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ABN 90 000 001 276

17 May 2006

Manager Companies
Company Announcements Office
Australian Stock Exchange Limited
Level 4 Stock Exchange Centre
20 Bridge Street
Sydney NSW 2000

Preliminary final report for the year ended 31 March 2006

Attached is CSR Limited's full year results information required by ASX Listing Rule 4.3A.
The slides for CSR's results presentation will be filed separately. The results presentation will be available via an audio webcast from CSR's website www.csr.com.au, commencing at 10am today.

The attachments comprise:

Yours sincerely

Graham Hughes
Company Secretary

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Preliminary final report 2006

CSR Limited

ABN 90 000 001 276

For the year ended 31 March 2006

This preliminary final report is provided to the ASX under ASX Listing Rule 4.3A

Results for announcement to the market

				$ million
Revenues from ordinary activities	up	23.5%	to	3,056.8
Profit from ordinary activities after tax attributable to members (excluding significant items)	up	16.7%	to	249.8
Net profit for the period attributable to members (including significant items)	down	4.4%	to	305.0

Dividends	**Amount per security**	**Franking**	**Franked amount per security at 30% tax**
Final dividend	9 cents	100%	9 cents
Previous corresponding period	6 cents	100%	6 cents

Record date for determining entitlements to final dividend 13 June 2006

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CSR full year net profit increases 16.7% to $249.8 million

CSR Limited (CSR) today announced a 16.7% increase in net profit before significant items to $249.8 million for the year ended 31 March 2006.

Higher profits were assisted by increased commodity prices for the sugar and aluminium operations, improved property returns and cost savings, which more than offset a slowdown in the residential construction market.

Earnings per share before significant items were up 17.1% to 27.4 cents compared to 23.4 cents last year.

CSR's total net profit after tax including significant items was $305.0 million which includes a partial settlement of longstanding litigation with insurers.

Trading revenue rose 21.1% to $2,866.9 million due to higher sugar and aluminium prices and the inclusion of $270.9 million in revenue from refined sugar subsidiaries following full consolidation from 1 October 2004.

Return on shareholders' funds (net profit before significant items/shareholders' funds) increased to 21.8%[a] from 18.9%.

The final dividend to be paid on 5 July 2006 will be 9 cents a share bringing the total dividend for the year to 15 cents, fully franked – an increase of 25%.

Financial results summary – excluding significant items

Full year ended 31 March [$ million unless stated]	**2006**	2005	% change
Trading revenue	**2,866.9**	2,367.5	21.1
Earnings before interest and tax – EBIT	**416.8**	358.6	16.2
Net profit before significant items	**249.8**	214.0	16.7
Earnings per share before significant items [cents]	**27.4**	23.4	17.1
Return on shareholders' funds [%] (net profit before significant items/shareholders' funds)	**21.8** [a]	18.9	
As at 31 March	**2006**	2005	
Gearing – net debt / net debt + equity [%]	**30.5** [a]	17.7	

Note: Results for the year ended 31 March 2006 are reported under Australian equivalents to international financial reporting standards (A-IFRS). The comparative results for the previous year are restated to comply with A-IFRS requirements.

(a) Restated to exclude fair value adjustments for hedges from equity.

"CSR's diversified operations have delivered another strong result with improved commodity prices and higher property returns offsetting the significant slowdown in the housing market," said Managing Director and CEO Alec Brennan.

"We have increased our total dividend by 25% to 15 cents per share following the company's improved performance this year while the recent surge in aluminium and sugar prices has provided an opportunity for the company to hedge a portion of future earnings to establish a higher level of sustainable returns over the next few years."

"Major expansions of two building products factories initiated last year combined with an ongoing cost reduction program will ensure we are well placed to improve performance in Building Products as the housing market recovers."

"We see continuing opportunities to grow while improving the long-term operations of our businesses," Mr Brennan said.

Review of results by segment

Earnings before interest and tax (EBIT) by segment – excluding significant items

Year ended 31 March [$ million unless stated]	**2006**	2005	**% change**
Building Products	**101.5**	111.4	-8.9
Less one-off plant closure costs	**-20.6**	--	--
Building Products (after one-off costs)	**80.9**	111.4	-27.4
Aluminium	**156.1**	141.9	10.0
Sugar	**123.7**	97.8	26.5
Property	**75.6**	27.1	179.0
Business segment total	**436.3**	378.2	15.4
Corporate costs	**-18.9**	-16.9	
Restructure and provisions [a]	**-0.6**	-2.7	
Total EBIT	**416.8**	358.6	16.2

a Includes product liability, superannuation top-up payments and certain rationalisation costs.

Building Products Trading revenue of $974.2 million rose by 4.5%, helped by contributions from new products but revenue fell in some of the Australian businesses with the sharp downturn in residential building in New South Wales and Queensland. EBIT was down 8.9% to $101.5 million excluding $20.6 million of one-off costs associated with closing two manufacturing plants. Including the one-off costs, EBIT was $80.9 million. Production from the closed plants will be transferred to more efficient operations, resulting in ongoing savings over future years.

Aluminium Trading revenue rose 10.5% to $523.5 million with higher aluminium prices and progressively increased volumes following the upgrade at Tomago smelter. EBIT increased 10.0% to $156.1 million with record sales tonnage.

Sugar Trading revenue increased strongly by 42.4% to $1,367.8 million. EBIT was $123.7 million, up 26.5%. The world sugar price has risen significantly during the year resulting in a price to CSR of $316 a tonne, significantly above $255 a tonne the previous year. Productivity improvements and good growing conditions lifted the 2005 sugarcane crop 2.7% to a record 15.4 million tonnes.

Property EBIT grew strongly to $75.6 million, up from $27.1 million. Two major sales of industrially zoned land at CSR's Erskine Park site significantly contributed to the increase.

Value creating growth

In the last year, CSR invested over $219 million on a range of value creating growth initiatives in areas allied to its existing businesses.

Building Products Two major expansions to increase capacity of efficient, low cost manufacturing operations are underway in PGH™ bricks in Brisbane and Bradford™ insulation in Sydney. These investments will ensure that CSR is well placed to meet the market as residential construction recovers over the next few years.

Sugar CSR completed commissioning of a major renewable electricity generating plant at Pioneer Mill in the Burdekin River region of North Queensland. A$15 million plant expansion to produce fuel ethanol at Sarina distillery, Queensland is under construction. When operating in mid 2006, the distillery will have yearly capacity to process up to 32 million litres of fuel ethanol. In March 2006, CSR announced a major new contract to supply ethanol to BP for the Queensland fuel market.

Property CSR's property activities have grown considerably in the past three years with a number of major projects currently under development, including the 100 hectare industrial site at Erskine Park in western Sydney, a 75 residential lot development of a former quarry at Ferntree Gully in Melbourne's Dandenong Ranges and a residential project in Brisbane which has potential for 400 home sites.

Financial Review

Cash from operating activities of $317.1 million demonstrates the strong cash flows generated by the company but was slightly below $320.7 million the previous year, which benefited from cash received following the settlement with insurers announced in September 2004. Cash flow at 31 March 2006 did not fully reflect the benefit of higher raw sugar prices as final payments for sugar sold for last year will not be received until June 2006.

Net cash flow plus additional borrowings of $291.7 million were used to fund interest of $34.0 million, dividends of $144.9 million, a capital return of $182.1 million and a share buyback of $12.3 million.

CSR's gearing (net debt/net debt + equity) is 30.5% (restated to exclude fair value adjustments for hedges from equity) up from 17.7%. Net debt rose from $270.1 to $558.5 million following the capital return payment in August 2005. CSR's strong balance sheet and cash flow underpins the company's flexibility for growth.

Significant items

In April 2006, CSR Limited reached a settlement of litigation with a group of 48 Australian, United Kingdom and European insurers. Under the terms of this settlement each of the settling insurers is obliged to pay its share of a settlement totalling approximately $103.3 million on or before 10 June 2006. CSR incurred legal costs of approximately $10.3 million in relation to this litigation.

CSR's provision for product liability is determined using reports provided by independent experts in each of the United States and Australia. CSR has included within the provision an appropriate prudential margin. CSR has increased its product liability provision by $54.0 million to $365.8 million to take account of the uncertainties surrounding asbestos litigation in each of the United States and Australia, recent claims experience and the release of certain insurance policies which CSR believes provided coverage for asbestos-related claims. This increase has been treated as a significant item in the year ended 31 March 2006.

Outlook for the year ahead

Commenting on the outlook for the year ending 31 March 2007, Mr Brennan noted that the commercial environment in which CSR operates is subject to a range of influences, including movements in currency exchange rates, interest rates, commodity prices and levels of building activity in Australia, New Zealand and Asia.

Building Products "We expect the slowdown in Australian housing construction to continue through the first half of this year with a possible recovery early in 2007. Growth in the commercial building sector should partly offset the slowdown in the residential building market segment. With this outlook, even with efficiency gains and cost reductions, EBIT is likely to fall short of last year, excluding the one-off plant closure costs."

Aluminium "Continued world economic growth should result in US$ aluminium prices remaining at good levels. However, we will not fully benefit from higher prices this year because of the impact of hedging at lower levels completed in previous years. We expect lower A$ returns will reduce EBIT by around 15%. An active hedging program continues, with a substantial portion of net aluminium exposure hedged for the financial year ending 31 March 2008 and beyond, locking in an attractive level of returns."

Sugar "While growing conditions have been reasonable, we expect this season's sugarcane crop to be a little below last season's record. However, if the current rainy conditions continue, this may impact the quantity of raw sugar produced. Although the raw sugar price is likely to remain volatile, the strong price rise over recent months together with the pricing already completed for this year should ensure that the price to CSR will be in excess of $400 per tonne. Accordingly, we expect a significant improvement in Sugar EBIT."

Property "Returns are likely to be lower than last year. Development of the Ferntree Gully site is well advanced for sales of residential lots to begin mid 2006."

Overall "At this early stage in the year, if sugar prices remain at or near current levels, we expect to achieve an overall EBIT result for the group around 10% above last year, excluding the significant items," Mr Brennan said.

17 May 2006

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CSR Group

Summary of operations by business

Results for the year ended 31 March 2006

Building Products

Year ended 31 March [$ million unless stated]	**2006**	2005	% change
Trading revenue	**974.2**	932.3	4.5
EBIT	**101.5**	111.4	-8.9
Less one-off plant closure costs	**-20.6**	--	--
EBIT (after one-off costs)	**80.9**	111.4	-27.4
Funds employed	**680.7**	613.1	11.0
EBIT/trading revenue [%] (excluding one-off costs)	**10.4**	11.9	
Return on funds employed [%]	**11.9**	18.2	

Despite softer market conditions, trading revenue increased 4.5% to $974.2 million due to price improvements and higher sales volumes from new products and services.

Earnings before interest and tax (EBIT) include restructuring costs of $20.6 million for rationalisation of two manufacturing plants. Excluding these costs, EBIT was down 8.9% to $101.5 million due to weaker building activity in Australian east coast markets. The impact of lower sales volumes from some major products was significantly offset by operational performance improvements cutting costs by $35 million. Including the restructuring costs, EBIT was $80.9 million, down 27.4%.

CSR is now more than half way toward delivering the target of $75 million in total operational improvement over three years to March 2007. The program is reducing costs while strengthening operational effectiveness and logistics performance, improving systems and achieving targeted marketing initiatives, including benefits from growth in new products and services in existing and adjacent markets.

Residential building has slowed markedly, with housing commencements in the year to December 2005 down 7.9% when compared with the previous year. Detached housing commencements were down by 6.7% and multi-residential construction fell 10.0%.

Housing commencements highlight the contrasting activity levels among the states, with New South Wales (where detached housing construction is at a 30 year low) down by 23.6%, Queensland down 6.1% and Victoria down 5.6%. But Western Australia's dwelling approvals grew by 6.6%.

CSR has significant exposure to the east coast markets of NSW and Queensland where the company derives about 55% of revenue. In the bricks and pavers business, the exposure is significantly higher because PGH™ does not manufacture in Victoria or Western Australia.

Alterations and additions to dwellings was broadly in line for the year to December 2005 compared with the prior year (measured by the value of commencements), while commercial building activity increased by 18.9% and is expected to continue to grow this year.

Throughout the year CSR continued to supply some of the largest and most significant commercial projects in Australia. This included new head offices in Sydney for two major Australian companies and one of the largest residential towers in NSW as well as numerous schools, shopping centres, hospitals and government buildings across the nation.

Preparing for the building market rebound

To ensure that CSR will be well placed to service the market when the housing sector improves, the company is investing in expanding efficient, low cost manufacturing capacity in some main products.

The $34 million expansion of CSR's low cost PGH™ brick plant at Oxley, south of Brisbane, is progressing on time and budget for completion in July 2006. The plant's production capacity will be boosted by 35 million bricks a year. As a result, a less efficient brick line at the Strathpine plant in Brisbane's north has been mothballed. The Strathpine brick line will remain available for reactivation if required by growth in the Queensland housing market.

Expansion of the Bradford™ insulation factory at Ingleburn, Sydney, was completed in April 2006 at a cost of $28 million. The expansion has increased the plant's glasswool insulation production capacity by about 50% to 28,000 tonnes a year to meet growing demand for insulation driven by improved housing energy efficiency standards.

Bradcore™ panel systems is increasing sales of non-combustible wall and ceiling panel systems to the commercial building market, via distribution networks established throughout Australia and in New Zealand and Asia. To meet growing demand, CSR is constructing a $20 million Rokcore™ panel (previously branded Paroc™) factory in southern China, targeted for completion in January 2007.

All businesses are developing new products and services

Gyprock™ plasterboard and Cemintel™ fibre cement revenue increased 1.4% to $393.7 million. The Gyprock™ plasterboard business delivered planned cost reductions, while maintaining profit margins in an increasingly competitive market. CSR is exploring a range of options to maintain its position in the Australian market as a low cost manufacturer. Cemintel™ fibre cement sales volumes were marginally up despite a slowdown in some key markets.

Monier™ and Wunderlich™ roofing revenue increased 6.0% to $181.1 million, with reduced sales volumes of some main products offset by an increase in prices for concrete roof tiles. Further price increases are likely this year as CSR Roofing seeks to recover cost increases. Revenues were boosted by investing in businesses – aligned to the existing roofing operations – which provide residential builders with complete roofing solutions.

In November 2005, CSR acquired a Queensland based roofing contractor business and subsequently launched MySteel Roofing Solutions™ which targets the metal roofing installation market. TopCat Safety Rail™, acquired in May 2005, supplies guard rails and other edge safety equipment required during roof installations in the residential and commercial markets.

PGH™ and MonierBrick™ revenue fell 12.0% to $137.3 million. Returns were hit by the significant slowdown in the NSW residential market.

CSR announced that production will cease in June 2006 at the PGH™ brick factory in Maitland, NSW. Production tonnages are being transferred to other more efficient PGH™ clay brick and paver factories, reducing overall costs. A range of longer-term options to restart production of clay products are under review at the Maitland site, consistent with the site's current operations, regulatory consents and licences. Reinvestment at the site is contingent on a much stronger outlook for prices and returns than at present.

Bradford™ Insulation, Ventilation and Panel Systems revenue (including sales of Bradford™ insulation, Hebel™ lightweight concrete products, Edmonds™ ventilation products and Bradcore™ panel systems) rose by 21.0% to $247.1 million. In Australia, Bradford™ insulation profitability increased, with higher prices and cost reductions. The Asian insulation business performed strongly with sales volumes up in its domestic and growing export markets, following completion of two factory expansions in southern China.

In November 2005, CSR acquired the assets of Edmonds Pty Limited a world leader in the design and manufacture of quality, energy efficient building ventilation products designed for residential and commercial applications. Edmonds™ ventilation systems complement Bradford™ insulation operations and its 'Smarter environments' market campaign which highlights the environmental benefits of its products. Legislative changes requiring improved energy efficiency in new buildings, together with a generally increased emphasis on energy saving and home comfort, are driving strong growth in markets for improved insulation and ventilation systems.

Hebel™ aerated lightweight concrete products' returns were lower as the Australian multi-residential building market fell, particularly in NSW. This was partly offset by an increase in the use of Hebel™ panels in other wall and floor applications.

Aluminium

Year ended 31 March [$ million unless stated]	**2006**	2005	% change
Trading revenue	**523.5**	473.6	10.5
EBIT	**156.1**	141.9	10.0
Funds employed	**290.2**	277.6	4.5
EBIT/trading revenue [%]	**29.8**	30.0	
Return on funds employed [%]	**53.8**	51.1	

Aluminium output increased at Tomago smelter, New South Wales, with the progressive ramping up of production that has followed the 15% expansion project in 2004.

CSR's 70% share of Gove Aluminium Finance Limited's (GAF) net profit before finance costs rose 9.4% on the prior year to $76.9 million.

The average realised aluminium price was A$2,820 a tonne, including a small hedging loss, compared with A$2,737 last year. The average world aluminium price increased 14.8% to US$2,039 a tonne. However, in A$ terms the aluminium price rose by 12.7% due to the continued strength of the A$ for much of the year. GAF increased its forward hedging levels in the second half of the year when aluminium prices increased.

GAF's sales volume increased by 7.3% to a record 185,654 tonnes which included the sale of some production delayed from the previous year. Sales of value added aluminium billet and slab fell 23% to 33,026 tonnes (18% of sales volume). Sales of these products were adversely affected by expansion of production capacity in the Middle East and by end-users running down stocks during the second half of the 2005 calendar year.

Global aluminium consumption grew by almost 6% in the 2005 calendar year led by growth in Asia, predominantly China. During the second half of the year, the world aluminium price increased substantially as part of a commodities boom largely driven by the Chinese economy's continuing growth. Prices were also supported by a supply deficit in the aluminium market and increased investment fund activity in base metals.

Chinese aluminium production continued to grow strongly and – for the third successive year – accounted for over half of the growth in world production capacity. Significant investment in new global alumina capacity is expected to overcome an alumina shortage, boost the supply of aluminium and allow the market to return to balance.

Sugar

Year ended 31 March [$ million unless stated]	**2006**	2005	% change
Trading revenue	**1,367.8**	960.5	42.4
EBIT	**123.7**	97.8	26.5
Funds employed	**931.3**	800.8	16.3
EBIT/trading revenue [%]	**9.0**	10.2	
Return on funds employed [%]	**13.3**	12.2	

Trading revenue rose 42.4% to $1,367.8 million. Earnings before interest and tax (EBIT) were $123.7 million, up 26.5% compared with $97.8 million the previous year.

Prices for raw sugar and molasses rose strongly although raw sugar production was down slightly due to the effects of unseasonable wet weather.

The result includes the second part of a sustainability grant paid under the Australian Government's sugar reform program announced in April 2004. CSR has worked hard to help with the program to improve sugar industry sustainability, including playing a leading role in the industry's successful productivity program to increase sugarcane farm crop yields.

The final stage of deregulation of the sugar industry was completed in January 2006, with the establishment of a voluntary marketing organisation for Queensland's raw sugar exports. This initiative will increase the flexibility and competitiveness of the Australian sugar industry in the world market.

CSR's sugar operations were not impacted by the devasting effects of cyclones in far North Queensland in March 2006. CSR has worked with its sugar milling neighbours during the past few months to provide support for both the industry and community in the cyclone affected region, including donating equipment to repair damaged mills ahead of the start of the milling season in June this year.

Building a sustainable future through renewable energy

The new renewable electricity plant at Pioneer raw sugar mill, North Queensland started generating power in August 2005. Originally targeted for completion in June 2005, delays and cost overruns on the project increased the total capital cost from $140 million to approximately $170 million, subject to the resolution of pending claims.

Greater bagasse (waste sugarcane fibre) availability enabled the plant to extend its operation until March this year – well beyond the end of the 2005 milling season. Additional improvements now under construction will further lengthen the renewable electricity plant's operating period.

CSR is the one of the two large producers of ethanol in Australia with a growing business in the renewable fuel ethanol industry. In February 2006, CSR announced a $15 million project to produce fuel ethanol at CSR's Sarina, Queensland, distillery, targeted for completion in mid 2006. Sarina distillery will then be capable of producing 32 million litres of fuel grade ethanol from the distillery's total ethanol capacity of 60 million litres.

In support of this project, CSR has received an Australian Government biofuels capital grant of $4.2 million and a Queensland Government grant of $250,000 under the Sugar Industry Innovation Fund, to assist with the engineering and introduction of new technology.

CSR has entered into a major two year supply contract with BP Australia to supply 23 million litres of fuel ethanol from the upgraded Sarina plant to petrol stations in Queensland. The company expects to be able to fully exploit its increased fuel ethanol capacity following commissioning of the plant later this year.

Raw sugar

EBIT of $92.5 million rose strongly – by 51.4%.

Productivity improvements and good growing conditions – especially in the Herbert River region north of Townsville – resulted in CSR milling a record sugarcane crop of 15.4 million tonnes, up 2.7%, although the amount of raw sugar produced fell slightly to 2.197 million tonnes from 2.234 million tonnes. Wet weather and a longer milling season in the Burdekin region, south of Townsville, reduced the sugar content of sugarcane. Additional costs were incurred due to a delayed start of the Pioneer renewable energy plant and the extended milling season.

The sharp rise in world sugar prices in the second half of the year lifted the price to CSR to $316 a tonne, a significant improvement on the $255 a tonne the previous year. The market improvement is due to a number of factors, including reduced exports expected from the European Union following reform of the EU sugar regime, higher oil prices increasing demand for fuel ethanol and reduced production due to weather issues affecting major suppliers including India, Thailand and the US. The higher sugar price has encouraged CSR to hedge a portion of its exposure to sugar prices for future years.

Refined sugar

EBIT of $32.3 million was down from $38.9 million due to lower demand from food and beverage manufacturers and reduced exports. Several new product lines helped lift Sugar Australia's (CSR 75%) retail market share. Demand for refined sugar in the export market is expected to improve later this year as competition from EU white sugar exports slows.

Ethanol

EBIT of $5.1 million was up 13.3% from $4.5 million the prior year. Demand for fuel ethanol increased, but the higher cost of molasses (ethanol's raw material) reduced profitability.

Property

Year ended 31 March [$ million unless stated]	**2006**	2005	% change
Total revenue	**69.7**	23.7	194.1
EBIT	**75.6**	27.1	179.0
Capital investment	**54.2**	14.0	287.1

Net revenue was $69.7 million, up from $23.7 million.

EBIT rose to $75.6 million from $27.1 million, which includes profit from two property related settlements. CSR received a final adjustment to the July 1996 sale of CSR's former Pyrmont site in Sydney. In August 2005, the garden products joint venture, Envirogreen Pty Limited (CSR 50%) was sold.

Major projects under way

Erskine Park, western Sydney CSR is developing a former quarry as industrially zoned land with fully serviced lots for sale or leasing. The company has now secured transactions for 40.3 hectares of the site, including completion of the sale of 17.0 hectares to Bluescope Steel and 16.7 hectares to Australand Property Group.

Discussions continue with local and state development authorities to generate further value for the remaining 60 hectares of land at Erskine Park capable of development.

Ferntree Gully, Melbourne Road construction and site preparation began in January 2006 for the Peregrine Heights estate at a former quarry site at Ferntree Gully and is due for completion in mid 2006. Initial marketing of the 75 residential lots is under way. This new community will provide a unique opportunity for homes to be created adjacent to Dandenong National Park.

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

Chelsea sugar refinery, New Zealand In December 2005, CSR entered into a conditional agreement for the sale of 36 hectares of parkland and lakes around the Chelsea sugar refinery in Birkenhead, Auckland, for NZ$20 million. The land will be sold to the Chelsea Park Trust for use as a public park, with the transaction targeted for completion in mid to late 2006.

Other sites Development plans are under review for land at Narangba, Brisbane, which would support 400 residential lots. Also, following the acquisition in January 2005 of the modern Karreman concrete roof tile factory, we have consolidated CSR's Brisbane roof tile operations into the new plant. As a result, the 20 hectare Darra roof tile factory has been designated as surplus land for development. Site preparation will start in June 2006.

17 May 2006

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CSR group income statement[a]

Year ended 31 March ($ million unless indicated)	Note	**2006**	2005
Trading revenue - sale of goods		**2,866.9**	2,367.5
Cost of sales		**(2,138.3)**	(1,724.9)
Gross Margin		**728.6**	642.6
Warehouse and distribution costs		**(160.4)**	(135.1)
Selling costs		**(146.7)**	(134.0)
Administration and other operating costs		**(84.6)**	(72.6)
Share of net income of associates	13	**22.1**	29.5
Operating profit		**359.0**	330.4
Other income from ordinary activities	7	**182.9**	102.4
Other expenses from ordinary activities	7	**(89.6)**	(25.3)
Dividend income from others		**3.5**	1.0
Profit from ordinary activities before finance and income tax		**455.8**	408.5
Interest income	3	**3.5**	4.1
Finance cost	3	**(54.3)**	(42.4)
Profit from ordinary activities before income tax		**405.0**	370.2
Income tax expense relating to ordinary activities	4	**(61.9)**	(17.8)
Net profit		**343.1**	352.4
Net profit attributable to minority interests		**38.1**	33.5
Net profit attributable to shareholders of CSR Limited		**305.0**	318.9
Reconciliation of retained profits			
Retained profits at the beginning of the financial year		**264.2**	202.0
Adjustment on adoption of A-IFRS		**3.5**	(166.4)
Net profit attributable to shareholders of CSR Limited		**305.0**	318.9
Actuarial profit on defined benefit plans		**3.0**	28.0
Income tax on actuarial profit		**(0.8)**	(8.4)
Fair value adjustment for Sugar Terminals Ltd		**4.7**	-
Total available for appropriation		**579.6**	374.1
Dividends provided for or paid	11	**(109.4)**	(109.9)
Retained profits at the end of the financial year		**470.2**	264.2
(cents)			
Basic earnings per share based on net profit attributable to members of CSR Limited[b]		**33.5**	34.8
Diluted earnings per share based on net profit attributable to members of CSR Limited[b]		**33.5**	34.8
Basic earnings per share based on net profit before significant items attributable to members of CSR Limited[b]		**27.4**	23.4

a Income statement for year ended 31 March 2005 was re-stated for A-IFRS as described in note 15.
b Weighted number of ordinary shares on issue used in the calculation of earnings per share is 911.6 million (2005: 916.1 million)

Notes to the financial statements are annexed

CSR group balance sheet[a]

($ million)	Note	As at 31 March 2006	As at 31 March 2005
Current assets			
Cash and cash equivalents		**58.3**	53.0
Receivables		**669.0**	391.3
Inventories		**277.0**	257.2
Other financial and current assets		**144.8**	18.6
Current assets		**1,149.1**	720.1
Non-current assets			
Receivables		**37.4**	37.1
Inventories		**37.7**	25.9
Investments accounted for using the equity method		**29.1**	25.0
Other financial assets		**54.5**	22.4
Property, plant and equipment		**1,529.1**	1,432.8
Goodwill		**14.6**	14.0
Other intangible assets		**51.1**	39.1
Net deferred income tax assets		**127.2**	36.9
Other non-current assets		**33.4**	26.8
Non-current assets		**1,914.1**	1,660.0
Total assets		**3,063.2**	2,380.1
Current liabilities			
Payables and financial liabilities		**616.1**	293.0
Borrowings		**28.7**	10.2
Tax payable		**13.4**	12.5
Provisions		**158.2**	146.1
Current liabilities		**816.4**	461.8
Non-current liabilities			
Payables and financial liabilities		**203.0**	10.9
Borrowings		**588.1**	312.9
Provisions		**380.3**	338.4
Non-current liabilities		**1,171.4**	662.2
Total liabilities		**1,987.8**	1,124.0
Net assets		**1,075.4**	1,256.1
Equity			
Issued capital	5	**671.9**	863.7
Reserves	9	**(165.0)**	2.0
Retained profits		**470.2**	264.2
Equity attributable to shareholders of CSR Limited		**977.1**	1,129.9
Minority interests in controlled entities		**98.3**	126.2
Total equity		**1,075.4**	1,256.1

a Balance sheet as at 31 March 2005 was re-stated for A-IFRS as described in note 15.

Notes to the financial statements are annexed

CSR group recognised income and expense statement

Year ended 31 March ($ million)	Note	2006	2005
Actuarial profit on defined benefit plans		**3.0**	28.0
Income tax on actuarial profit		**(0.8)**	(8.4)
Fair value adjustment for Sugar Terminals Ltd		**4.7**	-
Net income recognised directly in retained earnings		**6.9**	19.6
Hedge loss taken to other equity [a]		**(326.8)**	-
Income tax on hedge loss		**98.0**	-
Translation of foreign operations taken to other equity		**(2.4)**	(0.3)
Net income recognised directly in other equity		**(231.2)**	(0.3)
Total income recognised directly in equity		**(224.3)**	19.3
Profit for the financial year		**343.1**	352.4
Total recognised income and expense for the financial year		**118.8**	371.7
Attributable to:			
CSR Limited shareholders		**120.1**	338.3
Minority interests		**(1.3)**	33.4
Total recognised income and expense for the financial year		**118.8**	371.7

As required by A-IFRS, this statement presents changes in equity resulting from the profit for the financial year and each item of income and expense for the financial year that, as required by A-IFRS, has been recognised directly in equity.

a The main adjustments necessary that would make the comparative financial statements comply with AASB 132 and AASB 139 are listed below. Similar adjustments were made at 1 April 2005 to restate the opening balance sheet of the CSR group to a position consistent with these accounting policies:

(i) the measurement of financial assets designated as available-for-sale at fair value, with changes in fair value recognised in equity, rather than at cost in accordance with the superseded policy

(ii) the recognition and measurement of all derivatives (including any embedded derivatives) at fair value

(iii) the recognition in income of the movement in the fair value of derivatives which did not qualify for hedge accounting or were not designated as hedging instruments

(iv) the transfer of deferred hedging gains and losses recognised as assets and liabilities arising from a cash flow hedge of a forecast transaction to the hedge reserve

(v) the deferral in equity of the effective portion of the movement in fair value of derivatives accounted for as a cash flow hedge

(vi) the recognition in income of the ineffective portion of the movement in fair value of hedging instruments accounted for as a cash flow hedge

(vii) the recognition in income of the movement in fair value of derivatives accounted for as a fair value hedge and the fair valuing of hedged items

(viii) the recognition of any current or deferred taxes in relation to the adjustments described above

Notes to the financial statements are annexed.

CSR group cash flow statement

Year ended 31 March ($ million)	Note	2006	2005
Cash flows from operating activities			
Receipts from customers		**2,998.0**	2,537.2
Payments to suppliers and employees		**(2,615.1)**	(2,200.9)
Dividends and distributions received		**21.4**	32.6
Interest received		**3.2**	4.2
Income tax paid		**(54.3)**	(52.4)
Net cash from operating activities before derivative margin calls		**353.2**	320.7
Derivative margin calls		**(36.1)**	-
Net cash from operating activities	2	**317.1**	320.7
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		**(274.2)**	(228.6)
Proceeds from sale of property, plant and equipment and other non-current assets		**45.3**	59.2
Purchase of controlled entities and businesses net of cash acquired		**(5.7)**	(74.4)
Loans and receivables advanced		**(0.1)**	-
Loans and receivables repaid		**0.1**	2.5
Net cash used in investing activities		**(234.6)**	(241.3)
Cash flows from financing activities			
Proceeds from issue of shares to CSR shareholders		**2.6**	2.2
Share buyback		**(12.3)**	(9.8)
Capital return to CSR shareholders		**(181.6)**	-
Net proceeds from borrowings		**291.7**	94.7
Dividends paid		**(144.9)**	(148.5)
Interest and other finance costs paid		**(34.0)**	(19.3)
Net cash used in financing activities		**(78.5)**	(80.7)
Net increase (decrease) in cash held		**4.0**	(1.3)
Net cash at beginning of the financial year		**53.0**	57.2
Effects of exchange rate changes		**0.4**	(2.9)
Net cash at the end of the financial year		**57.4**	53.0

Reconciliation of net cash

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

	2006	2005
Cash at banks and on hand	**55.6**	44.7
Short-term loans and deposits	**2.7**	8.3
Total cash	**58.3**	53.0
Bank overdraft	**(0.9)**	-
Net cash at the end of the financial year	**57.4**	53.0

Notes to the financial statements for the year ended 31 March 2006

ADDITIONAL CASH FLOW INFORMATION

Non-cash financing and investing activities During the financial year ended 31 March 2006, CSR Limited issued 1,996,800 shares to employees of the CSR group under the terms of the Universal Share/Option Plan (2005: 1,925,600 shares).
During the financial year ended 31 March 2004, the CSR group invested $64.2 million in the Aluminium smelter at Tomago, however the cash contribution in relation to this expenditure was not paid until November 2004.

Commercial paper The CSR group cancelled its commercial paper program based in Australia in September 2005. This program (2005: $600 million) was an evergreen facility. Drawings on the program were backed by the credit standby facilities referred to below. As at 31 March 2006, no commercial paper was on issue.

Credit standby facilities The CSR group has a total of $675 million (2005: $481 million) committed standby facilities. These facilities have fixed maturity dates ranging from September 2006 to September 2010. As at 31 March 2006, $305 million of the standby facilities were undrawn.

OTHER NOTES

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

ii. Subsequent events. There has been no event since the end of the financial year which has had a material effect on the matters already reported.

iii. Significant accounting policies. The CSR group changed its accounting policies on 1 April 2005 to comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS"). The transition to A-IFRS is accounted for in accordance with AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", with 1 April 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the CSR group's balance sheet and income statement is included in note 15.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2006, and in the preparation of the comparative income statement and balance sheet for the year ended 31 March 2005 (refer note 15), except for the accounting policies in respect of financial instruments. The CSR group has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted in the 2005 annual report. The impact of changes in these accounting policies on 1 April 2005, the date of transition for financial instruments, is discussed in note 15. The accounting standards, policies, estimation methods and measurement bases used in this report are the same as those used in the last CSR Annual Report except for the following:

Deferred costs. Certain legal costs associated with insurance litigation and start up costs are expensed as incurred. Under superseded policy these costs were capitalised to the extent that they provided future economic benefits and were amortised over the period those benefits were expected to arise. These costs were written off against retained profits as at 1 April 2004, the date of transition to A-IFRS.

Intangibles. Certain trade names determined as being indefinite life are not amortised. Under superseded policy they were amortised over the period in which the benefits were expected to arise up to a maximum of 40 years. Internal costs relating to acquired intangible assets are expensed. Under superseded policy certain internal costs were capitalised into the value of acquired intangible assets. The balance of the internal costs capitalised were written off against retained profits as at 1 April 2004.

iii. Significant accounting policies. (continued)

Financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in income immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in income depends on the nature of the hedge relationship.

The CSR group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges).

Fair value hedges

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

Cash flow hedges

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

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in the fair value recognised in income.

Changes to accounting policy for financial instruments under A-IFRS are discussed in Note 15(i).

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

Employee benefits. The CSR group elected under s.334(5) of the Corporations Act 2001 to apply accounting standard AASB 119 "Employee Benefits" and AASB 2004-3 "Amendments to Australian Accounting Standards", even though these standards are not required to be applied until annual reporting periods beginning on or after 1 January 2006. For defined benefit superannuation plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained profits, in the period in which they occur, and are presented in the statement of recognised income and expense. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Financial assets. Financial assets are classified into the following specified categories: available-for-sale financial assets and loans and receivables (stated at amortised cost less impairment). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

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

Goodwill. Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired, is recognise as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in income and is not subsequently reversed.

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

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

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

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

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

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

iii. Significant accounting policies. (continued)

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

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

Provision for rehabilitation. The net present value of estimated costs of rehabilitation for land is taken up as a provision. The estimate is revised annually and the provision is adjusted accordingly.

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

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

vi. Significant items.
Gove Aluminium Limited litigation. During the year ended 31 March 2005 the CSR group settled a longstanding dispute that arose following the sale of its interest in Gove Aluminium Limited to Alcan Northern Territory Alumina Pty Limited in January 2001. Gove Aluminium Limited held a 30% share in bauxite and alumina joint venture at the Gove Peninsula in the Northern Territory. The dispute related to adjustments to the price paid for the interest and was subject to litigation in the Supreme Court of New South Wales. The parties agreed to settle the dispute on the basis of a net payment to the CSR group of $21.6 million. In addition the CSR group released $3.8 million of provisions held with respect to this dispute. These have been treated as a significant item in the financial year ended 31 March 2005.

Tax consolidation. Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The CSR group approved for those entities within the group that are wholly-owned Australian resident entities to be taxed as a single entity from 1 April 2004. The financial effect of the adoption of the tax consolidation system was a tax benefit of $55.0 million. This benefit has been treated as a significant item in the financial year ended 31 March 2005.

Insurance litigation. In the year ended 31 March 2005 the CSR group reached a settlement with certain underwriters of Lloyd's of London, reinsured by Equitas Limited, of litigation commenced by CSR in New Jersey in 1995. Under the settlement Lloyd's Underwriters paid $41.0 million to the CSR group on 16 September 2004. Lloyd's Underwriters were among a number of insurers that the CSR group has sued in the New Jersey litigation seeking indemnity for asbestos claims under policies issued to the CSR group from approximately 1978 to 1989 together with other damages and relief. In the year ended 31 March 2005 the CSR group also settled with certain other insurers for amounts totalling $4.3 million. The CSR group incurred legal costs in respect of the litigation of $20.8 million that were written off during the financial year. The settlement with Lloyds Underwriters and other insurers, and the write off of the legal expenses have been treated as a significant item in the financial year ended 31 March 2005.
In the financial year ended 31 March 2006 the CSR group also reached a settlement with a group of 48 Australian, United Kingdom and European insurers. Under the terms of this settlement each of the settling insurers is obliged to pay its share of a settlement totalling approximately A$103.3 million on or before 10 June 2006. The CSR group incurred legal costs of approximately $10.3 million in relation to this settlement. The settlement and the write off of the legal expenses have been treated as a significant item in the financial year ended 31 March 2006.
To date, the CSR group has settled its disputes with certain of the defendants for a total of approximately A$158 million (refer to note 13). The CSR group asserts that the remaining insurers have the major liability for the CSR group's claims. The CSR group is continuing the action against those insurers that are yet to settle. These include ACE Insurance Limited and certain of its affiliates, which together were the primary and excess insurers of the CSR group and the lead insurer on many of the policies at issue in the proceedings.

Product liability. The CSR group's provision for product liability is determined using reports provided by independent experts in each of the United States and Australia. The CSR group has included within the provision an appropriate prudential margin. The CSR Group has increased its product liability provision by $54.0 million to $365.8 million to take account of the uncertainties surrounding asbestos litigation in each of the United States and Australia, recent claims experience and the release of certain insurance policies which the CSR group believes provided coverage for asbestos-related claims. This increase has been treated as a significant item in the financial year ended 31 March 2006.

There were no other significant items in the financial years ended 31 March 2005 or 2006.

1. Segment information

($ million)	Total revenue[a b] 2006	Total revenue[a b] 2005	Depreciation and amortisation[c] 2006	Depreciation and amortisation[c] 2005
Business segments				
Building Products	**978.1**	937.4	**41.7**	38.1
Aluminium	**526.9**	475.2	**27.9**	27.2
Sugar - milling	**765.5**	635.8	**30.1**	26.3
Sugar - ethanol and refining	**605.9**	326.1	**12.7**	8.1
Property	**69.7**	23.7	**-**	-
Segment total	**2,946.1**	2,398.2	**112.4**	99.7
Corporate	**3.9**	2.0	**3.9**	3.8
Interest revenue	**3.5**	4.1		
Group total before significant items	**2,953.5**	2,404.3	**116.3**	103.5
Significant items (refer note 8)	**103.3**	70.7	**-**	-
Group total after significant items	**3,056.8**	2,475.0	**116.3**	103.5

($ million)	Profit from ordinary activities before income tax 2006	Profit from ordinary activities before income tax 2005	Income tax 2006	Income tax 2005	Minority interests 2006	Minority interests 2005	Net profit 2006	Net profit 2005
Business segments								
Building Products	**80.9**	111.4	**19.2**	27.5	**1.2**	0.5	**60.5**	83.4
Aluminium	**156.1**	141.9	**47.1**	42.6	**32.1**	29.0	**76.9**	70.3
Sugar - milling	**92.5**	61.1	**26.7**	20.4	**-**	-	**65.8**	40.7
Sugar - ethanol and refining	**31.2**	36.7	**9.0**	8.4	**5.9**	4.6	**16.3**	23.7
Property	**75.6**	27.1	**(1.1)**	(6.7)	**-**	-	**76.7**	33.8
Segment total	**436.3**	378.2	**100.9**	92.2	**39.2**	34.1	**296.2**	251.9
Corporate	**(18.9)**	(16.9)	**(5.5)**	(5.1)	**-**	-	**(13.4)**	(11.8)
Restructuring and provisions[d]	**(0.6)**	(2.7)	**(1.6)**	(2.4)	**-**	-	**1.0**	(0.3)
	416.8	358.6	**93.8**	84.7	**39.2**	34.1	**283.8**	239.8
Net finance continuing operations	**(50.8)**	(38.3)	**(15.7)**	(11.9)	**(1.1)**	(0.6)	**(34.0)**	(25.8)
Group total before significant items	**366.0**	320.3	**78.1**	72.8	**38.1**	33.5	**249.8**	214.0
Significant items (refer note 8)	**39.0**	49.9	**(16.2)**	(55.0)	**-**	-	**55.2**	104.9
Group total after significant items	**405.0**	370.2	**61.9**	17.8	**38.1**	33.5	**305.0**	318.9

a Excludes net profit from associates.

b Intersegment sales are negligible.

c Total depreciation and amortisation includes $8.9 million (2005: $7.3 million) amortisation of intangibles. Other than asset write downs and other rationalisation expenses, mainly in Building Products, of $20.9 million, other non-cash expenses are immaterial.

d Includes product liability, and certain defined benefit superannuation payments and rationalisation costs.

1. Segment information (continued)

($ million)	Assets 2006	Assets 2005	Liabilities 2006	Liabilities 2005	Investments accounted for using the equity method 2006	Investments accounted for using the equity method 2005
Business segments						
Building Products	**826.4**	740.1	**153.8**	129.5	**8.9**	7.1
Aluminium	**468.1**	407.6	**275.7**	59.7	**-**	-
Sugar - milling	**860.9**	701.4	**330.8**	121.1	**-**	-
Sugar - ethanol and refining	**427.3**	334.1	**117.4**	62.2	**14.5**	11.9
Property	**148.9**	59.2	**20.8**	5.9	**5.7**	6.0
Segment total	**2,731.6**	2,242.4	**898.5**	378.4	**29.1**	25.0
Unallocated[a]	**146.1**	47.8	**459.1**	410.0	**-**	-
	2,877.7	2,290.2	**1,357.6**	788.4	**29.1**	25.0
Finance assets/liabilities	**58.3**	53.0	**616.8**	323.1		
Tax assets/liabilities	**127.2**	36.9	**13.4**	12.5		
Group total	**3,063.2**	2,380.1	**1,987.8**	1,124.0	**29.1**	25.0

Geographic segments ($ million)	Total revenue 2006	Total revenue 2005	Segment assets 2006	Segment assets 2005	Capital expenditure 2006	Capital expenditure 2005
Australia	**2,784.3**	2,276.2	**2,841.4**	2,174.5	**289.1**	218.4
New Zealand	**187.4**	130.0	**123.8**	127.9	**3.3**	39.3
Asia	**85.1**	68.8	**98.0**	77.7	**7.1**	3.3
Group total	**3,056.8**	2,475.0	**3,063.2**	2,380.1	**299.5**	261.0

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

2. Cash flow reconciliation

Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities ($ million)	2006	2005
Net profit attributable to shareholders of CSR Limited	**305.0**	318.9
Significant item - Gove Aluminium litigation	**-**	(25.4)
Significant item - tax consolidation	**-**	(55.0)
Significant item - insurance settlement net of costs	**(93.0)**	-
Depreciation and amortisation	**116.3**	103.5
Net change in provisions	**53.8**	(3.0)
Interest expensed	**30.2**	18.7
Profit on asset sales and write downs	**(55.9)**	(29.4)
Net profit attributable to minority interests	**38.1**	33.5
Net change in trade receivables	**(104.0)**	(49.4)
Net change in current inventories	**(27.6)**	(48.4)
Net change in trade payables	**100.1**	56.3
Derivative margin calls	**(36.1)**	-
Other	**(9.8)**	0.4
Net cash from operating activities	**317.1**	320.7

Year ended 31 March	**2006 ($ million)**	2005 ($ million)

3. Net finance cost

Interest paid or payable on long-term debt	**33.0**	18.7
Interest paid or payable on short-term debt	**1.5**	2.4
Interest capitalised	**(4.3)**	(2.4)
Net interest expense	**30.2**	18.7
Unwinding discounting of non-current provisions and debtors	**22.2**	19.4
Funding costs	**1.1**	1.5
Foreign exchange loss	**0.8**	2.8
Finance cost	**54.3**	42.4
Interest income	**(3.5)**	(4.1)
Net finance cost	**50.8**	38.3

4. Income tax

Income tax expense

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

Profit from ordinary activities before income tax	**405.0**	370.2
Income tax expense calculated at 30%	**121.5**	111.1
Increase (decrease) in income tax expense due to		
Asset disposals and write downs	**(21.5)**	(16.4)
Asian trading profits not recognised	**(1.1)**	(0.4)
Equity accounted associates' profit and rebates on dividends received	**(7.7)**	(5.9)
Income tax over provided in prior years	**(0.9)**	(1.1)
Significant items - tax consolidations	**-**	(55.0)
Significant items - other	**(27.9)**	(15.0)
Other	**(0.5)**	0.5
Total income tax expense on profit from ordinary activities	**61.9**	17.8

5. Issued capital

	Ordinary shares[a] fully paid	Price $	Issued capital $ million
Particulars of shares issued during the year by CSR Limited			
On issue 31 March 2005	915,584,749		863.7
Share buyback[b]	(5,212,234)	2.37	(12.3)
Capital return [c]		0.20	(182.1)
Universal Share/Option Plan [d]	1,996,800	1.31	2.6
On issue 31 March 2006	**912,369,315**		**671.9**

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

b In May 2003, CSR Limited announced a 12 month on-market share buyback of up to 5% of its fully paid shares. In May 2004, CSR Limited announced that a further twelve month share buyback of up to 5% of its fully paid shares would commence from 11 June 2004. In the period 1 April 2005 to 10 June 2005, 5,212,234 shares were repurchased and cancelled under the buyback. During the financial year to 31 March 2005, a total of 3,571,552 shares were repurchased and cancelled under the original buyback and 1,278,000 under the further buyback.

c On 4 August 2005 CSR Limited made a capital return to shareholders of $0.20 per share to achieve a one-off structural alteration to its gearing.

d Fully paid ordinary shares were issued in August, September and November 2005 and September and October 2004 under the employee Universal Share/Option Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the CSR group. Offers of fully paid shares were made to all eligible employees (2006: 4017, 2005: 4147). 2,497 (2005: 2407) accepted the offer, subscribing for up to 400 shares at the market price of $2.62 each (2005: $2.30) and receiving an equivalent number of shares at no cost. The issue of 998,400 (2005: 962,800) shares purchased by employees was taken to equity. The additional 998,400 (2005: 962,800) shares issued at no cost were recorded as an expense in the financial report with an offsetting entry to the employee share reserve.

6. Expenses

Profit from ordinary activities before income tax includes the following items of expenditure:	**31 March 2006 $ million**	31 March 2005 $ million
Depreciation of non-current assets	**107.3**	96.1
Amortisation of non-current assets	**9.0**	7.4
Write down of property, plant and equipment	**20.9**	-
Increase (decrease) in allowance for bad debts	**1.2**	(0.9)

7. Other income and expenses

Income		
Significant items (refer note 8)	**103.3**	70.7
Profit on disposal of non current assets	**76.8**	29.4
Other	**2.8**	2.3
Total other income from ordinary activities	**182.9**	102.4
Expenses		
Significant items (refer note 8)	**(64.3)**	(20.8)
Asset write downs and associated costs	**(20.9)**	-
Increase in product liability provision	**-**	(3.1)
Other	**(4.4)**	(1.4)
Total other expenses from ordinary activities	**(89.6)**	(25.3)

8. Significant items

Gove Aluminium Limited litigation		
Receipt from Alcan Northern Territory Alumina Pty Ltd	**-**	21.6
Settlement provisions no longer required	**-**	3.8
	-	25.4
Insurance litigation settlement		
Receipts from certain insurers	**103.3**	45.3
Legal costs	**(10.3)**	(20.8)
	93.0	24.5
Increase asbestos provision		
Increase in provision	**(54.0)**	-
Tax benefit	**16.2**	-
	(37.8)	-
Tax consolidation		
Restatement of deferred tax balances on adoption of tax consolidation	**-**	55.0
Total significant items after tax	**55.2**	104.9

9. Reserves

Foreign currency translation reserve	**(1.3)**	(0.2)
Employee share reserve	**4.8**	2.2
Hedge reserve	**(168.5)**	-
Total reserves	**(165.0)**	2.0

Under A-IFRS the fair value of derivatives after tax is taken directly to CSR equity reserve and/or minority interest equity reserve. CSR applied this A-IFRS standard from 1 April 2005 and there is no comparative data for 2005.

10. Net tangible assets per share

	$	$
Net tangible assets per share	**1.00**	1.18

11. Details relating to dividends and return of capital

	Financial year ending 31 March	Franking percentage	Date dividend paid/payable	Amount per share cents	Total amount $ million
Interim dividend	2005	100	3 December 2004	6	55.0
Final dividend	2005	100	4 July 2005	6	54.6
Return of capital	2006		4 August 2005	20	182.1
Interim dividend	2006	100	9 December 2005	6	54.8
Final dividend	2006	100	5 July 2006	9	82.1

The final dividend in respect of ordinary shares for the financial year ended 31 March 2006 has not been recognised in this report because the final dividend was declared subsequent to 31 March 2006.

Dividend reinvestment plans

The dividend reinvestment plan remains suspended until further notice.

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

Control gained over entities

No controlled entities were acquired during the financial year which materially affected net income.

Control lost over entities

No controlled entities were disposed of during the financial year which materially affected net income.

13. Details of associates and joint venture entities

Aggregate share of income of associate entities

	Year ended 31 March	
	2006 $ million	2005 $ million
Income from ordinary activities before income tax	**31.4**	38.1
Income tax expense	**9.3**	8.6
Income from ordinary activities after income tax	**22.1**	29.5
Extraordinary items net of tax	**-**	-
Net income	**22.1**	29.5
Minority interests	**-**	-
Aggregate share of income	**22.1**	29.5

	Ownership interest As at 31 March		Contribution to net income Year ended 31 March	
Name of entity	**2006 %**	2005 %	**2006 $ million**	2005 $ million
Associate companies				
C Czarnikow Limited	**43**	43	**3.2**	1.1
Enviroguard Pty Ltd	**50**	50	**9.3**	4.8
New Zealand Sugar Company Limited[a]	**75**	75	**-**	4.6
Rondo Pty Ltd	**50**	50	**9.4**	8.1
Other immaterial associate companies			**0.2**	0.1
Joint venture entities				
Sugar Australia joint venture[a b]	**75**	75	**-**	10.8
Aggregate share of income			**22.1**	29.5

a The CSR group increased its interest in these associate entities on 2 April 2004 to 75%. The CSR group gained control of these entities on 1 October 2004 and has fully consolidated the income and balance sheets of the entities from that date. The above associate details only reflect their income up to the date that they were fully consolidated.

b The CSR group as a joint venturer incurred a tax expense of $3.0 million in 2005 as a result of this profit. This tax expense is included within the CSR group's tax expense rather than the share of associated entities' income.

The CSR group does not have any other material interests.

14. Contingent liabilities and assets

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

In Australia, asbestos-related personal injury claims have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos. As at 31 March 2006, there were 603 such claims pending.

In the United States, claims are made by people who allege exposure to asbestos fibre liberated either during the manufacture of products containing asbestos or in the installation or use of those products. As at 31 March 2006, there were 3,591 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2006, CSR had resolved 1,858 claims in Australia and approximately 129,000 claims in the United States.

There are uncertainties surrounding litigation in each of the United States and Australia. The incidence of asbestos related disease, the propensity of claimants to make formal demands on CSR, the amount of those demands, the presence of other defendants in litigation involving CSR, the impact on the United States litigation environment of recent asbestos bankruptcies, the passage of certain state-based legislation relating to asbestos claims in the United States, and recent changes to the system for compensating asbestos claims in New South Wales impact the numbers and value of claims made against CSR.

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

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

To date, CSR has settled its disputes with certain of the defendants for a total of more than A$158 million. That amount includes a settlement in the previous financial year with certain Underwriters at Lloyd's (reinsured by Equitas) in 2004 for A$41 million. Recently CSR Limited also reached a settlement of insurance litigation commenced in New Jersey in 1995 with a group of 48 Australian, United Kingdom and European insurers. Under the terms of the settlement each of the settling insurers is obliged to pay its share of a settlement totalling approximately A$103.3 million on or before 10 June 2006. CSR is continuing the action against those insurers that are yet to settle. These include ACE Insurance Limited and certain of its affiliates, which together were the primary and excess insurers of CSR and the lead insurer on many of the policies at issue in the proceedings.

At 31 March 2006, a provision of $365.8 million (2005: $318.4 million) has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos related claims or the future impact on its financial condition. However, taking into account the provision already included in CSR's financial statements and current claims management experience, the CSR group is of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on CSR's financial condition.

Workers' compensation
CSR Limited acts as an authorised self-insurer in New South Wales, Queensland, Victoria, South Australia (to 10 April 2003), Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and potential future claims that can be reliably measured.

15. Impacts of the adoption of A-IFRS

The CSR group has not elected to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement", as permitted on the first time adoption of A-IFRS. The effect of changes in accounting policies for financial instruments at 1 April 2005 is detailed below.
The following table reconciles the balance sheet as reported in the 2005 annual report to the balance sheet shown as a comparative in the current financial report.

Reconciliation of net profit attributable to shareholders under previous AGAAP to that under A-IFRS

($ million) Year ended 31 March	Note	2005
Prior year net profit as previously reported under AGAAP		287.1
Recognition of defined benefit obligations, net of tax	b	4.1
Reduced depreciation on impairment adjustment, net of tax	c	5.9
Reduced depreciation on formation of JV adjustment, net of tax	d	1.5
Cessation of trade name amortisation	e	0.9
Cessation of goodwill amortisation	f	1.7
Deferred costs recognition adjustment, net of tax	g	19.0
Expensing share based payments, net of tax	h	(1.5)
Tax benefit relating to changes in deferred tax accounts	j	0.2
Total net profit after tax under A-IFRS		318.9

Reconciliation of total equity presented under previous AGAAP to that under A-IFRS

($ million)	Note	31 March 2005	1 April 2004
Total equity previously reported under AGAAP		1,367.9	1,144.9
Adjustments to retained profits (net of tax):			
Transfer from foreign currency translation reserve	a	(1.2)	(1.2)
Recognition of defined benefit obligations	b	5.2	(18.5)
Write down of assets	c-d	(95.5)	(102.7)
Internally generated intangibles	e	(5.4)	(6.3)
Cessation of goodwill amortisation	f	1.7	-
Deferred costs recognition adjustment	g	(4.2)	(23.2)
Expensing share based payments	h	(1.5)	-
Adjustments to tax balances	j	(14.3)	(14.7)
Adjustments to other reserves (net of tax):			
Transfer foreign currency translation reserve to retained profits	a	1.2	1.2
Employee settled benefits reserve	h	2.2	-
Total equity under A-IFRS		1,256.1	979.5

Notes to the reconciliation of income and equity

a. Cumulative exchange differences

At the date of transition the CSR group elected to reset the foreign currency translation reserve to zero. An amount of $1.2 million (loss) was transferred from foreign currency translation reserve to retained profits.

b. Defined benefit superannuation plans

A net defined benefit obligation of $26.4 million was recognised on 1 April 2004 on transition to A-IFRS. Under superseded policies, contributions to defined benefit superannuation plans were expensed when due and payable and no liabilities were recognised in relation to the plans.

c. Impairment of assets

A write down is required under A-IFRS at the date of transition as a result of the establishment of cash generating units for Sugar Mills and Building Products at a lower level than required under the superseded standards. The write downs were determined on a discounted cash flow analysis based on management expectations at the date of transition.

d. Formation of joint ventures

Profits recognised on the formation of joint ventures are not permitted under A-IFRS when similar non-monetary assets are contributed by the venturers in forming the joint venture. The unamortised balance of the profit recognised by the CSR group on formation of the Sugar Australia joint venture is adjusted against opening retained profits as at the date of transition to A-IFRS. This adjustment was made against the carrying value of the investment.

e. Intangible assets

Under superseded standards certain internal costs were capitalised into the value of acquired intangible assets. These costs cannot be capitalised under A IFRS and consequently the balance remaining at 1 April 2004 was adjusted against opening retained profits at that date.

15. Impacts of the adoption of A-IFRS (continued)

f. Goodwill

The CSR group has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed. Goodwill, which was amortised under the superseded policies, is not amortised under A-IFRS from the date of transition.

g. Deferred costs

Certain legal costs associated with insurance litigation were deferred under superseded standards. These costs cannot be carried under A-IFRS and were written off against retained profits as at 1 April 2004. In future these costs will be expensed as incurred. Start up costs capitalised under superseded standards were written off against retained profits at the transition date to A-IFRS. In future these costs will be expensed as incurred.

h. Share-based payments

Free shares issued under the employee Universal Share/Option Plan were not recognised as an expense under superseded standards. On adoption of A-IFRS the CSR group will recognise an expense for all share based remuneration. Restatement of year ended 31 March 2005 income statement includes expensing of free shares issued in September/October 2004.

i. Financial instruments

The CSR group has elected not to restate comparative information for financial statements within the scope of Accounting Standards AASB 132 “Financial Instruments: Disclosure and Presentation” and AASB 139 “Financial Instruments: Recognition and Measurement”, as permitted on first time adoption of A-IFRS. The effect of changes in accounting policies for financial instruments on the balance sheet at 1 April 2005 was an increase in other reserves of $31.3 million for the fair value of cash flow hedges after tax, and an increase in retained profits of $3.5 million for the fair value of available for sale assets. The following assets were designated as available-for-sale on adoption of AASB 139. These financial assets were previously measured at cost:

	Fair value at 31/3/05	Carrying amount at 31/3/05
Non-current financial assets		
Shares in Sugar Terminals Ltd	25.9	22.4

The following transitional provisions have an effect on future periods:

The effectiveness of hedging relationships are assessed from 1 April 2005; no adjustment is made in relation to hedges under the superseded policies.

The main adjustments necessary that would make the comparative financial statements comply with AASB 132 and AASB 139 are listed in the recognised income and expense statement.

j. Income tax

Under superseded policies, the CSR group adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable. Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases. The effect of the above adjustments on the deferred tax balances are as follows:

	Adjustments on adoption of IFRS on 1 April 2004	Changes due to revised IFRS Income statement	A-IFRS 31 March 2005	Changes due to AASB 139 Financial instruments
CSR group				
Deferred costs	2.0	(0.2)	1.8	-
Deferred tax not recognised under previous GAAP	(14.7)	0.4	(14.3)	-
Asset write downs	43.9	(3.0)	40.9	-
Share based payments	-	0.7	0.7	-
Defined benefit obligation	7.9	(10.2)	(2.3)	-
Fair value of cash flow hedges	-	-	-	(13.5)
Net decrease/(increase) in deferred tax balances	39.1	(12.3)	26.8	(13.5)

STATEMENT IN RELATION TO ACCOUNTS AND AUDIT

This report is based on accounts which have been audited.

Alec Brennan
Managing Director
17 May 2006