investments,
deputy managing
director

Karl Watson Jr
chief executive
Construction
Materials

Graeme Pettigrew
chief executive
Building Materials

Ian McMaster
chief executive
Sugar

Peter Abraham
legal counsel
and
company
secretary

John Dyer
general manager
Human Resources

Warren Saxelby
chief financial
officer

Debra Stirling
general manager
Corporate Affairs
and Investor
Relations

RINKER MATERIALS CORPORATION SENIOR EXECUTIVES

David Clarke, executive director, president and CEO

David Berger, vice president Prestress, PolyPipe, Rehabilitation, and Gypsum Supply

Tom Burmeister, chief financial officer

Sharon DeHayes, vice president Florida Materials

Adrian Driver, president Hydro Conduit

Ira Fialkow, vice president Business Services and Human Resources

Peter Trimble, vice president Strategic Planning and Development

Karl Watson Sr, president Quarries and Cement

CSR SENIOR EXECUTIVES

CSR CONSTRUCTION MATERIALS

Mark Campbell, chief operating officer Concrete

Keith Carew, chief operating officer Quarries

Robert Grant, general manager Sales and Marketing

Peter James, chief operating officer Humes

Damir Kucan, general manager People

Chris Power, general manager Strategy and Planning and Asia

Trevor Schmitt, chief financial officer

CSR BUILDING MATERIALS

Graeme Doyle, general manager Bricks and Pavers and Hebel

Robert Elliott, chief financial officer

Darryl Ellis, general manager Insulation Australia and Asia

Neill Evans, general manager Roofing

Chris Grubb, project manager

Tony Vandyke, general manager Planning and Development

Peter Whigham, general manager Customer Business Development

CSR SUGAR

John Baird, general manager Engineering and Technology

Mark Day, general manager Burdekin Region

Roy Gellwieler, general manager Herbert Region

Greg Livingstone, chief financial officer

Rob McGregor, general manager Distilleries

John Pratt, general manager Plane Creek Region

Ian Sampson, general manager Human Resources and Stakeholder Relations

ALUMINIUM

John Davies, general manager Gove Aluminium

EXECUTIVE SUPPORT TEAM

Tony Carlton, general manager Corporate Strategy

Ole Elsaesser, chief information officer

Brian Gill, manager Legal Department

Edwin Smith, group financial controller

CORPORATE GOVERNANCE



JOHN MORSCHER
CHAIRMAN
DipQS, FAIM, age 58.

Joined the board in 1996. Chairman of Leighton Holdings Ltd. Director of Rio Tinto plc, Rio Tinto Ltd, Singapore Telecommunications Ltd and Tenix Pty Ltd and a trustee of the Art Gallery of NSW. John has particular experience in the building and construction, and finance industries. A former managing director of Lend Lease Corporation Ltd. Resides in Sydney.



CAROLYN HEWSON
BEc(Hons), MA(Econ),
age 46.

Joined the board in 1995. Directorships include The Australian Gas Light Co, Economic Development Board of South Australia and South Australian Water Corporation. Carolyn has substantial experience in the finance industry and was formerly an executive director of Schroders Australia Ltd. President of Sydney YWCA. Resides in Sydney.



PETER KIRBY
MANAGING
DIRECTOR
BEcon(Hons),
MA(Econ), MBA,
age 54.

Joined the board in 1998 as managing director. Before joining CSR, Peter was with Imperial Chemical Industries plc for 25 years, holding senior management positions in the UK, Australia and South Africa. In his final role as chief executive officer ICI Paints, he was responsible for the group's coatings businesses worldwide. Other directorships include Rinker Materials Corporation and Business Council of Australia. Resides in Melbourne.



JOHN BALLARD
MBA, age 56.

Joined the board in 2001. Chairman of Watty Ltd. Director of Woolworths Ltd and a trustee of the Sydney Opera House. John has extensive experience in international manufacturing and marketing and is a former managing director of United Biscuits Asia Pacific, which included responsibility for the Smith's snack food businesses in Australia. Resides in Sydney.



ALEC BRENNAN
BSc(Hons), MBA(Dist), age 55.

Joined the board as an executive director in 1996; became deputy managing director in 1998. Alec has senior management experience with CSR in raw sugar marketing, sugar refining, aluminium, building materials and construction materials. A director of the Garvan Research Foundation. Resides in Sydney.



JOHN WYLIE
MPhil, BCom(Hons), age 41.

Joined the board in 2001. Previously head of investment banking and non executive chairman of Credit Suisse First Boston Australia Investment Banking. Established Carnegie Wylie and Company in 2000. Chairman of the Melbourne Cricket Ground Trust and director of DSL Group Pty Ltd. John is a leading Australian investment banker with extensive overseas experience. Resides in Melbourne.



JOHN ARTHUR
LLB, age 47.

Joined the board in 2001. A senior partner at law firm Freehills and formerly general counsel at Lend Lease Group. He is a director of EDS Australia Pty Ltd and Investa Properties Ltd. John is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. Resides in Sydney.



IAN BLACKBURNE
BSc, PhD, MBA, age 56.

Joined the board in 1999. Formerly managing director and CEO of Caltex Australia Ltd, with 25 years' experience in petroleum refining, distribution and marketing. Chairman of Australian Nuclear Science and Technology Organisation. Director of Suncorp Metway Ltd and Teekay Shipping Corporation. Chairman of the Royal Botanic Gardens and Domain Trust of New South Wales. He is also a member of the Australian Graduate School of Management Advisory Council. Resides in Sydney.



DAVID CLARKE
DipEng, age 58.

Joined the board as an executive director in 1996. Chief executive officer and director of Rinker Materials Corporation since 1992. David also has senior management experience with CSR in quarrying and concrete in the UK, South East Asia and Australia. Resides in the USA.

COMPANY SECRETARY:
PETER ABRAHAM
BEc, LLB, FCPA, FCIS, age 47.

The CSR board is accountable to shareholders for the performance of the company

The board sets the company's strategic direction and delegates responsibility for the management of the company to the managing director.

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

- appointing, evaluating and rewarding senior management
- approving group strategies, budgets, plans and policies
- assessing performance against strategies to monitor both the suitability of those strategies and the performance of management
- reviewing operating information to understand at all times the state of health of the company
- considering management recommendations on key issues – including acquisitions and divestments, restructuring, funding and significant capital expenditure
- approving policies on and overseeing the management of business risks, safety and occupational health, and environmental issues
- ensuring that the company acts legally and responsibly on all matters and that the highest ethical standards are maintained.

SIZE AND COMPOSITION OF THE BOARD

There are nine directors on the board – six non executive directors, including the chairman, and three executive directors. Since the previous report, one non executive director, Rob McLean, and one executive director, Jim Osborne, have retired.

All non executive directors are independent, having no business or other relationships which could compromise their autonomy. If a potential conflict of interest does

arise, the director concerned does not receive the relevant board papers and leaves the board meeting while the matter is considered. Directors must keep the board advised, on an ongoing basis, of any interests which could potentially conflict with those of CSR.

The balance of skills and experience of the board is kept under review. Having initiated the process last year, the board again undertook a formal review of its performance. The results of the latest review showed that the board had benefited from implementing the recommendations in the original review, underscored the board's strengths and identified opportunities to further improve effectiveness.

The Board Committee's role is to make recommendations to the board on the appointment of new directors and set criteria for new appointees, focusing on the particular skills and experience most appropriate to the company's objectives. External consultants may be engaged, where appropriate, to advise on potential appointees. The reputation and ethical standards of appointees must be beyond question.

Non executive directors are subject to re-election by rotation at least every three years and, under the company's constitution, must retire not later than their 70th birthday. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment. All non executive directors have undertaken not to seek re-election after serving either 15 years, or, in the case of directors appointed from 2001, after serving three, three year terms.

DIRECTORS' CSR SHAREHOLDINGS

CSR directors are required to hold a minimum of 2,000 shares. Their current shareholdings are shown on page 32. Other than regular monthly share purchases by the trustee of the

CSR Employee Share Acquisition Plan (as approved by shareholders in 1998) on their behalf, directors and senior management may only buy or sell CSR shares during one month periods following the annual and half yearly results announcements and the annual general meeting. However, they are prohibited from buying or selling CSR shares at any time if they are aware of any price sensitive information that has not been made public. All CSR share dealings by directors are promptly notified to the Australian Stock Exchange (ASX).

THE WORK OF DIRECTORS

Non executive directors normally spend around 35 days a year on board and committee meetings, strategy and budget meetings and inspections of operations in some or all of Australia, New Zealand, the United States and Asia. The chairman and the managing director meet regularly to review business and strategic issues and to agree board agendas.

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

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

At specially organised functions, directors meet customers, business partners, suppliers, government ministers and their departmental heads, and other stakeholders.

New directors receive a comprehensive information pack, special briefings from management and visit key sites to assist them in rapidly understanding CSR's businesses and issues.

This year, in addition to regular strategic and operational briefings, all directors took part in a quarrying workshop to further their understanding of this key area of the business.

Directors may obtain independent professional advice at CSR's expense

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

COMPANY POLICIES

The board has adopted a code of business conduct that formalises the long standing obligation of all CSR people to act within the law, avoid conflicts of interest and act honestly and ethically in all business activities.

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

CSR has a long established practice of providing relevant and timely information to shareholders, supported by a formal policy and comprehensive procedures on continuous disclosure to ensure compliance with legal obligations. All ASX announcements, presentations to analysts and other significant briefings are promptly posted on the company's website. During the year, the board adopted a policy prohibiting (subject to limited exceptions) external briefings in *blackout periods* – that is, between the end of a financial year or half year and the release of the relevant results. The company secretary is responsible for communications with ASX. Details of information provided to ASX during the year are set out on page 69.

MANAGING RISK

The board has approved principles and policies to manage financial risks of exposures to foreign currencies, commodity prices and interest rates. CSR's policies prohibit speculative transactions, restrict hedging to preset limits and require senior management approval of hedging instruments. The policies specify who may authorise transactions and

segregate duties of those carrying them out. Further information on financial risk management is on page 22.

The board requires managers of CSR's businesses to identify areas of risk, to quantify those risks and to adopt cost-effective strategies to manage CSR's exposure. CSR's internal audit team reports to the Audit Committee on the management of key risks.

NON EXECUTIVE DIRECTORS' FEES

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

Retiring non executive directors are entitled to an allowance, up to a maximum of their last three years' remuneration after five years' service (pro rata for a lesser period). Any superannuation entitlements attributable to compulsory company contributions are deducted from this allowance. CSR provides for the allowance on an accrual basis, the provision at 31 March 2002 being A\$0.7 million (A\$1.1 million at 31 March 2001).

Non executive directors' fees are A\$80,000 per director per year. The chairman receives remuneration of A\$240,000 per year, inclusive of committee fees. Other non executive directors who are members of committees, other than the Board Committee, receive additional fees of A\$6,000, with A\$12,000 paid to the directors who chair those committees. This fee structure took effect from 1 April 2002. No equity incentives are offered to non executive directors.

Details of the remuneration of directors and key senior executives for the year ended March 2002 are set out on page 35.

Directors may forgo part of their cash remuneration and acquire shares under the Employee Share

DIRECTORS' INTERESTS IN CSR SHARES^a

AT 21 MAY	BENEFICIAL	NON BENEFICIAL	BENEFICIAL, PAID TO A\$0.10	BENEFICIAL, EXECUTIVE OPTIONS ^b	TOTAL 2002	TOTAL 2001
John Arthur	8,891	–	–	–	8,891	4,000
John Ballard	10,000	–	–	–	10,000	2,000
Ian Blackburne	22,000	–	–	–	22,000	21,000
Alec Brennan	508,220	–	60,000	400,000	968,220	818,220
David Clarke	52,294	–	36,000	400,000	488,294	488,294
Carolyn Hewson	20,096	–	–	–	20,096	16,518
Peter Kirby	1,085,216	–	–	675,000	1,760,216	1,369,695
John Morschel	29,990	–	–	–	29,990	21,119
John Wylie	22,220	–	–	–	22,220	12,000

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

b See note 23 on page 52 for details.

DIRECTORS' MEETINGS

NAME	CSR BOARD		AUDIT COMMITTEE		SAFETY, HEALTH & ENVIRONMENT COMMITTEE		REMUNERATION & HUMAN RESOURCES COMMITTEE	
	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b
YEAR ENDED 31 MARCH 2002								
John Arthur	9	8			4	4		
John Ballard ^c	9	9					3	3
Ian Blackburne	9	9			4	4		
Alec Brennan	9	8						
Ian Burgess ^d	–	–						
David Clarke	9	9						
Carolyn Hewson	9	9	3	3			5	5
Peter Kirby	9	9			4	4		
Robert McLean ^e	2	–					2	–
John Morschel	9	9	3	3	4	4	5	5
Jim Osborne ^f	4	4						
John Wylie	9	9	3	3				

a Meetings held while a member.

b Meetings attended.

c Appointed 21 May 2001.

d Retired 1 May 2001.

e Retired 19 July 2001.

f Retired 10 September 2001.

Acquisition Plan. During the year, non executive directors acquired nearly 26,000 shares under the plan.

With effect from 1 April 2002, non executive directors have adopted a policy to acquire, preferably within 12 months, a beneficial interest in CSR shares equivalent in value to one year's remuneration (a similar policy has been in place for some time for executive directors and senior executives).

BOARD COMMITTEES

To increase its effectiveness, the board has four committees, each with a charter approved by the board.

The **Audit Committee** is chaired by Carolyn Hewson, the other members being John Morschel and John Wylie. The committee met three times last

year and is scheduled to meet four times this year. The external audit firm partner in charge of the CSR audit attends by invitation, together with the internal audit manager and relevant senior executives.

The committee advises the board on all aspects of internal and external audit – including the independence of CSR's external auditor, which is carefully scrutinised – and the adequacy of accounting and risk management procedures, systems, controls and financial reporting. Specific responsibilities include advising the board on the appointment of external auditors, the yearly audit plan and on the yearly and half yearly financial reports.

The committee is a direct link for providing the views of internal and

external auditors to the board, if necessary, independently of management influence.

The **Safety, Health and Environment Committee** consists of Ian Blackburne (chairman), John Arthur, Peter Kirby and John Morschel. The committee met four times last year.

The committee reviews and reports to the board on the management of the company's safety, health and environmental responsibilities.

The committee receives regular reports from management, reviews the adequacy of management systems and performance, ensures that appropriate improvement targets and benchmarks are in place and monitors potential liabilities, changes in legislation, community

expectations, research findings and technological changes.

The **Remuneration and Human Resources Committee** is chaired by John Morschel. The other members are John Ballard and Carolyn Hewson. The committee met five times last year. Together with its overview of human resources issues, particularly succession and development planning, the committee advises the board on remuneration policies and practices, evaluates the performance of the managing director against pre-agreed goals and makes recommendations to the board on remuneration for the managing director and senior managers reporting to him. The committee considers independent advice on policies and practices to attract, motivate and retain strong performers. Further details on CSR's remuneration policy and its relationship to the company's performance last year are set out on pages 34 and 35.

The **Board Committee**, comprising all non executive directors, is chaired by John Morschel. The committee's role is to consider the appropriate size and composition of the board, criteria for board membership, candidates for board membership and the terms and conditions of appointment to and retirement from the board. In view of the current composition of the board, reflecting a number of relatively recent changes, it was not necessary for the committee to meet last year.

The managing director, Peter Kirby, attends, by invitation, meetings of board committees of which he is not a member. He is not present if this could compromise the objectivity of proceedings.

CONTRACTS WITH DIRECTORS

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

- in the case of non executive directors, remuneration as disclosed on pages 31 and 35, the shareholder approved Employee Share Acquisition Plan and an

agreement which conforms to the company's constitution for entitlements to retirement and termination payments

- in the case of executive directors, a contract of employment and the shareholder approved Employee Share Acquisition Plan and Executive Share Option Plan
- legal services provided on normal commercial terms by Freehills – a firm of which John Arthur, a CSR director, is a partner.

INDEMNITIES

Under clause 101 of CSR's constitution and, in the case of CSR directors, a deed approved by shareholders in July 1999, each of the CSR directors (pages 28 and 29), the company secretary, and every other person who is or has been a CSR officer is indemnified to the extent permitted by law, against:

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

A policy in similar terms covering all employees was adopted by the board during the year.

CSR's auditor is not indemnified under clause 101. The company has insured against amounts that it is liable to pay under clause 101.

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

RINKER MATERIALS CORPORATION AND CSR'S OTHER SUBSIDIARIES

The board of CSR's major subsidiary, Rinker Materials Corporation, consists of six external non executive directors, its chief executive officer, David Clarke, and Peter Kirby.

The Rinker board has a similar committee structure to that of CSR and has adopted governance practices, policies and procedures which are generally consistent with those of CSR.

Consistent governance practices (modified to reflect the size and nature of each subsidiary's operations) are also applied within CSR's other subsidiaries.

The external non executive directors of Rinker Materials Corporation are:

Marshall Criser, JD, age 73. Chairman. A lawyer and director of Flagler Systems Inc. He is a former director of BellSouth Corporation. The former president of the University of Florida, he is now chairman of the university's board of trustees. Marshall chairs Rinker's Executive and Compensation committees.

Armando Codina, age 55. Chairman and CEO of Codina Group, Florida, and a director of companies including BellSouth, FPL Group, AMR Inc (American Airlines) and Winn Dixie. Chairs Rinker's Audit Committee. During the year, he was elected to the board of General Motors Corporation.

Andrew Ireland, BS, age 71. Founding partner of a major US government relations and marketing firm. He was a US Congressman for 16 years and is based in Washington, DC.

Bob Moss, BS, age 54. Chairman, president and CEO of Centex Construction Group, the largest domestic general building contractor in the United States.

E Lew Reid, BSEE, LLB, age 66. A lawyer and former partner in a leading San Francisco law firm. He is a director and the former president and CEO of The Californian Endowment (a US\$3.7 billion private foundation established in 1996 to address the health needs of Californians) and is also a director of The Larry L Hillblom Foundation. Chairs Rinker's Environment, Occupational Health and Safety Committee.

Walter Revell, BS, age 67, was appointed to the board in 2000. A former secretary for transportation for the State of Florida, he is currently chairman of the Florida 2020 Energy Commission as well as holding directorships of a number of listed US companies.

Except where specifically stated, the above corporate governance practices were in effect for the whole of the year.

DIRECTORS' STATUTORY REPORT

THE DIRECTORS OF CSR LIMITED PRESENT THEIR REPORT FOR THE YEAR ENDED 31 MARCH 2002

REVIEW OF OPERATIONS AND RESULTS

A review of CSR group operations and the results for the financial year to March 2002 is set out on pages 2 to 9 and 12 to 23.

SIGNIFICANT CHANGES

Significant changes in the state of affairs of the CSR group included CSR buying back 3.5% of its issued capital at a cost of A\$209 million. Rinker Materials Corporation invested US\$145 million (A\$287 million) in acquiring businesses and in new plant (pages 12-14).

PRINCIPAL ACTIVITIES

The principal activities of entities in the CSR group are the manufacture and supply of building materials, with operations in Australia, the US (Rinker Materials Corporation), Asia and New Zealand. In Australia, CSR produces sugar and has a substantial investment in the smelting of aluminium. There were no significant changes in the nature of the activities.

EVENTS AFTER BALANCE DATE

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

LIKELY DEVELOPMENTS

Likely developments in the operations of the CSR group in the future and the expected results are referred to on pages 4 to 9, 14, 17, 20 and 21.

This report omits information about likely developments and expected future results which would unreasonably prejudice the CSR group.

Developments which have arisen by the time of the annual general meeting on 18 July 2002 will be reported in the chairman's address to the meeting.

ENVIRONMENTAL PERFORMANCE

The CSR group's performance in relation to environmental regulation is reviewed on pages 26 and 27.

DIVIDENDS

A final dividend for the year to 31 March 2002 of 13 cents per ordinary share, 70% franked, will be

paid on 4 July 2002. Dividends paid and declared during the year are recorded in note 8 to the financial statements on page 45.

DIRECTORS, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS

The names of the directors who held office between 1 April 2001 and the date of this report and details about current directors' qualifications, age, experience and special responsibilities are on pages 28, 29, 32 and 33. Details about meetings of the board of directors and of board committees, including attendance, and directors' interests in CSR Limited shares, are on page 32. No company in the CSR group has made available to any director any interest in a registered scheme.

OPTIONS GRANTED TO DIRECTORS AND SENIOR EXECUTIVES

Following approval at last year's annual general meeting, 225,000 options over unissued shares were granted to the managing director, Peter Kirby, and 100,000 options were granted to the deputy managing director, Alec Brennan, and to the former finance director, Jim Osborne, as part of their remuneration. 300,000 options were granted to Warren Saxelby following his appointment as chief financial officer. 110,000 options were granted to Graeme Pettigrew, chief executive Building Materials, and 95,000 options to Ian McMaster, chief executive Sugar. 50,000 options were granted to Keith Carew, chief operating officer Quarries, as part of his remuneration. Details are in the table opposite. No options were granted to non executive directors.

OPTIONS OVER SHARE CAPITAL

Unissued shares subject to options at the date of this report and shares issued pursuant to exercised options during or since the end of the year are set out in note 23 to the financial statements on page 52.

INDEMNITIES AND INSURANCE

No indemnities were given or insurance premiums paid for current or former officers or auditors during or since the end of the year. Additional information regarding indemnities and insurance is set out on page 33.

PROCEEDINGS ON BEHALF OF COMPANY

No proceedings have been brought on behalf of the company, nor has any application been made in respect of the company under section 237 of the Corporations Act 2001.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR EXECUTIVES

The policy for determining the nature and amount of remuneration for non executive directors is described on pages 31 and 32. The policy, as it relates to executive directors and other senior executives is described below. Part of the role of the board Remuneration and Human Resources Committee is to advise the board on remuneration policies and practices for executives (see page 33).

SENIOR EXECUTIVES' BENEFITS

CSR and Rinker structure the remuneration of executives to drive performance in increasing shareholder value, rewarding the achievement of business strategies and goals.

Remuneration for senior executives has two parts, fixed and variable:

- fixed remuneration is made up of cash salary, salary sacrifice to purchase shares, superannuation and other benefits such as motor vehicles. Depending on their country of residence, managers may have some flexibility about apportioning their fixed remuneration among the components
- variable remuneration is made up of a yearly short-term incentive – paid as cash or sacrificed to purchase CSR shares – and a long-term incentive, in the form of a performance share plan and a five year option plan. The board believes that the plans' effectiveness will be optimised by rolling forward the three to five year time period by appropriate annual share issues. There is a further long-term incentive for the managing director and the deputy managing director payable in cash or shares.

A significant part of each senior executive's potential total remuneration is variable. Short-term incentives directly depend on the executive successfully achieving specific financial and operational targets.

REMUNERATION DETAILS OF EXECUTIVE DIRECTORS AND OFFICERS

YEAR ENDED 31 MARCH 2002	FIXED REMUNERATION ^a A\$	VARIABLE REMUNERATION ^b A\$	OTHER COMPENSATION A\$	TOTAL COMPENSATION A\$	OPTIONS AWARDED ^c (NUMBER)	OPTIONS HELD ^d (NUMBER)
EXECUTIVE DIRECTORS						
Peter Kirby Managing director and chief executive officer	1,502,460	2,006,139	3,107 ^e	3,511,706	225,000	450,000
Alec Brennan Director Strategy and Investments and Deputy managing director	930,186	881,554	17,483 ^e	1,829,223	100,000	300,000
David Clarke Executive director and president Rinker Materials Corporation	1,525,175 (US\$779,364)	4,237,260 (US\$2,165,240)	31,939 ^f (US\$16,321)	5,794,374 (US\$2,960,925)	–	400,000
CSR LIMITED OFFICERS^g						
Karl Watson Jr ^h Chief executive Construction Materials	594,123	1,291,115	88,493	1,973,731	–	200,000
Keith Carew Chief operating officer Quarries	378,129	621,172	61,532	1,060,833	50,000	100,000
Graeme Pettigrew Chief executive Building Materials	704,565	250,000	–	954,565	110,000	230,000
Ian McMaster Chief executive Sugar	704,055	180,000	–	884,055	95,000	230,000
Warren Saxelby Chief financial officer	247,071	309,214	279,250 ⁱ	835,535	300,000	–
RINKER MATERIALS CORPORATION OFFICERS						
Tom Burmeister Chief financial officer	642,925 (US\$328,535)	2,509,746 (US\$1,282,480)	2,422 ^f (US\$1,238)	3,155,093 (US\$1,612,253)	–	200,000
Adrian Driver President Hydro Conduit	672,871 (US\$343,837)	1,955,542 (US\$999,282)	45,266 ^f (US\$23,131)	2,673,679 (US\$1,366,250)	–	100,000
David Berger Vice president Prestress, PolyPipe, Rehabilitation and Gypsum Supply	562,092 (US\$287,229)	2,082,583 (US\$1,064,200)	6,955 ^f (US\$3,554)	2,651,630 (US\$1,354,983)	–	–
Karl Watson Sr President Quarries and Cement	674,626 (US\$344,734)	1,684,186 (US\$860,619)	60,911 ^f (US\$31,125)	2,419,723 (US\$1,236,478)	–	100,000

- a Cost to the company of remuneration package comprising cash salary, CSR shares under the Employee Share Acquisition Plan approved by shareholders, superannuation contributions, motor vehicle, leave provisions, financial advice and club memberships, if any.
- b Short-term and long-term incentives. Rinker senior executives participate in a cash long-term incentive plan based on increasing shareholder value, with the long-term incentive being paid progressively over three years, from March 2001. The final payment, determined on the basis of Rinker's year ended March 2002 results, amounting to US\$2.772 million, is due to be paid in the year ending March 2003. It is intended to make long-term incentives available to Rinker senior executives in future using similarly designed plans.
- c The options were granted by CSR Limited to Warren Saxelby and other executives during the year under the Executive Share Option Plan and have an option price (which must be fully paid on exercise) of A\$6.62 per option by Warren Saxelby and A\$7.03 per option by other executives, which is the weighted average price of CSR shares traded on ASX for the week up to and including the date of issue. Each option is convertible into one CSR Limited fully paid ordinary share. The options issued to Warren Saxelby are exercisable between May 2003 and December 2006 (when they lapse) if performance hurdles are met on or after the announcement of CSR's year ending March 2003 results. The options issued to other executives are exercisable between May 2004 and August 2006 (when they lapse) if performance hurdles are met on or after the announcement of CSR's year ending March 2004 results. The value of the options using the Black-Scholes option pricing model is A\$1.19 per option for Warren Saxelby and A\$1.46 per option for other executives.

- d Options other than those in c were granted in previous years. The values using the Black-Scholes pricing model are A\$0.59 per option for options granted in year ended March 1999, A\$0.67 per option for options granted in year ended March 2000 and A\$0.79 per option for options granted in year ended March 2001.
- e Family travel expenses.
- f Health insurance and club membership fees for Rinker executives in the US.
- g The officers in the above table are current officers. During the year an executive director, Jim Osborne, and a senior executive officer, Chris Barry, ceased employment with CSR Limited. Jim Osborne received payments (comprising fixed and variable remuneration and termination payments) of A\$990,154. Chris Barry received payments (comprising fixed and variable remuneration and a non compete payment) of A\$903,812. These payments were consistent with market practice and legal advice.
- h Karl Watson Jr was seconded from Rinker Materials Corporation to CSR Limited during the year. The figures in the above table reflect the remuneration paid in respect of his Rinker and subsequent CSR appointments, including a long-term incentive through his participation in the Rinker Long-Term Incentive Plan. His other compensation includes health insurance and club membership fees while in the US and expatriate benefits in Australia.
- i Recruitment premium.

For executives to realise long-term incentives, CSR's shareholder returns must exceed the average of certain listed Australian industrial companies over specified periods. As part of its periodical review of executive remuneration design, the board approved use of a performance share-based long-term incentive plan, as well as the existing option plan. Rinker has a cash-based long-term incentive plan based on increasing shareholder value. The proportions of fixed and variable remuneration vary to some degree outside Australia. Arrangements for Rinker executives, for instance, are consistent with US practice and set by the Rinker board. Executive remuneration is set at levels which will attract, motivate, reward and retain good performers to drive the business effectively. The fixed part of executives' remuneration is generally set in the mid range of what is paid by comparable companies for similar jobs, but varies with their responsibilities and how well they perform. The total remuneration – fixed plus variable – of executives who meet or exceed their targets, and thus earn significant incentive payments, can be towards the upper end of market rates.

As was the case in the previous year, strong performance last year has resulted in significant short-term incentive payments for some executives, particularly in Rinker.

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

JOHN MORSCHER **Chairman**

PETER KIRBY **Managing director**
21 May 2002

REMUNERATION DETAILS OF NON EXECUTIVE DIRECTORS

YEAR ENDED 31 MARCH 2002 A\$	DIRECTORS' FEES ^a	COMMITTEE FEES	RETIREMENT ALLOWANCE	STATUTORY SUPERANNUATION CONTRIBUTIONS ^b
John Arthur	63,000	5,000	–	5,860
John Ballard ^c	54,681	3,098	–	4,602
Ian Blackburne	63,000	10,000	–	5,973
Ian Burgess ^d	16,258	–	527,734	–
Carolyn Hewson	63,000	15,000	–	6,373
Robert McLean ^e	18,968	1,505	102,986	1,776
John Morschel ^f	181,260	–	–	–
John Wylie	63,000	5,000	–	5,860

- a Includes cash payments and CSR shares under the Employee Share Acquisition Plan.
- b Each director's superannuation entitlements attributable to these contributions are deducted from their retirement allowance when they leave the board.

- c Appointed 21 May 2001.
- d Retired as chairman and as a director on 1 May 2001.
- e Retired 19 July 2001.
- f Appointed chairman 1 May 2001.

ELEVEN YEAR PERFORMANCE

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
FINANCIAL PERFORMANCE											
Total revenue	7,195	7,038	7,301	6,759	6,924	6,438	6,376	6,248	5,430	4,699	4,300
Trading revenue	6,985	6,424	6,419	6,507	6,335	6,123	6,137	5,922	5,365	4,636	4,200
Depreciation and amortisation	453	415	364	371	380	364	334	305	290	262	249
Earnings before interest, income tax and significant items (EBIT) ^a	926	923	804	693	587	463	620	715	571	474	423
Net finance expense	107	132	82	126	129	141	132	95	97	94	107
Income tax expense	244	245	214	191	152	96	137	203	153	150	128
Net profit (loss) applicable to CSR shareholders – before significant and extraordinary items ^a	553	505	472	351	288	212	320	391	297	211	175
– for six months to 30 September	277	271	224	200	176	155	193	225	173	125	110
– for six months to 31 March	276	234	248	151	112	57	127	166	124	86	65
– after significant and extraordinary items ^a	553	634	472	351	(110)	212	331	393	297	231	(385)
Dividends	225	223	239	238	225	208	280	271	224	189	164
FINANCIAL POSITION											
Current assets	1,743	1,839	1,865	1,535	1,866	1,797	1,839	1,938	1,761	1,725	1,548
Property, plant and equipment	4,138	4,273	3,728	4,285	4,241	4,815	4,787	4,298	4,034	3,879	3,601
Investments	357	427	379	432	352	244	202	225	181	162	162
Intangibles	1,112	1,234	399	385	409	403	422	355	329	338	331
Other non-current assets	600	689	512	613	581	534	440	358	304	289	287
Total assets	7,950	8,462	6,883	7,250	7,449	7,793	7,690	7,174	6,609	6,393	5,929
Current borrowings and creditors	849	894	753	790	960	1,021	986	1,386	773	872	814
Current provisions	370	427	445	411	455	316	388	487	411	363	399
Non-current borrowings and creditors	1,834	2,263	1,166	1,768	1,954	2,110	2,069	1,199	1,494	1,489	1,298
Deferred income tax and other non-current provisions	793	797	700	668	627	673	649	643	505	488	505
Total liabilities	3,846	4,381	3,064	3,637	3,996	4,120	4,092	3,715	3,183	3,212	3,016
Net assets	4,104	4,081	3,819	3,613	3,453	3,673	3,598	3,458	3,426	3,181	2,913
Contributed equity ^b	2,139	2,322	2,647	2,641	1,032	1,009	977	944	904	866	817
Reserves ^b	281	387	151	200	1,752	1,629	1,567	1,559	1,514	1,394	1,229
Retained profits	1,602	1,274	861	628	526	857	855	805	680	607	564
CSR shareholders' funds [capital and reserves]	4,022	3,983	3,659	3,469	3,310	3,495	3,399	3,308	3,098	2,867	2,610
Outside equity interests	82	98	160	144	143	178	199	150	328	314	303
Total shareholders' funds [capital and reserves]	4,104	4,081	3,819	3,613	3,453	3,673	3,598	3,458	3,426	3,181	2,913
SHARE INFORMATION											
Average number of shares [million]	945	1,003	1,037	1,035	1,013	982	954	922	884	841	797
Earnings per share after significant items ^a [A cents]	58.5	63.2	45.5	33.9	(10.8)	21.6	34.7	42.6	33.6	27.5	(48.3)
Earnings per share before significant items ^a [A cents]	58.5	50.3	45.5	33.9	28.4	21.6	33.6	42.4	33.6	25.1	21.9
Dividends per fully paid share [A cents]	24.0	23.0	23.0	23.0	22.0	21.0	29.0	29.0	25.0	22.0	20.0
Share price [A\$]											
high	7.23	5.38	4.80	5.24	5.90	5.00	4.76	5.18	5.46	4.91	5.80
low	5.20	3.44	3.31	3.20	4.31	3.95	4.09	4.08	3.82	3.30	4.48
end	6.59	5.21	3.46	3.42	5.25	4.88	4.26	4.28	4.65	4.64	4.60
Net tangible assets [A\$] per CSR share	3.34	2.98	3.33	3.12	2.89	3.28	3.28	3.35	3.31	3.17	3.01
GENERAL											
Divestments	171	595	901	170	572	278	193	86	38	32	60
Net cash from operating activities	1,195	1,024	1,048	912	832	671	634	836	786	535	474
Shareholders [thousand]	109	112	126	133	140	146	143	133	127	127	123
Employees [thousand]	16.1	16.1	17.1	17.8	19.7	22.5	23.5	23.2	20.6	19.7	19.1
Wages, salaries and payments to retirement funds	1,421	1,276	1,179	1,235	1,179	1,193	1,152	1,062	949	866	803
RATIOS AND STATISTICS											
Return on CSR shareholders' funds ^c [%]	13.7	12.7	12.9	10.1	8.7	6.1	9.4	11.8	9.6	7.4	6.7
Return on funds employed ^c [%]	15.5	14.6	15.9	12.6	10.9	7.9	10.9	14.3	11.6	9.4	9.1
Profit margin (EBIT : trading revenue) [%]	13.3	14.4	12.5	10.7	9.3	7.6	10.1	12.1	10.7	10.3	10.1
Dividend payout ratio [%]	41	44	51	68	78	98	88	69	76	90	94
Interest cover [times]	8.5	6.8	9.1	5.3	4.3	3.0	4.7	7.6	5.9	4.9	3.9
Gearing ^d [%]	29.7	34.0	22.2	32.6	34.2	36.8	36.6	27.1	29.1	33.0	32.6
Current ratio	1.43	1.39	1.56	1.28	1.31	1.34	1.34	1.04	1.49	1.40	1.28
Trading revenue per employee [A\$ thousand]	435	398	375	366	321	272	261	255	260	235	220

a Significant items include all those previously classified as abnormal. All performance ratios are calculated using 'before significant items' results.

b Corporations Law changes abolished the par value concept of share capital from 1998. The balance of the share premium reserve was transferred to the issued share capital account.

c Funds employed: shareholders' funds plus interest bearing debt.

d Gearing: ratio of net debt to equity (total shareholders' funds) plus net debt.

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FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2002

STATEMENT OF FINANCIAL PERFORMANCE

Year ended 31 March

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2002	2001	2002	2001
Trading revenue – sale of goods		6,984.7	6,424.0	1,818.2	1,808.0
Cost of sales		(4,437.5)	(4,097.2)	(1,265.7)	(1,244.7)
Warehouse and distribution costs		(1,015.2)	(874.1)	(208.4)	(199.6)
Selling costs		(161.8)	(156.7)	(70.3)	(73.6)
Administration and other costs		(516.3)	(466.1)	(152.2)	(166.8)
Share of partnership net income		(0.3)	(0.8)	(0.3)	(1.7)
Share of associate entities' net profit		45.7	50.2	9.2	11.4
Operating profit		899.3	879.3	130.5	133.0
Other revenue from ordinary activities	2	183.0	588.9	266.2	100.7
Other expenses from ordinary activities	2	(158.8)	(489.7)	(183.3)	(177.4)
Dividend income from controlled entities				210.5	302.2
Dividend income from others		2.3	1.4	1.3	–
Profit from ordinary activities before finance and income tax		925.8	979.9	425.2	358.5
Interest income	4	24.8	23.7	53.3	109.5
Borrowing (costs) income	5	(132.1)	(155.4)	11.3	(271.1)
Profit from ordinary activities before income tax		818.5	848.2	489.8	196.9
Income tax (expense) benefit relating to ordinary activities	9	(243.7)	(179.1)	(23.3)	36.9
Profit from ordinary activities after income tax		574.8	669.1	466.5	233.8
Net profit attributable to outside equity interests		(22.2)	(35.0)		
Net profit attributable to members of CSR Limited		552.6	634.1	466.5	233.8
Decrease in asset revaluation reserve arising on revaluation of property, plant and equipment	24	–	(4.5)	–	(4.7)
(Decrease) increase in foreign currency translation reserve arising on translation of self-sustaining foreign operations	24	(104.9)	241.3	–	–
Total revenue, expense and valuation adjustments attributable to members of CSR Limited recognised directly in equity		(104.9)	236.8	–	(4.7)
Total changes in equity other than those resulting from transactions with owners as owners		447.7	870.9	466.5	229.1
Reconciliation of retained profits					
Retained profits at the beginning of the financial year		1,273.9	860.8	398.5	387.2
Net profit attributable to members of CSR Limited		552.6	634.1	466.5	233.8
Aggregate of amounts transferred from reserves	24	0.8	1.5	–	–
Total available for appropriation		1,827.3	1,496.4	865.0	621.0
Dividends provided for or paid	8	(225.0)	(222.5)	(225.0)	(222.5)
Retained profits at the end of the financial year		1,602.3	1,273.9	640.0	398.5

AUSTRALIAN CENTS PER SHARE

Basic earnings per share based on net profit attributable to members of CSR Limited^a	58.5	63.2
Diluted earnings per share based on net profit attributable to members of CSR Limited	57.8	62.5

a Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share is 944.8 million (2001: 1003.3 million).

Notes to the financial statements are annexed.

STATEMENT OF FINANCIAL POSITION

As at 31 March

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2002	2001	2002	2001
Current assets					
Cash	10	156.6	200.2	63.2	88.0
Receivables	11	988.0	971.4	1,566.4	1,371.2
Inventories	12	572.5	629.9	149.1	149.6
Other current assets	18	25.5	37.6	12.3	8.9
Current assets		1,742.6	1,839.1	1,791.0	1,617.7
Non-current assets^a					
Receivables	11	50.9	79.7	862.0	1,171.6
Inventories	12	129.2	99.3	16.9	17.9
Investments accounted for using the equity method	13	316.6	334.8	125.5	132.2
Other financial assets	14	40.2	92.0	1,604.6	1,337.4
Property, plant and equipment	15	4,137.9	4,273.4	941.7	937.0
Intangibles	17	1,111.6	1,233.5	8.7	9.2
Deferred income tax assets		283.0	370.1	108.3	164.1
Other non-current assets	18	138.7	139.7	61.6	46.5
Non-current assets		6,208.1	6,622.5	3,729.3	3,815.9
Total assets		7,950.7	8,461.6	5,520.3	5,433.6
Current liabilities					
Payables	19	745.3	824.2	1,204.6	971.0
Interest-bearing liabilities	20	104.0	70.1	5.3	1.0
Income tax liabilities		17.3	49.9	-	-
Provisions	22	352.6	376.4	229.4	255.4
Current liabilities		1,219.2	1,320.6	1,439.3	1,227.4
Non-current liabilities					
Payables	20	43.2	33.1	0.4	0.6
Interest-bearing liabilities	20	1,790.7	2,230.0	872.2	1,047.0
Deferred income tax liabilities		519.6	518.9	115.2	122.1
Provisions	22	273.6	278.0	212.2	214.0
Non-current liabilities		2,627.1	3,060.0	1,200.0	1,383.7
Total liabilities		3,846.3	4,380.6	2,639.3	2,611.1
Net assets		4,104.4	4,081.0	2,881.0	2,822.5
Equity					
Contributed equity	23	2,139.4	2,322.4	2,139.4	2,322.4
Reserves	24	281.1	386.8	101.6	101.6
Retained profits		1,602.3	1,273.9	640.0	398.5
Equity attributable to members of CSR Limited		4,022.8	3,983.1	2,881.0	2,822.5
Outside equity interests in controlled entities	25	81.6	97.9		
Total equity		4,104.4	4,081.0	2,881.0	2,822.5

a CSR has adopted Accounting Standard AASB 1041 "Revaluation of Non-Current Assets" and has reverted to the cost basis of measurement. The directors have deemed the carrying amount of non-current assets as at 1 April 2001 to be cost (previously at independent and directors' valuations). This change in accounting policy does not affect the carrying amount of non-current assets recorded in the financial statements. However, the balance of the asset revaluation reserve recorded in the financial statements as at 1 April 2001 relating to previous revaluations of property, plant and equipment amounting to A\$11.9 million, is no longer available to absorb any future writedowns.

Notes to the financial statements are annexed.

STATEMENT OF CASH FLOWS

Year ended 31 March

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2002	2001	2002	2001
Cash flows from operating activities					
Receipts from customers		7,258.3	6,719.2	2,058.9	2,017.5
Payments to suppliers and employees		(5,987.1)	(5,545.3)	(1,916.1)	(2,106.4)
Dividends, and distributions from associate entities and controlled entities		54.6	39.1	227.3	303.1
Interest received		27.8	24.7	53.4	111.7
Tax refund from Australian Taxation Office	9	33.0	–	33.0	–
Income taxes paid		(191.8)	(213.5)	–	–
Net cash from operating activities		1,194.8	1,024.2	456.5	325.9
Cash flows from investing activities					
Purchase of property, plant and equipment and other non-current assets		(427.0)	(391.1)	(121.3)	(91.9)
Proceeds from sale of property, plant and equipment and other non-current assets		120.6	92.4	19.3	19.7
Purchase of controlled entities and businesses net of cash acquired	37	(158.5)	(1,093.1)	(1.2)	(2.9)
Return of capital from associate entities		–	5.6	–	0.6
Proceeds from sale of interests in controlled entities and businesses	37	15.5	783.7	9.1	353.9
Loans and receivables advanced		(1.2)	(2.1)	(0.9)	(0.8)
Loans and receivables repaid		13.3	25.1	3.3	20.5
Net cash (used in) from investing activities		(437.3)	(579.5)	(91.7)	299.1
Cash flows from financing activities					
Proceeds from issue of shares to CSR shareholders		22.9	14.4	22.9	14.4
Share buyback		(208.5)	(340.7)	(208.5)	(340.7)
Net (repayment of) proceeds from borrowings		(243.0)	436.2	4.5	0.5
Net financing of controlled entities		–	–	31.0	46.2
Dividends paid		(256.2)	(276.5)	(216.3)	(231.2)
Interest and other finance costs paid		(118.3)	(167.5)	(24.5)	(37.9)
Hedging of foreign operations		3.3	(56.1)	–	–
Net cash used in financing activities		(799.8)	(390.2)	(390.9)	(548.7)
Net (decrease) increase in cash held		(42.3)	54.5	(26.1)	76.3
Cash at the beginning of the financial year		199.5	120.7	88.0	6.3
Effects of exchange rate changes		(0.6)	24.3	1.3	5.4
Net cash at the end of the financial year	10	156.6	199.5	63.2	88.0
Reconciliation of net profit attributable to members of CSR Limited to net cash from operating activities					
Operating profit after tax attributable to members of CSR Limited		552.6	634.1	466.5	233.8
Depreciation and amortisation	6	452.9	415.4	89.2	91.3
Share of associate entities' net income (less dividends and distributions)		6.9	11.7	6.6	8.8
Transfer from provisions		(47.0)	(50.0)	(60.3)	(31.6)
Interest expense		131.7	157.3	26.3	35.1
Other (profit) loss from ordinary activities	2	(24.2)	(99.2)	(82.9)	76.7
Outside equity interests' share of profit		22.2	35.0	–	–
Decrease in trade receivables and other current assets		18.1	105.2	18.1	58.3
Decrease (increase) in current inventories		29.0	(46.9)	4.7	(6.0)
Decrease in trade payables		(53.0)	(88.1)	(50.1)	(84.0)
Net change in tax balances		84.9	(59.1)	56.3	(37.9)
Other		20.7	8.8	(17.9)	(18.6)
Net cash from operating activities		1,194.8	1,024.2	456.5	325.9

Credit facilities are shown in note 21.

Non-cash financing and investing activities are shown in note 33.

Notes to the financial statements are annexed.

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Principles of consolidation

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

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

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

Recoverable amount of non-current assets

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

Intangibles

Goodwill acquired or arising on consolidation is amortised over the period over which the benefits are expected to arise, to a maximum of 20 years.

Patents, trademarks and other intellectual property acquired are valued at the lower of cost and recoverable amount and are amortised over the period in which the benefits are expected to arise varying from five to 40 years.

Statement of cash flows

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

Capitalisation of interest

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

Acquisition of assets

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

Accounts payable

Trade creditors and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

Depreciation (including amortisation and depletion)

Depreciable assets other than quarry and other raw material reserves are depreciated at rates based upon their expected economic life, using the straight-line method. Quarry and other raw material reserves are depleted after taking into account the life of the quarry and its estimated residual value. Depletion is determined by production for the year as a proportion of recoverable reserves. The economic lives of property, plant and equipment assets are detailed in note 15.

Inventories

Inventories including work in progress and land held for resale are valued at the lower of cost and net realisable value. Costs included in inventories consist of materials, labour, and manufacturing overheads which are related to the purchase and production of inventories.

The value of inventory is derived by the method most appropriate to each particular class of inventory. The major portion is valued on either a first-in-first-out or average cost basis.

Software and system development

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

Restoration and environmental rehabilitation

Provision is made for the restoration of areas from which natural resources are extracted. The restoration cost is provided over the period in which the recoverable mineral reserves are expected to be extracted. Estimates are based on current technology. Changes in estimates are dealt with on a prospective basis.

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

Interest-bearing liabilities

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

Significant items

Significant items are those which by their size, nature or incidence are relevant in explaining the financial performance of the consolidated entity, and as such are disclosed separately. They include all items previously classified as abnormal.

Revenue recognition

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Accounting Standard AASB 1041

CSR has adopted Accounting Standard AASB 1041 "Revaluation of Non-Current Assets" from 1 April 2001. Refer to the statement of financial position for details.

Product liability

Provision is made for discounted anticipated compensation payments and legal costs arising from product liability claims that can be reliably measured.

Research and development

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

Tax effect accounting

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

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

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

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

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

Capital Gains Tax

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

Joint venture operations

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

Joint venture entities, associates and partnerships

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

Foreign currency

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

hedges. Exchange differences net of tax relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation are taken directly on consolidation to the foreign currency translation reserve. Financial statements of self-sustaining foreign controlled entities are translated at reporting date using the current rate method and exchange differences are brought to account by entries made directly to the foreign currency translation reserve.

Derivative and hedging activities

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

Interest rate

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

Foreign exchange and commodities

Forward exchange contracts, cross currency swaps and options are used to hedge foreign currency receivables, payables, borrowings and anticipated transactions. Commodity futures, swaps and options are used to hedge anticipated purchases and sales of commodities. Derivatives hedging recognised assets and liabilities are measured at net fair value and included in other receivables or other payables. Gains or losses are recognised in net profit or loss as they occur and offset translation gains and losses of the underlying hedged item. Gains and losses on derivatives hedging anticipated transactions are deferred and recognised in the measurement of the hedged item when it occurs. If a derivative is terminated, sold, redesignated or is no longer effective and the anticipated transaction is still probable of occurring, gains and losses up to the time of termination, sale, redesignation or loss of effectiveness, continue to be accounted for as stated above. If the anticipated transaction is no longer probable, all deferred gains

and losses are recognised immediately in net profit or loss. Derivatives are not entered into for speculative reasons. However, if a derivative ceases to be designated as a hedge, for example, where the designated item is sold, extinguished, terminated or no longer probable of occurring, further gains and losses are recognised in net profit or loss until the derivative matures or is terminated or sold. Option premiums are deferred and amortised over the term of the option.

Net investment in self-sustaining foreign operations

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

Comparative figures

The CSR Group has adopted Accounting Standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosures" and AASB 1040 "Statement of Financial Position" from 1 April 2001. Comparative figures have been adjusted to conform with the requirements of these standards. The reclassification of comparative amounts has not resulted in a change in aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity or the net profit recorded in the prior year.

Rounding

Unless otherwise shown in the financial report, amounts have been rounded to the nearest tenth of a million dollars and are shown by A\$ million.

CSR Limited is a company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 issued 10 July 1998.

NOTES TO THE FINANCIAL STATEMENTS

A\$ MILLION	TRADING REVENUE ^a		TOTAL ASSETS	
	2002	2001	2002	2001
1 Segment information				
Industry segments				
Rinker Materials Corporation	4,115.5	3,589.5	4,445.8	4,739.9
Construction Materials	925.5	922.5	978.2	1,004.7
Building Materials	806.3	859.6	782.8	763.9
Sugar	693.7	529.3	906.4	971.6
Aluminium	443.2	520.4	403.3	448.6
Corporate	-	-	252.1	240.1
Restructure, asset sales and other ^b	0.5	2.7	25.5	92.6
Segment totals	6,984.7	6,424.0	7,794.1	8,261.4
Net finance ^c			156.6	200.2
Consolidated	6,984.7	6,424.0	7,950.7	8,461.6

	PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		INCOME TAX		OUTSIDE EQUITY INTERESTS		NET PROFIT	
	2002	2001	2002	2001	2002	2001	2002	2001
Industry segments								
Rinker Materials Corporation	598.5	515.5	232.8	200.5	0.7	(0.1)	365.0	315.1
Construction Materials	56.7	51.2	8.9	10.6	1.1	(0.6)	46.7	41.2
Building Materials	108.8	135.1	32.8	45.5	1.1	(0.3)	74.9	89.9
Sugar	73.8	16.5	16.5	4.0	-	-	57.3	12.5
Aluminium	110.0	211.5	31.4	73.1	20.4	40.5	58.2	97.9
Corporate costs	(34.3)	(32.0)	(9.9)	(13.3)	-	-	(24.4)	(18.7)
Restructure costs, asset sales and other ^b	12.3	24.8	(27.7)	(18.4)	-	-	40.0	43.2
Segment totals	925.8	922.6	284.8	302.0	23.3	39.5	617.7	581.1
Net finance ^c	(107.3)	(131.7)	(41.1)	(56.6)	(1.1)	1.1	(65.1)	(76.2)
Consolidated before significant items	818.5	790.9	243.7	245.4	22.2	40.6	552.6	504.9
Significant items (note 3)	-	57.3	-	(66.3)	-	(5.6)	-	129.2
Consolidated after significant items	818.5	848.2	243.7	179.1	22.2	35.0	552.6	634.1

	TRADING REVENUE ^a		TOTAL ASSETS		PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		PROFIT FROM ORDINARY ACTIVITIES BEFORE SIGNIFICANT ITEMS AND INCOME TAX	
	2002	2001	2002	2001	2002	2001	2002	2001
Geographical segments								
Australia	2,718.5	2,702.8	3,169.2	3,324.1	308.9	555.7	308.9	401.6
North America	4,115.5	3,589.5	4,445.8	4,739.9	598.5	496.4	598.5	515.5
New Zealand	31.5	29.6	47.2	46.1	9.8	8.6	9.8	8.6
Asia	119.2	102.1	131.9	151.3	8.6	(80.8)	8.6	(3.1)
Segment totals	6,984.7	6,424.0	7,794.1	8,261.4	925.8	979.9	925.8	922.6

a. Intersegment sales are negligible.

b. Includes profit (loss) on major asset sales, product liability charges and certain rationalisation costs.

c. Refer to notes 5 and 10 for details of finance costs and assets.

Products and services

Rinker Materials Corporation: pre-mixed concrete; asphalt and other quarry products; cement; concrete pipes and other reinforced concrete products; underground pipeline rehabilitation; polyethylene pipes; building materials distribution

Construction Materials: pre-mixed concrete; asphalt and other quarry products; cement; concrete pipe and other reinforced concrete products

Building Materials: plasterboard; fibre cement; glasswool and rockwool insulation; clay bricks and pavers; roof tiles; lightweight concrete products

Sugar: raw sugar; refined sugar; ethanol

Aluminium: aluminium

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2002	2001	2002	2001

2 Other revenue and expenses from ordinary activities

Revenue

Significant items	3	-	412.4	223.1	-
Disposal of property, plant and equipment and other assets		99.1	140.8	28.2	49.1
Disposal of investments		59.8	-	-	-
Gift of shares in Sugar Terminals Limited	33	-	27.5	-	27.5
Other		24.1	8.2	14.9	24.1
Total other revenue from ordinary activities		183.0	588.9	266.2	100.7

Expenses

Significant items	3	-	(355.1)	(106.5)	(65.0)
Disposal of property, plant and equipment and other assets		(82.2)	(121.9)	(18.8)	(46.5)
Disposal of investments		(53.9)	-	-	-
Increase in product liability provision		(30.0)	-	(30.0)	-
Other restructure and rationalisation costs		9.9	-	7.9	-
Provision against/write off of amounts owing by controlled entities				(30.7)	(53.4)
Other		(2.6)	(12.7)	(5.2)	(12.5)
Total other expenses from ordinary activities		(158.8)	(489.7)	(183.3)	(177.4)

3 Significant items

Intragroup items

Revenue from sale of controlled entities				223.1	-
Book value of controlled entities sold				(282.4)	-
Reversal of writedown of investment in controlled entities				175.9	-
Income tax				-	-
				116.6	-

Sale of Gove Aluminium Ltd

Net proceeds on sale		-	412.4	-	-
Book value of assets sold and selling costs		-	(177.0)	-	-
Income tax benefit		-	33.2	-	-
		-	268.6	-	-

Asset writedowns and rationalisation costs

Writedown of property, plant and equipment		-	(74.8)	-	-
Writedown of other assets		-	(17.9)	-	-
Rationalisation costs		-	(20.4)	-	-
		-	(113.1)	-	-
Income tax benefit		-	13.6	-	-
Outside equity interests		-	5.6	-	-
		-	(93.9)	-	-

Product liability

Increase in provision		-	(65.0)	-	(65.0)
Income tax benefit		-	19.5	-	19.5
		-	(45.5)	-	(45.5)

Analysis of significant items

Revenue		-	412.4	223.1	-
Expenses		-	(355.1)	(106.5)	(65.0)
Net profit (loss) before income tax		-	57.3	116.6	(65.0)
Income tax benefit		-	66.3	-	19.5
Outside equity interests		-	5.6	-	-
Total significant items		-	129.2	116.6	(45.5)

4 Interest income

Short-term interest income from					
- controlled entities				20.4	50.7
- others		8.9	20.2	5.0	13.3
Long-term interest income from					
- controlled entities				14.5	45.1
- Australian Taxation Office	9	11.4	-	11.4	-
- others		4.5	3.5	2.0	0.4
Total interest income		24.8	23.7	53.3	109.5

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2002	2001	2002	2001
5 Net finance expense					
Interest paid or payable on short-term debt to					
– controlled entities				1.0	6.0
– others		7.8	7.8	0.2	1.0
Interest paid or payable on long-term debt to					
– controlled entities				22.5	27.2
– others		125.1	150.3	2.6	0.9
Finance leases		0.6	0.7	–	–
Total interest expense		133.5	158.8	26.3	35.1
Less amounts capitalised		1.8	1.5	–	–
Add					
– funding costs		3.2	0.8	–	–
– foreign exchange (gain) loss		(2.8)	(2.7)	(37.6)	236.0
Borrowing costs (income)		132.1	155.4	(11.3)	271.1
Less interest income	4	24.8	23.7	53.3	109.5
Net finance expense (income)		107.3	131.7	(64.6)	161.6

6 Depreciation and amortisation

Amounts incurred for depreciation, amortisation and depletion of

– deferred costs		23.4	22.5	8.5	7.9
– goodwill		72.0	57.7	0.3	0.1
– property, plant and equipment		346.2	326.3	79.9	82.8
– other intangibles		11.3	8.9	0.5	0.5
Total depreciation and amortisation		452.9	415.4	89.2	91.3

7 Operating costs

Operating costs include net transfers to provisions for

– doubtful trade debts		7.7	13.3	1.9	7.4
– employee entitlements		90.3	83.5	34.3	37.9
– fringe benefits tax		6.7	7.0	6.3	6.1
– restoration and environmental rehabilitation		4.9	–	4.1	1.0
– uninsured losses and future claims		142.5	111.0	17.6	20.9
– other		13.6	22.9	1.1	8.6
		265.7	237.7	65.3	81.9

Operating costs also include

– contributions to employee retirement funds	35	49.1	36.2	23.3	16.4
– mining royalties paid to governments		2.7	5.7	2.6	2.8
– operating lease and rental payments		66.9	65.6	34.6	34.3
– research and development		5.8	6.3	5.6	5.8

8 Dividends and franking credits

Dividends

Interim dividend paid^a

– fully franked		41.2	36.0	41.2	36.0
– unfranked		61.8	72.1	61.8	72.1
Interim dividend paid		103.0	108.1	103.0	108.1

Final dividend^b

– fully franked		85.3	45.8	85.3	45.8
– unfranked		36.7	68.6	36.7	68.6
Final dividend		122.0	114.4	122.0	114.4

Total dividends

		225.0	222.5	225.0	222.5
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Franking credits

Franking account balance at the end of the financial year

		26.7	70.5	13.4	27.9
Franking credits which will arise upon payment of current income tax		7.0	51.3	–	–
Franking debits which will be used upon payment of proposed final dividend		(85.3)	(45.8)	(85.3)	(45.8)

Franking credits available for the next financial year^c

		(51.6)	76.0	(71.9)	(17.9)
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a Paid on 17 December 2001, franked to 40% at corporate tax rate of 30% in 2002.

b For shares on issue as at 6 June 2002. A dividend of A\$0.13 per share, 70% franked at corporate tax rate of 30%, will be paid on 4 July 2002.

c CSR Limited and its Australian controlled entities and associates will pay sufficient tax in the next financial year to eliminate the CSR Limited and Group notional franking credit deficit.

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2002	2001	2002	2001

9 Income tax

Income tax expense

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

Profit from ordinary activities before income tax		818.5	848.2	489.8	196.9
Income tax expense calculated at 30% (2001: 34%)		245.6	288.4	146.9	66.9
Increase (decrease) in income tax expense due to					
Non-tax deductible depreciation and amortisation		18.5	19.8	1.4	1.6
Non-tax deductible other expenditure		1.4	4.3	1.0	4.2
Asset disposals and writedowns		(6.9)	(93.7)	(38.8)	0.3
Asian trading (profits) losses not recognised		(1.3)	4.2	–	–
Equity accounted associates' profit and rebates on dividends received		(11.4)	(13.5)	(63.5)	(102.8)
Research and development concessions		(0.4)	(0.5)	(0.4)	(0.4)
Tax refund on settlement on insurer in prior years ^a		(33.0)	–	(33.0)	–
Income tax (over) under provided in previous years		(1.4)	(16.8)	0.3	(7.0)
Overseas tax rate differential		35.3	3.5	–	–
Gift of shares in Sugar Terminals Limited		–	(9.4)	–	(9.4)
Other items		(2.7)	(7.2)	9.4	9.7
Total income tax expense (benefit) on profit from ordinary activities		243.7	179.1	23.3	(36.9)
Total income tax expense (benefit) comprises					
– additions to (deductions from) provision for current income tax liability		131.0	190.6	(32.1)	1.0
– additions to (deductions from) provision for deferred income tax liability		17.8	(1.8)	(6.9)	(0.3)
– deductions from (additions to) deferred income tax assets		94.9	(9.7)	62.3	(37.6)
		243.7	179.1	23.3	(36.9)

Deferred income tax assets attributable to tax losses carried forward as an asset

	106.5	143.2	–	–
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Deferred income tax assets not taken to account^b

Balance at the beginning of the financial year	84.6	97.6	31.9	16.9
Assets now taken to account	(40.4)	(45.3)	(9.0)	–
Assets not recognised	90.2	32.7	3.0	17.0
Restatement from change in income tax rates	–	(0.4)	–	(2.0)
Balance at the end of the financial year^c	134.4	84.6	25.9	31.9

a CSR Limited has been in dispute with the Australian Taxation Office (ATO) in relation to the treatment of a lump sum settlement with its insurers. In November 2001 the High Court of Australia rejected the ATO's special leave application, thereby confirming the full Federal Court decision in favour of CSR Limited. In January 2002 CSR Limited received a tax refund of A\$33.0 million plus interest of A\$11.4 million.

b Includes capital gains tax losses – Consolidated A\$112.0 million (2001: A\$62.5 million).

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

10 Net cash

Cash at banks and on hand		68.2	85.7	10.1	11.0
Short-term loans and deposits		88.4	114.5	53.1	77.0
Total cash		156.6	200.2	63.2	88.0
Bank overdraft	20	–	(0.7)	–	–
Net cash		156.6	199.5	63.2	88.0

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
11 Receivables				
CURRENT				
Trade receivables	890.5	917.6	297.2	316.5
Provision for doubtful debts	(32.6)	(47.1)	(8.9)	(19.4)
	857.9	870.5	288.3	297.1
Amounts owing by controlled entities			1,269.6	1,050.8
Provision for doubtful debts			(66.7)	(36.0)
			1,202.9	1,014.8
Loans to and receivables from associate entities	46.1	15.9	22.9	12.9
Divestment debtors	35.8	23.3	25.4	18.9
Other receivables ^a	48.6	61.7	27.3	27.5
Provision for doubtful debts	(0.4)	–	(0.4)	–
	130.1	100.9	75.2	59.3
Total current receivables	988.0	971.4	1,566.4	1,371.2
Bad debts written off				
– trade receivables	12.2	17.4	5.9	6.2
– controlled entities			–	23.0
NON-CURRENT				
Loans to employees				
– directors of controlled entities ^{b c}	0.3	0.3	0.3	0.3
– other staff	19.6	19.7	14.1	12.6
	19.9	20.0	14.4	12.9
Amounts owing by controlled entities			818.4	1,121.8
Loans to associate entities	16.1	15.2	16.1	15.2
Other loans	4.9	21.8	4.4	3.9
Term receivables	10.0	22.7	8.7	17.8
Total non-current receivables	50.9	79.7	862.0	1,171.6

a Includes net hedging gains deferred A\$5.5 million (2001: A\$ nil).

b Amounts before rounding – Consolidated A\$0.315 million (2001: A\$0.327 million), CSR Limited A\$0.315 million (2001: A\$0.327 million).

c Includes loans to executive directors of CSR Limited. Amount before rounding A\$0.007 million (2001: A\$0.007 million).
There are no outstanding loans to non-executive directors of CSR Limited.

12 Inventories

CURRENT^a				
Raw and process materials and stores	176.4	191.7	44.7	42.6
Work in progress	40.3	38.1	6.8	5.4
Finished goods	355.8	400.1	97.6	101.6
Total current inventories	572.5	629.9	149.1	149.6
NON-CURRENT				
Raw and process materials and stores ^a	29.4	13.4	6.6	7.7
Land held for sale				
– at cost	21.3	22.1	3.4	3.1
– at net realisable value	78.5	63.8	6.9	7.1
Total non-current inventories	129.2	99.3	16.9	17.9

a Valued at cost.

13 Investments accounted for using the equity method

Shares in associate companies ^{a b}	191.1	190.8	–	–
Interests in partnerships ^b	23.0	35.1	23.0	23.3
Interest in other associate entity ^b	102.5	108.9	102.5	108.9
Total investments accounted for using the equity method	316.6	334.8	125.5	132.2

a Not quoted on stock exchanges.

b Details of investments in associate entities are shown in note 36.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
14 Other financial assets				
Investment in controlled entities				
At recoverable amount				951.0
At cost			1,577.0	358.8
			1,577.0	1,309.8
Downer shares (quoted on stock exchange) ^a	-	15.0	-	-
Downer convertible notes ^a	-	38.7	-	-
Other financial assets at cost ^b	40.2	38.3	27.6	27.6
Total other financial assets	40.2	92.0	1,604.6	1,337.4

a Sold during the year.

b Not quoted on stock exchanges.

15 Property, plant and equipment^a

Land and buildings

At directors' valuation		287.1		33.4
At independent valuation		839.5		238.4
Accumulated depreciation		(7.2)		(1.3)
		1,119.4		270.5
At cost	1,128.3	3.1	279.4	2.3
Accumulated depreciation	(39.3)	-	(6.1)	-
	1,089.0	3.1	273.3	2.3
Total land and buildings^b	1,089.0	1,122.5	273.3	272.8

Plant and equipment

At recoverable amount		100.3		42.0
Assessed value of leased assets		6.9		-
Accumulated depreciation and amortisation		(48.4)		(30.6)
		58.8		11.4
At cost	5,272.9	5,130.1	1,378.0	1,305.3
Accumulated depreciation	(2,457.1)	(2,282.9)	(744.8)	(688.4)
	2,815.8	2,847.2	633.2	616.9
Total plant and equipment	2,815.8	2,906.0	633.2	628.3

Quarry and other raw material reserves

At recoverable amount		140.7		40.6
Accumulated depletion		(23.4)		(8.9)
		117.3		31.7
At cost	267.2	130.3	46.1	4.6
Accumulated depletion	(34.1)	(2.7)	(10.9)	(0.4)
	233.1	127.6	35.2	4.2
Total quarry and other raw material reserves	233.1	244.9	35.2	35.9
Total property, plant and equipment	4,137.9	4,273.4	941.7	937.0

a The economic life over which assets are depreciated is: Buildings – 1 to 46 years; Plant and equipment – 3 to 50 years; Quarry and other raw material reserves – 3 to 48 years.

The weighted average life is: Buildings – 21 years; Plant and equipment – 11 years; Quarry and other raw material reserves – 21 years.

b All land and buildings owned by the consolidated entity except land held for sale, were valued as at 31 December 2000. All independent valuations brought to account in the financial statements were carried out by Jones Lang LaSalle Pty Ltd (Australia), with the exception of: Aluminium properties – Craig Miller Pty Ltd and Edward Rushtons Pty Ltd; United States and Asian properties – American Appraisal Associates. The basis of the independent valuations was existing use, except for the sites that are considered to be surplus to CSR requirements where an open market value was used. The basis for directors' valuations was recoverable amount using discounted business cash flows.

A\$ MILLION	LAND AND BUILDINGS		PLANT AND EQUIPMENT		QUARRY AND OTHER RAW MATERIAL RESERVES	
	CONSOLIDATED	CSR LIMITED	CONSOLIDATED	CSR LIMITED	CONSOLIDATED	CSR LIMITED
16 Movements in property, plant and equipment						
Balance at the beginning of the financial year	1,122.5	272.8	2,906.0	628.3	244.9	35.9
– acquired	85.3	9.4	359.3	91.4	15.9	1.6
– disposed	(26.5)	(4.3)	(41.6)	(13.5)	(3.2)	–
– depreciation and amortisation	(33.3)	(4.6)	(303.1)	(73.0)	(9.8)	(2.3)
– foreign currency translation	(49.9)	–	(112.2)	–	(14.7)	–
– reclassifications	(9.1)	–	7.4	–	–	–
Balance at the end of the financial year	1,089.0	273.3	2,815.8	633.2	233.1	35.2

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
17 Intangibles				
Goodwill				
At recoverable amount			369.8	–
Accumulated amortisation			(181.1)	–
			188.7	–
At cost			1,356.2	1,040.6
Accumulated amortisation			(327.7)	(94.0)
			1,028.5	946.6
Total goodwill			1,028.5	1,135.3
Other intangibles				
At recoverable amount			58.5	7.3
Accumulated amortisation			(12.7)	(1.8)
			45.8	5.5
At cost			125.5	72.8
Accumulated amortisation			(42.4)	(20.4)
			83.1	52.4
Total other intangibles			83.1	98.2
Total intangibles			1,111.6	1,233.5

18 Other assets

CURRENT				
Prepayments			21.3	28.8
Deferred costs			4.2	8.8
Total other current assets			25.5	37.6
NON-CURRENT				
Deferred costs			107.2	108.7
Accumulated amortisation			(33.9)	(32.1)
			73.3	76.6
Software and system development			112.4	99.4
Accumulated amortisation			(47.0)	(36.3)
			65.4	63.1
Total other non-current assets			138.7	139.7

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
19 Current payables				
Trade payables	563.5	599.9	230.2	225.8
Other payables ^a	181.8	224.3	26.5	70.0
Amounts owing to controlled entities			947.9	675.2
Total current payables	745.3	824.2	1,204.6	971.0

a Includes net hedging losses deferred 2002: A\$ nil (2001: A\$15.4 million).

20 Interest-bearing liabilities

CURRENT

Current maturities of long-term borrowings

Secured				
– bank loans ^a	1.2	2.5	–	–
– other facilities ^a	2.7	2.2	–	–
Unsecured				
– bank loans	58.0	29.3	–	–
– other facilities	1.9	0.2	–	0.2
	63.8	34.2	–	0.2

Unsecured bank overdraft

	–	0.7	–	–
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Short-term borrowings

Unsecured				
– bank loans	34.9	34.4	–	–
– other facilities	5.3	0.8	5.3	0.8
	40.2	35.2	5.3	0.8

Total current interest-bearing liabilities	104.0	70.1	5.3	1.0
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NON-CURRENT

Long-term borrowings

Secured				
– bank loans ^a	11.1	12.7	–	–
– other facilities ^a	169.5	185.7	–	–
Unsecured				
– loans from controlled entities			871.9	1,046.9
– bonds	1,124.7	1,210.5	–	–
– commercial paper	418.6	393.1	–	–
– bank lines	47.3	413.0	–	–
– other facilities	19.5	15.0	0.3	0.1

Total non-current interest-bearing liabilities	1,790.7	2,230.0	872.2	1,047.0
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Non-current payables	43.2	33.1	0.4	0.6
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Total non-current interest-bearing liabilities and payables	1,833.9	2,263.1	872.6	1,047.6
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a Secured by charge over property, plant and equipment. The net carrying value of the assets subject to charge is A\$264.3 million.

21 Credit facilities and maturity profile

Commercial paper. CSR Limited and its controlled entities (CSR) have commercial paper programs based in the United States, Europe and Australia. These programs, which total US\$800 million (2001: US\$800 million) and A\$600 million (2001: A\$600 million) are evergreen facilities. Drawings on these programs are backed by the standby facilities referred to below. As at 31 March 2002, the equivalent of A\$419 million (2001: A\$393 million) commercial paper was on issue.

Credit standby facilities. CSR has a total of US\$650 million (2001: US\$650 million) committed standby facilities of which US\$625 million (2001: US\$465 million) was undrawn as at 31 March 2002. These facilities have fixed maturity dates ranging between June 2002 and July 2006. In addition, CSR has US\$50 million of undrawn, uncommitted bank standby facilities (2001: US\$50 million).

A\$ MILLION	CONSOLIDATED		2002	
	2002	2001	AVERAGE RATE%	YEAR OF MATURITY
Current maturities of long-term borrowings				
United States dollar debt	5.8	4.7	7.5	
Australian dollar debt	36.3	0.2	6.1	
New Taiwanese dollar debt	21.7	24.8	2.1	
Singapore dollar debt	-	4.5		
	63.8	34.2		
Long-term maturities of borrowings				
United States dollar debt				
- US bonds ^a	842.0	906.3	6.9	2004-2006
- US bonds ^a	282.7	304.3	7.7	2026
- commercial paper ^b	348.9	91.2	2.9	
- Eurocommercial paper ^b	69.7	301.9	3.5	
- bank lines ^b	47.3	376.8	3.7	
- promissory note	154.0	169.1	8.5	2015
- private placement	13.6	14.7	2.3	2007
- term payables	41.8	31.5		
- other	21.6	17.9	7.3	
Australian dollar debt				
- bank loan	-	36.2		
- other	1.6	2.1		
Thai baht debt				
- bank loans	10.7	11.1	-	2005
Total non-current interest-bearing liabilities and payables	1,833.9	2,263.1		

a Refer to note 30 for details of fixed rate debt.

b Short-term maturities are backed by long-term credit standby facilities.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
22 Provisions				
CURRENT				
Dividend	121.7	114.4	121.7	114.4
Employee entitlements	83.7	96.8	35.8	40.6
Fringe benefits tax	1.1	0.5	0.9	0.2
Restructure and rationalisation	41.4	55.1	18.0	35.9
Product liability	20.6	19.9	20.6	19.9
Restoration and environmental rehabilitation	11.7	15.1	7.7	8.8
Uninsured losses and future claims	55.4	50.8	19.6	21.8
Other	17.0	23.8	5.1	13.8
Total current provisions	352.6	376.4	229.4	255.4
NON-CURRENT				
Employee entitlements	58.7	61.6	52.7	56.6
Restructure and rationalisation	2.2	3.0	-	-
Product liability	113.0	113.0	113.0	113.0
Restoration and environmental rehabilitation	19.9	18.0	10.5	8.0
Uninsured losses and future claims	79.7	82.3	35.9	36.4
Other	0.1	0.1	0.1	-
Total non-current provisions	273.6	278.0	212.2	214.0

When announcing CSR's half yearly results in November 2000, directors advised that CSR was considering the potential impact of an accounting exposure draft on provisions. The applicable new accounting standard, AASB1044 "Provisions, Contingent Liabilities and Contingent Assets", was finally issued in October 2001. CSR is not required to adopt AASB1044 until the financial year beginning 1 April 2003, however it can adopt the new standard earlier. The new standard provides significant additional guidance and imposes new requirements for measurement of uncertain liabilities. It also provides guidance on the discounting of provisions, which will require CSR to apply a rate which is lower than the discount rate currently adopted. The directors believe that the only material effect of adopting the new standard will be on the product liability provision (mainly for asbestos claims) and have engaged actuaries to assist in estimating the provision required under AASB1044. Whilst the work is not complete, based on preliminary analysis directors estimate that application of the new standard may increase the product liability provision from A\$133.6 million at 31 March 2002 to between A\$250 million and A\$350 million. Any increase in the provision as a result of adopting the new standard will be charged directly to retained earnings. The above estimate does not reflect any material change in CSR's underlying product liability risk profile nor does it include any potential benefits from settlements with insurers.

	ORDINARY SHARES ^a		ISSUE PRICE	SHARE CAPITAL
	FULLY PAID	PARTLY PAID	AS \$	AS \$ MILLION
23 Contributed equity				
Particulars of shares issued during the year by CSR Limited				
On issue 31 March 2001	963,738,421	843,000		2,322.4
Partly to fully paid ^b	326,000	(326,000)	4.82	1.5
Executive Share Option Plan (options converted)	5,029,166	–	3.98	20.0
Universal Share/Option Plan ^c	822,100	–	4.86	4.0
Share buyback ^d	(34,081,215)	–	6.12	(208.5)
Total movements during the year	(27,903,949)	(326,000)		(183.0)
On issue 31 March 2002	935,834,472	517,000		2,139.4
Movements since year end				
Share buyback ^d	(1,100,000)	–	6.05	
On issue 21 May 2002	934,734,472	517,000		

- a Ordinary fully paid shares are listed on the Australian and London stock exchanges, and are traded in sponsored American Depositary Receipt form on the over-the-counter market in the United States. Fully paid ordinary shares carry one vote per share and the right to dividends.
- b Ordinary shares were issued between 1986 and 1990 under the now superseded Executive Share/Option Plan. The shares are partly paid to A\$0.10, are entitled to one-thirtieth of the dividend, and have no voting rights. The issue prices ranged between A\$3.00 and A\$5.35 per share.
- c Ordinary fully paid shares were issued in August, September and October 2001 under the employee Universal Share/Option Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the company. Offers of 100 or 200 fully paid shares were made to all eligible employees (6,612). 4,129 accepted the offer with 2,026 purchasing shares under the loan option and 2,103 purchasing shares under the alternative option, subscribing for 100 shares and receiving a further 100 shares at no cost.
- d On 1 June 2000 CSR commenced a twelve month share buyback of up to 10% of its fully paid shares. A total of 89.0 million shares were repurchased under the original buyback. On 1 June 2001 CSR commenced a further twelve month share buyback of up to 10% of its fully paid shares. A total of 22.7 million shares were repurchased under this further buyback.

Options^e

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

CALENDAR YEAR OF ISSUE	NO. EXECS	PRICE ^f	ORIGINAL ISSUE	ON ISSUE 31 MARCH 2001	DURING THE YEAR			ON ISSUE 31 MARCH 2002	AFTER YEAR END		ON ISSUE 21 MAY 2002
					ISSUED	CONVERTED	LAPSED		CONVERTED	LAPSED	
1998 g	50	3.86	10,100,000	5,972,500	–	(3,097,500)	(50,000)	2,825,000	–	–	2,825,000
1998 h	12	3.86	2,500,000	2,500,000	–	(700,000)	(450,000)	1,350,000	–	–	1,350,000
1999 g	123	4.40	2,790,000	2,220,000	–	(865,000)	(20,000)	1,335,000	–	–	1,335,000
1999 g	1	4.36	400,000	400,000	–	–	–	400,000	–	–	400,000
1999 g	16	3.75	480,000	235,000	–	(66,666)	–	168,334	–	–	168,334
2000 g	1	4.04	200,000	200,000	–	(50,000)	–	150,000	–	–	150,000
2000 i	145	4.47	3,080,000	2,920,000	–	(250,000)	(265,000)	2,405,000	–	–	2,405,000
2000 i	3	4.65	410,000	410,000	–	–	–	410,000	–	–	410,000
2001 i j	3	6.44	215,000	–	215,000	–	–	215,000	–	–	215,000
2001 i j	147	7.03	3,180,000	–	3,180,000	–	(60,000)	3,120,000	–	–	3,120,000
2001 i j	3	6.62	315,000	–	315,000	–	–	315,000	–	–	315,000
Total				14,857,500	3,710,000	(5,029,166)	(845,000)	12,693,334	–	–	12,693,334

e The holders of the options do not have any right, by virtue of the options, to participate in any share or other interest issue of CSR or any other body corporate, but the amount payable on exercise or number of shares issued may be varied as a result of pro-rata rights or bonus issues.

f The issue price is the CSR share market price at the time of each issue, hence no cost was recognised in the statement of financial performance.

g Options issued under the Executive Share Option Plan approved at the 1998 annual general meeting. Options have been issued in 1998, 1999 and June 2000 and are eligible for conversion progressively over varying periods as from mid 2000 to mid 2005. The conversion of each portion of options to shares is conditional on the percentage growth in the cumulative value of a notional investment in CSR exceeding the growth of an equivalent investment in the ASX All Industrials Accumulation Index, measured over defined periods. Options are issued at the CSR share market price at the time of the issue. The obligation to pay this amount is deferred until these options are exercised or lapse.

h Options issued to Rinker Materials Corporation executives on the same basis as set out in note g above, except that the options are paid to A\$0.01 with the balance of the issue price payable when the options are exercised.

i Options issued under the Executive Share Option Plan approved at the 1998 annual general meeting and amended at the 2000 annual general meeting. Options have been issued in August 2000, December 2000, June 2001, August 2001 and December 2001 and are eligible for conversion progressively over varying periods as from mid 2002 to end 2005. The conversion of options to shares is conditional on the percentage growth in the cumulative value of a notional investment in CSR exceeding the growth of an equivalent investment in the ASX All Industrials Accumulation Index (including manufacturing and industrial organisations, but excluding such companies as banks, finance, insurance, investment, financial services, media, property trusts, telecommunications, leisure and tourism), measured over defined periods. Options are issued at the CSR share market price at the time of the issue. The obligation to pay this amount is deferred until these options are exercised or lapse.

j In 2001, 3,710,000 options were offered to 153 executives.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
24 Reserves				
Capital	30.0	30.8	100.7	100.7
Foreign currency translation	251.1	356.0	0.9	0.9
Total reserves	281.1	386.8	101.6	101.6
Movements in capital reserves				
Balance at the beginning of the financial year	30.8	39.2	100.7	105.4
Transfers to retained earnings	(0.8)	(3.9)	-	-
Decrease in asset revaluation reserve ^a	-	(4.5)	-	(4.7)
Balance at the end of the financial year	30.0	30.8	100.7	100.7
Movements in foreign currency translation reserve				
Balance at the beginning of the financial year	356.0	112.3	0.9	0.9
Exchange differences relating to overseas net assets				
- net (loss) gain on translation	(130.2)	330.2	-	-
- net gain (loss) on hedge transactions	25.3	(88.9)	-	-
	(104.9)	241.3	-	-
Transfers from retained earnings	-	2.4	-	-
Balance at the end of the financial year	251.1	356.0	0.9	0.9

a Asset writedowns to recoverable amount and results of group-wide land and buildings revaluation exercise.

25 Outside equity interests in controlled entities

Contributed equity	73.4	74.1		
Reserves	4.2	4.2		
Retained profits	4.0	19.6		
Total outside equity interests in controlled entities	81.6	97.9		

26 Interest in joint venture operation

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

Current assets				
- cash	0.8	-	-	-
- receivables	0.6	1.2	-	-
- inventories	23.0	22.3	-	-
- other	0.7	0.4	-	-
	25.1	23.9	-	-
Non-current assets				
- receivables	0.2	0.2	-	-
- property, plant and equipment	308.0	324.4	-	-
- other	13.7	14.0	-	-
	321.9	338.6	-	-
Total assets	347.0	362.5	-	-
Current liabilities	(27.0)	(25.3)	-	-
Non-current liabilities	(2.2)	(2.4)	-	-
Total liabilities	(29.2)	(27.7)	-	-
Net assets	317.8	334.8	-	-
Contracted capital expenditure	4.8	4.5	-	-
Contingent liabilities	-	-	-	-

a CSR's joint venture interest of 36.1% (2001: 36.1%) is held through a controlled entity in which CSR has a 70% interest.

b Principal activity: Aluminium.

A\$ THOUSAND	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
27 Directors' and executives' remuneration ^{a b}				
Aggregate income paid or payable, or otherwise made available, to directors of				
– CSR Limited	13,349	9,559	13,349	9,559
– controlled entities ^c	4,308	4,415		
	17,657	13,974	13,349	9,559
Australian executives whose total income equals or exceeds A\$100,000 ^d	28,433	23,106	28,006	22,692

	CONSOLIDATED		CSR LIMITED		CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001	2002	2001	2002	2001

The number of CSR Limited directors and Australian executives whose total income fell within the following bands^d

Directors (A\$)	Directors (A\$)		Directors (A\$)		Directors (A\$)		Directors (A\$)	
1 to 9,999		2						1
60,000 to 69,999	1	2						1
70,000 to 79,999	3	2						1
80,000 to 89,999	1							1
120,000 to 129,999	1						1	
170,000 to 179,999		2						1
180,000 to 189,999	1							1
200,000 to 209,999		1						1
220,000 to 229,999		1						1
Australian executives (A\$)	Australian executives (A\$)		Australian executives (A\$)		Australian executives (A\$)		Australian executives (A\$)	
100,000 to 109,999	1	1			1		1	
120,000 to 129,999		1	1		4	1	4	1
140,000 to 149,999		1	1			2		2
160,000 to 169,999	1	2	1	2		1		1
170,000 to 179,999	1	3	1	3	1		1	
180,000 to 189,999	1	1	1	1		1		1
190,000 to 199,999	4	1	4			1		1
200,000 to 209,999	4	1	4	1	1		1	
210,000 to 219,999	4	1	2	1	1	3	1	3
220,000 to 229,999	3	3	3	2	1		1	
230,000 to 239,999	3	3	3	3		1		1
240,000 to 249,999	1	1	1	1		1		1
250,000 to 259,999	2	4	2	4	1		1	
260,000 to 269,999	1		1			1		1
270,000 to 279,999	2	3	2	3	1		1	
280,000 to 289,999		3		3	1		1	
290,000 to 299,999	5	1	5	1	1		1	
300,000 to 309,999	2	1	2	1	1		1	
310,000 to 319,999		2		2	1		1	
330,000 to 339,999	1		1			1		1
340,000 to 349,999		1		1	1	1	1	1
350,000 to 359,999		1		1		1		1
360,000 to 369,999	2		2		1		1	
370,000 to 379,999	2	5	2	5	1		1	
380,000 to 389,999	1		1			1		1
390,000 to 399,999	1	1	1	1	1		1	

a Total remuneration for each director and executive includes salary, bonus, superannuation, retirement payments and other benefits, but excludes possible benefits arising from executive directors' and executives' participation in the Executive Share Option Plan as the exercise price of options issued is the market price at the time of issue. Refer to note 23.

b Included in the statement of financial position is a provision for the retirement allowances of CSR Limited non-executive directors. This provision has decreased from A\$1.101 million as at 31 March 2001 to A\$0.740 million as at 31 March 2002.

c Includes executive directors of partly-owned controlled entities.

d Number of Australian executives 61 (2001: 56). Average remuneration A\$466,114 (2001: A\$412,607). The definition of executive is "Employees responsible for the strategic direction and operational management of the company".

A\$ THOUSAND	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001

28 Auditors' remuneration

Auditing and reviewing the financial report of the parent entity (including the consolidated entity) and each controlled entity

Auditor of parent entity				
– Deloitte Touche Tohmatsu in Australia	1,111	912	726	704
Other auditors				
– Deloitte Touche Tohmatsu excluding Australia	1,211	1,328	–	–
	2,322	2,240	726	704
Other services				
– Deloitte Touche Tohmatsu in Australia	446	784	385	584
– Deloitte Touche Tohmatsu excluding Australia	1,696	823	–	–
	2,142	1,607	385	584
Total auditors' remuneration	4,464	3,847	1,111	1,288
Other services comprise:				
– internal audit	25	12	25	12
– taxation strategy and compliance ^a	1,696	823	–	–
– completion audits	45	120	–	–
– accounting advice	46	122	30	42
– actuarial services	301	500	301	500
– other	29	30	29	30
	2,142	1,607	385	584

a During the year ended 31 March 2002, additional one-off assistance was provided in relation to the tax position of major acquisitions in the prior year.

A\$ MILLION

29 Foreign currency balances not effectively hedged

The Australian dollar equivalents of foreign currency balances not effectively hedged are included in the financial statements as follows

United States dollars				
Current assets	665.9	667.6	18.9	25.4
Non-current assets	3,556.6	3,813.5	–	–
Current liabilities	(527.9)	(600.0)	(2.4)	(8.5)
Non-current liabilities	(2,137.0)	(2,722.5)	(285.8)	(503.1)
	1,557.6	1,158.6	(269.3)	(486.2)
Other currencies				
Current assets	115.0	120.6	1.0	5.6
Non-current assets	109.7	125.3	–	–
Current liabilities	(141.2)	(115.8)	–	–
Non-current liabilities	(11.3)	(47.4)	–	–
	72.2	82.7	1.0	5.6

30 Financial Instruments

CSR Limited and its controlled entities (CSR) use a variety of derivative instruments to manage financial and commodity price risks. CSR does not use or issue derivative or financial instruments for speculative or trading purposes.

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

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

Credit exposure of interest rate, foreign currency and commodity price derivatives is represented by the net fair value of the contracts. The carrying amounts of financial assets included in CSR's financial statements represent CSR's exposure to credit risk in relation to these assets.

As at 31 March 2002, CSR had no significant concentration of credit risk for derivative instruments with any single counterparty or group of counterparties. Concentrations of credit risk with respect to receivables are limited due to the large number of clients and markets in which CSR does business, as well as the dispersion across many geographic areas.

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

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

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

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

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

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

Commodity price sensitivity and risk management. CSR has exposure to aluminium commodity prices arising from sales contracts that commit CSR to supply this commodity in future years. Prices for product supplied under these contracts are a function of the US dollar market price at the time of delivery. CSR also has exposure to sugar prices through its raw sugar milling activities. CSR receives its share of Australian dollar pool price revenue derived by Queensland Sugar Ltd based on its sugar price and foreign exchange hedging activities. CSR uses a variety of derivative instruments to manage its commodity price exposure with the objective of ensuring more predictable revenue cash flows. CSR has a policy of maintaining a minimum, but declining level of hedging over the next four years by the use of commodity price swaps and options. Sugar price hedging is predominantly carried out by Queensland Sugar Ltd for a maximum term usually of 18 months. Limited additional hedging for a longer term has been undertaken by CSR when an acceptable price outcome could be achieved.

Commodity price risk exposures A\$ MILLION	AVERAGE PRICE ^a	PRINCIPAL / MATURITIES			TOTAL	NET FAIR VALUE	
		1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS		ASSET	LIABILITY
2002							
Aluminium							
LME aluminium futures contracts ^e – Sell	1,488.7 ^b	–	12.7	–	12.7	0.2	–
Aluminium commodity swaps ^e	1,533.4 ^b	253.2	356.1	–	609.3	38.3	0.3
Raw sugar							
Commodity swaps ^e							
– US\$ raw sugar	8.27 ^c	12.1	1.2	–	13.3	4.4	–
– A\$ raw sugar	12.46 ^d	9.5	1.0	–	10.5	1.7	–
Total						44.6	0.3
2001							
Aluminium							
LME aluminium futures contracts – Sell	1,531.5 ^b	23.4	–	–	23.4	0.9	0.3
Aluminium commodity swaps	1,544.4 ^b	286.4	487.4	–	773.8	29.5	5.8
Raw sugar							
Commodity swaps							
– US\$ raw sugar	8.55 ^c	12.6	12.3	–	24.9	3.7	–
– A\$ raw sugar	12.82 ^d	9.8	9.6	–	19.4	–	2.7
Commodity options							
– Purchased US\$ raw sugar	11.00 ^d	0.9	–	–	0.9	–	–
– Sold US\$ raw sugar	14.40 ^d	1.1	–	–	1.1	–	0.1
Total						34.1	8.9

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

b United States dollars per metric tonne.

c United States cents per pound.

d Australian cents per pound.

e A\$44.3 million of commodity contract assets have been deferred or not recognised as they relate to hedges of anticipated transactions. The expected timing of recognition based on the fair values as at 31 March 2002 are 1 year or less A\$29.7 million and 1 to 5 years A\$14.6 million.

Foreign exchange sensitivity and risk management. CSR is party to a variety of foreign exchange risk management instruments, such as currency swaps, forward contracts and currency options. These instruments are used to hedge foreign currency denominated receipts resulting from revenue denominated in foreign currencies (principally US dollar, in respect of aluminium sales), payments for some raw materials, capital equipment, liabilities and assets. CSR uses a variety of derivative instruments in the management of its foreign exchange exposure with the objective of achieving more continuity in its Australian dollar equivalent revenues.

CSR's major foreign currency exposure relates to its aluminium commodity price exposure and consequently it has a currency hedging policy associated with the commodity price hedging policy, that is, minimum but declining levels of hedging over the next four years by the use of forward exchange rate agreements and currency options. Any sugar price hedging undertaken directly by CSR (noted previously) is also matched with currency hedging.

Other foreign exchange revenues are relatively small and policy only requires hedging a minimum amount of these exposures for a period of 12 to 18 months. Policy requires that foreign currency denominated purchases of capital equipment be fully hedged to the domestic currency to eliminate all such currency exposure. Similarly, policy also requires that foreign currency assets and liabilities are fully hedged to the relevant entity's domestic currency. A long-term US dollar bond issue, which is used by CSR to hedge its investment in Rinker Materials Corporation is excluded from this policy.

The table below provides information about CSR's significant exchange rate exposure.

Foreign exchange risk exposure A\$ MILLION	AVERAGE EXCHANGE RATE ^a	PRINCIPAL / MATURITIES				CARRYING AMOUNT		NET FAIR VALUE	
		1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY	ASSET	LIABILITY
2002									
US DOLLAR									
Forward exchange rate agreements^b									
Receive US\$	0.59	41.6	40.6	-	82.2	-	-	12.3	0.1
Pay US\$	0.54	660.3	504.8	-	1,165.1	5.8	0.1	15.6	64.4
Currency options^b									
Purchased US\$ puts against A\$	0.54	1.9	-	-	1.9	-	-	-	-
Sold US\$ calls against A\$	0.50	1.9	-	-	1.9	-	-	-	0.1
NZ DOLLAR									
Forward exchange rate agreements^b									
Pay NZ\$	1.21	9.1	-	-	9.1	-	-	-	-
Cross currency interest rate swap									
Pay NZ\$	1.14	38.7	-	-	38.7	0.1	0.1	2.7	-
EURO									
Forward exchange rate agreements^b									
Receive Euro	0.61	2.9	-	-	2.9	-	-	0.1	-
Total						5.9	0.2	30.7	64.6
2001									
US DOLLAR									
Forward exchange rate agreements									
Receive US\$	0.55	199.7	72.8	-	272.5	-	-	30.9	-
Pay US\$	0.56	978.7	603.2	-	1,581.9	-	-	-	219.4
Currency options									
Purchased US\$ puts against A\$	0.58	8.6	1.9	-	10.5	-	-	0.1	-
Sold US\$ calls against A\$	0.56	1.6	2.0	-	3.6	-	-	-	0.1
NZ DOLLAR									
Forward exchange rate agreements									
Pay NZ\$	1.22	8.2	-	-	8.2	-	-	-	0.1
Cross currency interest rate swap									
Pay NZ\$	1.14	-	38.7	-	38.7	-	0.1	3.0	-
EURO									
Forward exchange rate agreements									
Receive Euro	0.63	7.8	-	-	7.8	-	-	1.0	-
Total							0.1	35.0	219.6

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

b A\$42.2 million of foreign exchange contract liabilities have been deferred or not recognised as they relate to hedges of anticipated transactions. The expected timing of recognition based on the fair values as at 31 March 2002 are 1 year or less A\$34.7 million and 1 to 5 years A\$7.5 million.

Net fair values A\$ MILLION	CARRYING AMOUNT				NET FAIR VALUE			
	ASSET		LIABILITY		ASSET		LIABILITY	
	2002	2001	2002	2001	2002	2001	2002	2001
Other investments	40.2	92.0			40.2	92.0		
Current payables			745.3	824.2			745.3	824.2
Non-current payables			43.2	33.1			43.2	33.1
Total	40.2	92.0	788.5	857.3	40.2	92.0	788.5	857.3

30 Financial Instruments (continued)

Interest rate sensitivity and risk management. CSR enters into a variety of derivative instruments in the management of interest rate exposure with the objective of obtaining lower funding costs and a more stable and predictable interest expense. CSR has a policy to maintain the percentage of fixed and variable rate debt within controlled limits. Interest rate swaps and options are entered into to maintain the mix of fixed and variable rate debt. The table below provides information about CSR's interest rate exposure and should be read in conjunction with note 21.

Interest rate risk exposure A\$ MILLION	WEIGHTED AVERAGE		PRINCIPAL / MATURITIES				CARRYING AMOUNT		NET FAIR VALUE	
	TERM IN YEARS	RATE %PA ^a	1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY	ASSET	LIABILITY
2002										
Long-term debt										
Fixed rate US\$ debt	8.5	7.3	-	842.0	437.8	1,279.8	-	1,296.8	-	1,332.9
Floating rate US\$ debt	4.1	2.1	-	500.0	-	500.0	-	500.6	-	500.6
Floating rate THB debt	2.8	-	-	10.7	-	10.7	-	10.7	-	10.7
Short-term debt										
Fixed rate A\$ debt	0.5	6.1	38.7	-	-	38.7	-	38.8	-	39.0
Fixed rate CNY debt	0.9	5.7	9.8	-	-	9.8	-	9.9	-	9.9
Fixed rate MYR debt	0.2	8.0	20.4	-	-	20.4	-	20.5	-	20.5
Floating rate US\$ debt	-	-	5.8	-	-	5.8	-	5.8	-	5.8
Floating rate A\$ debt	-	-	3.0	-	-	3.0	-	3.0	-	3.0
Floating rate NTD debt	-	1.9	21.7	-	-	21.7	-	21.7	-	21.7
Floating rate SGD debt	0.3	1.6	4.6	-	-	4.6	-	4.6	-	4.6
Term payables and other	-	-	-	43.4	-	43.4	-	43.4	-	43.4
Cash at bank and on deposit	-	-	156.6	-	-	156.6	156.6	-	156.6	-
Total							156.6	1,955.8	156.6	1,992.1
Interest rate derivatives										
US dollar interest rate swaps										
Fixed rate payer against LIBOR	1.3	5.7	94.6	141.9	-	236.5	0.1	0.2	-	6.4
Fixed rate receiver against LIBOR	1.9	6.9	-	189.2	-	189.2	1.1	0.4	10.1	-
US dollar interest rate basis swaps										
Floating rate payer against US\$ LIBOR	1.9	2.1	-	94.6	-	94.6	0.2	0.2	-	0.1
US dollar interest rate swaptions										
US\$ interest rate swaptions purchased	0.1	5.2	94.6	-	-	94.6	-	-	-	0.3
US\$ interest rate swaptions sold	0.1	4.6	94.6	-	-	94.6	-	-	0.2	-
Australian dollar interest rate swaps										
Fixed rate receiver against A\$ bank bills	1.1	6.0	10.0	10.0	-	20.0	0.1	-	0.2	-
Total							1.5	0.8	10.5	6.8
2001										
Long-term debt										
Fixed rate US\$ debt	9.5	7.3	-	906.3	471.3	1,377.6	-	1,395.9	-	1,521.7
Fixed rate A\$ debt	1.5	6.1	-	38.3	-	38.3	-	38.8	-	39.5
Floating rate US\$ debt	3.4	5.3	57.1	731.2	14.7	803.0	-	804.9	-	804.3
Floating rate THB debt	3.8	-	-	11.1	-	11.1	-	11.2	-	11.2
Short-term debt										
Fixed rate CNY debt	0.9	5.9	10.6	-	-	10.6	-	10.7	-	10.7
Fixed rate MYR debt	1.2	8.0	22.1	-	-	22.1	-	22.3	-	22.3
Floating rate US\$ debt	-	-	4.7	-	-	4.7	-	4.7	-	4.7
Floating rate A\$ debt	-	-	1.7	-	-	1.7	-	1.7	-	1.7
Floating rate NTD debt	-	3.7	24.8	-	-	24.8	-	24.9	-	24.9
Floating rate SGD debt	0.1	2.8	6.2	-	-	6.2	-	6.2	-	6.2
Term payables and other	-	-	-	33.1	-	33.1	-	33.1	-	33.1
Cash at bank and on deposit	-	-	200.2	-	-	200.2	200.2	-	200.2	-
Total							200.2	2,354.4	200.2	2,480.3
Interest rate derivatives										
US dollar interest rate swaps										
Fixed rate payer against LIBOR	1.7	5.7	152.7	254.6	-	407.3	0.6	0.6	-	4.7
Fixed rate receiver against LIBOR	3.6	6.9	-	804.5	-	804.5	7.7	6.3	38.5	-
Australian dollar interest rate swaps										
Fixed rate receiver against A\$ bank bills	2.1	6.0	-	20.0	-	20.0	0.1	-	0.4	-
Total							8.4	6.9	38.9	4.7

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

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
31 Contracted capital expenditure				
Estimated capital expenditure contracted for at balance date but not provided for				
Payable within one year – CSR Limited and its controlled entities	26.0	65.4	6.6	9.5
Payable within one year – associate entities	3.6	2.3	–	–
Total contracted capital expenditure	29.6	67.7	6.6	9.5

32 Contracted lease and hire expenditure

Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements

– land and buildings	95.6	114.8	56.9	63.4
– quarry and other raw material reserves	7.9	5.1	5.4	3.8
– plant and equipment	28.4	32.1	11.8	8.9
	131.9	152.0	74.1	76.1

Contracted lease and hire expenditure comprises

Operating leases				
Non-cancellable payable				
– within 1 year	33.5	38.2	14.0	16.7
– between 1 and 2 years	23.3	31.5	12.0	13.9
– between 2 and 5 years	44.2	52.7	26.0	27.3
– after 5 years	16.1	18.5	7.7	12.6
	117.1	140.9	59.7	70.5

Other payable				
– within 1 year	3.8	2.2	3.5	1.5
– between 1 and 2 years	3.0	1.9	3.0	1.3
– between 2 and 5 years	6.9	4.6	6.8	2.6
– after 5 years	1.1	2.4	1.1	0.2
	14.8	11.1	14.4	5.6

Total operating lease and hire expenditure	131.9	152.0	74.1	76.1
Total minimum finance lease payments	3.9	5.7	–	–
Less amounts provided for in the financial statements				
– current lease liabilities	1.6	1.1	–	–
– non-current lease liabilities	2.3	4.6	–	–
Finance lease expenditure not otherwise provided for in the financial statements	–	–	–	–
Total contracted lease and hire expenditure not otherwise provided for in the financial statements	131.9	152.0	74.1	76.1

The total of minimum rentals to be received in the future under non-cancellable subleases as at 31 March 2002 is not material. Contingent rentals for 2002 and 2001 financial years were not material.

The leases on most of the company's rental premises contain renewal options. The company's decision to exercise renewal options is primarily dependant upon the level of business conducted at the location and the profitability thereof.

33 Non-cash financing and investing activities

During the year ended 31 March 2002, CSR Limited issued shares to employees of CSR Limited and its controlled entities under the terms of the Universal Share/Option Plan. These shares were funded by employee loans of A\$2.6 million (2001: A\$1.7 million) from CSR Limited.

During the year ended 31 March 2001, CSR Limited was gifted shares in Sugar Terminals Limited which CSR Limited valued at A\$27.5 million. The receipt of these shares has been recorded as revenue and recognised as an asset.

During the year ended 31 March 2001, the purchase of the assets of a controlled entity was partially financed by the assumption of a A\$158.4 million debt in the controlled entity.

34 Related party information

During the year CSR Limited advanced and repaid loans, sold and purchased goods and services and provided accounting and administrative assistance to its wholly-owned controlled entities.

All transactions with related parties except for certain intragroup loans, are on commercial terms and conditions. Except for the amounts disclosed in the equity accounting information note 36, no material amounts were receivable from, or payable to, related parties as at 31 March 2002, and no material transactions with related parties occurred during the year.

Directors and director-related entities

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

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

Loans to directors

Aggregate repayments of A\$0.004 million (2001: A\$0.006 million) were received from the following directors of CSR Limited and its controlled entities during the year: G Livingstone, BM Mann, SA Quay, PW Trimble.

Employee share plan interest free loans to directors

Aggregate loans of A\$0.040 million (2001: A\$0.029 million) were made to, and aggregate repayments of A\$0.058 million (2001: A\$0.048 million) were received from, the following directors of CSR Limited and its controlled entities during the year:

RA Albano, CJ Barry, MO Bateman, PJ Bremner, AN Brennan, MB Buckland, JE Burman, MJ Canny, KR Carew, AB Carlton, DV Clarke, KN Commins, JH Crossley, JL Davies, MR Day, FT Dooley, AP Driver, RE Elliott, DJ Ellis, ID Forrest, BJ Fowler, DA Fuller, RG Gellweiler, FN Gosling, CJ Grubb, RJ Halbert, M Hollingsworth, EK Ip, PG James, HF Leong, G Livingstone, NH Lowndes, BM Mann, RJ McGregor, PM McGuigan, JV McKay, IM McMaster, KR Merton, R Michel, NF Miller, PR Nettheim, WC Ong, GF Pettigrew, CW Power, JC Prior, SA Quay, MJ Ring, DE Ryerson, IR Sampson, PA Simpson, EA Smith, M Sneddon, CT Soh, PD Stone, BE Stump, VC Thomas, DJ Timms, PW Trimble, AR Vivian, SP Vlam, PG Wakeham, CD Wallace, KH Watson Sr, KH Watson Jr, WH Webb, JB Wilcox.

Transactions with directors and director-related entities

Related entities of A Codina, a non-executive director of Rinker Materials Corporation received fees and commissions to jointly develop land that was held by a controlled entity of Rinker Materials Corporation (2002: US\$ nil; 2001: US\$17,887). Related entities of A Codina entered into a contract in August 1999, for the purchase of land from a controlled entity of Rinker Materials Corporation at a price of A\$8,930,254 (US\$5,685,000), which was based upon two independent valuations and which was secured by a mortgage of A\$6,200,145 (US\$3,947,000) at an interest rate of 10% per annum. For the year ended 31 March 2002 mortgage repayments of A\$5,303,604 (US\$2,819,926) have been received. The mortgage was fully discharged on 31 August 2001. For the year ended 31 March 2002 interest of A\$277,222 (US\$141,383) had been received (2001: US\$318,447) on the mortgage and at 31 March 2002 there were no outstanding interest obligations (2001: US\$23,950). All interest and principal were received when due.

A Ireland, a non-executive director of Rinker Materials Corporation, received A\$175,987 (US\$90,000) for consulting services (2001: US\$90,000).

A related entity of M Lai, an executive director of CSR controlled entities, purchased goods valued at A\$93,277 (2001: A\$112,755) from, and sold goods valued at A\$114,108 (2001: A\$458,983) to, a CSR controlled entity.

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

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

	NUMBER OF SHARES				NUMBER OF OPTIONS				
	31 MARCH 2001	ACQUIRED	SOLD	31 MARCH 2002	31 MARCH 2001	ISSUED	LAPSED	EXERCISED	31 MARCH 2002
Shareholdings of directors and director-related entities									
John Arthur	4,000	4,412	–	8,412^b					
John Ballard ^a	–	10,000	–	10,000					
Ian Blackburne	21,000	1,000	–	22,000					
Alec Brennan	318,220	250,000	–	568,220	500,000	100,000	–	200,000	400,000
Ian Burgess	130,437	–	–	130,437^c					
David Clarke	88,294	–	–	88,294	400,000	–	–	–	400,000
Carolyn Hewson	16,155	3,621	–	19,776^b					
Peter Kirby	667,881	417,335	–	1,085,216	700,000	225,000	–	250,000	675,000
Robert McLean	15,410	1,250	–	16,660^d					
John Morschel	20,382	8,729	–	29,111^b					
Jim Osborne	134,533	–	–	134,533^e	500,000	100,000	–	–	600,000^e
John Wylie	12,000	9,088	–	21,088^b					

a Appointed 21 May 2001.

b In April 2002, under the Employee Share Acquisition Plan, the following shares were acquired: John Arthur (479), Carolyn Hewson (320), John Morschel (879) and John Wylie (1,132).

c Balance at date of retirement, 1 May 2001.

d Balance at date of retirement, 19 July 2001.

e Balance at date of retirement, 10 September 2001.

35 Superannuation commitments

CSR Limited and its controlled entities (CSR) participate in a number of superannuation funds in Australia, New Zealand, the United States and other countries where it operates. The funds provide benefits either on a defined benefit or cash accumulation basis, for employees on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees.

However, CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian Superannuation Guarantee legislation.

Asset backing

The assets of the funds were sufficient to satisfy all benefits which would have been vested in the event of termination of the funds, or in the event of the voluntary or compulsory termination of the employment of each employee with the exception of the Rinker Materials Corporation Pension Plan where the actuary has estimated a shortfall of A\$3.2 million. This deficit is to be funded progressively by Rinker Materials Corporation.

Accumulation funds

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

Defined benefit funds

The benefits provided by defined benefit funds are based on length of service or membership and salary of the member at or near retirement. Member contributions, based on a percentage of salary, are specified by the rules of the fund.

Employer contributions generally vary based on actuarial advice and may be reduced or even cease when a fund is in actuarial surplus. These contributions are expensed in the period they are incurred.

Defined benefit funds sponsored by CSR A\$ MILLION	ACCRUED BENEFITS	MARKET VALUE OF ASSETS	SURPLUS (DEFICIT)	VESTED BENEFITS	EMPLOYER CONTRIBUTIONS FOR THE YEAR	
					PAID	PAYABLE
CSR Australian Superannuation Fund Defined Benefit Division ^{a b}	151.3	170.6	19.3	151.9	2.9	–
Monier PGH Superannuation Fund Defined Benefit Division ^c	43.9	53.4	9.5	47.3	3.2	0.3
Rinker Materials Corporation Pension Plan ^d	19.5	16.3	(3.2)	18.2	1.4	–
Rinker Materials Corporation Retirement Income Plan ^d	26.7	28.6	1.9	26.4	–	–

a These amounts are calculated as at 31 March 2002, based on the assumptions used for the last actuarial review which was performed as at 30 June 2001.

b There is an enforceable obligation for CSR Limited to contribute such amounts as to ensure that the assets attributable to the Defined Benefit Division (DBD) of the CSR Australian Superannuation Fund are not less than 120% of the amount required to meet the actuarial liabilities of the DBD. Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2002. As at 31 March 2002, the assets of the CSR Australian Superannuation Fund attributable to the DBD were 113% of the corresponding actuarial liabilities. CSR Limited has made available to the Trustee of the Fund a bank guarantee to satisfy its commitment to maintain the assets of the DBD at a minimum of 120% of actuarial liabilities.

c Last actuarial review performed on 1 July 1999.

d Last actuarial review performed on 1 January 2001.

	OWNERSHIP INTEREST		CARRYING AMOUNT		
	2002 %	2001 %	2002 A\$ MILLION	2001	
36 Equity accounting information					
Name of entity	Principal activity				
Australian Cement Holdings Pty Ltd	cement manufacture	50	50	136.9	138.5
New Zealand Sugar Company Limited	sugar refining	50	50	19.8	19.0
Metromix Pty Ltd	pre-mixed concrete	50	50	13.4	13.2
Czarnikow Pty Ltd ^a	sugar brokering	43	43	10.7	10.2
Other immaterial associates				10.3	9.9
Associate companies				191.1	190.8
Sugar Australia joint venture ^b	sugar refining	50	50	102.5	108.9
CSR Emoleum ^a	road resurfacing	50	50	19.2	19.0
Other immaterial partnerships				3.8	16.1
Partnerships				23.0	35.1
Total associate entities				316.6	334.8

A\$ MILLION	CONSOLIDATED	
	2002	2001
Equity accounted amount of investments at the beginning of the financial year	334.8	316.5
Share of associate entities' profit from ordinary activities before income tax	61.5	65.4
Share of income tax	(16.1)	(16.0)
Dividends and distributions received	(51.8)	(37.3)
Additional capital investment	-	9.4
Acquisition by CSR of a controlling interest	(11.8)	-
Return of investment	-	(5.6)
Foreign currency translation	-	2.4
Equity accounted amount of investments at the end of the financial year	316.6	334.8
Share of reserves attributable to associate entities		
Retained profits ^c	49.1	50.6
Asset revaluation reserves ^c	0.5	0.5
Summarised financial position of associate entities		
Assets		
- cash	61.2	58.1
- other current assets	468.7	477.6
- property, plant and equipment	599.1	636.7
- other non-current assets	27.6	25.5
Liabilities		
- current accounts payable	(171.5)	(185.2)
- current borrowings and other liabilities	(149.1)	(140.8)
- non-current liabilities	(197.2)	(192.4)
Net assets	638.8	679.5

a The year end is 31 December.

b CSR's share of revenue was A\$212.8 million (2001: A\$182.9 million) and share of expenses was A\$203.6 million (2001: A\$171.5 million).

c The opening balances for the year ended 31 March 2001 were: retained profits A\$45.5 million and asset revaluation reserves A\$0.5 million.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
Balances and transactions with associate entities				
Current loans and receivables	46.1	15.9	22.9	12.9
Non-current loans and receivables	16.1	15.2	16.1	15.2
New loans and receivables	77.9	-	40.7	-
Loans and receivables repaid	46.8	-	29.8	-
Current payables	32.7	25.0	32.7	25.0
New borrowings	43.8	-	43.8	-
Borrowings repaid	39.3	-	39.3	-
Purchases of goods and services	134.6	143.3	134.6	143.3
Sales of goods and services	43.3	45.1	43.3	45.1
Capital repaid	-	5.6	-	-
Dividends and distributions received and receivable	51.8	37.3	-	-
Other ^d	0.7	0.2	0.2	-

^d Other includes interest rate financial instruments entered into by Australian Cement Holdings Pty Ltd with a controlled entity of CSR to lock in a fixed rate of interest on borrowings. The notional principal of the interest rate financial instruments was A\$20 million (2001: A\$20 million) and they are on commercial terms and conditions. As at 31 March 2002, interest receivable was A\$52,430 (2001: A\$55,619) and interest payable was A\$38,551 (2001: A\$46,915). Net interest received during the year was A\$255,908 (2001: A\$173,691).

A\$ MILLION	DATE ACQUIRED	%	CONSIDERATION	NET TANGIBLE ASSETS
37 Acquisitions and disposals of controlled entities and businesses				
Controlled entities acquired^a				
Oz Sands International Pty Ltd	13 February 2002	100	0.4	0.4
Businesses acquired during the year^b				
			158.1	94.1
			158.5	94.5

	PROFIT (LOSS) ON DISPOSAL	NET TANGIBLE ASSETS
Businesses disposed during the year^b		
	-	29.3

Value of net assets of controlled entities and businesses acquired/disposed	CONSOLIDATED ACQUISITIONS		CONSOLIDATED DISPOSALS	
	2002	2001	2002	2001
Cash	-	0.4	-	10.7
Receivables	6.2	83.2	-	117.4
Inventories	10.3	62.0	1.1	29.8
Other current assets	0.2	2.4	-	-
Investments	-	-	-	1.0
Property, plant and equipment	86.6	426.2	28.2	209.7
Intangibles	-	37.5	-	0.2
Other non-current assets	-	61.8	-	19.8
Payables	(8.1)	(48.0)	-	(118.4)
Interest-bearing liabilities	-	(165.2)	-	(1.0)
Provisions	(0.7)	(39.8)	-	(52.7)
Outside equity interests	-	-	-	(36.4)
	94.5	420.5	29.3	180.1
Goodwill acquired/disposed	64.0	673.0	-	12.8
Divestment expenses/provisions			-	55.3
Profit on disposal			-	233.1
Total consideration	158.5	1,093.5	29.3	481.3
Cash balances acquired/disposed	-	(0.4)	-	(10.7)
Gove Aluminium Ltd sale hedge costs			(27.2)	-
Change in divestment receivables and payables			13.4	313.1 ^c
Total flow of cash	158.5	1,093.1	15.5	783.7

^a Operating results of the entities acquired are included in the statement of financial performance from the date acquired.

^b Businesses acquired (disposed) during the year, which were mainly in Rinker Materials Corporation, have been absorbed into (deducted from) the existing company structure.

^c Includes cash consideration received for Timber Products businesses disposed in the preceding financial year.

	COUNTRY OF INCORPORATION	% CSR OWNERSHIP		COUNTRY OF INCORPORATION	% CSR OWNERSHIP	
		2002	2001		2002	2001
38 Particulars relating to controlled entities						
Parent entity						
CSR Limited	Australia					
Amalgamated Sugar Mills Pty Ltd	Australia	100	100	FEP Colourtile Pty Ltd	Australia	100
American Limestone Company, Inc	USA	100	100	FEP Construction Holdings Pty Ltd	Australia	100
American Limestone West, LLC ^d	USA	100		Florida Crushed Stone Company	USA	100
ARC Management Company, Inc	USA	100	100	Gove Aluminium Finance Ltd	Australia	70
ARC Materials Corporation	USA	100	100	Gyprock Holdings Pty Ltd	Australia	100
Austocean Pty Ltd	Australia	100	100	Havelock Food Products Pty Ltd	Australia	100
Australian Blue Metal Ltd ^b	Australia	100	100	Humes Australia Pty Ltd ^d	Australia	100
Ballestrin Concrete				Hydro Conduit Corporation	USA	100
Constructions Pty Ltd	Australia	100	100	Hydro Conduit Management Company, Inc.	USA	100
Bettaform Constructions Pty Ltd	Australia	100	100	Hydro Conduit of Texas, LP	USA	100
BI (Australia) Pty Ltd	Australia	100	100	Hydro Investments, Inc	USA	100
BI (Contracting) Pty Ltd	Australia	100	100	Landop Holdings Limited ^a	New Zealand	100
BI Holdings Australia Pty Ltd	Australia	100	100	Midalco Pty Ltd	Australia	100
Bradford Holdings, Inc	Canada	100	100	Milli, LLC	USA	100
Bradford Insulation (M) Sdn Bhd	Malaysia	100	100	Monier PGH Holdings Limited	Australia	100
Bradford Insulation Industries Pty Ltd	Australia	100	100	Oxi, LLC	USA	100
Brimik Pty Ltd ^b	Australia	100	100	Oz Sands International Pty Ltd	Australia	100
Buchanan Borehole Collieries Pty Ltd	Australia	100	100	Pinepanels Export Pty Ltd ^c	Australia	100
Chang Chien Engineering Co., Ltd	Taiwan	100	100	Pioneer Sugar Mills Pty Ltd	Australia	100
Chang Yuan Enterprises Ltd	Taiwan	100	100	Pipe Liners, Inc	USA	100
Chelsea Estates Ltd	New Zealand	100	100	Plaster Castings Pty Ltd ^b	Australia	100
Chelsea Nominees Ltd	New Zealand	100	100	PT Prima Karya Plasterboard	Indonesia	100
CSR-SYC Hebel Taiwan Co, Ltd	Taiwan	100	100	Pyneboard Pty Ltd	Australia	100
CSR Bradford Air (M) Sdn Bhd	Malaysia	100	100	Queensland Sugar Power Pool Pty Ltd	Australia	82
CSR Bricks Pty Ltd	Australia	100	100	Readymix Australia Pty Ltd ^d	Australia	100
CSR Building Materials (HK) Ltd	Hong Kong	100	100	Ready Mixed Concrete Ltd	Australia	100
CSR Building Materials (M) Sdn Bhd	Malaysia	70	70	Readymix Holdings Pty Ltd ^d	Australia	100
CSR Building Materials (NZ) Ltd	New Zealand	100	100	Refined Sugar Services Pty Limited	Australia	100
CSR Building Systems (M) Sdn Bhd	Malaysia	70	70	Richter Drilling Pty Ltd	Australia	100
CSR Climate Control (M) Sdn Bhd	Malaysia	70	70	Rinker Management Company, Inc	USA	100
CSR Concrete Products Co., Ltd	Taiwan	85	85	Rinker Materials Corporation		
CSR Distilleries Operations Pty Limited	Australia	100	100	(formerly CSR America, Inc.)	USA	100
CSR Emoleum Services Pty Ltd	Australia	100	100	Rinker Materials Foreign Sales Corporation		
CSR Ethanol Pty Ltd ^d	Australia	100		(formerly CSR America Foreign		
CSR Finance Limited	Australia	100	100	Sales Corp.)	US Virgin Is.	100
CSR Guangdong Glasswool Co., Ltd	China	79	79	Rinker Materials Nevada, Inc.		
CSR Gypsum Products (UK) Ltd	UK	100	100	(formerly CSR Nevada, Inc.)	USA	100
CSR Hebel Australia Pty Ltd	Australia	100	100	Rinker Materials of Florida, Inc.		
CSR Humes Pty Ltd ^b	Australia	100	100	(formerly Rinker Materials Corporation)	USA	100
CSR Humes (UK) Limited	UK	100	100	Rinker Materials Pipeline Systems, LLC ^c		
CSR Insulation (Thailand) Limited	Thailand	100	100	(formerly CSR Pipeline Systems, LLC)	USA	100
CSR Insurance Pte Limited	Singapore	100	100	Rinker Materials Polypipe, Inc.		
CSR International Pty Ltd	Australia	100	100	(formerly CSR PolyPipe, Inc.)	USA	100
CSR Investments Overseas Ltd	Australia	100	100	Rinker Materials Steel Framing, Inc.		
CSR Investments PNG Pty Ltd	Australia	100	100	(formerly CSR Steel Framing, Inc.)	USA	100
CSR Investments Pty Ltd	Australia	100	100	Rinker Materials West, LLC		
CSR Investments (Asia) Pty Ltd	Australia	100	100	(formerly CSR West, LLC)	USA	100
CSR Investments (Indonesia) Pty Ltd	Australia	100	100	Rivarol Pty Ltd	Australia	100
CSR Investments (Taiwan) Pty Ltd	Australia	100	100	Roads Holdings Pty Ltd ^d	Australia	100
CSR Investments (Thailand) Pty Ltd	Australia	100	100	Sellars Holdings Ltd ^b	Australia	100
CSR Plane Creek Pty Ltd	Australia	100	100	Seltsam Pty Ltd	Australia	100
CSR Readymix (Australia) Pty Ltd ^b	Australia	100	100	Shelf Drilling Pty Ltd	Australia	100
CSR Readymix (Qld) Pty Ltd	Australia	100	100	SKCOR, L.L.C.	USA	100
CSR SE Asia Pty Ltd	Australia	100	100	Spuncon Pty Ltd	Australia	100
CSR South East Asia Pte Ltd	Singapore	100	100	Steel Construction Systems	USA	55
CSR Sugar Investments Pty Ltd ^d	Australia	100		Stonelea, LLC	USA	100
CSR Sugar Pty Ltd ^d	Australia	100		Sunrock Quarries Pty Ltd ^b	Australia	100
CSR Sugar New Zealand Ltd ^a	New Zealand		100	Superior Drainage, LLC	USA	100
CSR Sugar (Herbert) Pty Ltd ^d	Australia	100		The Forestry Pulp & Paper Company		
CSR Sugar (Invicta) Pty Ltd ^d	Australia	100		of Australia	Australia	100
CSR Sugar (Kalamia) Pty Ltd ^d	Australia	100		The Houghton Sugar Co Pty Limited	Australia	100
CSR Taiwan Co, Ltd	Taiwan	100	100	The Readymix Group (Australia) Ltd ^b	Australia	100
CSR Travel Pty Ltd ^b	Australia	100	100	Thiess Bros Pty Ltd	Australia	100
CSR (Guangdong) Rockwool Co., Ltd	China	70	70	Thiess Holdings Pty Ltd	Australia	100
CSR (Pioneer Sugar) Pty Ltd ^d	Australia	100		U-Liner Mid-America, Inc	USA	100
CSR (Tianjin) Readymix Co., Ltd	China	70	70	Upline Holdings Pty Ltd	Australia	100
CSR (UK) Holdings ^b	UK	100	100	Waterford Sands Pty Ltd ^b	Australia	100
EKI Pty Ltd ^c				West Moreton Industries Pty Ltd ^b	Australia	100
(formerly PGH Pty Ltd)	Australia		100	Wilson Concrete Company	USA	100
F & L (Old) Pty Ltd	Australia	100	100	Woodland Pty Ltd	Australia	100
Farley & Lewers Ltd	Australia	100	100			

a Amalgamated into another controlled entity.
b In voluntary liquidation.
c Controlled entity liquidated.
d Controlled entity incorporated during the year.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2002	2001	2002	2001
39 Contingent Liabilities				
Contingent liabilities, capable of estimation, arise in respect of the following categories				
Performance guarantees provided to third parties and other contingent liabilities	47.4	42.7	44.7	41.9
Guarantees given by CSR in respect of amounts borrowed by				
– CSR Finance Limited and Rinker Materials Corporation			1,696.2	2,093.3
– associate entities	-	24.5	-	24.5
Total contingent liabilities	47.4	67.2	1,740.9	2,159.7

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

In Australia, claims for asbestos induced injury have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos. As at 31 March 2002, there were 558 such claims pending. In the United States, claims for damages are being made by people who allege exposure to asbestos fibre liberated either during the manufacture of products containing asbestos or in the installation or use of those products. As at 31 March 2002, there were 2,271 such claims pending.

CSR has been settling claims since 1989. At 31 March 2002, CSR had resolved 128,000 claims in the United States, including resolution of 80,000 claims in mass settlements in West Virginia, Texas and Mississippi, and 1,158 claims in Australia.

CSR has commenced proceedings in New Jersey against a number of insurers who issued policies to CSR during the years 1979 to 1986. In those proceedings CSR seeks indemnity for US asbestos claims and certain other relief. Those proceedings are being pursued by CSR as speedily as possible.

Provision has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos related claims or the future impact on its financial condition. However, taking into account the provision already included in CSR's financial statements, the status of proceedings in CSR's insurance litigation and current claims management experience, the directors are of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on its financial condition.

CSR Limited acts as an authorised self-insurer in New South Wales, Queensland, Victoria, South Australia, Western Australia and the Australian Capital Territory for workers' compensation insurance, as does Rinker Materials Corporation and certain of its controlled entities in California, Nevada, New Mexico and Washington. Adequate provision has been made for all known claims and potential future claims that can be reliably measured. CSR Limited guarantees the liabilities of Rinker Materials Corporation in respect of certain of its self-insurance programs.

DIRECTORS' DECLARATION

Declaration by directors on the financial statements and notes thereto set out on pages 38 to 65

The directors declare that the financial statements and notes thereto:

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

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

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

JOHN MORSCHEL *Chairman*

PETER KIRBY *Managing director*
21 May 2002

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CSR LIMITED

Scope

We have audited the financial report of CSR Limited for the financial year ended 31 March 2002 as set out on pages 38 to 66. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

Audit opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 31 March 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

DELOITTE TOUCHE TOHMATSU

HARLEY MCHUTCHISON *Partner,*
Chartered Accountants
Sydney
21 May 2002

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

SHARE INFORMATION

AT 20 MAY 2002	MILLION	% OF TOTAL SHARES
20 LARGEST HOLDERS OF ORDINARY FULLY PAID SHARES		
J P Morgan Nominees Australia Ltd	112.55	12.05
National Nominees Ltd	94.58	10.13
Westpac Custodian Nominees Ltd	87.63	9.37
RBC Global Services Australia Nominees Pty Ltd	54.41	5.82
MLC Limited	18.68	2.00
Commonwealth Custodial Services Ltd	17.80	1.90
AMP Life Ltd	17.38	1.86
Citicorp Nominees Pty Ltd	17.14	1.83
ING Life Ltd	17.00	1.82
Citicorp Nominees Pty Ltd	16.27	1.74
ANZ Nominees Ltd	13.39	1.43
RBC Global Services Australia Nominees Pty Ltd	11.83	1.27
Queensland Investment Corporation	11.79	1.26
Citicorp Nominees Pty Ltd	9.38	1.00
Citicorp Nominees Pty Ltd	8.63	0.92
Cogent Nominees Pty Ltd	8.00	0.86
RBC Global Services Australia Nominees Pty Ltd	7.15	0.76
Citicorp Nominees Pty Ltd	6.86	0.73
HSBC Custody Nominees (Australia) Ltd	6.33	0.68
Australian Foundation Investment Company Ltd	5.84	0.62
Total	542.64	58.05

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

Perpetual Trustees Australia Ltd advised that at 19 April 2002 it and its associates had a relevant interest in 103.87 million shares, which represented 11.10% of CSR's total issued capital.

The Commonwealth Bank of Australia advised that at 3 July 2001 it and its associates had a relevant interest in 68.13 million shares, which represented 7.13% of CSR's total issued capital.

AT 20 MAY 2002	LISTED FULLY PAID SHARES WITH FULL VOTING RIGHTS				UNLISTED PARTLY PAID SHARES WITH NO VOTING RIGHTS ^a			
	SHAREHOLDERS	%	SHARES	%	SHAREHOLDERS	%	SHARES	%
DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDINGS								
Registered address^b								
Australia	104,342	95.1	920,911,225	98.5	64	88.9	418,000	80.8
New Zealand	3,403	3.1	8,454,304	0.9	2	2.8	38,000	7.4
UK	692	0.6	1,646,095	0.2	-	-	-	-
USA	590	0.5	1,626,794	0.2	5	6.9	59,000	11.4
Other	726	0.7	2,096,054	0.2	1	1.4	2,000	0.4
	109,753	100.0	934,734,472	100.0	72	100.0	517,000	100.0

Size of holding

1 - 99	3,069	2.8	108,330	-	-	-	-	-
100 - 1,000	45,070	41.1	22,346,037	2.4	10	13.9	10,000	1.9
1,001 - 5,000	49,305	45.0	118,671,147	12.7	35	48.6	97,000	18.8
5,001 - 10,000	8,273	7.5	57,495,050	6.2	12	16.7	88,000	17.0
10,001 - 100,000	3,826	3.5	73,814,676	7.9	15	20.8	322,000	62.3
100,001 - 1,000,000	159	0.1	45,828,829	4.9	-	-	-	-
1,000,001 - 5,000,000	29	-	62,622,478	6.7	-	-	-	-
5,000,001 and over	22	-	553,847,925	59.2	-	-	-	-
	109,753	100.0	934,734,472	100.0	72	100.0	517,000	100.0

^a Issued under CSR's superseded Executive Share/Option Plan and entitled to one thirtieth of the dividend.

^b About 79% of CSR's shares are beneficially held in Australia. This figure is an estimate based on periodic searches for beneficiaries of large nominee holdings.

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

10.00 am Thursday 18 July 2002
The Auditorium, Level 2,
Sydney Convention Centre
Darling Drive, Darling Harbour, Sydney

SHAREHOLDERS' TIMETABLE*

2002

DATE	EVENT
31 MAR	CSR YEAR END
21 May	Full year profit and final dividend announced
31 May	Shares begin trading ex dividend
6 Jun	Record date for determining shareholders' entitlement to final dividend payment
19 Jun	CSR annual report, notice of meeting and proxy form released
4 JUL	FINAL DIVIDEND PAID
16 Jul	Proxy returns close 10.00 am Sydney
18 Jul	Annual general meeting, 10.00 am, Sydney Convention Centre
30 SEPT	CSR HALF YEAR END
19 Nov	Half year profit and interim dividend announced
25 Nov	Shares begin trading ex dividend
29 Nov	Record date for determining shareholders' entitlement to interim dividend payment
16 DEC	INTERIM DIVIDEND PAID
16 Dec	Half year results summary released

2003

DATE	EVENT
31 MAR	CSR YEAR END

* Timing of events is subject to change.

SHARE REGISTRY

CSR's share registry is managed by Computershare Investor Services Pty Ltd (Computershare). For contact details, please refer to the outside back cover of this report.

CHANGED YOUR ADDRESS?

If you change your address, please promptly notify the share registry, Computershare, in writing – quoting your shareholder number and your old address as security checks. Change of address advice forms can be downloaded from the internet using the *Investor Online* service on CSR's internet site at www.csr.com.au

An acknowledgment of your change of address will be mailed to both your new address and to your old address.

INQUIRIES ABOUT YOUR SHAREHOLDING

Please contact the share registry, Computershare, if you have a question about your shareholding, dividends, share transfers or monthly holding statements.

Shareholders can access details about their shareholding and can download standard forms via the *Investor Online* service on CSR's internet site at www.csr.com.au

DIRECT DIVIDEND DEPOSIT INTO BANK ACCOUNTS

Dividends can be paid directly into a bank, building society or credit union account in Australia on the dividend payment date. Deposit details will be confirmed by an advice mailed to you on that date. Application forms are available from the share registry, Computershare, or can be downloaded from CSR's internet site.

If you subsequently change your bank account, please promptly notify the share registry in writing, quoting your old bank account number as an added security check. An acknowledgment of your changed details will be mailed to you.

DO WE HAVE YOUR TAX FILE NUMBER (TFN)?

All shareholders, including children, may choose to have their tax file number (or details of any tax exemption) noted by our share registry. This will avoid unnecessary tax deductions from any CSR unfranked dividend payments. Tax file number forms are available from the share registry, Computershare, or can be downloaded from the internet using the *Investor Online* service.

It is not compulsory for shareholders to provide a tax file number. But if they do not, CSR must deduct tax at the top marginal rate plus levies from the unfranked part of dividends paid. Australian shareholders living abroad should advise our share registry of their resident status as limited exemptions to tax deduction may apply.

STOCK EXCHANGE LISTINGS

CSR's shares are listed on the Australian and London stock exchanges.

AMERICAN DEPOSITARY RECEIPTS

In the USA, CSR's shares are traded on the over-the-counter market in the form of sponsored American Depositary Receipts. Each ADR represents four CSR ordinary fully paid shares. Holders receive all information sent to shareholders and receive their dividends in US dollars.

Inquiries: J P Morgan Service Center, 150 Royall Street, Mail Stop 45-02-54, Canton, MA 02021, United States of America. Phone USA (781) 575 4328; fax USA (781) 575 4082

UNCERTIFICATED SHARE REGISTER

CSR's share register is wholly uncertificated. Shareholding statements are issued to you within five business days after the end of any month in which transactions alter the balance of your holding.

COMBINING MULTIPLE SHAREHOLDINGS

If you have multiple shareholding accounts that you want to consolidate into a single account, please advise the share registry, Computershare, in writing.

CSR COMMUNICATIONS

Our internet site www.csr.com.au offers shareholder publications, news releases and announcements to the Australian Stock Exchange, financial presentations, facts about CSR, and the company newsletter, *What's new*. It also offers access to information about the CSR group's Australian range of building materials.

Information about Rinker Materials Corporation's operations and product range can be found on the internet at www.rinker.com

CSR printed communications for shareholders include the *Results Summary*, which reports on the half year to September and is mailed with the interim dividend in December. The *Report of the AGM* is sent to shareholders who request it.

REMOVAL FROM MAILING LIST

Should you not wish to receive the annual report by mail, please notify the share registry, Computershare, in writing.

RECENT CSR DIVIDENDS

DATE PAID	TYPE	A CENTS PER SHARE	FRANKING % / RATE IN DOLLAR
Jul 2000	final	12	33 1/3% / 34 cents
Dec 2000	interim	11	33 1/3% / 34 cents
Jul 2001	final	12	40% / 30 cents
Dec 2001	interim	11	40% / 30 cents

The final dividend for the year to 31 March 2002, to be paid on 4 July 2002, will be 13 cents per share, 70% franked at 30 cents in the dollar.

INQUIRIES ABOUT CSR

Call the manager investor services or visit CSR's internet site. Contact information is on the back cover of this annual report.

PRIVACY

CSR respects the privacy of individuals. A copy of our privacy policy is available on the internet site, www.csr.com.au or from the manager investor services.

CSR'S MAJOR ANNOUNCEMENTS TO THE AUSTRALIAN STOCK EXCHANGE

Keeping the stock market
continuously informed

CSR immediately informs the Australian Stock Exchange (ASX) of anything that may affect the company's share price. ASX keeps the market continuously informed.

Announcements are recorded in full on our internet site www.csr.com.au

2001

- | | |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 MAY | CSR announces that international growth lifts net profit after tax and before abnormal items to a record A\$505 million for the year to March 2001, up 7% on the previous year. |
| 21 MAY | New director John Ballard joins the board of CSR Limited. Page 29. |
| 6 JULY | CSR Limited's US subsidiary, Rinker Materials Corporation, strengthens its position in the Florida market with the bolt-on acquisition of a concrete and concrete block business in western Florida. Pages 12 and 13. |
| 10 SEPTEMBER | CSR appoints new chief financial officer, Warren Saxelby, following the retirement of finance director Jim Osborne. |
| 19 SEPTEMBER | Rinker Materials Corporation establishes itself as the leading aggregates and concrete supplier in fast-growing Las Vegas, Nevada, following the purchase of Hanson plc's quarry and concrete operations. Page 12. |
| 20 NOVEMBER | CSR announces a record net operating profit after tax of A\$277 million for the half year ended 30 September 2001, up 2% on the corresponding period last year. |
| 23 NOVEMBER | CSR is expected to receive a significant tax refund of around A\$33 million plus interest after the High Court refused the Australian Taxation Office special leave to appeal against a Federal Court decision on the tax treatment of a lump sum litigation settlement. Page 22. |
| 12 DECEMBER | CSR finalises the sale of its investment in the contract mining group Downer Group Ltd for a total of A\$60 million, about A\$5 million over book value. Page 22. |
| 19 DECEMBER | Rinker Materials Corporation makes its first bolt-on acquisition to the American Limestone Corporation operations (acquired last year), with the US\$42 million plus working capital purchase of five hard rock quarries from Cemex Inc. Pages 12 and 13. |

2002

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|---------------|----------------------------------------------------------------------------------------------------------------------------|
| 21 MAY | CSR announces that net profit after tax and before significant items grew 9% to A\$553 million for the year to March 2002. |
|---------------|----------------------------------------------------------------------------------------------------------------------------|
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CSR LIMITED

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CSR Corporate Affairs and
Investor Relations Group

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