



annual report 2001

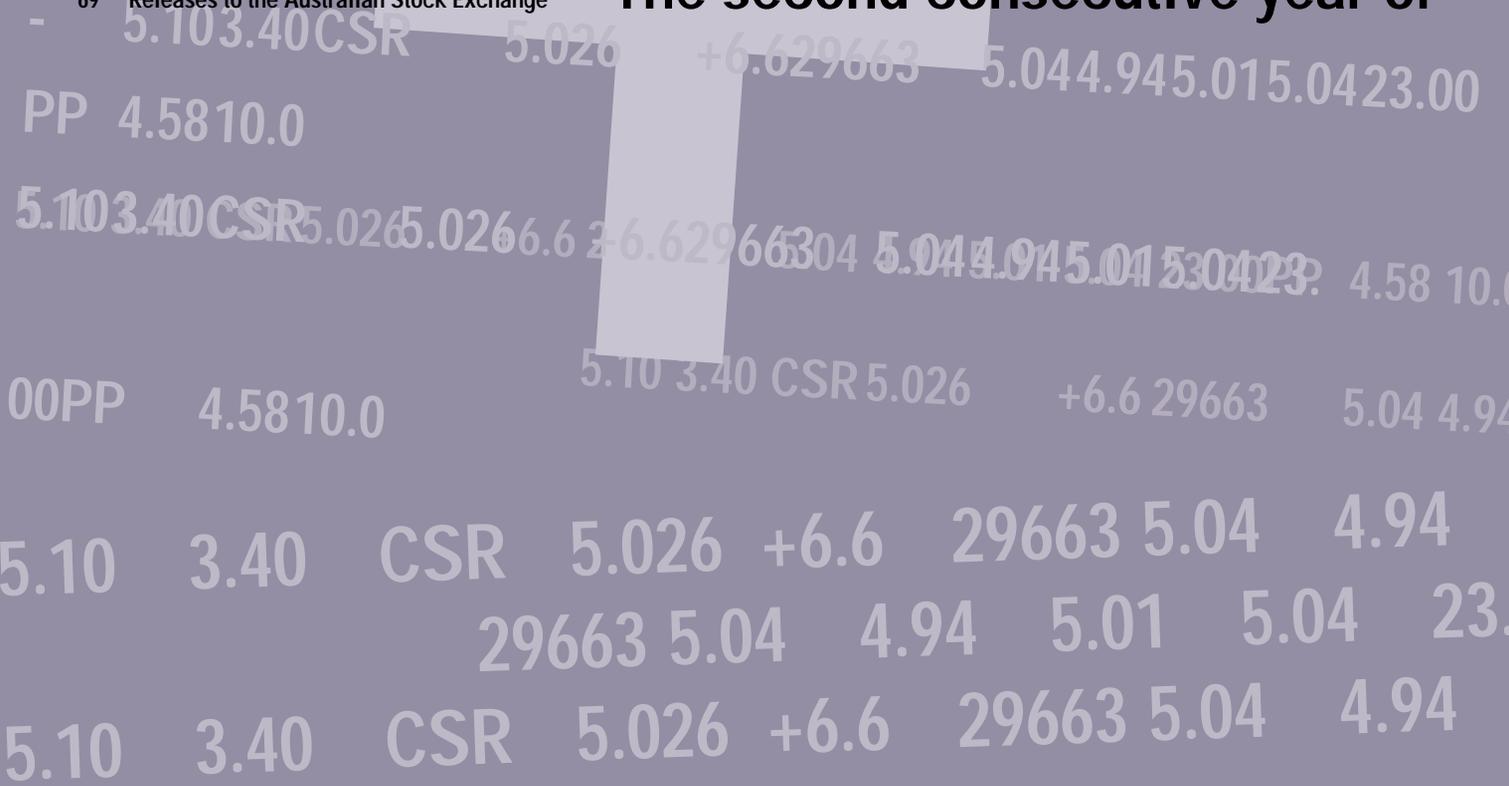
CSR LIMITED ABN 90 000 001 276

CSRTM

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WHERE THE CSR GROUP IS HEADING**

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The second consecutive year of



NEW CSR INTERNET SITE

- We are committed to a high level of customer service. As part of this, CSR recently launched a significantly upgraded Australian internet site. [Please visit the site at www.csr.com.au](http://www.csr.com.au)
- The new site boosts marketing of CSR's Australian building materials, highlighting our well established, powerful brands. Customers can directly enter product sites more easily. Improved technology makes the site faster to download and easier for visitors to move around it.
- We aim to be in the forefront of developments in electronic commerce and are looking closely at the benefits of digitised buying, production and selling processes – made possible by our new computer based systems. E-commerce has not yet had a significant impact on our industries, but potentially it offers significant benefits, including cost savings, which can be shared with our customers.
- CSR America, Inc.'s website, at www.csra.com, offers its US customers a wide range of building materials.

The CSR logo consists of the letters 'CSR' in a bold, white, sans-serif font, centered within a solid red rectangular background. A small trademark symbol (TM) is located at the top right corner of the red box.

record profit

We are now substantially an international building materials group of companies

growing strongly in the USA

- A\$6.4 billion sales revenue
- A\$923 million earnings before interest, tax and abnormal items
- A\$505 million profit after tax and before abnormals
- A\$634 million profit after tax and an abnormal profit of A\$129 million.

CSR ranks among the world's top 10 building materials groups. CSR Group companies have operations in Australia, the United States, Asia and New Zealand. The group also has a large sugar business and an investment in aluminium.

Our goal is to be a strong performer – growing in the international building materials industry and delivering value for our shareholders through the economic cycle.

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

Chairman's review from John Morschel

IN THIS, MY FIRST ANNUAL REVIEW AS CHAIRMAN OF CSR, I AM PLEASED TO REPORT THE SECOND CONSECUTIVE YEAR OF RECORD PROFIT, WITH PROFIT AFTERTAX (BEFORE ABNORMAL ITEMS) INCREASING 7% TO A\$505 MILLION.

After abnormal items (see page 22), net profit rose 34% to A\$634 million.

The group's objective is to build shareholder value through superior operating performance, asset productivity and value adding growth.

Total shareholder return is a broadly accepted indicator of shareholder value. The graphs below show CSR's performance relative to the Australian Stock Exchange All Ordinaries Accumulation Index over the past one and three years.

The group's focus is international building materials. We continued to re-shape and narrow our business portfolio, divesting the Gove alumina and bauxite investment. At the same time we invested A\$1.3 billion in US acquisitions, as well as growing organically, through CSR America, Inc.

The internal test applied to each acquisition or divestment is whether it increases shareholder value.

For the first time, our capital management program included a share buyback. CSR has to date spent A\$402 million acquiring 89 million shares on-market. The average cost was A\$4.52 per share. The buyback, together with improved profitability, helped lift earnings per share 11% to 50.3 cents last year. With the buyback and the A\$233 million dividend payment, CSR will have returned A\$635 million to shareholders over the past year or so.

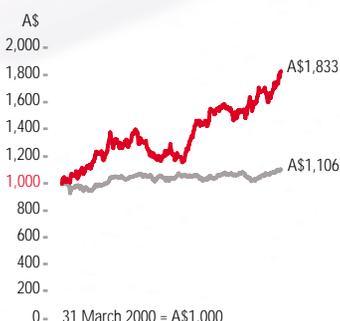
The final dividend is 12 cents, with franking increased to 40%, bringing total dividends for the year to 23 cents. Unfortunately, we do not accrue franking credits on the 56% of group profit now derived by CSR America. The CSR board believes increasing dividends is not tax effective unless they are fully franked. This year, we will continue to use a share buyback and will evaluate a return of capital, with the objective of improving shareholder distributions.

2001 has seen several changes to the board. David Voss, Charles Goode and Allan Moss retired as directors. On 1 May, Ian Burgess retired as chairman after a remarkable 50 year career with CSR. Ian, David, Charles and Allan each made a valuable contribution. I would like to thank them and wish them well.

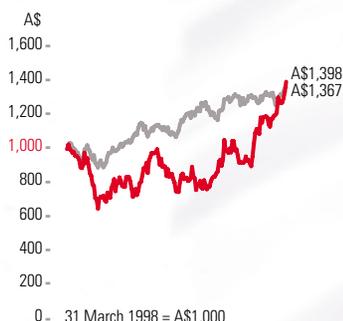
John Arthur, a corporate lawyer, and John Wylie, a prominent investment banker, joined the board in March. John Ballard, who has a strong international manufacturing background, joined in May.

I would like to thank my fellow directors: Peter Kirby, our chief executive; and all the people across the CSR Group who have worked so hard during the year – we are indeed fortunate to have such a committed team.

We are expecting a period of increased global market turbulence. However, CSR is better equipped than before to handle any challenges that may arise.



1 YEAR 31 March 2000 – 18 May 2001



3 YEARS 31 March 1998 – 18 May 2001

CSR VS THE ASX ALL ORDINARIES ACCUMULATION INDEX

— CSR Limited — ASX All Ordinaries

The value of A\$1,000 invested in CSR shares in March 2000 was worth A\$1,833 in May this year, compared to A\$1,106 if invested in the All Ordinaries accumulation index. Over three years, the A\$1,000 CSR investment was worth A\$1,398 and the index A\$1,367.



Managing Director and CEO,
Peter Kirby, reviews the year

Building value for shareholders



THREE YEARS OF NARROWING THE FOCUS OF THE CSR GROUP'S OPERATIONS, WHILE SIMULTANEOUSLY INVESTING IN THE UNITED STATES THROUGH CSR AMERICA, INC., PRODUCED A STRONG PROFIT PERFORMANCE LAST YEAR.

Excellent results from CSR America and Aluminium helped offset weaker results from the other Australian businesses, which were impacted by external conditions.

Over 75% of group earnings are now from international building materials. Total earnings before interest and tax (EBIT) from international building materials rose 17% last year and have been growing at 22% per year compound since 1997.

Group net profit before abnormals was up 7% to A\$505 million. Net profit rose 34% to A\$634 million after an abnormal gain of A\$129 million, which followed the sale of CSR's interest in the Gove alumina and bauxite operation (GAL). The A\$269 million profit after tax on the GAL sale was partially offset by A\$94 million (after tax) in asset writedowns – mainly in Asia, but also in Australian bricks and pavers, and CSR America's pipeline rehabilitation business – and a A\$46 million (after tax) increase in the provision for asbestos.

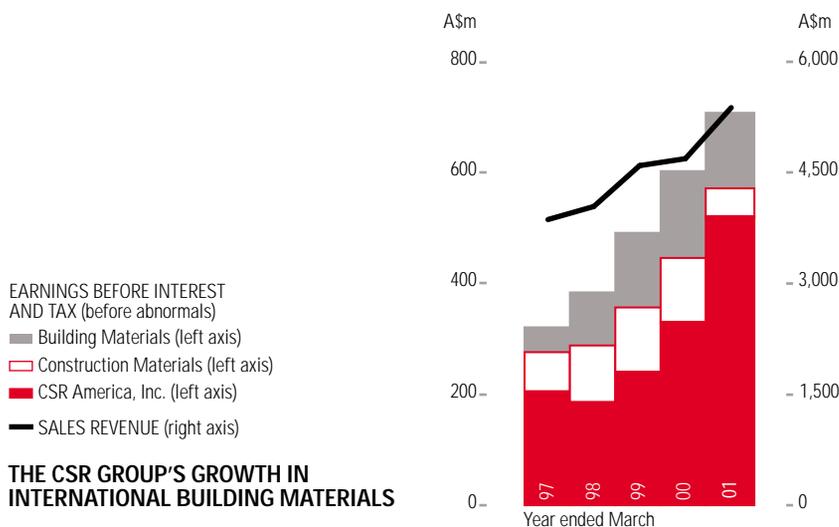
The return on shareholders funds was slightly lower at 12.7% (12.9% last year), impacted by the low A\$ at year end. Using the average exchange rate during the year, the return increased to 13.1%.

CSR America's result was particularly pleasing when compared to its major competitors. Building Materials is delivering well ahead of its performance in 1997, the bottom of the previous Australian building cycle and a comparable year in terms of housing starts. Aluminium's profit last year was a record. However, Construction Materials' performance was unsatisfactory, notwithstanding difficult markets in Australia. Sugar was hit by bad weather and crop disease.

The expansion by CSR America in the US has helped to smooth group earnings. CSR America produced 56% of group earnings before interest and tax last year, at a time of cyclical weakness in Australia.

THE SHARE PRICE The 73% increase in the share price (as this annual report went to press) since the beginning of last year is pleasing. It reflects a general re-rating of cyclical stocks, a positive view of CSR America's increasing investment in the US and some recognition of the progress in restructuring CSR.

Peter Kirby



However, the company's share price still under performs many of our major global building materials peers. On investment measures such as share price/earnings and share price/cash flow, CSR lags well behind its competitors – although our operating performance is in many cases equivalent or better.

Most CSR Limited employees are shareholders. The annual general meeting last year approved a plan to further encourage employee share ownership. The senior management team has a considerable investment exposure in CSR shares, resulting in closer alignment with shareholders' interests. All shareholders have benefited from the increase in returns.



STRATEGY The strategy we have been implementing over the past three years is centred on rebuilding shareholder value in CSR.

We have been working hard to transform an old style, poorly performing conglomerate into a focused, high performing, international building materials group. We are now the world's ninth largest group in the sector.

CSR America, Inc. has been growing strongly. It is building profitable market positions in high population growth regions, mainly in the southern states. CSR America is number one in the US in concrete pipes, number three in pre-mixed concrete and number five in aggregates.

CSR America invested around A\$1.3 billion in acquisitions during the year.

These included Florida Crushed Stone (A\$597 million), American Limestone Corporation in Tennessee (A\$353 million), and the Wilson and Leppert concrete pipe and products businesses in the US mid west (A\$139 million). Overall, the acquisitions are delivering as forecast, with A\$61 million part year earnings before interest and tax since acquisition.

Around A\$120 million was invested in new plants and upgrades, to lower operating costs.

Stay in business capital has been tightly managed across the group, at levels well below depreciation.

Simultaneously, the group's business portfolio has been narrowed. Since March 1998 we have sold over A\$1.5 billion of assets.

In January, we divested the Gove alumina and bauxite interest, Gove Aluminium Ltd. Final proceeds are expected to be over US\$275 million, including a one-off completion dividend and contractual adjustments.

We have been considering a range of options to separate the sugar business. In recent

months, we have talked to a number of parties interested in acquiring the business. However, we have not at this stage been able to conclude a deal on terms which make sense for CSR shareholders. After unusually low profits last year, Sugar's profitability should improve sharply in the year ahead. We expect this to open up opportunities to complete the separation process.

Sugar is an excellent business, despite the recent result. For much of CSR's 146 year life it has been our mainstay. We are continuing to talk with potential bidders, both here and overseas, but we are now also actively focusing on a spin-off or float. We are committed to separating the business and will do so when we can deliver fair value to shareholders.

Cost reduction is critical. Building materials is largely a commodity business – being a low cost operator is essential. Group costs were cut by around A\$100 million in each of the past three years.

CULTURE A culture – the way we do business – is being developed which has high performance expectations of people, who are well equipped and well rewarded for performance. It involves significant incentives, high levels of autonomy matched with high accountability, using shareholder value, or *economic profit*, as the major performance measure, hiring and developing the best people, and benchmarking internally and externally to achieve best practice.

Good progress has been made over the past two years in implementing a management structure which supports this high performance culture, particularly in CSR America.

GLOBAL CONSOLIDATION The global building materials industry is consolidating rapidly. From a list of 42 major building materials groups – CSR's peers – as at October 1997, half have now either been sold or are being sold. The average acquisition price for the companies with significant US investments was 13.3 times earnings before interest and tax.

CSR's preference in this consolidation process is to be a predator, not prey for others. We are working hard to establish CSR as one of the top building materials groups in the world, while we are creating shareholder value. However, if we become prey, we must ensure that our shareholders receive an adequate premium.

Sensible rationalisation and investment in Australia is difficult, causing many firms to invest overseas. Like other Australian multinationals with significant US investments, we are hit with the 15% US withholding tax if we bring profits back home. We urge the Australian Government to move quickly to revise the US tax treaty and remove this penalty.

OUTLOOK Most forecasters project a *soft landing* for the US economy. Housing has slowed, albeit with some signs of recovery. Lower interest rates are also positive. However, trends in consumer confidence, investment intentions and unemployment are cause for concern. CSR America is preparing for a tougher 12 months ahead. The full year impact of the acquisitions made during the year plus the benefit of infrastructure spending under the US federal Transport Equity Act for the 21st Century (TEA-21) program should underpin results.

In Australia, this year will be difficult for both Building Materials and Construction Materials, but we believe the cycle has now bottomed. Housing activity should begin to pick up later in the year. Housing starts are forecast to be around 125-130,000 this year. The A\$14,000 new home grant is working well and lower interest rates should assist recovery. Civil and commercial construction activity is likely to remain at low levels for some time.

Numerous infrastructure projects have been announced by federal and state governments in Australia. These projects are needed to help keep Australia's economy growing. However, implementation has been too slow, in many cases, to help ease the current economic downturn.

Sugar profit should see a significant bounce back.

PRIORITIES Priorities for the year ahead include:

- maintaining strong shareholder returns
- ongoing improvement in the underlying operating performance, particularly in Construction Materials
- further strengthening the high performance organisational culture
- continued international expansion in building materials
- further improvement in safety, occupational health and environmental performance.

I would again like to thank our customers for their valued business and all the people across the CSR Group for their contribution to our improving performance.

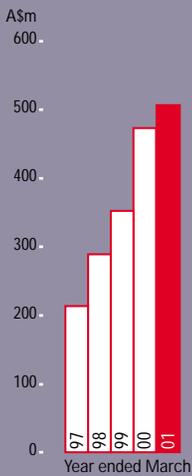
The investment market is starting to recognise the changes at CSR. There is still much to do and more value to be unlocked. But progress in adding shareholder value has been substantial in the past two years. Despite softer markets, we aim to continue the momentum in 2002.

PETER KIRBY, MANAGING DIRECTOR

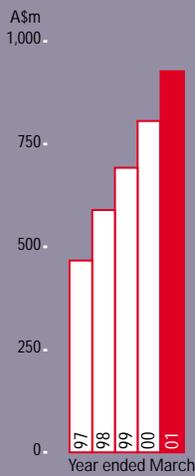


Performance highlights

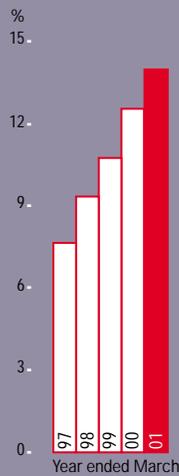
Earnings before interest and tax rose 15%. Net profit after tax and before abnormal items was A\$505 million, up 7%. After abnormals, profit was A\$634 million. Trading revenue was A\$6.4 billion



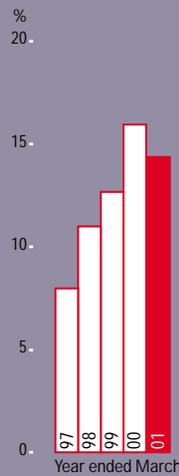
NET PROFIT UP 7% (before abnormals)



EARNINGS BEFORE INTEREST AND TAX UP 15%



PROFIT MARGIN 14.4% (earnings before interest and tax : trading revenue)



RETURN ON FUNDS EMPLOYED 14.6% (before abnormals)



PERFORMANCE IMPROVEMENT SAVED COSTS OF A\$100 MILLION



CSR VS AUSTRALIAN BUILDING MATERIALS AND ALL INDUSTRIALS INDICES

With dividends reinvested, A\$1,000 in CSR shares on 31 March 1998 was worth A\$1,343 on 18 May 2001. The same investment in the All Industrials index was worth A\$1,366 and in the Building Materials index, A\$1,250.

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



CSR VS GLOBAL BUILDING MATERIALS INDICES

CSR continued to outperform the major building materials indices around the world. A\$1,000 invested in CSR shares on 31 March 1999 was worth A\$1,964 on 18 May 2001. The values of initial A\$1,000 investments in various international indices are shown.

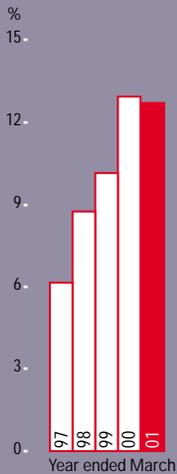
- CSR Limited
- MSCI Building Materials (global)
- S&P Construction Index (US)
- BE500 Building Materials (Europe)

KEY FACTS

YEAR ENDED 31 MARCH

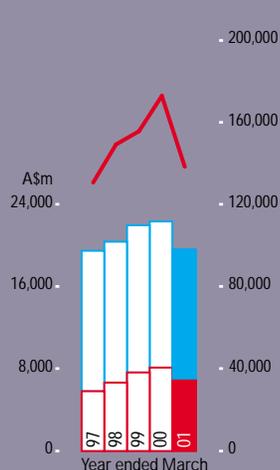
A\$ MILLION UNLESS STATED

	2001	2000	% CHANGE
OPERATING RESULTS			
Trading revenue	6,424.0	6,419.0	-
Earnings before interest, tax and abnormal items (EBIT)	922.6	803.5	15
Net profit before abnormal items	504.9	471.6	7
Net profit after abnormal items	634.1	471.6	34
Net cash from operating activities	1,024.2	1,048.4	-2
Capital investment	1,659.7	538.1	208
FINANCIAL POSITION AT YEAR END			
Capital	2,322.4	2,647.0	-12
CSR shareholders' funds	3,983.1	3,659.3	9
Total assets	8,461.6	6,883.1	23
Net debt	2,099.9	1,088.3	93
KEY DATA PER SHARE			
Earnings before abnormal items [Australian cents]	50.3	45.5	11
Earnings after abnormal items [Australian cents]	63.2	45.5	39
Dividend [Australian cents]	23.0	23.0	-
KEY MEASURES			
Profit margin (EBIT : trading revenue) [%]	14.4	12.5	
Return on funds employed before abnormal items [%]	14.6	15.9	
Return on CSR shareholders' funds before abnormal items [%]	12.7	12.9	
Gearing at 31 March [%]	34.0	22.2	
Interest cover at 31 March [times]	6.8	9.1	
Employees	16,134	17,104	-6
Safety improvement [recordable injuries* per million work hours]	36.8	58.1	-37



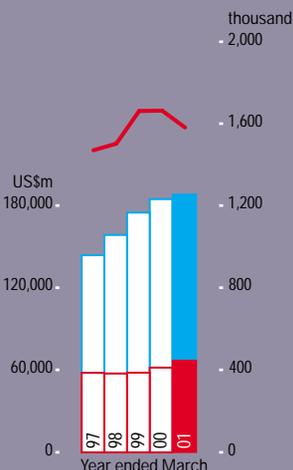
RETURN ON SHAREHOLDERS' FUNDS 12.7% (before abnormals)

* Doctor treated and lost time injuries plus people put on restricted duties.



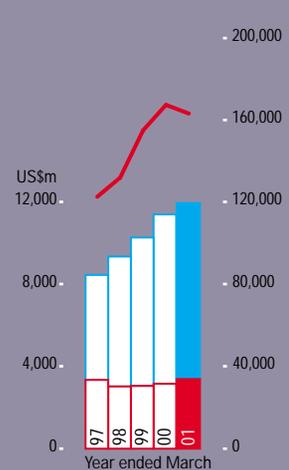
AUSTRALIAN CONSTRUCTION ACTIVITY

— Housing starts (right axis)
 ■ Civil (engineering construction) (left axis)
 ■ Commercial (non residential building) (left axis)



US CONSTRUCTION ACTIVITY

— Housing starts (right axis)
 ■ Civil (non building) (left axis)
 ■ Commercial (non residential building) (left axis)



FLORIDA CONSTRUCTION ACTIVITY

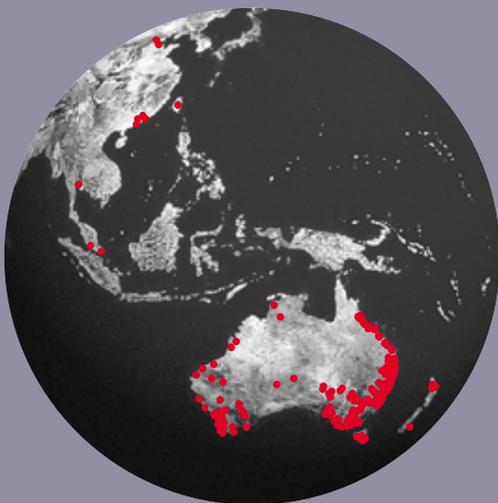
— Housing starts (right axis)
 ■ Civil (non building) (left axis)
 ■ Commercial (non residential building) (left axis)

The CSR Group

Growing in international building materials

OPERATING PLANTS*	TOTAL	CSR AMERICA, INC.	AUSTRALIA	NEW ZEALAND	CHINA	TAIWAN	MALAYSIA	THAILAND	PRODUCTION CAPACITY / YEAR
Quarries & sand mines	124	40	83		1				78 million tonnes
Pre-mixed concrete	293	82	208		3				13.8 million tonnes
Asphalt & surfacing	34	5	29						6.2 million tonnes
Pipe & concrete products	115	95	19			1			5.5 million tonnes
Concrete blocks	24	22	2						US: 163 million units
Cement mills & terminals	6	4	2						3.4 million tonnes
Landfills & other	5	3	2						
Plasterboard	4		4						79 million square metres
Fibre cement	1		1						10 million square metres
Roof tiles	9		7	2					9 million square metres
Bricks & pavers	11		10	1					420 million units
Lightweight concrete	2		1				1		220 thousand cubic metres
Insulation	7		3		2		1	1	83 thousand tonnes
Total building materials	635	251	371	3	6	1	2	1	
Raw sugar mills	7		7						
Sugar refineries	3		2	1					
Distilleries	2		2						
Aluminium smelter	1		1						
Total CSR Group	648	251	383	4	6	1	2	1	

* Includes joint ventures.



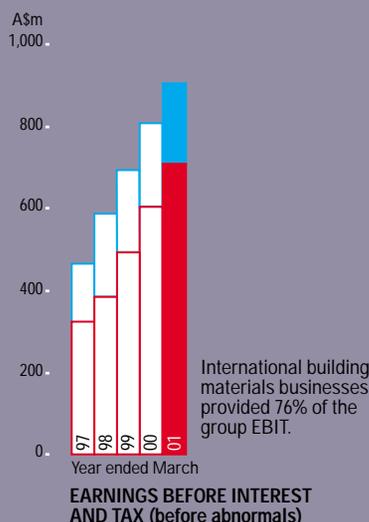
CSR Group companies have nearly 650 producing plants internationally.



Year ended March
GROUP FUNDS EMPLOYED BY REGION



Year ended March
TRADING REVENUE BY REGION OF ORIGIN



Other CSR Group
Total CSR Group building materials

Review of operations



CSR America, Inc.'s FEC quarry in Florida – the largest in the United States. Our strategy is to build an international building materials group of companies, growing mainly through CSR America.

CSR America, Inc.

Substantial growth in the United States and a strong operating performance

CSR America, Inc. had a very good year. Trading revenue rose 33% to A\$3,590 million (US\$1,974 million, up 14%). Earnings before interest and tax grew 57% to A\$516 million (US\$284 million, up 35%). Profit margin was 14.4%, up from 12.2%. Operational improvements saved A\$63 million in costs.

The US economy continued to perform strongly despite a weaker housing sector. Total US construction activity marginally declined, by 0.7%. However, US civil construction rose 7.8%, boosted by expenditure on streets and highways, up 8.1%, financed largely by the Transport Equity Act for the 21st Century (TEA-21), the US Federal Government's US\$216 billion six year transport infrastructure program. Housing fell 3.2% and commercial construction was down 1.3%. Forward indicators such as housing affordability and housing approvals were improving towards the end of the year.

Winter across the US was much harsher than the previous year, reducing construction activity. Also, energy costs rose significantly, due mainly to higher oil prices.



GROWTH IN THE USA

CSR America continued to grow both in size and in selected geographic markets – the corporation now operates in 31 states. Major acquisitions were Florida Crushed Stone (US\$348 million) and the American Limestone Company (US\$211 million). CSR America also continued buying smaller, value creating, *bolt-on* businesses.

CSR America invested substantial effort in developing a high performance organisational structure – tying incentives to improved shareholder value, benchmarking performance, developing managers and integrating new employees from acquired companies.

Florida Crushed Stone's Brooksville quarry, near Tampa. The FCS acquisition expanded CSR America's operations in Florida's west coast and north central regions.

CSR AMERICA, INC.

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED

KEY FACTS	2001	2000	1999	1998	1997	1996
Trading revenue	3,590	2,690	2,439	1,949	1,910	1,735
Depreciation	246.6	150.3	140.1	117.0	120.9	114.6
Earnings before interest, tax and abnormal items (EBIT)	515.5	327.8	238.7	182.7	203.4	185.9
Net profit before finance, abnormal items	315.1	194.2	142.9	106.9	117.7	110.6
Business cash flow ^a	652.8	341.6	353.0	250.1	251.7	225.0
Funds employed at 31 March	3,865	1,930	1,600	1,437	1,532	1,583
Capital investment	1,537.3	412.4	344.3	165.9	153.2	285.5
Profit margin (EBIT : sales) [%]	14.4	12.2	9.8	9.4	10.6	10.7
Return on funds employed ^b [%]	13.3	17.0	14.9	12.7	13.3	11.7
Average working capital : sales [%]	16.7	13.7	14.1	14.3	14.1	16.5

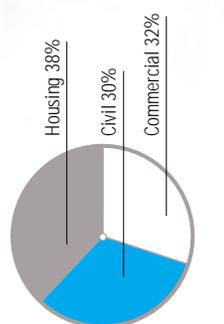
RESERVES PROVED AND PROBABLE – MILLION TONNES

Limestone/hard rock/sand and gravel/sand	1,900	939
Number of people employed	8,591	7,205
Number of plants	251	211 ^c

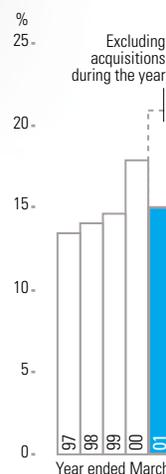
a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.

b ROFE is 18.7% after excluding acquisitions during the year.

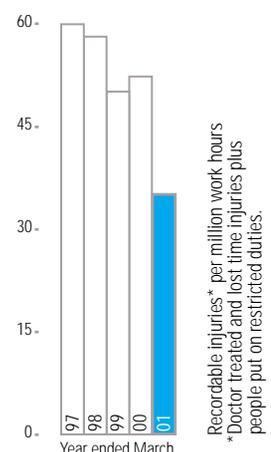
c Adjusted since last annual report.



Year ended March
END MARKETS – % SALES



US\$ RETURN ON FUNDS EMPLOYED – 15% ADJUSTED FOR ACQUISITIONS – 21%



THE RATE OF RECORDABLE INJURIES* FELL BY A THIRD

Recordable injuries* per million work hours
*Doctor treated and lost time injuries plus people put on restricted duties.

CSR America's extensive investment in SAP computer based business systems in recent years is saving administrative costs and providing detailed information about markets and business performance.

ALL MAJOR BUSINESSES IMPROVED PERFORMANCE

QUARRIES AND CEMENT Total revenue, profits and prices increased. The new dry process Miami cement mill is in full production. The Florida



CSR America's new dry process cement plant in Miami, Florida.

Crushed Stone acquisition included a modern dry process cement mill in Florida's central west. CSR America now has capacity to produce 1.6 million tonnes of cement a year – equal to its internal requirements for cement in Florida. With cement imports, the business uses or distributes 3.3 million tonnes yearly.

As well as the cement mill, the acquisitions added eight Tennessee quarries, a quarry in Virginia, and four in Florida; a Georgia sand mine; two aggregate processing plants in Tennessee and one in Florida; an aggregate distribution centre and seven pre-mixed concrete plants in Tennessee. The acquisitions are performing in line with forecasts.

MATERIALS FLORIDA Returns increased with improved prices and record sales volume. A new pre-mixed concrete plant and a concrete block plant further extended the Florida network.

MATERIALS WEST Materials Nevada had a quiet year in the Las Vegas market, which had been disrupted by an industrial dispute early in the year. Materials Northwest improved profit

with a lift in prices and sales volumes. The Granite Falls quarry in Washington state started operations.

DISTRIBUTION Profits remained at a high level and profit margins rose despite a fall in sales volume and a steep fall in prices as prior year supply shortages reverted to significant oversupply in the industry.

CSR America's Pipe and Concrete Products

CSR America is the largest supplier of concrete pipe and reinforced concrete products in the US, with operations in 30 states

Trading under the Hydro Conduit® brand, CSR America produces concrete pipe and other reinforced concrete products, including pre-stressed construction beams and concrete blocks. Continuing growth in this market, through *bolt-on* acquisitions and investment in constructing low cost plants, is an important part of CSR America's expansion strategy.

Bolt-on businesses fit with CSR America's integrated operations, sharing existing management, systems, marketing and overheads, as well as raw materials supply and distribution.



CSR America acquired 13 concrete pipe plants and six pre-stressed and pre-cast concrete products plants. As well, it bought three plants making corrugated metal pipe – used by drainage contractors for irrigation, agriculture and flood control.

Strategic plant upgrades included two low cost concrete pipe plants to replace older operations in Columbia, South Carolina, and Alexandria, Louisiana.

Concrete pipe prices and sales volumes rose, boosting profit. The overall improvement was achieved despite the severe winter across the northern and mid west US. The underground pipeline rehabilitation business performed poorly.



With operations in 30 states, Hydro Conduit® brand concrete pipe and other reinforced concrete products plants provide an extensive coverage of the US market.

CSR America, Inc.

THE WAY AHEAD

- The outlook in CSR America'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 road building program. However, total US construction activity is forecast to be flat and Florida is expected to fall slightly – mainly due to a decline in housing.
- CSR America will continue to focus on:
 - growing through *bolt-on* acquisitions and, where opportunities become available, major acquisitions, and progressively upgrading operations. The US construction materials industry is consolidating, but there remain opportunities to grow through strategically selected acquisitions and by investing in constructing efficient, well located plants.
 - investigating new geographic markets, especially in regions adjoining current operations
 - reducing costs and benchmarking performance against competitors
 - further improving skills by training and recruiting highly competent people.



Concrete pipes at the new, highly automated Washington, Maryland, plant. CSR America has been constructing efficient low cost concrete pipe plants in new locations and replacing old plants.



CSR Readymix is supplying concrete and aggregates for constructing the auxiliary spillway at Warragamba Dam, NSW.

Construction Materials

Australia and Asia

Disappointing results. We are preparing for the upswing while facing a significant decline in construction activity

Construction Materials had a very tough year as trading conditions worsened over the 12 months. Trading revenue of A\$923 million was 12% down. Earnings before interest and tax fell 56% to A\$51 million. Profit margin was 5.6%, down from 11.2%. All businesses experienced lower sales revenue, volumes, earnings and profit margins.

The post Olympic Games slowdown and introduction of the Australian Goods and Services Tax (GST) in July 2000 helped prompt an estimated 16% fall in civil construction activity during the year. Unusually, housing and commercial construction also fell rapidly at much the same time, instead of there being a more normal time lag. The market appears to have bottomed, although it is expected to stay at low levels for 12 months or so before growing.

The Construction Services concrete laying operation was closed after losses of around A\$10 million during the year. The CSR Humes concrete pipes and products business was hit very hard as housing subdivision activity fell away early in the year.

The continuing operational improvement program permanently removed A\$14 million in underlying costs. But more remains to be done to ensure that the business can deliver value throughout the business cycle.

POSITIONING FOR THE CYCLICAL UPSWING

Construction Materials is a much smaller, flatter, and more focused business than it was at the bottom of the last construction cycle in 1997 – having sold the contract mining and the Victorian waste businesses as well as a number of smaller operations. We are now building a much stronger position to be able to take swift advantage of the upswing. Our continuing strategy has four main parts:

1. Servicing customers better, with customised solutions providing mutual benefits, including lower costs.
2. Improving existing operations – including cutting costs and increasing revenue through product diversification nationally and expansion in country areas.
3. Strategic production sharing agreements with competitors to improve industry asset utilisation.
4. Getting the best from our people – creating a high performance culture with training, development and incentive programs. In the past year, we recruited more than a dozen senior managers with international experience in our industry.

The installation of the SAP computer management system, costing A\$30 million, was completed in August and the benefits are being realised.



CSR Readymix supplies customers from over 80 quarries and 200 pre-mixed concrete plants across Australia and Asia.

CONSTRUCTION MATERIALS

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED

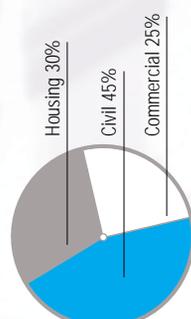
KEY FACTS	2001	2000	1999	1998	1997	1996
Trading revenue	923	1,048	1,313	1,276	1,220	1,263
Depreciation	50.3	49.6	75.1	90.4	91.1	89.0
Earnings before interest, tax and abnormal items (EBIT)	51.2	116.9	116.8	104.9	71.8	84.5
Net profit before finance, abnormal items	41.2	82.3	82.9	77.5	53.7	62.8
Business cash flow ^a	80.7	136.3	160.8	174.1	147.8	87.0
Funds employed at 31 March	751	815	906	1,018	1,126	1,244
Capital investment	44.9	34.4	110.0	95.1	84.7	270.8
Profit margin (EBIT : sales) [%]	5.6	11.2	8.9	8.2	5.9	6.7
Return on funds employed [%]	6.8	14.4	12.9	10.3	6.4	6.8
Average working capital : sales [%]	14.0	12.4	10.5	10.9	13.0	13.3

RESERVES PROVED AND PROBABLE – MILLION TONNES

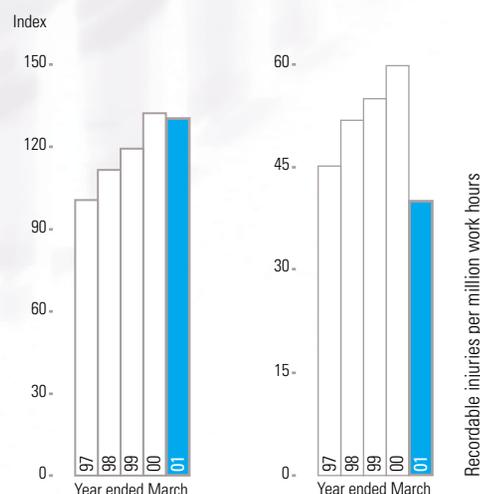
Hard rock, sand and gravel	1,082	1,107
Limestone ^b	198	200
Number of people employed	2,826	3,191
Number of plants	350	347

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

b 50% CSR.



Year ended March
END MARKETS – % SALES



CSR READYMIX SALES PER EMPLOYEE FELL ONLY MARGINALLY AS IMPROVED EFFICIENCIES COMPENSATED FOR THE DROP IN SALES

THE RATE OF RECORDABLE INJURIES FELL 34%

HARD HIT BY THE CONSTRUCTION DOWNTURN

QUARRY PRODUCTS AND CONCRETE were hit by the housing slump – as were our competitors. Quarry prices fell slightly. Production has been adjusted to ensure cost-effective product mixes as demand shifted towards lower value products. We are making significant progress in getting more aggregate reserves approved.

To adapt to a substantial fall in concrete prices, we are changing the way we supply customers while maintaining optimal production levels. We are balancing our geographic market coverage with appropriately sized plants to provide operating efficiencies.

CONCRETE PIPE AND PRODUCTS were particularly hard hit. Residential subdivision work – an important market for the pipe business – virtually halted prior to the introduction of the GST.

CSR EMOLEUM ROAD SERVICES (50% CSR) The asphalt road surfacing joint venture suffered from sharply higher oil prices (bitumen costs rose 60%), the fall off in housing subdivisions and road building, and uncertainty caused by the GST.

CEMENT Returns from CSR's 50% interest in Australian Cement Holdings fell from A\$22.4 million to A\$15.1 million – a good return given the sharp decline in demand in the second half of the year. ACH intensified its drive to improve productivity and cut costs.

ASIA The Asian operations made a loss of A\$2 million. In China, the Tianjin concrete and quarry business is positioning itself to take advantage of bigger projects, as and when they occur. The value of this business was written down as part of a strategic review.

THE WAY AHEAD

- Australian construction activity is expected to begin improving towards the end of 2001, if forecast infrastructure development gets under way and housing begins to recover.
- To ensure that we are well positioned for the upturn, we are boosting operational efficiency, entering production sharing agreements to improve asset use across the industry and improving management of marketing and sales.

Humes® is Australia's leading brand of steel reinforced concrete pipes and pre-cast concrete products.



Building Materials Australia, New Zealand and Asia

**A good performance in a market downturn.
Our top priority is ensuring value creating performance through the downturn and beyond**



CSR Bradford Insulation manufactures and markets a full range of insulation materials for use in residential, commercial and industrial applications.

A very sharp – but anticipated – decline in house building (to a 30 year low) followed the building boom in the first half of last year. The boom resulted from a rush to beat the impending GST and, in Sydney, to prepare for the Olympic Games. Building approvals remain at a very low level but have been showing some signs of improvement in recent months.

The downturn resulted in sales volumes for nearly all products falling, other than fibre cement. Trading revenue was A\$860 million, 9% down. Earnings before interest and tax of A\$135 million were down 13%. Profit margin was 15.7% (last year 16.5%).

Improvements to our operations cut costs by A\$12 million.

CREATING VALUE THROUGH THE BUSINESS CYCLE

The sound performance reflected preparations in recent years for the cyclical market downswing – intensifying customer focus; improving distribution, marketing and appropriate price management; rationalising inefficient operations; and divesting surplus assets.



Robotic arms at PGH® brick and paver plants are saving costs and improving safety.

Our businesses are more focused. Since March 1997 – close to the bottom of the previous cycle – we have removed A\$60 million in costs from our operations and closed or sold 11 Australian factories. Funds employed have fallen by over A\$300 million.

To reduce costs further and prepare for the upturn, CSR is making strategic capital investments including constructing a low cost concrete roof tile factory and a third fibre cement finishing line, and introducing a new SAP computer management system for plasterboard, fibre cement and insulation. All businesses have launched new products.

THE BUSINESSES ARE MANAGING THE SLOWDOWN

PLASTERBOARD Total revenue and earnings fell as building activity declined, while remaining at good levels. We strengthened our distribution network. Over 60% of CSR Gyprock's 42 distribution outlets have been upgraded to Gyprock Trade Centres – one stop shops for trade plasterers.

FIBRE CEMENT had another good year. Total revenue and sales volume rose (although the market was softening toward the end of the year) producing an increase in earnings before interest and tax. Construction of an additional finishing line at the Wetherill Park, Sydney, factory is to begin in June 2001 and it will start producing later in the year.

ROOFING Total revenue, sales volumes and profit margins fell, with prices being held. We have begun constructing a A\$23 million low cost concrete roof tile factory at the site of our Rosehill, Sydney, terracotta roof tile plant. To be completed in the first half of 2002, it will take advantage of the business cycle upturn. In response to the fall in house building, we closed four small, less efficient, regional concrete roof tile factories and are supplying customers from our other plants.

BRICKS AND PAVERS AND LIGHTWEIGHT CONCRETE PRODUCTS Brick and paver sales volumes fell with the market. Lightweight concrete products sales volumes grew.

INSULATION Australian and New Zealand results fell in fierce competition driven by excess industry capacity in glasswool products. Foil products were affected by rising energy and raw material import costs.

ASIA CSR's regional insulation products business made a small profit and won a major glasswool insulation contract. Asian infrastructure construction remained at low levels. We sold the Taiwan aerated lightweight concrete products factory, which had been closed in October 1999.

THE WAY AHEAD

- Housing activity for the year to March 2002 is improving but is expected to remain subdued. CSR is in good shape for managing through the building cycle and well positioned to take advantage of the upturn.
- The Commonwealth Government's increase in the new home owner grant to A\$14,000 is positive and is stimulating new home construction.

- We are intensifying efforts to serve our customers more effectively and to improve further the skills and quality of our sales force.
- We are closely managing pricing, while maintaining market share.
- Operating capital will continue to be tightly controlled, ensuring that only value creating projects are undertaken.

BUILDING MATERIALS^a

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED

KEY FACTS	2001	2000	1999	1998	1997	1996
Trading revenue	860	943	836	810	729	765
Depreciation	38.4	39.4	41.7	45.3	42.2	33.6
Earnings before interest, tax and abnormal items (EBIT)	135.1	155.9	132.5	94.8	44.5	101.4
Net profit before finance, abnormal items	89.9	99.2	80.9	67.8	33.2	75.6
Business cash flow ^b	170.8	172.4	163.9	120.3	97.1	101.2
Funds employed at 31 March	602	642	721	744	951	910
Capital investment	27.5	14.8	23.1	47.0	77.7	179.2
Profit margin (EBIT : sales) [%]	15.7	16.5	15.8	11.7	6.1	13.3
Return on funds employed [%]	22.4	24.3	18.4	12.7	4.7	11.1
Average working capital : sales [%]	17.5	15.8	19.1	20.8	20.8	22.1

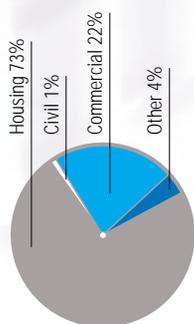
RESERVES PROVED AND PROBABLE – MILLION TONNES	2001	2000
Gypsum ^c	288	290
Clay and shale	34	34

Number of people employed	2,957	3,308
Number of building materials factories	34	38

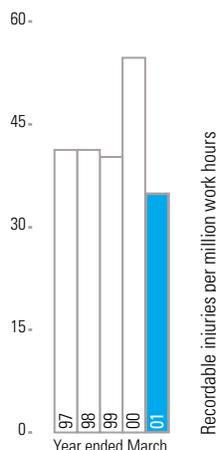
a CSR Shipping results are now included with Building Materials – previously they were part of Sugar.

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

c 50% CSR.



Year ended March
END MARKETS – % SALES



Year ended March
THE RATE OF RECORDABLE INJURIES FELL 36%



CSR
Australian Made
Supacell
Gyprock 3600 x 1200 x 102.5

CSR
Australian Made
Supacell

Gyprock
3600 x 1200 x 102.5

CSR Gyprock® is Australia's leading brand of plasterboard and other innovative, high quality gypsum based products.

Sugar

Sugar had its toughest year in decades

The group's focus is international building materials. We are investigating options for separating CSR's substantial, high quality sugar operations – subject to obtaining fair value.

We had a tough year in sugar milling. Raw sugar prices were much stronger in the second half of the year, but bad weather, the resulting small crop and earlier price hedging by the sugar industry marketing company, Queensland Sugar Ltd, limited the benefits last year. Returns were down slightly for the refined sugar and distilling businesses.

Trading revenue fell 18% to A\$529 million. Earnings before interest and tax of A\$16 million fell from A\$45 million. Profit margin was 3.1%, down from 7.0%.

The operational improvement program cut underlying costs by A\$7 million.

We sold the Ord Mill, Western Australia, in September 2000. This small mill did not fit with our strategy of low cost, large scale production.

RAW SUGAR Very high rainfall and less sunshine restricted growth of the 2000 season sugarcane crop. Orange rust disease stunted growth of the main sugarcane variety in the Herbert River region and Plane Creek districts.

We milled 11.7 million tonnes of sugarcane, producing 1.7 million tonnes of raw sugar – both down 21%.

REFINED SUGAR The Sugar Australia and New Zealand Sugar Company joint ventures (50% CSR) continued to perform well, but results were down on the previous year because of the steep rise in raw sugar prices.

DISTILLERIES The business again performed soundly although returns were down on the previous year's good level, as the price of the raw material, molasses, increased. The business is tapping into the market for blending ethanol (derived from molasses, a renewable resource) with fuel, as part of a program to reduce greenhouse gas emissions.



Sugar Australia (50% CSR) markets retail sugars under the powerful CSR® brand.

SUGAR^a

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED

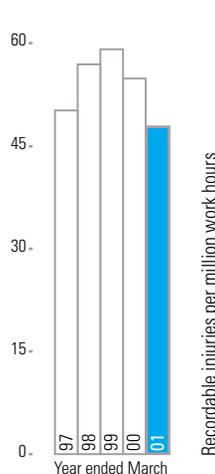
KEY FACTS	2001	2000	1999	1998	1997	1996
Trading revenue	529	643	746	1,169	1,162	1,221
Depreciation	37.0	38.5	36.9	44.9	43.1	34.3
Earnings before interest, tax and abnormal items (EBIT)	16.5	44.7	88.1	97.0	70.4	80.5
Net profit before finance, abnormal items	12.5	31.1	61.0	69.0	51.6	62.5
Business cash flow ^b	6.3	90.9	115.9	70.7	75.5	104.8
Funds employed at 31 March	757	755	804	910	841	752
Capital investment	21.7	16.8	31.7	65.0	98.8	208.4
Profit margin (EBIT : sales) [%]	3.1	7.0	11.8	8.3	6.1	6.6
Return on funds employed [%]	2.2	5.9	11.0	10.7	8.4	10.7
Average working capital : sales [%]	9.8	7.3	8.7	11.9	12.5	12.9

RAW SUGAR FROM CSR'S MILLS ^c	
Sugarcane milled [thousand tonnes]	11,713 14,867 ^d
CCS ^e – CSR mills [%]	14.1 14.2
CCS ^e – Australian industry average [%]	13.4 13.3
Raw sugar produced [thousand tonnes – IPS ^f]	1,691 2,145 ^d
Sugarcane milling rate [thousand tonnes : hour]	4.7 4.7
Proportion of Australian raw sugar production [%]	41 40 ^d
Number of people employed	1,449 1,519
Number of sugar mills, refineries and distilleries	12 13 ^d

YEAR ENDED 31 AUGUST

	2000	1999
WORLD SUGAR MARKET ^g (million tonnes – raw value)		
Production	134.6	135.0
Consumption	129.2	126.8
Final stocks	60.1	56.4

- a CSR Shipping, previously part of Sugar, is now included with Building Materials.
 b Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.
 c CSR's net beneficial interest from raw sugar milling is about 14% of the revenue of the Queensland raw sugar industry.
 d Adjusted since last annual report.
 e A measure of the commercial value of raw sugar.
 f IPS: International Polarisation Scale. Polarisation is a measure of the sucrose content of sugar.
 g Source: F O Licht's *International Sugar and Sweetener Report, World Sugar Balances 1998/99-1999/00*.



THE RATE OF RECORDABLE INJURIES FELL 13%



SUGAR PRICE (Monthly average NY11 spot price)

Aluminium

A record profit. We sold our interest in alumina and bauxite, retaining the investment in aluminium smelting

We owned two investments in aluminium. One was a 70% interest in Gove Aluminium Ltd (GAL) which has a 30% share in the alumina and bauxite joint venture on Gove peninsula in the Northern Territory. CSR also has a 70% interest in Gove Aluminium Finance Ltd (GAF) – which holds 36.05% of the Tomago aluminium smelter in New South Wales.

We sold our share of GAL to Alcan on 31 January 2001. The final proceeds are expected to be in excess of US\$275 million, including a one-off completion dividend and contractual adjustments. Alcan exercised pre-emptive rights (acquired when it became the parent company of Swiss Aluminium Australia) to become the purchaser.

We have decided to retain the GAF investment for the time being as there has been no offer providing greater benefit to our shareholders than continuing ownership.

The Gove Aluminium companies' total trading revenue for the past year rose 7% to a record A\$520 million. Earnings before interest and tax were A\$212 million (also a record), up 16%. CSR's share of net profit was A\$98 million, up 19%.



The Tomago aluminium smelter, near Newcastle, New South Wales.

ALUMINIUM

Aluminium sales were a record 160,000 tonnes, up 2%. The world aluminium price rose for the second consecutive year to average US\$1,544 a tonne, up 3%.

With hedging of the world aluminium price and US\$ revenue, the average price for GAF's aluminium sales was A\$2,587 a tonne, up 12% on the previous year.

THE WAY AHEAD

- Continue to manage our aluminium investment to achieve the best outcome for our shareholders.
- Progress opportunities to control costs and improve the operating efficiency of the business.
- Continue to appropriately hedge the world market aluminium price and US\$ revenue.

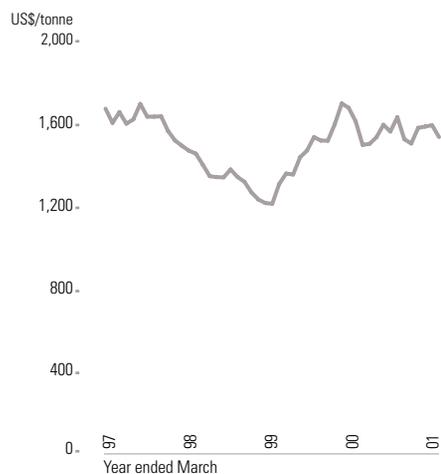
ALUMINIUM

YEAR ENDED 31 MARCH – A\$ MILLION UNLESS STATED

KEY FACTS	2001	2000	1999	1998	1997	1996
Trading revenue	520	485	413	405	396	419
Depreciation	29.8	31.4	28.9	30.0	25.7	24.8
Earnings before interest, tax and abnormal items (EBIT)	211.5	182.8	125.1	133.0	129.6	168.7
Net profit before finance, abnormal items	97.9	82.4	57.3	59.6	58.3	77.6
Business cash flow ^a	217.8	192.4	129.3	157.9	140.8	163.0
Funds employed at 31 March	304	435	464	421	365	357
Capital investment	13.1	18.7	56.3	33.4	13.3	37.6
Profit margin (EBIT : sales) [%]	40.6	37.7	30.3	32.8	32.7	40.3
Return on funds employed [%]	69.5	42.0	27.0	31.6	35.5	47.2
Average working capital : sales [%]	10.9	11.6	14.3	12.8	14.3	15.2
Average world aluminium price [US\$/tonne]	1,544	1,498	1,312	1,584	1,534	1,747
Number of operations	1	3				

	2001	2000	CSR BENEFICIAL INTEREST 2001 QUANTITY	%
Aluminium sales [thousand tonnes]	160	157	112	70

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



ALUMINIUM PRICE
(Monthly average LME 3 month price)

Summary of operations

CSR America, Inc.

PERFORMANCE SUMMARY

- Trading revenue A\$3,590 million, up 33% on the previous period (US\$1,974 million, up 14%).
- Earnings before interest and tax (EBIT) A\$516 million, up 57% (US\$284 million, up 35%).
- Earnings before interest, tax, depreciation and amortisation (EBITDA) A\$762 million, up 59% (US\$418 million, up 36%).
- Profit margin (EBIT : trading revenue) was 14.4%, up from 12.2%.

HIGHLIGHTS

- Growth included major acquisitions, Florida Crushed Stone and American Limestone Company, and a number of smaller *bolt-on* businesses, adding:
 - 13 concrete pipe plants and six concrete products plants
 - three metal pipe plants
 - 13 quarries, a sand mine, three aggregate processing plants and an aggregate distribution centre
 - a modern dry process cement mill
 - seven pre-mixed concrete plants.

PROGRESS AGAINST PRIORITIES

- Grow in North America through *bolt-on* acquisitions and possibly major acquisitions; investigate new markets: **Grew faster than the average for major competitors, acquiring major businesses as well as smaller businesses; expanded geographically.**
- Reduce costs through operational improvement: **Saved A\$63 million.**
- Ensure new cement plant reaches full production capacity on schedule: **The new dry process Miami cement mill is in full production, operating at planned efficiency rates.**
- Improve safety and environment performance: **Recordable injury frequency rate fell by a third. Total level 1 minor and 2 significant environmental incidents fell; there were six level 3 serious incidents*.**

KEY OBJECTIVES

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

Construction Materials

AUSTRALIA AND ASIA

PERFORMANCE SUMMARY

- Trading revenue A\$923 million, down 12%.
- Earnings before interest and tax (EBIT) A\$51 million, down 56%.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) A\$102 million, down 39%.
- Profit margin (EBIT : trading revenue) was 5.6%, down from 11.2%.

HIGHLIGHTS

- As forecast, Australian civil construction fell (by 16%) last year, but now appears to have bottomed. Commercial construction and housing also fell sharply.
- We continued to win major supply contracts, including the Brisbane Inner City Bypass, Queensland's South East Transit project, the Warragamba Dam auxiliary spillway, NSW, and Melbourne's World Square.

PROGRESS AGAINST PRIORITIES

- Increase rate of improvement in efficiency and cost reduction: **Underlying costs reduced by A\$14 million.**
- Manage expected slowdown in the Australian business cycle: **We have removed management layers, wound down capital expenditure, reduced overheads, improved asset use and credit control, and tightened price management.**
- Push out autonomy, authority and accountability to business unit managers: **Profit centres are more autonomous. People are measured by their ability to add shareholder value. Some senior managers have been replaced.**
- Improve safety and environment measures: **Recordable injury frequency rate fell 34%. Level 1 minor environmental incidents rose; level 2 significant incidents fell*.**

KEY OBJECTIVES

- Increase rate of improvement in efficiency and cost reduction.
- Continue to manage the slowdown in the construction cycle. Prepare to take swift and value adding advantage of the upturn.
- Improve safety and environment performance.

Building Materials

AUSTRALIA, NEW ZEALAND AND ASIA

PERFORMANCE SUMMARY

- Trading revenue A\$860 million, 9% down.
- Earnings before interest and tax (EBIT) A\$135 million, 13% down.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) A\$174 million, down 11%.
- Profit margin (EBIT : trading revenue) was 15.7%, last year 16.5%.

HIGHLIGHTS

- As expected, housing starts fell (by 21%).
- Construction started of a A\$23 million concrete roof tile factory in Sydney. Four concrete roof tile plants were closed.
- All businesses launched new products and services; 27 Gyprock Trade Centres upgraded.

PROGRESS AGAINST PRIORITIES

- Strengthen management control over pricing in the profit centres: **Strict pricing controls have been established.**
- Reduce manufacturing and overhead costs through continuing operational improvement: **A\$12 million costs cut.**
- Tight control of operating and development capital and of working capital: **Total capital expenditure increased with the investment in the new low cost roof tile factory. Working capital increased as stocks returned to normal levels, with inventory being closely managed.**
- Dispose of surplus assets: **Two Australian roof tile sites and the Taiwan aerated lightweight concrete products factory were sold.**
- Improve safety and environment measures: **Recordable injury frequency rate fell 36%. Level 1 minor and level 2 significant environmental incidents rose*.**

KEY OBJECTIVES

- Intensify efforts to improve further the servicing of our customers and the quality of our sales force.
- Closely manage pricing, while maintaining market share.
- Tightly control operating capital to ensure only value creating projects are implemented.
- Improve safety and environment performance.



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

Sugar

PERFORMANCE SUMMARY

- Trading revenue A\$529 million, down 18%.
- Earnings before interest and tax (EBIT) A\$16 million, last year A\$45 million.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) A\$53 million, last year A\$83 million.
- Profit margin (EBIT : trading revenue) was 3.1%, down from 7.0%.

HIGHLIGHTS

- We are investigating a variety of options for separating our substantial sugar operations from the group.
- Sugarcane milled reached only 11.7 million tonnes as a result of wet weather and orange rust disease which affected crops in the Herbert River and Plane Creek districts.
- CSR Distilleries is helping to reduce greenhouse gas emissions, supplying ethanol for blending with fuel.
- The sale of the small Ord River Mill was concluded.

PROGRESS AGAINST PRIORITIES

- Continue to cut costs and improve operations: **Despite problems with seasonal conditions, operational improvements cut costs by A\$7 million.**
- Achieve mill efficiencies: **Lower milling rates resulting from the poor crop and sugarcane quality affected factory efficiencies.**
- Improve safety and environment performance measures: **Total recordable injury frequency rate fell 13%. Level 1 and 2 environmental incidents fell significantly, but there were two level 3 serious incidents*.**

KEY OBJECTIVES

- Continue to investigate options for separating the sugar operations from the group's international building materials businesses.
- Continue to cut costs and improve operations.
- Achieve mill efficiencies.
- Improve safety and environment performance.



Aluminium

PERFORMANCE SUMMARY

- Trading revenue A\$520 million, up 7%.
- Results for the Gove Aluminium companies (Gove Aluminium Ltd, GAL, and Gove Aluminium Finance Ltd, GAF, both 70% owned by CSR) were:
 - earnings before interest and tax (EBIT) A\$212 million, up 16%
 - earnings before interest, tax, depreciation and amortisation (EBITDA) A\$241 million, up 13%
 - profit margin (EBIT : trading revenue) rose to 40.6% from 37.7%.
- CSR's share of net profit after tax was A\$98 million, up 19%.

HIGHLIGHTS

- We sold our interest in the Gove alumina and bauxite joint venture in the Northern Territory, to Alcan in January 2001.
- Aluminium sales were a record high.
- The average world aluminium price rose for the second consecutive year.

PROGRESS AGAINST PRIORITIES

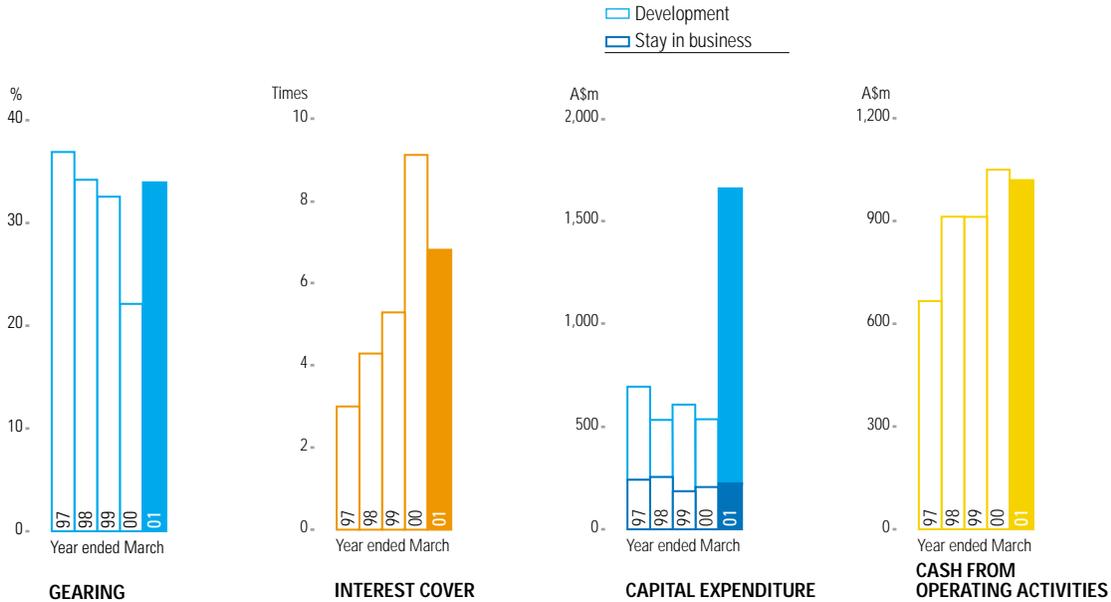
- Successful completion of the sale of CSR's interest in the Gove alumina and bauxite joint venture: **Alcan bought CSR's interest in GAL.**
- Test the market for the sale of CSR's aluminium smelter investment (GAF) for a fair price: **We have not been offered a price which provides greater benefit to shareholders than retaining the investment.**
- Continue to take advantage of opportunities to hedge the world market aluminium price and US\$ revenue: **We have hedged the majority of our aluminium production and US\$ revenue for the next two to three years, providing a base level of profitability and reducing volatility of earnings.**

KEY OBJECTIVES

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



Financial review



Earnings were at record levels. Net profit after tax and before abnormals increased A\$33.3 million, up 7%, to A\$504.9 million

Including abnormals, net profit after tax increased A\$162.5 million to A\$634.1 million.

CASH FLOW AND CAPITAL EXPENDITURE Cash from operations was A\$1,024.2 million, down 2%. Higher tax payments and non cash items offset the improved operating result.

Cash from operations was mainly directed to development cash capital expenditure of A\$1,264 million, primarily for acquisitions by CSR America, Inc. Operating cash capital expenditure was A\$220 million (up 9%) – equivalent to 67% of depreciation.

Divestment cash proceeds of A\$907 million included deferred payments for Timber Products businesses sold last year, the sale of our investment in Gove Aluminium Ltd and the sale of surplus property and equipment.

After funding net capital expenditure, internally generated cash combined with additional debt of A\$436 million was used to fund dividends and interest of A\$444 million and a share buyback of A\$341 million.

BALANCE SHEET Acquisitions by CSR America in the United States and difficult trading conditions in Australia increased the average working capital balance during the year to 15.4% of sales, from 13.1% the previous year.

Total debt rose A\$1,086 million to A\$2,300 million, including cash raisings of A\$436 million, A\$158 million of new debt associated with CSR America's Florida Crushed Stone acquisition and a A\$486 million currency translation reflecting the sharp year end decline of the Australian dollar (which closed on 31 March 2001 at US\$0.4910). Net debt was A\$2,100 million.

Gearing – net debt to net debt plus equity – rose from 22.2% to 34.0% reflecting CSR America's acquisitions in the US and the weaker Australian dollar. Interest cover fell to 6.8 times from 9.1 times.

At year end, group companies had available undrawn debt facilities of A\$947 million.

CSR's long and short-term credit ratings continued to be A-/A2 from Standard & Poor's and A2/P1 from Moody's Investors Services. During the year, CSR was rated by Fitch IBCA for the first time and was assigned credit ratings of A/F1.

ABNORMAL ITEMS The profit after tax and abnormal items of A\$634.1 million included an abnormal gain of A\$129 million (after tax). This followed the sale of our investment in Gove Aluminium Ltd for a profit after tax of A\$269 million – which

was partially offset by a A\$46 million (after tax) increase in the asbestos provision and a A\$94 million (after tax) write down of specific assets, mainly in Asia. Also included were the CSR America pipe rehabilitation business and the CSR PGH Schofields brick and paver plant in Australia. The write down resulted from a strategic review of the carrying value of assets in view of the general economic downturn (particularly in Asia).

SHARE BUYBACK An on-market share buyback of up to 10% of the company's ordinary shares was announced in May 2000. By 31 March 2001, 7.5% or 77.6 million shares had been repurchased. At 21 May, the figure was 8.6% or 89.0 million shares. The average price was A\$4.52. Directors have announced a new on-market buyback of up to a further 10%, over the 12 months starting June 2001.

Total shareholder return – the change in share price plus dividends – was 59.2% during the year, compared to 7.2% in the previous year. The dividend was maintained at 23 cents per share, with the final dividend of 12 cents, 40% franked.

The return on shareholders' funds fell to 12.7% from 12.9%.

FINANCIAL RISK MANAGEMENT CSR has an integrated program to manage risks associated with interest rate, commodity price and exchange rate movements. CSR's hedge 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 CSR America. Exposure to adverse exchange rate movements on US\$ earnings is reduced by incurring US\$ interest expense on US\$ debt and by currency option cover, while the exposure in relation to US\$ net assets is partly hedged 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 is in dispute with the Australian Taxation Office in relation to the tax treatment of proceeds from a litigation settlement. CSR paid A\$33 million in tax to the ATO in 1995 and sought a refund plus interest. Since April 2000, both the Federal Court (single judge) and the Full Federal Court have found in favour of CSR. The ATO has sought special leave to appeal to the High Court.

PROFITABILITY

A\$ MILLION	TRADING REVENUE		OPERATING PROFIT BEFORE INCOME TAX, ABNORMAL ITEMS		INCOME TAX		OUTSIDE EQUITY INTERESTS		NET PROFIT BEFORE ABNORMAL ITEMS	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
YEAR ENDED 31 MARCH										
CSR America, Inc.	3,590	2,690	515.5	327.8	200.5	132.5	(0.1)	1.1	315.1	194.2
Construction Materials	923	1,048	51.2	116.9	10.6	35.5	(0.6)	(0.9)	41.2	82.3
Building Materials	860	943	135.1	155.9	45.5	57.4	(0.3)	(0.7)	89.9	99.2
Sugar	529	643	16.5	44.7	4.0	13.6	-	-	12.5	31.1
Timber Products	-	609	-	57.5	-	20.6	-	-	-	36.9
Aluminium	520	486	211.5	182.8	73.1	61.4	40.5	39.0	97.9	82.4
Corporate costs	-	-	(32.0)	(35.3)	(13.3)	(12.6)	-	-	(18.7)	(22.7)
Restructuring, asset sales and other	2	-	24.8	(46.8)	(18.4)	(61.4)	-	-	43.2	14.6
Segment totals	6,424	6,419	922.6	803.5	302.0	247.0	39.5	38.5	581.1	518.0
Finance	-	-	(131.7)	(81.6)	(56.6)	(33.2)	1.1	(2.0)	(76.2)	(46.4)
Group	6,424	6,419	790.9	721.9	245.4	213.8	40.6	36.5	504.9	471.6

CASH FLOW

YEAR ENDED 31 MARCH – A\$ MILLION	2001	2000
Operating profit before finance, income tax and abnormal items	922.6	803.5
Depreciation, amortisation and provisions	365.4	380.7
Income tax paid	(213.5)	(128.2)
Change in working capital	(37.1)	(43.5)
Other	(13.2)	35.9
Cash flow from operating activities	1,024.2	1,048.4
Cash capital investment	(1,484.2)	(621.8)
Divestment proceeds	906.8	654.5
Other	(2.1)	(6.4)
Cash flow (applied to) provided by investing activities	(579.5)	26.3
Internal cash flow	444.7	1,074.7

DEBT AND GEARING – A\$ MILLION UNLESS STATED

Total debt	2,300.1	1,214.6
Total cash and short-term lending	200.2	126.3
Net debt	2,099.9	1,088.3
Total shareholders' equity	4,081.0	3,819.4
Gearing ratios [%]		
Net debt : equity plus net debt	34.0	22.2
Net debt : equity	51.5	28.5
Interest cover [times]	6.8	9.1

People and safety

To become a high performance international group, we are upgrading our skills, recruiting highly capable people and continuing to make major changes to ensure work safety

The CSR Group is changing. At March 2001, group companies employed 16,134 people, 6% fewer than the previous year. CSR America, Inc. employee numbers grew with acquisitions and it now employs 53% of the workforce across the group. In Australia, Asia and New Zealand, numbers fell 26% following the sale of our timber businesses and improved operational efficiencies in Construction Materials, Building Materials and Sugar.

Most managers in CSR and CSR America now have short and long-term incentives tied to performance in creating shareholder value – and improving safety.

CSR Group companies are striving to ensure that we have the best people to run our businesses, whether developed from within existing ranks or recruited from outside.

CSR's new performance management system was successfully bedded down and is providing data on people's skills and potential, becoming part of a new *talent review* process. We are identifying the best people to fill our most important roles and are ensuring that they receive the necessary experience, support and training.

New management programs are developing the skills identified as vital for managers and for all people across the group. These skills include innovation and planning, leadership, teamwork, delivering value for shareholders and satisfying customers, as well as job specific know-how. Importantly, we expect everyone to have a strong personal commitment to safety.

CSR Readymix has initiated a quarry skills development program for our people and contractors to ensure that we meet increasing government and industry skill requirements.

Recruitment of high calibre senior managers from outside CSR is bringing us people with considerable industry and overseas experience. A main CSR America achievement has been integrating employees from acquired companies.

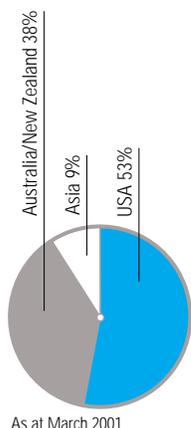


CSR heroes from across the group were awarded tickets and support for themselves and a partner or friend to attend an athletics session at the Olympic Games. Fellow workers nominated the 28 winners for their high level of personal initiative and commitment in areas such as customer service.

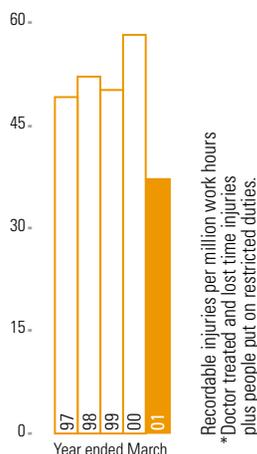
Of some 6,600 CSR people eligible to take part in our share plan for employees (the CSR Universal Share/Option Plan), 65% are doing so. By encouraging employees to own shares, the plan helps align their interests directly with other shareholders. At the last annual general meeting, shareholders approved expansion of the plan with a new option, to pay full market price for 100 shares and receive 100 shares at no additional cost.

IMPROVING SAFETY Despite substantial safety improvements this year, we deeply regret that two contractors lost their lives while working for CSR in Australia. In CSR America, four people, including an employee, died in off-site accidents involving trucks – special training and other specific steps are being taken to minimise the risk of further incidents. But the major safety thrust in all parts of the CSR Group is to change fundamentally the way everyone behaves and thinks about safety.

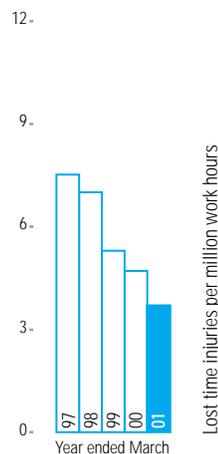
We cannot be a high performing group unless we manage our safety responsibilities well. There has been a significant amount of work done in improving safety, especially in the past two years. Last year, CSR and CSR America initiated new programs, which focus on front line employees and their leaders working together as teams, establishing agreed safety principles, and changing behaviours to improve safety. Sixty people have been trained to run site safety workshops. So far, some 70 workshops have been held, with encouraging results.



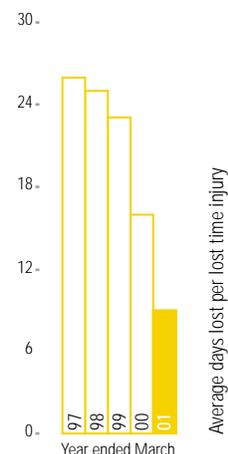
PEOPLE ACROSS THE CSR GROUP



THE RATE OF RECORDABLE INJURIES* FELL 37%



LOST TIME INJURY RATE FELL 21%



DURATION RATE OF INJURIES FELL 44%



A CSR America safety workshop in Las Vegas. Such workshops are being held across the CSR Group.

Last year, the CSR Group adopted a more extensive safety measure: total recordable injury frequency rate – the number of medical treatment, lost time and restricted work injuries per million hours worked. The total recordable injury frequency rate fell 37% to 36.8, from 58.1. The lost time injury frequency rate fell by 21% to 3.7 injuries per million work hours, and the injury duration rate fell by 44% to an average of nine days.

CSR began a program of external safety, health and environment audits of operating sites, with the objective of having all sites audited every three years.

PEOPLE ACROSS THE CSR GROUP

AS AT 31 MARCH	2001	2000	% CHANGE
Number of people employed^a	16,134	17,104	-6
CSR America, Inc.	8,591	7,205	19
CSR Limited:	7,543	9,899	-24
Construction Materials	2,826	3,191	-11
Building Materials	2,957	3,308	-11
Sugar	1,449	1,519	-5
Timber Products	-	1,681	-
Australian shared services ^b	229	48	377
Executive support team and Aluminium	82	152	-46

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

b Divisional and corporate support functions were combined to reduce costs and improve service.

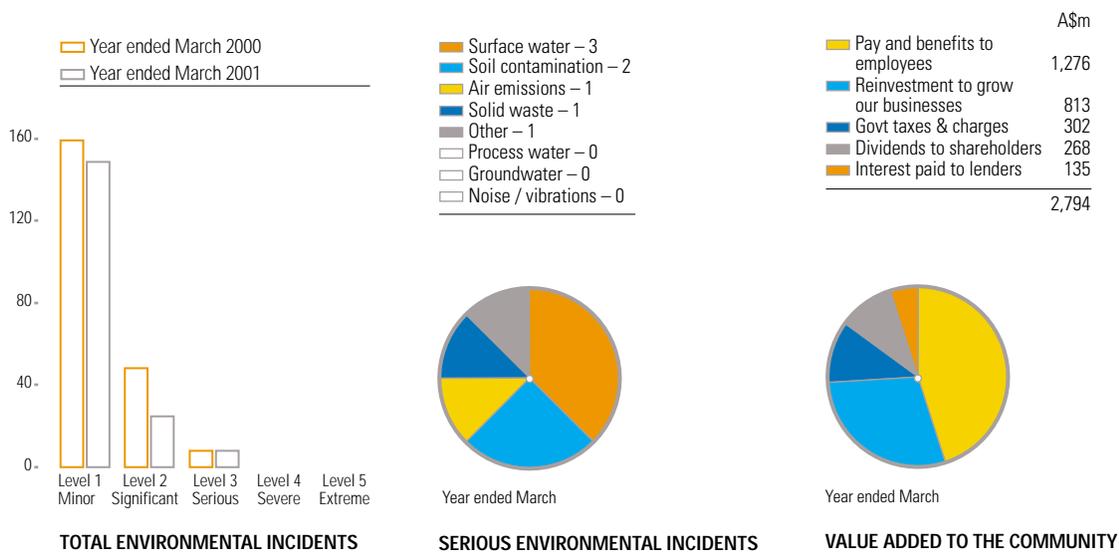
NUMBER OF PEOPLE EMPLOYED – BY GEOGRAPHIC GROUPING

Geographic Grouping	2001	2000	% CHANGE
Australia and New Zealand	6,071	8,226	-26
United States	8,591	7,205	19
China	935	1,107	-16
South East Asia and Taiwan	537	566	-5

FINANCIAL PERFORMANCE PER EMPLOYEE

Financial Metric	2001	2000	% CHANGE
Trading revenue [A\$000]	398.2	375.3	6
Net profit before abnormal items [A\$000]	31.3	27.6	13
Profit before finance and tax : labour cost [%]	0.67	0.62	9

The CSR Group in the environment and community



Our environmental management, like safety, is a measure of how well we manage our businesses

CSR and CSR America, Inc.'s environmental management is based on auditing sites for compliance with the extensive environmental laws and regulations and licence requirements that apply to nearly 650 operating sites. Although we have not yet achieved full conformity, we continue to improve and believe that we are substantially complying.

CSR and CSR America have the potential to impact on the environment mainly through the release of process water and stormwater, spills of liquids, boiler stack and dust emissions, noise and ground vibration. These derive from our operations in producing aggregates, clay, concrete, other building materials and sugar.



Florida's water filled quarries will eventually become linked lakeland parks. This Lake Belt will protect the fragile Everglades wetlands - the source of Miami's water - from the city's urban sprawl.

Australian, US and Chinese operations in the CSR Group received government and industry environmental and site improvement awards as well as other recognition.

Florida's Lake Belt Bill, approved by both houses of Florida's legislature in April 2000, benefits both the community and the quarry industry. Under the act, a 50 year master plan for Miami's Lake Belt area identifies land approved for quarrying and areas for environmental protection, with rehabilitation programs for wetlands funded by a levy on the quarry industry. A coalition of Florida limestone mining companies, led by CSR America, had worked since 1992 to inform the legislature of the benefits of the concept.

We are not aware of any environmental issues which would materially affect the CSR Group as a whole. We have provisions of A\$33 million to reduce our impact on the environment. Last year's provision of A\$43 million included

A\$12 million – for progressive restoration at the Gove bauxite mine – which was transferred with the sale of our investment in Gove Aluminium Ltd.

ENVIRONMENTAL INCIDENTS We report environmental incidents based on five levels of breaches of compliance: 1 minor, 2 significant, 3 serious, 4 severe and 5 extreme.

We dealt with 181 environmental incidents last year, 6% fewer than the previous year. These were mostly level 1 or level 2, but again included eight level 3 breaches (see pie chart opposite centre): two in Australia and six in CSR America, the same as the previous year. Relevant authorities were notified of all these incidents. There were no level 4 or 5 incidents.

In September 2000, Softwoods Holdings, then a subsidiary of CSR, was fined A\$20,000 under the *Protection of the Environment Operations Act (NSW)* for breaching the terms of its licence by allowing limited residue discharge from its Tumut softwood plant. CSR continues to contest its prosecution for an alleged leak from an effluent dam at the Tumut wood panels factory a number of years ago.

ENVIRONMENTAL PERFORMANCE TARGETS In Australia, the group is measuring key environmental performance indicators: waste generation, water use, energy consumption and air emissions, with the aim of progressively reducing these over a five year period.

We are achieving some early success including, for example, our plasterboard business which has reduced waste generation by 36% in the past year through process improvements and recycling. Some businesses are finding the objectives challenging.

ENVIRONMENTAL REMEDIATION In Australia, we plan to remove all remaining underground fuel tanks by March 2002. In some cases, this will be done after scheduled plant closures when the sites are rehabilitated.



The team at CSR Readymix's Gosnells quarry, Western Australia, has planted more than 100,000 native trees to restore the site and to help it blend with the local environment.

CSR America has eliminated all underground petrol tanks and upgraded all Florida diesel tanks, including installing containment pans under diesel fuel pumps at 29 sites.

COMMUNITY In Australia, the group donated A\$96,000 to community projects and to educational, medical research and charitable institutions. Community contributions included support for the National Parks and Wildlife Service's Discovery program. Our businesses also made contributions to local communities, including supplying building materials. And our people contributed their time and skill in many cases to assist community groups.

In the USA, the CSR America Foundation contributed to universities and community groups. CSR America's Florida Sand Group received an industry association gold award for excellence in community relations. The award recognised a wide range of community involvement ranging from environmental work to employees mentoring children in six *adopted* schools to help them with their education.

CSR made donations to political parties totalling around A\$85,000 during the past year.

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, and payments to suppliers and lenders, and to governments in rates, taxes and other charges. Last year, CSR Group companies created wealth by adding A\$2,794 million value to the materials and services they bought (see right hand pie chart, opposite).

Management

CHIEF EXECUTIVE COMMITTEE

PETER KIRBY
managing director

ALEC BRENNAN
director Strategy & Investments;
deputy managing director

JIM OSBORNE
executive director Finance

CSR AMERICA, INC. SENIOR EXECUTIVES,

David Clarke, executive director, president and CEO
David Berger, vice president Distribution
Tom Burmeister, chief financial officer
Keith Carew, vice president Strategic Planning & Development
Sharon DeHayes, vice president Cement
Adrian Driver, president Pipe & Concrete Products
Ira Fialkow, vice president Shared Services
Karl Watson Snr, president Construction Materials
Karl Watson Jr, vice president Materials Florida

CSR AUSTRALIA SENIOR EXECUTIVES

CSR CONSTRUCTION MATERIALS

Mark Campbell, general manager CSR Readymix South East Old
Mike Canny, general manager CSR Readymix SA & NT
Brian Halcrow, general manager CSR Readymix Country NSW & Vic
Alan Luscombe, general manager CSR Readymix WA
Gregory Miller, general manager Humes
Chris Power, general manager Planning & Development
John Prior, general manager CSR Readymix Country Old
Norman Ruddock, general manager CSR Readymix Sydney
Peter Trimble, general manager CSR Readymix Melbourne

CSR BUILDING MATERIALS

Graeme Doyle, general manager Bricks & Pavers & Hebel
Robert Elliott, chief financial officer
Darryl Ellis, general manager Insulation
Chris Grubb, general manager Planning & Development
Tony Hickson, general manager Plasterboard & Fibre Cement
Tony Tanner, general manager Roofing

CSR SUGAR

Mark Day, manager Business Development
Peter James, general manager Sugar Mills
Greg Livingstone, manager Strategy & Planning, acting chief financial officer
Rob McGregor, general manager Distilleries

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
Mark Hollingsworth, group finance manager

CHRIS BARRY
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

DEBRA STIRLING
general manager Corporate Affairs & Investor Relations

Corporate governance

DIRECTORS

JOHN MORSCHER, CHAIRMAN
DipQS, FAIM, age 57.

Joined the board in 1996. Director of Westpac Banking Corporation, Rio Tinto plc, Rio Tinto Ltd, Cable & Wireless Optus 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, and is a former managing director of Lend Lease Corporation Ltd. Resides in Sydney.

JOHN ARTHUR
LLB, age 46.

Joined the board on 1 March 2001. A senior partner at law firm Freehills and formerly general counsel at Lend Lease Group. He is a director of EDS Australia and the HM *Bark Endeavour* Foundation. John is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. Resides in Sydney.

JOHN BALLARD
MBA, age 55.

Joined the board on 21 May 2001. Director of Woolworths Ltd and Waitl 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.

IAN BLACKBURNE
BSc, PhD, MBA, age 55.

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 Plantation Timbers Ltd. Director of Airservices Australia, 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.

ALEC BRENNAN
BSc(Hons), MBA(Dist), age 54.

Joined the board as an executive director in 1996 and 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. Resides in Sydney.

DAVID CLARKE
DipEng, age 57.

Joined the board as an executive director in 1996. Chief executive officer and director of CSR America, Inc. 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.

CAROLYN HEWSON
BEc(Hons), MA, age 45.

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

PETER KIRBY
BEcon(Hons), MA(Econ), MBA, age 53.

Joined the board in 1998 as managing director. Previously with Imperial Chemical Industries plc for 25 years, most recently as chief executive officer ICI Paints, responsible for the group's coatings businesses worldwide. Other directorships include CSR America, Inc. and Czarnikow Ltd. Resides in Melbourne.

ROBERT McLEAN
BEc(Hons)(EconStats), MBA, age 54.

[Not photographed, overseas]
Joined the board in 1998. Director of Pacific Dunlop Ltd. Former managing director of McKinsey & Co (Australia & New Zealand) and chairman of McKinsey's Asia Pacific Council. Robert has wide international business experience, particularly in corporate strategy and organisational performance. Resides in Sydney.

JIM OSBORNE
BBus, FCPA, FCIS, age 57.

Joined the board as an executive director in 1998. A director of CSR America, Inc. Previously chief financial officer and global director of finance, IT and purchasing at ICI Paints International and prior to that, finance director with Nabisco Australia Group and finance director of Best Foods. Resides in Melbourne.

JOHN WYLIE
MPhil, BCom(Hons), age 40.

Joined the board on 1 March 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. John is a leading Australian investment banker with extensive overseas experience. Resides in Melbourne.

COMPANY SECRETARY: PETER ABRAHAM
BEc, LLB, FCPA, FCIS, age 46.



Top, At CSR's annual directors' dinner for major customers: (from left) Carolyn Hewson, Peter Kirby and John Morschel. Centre, in the control room at CSR America's Florida Crushed Stone Brooksville cement plant: John Wylie, Ian Blackburne and David Clarke. Bottom, at a Gyprock Trade Centre in Sydney, John Arthur, John Ballard, Alec Brennan and Jim Osborne.

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 major 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 11 directors on the board – seven non executive directors, including the chairman, and four executive directors. Since the previous report, four non executive

directors – Ian Burgess, Charles Goode, Allan Moss and David Voss – retired and John Arthur, John Ballard and John Wylie were appointed as non executive directors.

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. During the year the board undertook a formal review of its performance, identifying specific strengths and opportunities to improve effectiveness. The agreed actions arising from that review are being implemented.

The Board Committee makes recommendations to the board on the appointment of new directors and sets criteria for new appointees, focusing on the particular skills and experience most appropriate to the company's objectives from time to time. 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, following changes contained in a new constitution adopted at last year's annual general meeting, 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 appointed prior to 2001 have undertaken not to seek

re-election after serving 15 years. From 2001, newly appointed directors have undertaken not to seek re-election after serving three, three-year terms.

DIRECTORS' CSR SHAREHOLDINGS

CSR directors must 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 Employee Share Acquisition Plan (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 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 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 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. Meetings are held with less senior staff, without their managers, giving each group valuable exposure to the other. Directors also have access to a wide range of employees during their inspections of operations.

At specially organised functions, directors meet customers, business partners, suppliers, government ministers and their departmental heads, and other people important to the company.

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

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 which 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; equal employment opportunity; capital investment; dealing with price sensitive and other confidential information; trading in CSR shares; 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 its shareholders (enhanced by extensive use of its internet site), supported by a formal policy and detailed procedures on continuous disclosure to ensure compliance with legal obligations. The company secretary is responsible for communications with ASX. Details of information provided 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 23.

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 to the risks. 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 Board 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 2001 being A\$1.1 million (A\$1.4 million at 31 March 2000).

Non executive directors' fees are A\$63,000 per director per year. The chairman receives remuneration of A\$189,000 per year (A\$100,000 per year when he was deputy chairman) – inclusive of committee fees. Other non executive directors who are members of committees, other than the Board Committee, receive fees of A\$5,000, with A\$10,000 paid to the directors who chair those committees. This fee structure took effect from 1 December 2000. No equity incentives are offered to non executive directors. Full details of the remuneration of all directors and key senior executives is set out on page 35. Some directors have elected to forgo part of their cash remuneration

and acquire an equivalent value of CSR shares under the Employee Share Acquisition Plan. During the year, non executive directors acquired over 32,000 shares under the plan.

BOARD COMMITTEES

To increase its effectiveness, the board has four committees. Each committee has a charter approved by the board. The composition of the committees was substantially revised on 1 April 2001 to reflect changes in board membership.

The **Audit Committee** is now chaired by Carolyn Hewson, the other members being John Morschel and John Wylie. The committee met four times during the year. The external audit firm partner in charge of the CSR audit usually 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 and the adequacy of accounting 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 statements.

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** now consists of Ian Blackburne (chairman), John Arthur and John Morschel. The committee met four times during the 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.

During the year, the role of the former

DIRECTORS' INTERESTS IN CSR SHARES^a

AT 21 MAY	BENEFICIAL	BENEFICIAL, PAID TO A\$0.10	BENEFICIAL, EXECUTIVE OPTIONS ^b	TOTAL 2001	TOTAL 2000
John Arthur ^c	4,000	–	–	4,000	
John Ballard ^d	2,000	–	–	2,000	
Ian Blackburne	21,000	–	–	21,000	17,000
Alec Brennan	258,220	60,000	500,000	818,220	572,880
David Clarke	52,294	36,000	400,000	488,294	459,494
Carolyn Hewson	16,518	–	–	16,518	11,177
Peter Kirby	669,695	–	700,000	1,369,695	708,780
Robert McLean	15,773	–	–	15,773	12,111
John Morschel	21,199	–	–	21,199	12,657
Jim Osborne	134,533	–	500,000	634,533	510,000
John Wylie ^c	12,000	–	–	12,000	

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

b See note 22 on page 52 for details.

c Appointed 1 March 2001.

d Appointed 21 May 2001.

DIRECTORS' MEETINGS

YEAR ENDED 31 MARCH 2001

NAME	CSR BOARD		AUDIT COMMITTEE		SAFETY, HEALTH & ENVIRONMENT COMMITTEE		REMUNERATION & HUMAN RESOURCES COMMITTEE		BOARD COMMITTEE	
	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b	HELD ^a	ATTENDED ^b
John Arthur ^c	1	1	–	–	–	–	–	–	–	–
Ian Blackburne	10	10	–	–	4	4	–	–	–	–
Alec Brennan	10	10	–	–	–	–	–	–	–	–
Ian Burgess ^d	10	10	4	4	4	4	3	3	1	1
David Clarke	10	9	–	–	–	–	–	–	–	–
Charles Goode ^e	10	9	4	3	–	–	–	–	–	–
Carolyn Hewson	10	10	–	–	4	4	–	–	–	–
Peter Kirby	10	10	–	–	4	4	–	–	1	1
Robert McLean	10	9	–	–	–	–	–	–	1	1
John Morschel	10	10	4	4	–	–	3	3	–	–
Allan Moss ^e	10	10	–	–	–	–	3	3	1	1
Jim Osborne	10	8	–	–	–	–	–	–	–	–
David Voss ^f	2	2	1	1	–	–	–	–	–	–
John Wylie ^c	1	1	–	–	–	–	–	–	–	–

a Meetings held while a member.

b Meetings attended.

c Appointed 1 March 2001.

d Retired 1 May 2001.

e Retired 31 March 2001.

f Retired 24 July 2000.

Note: John Ballard was appointed 21 May 2001.

Remuneration Committee was expanded to include broader human resources issues, including succession and development planning, reflecting the board's increased emphasis on these matters.

The committee, now named the **Remuneration and Human Resources Committee**, is chaired by John Morschel. The other members are Carolyn Hewson and Rob McLean. The committee is now scheduled to meet four times a year (previously twice). Together with its overview of human resources issues, 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 during the year are set out on pages 34 and 35.

The **Board Committee** currently comprises all non executive directors (expanded in view of recent changes in board membership) and is chaired by John Morschel. The committee had one formal meeting during the year. Given the significant change in board composition during the year, issues which would normally be considered by the committee were reviewed by the full board on a number of occasions. The committee considers the appropriate size and composition of the board, criteria for board membership, candidates for board membership, the terms and conditions of appointment to and retirement from the board, and the level of remuneration of non executive directors.

CONTRACTS WITH DIRECTORS

Since last financial 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.

INDEMNITY OF OFFICERS

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

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.

CSR AMERICA, INC. AND CSR'S OTHER SUBSIDIARIES

The board of CSR's major subsidiary, CSR America, Inc., consists of six external non executive directors, its chief executive officer, David Clarke, and Peter Kirby and Jim Osborne.

The CSR America 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 CSR America, Inc. are:

Marshall Criser, JD, age 72.

Chairman. A lawyer and director of a number of companies including FPL Group and Flagler Systems Inc. He is a former director of BellSouth Corporation and the former president of the University of Florida. Chairs the CSR America, Inc. Remuneration Committee.

Armando Codina, age 54. Chairman and CEO of Codina Group, Florida, and a director of companies including BellSouth, FPL Group, AMR Inc (American Airlines), The Quaker Oats Company and Winn Dixie. Chairs the CSR America, Inc. Audit Committee.

Andrew Ireland, BS, age 70.

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 53. Chairman, President and CEO of Centex Construction Group, the largest domestic general building contractor in the United States. Bob was appointed to the board in 1999.

E Lew Reid, BSEE, LLB, age 65. 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 the CSR America, Inc. Environment, Occupational Health and Safety Committee.

Walter Revell, BS, age 66, was appointed to the board in November 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 2001

REVIEW OF OPERATIONS AND RESULTS

A review of CSR Group operations and their results for the financial year to March 2001 is set out on pages 2 to 7 and 10 to 23.

SIGNIFICANT CHANGES

There were a number of significant changes in the state of affairs of the CSR Group. The group sold its interest in the Gove alumina refinery and bauxite mine in January 2001 (Page 19). CSR bought back 7.5% of its issued capital at a cost of A\$341 million. CSR America, Inc. invested US\$818 million (A\$1,406 million) in acquiring new businesses, and in plant (pages 10-12).

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 (CSR America, Inc.), Asia and New Zealand. In Australia, CSR produces sugar and has a substantial investment in the smelting of aluminium. Apart from the sale of the group's interest in the Gove bauxite mine and alumina refinery, there were no significant changes in the nature of the activities.

EVENTS AFTER BALANCE DATE

On 21 May 2001, directors announced a further buyback of up to 10% of CSR ordinary shares over the next year.

LIKELY DEVELOPMENTS

Likely developments in the operations of the group in the future and the expected results are referred to on pages 2, 4, 5, 12, 15, 16 and 18 to 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 19 July 2001 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 2001 of 12 cents per ordinary share, 40% franked, will be paid on 5 July 2001. Dividends paid and declared during the year are recorded in note 9 to the financial statements on page 45.

DIRECTORS, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS

The names of the directors between 1 April 2000 and the date of this report and details about current directors' qualifications, age, experience and special responsibilities are on pages 28, 29 and 31 to 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, 200,000 options over unissued shares were granted to the managing director, Peter Kirby, and 100,000 options were granted to each of deputy managing director, Alec Brennan, and finance director, Jim Osborne, as part of their remuneration. 80,000 options were granted to each of chief executive Building Materials, Graeme Pettigrew; chief executive Sugar, Ian McMaster; and chief executive Construction Materials, Chris Barry. 50,000 options were granted to each of John Dyer, general manager Human Resources; and Tony Hickson, general manager Plasterboard & Fibre Cement, as part of their remuneration. Details are in the table opposite. No options were granted to non executive directors.

OPTIONS OVER SHARE CAPITAL

Unissued shares subject to option 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 22 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 Law.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR EXECUTIVES

The policy for determining the nature and amount of remuneration for non executive directors is described on page 31. 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 CSR America, Inc. 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, shares, superannuation and other benefits such as cars. 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 CSR shares – and a long-term incentive, currently in the form of a five year option plan. (CSR America, Inc. has a cash based plan.) Annual issues of options roll forward the three to five year incentive period under the plan. There is a further long-term incentive

REMUNERATION DETAILS OF EXECUTIVE DIRECTORS AND OFFICERS

YEAR ENDED 31 MARCH 2001	FIXED REMUNERATION^a AS	VARIABLE REMUNERATION^b AS	OTHER COMPENSATION AS	TOTAL COMPENSATION AS	OPTIONS AWARDED^c (NUMBER)	OPTIONS HELD^d (NUMBER)
Executive directors						
Peter Kirby Managing director and chief executive officer	1,399,600	1,565,900	27,000 ^e	2,992,500	200,000	700,000
Alec Brennan Deputy managing director	820,000	500,000	–	1,320,000	100,000	500,000
David Clarke Executive director and president CSR America, Inc.	1,204,600	1,873,600	29,400 ^f	3,107,600	–	400,000
Jim Osborne Executive director Finance	632,400	400,000	25,900 ^g	1,058,300	100,000	500,000
CSR Limited officers^h						
Graeme Pettigrew Chief executive Building Materials	665,300	400,000	–	1,065,300	80,000	380,000
Ian McMaster Chief executive Sugar	682,900	100,000	–	782,900	80,000	380,000
Chris Barry Chief executive Construction Materials	620,900	80,000	–	700,900	80,000	380,000
John Dyer General manager Human Resources	347,900	160,000	–	507,900	50,000	250,000
Tony Hickson General manager Plasterboard & Fibre Cement	325,400	180,000	–	505,400	50,000	200,000
CSR America, Inc. officers						
Karl Watson Sr President Construction Materials	543,300	687,900	31,200 ^f	1,262,400	–	200,000
Tom Burmeister Chief financial officer	547,500	657,100	31,900 ^f	1,236,500	–	200,000
Adrian Driver President Pipe & Concrete Products	576,000	458,400	17,900 ^f	1,052,300	–	200,000
David Berger Vice president Distribution	462,800	459,800	10,700 ^f	933,300	–	–

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 and financial advice and club memberships, if any.

b Short-term and long-term incentives. CSR America, Inc. executives participate in a cash long-term incentive plan based on increasing shareholder value, with the LTI now to be paid progressively over three years, commencing in the year ended March 2001.

c The options were granted by CSR Limited to executives during the year under the Executive Share Option Plan and have an option price (which must be fully paid on exercise) of A\$4.47 per option, 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 are exercisable between August 2003 and 2005 (when they lapse) if performance hurdles are met on or after the announcement

of CSR's year ending March 2003 results. The value of the options using the Black-Scholes option pricing model is A\$0.79 per option.

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 and A\$0.67 per option for options granted in year ended March 2000.

e Accommodation and family travel expenses.

f Health insurance and club membership fees for CSR America, Inc. executives in the US.

g Travel and/or accommodation expenses.

h The officers in the above table are current officers. During the year a senior executive officer, Mike Quinn, ceased employment with CSR Limited. He received payments (comprising fixed and variable remuneration and termination payments) of A\$566,600. These payments were consistent with market practice and legal advice.

for the 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. 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 periodic review of executive remuneration, the board is currently examining cash and share purchase-based long-term incentive plans, as possible alternatives to the existing option plan. CSR America, Inc. has a cash long-term incentive plan based on increasing shareholder value. The proportions of fixed and variable remuneration vary to some degree outside Australia. Arrangements for CSR America, Inc. executives, for instance, are consistent with US practice.

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 do their job. 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.

Group and business unit performance is reflected in the variable incentive payments. This year's strong performance has resulted in significant short-term incentive payments for some executives.

REMUNERATION DETAILS OF NON EXECUTIVE DIRECTORS

AS YEAR ENDED 31 MARCH 2001	DIRECTORS' FEES^a	COMMITTEE FEES	RETIREMENT ALLOWANCE	STATUTORY SUPERANNUATION CONTRIBUTIONS^b
John Arthur ^c	5,250	–	–	420
Ian Blackburne	59,667	5,000	–	5,016
Ian Burgess	179,000	–	–	–
Charles Goode ^d	59,667	5,000	151,604	5,016
Carolyn Hewson	59,667	10,000	–	5,403
Robert McLean	59,667	–	–	4,628
John Morschel	72,000	5,094	–	–
Allan Moss ^d	59,667	1,667	142,612	4,762
David Voss ^e	18,313	3,158	151,415	1,548
John Wylie ^c	5,250	–	–	420

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 1 March 2001.

d Retired 31 March 2001.

e Retired 24 July 2000.

Note: Ian Burgess retired as chairman and as a director on 1 May 2001. John Morschel, who had been deputy chairman, was appointed chairman from the same date. John Ballard was appointed on 21 May 2001.

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 2001

Eleven year performance

YEAR ENDED 31 MARCH	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Profit and Loss											
Total revenue	7,087	7,376	6,799	6,961	6,438	6,376	6,248	5,430	4,699	4,300	4,980
Trading revenue	6,424	6,419	6,507	6,335	6,123	6,137	5,922	5,365	4,636	4,200	4,566
Depreciation and amortisation	415	364	371	380	364	334	305	290	262	249	236
Earnings before interest, income tax and abnormal items (EBIT)	923	804	693	587	463	620	715	571	474	423	671
Net finance expense	132	82	126	129	141	132	95	97	94	107	123
Income tax expense	245	214	191	152	96	137	203	153	150	128	190
Net profit (loss) applicable to CSR shareholders											
– before abnormal and extraordinary items	505	472	351	288	212	320	391	297	211	175	326
– for six months to 30 September	271	224	200	176	155	193	225	173	125	110	206
– for six months to 31 March	234	248	151	112	57	127	166	124	86	65	120
– after abnormal and extraordinary items	634	472	351	(110)	212	331	393	297	231	(385)	324
Dividends	223	239	238	225	208	280	271	224	189	164	247
Balance Sheet											
Current assets	1,839	1,865	1,535	1,866	1,797	1,839	1,938	1,761	1,725	1,548	1,588
Property, plant and equipment	4,273	3,728	4,285	4,241	4,815	4,787	4,298	4,034	3,879	3,601	3,559
Investments	427	379	432	352	244	202	225	181	162	162	167
Intangibles	1,234	399	385	409	403	422	355	329	338	331	681
Other non current assets	689	512	613	581	534	440	358	304	289	287	225
Total assets	8,462	6,883	7,250	7,449	7,793	7,690	7,174	6,609	6,393	5,929	6,220
Current borrowings and creditors	894	753	790	960	1,021	986	1,386	773	872	814	844
Current provisions	427	445	411	455	316	388	487	411	363	399	510
Non-current borrowings and creditors	2,263	1,166	1,768	1,954	2,110	2,069	1,199	1,494	1,489	1,298	1,219
Deferred income tax and other non current provisions	797	700	668	627	673	649	643	505	488	505	501
Total liabilities	4,381	3,064	3,637	3,996	4,120	4,092	3,715	3,183	3,212	3,016	3,074
Net assets	4,081	3,819	3,613	3,453	3,673	3,598	3,458	3,426	3,181	2,913	3,146
Capital ^a	2,322	2,647	2,641	1,032	1,009	977	944	904	866	817	778
Reserves ^a	387	151	200	1,752	1,629	1,567	1,559	1,514	1,394	1,229	1,465
Profits retained	1,274	861	628	526	857	855	805	680	607	564	555
CSR shareholders' funds [capital and reserves]	3,983	3,659	3,469	3,310	3,495	3,399	3,308	3,098	2,867	2,610	2,798
Outside equity interests	98	160	144	143	178	199	150	328	314	303	348
Total shareholders' funds [capital and reserves]	4,081	3,819	3,613	3,453	3,673	3,598	3,458	3,426	3,181	2,913	3,146
Share Information											
Earnings per share ^b [A cents]	50.3	45.5	33.9	28.4	21.6	33.6	42.4	33.6	25.1	21.9	42.4
Dividends per fully paid share [A cents]	23.0	23.0	23.0	22.0	21.0	29.0	29.0	25.0	22.0	20.0	32.0
Share price [A\$] high	5.38	4.80	5.24	5.90	5.00	4.76	5.18	5.46	4.91	5.80	5.56
low	3.44	3.31	3.20	4.31	3.95	4.09	4.08	3.82	3.30	4.48	4.42
end	5.21	3.46	3.42	5.25	4.88	4.26	4.28	4.65	4.64	4.60	5.36
Net tangible assets [A\$] per CSR share	2.98	3.33	3.12	2.89	3.28	3.28	3.35	3.31	3.17	3.01	3.11
General											
Divestments	595	901	170	572	278	193	86	38	32	60	341
Net cash from operating activities	1,024	1,048	912	832	671	634	836	786	535	474	624
Shareholders [thousand]	112	126	133	140	146	143	133	127	127	123	115
Employees [thousand]	16.1	17.1	17.8	19.7	22.5	23.5	23.2	20.6	19.7	19.1	20.0
Wages, salaries and payments to retirement funds	1,276	1,179	1,235	1,179	1,193	1,152	1,062	949	866	803	839
Ratios and Statistics											
Return on CSR shareholders' funds ^b [%]	12.7	12.9	10.1	8.7	6.1	9.4	11.8	9.6	7.4	6.7	11.6
Return on funds employed ^c [%]	14.6	15.9	12.6	10.9	7.9	10.9	14.3	11.6	9.4	9.1	12.4
Profit margin (EBIT : sales) [%]	14.4	12.5	10.7	9.3	7.6	10.1	12.1	10.7	10.3	10.1	14.7
Dividend payout ratio ^b [%]	44	51	68	78	98	88	69	76	90	94	76
Interest cover [times]	6.8	9.1	5.3	4.3	3.0	4.7	7.6	5.9	4.9	3.9	5.4
Gearing ^d [%]	34.0	22.2	32.6	34.2	36.8	36.6	27.1	29.1	33.0	32.6	28.7
Current ratio	1.39	1.56	1.28	1.31	1.34	1.34	1.04	1.49	1.40	1.28	1.17
Trading revenue per employee [A\$ thousand]	398	375	366	321	272	261	255	260	235	220	228

a 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.

b Excluding abnormal and extraordinary items.

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

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

Financial Report

FOR THE YEAR ENDED 31 MARCH 2001
CSR LIMITED AND ITS CONTROLLED ENTITIES

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Profit and loss statement

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2001	2000	2001	2000
Trading revenue – sale of goods		6,424.0	6,419.0	1,808.0	2,588.2
Dividend income from controlled entities				302.2	222.2
Dividend income from others		1.4	1.0	–	–
Share of partnership net income		(0.8)	5.8	(1.7)	5.2
Share of associate entities' net profit		50.2	68.9	11.4	16.1
Interest income	4	23.7	18.6	109.5	67.0
Total operating revenue		6,498.5	6,513.3	2,229.4	2,898.7
Non-operating revenue	3	588.9	862.2	81.8	435.0
Total revenue		7,087.4	7,375.5	2,311.2	3,333.7
Operating profit before abnormal items and income tax	2	790.9	721.9	261.9	416.1
Profit (loss) on abnormal items before income tax	10	57.3	–	(65.0)	–
Operating profit before income tax		848.2	721.9	196.9	416.1
Income tax expense (benefit) attributable to operating profit	11	179.1	213.8	(36.9)	61.4
Operating profit after income tax		669.1	508.1	233.8	354.7
Outside equity interests in operating profit after income tax		35.0	36.5		
Operating profit after income tax attributable to members of CSR Limited		634.1	471.6	233.8	354.7
Retained profits at the beginning of the financial year		860.8	627.7	387.2	270.6
Aggregate of amounts transferred from reserves		1.5	–	–	0.4
Total available for appropriation		1,496.4	1,099.3	621.0	625.7
Dividends provided for or paid	9	222.5	238.5	222.5	238.5
Retained profits at the end of the financial year		1,273.9	860.8	398.5	387.2
Operating profit after income tax attributable to members of CSR Limited consists of					
Net profit before abnormal items	2-8	504.9	471.6	279.3	354.7
Profit (loss) on abnormal items	10	129.2	–	(45.5)	–
		634.1	471.6	233.8	354.7
AUSTRALIAN CENTS PER SHARE					
Basic earnings per share based on operating profit after income tax attributable to members of CSR Limited^a					
Before abnormal items		50.3	45.5		
After abnormal items		63.2	45.5		
Diluted earnings per share based on operating profit after income tax attributable to members of CSR Limited					
Before abnormal items		49.8	45.1		
After abnormal items		62.5	45.1		

a Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share is 1,003.3 million (2000: 1,036.5 million).

Notes to the financial statements are annexed.

Balance sheet

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2001	2000	2001	2000
Current assets					
Cash	12	200.2	126.3	88.0	7.5
Accounts receivable	13	984.3	1,257.8	1,371.2	1,618.3
Inventories	14	617.0	459.3	149.6	146.3
Other assets	18	37.6	21.5	8.9	6.7
Current assets		1,839.1	1,864.9	1,617.7	1,778.8
Non-current assets					
Accounts receivable	13	79.7	83.9	1,171.6	1,907.1
Inventories	14	99.3	46.6	17.9	10.4
Investments	16	426.8	378.7	1,469.6	1,425.0
Property, plant and equipment	15	4,273.4	3,728.0	937.0	997.9
Intangibles	17	1,233.5	399.3	9.2	5.9
Other assets	18	509.8	381.7	210.6	154.5
Non-current assets		6,622.5	5,018.2	3,815.9	4,500.8
Total assets		8,461.6	6,883.1	5,433.6	6,279.6
Current liabilities					
Accounts payable	19	824.2	688.2	971.0	1,367.9
Borrowings	19	70.1	65.2	1.0	1.7
Provisions	21	426.3	444.5	255.4	302.0
Current liabilities		1,320.6	1,197.9	1,227.4	1,671.6
Non-current liabilities					
Accounts payable	19	33.1	16.5	0.6	0.9
Borrowings	19	2,230.0	1,149.4	1,047.0	1,158.8
Provisions	21	796.9	699.9	336.1	307.8
Non-current liabilities		3,060.0	1,865.8	1,383.7	1,467.5
Total liabilities		4,380.6	3,063.7	2,611.1	3,139.1
Net assets		4,081.0	3,819.4	2,822.5	3,140.5
Shareholders' equity					
Capital	22	2,322.4	2,647.0	2,322.4	2,647.0
Reserves	23	386.8	151.5	101.6	106.3
Retained profits		1,273.9	860.8	398.5	387.2
Shareholders' equity attributable to members of CSR Limited		3,983.1	3,659.3	2,822.5	3,140.5
Outside equity interests in controlled entities	24	97.9	160.1		
Total shareholders' equity		4,081.0	3,819.4	2,822.5	3,140.5

Notes to the financial statements are annexed.

Statement of cash flows

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2001	2000	2001	2000
Cash flows from operating activities					
Receipts from customers		6,719.2	6,373.6	2,017.5	2,654.5
Payments to suppliers and employees		(5,545.3)	(5,302.3)	(2,106.4)	(2,274.2)
Dividends, and distributions from associate entities and controlled entities		39.1	86.8	303.1	268.3
Interest received		24.7	18.5	111.7	67.0
Income taxes (paid) refunded		(213.5)	(128.2)	-	0.7
Net cash from operating activities		1,024.2	1,048.4	325.9	716.3
Cash flows from investing activities					
Purchase of property, plant and equipment and other non-current assets		(391.1)	(494.9)	(91.9)	(291.0)
Proceeds from sale of property, plant and equipment and other non-current assets		92.4	121.1	19.7	45.7
Purchase of controlled entities and businesses net of cash acquired	36	(1,093.1)	(126.9)	(2.9)	-
Proceeds from sale of interest in controlled entities and businesses	36	783.7	382.8	353.9	26.6
Return of capital from associate entities		5.6	44.7	0.6	0.9
Long-term loans and term receivables		(2.1)	(6.4)	(0.8)	(20.1)
Other loans and receivables		25.1	105.9	20.5	20.3
Net cash (used in) from investing activities		(579.5)	26.3	299.1	(217.6)
Cash flows from financing activities					
Proceeds from issue of shares – CSR shareholders		14.4	1.2	14.4	1.2
Share buyback		(340.7)	-	(340.7)	-
Net proceeds from (repayment of) borrowings		436.2	(665.9)	0.5	(1.9)
Net financing of controlled entities				46.2	(229.6)
Dividends paid		(276.5)	(255.2)	(231.2)	(236.8)
Interest and other finance costs paid		(167.5)	(113.5)	(37.9)	(55.0)
Net hedging of foreign operations		(56.1)	-	-	-
Net cash used in financing activities		(390.2)	(1,033.4)	(548.7)	(522.1)
Net increase (decrease) in cash held		54.5	41.3	76.3	(23.4)
Cash at the beginning of the financial year		120.7	77.7	6.3	29.9
Effects of exchange rate changes		24.3	1.7	5.4	(0.2)
Net cash at the end of the financial year	12	199.5	120.7	88.0	6.3
Reconciliation of operating profit after income tax attributable to members of CSR Limited to net cash from operating activities					
Operating profit after tax attributable to members of CSR Limited		634.1	471.6	233.8	354.7
Depreciation and amortisation		415.4	363.9	91.3	116.8
Share of associate entities net income (less dividends and distributions)		11.7	(11.1)	8.8	(24.8)
Transfer (from) to provisions		(50.0)	16.8	(31.6)	1.6
Interest expense		157.3	94.6	35.1	53.4
(Profit) loss on disposal of operating non-current assets		(8.3)	6.3	(2.0)	2.7
Abnormal items before tax		(57.3)	-	65.0	-
Other non-trading (profit) loss		(33.6)	39.8	13.7	54.7
Outside equity interests' share of profit		35.0	36.5		
Decrease (increase) in receivables and other current assets		105.2	(82.4)	58.3	(88.2)
(Increase) decrease in inventories		(46.9)	7.3	(6.0)	(6.9)
(Decrease) increase in payables and accrued expenses		(88.1)	5.4	(84.0)	175.2
Net change in tax balances		(59.1)	85.3	(37.9)	62.1
Other		8.8	14.4	(18.6)	15.0
Net cash from operating activities		1,024.2	1,048.4	325.9	716.3

Credit facilities are shown in note 20.

Non-cash financing and investing activities are shown in note 28.

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 Law, 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 valuation. The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

Details of significant accounting policies adopted by the CSR Group are given below.

Principles of consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being CSR Limited (the chief entity) and its controlled entities as defined in Australian Accounting Standard AASB 1024 Consolidated Accounts. 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.

Valuation 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 to profit and loss over a period of 20 years, being the period over which the benefits are expected to arise.

Patents, trademarks and other intellectual property acquired or capitalised 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

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 borrowings 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.

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 maximum economic lives of property, plant and equipment assets are detailed in note 15.

Inventories

Inventories including work in progress are valued at the lower of cost and net realisable value. Overheads directly related to production are included when calculating inventory costs.

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.

Contributions to superannuation funds

The CSR Group participates in several superannuation funds which provide benefits upon the disability, retirement or death of employees. Contributions to these funds are expensed as incurred. Additional details on superannuation funds are provided in note 34.

Research and development

All expenditure on research and development is written off in the year in which the expenditure is incurred except where future benefits can be assured beyond reasonable doubt.

Projects are continually under review.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except: – where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or – for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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.

Significant accounting policies continued

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 balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits 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 are revalued, no provision for potential capital gains tax has been made.

Foreign currency translation

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 profit and loss statement in the period in which they arise except for specific and general hedges.

Specific hedges relate to existing or known future transactions. General hedges relate to anticipated exposure to exchange rate risks. Exchange differences on the specific hedging of revenue and expense items are deferred until the date of purchase or sale at which time they are included in the measurement of the transactions to which they relate. Exchange differences arising from both general hedging and the specific hedging of amounts payable and receivable are included in profit and loss in the period in which they arise. Gains or losses arising at the time of entering into hedge transactions are accounted for separately and brought to account in the profit and loss over the lives of the hedge transactions. Transactions such as cross currency swaps and forward foreign exchange contracts which do not give rise to separate assets and liabilities are not recognised.

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 financial instruments that are designated as hedges and remain effective as hedges of underlying exposure are accounted for on the same basis as the underlying exposure. Should such hedges be deemed ineffective (through identification of inadequate correlation), sold, extinguished, terminated or an underlying anticipated transaction be considered unlikely to occur, the gains or losses on those transactions are brought to account in the profit and loss statement.

Investments

Investments in controlled entities are recorded at cost or directors' valuation based on the net tangible assets of each controlled entity.

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 are accounted for under the equity method in the consolidated financial statements.

Interest rate hedges

Gains or losses on interest rate hedges of existing assets or liabilities are included in the determination of interest expense.

Borrowings

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

Commodities

The hedging of commodity price exposures relating to the sale and purchase of commodities gives rise to gains and losses on revaluation of hedge contracts. These gains and losses are deferred and brought to account in the profit and loss statement in the period the underlying transaction being hedged is recorded.

Product liability

Provision is made for the present value of anticipated compensation payments and legal costs arising from product liability claims.

Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of wages and salaries, annual leave, sick leave, and other employee entitlements expected to be settled within 12 months, are measured at their nominal values. Provisions made in respect of other employee entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

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.

Comparative figures

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current 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.

A\$ MILLION	TRADING REVENUE ^a		OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND ABNORMAL ITEMS		TOTAL ASSETS	
	2001	2000	2001	2000	2001	2000
1: Segment information						
Industry segments						
CSR America, Inc.	3,589.5	2,690.3	515.5	327.8	4,739.9	2,538.5
Construction Materials	922.5	1,048.3	51.2	116.9	1,004.7	1,074.0
Building Materials	859.6	942.9	135.1	155.9	763.9	843.9
Sugar	529.3	643.0	16.5	44.7	971.6	956.9
Timber Products	-	609.2	-	57.5	-	119.9
Aluminium	520.4	485.3	211.5	182.8	448.6	624.3
Corporate costs			(32.0)	(35.3)	240.1	227.7
Restructure costs, asset sales and other ^b	2.7	-	24.8	(46.8)	92.6	371.6
Segment totals	6,424.0	6,419.0	922.6	803.5	8,261.4	6,756.8
Finance ^c			(131.7)	(81.6)	200.2	126.3
Consolidated	6,424.0	6,419.0	790.9	721.9	8,461.6	6,883.1
Geographical segments						
Australia	2,702.8	3,596.4	401.6	472.6	3,324.1	3,963.7
North America	3,589.5	2,690.3	515.5	335.3	4,739.9	2,538.5
New Zealand	29.6	42.8	8.6	7.1	46.1	55.7
Asia	102.1	89.5	(3.1)	(11.5)	151.3	198.9
Segment totals	6,424.0	6,419.0	922.6	803.5	8,261.4	6,756.8

a Intersegment sales are negligible.

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

c Refer to notes 8 and 12 for details of finance costs and assets.

Products and services

CSR AMERICA, INC. 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 pipes 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; bauxite; alumina

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2001	2000	2001	2000
2: Operating profit					
Trading revenue – sale of goods		6,424.0	6,419.0	1,808.0	2,588.2
Operating costs	5	5,178.7	5,281.2	1,593.4	2,234.4
Depreciation and amortisation	6	415.4	363.9	91.3	116.8
Trading profit		829.9	773.9	123.3	237.0
Share of associate entities' net profits and dividend income		50.8	75.7	311.9	243.5
Profit (loss) on disposal of operating property, plant and equipment		8.3	(6.3)	2.0	(2.7)
Other non-trading	7	33.6	(39.8)	(13.7)	(54.7)
Operating profit before abnormal items, finance and income tax		922.6	803.5	423.5	423.1
Net finance expense	8	131.7	81.6	161.6	7.0
Operating profit before abnormal items and income tax		790.9	721.9	261.9	416.1

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2001	2000	2001	2000
3: Non-operating revenue					
Proceeds from disposal of investments		-	7.5	-	-
Proceeds from disposal of property, plant and equipment		553.2	841.4	49.1	414.2
Gift of shares in Sugar Terminals Limited	28	27.5	-	27.5	-
Other non-operating revenue		8.2	13.3	5.2	20.8
Total non-operating revenue		588.9	862.2	81.8	435.0

4: Interest income

Short-term interest income from					
- controlled entities				50.7	51.1
- others		20.2	12.9	13.3	5.6
Long-term interest income from					
- controlled entities				45.1	8.3
- others		3.5	5.7	0.4	2.0
Total interest income		23.7	18.6	109.5	67.0

5: Operating costs

Cost of sales		3,864.1	4,060.0	1,214.5	1,757.6
Warehouse and distribution costs		804.7	730.8	162.9	219.7
Selling costs		153.3	157.9	72.6	94.3
Administration and other costs		356.6	332.5	143.4	162.8
Total operating costs		5,178.7	5,281.2	1,593.4	2,234.4
The above amounts include transfers to (from) provisions for					
- doubtful trade debts		8.3	14.2	(2.6)	6.1
- employee entitlements		83.5	81.7	37.9	46.1
- fringe benefits tax		7.0	9.2	6.1	7.8
- product liability		-	17.5	-	17.5
- restoration and environmental rehabilitation		-	7.0	1.0	0.9
- uninsured losses and future claims		111.0	103.8	20.9	31.2
- other		22.9	20.9	8.6	3.6
		232.7	254.3	71.9	113.2

Operating costs also include

- contributions to employee retirement funds	34	36.2	34.3	16.4	18.3
- mining royalties paid to governments		5.7	6.8	2.8	3.8
- operating lease and rental payments		65.6	62.5	34.3	44.4
- research and development		6.3	7.5	5.8	5.1

6: Depreciation and amortisation

Amounts incurred for depreciation, amortisation and depletion of					
- deferred costs		18.0	26.9	3.4	12.6
- goodwill		57.7	28.5	0.1	0.1
- leased assets		0.5	0.5	-	-
- other property, plant and equipment		330.3	304.2	87.3	103.5
- other intangibles		8.9	3.8	0.5	0.6
Total depreciation and amortisation		415.4	363.9	91.3	116.8

7: Other non-trading

Net profit on disposal of surplus property, plant and equipment		10.6	25.4	0.6	21.1
Writedown of property, plant and equipment		-	(57.8)	-	(57.8)
Net profit on disposal of surplus investments		-	7.5	-	-
Write off of amounts owing (by) to controlled entities		-	-	(53.4)	21.9
Other restructure and rationalisation costs		(6.5)	(29.4)	-	(35.7)
Gift of shares in Sugar Terminals Limited	28	27.5	-	27.5	-
Sundry non-trading		2.0	14.5	11.6	(4.2)
Total other non-trading		33.6	(39.8)	(13.7)	(54.7)

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2001	2000	2001	2000
8: Net finance expense					
Interest paid or payable on long-term debt to					
– controlled entities				27.2	51.0
– others		150.3	99.7	0.9	–
Interest paid or payable on short-term debt to					
– controlled entities				6.0	1.0
– others		7.8	6.1	1.0	1.4
Finance leases		0.7	0.2	–	–
Total interest expense		158.8	106.0	35.1	53.4
Less					
– interest income	4	23.7	18.6	109.5	67.0
– amounts capitalised		1.5	11.4	–	–
Add					
– borrowing costs		0.8	4.3	–	–
– foreign exchange (gain) loss		(2.7)	1.3	236.0	20.6
Net finance expense		131.7	81.6	161.6	7.0

9: Dividends and franking credits

Dividends

Interim dividend paid ^a					
– fully franked		36.0	38.0	36.0	38.0
– unfranked		72.1	76.1	72.1	76.1
Interim dividend		108.1	114.1	108.1	114.1
Final dividend ^b					
– fully franked		45.8	41.5	45.8	41.5
– unfranked		68.6	82.9	68.6	82.9
Final dividend		114.4	124.4	114.4	124.4
Total dividends paid		222.5	238.5	222.5	238.5

Franking credits

Franking account balance at the end of the financial year		70.5	2.2	27.9	0.4
Franking credits which will arise upon payment of current income tax		51.3	63.5	–	–
Franking debits which will be used upon payment of proposed final dividend		(45.8)	(41.5)	(45.8)	(41.5)
Franking credits available for the next financial year^c		76.0	24.2	(17.9)	(41.1)

a Paid on 18 December 2000, franked to one third at corporate tax rate of 34%.

b For shares on issue as at 7 June 2001. A dividend of A\$0.12 per share, forty per cent franked at corporate tax rate of 30%, will be paid on 5 July 2001.

c CSR Limited can access sufficient franking credits from its controlled entities to eliminate its notional franking credit deficit.

10: Abnormal items

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

Asset writedowns and rationalisation costs from plans to restructure businesses and dispose of surplus assets	(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 abnormal items

Net profit (loss) before income tax	57.3	–	(65.0)	–
Income tax benefit	66.3	–	19.5	–
Outside equity interests	5.6	–	–	–
Total abnormal items	129.2	–	(45.5)	–

A\$ MILLION	NOTE	CONSOLIDATED		CSR LIMITED	
		2001	2000	2001	2000
11: Income tax					
Income tax expense					
Reconciliation of income tax expense (benefit) charged to the profit and loss statement with income tax calculated on operating profit before income tax					
Operating profit before income tax		848.2	721.9	196.9	416.1
Income tax expense calculated at 34% (2000: 36%)		288.4	259.9	66.9	149.8
Increase (decrease) in income tax expense due to					
Non-tax deductible					
– depreciation and amortisation		19.8	15.8	1.6	3.2
– other expenditure		4.3	4.0	4.2	2.8
Asset disposals and writedowns		(93.7)	(24.2)	0.3	(1.4)
Asian trading losses not recognised		4.2	4.7	–	–
Equity accounted associates' profit/rebates on dividends received		(13.5)	(19.0)	(102.8)	(80.0)
Investment and development allowance		(0.1)	(0.7)	–	(0.2)
Research and development costs		(0.5)	(0.7)	(0.4)	(0.4)
Income tax (over) under provided in previous years		(16.8)	(2.5)	(7.0)	1.1
Overseas tax rate differential		3.5	2.8	–	–
Restatement of deferred tax balances from change in income tax rates ^a		–	(21.4)	–	(5.5)
Gift of shares in Sugar Terminals Limited		(9.4)	–	(9.4)	–
Other items		(7.1)	(4.9)	9.7	(8.0)
Total income tax expense (benefit) on operating profit		179.1	213.8	(36.9)	61.4
Total income tax expense (benefit) comprises					
– additions to (deductions from) provision for current income tax		190.6	158.0	1.0	(0.7)
– (deductions from) additions to provision for deferred income tax		(1.8)	22.9	(0.3)	25.6
– (additions to) deductions from future income tax benefits		(9.7)	32.9	(37.6)	36.5
		179.1	213.8	(36.9)	61.4
Analysis of total income tax expense (benefit)					
Income tax expense (benefit) on operating profit		245.4	213.8	(17.4)	61.4
Income tax benefit on abnormal items		(66.3)	–	(19.5)	–
		179.1	213.8	(36.9)	61.4
Future income tax benefits attributable to tax losses carried forward as an asset		143.2	99.1	–	–
Future income tax benefits not taken to account^b					
Balance at the beginning of the financial year		97.6	83.3	16.9	18.4
Benefits now taken to account		(45.3)	(9.2)	–	(6.6)
Benefits not recognised		32.7	40.8	17.0	8.5
Restatement of balance from change in income tax rates		(0.4)	(17.3)	(2.0)	(3.4)
Balance at the end of the financial year^c		84.6	97.6	31.9	16.9

a Allocated A\$16.9 million to CSR and A\$4.5 million to outside equity interests.

b Includes capital gains tax losses – Consolidated A\$62.5 million (2000: A\$77.3 million).

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

CSR has been in dispute with the Australian Taxation Office (ATO) in relation to the treatment of proceeds from an insurance settlement. CSR paid A\$33 million tax to the ATO in December 1995, and has sought a refund. In April 2000, a single judge of the Federal Court decided that the proceeds were of a capital nature. CSR has sufficient capital losses to offset this gain. The ATO appealed that decision, and in October 2000 the full Federal Court confirmed that the proceeds were of a capital nature. The ATO has requested special leave to appeal to the High Court of Australia. CSR has not recorded this potential refund in its financial statements.

12: Net cash

Cash at banks and on hand		85.7	86.9	11.0	7.5
Short-term loans and deposits		114.5	39.4	77.0	–
Total cash		200.2	126.3	88.0	7.5
Bank overdraft	19	(0.7)	(5.6)	–	(1.2)
Net cash		199.5	120.7	88.0	6.3

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
13: Accounts receivable				
CURRENT				
Trade receivables	932.4	840.4	317.0	379.3
Provision for doubtful debts	(49.0)	(32.1)	(19.9)	(11.9)
	883.4	808.3	297.1	367.4
Amounts owing by controlled entities			1,050.8	883.5
Provision for doubtful debts			(36.0)	(24.2)
			1,014.8	859.3
Loans to associate entities	15.9	10.8	12.9	8.7
Divestment debtors	23.3	353.1	18.9	336.3
Other receivables	61.7	86.3	27.5	47.3
Provision for doubtful debts	-	(0.7)	-	(0.7)
	100.9	449.5	59.3	391.6
Total current accounts receivable	984.3	1,257.8	1,371.2	1,618.3
Bad debts written off				
- trade receivables	17.4	9.9	6.2	5.3
- controlled entities			23.0	-
NON-CURRENT				
Loans to employees				
- directors of controlled entities ^a	0.3	0.4	0.3	0.4
- other staff	19.7	25.1	12.6	18.5
	20.0	25.5	12.9	18.9
Amounts owing by controlled entities			1,121.8	1,856.4
Loans to associate entities	15.2	14.7	15.2	14.7
Other loans	21.8	27.0	3.9	4.4
Term receivables	22.7	16.7	17.8	12.7
Total non-current accounts receivable	79.7	83.9	1,171.6	1,907.1

a Includes loans to executive directors of CSR Limited. Amount before rounding A\$0.007 million (2000: A\$0.007 million).
There are no outstanding loans to non-executive directors of CSR Limited.

b Amounts before rounding - Consolidated A\$0.327 million (2000: A\$0.387 million), CSR Limited A\$0.327 million (2000: A\$0.387 million).

14: Inventories

CURRENT^a				
Raw and process materials and stores	193.2	147.1	42.6	44.0
Work in progress	25.2	25.9	5.4	10.1
Finished goods	398.6	286.3	101.6	92.2
Total current inventories	617.0	459.3	149.6	146.3
NON-CURRENT				
Raw and process materials and stores ^a	13.4	23.1	7.7	8.2
Land held for sale				
- at cost	24.1	13.8	2.1	-
- at net realisable value	61.8	9.7	8.1	2.2
Total non-current inventories	99.3	46.6	17.9	10.4

a Valued at cost.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
15: Property, plant and equipment^a				
Land and buildings				
At directors' valuation				
– 1998 ^b	–	88.0	–	10.9
– 1999 ^b	–	0.6	–	0.6
– 2000 ^b	–	15.3	–	12.3
– 2001 ^c	287.1		33.4	
At independent valuation				
– 1998 ^b	–	764.4	–	248.3
– 2000 ^b	–	18.4	–	–
– 2001 ^c	839.5		238.4	
Accumulated depreciation	(7.2)	(43.2)	(1.3)	(12.7)
	1,119.4	843.5	270.5	259.4
At cost	3.1	147.0	2.3	24.3
Accumulated depreciation	–	(7.3)	–	(0.9)
	3.1	139.7	2.3	23.4
Total land and buildings^c	1,122.5	983.2	272.8	282.8
Plant and equipment				
At directors' valuation				
– Pre 1998	68.7	69.5	34.4	38.9
– 1998 ^b	1.0	3.2	1.0	2.6
– 1999 ^b	15.0	15.2	6.4	6.7
– 2000 ^b	0.2	23.2	0.2	11.8
– 2001 ^b	15.4		–	
Assessed value of leased assets	6.9	2.5	–	–
Accumulated depreciation and amortisation	(48.4)	(39.8)	(30.6)	(24.8)
	58.8	73.8	11.4	35.2
At cost	5,130.1	4,547.5	1,305.3	1,287.8
Accumulated depreciation	(2,282.9)	(2,087.8)	(688.4)	(646.2)
	2,847.2	2,459.7	616.9	641.6
Total plant and equipment	2,906.0	2,533.5	628.3	676.8
Quarry and other raw material reserves				
At directors' valuation				
– 1998 ^b	139.9	204.1	39.8	45.4
– 2001 ^b	0.8		0.8	
Accumulated depletion	(23.4)	(34.8)	(8.9)	(7.5)
	117.3	169.3	31.7	37.9
At cost	130.3	42.7	4.6	0.4
Accumulated depletion	(2.7)	(0.7)	(0.4)	–
	127.6	42.0	4.2	0.4
Total quarry and other raw material reserves	244.9	211.3	35.9	38.3
Total property, plant and equipment	4,273.4	3,728.0	937.0	997.9

a The maximum economic life over which assets are depreciated is: Land and buildings – 40 years; Plant and equipment – 30 years; Quarry and other raw material reserves – 50 years.

b Valued at recoverable amount.

c 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	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
16: Non-current investments				
Investment in controlled entities				
At directors' valuation				
- 1992 ^b			613.5	613.5
- 1998 ^b			337.5	337.5
At cost				
			358.8	358.8
			1,309.8	1,309.8
Shares in associate companies ^{a c}	190.8	192.2	-	-
Interests in partnerships ^c	35.1	35.6	23.3	26.4
Interest in other associate entity ^c	108.9	88.7	108.9	88.7
Downer shares (quoted on stock exchange) ^d	15.0	15.0	-	-
Downer convertible notes ^a	38.7	39.2	-	-
Other immaterial interests in other entities at cost ^a	38.3	8.0	27.6	0.1
Total non-current investments	426.8	378.7	1,469.6	1,425.0

a Not quoted on stock exchanges.

b Valued at recoverable amount. The valuation was not made in accordance with a policy of regular revaluation.

c Details of investments in associate entities are shown in note 35.

d Represents 3.5% (2000: 4.7%) ownership of Downer Group Limited, whose principal activities are mining, engineering, infrastructure and resource services. Market value at 31 March 2001 is A\$11.5 million. This is not considered to be a permanent diminution.

17: Intangibles

Goodwill

At directors' valuation				
- 1992 ^a	369.8	296.1	-	-
Accumulated amortisation	(181.1)	(126.3)	-	-
	188.7	169.8	-	-
At cost				
Accumulated amortisation	1,040.6	215.3	4.2	1.4
	(94.0)	(48.9)	(0.9)	(0.7)
	946.6	166.4	3.3	0.7
Total goodwill	1,135.3	336.2	3.3	0.7

Other intangibles

At independent valuation				
- 1992 ^a	58.5	55.0	7.3	6.9
Accumulated amortisation	(12.7)	(10.9)	(1.8)	(1.8)
	45.8	44.1	5.5	5.1
At cost				
Accumulated amortisation	72.8	29.6	3.8	3.0
	(20.4)	(10.6)	(3.4)	(2.9)
	52.4	19.0	0.4	0.1
Total other intangibles	98.2	63.1	5.9	5.2
Total intangibles	1,233.5	399.3	9.2	5.9

a Valued at recoverable amount.

18: Other assets

CURRENT

Prepayments	28.8	16.3	4.0	3.9
Deferred costs	8.8	5.2	4.9	2.8
Total current other assets	37.6	21.5	8.9	6.7

NON-CURRENT

Future income tax benefits	370.1	259.3	164.1	104.0
Deferred costs	108.7	78.1	20.3	18.8
Accumulated amortisation	(32.1)	(23.0)	(4.6)	(3.3)
	76.6	55.1	15.7	15.5
Software and system development	99.4	92.1	37.6	43.4
Accumulated amortisation	(36.3)	(24.8)	(6.8)	(8.4)
	63.1	67.3	30.8	35.0
Total non-current other assets	509.8	381.7	210.6	154.5

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
19: Borrowings and accounts payable				
CURRENT				
Accounts payable				
Trade creditors	599.9	577.8	225.8	282.5
Other accounts payable ^a	224.3	110.4	70.0	9.8
Amounts owing to controlled entities			675.2	1,075.6
Total current accounts payable	824.2	688.2	971.0	1,367.9
Current maturities of long-term borrowings				
Secured				
– bank loans ^b	2.5	0.9	–	–
– other facilities ^b	2.2	4.5	–	0.1
Unsecured				
– bank loans	29.3	25.2	–	–
– other facilities	0.2	–	0.2	–
	34.2	30.6	0.2	0.1
Unsecured bank overdraft	0.7	5.6	–	1.2
Short-term borrowings				
Unsecured				
– bank loans	34.4	28.6	–	–
– other facilities	0.8	0.4	0.8	0.4
	35.2	29.0	0.8	0.4
Total current borrowings	70.1	65.2	1.0	1.7
NON-CURRENT				
Long-term borrowings				
Secured				
– bank loans ^b	12.7	11.3	–	–
– bonds ^b	169.1	–	–	–
– other facilities ^b	16.6	7.5	–	–
Unsecured				
– loans from controlled entities			1,046.9	1,158.7
– bonds	1,210.5	969.4	–	–
– commercial paper	393.1	112.4	–	–
– bank loans	413.0	35.8	–	–
– other facilities	15.0	13.0	0.1	0.1
Total non-current borrowings	2,230.0	1,149.4	1,047.0	1,158.8
Non-current accounts payable	33.1	16.5	0.6	0.9
Total non-current borrowings and accounts payable	2,263.1	1,165.9	1,047.6	1,159.7

a Includes net hedging (losses) gains deferred A\$(15.4) million (2000: A\$9.1 million).

b Secured by charge over property, plant and equipment.

20: 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 (2000: US\$800 million) and A\$600 million (2000: A\$600 million) are evergreen facilities. Drawings on these programs are backed by the standby facilities referred to below. As at 31 March 2001, the equivalent of A\$393 million (2000: A\$112 million) commercial paper was on issue.

Credit standby facilities

CSR has a total of US\$650 million (2000: US\$915 million) committed standby facilities of which US\$465 million (2000: US\$915 million) was undrawn as at 31 March 2001. These facilities have fixed maturity dates ranging between June 2001 and March 2006. In addition, CSR has US\$50 million of undrawn, uncommitted bank standby facilities (2000: US\$50 million).

A\$ MILLION	CONSOLIDATED		2001	
	2001	2000	AVERAGE RATE %	YEAR OF MATURITY
20: Credit facilities and maturity profile continued				
Current maturities of long-term borrowings				
United States dollar debt	4.7	5.3		
Australian dollar debt	0.2	0.1		
Other	29.3	25.2		
	34.2	30.6		

Long-term maturities of borrowings				
United States dollar debt				
– US bonds ^a	1,075.4	725.6	6.9	2004 – 2015
– US bonds ^a	304.3	243.7	7.7	2026
– commercial paper ^b	91.2	–	5.2	
– Eurocommercial paper ^b	301.9	112.4	6.3	
– bank lines ^b	376.8	–	6.8	
– other	64.1	34.3		
Australian dollar debt				
– domestic commercial paper ^b	–	–	6.4	
– bank loan	36.2	35.8	6.1	2003
– other	2.1	3.5		
Other currencies				
– Asian multi-option facilities	11.1	10.6	–	2005
Total non-current borrowings and accounts payable	2,263.1	1,165.9		

a Refer to note 29 for details of fixed rate debt.

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

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000

21: Provisions

CURRENT

Dividend	114.4	124.4	114.4	124.4
Employee entitlements	96.8	88.2	40.6	51.4
Fringe benefits tax	0.5	2.4	0.2	1.7
Income tax	49.9	65.2	–	–
Restructure and rationalisation	55.1	60.3	35.9	54.4
Product liability	19.9	12.9	19.9	12.9
Restoration and environmental rehabilitation	15.1	16.8	8.8	7.0
Uninsured losses and future claims	50.8	46.3	21.8	25.6
Other	23.8	28.0	13.8	24.6
Total current provisions	426.3	444.5	255.4	302.0

NON-CURRENT

Deferred income tax	518.9	477.9	122.1	142.0
Employee entitlements	61.6	60.9	56.6	54.2
Restructure and rationalisation	3.0	1.9	–	1.9
Product liability	113.0	72.0	113.0	72.0
Restoration and environmental rehabilitation	18.0	25.7	8.0	6.6
Uninsured losses and future claims	82.3	60.8	36.4	31.0
Other	0.1	0.7	–	0.1
Total non-current provisions	796.9	699.9	336.1	307.8

	ORDINARY SHARES ^a		ISSUE PRICE	SHARE CAPITAL
	FULLY PAID	PARTLY PAID	AS	AS \$ MILLION
22: Share capital				
Particulars of shares issued during the year by CSR Limited				
On issue 31 March 2000	1,037,121,025	1,099,000		2,647.0
Executive Share/Option Plan (partly to fully paid) ^b	256,000	(256,000)	4.70	1.1
Executive Option Plan (options converted)	3,147,500		3.92	12.3
Universal Share/Option Plan ^c	857,200		3.20	2.7
Share buyback ^d	(77,643,304)		4.39	(340.7)
Total movements during the year	(73,382,604)	(256,000)		(324.6)
On issue 31 March 2001	963,738,421	843,000		2,322.4
Movements since year end				
Executive Share/Option Plan (partly to fully paid) ^b	68,000	(68,000)	4.97	
Executive Option Plan (options converted)	270,000		3.90	
Share buyback ^d	(11,345,272)		5.40	
On issue 21 May 2001	952,731,149	775,000		

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.

b Ordinary shares were issued between 1986 and 1990 under the now superseded Executive Share/Option Plan. The shares 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 September, October and November 2000 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 (6,628), 4,305 accepted the offer with 2,145 purchasing shares under the loan option and 2,160 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 Limited (CSR) commenced a 12 month share buyback of up to 10% of its fully paid shares.

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 2000	DURING THE YEAR			ON ISSUE 31 MARCH 2001	AFTER YEAR END		ON ISSUE 21 MAY 2001
					ISSUED	CONVERTED	LAPSED		CONVERTED	LAPSED	
1998g	50	3.86	10,100,000	9,400,000	(2,777,500)	(650,000)	5,972,500	(100,000)	–	5,872,500	
1998h	12	3.86	2,500,000	2,500,000	–	–	2,500,000	(150,000)	–	2,350,000	
1999g	123	4.40	2,790,000	2,765,000	(330,000)	(215,000)	2,220,000	(20,000)	–	2,200,000	
1999g	1	4.36	400,000	400,000	–	–	400,000	–	–	400,000	
1999g	16	3.75	480,000	480,000	(35,000)	(210,000)	235,000	–	–	235,000	
2000g j	1	4.04	200,000	–	200,000	–	200,000	–	–	200,000	
2000i j	145	4.47	3,080,000	–	3,080,000	(5,000)	(155,000)	2,920,000	(200,000)	2,720,000	
2000i j	3	4.65	410,000	–	410,000	–	410,000	–	–	410,000	
Total				15,545,000	3,690,000	(3,147,500)	(1,230,000)	14,857,500	(270,000)	(200,000)	14,387,500

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 profit and loss statement.

g Options issued under the Executive 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 CSR America, Inc. executives are on the same basis as set out in footnote g above, other than the options paid to A\$0.01, with the balance of the issue price payable when the options are exercised.

i Options issued under the Executive Option Plan approved at the 1998 annual general meeting and amended at the 2000 annual general meeting. Options have been issued in August and December 2000 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 2000, 3,710,000 options were offered to 153 executives (4 declined the offer).

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
23: Reserves				
Capital	30.8	39.2	100.7	105.4
Foreign currency translation	356.0	112.3	0.9	0.9
Total reserves	386.8	151.5	101.6	106.3
Movements in capital reserves				
Balance at the beginning of the financial year	39.2	116.8	105.4	153.3
Transfers to retained earnings	(3.9)	-	-	(0.4)
Transfers to foreign currency translation reserve	-	(1.2)	-	-
Decrease in asset revaluation reserve ^a	(4.5)	(76.4)	(4.7)	(47.5)
Balance at the end of the financial year	30.8	39.2	100.7	105.4
Movements in foreign currency translation reserve				
Balance at the beginning of the financial year	112.3	83.6	0.9	1.0
Exchange differences relating to overseas net assets				
- net gain (loss) on translation	330.2	34.4	-	(0.1)
- net loss on hedge transactions	(88.9)	(10.1)	-	-
Reserves of controlled entities disposed	-	3.2	-	-
Transfers from retained earnings	2.4	-	-	-
Transfers from capital reserves	-	1.2	-	-
Balance at the end of the financial year	356.0	112.3	0.9	0.9

a Asset writedowns to recoverable amount.

24: Outside equity interests in controlled entities

Share capital	74.1	103.6		
Capital reserves	4.2	22.0		
Retained profits	19.6	34.5		
Total outside equity interests in controlled entities	97.9	160.1		

A\$ THOUSAND

25: Auditors' remuneration

Amounts received or due and receivable for auditing the financial report by				
- auditors of the chief entity	912	1,015	704	786
- other auditors	1,328	765	-	-
	2,240	1,780	704	786
Amounts received or due and receivable for other services by auditors of the chief entity				
	784	212	584	119
Total auditors' remuneration	3,024	1,992	1,288	905

A\$ THOUSAND	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000

26: Directors' and executives' remuneration^{a c}

Aggregate income paid or payable, or otherwise made available, to directors of

– CSR Limited	9,559	7,057	9,559	7,057
– controlled entities ^d	4,415	7,073		
	13,974	14,130	9,559	7,057

Australian executives whose total income equals or exceeds A\$100,000 ^b	23,106	23,464	22,692	23,260
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	CONSOLIDATED		CSR LIMITED		CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000	2001	2000	2001	2000

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

Directors (A\$)			Directors (A\$)				
1 to 9,999		2	1,040,000 to 1,049,999				1
30,000 to 39,999			1,050,000 to 1,059,999			1	
60,000 to 69,999		2	1,160,000 to 1,169,999				1
70,000 to 79,999		2	1,310,000 to 1,319,999			1	
160,000 to 169,999			1,640,000 to 1,649,999				1
170,000 to 179,999		2	2,250,000 to 2,259,999				1
200,000 to 209,999		1	2,990,000 to 2,999,999			1	
220,000 to 229,999		1	3,100,000 to 3,109,999			1	
Australian executives (A\$)			Australian executives (A\$)				
120,000 to 129,999	1	1	410,000 to 419,999	1	1	1	1
140,000 to 149,999	1	1	420,000 to 429,999	2		2	
150,000 to 159,999		1	430,000 to 439,999	1		1	
160,000 to 169,999	2	2	440,000 to 449,999		1		1
170,000 to 179,999	3	2	450,000 to 459,999		1		1
180,000 to 189,999	1	4	470,000 to 479,999	1	1	1	1
190,000 to 199,999	1		480,000 to 489,999	1		1	
200,000 to 209,999	1	2	500,000 to 509,999	3	2	3	2
210,000 to 219,999	1	1	520,000 to 529,999		1		1
220,000 to 229,999	3	2	550,000 to 559,999		1		1
230,000 to 239,999	3	3	560,000 to 569,999	1		1	
240,000 to 249,999	1	1	600,000 to 609,999		1		1
250,000 to 259,999	4	2	700,000 to 709,999	1	1	1	1
260,000 to 269,999		3	740,000 to 749,999		1		1
270,000 to 279,999	3	2	760,000 to 769,999		1		1
280,000 to 289,999	3		780,000 to 789,999	1		1	
290,000 to 299,999	1	1	1,020,000 to 1,029,999		1		1
300,000 to 309,999	1	3	1,040,000 to 1,049,999		1		1
310,000 to 319,999	2		1,050,000 to 1,059,999	1		1	
330,000 to 339,999		1	1,060,000 to 1,069,999	1		1	
340,000 to 349,999	1	3	1,160,000 to 1,169,999		1		1
350,000 to 359,999	1	1	1,220,000 to 1,229,999		1		1
360,000 to 369,999		1	1,310,000 to 1,319,999	1		1	
370,000 to 379,999	5		2,250,000 to 2,259,999		1		1
390,000 to 399,999	1	1	2,990,000 to 2,999,999	1		1	
400,000 to 409,999		3					

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 22.

b Number of Australian executives 56 (2000: 54). Average remuneration A\$412,607 (2000: A\$434,506). The definition of executive is "Employees responsible for the strategic direction and operational management of the company".

c Included in the balance sheet is a provision for the retirement allowances of CSR Limited non-executive directors. This provision has decreased from A\$1.411 million as at 31 March 2000 to A\$1.101 million as at 31 March 2001.

d Includes executive directors of partly-owned controlled entities.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
27: 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	1,024.0	701.3	381.8	24.9
Non-current assets	3,263.7	1,915.4	-	-
Current liabilities	(600.0)	(429.8)	(8.5)	(10.4)
Non-current liabilities	(2,529.1)	(1,631.1)	(859.5)	(561.1)
	1,158.6	555.8	(486.2)	(546.6)
Chinese renminbi				
Current assets	40.5	31.2	-	-
Non-current assets	45.5	76.9	-	-
Current liabilities	(26.9)	(21.8)	-	-
Non-current liabilities	-	-	-	-
	59.1	86.3	-	-
New Zealand dollars				
Current assets	52.0	42.6	10.5	3.7
Non-current assets	8.4	25.0	-	-
Current liabilities	(2.4)	(2.5)	-	-
Non-current liabilities	(36.2)	(35.9)	(8.2)	-
	21.8	29.2	2.3	3.7
Taiwan dollars				
Current assets	8.4	12.0	0.8	0.6
Non-current assets	14.9	40.6	-	-
Current liabilities	(36.9)	(24.7)	-	-
Non-current liabilities	-	-	-	-
	(13.6)	27.9	0.8	0.6
Malaysian ringgit				
Current assets	10.9	13.0	-	-
Non-current assets	29.3	33.4	-	-
Current liabilities	(35.5)	(29.8)	-	-
Non-current liabilities	-	-	-	-
	4.7	16.6	-	-
Other currencies				
Current assets	17.0	16.9	2.5	-
Non-current assets	19.0	30.5	-	-
Current liabilities	(14.1)	(10.1)	-	(0.1)
Non-current liabilities	(11.2)	(10.7)	-	-
	10.7	26.6	2.5	(0.1)

28: Non-cash financing and investing activities

CSR Limited was gifted shares in Sugar Terminals Limited which CSR valued at A\$27.5 million. The receipt of these shares has been recorded as revenue and recognised as an asset.

The purchase of the assets of a controlled entity was partially financed by the assumption of an A\$158.4 million debt in the controlled entity.

CSR Limited issued shares to employees of CSR Limited and its controlled entities under the terms of the Universal Share/Option Plan. These shares are funded by employee loans of A\$1.7 million (2000: A\$4.7 million) from CSR Limited and CSR America, Inc.

29: Financial instruments

CSR Limited and its controlled entities (CSR) enter into a variety of derivative financial and commodity price instruments to manage risks. CSR does not hold or issue 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 financial and commodity price instruments. The counterparties are predominantly prime financial institutions.

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.

As at 31 March 2001, CSR had no significant concentration of credit risk with any single counterparty or group of counterparties. The carrying amounts of financial assets included in CSR's financial statements represent CSR's exposure to credit risk in relation to these assets.

Credit exposure of interest rate, foreign currency and commodity price derivatives is represented by the net fair value of the contracts, as disclosed.

Hedging transactions

Financial instruments are used to hedge exposure to foreign currency, interest rate and commodity price transactions. Transactions designated as hedges are accounted for on a basis consistent with the accounting for the underlying transaction. Gains and losses on specific hedges of committed and anticipated future purchases and sales are deferred until the date of purchase or sale and included in the measurement of that transaction.

Net fair value

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

Commodity futures

The net fair value is 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 investments, 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.

A\$ MILLION	AVERAGE PRICE ^a	PRINCIPAL/MATURITIES			TOTAL	NET FAIR VALUE	
		1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS		ASSET	LIABILITY
COMMODITY PRICE RISK EXPOSURES							
2001							
Aluminium – underlying exposure							
Committed sales ^b							
– Aluminium	-	304.9	308.4	-	613.3	-	-
LME aluminium futures contracts							
– Sell	1,531.5 ^c	23.4	-	-	23.4	0.9	0.3
Aluminium commodity swaps	1,544.4 ^c	286.4	487.4	-	773.8	29.5	5.8
Raw sugar – underlying exposure							
Commodity swaps							
– US\$ raw sugar	8.55 ^d	12.6	12.3	-	24.9	3.7	-
– A\$ raw sugar	12.82 ^e	9.8	9.6	-	19.4	-	2.7
Commodity options							
– Purchased US\$ raw sugar	11.00 ^e	0.9	-	-	0.9	-	-
– Sold US\$ raw sugar	14.40 ^e	1.1	-	-	1.1	-	0.1
Total						34.1	8.9
2000							
Aluminium – underlying exposure							
Committed sales ^b							
– Aluminium	-	295.1	489.0	-	784.1	-	-
– Alumina	-	53.1	93.3	93.4	239.8	-	-
LME aluminium futures contracts							
– Sell	1,493.9 ^c	52.8	7.5	-	60.3	0.6	3.1
Aluminium commodity swaps	1,554.1 ^c	189.1	307.0	-	496.1	15.7	12.0
Total						16.3	15.1

Commodity price sensitivity and risk management

CSR has exposure to aluminium commodity prices. This exposure arises 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 A\$ pool price revenue derived by Queensland Sugar Ltd based on its sugar price and foreign exchange hedging activities.

- a Average prices for the individual periods do not materially differ from the overall average price disclosed.
b The value of committed sales is derived from the committed quantity multiplied by the year end spot rate.
c United States dollars per metric tonne.
d United States cents per pound.
e Australian cents per pound.

A\$ MILLION	AVERAGE EXCHANGE RATE ^a	PRINCIPAL/MATURITIES			TOTAL	CARRYING AMOUNT		NET FAIR VALUE	
		1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS		ASSET	LIABILITY	ASSET	LIABILITY
29: Financial instruments continued									
FOREIGN EXCHANGE RISK EXPOSURE									
2001									
US dollar functional currency									
Underlying exposure									
Committed sales ^b		304.9	308.4	-	613.3				
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 functional currency									
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 functional currency									
Forward exchange rate agreements									
Receive Euro	0.63	7.8	-	-	7.8	-	-	1.0	-
Total						-	0.1	35.0	219.6
2000									
US dollar functional currency									
Underlying exposure									
Committed sales ^b		361.5	601.6	102.3	1,065.4				
Expected proceeds from sale of business		448.5	-	-	448.5				
Forward exchange rate agreements									
Receive US\$	0.63	98.4	-	-	98.4	-	-	3.3	0.1
Pay US\$	0.62	1,230.7	331.3	-	1,562.0	-	-	10.7	34.0
Currency options									
Purchased US\$ puts against A\$	0.65	6.5	-	-	6.5	-	-	0.1	-
Sold US\$ calls against A\$	0.63	3.3	-	-	3.3	-	-	-	0.1
NZ dollar functional currency									
Forward exchange rate agreements									
Receive NZ\$	1.25	3.6	-	-	3.6	-	-	-	0.1
Cross currency interest rate swaps									
Pay NZ\$	1.14	-	35.9	-	35.9	0.1	0.1	2.1	-
Total						0.1	0.1	16.2	34.3

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

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

b Committed sales are those where a contract is in place in respect of the transaction. In addition to these amounts, the underlying exposure to the US dollar includes the net assets in CSR America, Inc. and other US dollar borrowings, as disclosed in note 20.

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
29: Financial instruments continued										
INTEREST RATE RISK EXPOSURE										
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	-	38.7	-	38.7	-	38.8	-	39.5
Total							-	1,434.7	-	1,561.2
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
2000										
Long-term debt										
Fixed rate US\$ debt	9.9	7.1	-	318.0	652.3	970.3	-	981.4	-	939.7
Fixed rate A\$ debt	2.5	6.1	-	38.7	-	38.7	-	38.8	-	38.5
Total							-	1,020.2	-	978.2
Interest rate derivatives										
US dollar interest rate swaps										
Fixed rate payer against LIBOR	1.9	6.5	154.9	326.2	-	481.1	5.1	10.3	12.0	6.0
Fixed rate receiver against LIBOR	4.6	6.9	-	318.0	326.2	644.2	6.3	6.0	-	12.8
Australian dollar interest rate swaps										
Fixed rate receiver against A\$ bank bills	1.9	6.9	15.0	20.0	-	35.0	0.1	0.1	0.2	0.4
Collars										
Purchased US\$ interest rate caps	1.6	6.4	-	236.5	-	236.5	0.1	-	3.3	-
Sold US\$ interest rate floors	1.6	5.3	-	236.5	-	236.5	-	-	-	-
Total							11.6	16.4	15.5	19.2

Interest rate sensitivity and risk management

CSR enters into a variety of financial 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 above provides information about CSR's interest rate exposure and should be read in conjunction with note 20.

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

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
30: Contracted capital expenditure				
Estimated capital expenditure contracted for at balance date but not provided for				
Payable within one year – CSR Limited and controlled entities	65.4	76.9	9.5	6.2
Payable within one year – associate entities	2.3	10.3	-	-
Total contracted capital expenditure	67.7	87.2	9.5	6.2

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
31: Contracted lease and hire expenditure				
Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements				
– land and buildings	114.8	84.4	63.4	52.0
– quarry and other raw material reserves	5.1	4.9	3.8	4.9
– plant and equipment	32.1	29.6	8.9	7.8
	152.0	118.9	76.1	64.7
Contracted lease and hire expenditure comprises				
Operating leases				
Non-cancellable payable				
– within 1 year	38.2	35.9	16.7	20.4
– between 1 and 2 years	31.5	28.1	13.9	15.5
– between 2 and 5 years	52.7	33.4	27.3	16.0
– after 5 years	18.5	17.4	12.6	9.2
	140.9	114.8	70.5	61.1
Other payable				
– within 1 year	2.2	1.5	1.5	1.2
– between 1 and 2 years	1.9	1.3	1.3	1.1
– between 2 and 5 years	4.6	1.3	2.6	1.3
– after 5 years	2.4	–	0.2	–
	11.1	4.1	5.6	3.6
Total operating lease and hire expenditure	152.0	118.9	76.1	64.7
Total minimum finance lease payments	5.7	0.1	–	–
Less amounts provided for in the financial statements				
– current lease liabilities	1.1	0.1	–	–
– non-current lease liabilities	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	152.0	118.9	76.1	64.7

32: Contingent liabilities

Contingent liabilities, capable of estimation, arise in respect of the following categories

Performance guarantees provided to third parties and other contingent liabilities	42.7	53.7	41.9	53.2
Guarantees given by CSR in respect of amounts borrowed by				
– CSR Finance Limited and CSR America, Inc.			2,093.3	1,173.7
– associate entities	24.5	24.6	24.5	24.6
Total contingent liabilities	67.2	78.3	2,159.7	1,251.5

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 2001, there were 538 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 2001, there were 1,988 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2001, CSR had resolved 114,600 claims in the United States, including resolution of 75,000 claims in mass settlements in West Virginia, Texas and Mississippi, and 1,057 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 CSR America, Inc. and certain of its controlled entities in California, Nevada, New Mexico and Washington. Adequate provision has been made for potential claims.

CSR Limited guarantees the liabilities of CSR America, Inc. in respect of certain of its self-insurance programs.

33: 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 35, no material amounts were receivable from, or payable to, related parties as at 31 March 2001, and no material transactions with related parties occurred during the year.

Directors and director-related entities

The directors who held office during the year are included in the table on the following page.

The directors' holdings of CSR securities are also 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\$0.006 million (2000: A\$0.025 million) were received from the following directors of CSR Limited and its controlled entities during the year: G Livingstone, S A Quay, P W Trimble.

Employee share plan loans are interest free. Aggregate loans of A\$0.029 million (2000: A\$0.039 million) were made to, and aggregate repayments of A\$0.048 million (2000: A\$0.045 million) were received from, the following directors of CSR Limited and its controlled entities during the year: R A Albano, C J Barry, M O Bateman, P J Bremner, A N Brennan, M B Buckland, J E Burman, M J Canny, R J Capasso, A B Carlton, D V Clarke, D J Collins, K N Commins, J H Crossley, J L Davies, M R Day, F T Dooley, G R Doyle, A P Driver, J R Dyer, R E Elliott, D J Ellis, J W Ellis, B W Fielder, I D Forrest, B J Fowler, R G Gellweiler, F N Gosling, R J Halbert, M Hollingsworth, A P Hoskins, E K Ip, P G James, D C Lane, H F Leong, G Livingstone, N H Lowndes, J G MacArthur-Stanham, B M Mann, R J McGregor, P M McGuigan, J V McKay, D J McKenzie, I M McMaster, K R Merton, R Michel, N F Miller, P R Nettheim, W C Ong, G F Pettigrew, J C Prior, S A Quay, M J Ring, D E Ryerson, I R Sampson, P J Seve, P A Simpson, E A Smith, M Sneddon, C T Soh, P D Stone, B E Stump, A J Tanner, V C Thomas, D J Timms, P W Trimble, A R Vivian, S P Vlam, P G Wakeham, K H Watson, K H Watson Jr, W H Webb, J B Wilcox.

Transactions with directors and director-related entities

Related entities of A Codina, a non-executive director of CSR America, Inc. received fees of A\$36,430 (US\$17,887) to jointly develop land that was held by a controlled entity of CSR America, Inc. (2000: sales commissions and fees US\$729,870). Related entities of A Codina entered into a contract in August 1999, for the purchase of land from a controlled entity of CSR America, Inc. 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 2001 mortgage repayments of A\$2,295,466 (US\$1,127,074) have been received. The amount of the mortgage at 31 March 2001 which is due on 31 August 2001 is A\$5,743,230 (US\$2,819,926). For the year ended 31 March 2001 interest of A\$648,568 (US\$318,447) had been received (2000: US\$207,623) on the mortgage and at 31 March 2001 A\$48,778 (US\$23,950) had been accrued as receivable (2000: US\$22,281). All interest and principal have been received when due.

A Ireland, a non-executive director of CSR America, Inc. received A\$183,299 (US\$90,000) for consulting services (2000: US\$90,000).

A related entity of M Lai, an executive director of CSR controlled entities, purchased goods valued at A\$112,755 (2000: A\$528,989) from, and sold goods valued at A\$458,983 (2000: A\$ nil) to, a CSR controlled entity.

A related entity of J Mai, a non-executive director of CSR controlled entities, purchased goods valued at A\$ nil (2000: A\$240,957) from 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 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.

	SHARES				OPTIONS			
	31 MARCH 2000	ACQUIRED	SOLD	31 MARCH 2001	31 MARCH 2000	ISSUED	LAPSED	31 MARCH 2001
33: Related party information continued								
Shareholdings of directors and director-related entities								
John Arthur ^a	-	4,000	-	4,000				
Ian Blackburne	17,000	4,000	-	21,000				
Alec Brennan	170,635	147,585	-	318,220	400,000	100,000	-	500,000
Ian Burgess	130,437	-	-	130,437^b				
David Clarke	59,494	28,800	-	88,294	400,000	-	-	400,000
Charles Goode	253,059	14,641	-	267,700^c				
Carolyn Hewson	10,616	5,539	-	16,155^d				
Peter Kirby	200,363	467,518	-	667,881^d	500,000	200,000	-	700,000
Robert McLean	11,830	3,580	-	15,410^d				
John Morschel	12,096	8,286	-	20,382^d				
Allan Moss	35,000	-	-	35,000^c				
Jim Osborne	110,000	24,533	-	134,533	400,000	100,000	-	500,000
David Voss	27,848	-	-	27,848^e				
John Wylie ^a	-	12,000	-	12,000				

a Appointed 1 March 2001.

b Balance at date of retirement, 1 May 2001.

c Balance at date of retirement, 31 March 2001.

d In April 2001, under the Employee Share Acquisition Plan, the following shares were acquired:
Carolyn Hewson (363), Peter Kirby (1,814), Robert McLean (363) and John Morschel (817).

e Balance at date of retirement, 24 July 2000.

34: Superannuation commitments

CSR Limited and its controlled entities (CSR) participates 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 dependents 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.

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.

A\$ MILLION	ACCRUED BENEFITS	MARKET VALUE OF ASSETS	SURPLUS	VESTED BENEFITS	EMPLOYER CONTRIBUTIONS FOR THE YEAR	
					PAID	PAYABLE
Defined benefit funds sponsored by CSR						
CSR America, Inc. Pension Plan ^a	18.2	18.3	0.1	16.9	0.1	-
CSR America, Inc. Retirement Income Plan ^a	27.9	34.0	6.1	27.5	-	-
CSR Australian Superannuation Fund Defined Benefit Division ^{b c}	137.9	177.6	39.7	138.4	-	-
Monier PGH Superannuation Fund Defined Benefit Division ^d	43.9	52.0	8.1	43.7	3.4	0.3

a Last actuarial assessment performed on 1 January 2000.

b Last actuarial assessment performed on 30 June 1998.

c 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 actuarial liabilities of the DBD. Actuarial liabilities are determined to be the total service liabilities as the existing assets are necessary to support both past and future benefits. As at 31 March 2001, the assets of the CSR Australian Superannuation Fund attributable to the DBD exceeded 120% of the corresponding actuarial liabilities.

d Last actuarial assessment performed on 1 July 1999.

	OWNERSHIP INTEREST		CARRYING AMOUNT	
	2001 %	2000 %	2001 A\$ MILLION	2000
35: Equity accounting information				
Name of entity	Principal activity			
Australian Cement Holdings Pty Ltd ^a	50	50	138.5	139.1
New Zealand Sugar Company Limited	50	50	19.0	19.3
Metromix Pty Ltd ^a	50	50	13.2	13.2
Czarnikow Pty Ltd ^{a, b}	43	43	10.2	10.7
Other immaterial associates			9.9	9.9
Associate companies			190.8	192.2
Sugar Australia joint venture ^c	50	50	108.9	88.7
CSR Emoleum ^{a, b}	50	50	19.0	21.3
Other immaterial partnerships			16.1	14.3
Partnerships			35.1	35.6
Total associate entities			334.8	316.5

A\$ MILLION	CONSOLIDATED	
	2001	2000
Equity accounted amount of investments at the beginning of the financial year	316.5	375.0
Share of associate entities' operating profit before income tax	65.4	103.8
Share of income tax	(16.0)	(29.1)
Dividends and distributions received	(37.3)	(88.9)
Additional capital investment	9.4	–
Disposals and writedowns	–	(1.5)
Return of investment	(5.6)	(42.8)
Foreign currency movement	2.4	–
Equity accounted amount of investments at the end of the financial year	334.8	316.5
Share of reserves attributable to associate entities		
Retained profits ^d	50.6	45.5
Asset revaluation reserves ^d	0.5	0.5
Summarised financial position of associate entities		
Assets		
– cash	58.1	42.7
– other current assets	477.6	398.4
– property, plant and equipment	636.7	640.3
– other non-current assets	25.5	37.5
Liabilities		
– current accounts payable	(185.2)	(176.2)
– current borrowings and other liabilities	(140.8)	(108.2)
– non-current liabilities	(192.4)	(193.6)
Net assets	679.5	640.9

a Information obtained from associate entities is based on unaudited financial statements.

b The year end is 31 December.

c CSR's share of revenue was A\$182.8 million (2000: A\$173.7 million) and share of expenses was A\$171.5 million (2000: A\$157.6 million).

d The 2000 opening balance for retained profits was A\$33.1 million and for asset revaluation reserves was A\$6.2 million.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000

35: Equity accounting information continued

Balances and transactions with associate entities

Current receivables	15.9	10.8	12.9	8.7
Non-current receivables	15.2	14.7	15.2	14.7
Current accounts payable	25.0	12.4	25.0	12.4
Purchases of goods and services	143.3	115.8	143.3	115.8
Sales of goods and services	45.1	61.0	45.1	61.0
Capital repaid	5.6	42.8	-	0.9
Interest revenue ^e	0.2	0.6	-	0.6
Dividends and distributions received and receivable	37.3	88.9	-	41.0

^e Australian Cement Holdings Pty Ltd has entered into interest rate financial instruments 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 (2000: A\$25 million) and are on commercial terms and conditions. As at 31 March 2001, interest receivable was A\$55,619 (2000: A\$85,874) and interest payable was A\$46,915 (2000: A\$68,804). Net interest received during the year was A\$173,691 (2000: A\$586,651).

A\$ MILLION	DATE ACQUIRED	% CONSIDERATION	NET TANGIBLE ASSETS
-------------	---------------	-----------------	---------------------

36: Acquisitions and disposals of controlled entities and businesses

Controlled entities acquired^a

American Limestone Company, Inc.	30 June 2000	100	352.8	97.0
Florida Crushed Stone Company, Inc.	21 July 2000	100	438.8	111.6
Wilson Concrete Company, Inc.	2 June 2000	100	120.4	71.0

Businesses acquired during the year^b

	181.5	103.4
	1,093.5	383.0

DATE DISPOSED	RESIDUAL INTEREST%	PROFIT (LOSS) ON DISPOSAL	NET TANGIBLE ASSETS
---------------	--------------------	---------------------------	---------------------

Controlled entities disposed^a

CSR SMT Pty Ltd	8 September 2000	-	-	-
Gove Aluminium Ltd	31 January 2001	-	235.4	122.2
Ord Sugar Pty Ltd	8 September 2000	-	-	16.7

Businesses disposed during the year^b

	(2.3)	41.0
	233.1	179.9

FAIR VALUE OF NET ASSETS OF CONTROLLED ENTITIES	CONSOLIDATED ACQUISITIONS		CONSOLIDATED DISPOSALS	
	2001	2000	2001	2000
Cash	0.4	0.8	10.7	1.8
Receivables	83.2	9.6	117.4	45.9
Inventories	62.0	10.0	29.8	80.5
Other current assets	2.4	0.2	-	10.1
Investments	-	-	1.0	5.6
Property, plant and equipment	426.2	55.8	209.7	511.3
Intangibles	37.5	5.9	0.2	21.0
Other non-current assets	61.8	-	19.8	42.3
Borrowings and creditors	(213.2)	(2.5)	(119.4)	(53.1)
Provisions	(39.8)	(0.9)	(52.7)	(20.9)
Outside equity interests			(36.4)	-
	420.5	78.9	180.1	644.5
Goodwill acquired/disposed	673.0	48.8	12.8	2.7
Divestment expenses and provisions			55.3	59.0
Profit on disposal			233.1	8.3
Total consideration	1,093.5	127.7	481.3	714.5
Cash balances acquired/disposed	(0.4)	(0.8)	(10.7)	(1.8)
Change in divestment receivables and payables	-	-	313.1 ^c	(329.9)
Total flow of cash	1,093.1	126.9	783.7	382.8

^a Operating results of the entities acquired (disposed) are included in the profit and loss statement from date acquired (up to the date disposed).

^b Businesses acquired (disposed) during the year 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	
			2001	2000				2001	2000
Chief entity									
CSR Limited	Australia				CSR Steel Framing, Inc.	USA		100	100
					CSR Sugar New Zealand Ltd	New Zealand		100	100
					CSR Taiwan Co., Ltd	Taiwan		100	100
ACN 000 179 742 Pty Ltd ^c	Australia	-	100		CSR Travel Pty Ltd ^b	Australia		100	100
ACN 010 400 370 Pty Ltd ^c					CSR West, LLC ^d	USA		100	
(formerly PermaLog Products Pty Ltd)	Australia	-	100		F & L (Qld) Pty Ltd	Australia		100	100
ACN 010 462 629 Pty Ltd ^c					Farley & Lewers Ltd	Australia		100	100
(formerly PermaLog Holdings Pty Ltd)	Australia	-	100		FEP Colourtile Pty Ltd	Australia		100	100
Alstergren Pty Ltd ^c	Australia	-	100		FEP Construction Holdings Pty Ltd	Australia		100	100
Amalgamated Sugar Mills Pty Ltd	Australia	100	100		FEP Nouvelle Kitchens Pty Ltd ^c	Australia		-	100
American Limestone Company, Inc.	USA	100			Florida Crushed Stone Company, Inc.	USA		100	
ARC Management Company ^d	USA	100			G & S S Pty Ltd ^c	Australia		-	100
ARC Materials Corporation	USA	100	100		Gove Aluminium Finance Ltd	Australia		70	70
Austocan Pty Ltd	Australia	100	100		Gove Aluminium Ltd ^a	Australia		-	70
Australian Blue Metal Ltd ^b	Australia	100	100		Gyprock Holdings Pty Ltd	Australia		100	100
Ballestrin Concrete					Hardboards Australia Ltd ^c	Australia		-	100
Constructions Pty Ltd	Australia	100	100		Havelock Food Products Pty Ltd	Australia		100	100
Bettaform Constructions Pty Ltd	Australia	100	70		Hydro Conduit Corporation	USA		100	100
BI (Australia) Pty Ltd	Australia	100	100		Hydro Conduit Management Company ^d	USA		100	
BI (Contracting) Pty Ltd	Australia	100	100		Hydro Conduit of Texas, LP ^d	USA		100	
BI Holdings Australia Pty Ltd	Australia	100	100		Hydro Investments, Inc. ^d	USA		100	
Bradford Holdings, Inc.	Canada	100	100		Landop Holdings Limited	New Zealand		100	100
Bradford Insulation (M) Sdn Bhd	Malaysia	100	100		Midalco Pty Ltd	Australia		100	100
Bradford Insulation (SA) Pty Ltd ^c	Australia	-	100		Milli, LLC	USA		100	100
Bradford Insulation Industries Pty Ltd	Australia	100	100		Monier PGH Holdings Limited	Australia		100	100
Brimik Pty Ltd ^b	Australia	100	100		NC Plaster Nominees (Victoria) Pty Ltd ^c	Australia		-	100
Britash Trading Pty Ltd ^c	Australia	-	100		Ord Sugar Pty Ltd ^a	Australia		-	100
Buchanan Borehole Collieries Pty Ltd	Australia	100	100		Oxi, LLC	USA		100	100
Centralian Industries Pty Ltd ^c	Australia	-	100		PGH Pty Ltd	Australia		100	100
Chang Chien Engineering Co., Ltd	Taiwan	100	100		Pinepanels Export Pty Ltd ^b	Australia		100	100
Chang Yuan Enterprises Ltd	Taiwan	100	100		Pioneer Sugar Mills Pty Ltd	Australia		100	100
Chelsea Estates Ltd	New Zealand	100	100		Pipe Liners, Inc.	USA		100	100
Chelsea Nominees Ltd	New Zealand	100	100		Plaster Castings Pty Ltd ^b	Australia		100	100
CSR-SYC Hebel Taiwan Co., Ltd	Taiwan	100	100		PT Prima Karya Plasterboard	Indonesia		100	100
CSR (Guangdong) Rockwool Co., Ltd	China	70	70		Pyneboard Pty Ltd	Australia		100	100
CSR (Tianjin) Readymix Co., Ltd	China	70	70		Queensland Sugar Power Pool Pty Ltd	Australia		82	82
CSR (UK) Holdings	UK	100	100		Ready Mixed Concrete Ltd	Australia		100	100
CSR America, Inc.	USA	100	100		Refined Sugar Services Pty Ltd	Australia		100	100
CSR America Foreign Sales Corporation	US Virgin Is.	100	100		Richter Drilling Pty Ltd	Australia		100	100
CSR Bradford Air (M) Sdn Bhd	Malaysia	70	70		Rinker Management Company, Inc. ^d	USA		100	
CSR Bricks Pty Ltd	Australia	100	100		Rinker Materials Corporation	USA		100	100
CSR Building Materials (HK) Ltd	Hong Kong	100	100		Rivarol Pty Ltd	Australia		100	100
CSR Building Materials (M) Sdn Bhd	Malaysia	70	70		River Sand & Gravel Pty Ltd ^c	Australia		-	100
CSR Building Materials (NZ) Ltd	New Zealand	100	100		S.O. Logging Pty Ltd ^c	Australia		-	100
CSR Building Systems (M) Sdn Bhd	Malaysia	70	70		Sellars Holdings Ltd ^b	Australia		100	100
CSR Climate Control (M) Sdn Bhd	Malaysia	70	70		Seltsam Pty Ltd	Australia		100	100
CSR Concrete Products Co., Ltd	Taiwan	85	85		Shelf Drilling Pty Ltd	Australia		100	100
CSR Distilleries Operations Pty Ltd	Australia	100	100		SKCOR, LLC ^d	USA		100	
CSR Emoleum Services Pty Ltd	Australia	100	100		Softwood Holdings Limited ^c	Australia		-	100
CSR Finance Limited	Australia	100	100		Softwood Plantations Pty Limited ^c	Australia		-	100
CSR Guangdong Glasswool Co., Ltd	China	79	79		Softwoods Adelaide Pty Ltd ^c	Australia		-	100
CSR Gypsum Products (UK) Ltd	UK	100	100		Softwoods Dartmoor Pty Ltd ^c	Australia		-	100
CSR Hebel Australia Pty Ltd	Australia	100	100		Softwoods Panelboard Pty Ltd ^c	Australia		-	100
CSR Humes (UK) Limited	UK	100	100		Softwoods Portland Pty Ltd ^c	Australia		-	100
CSR Humes Pty Ltd ^b	Australia	100	100		Softwoods Queensland Pty Ltd ^c	Australia		-	100
CSR Insulation (Thailand) Limited	Thailand	100	100		South Queensland Forests Pty Ltd ^c	Australia		-	100
CSR Insurance Pte Limited	Singapore	100	100		Spuncon Pty Ltd	Australia		100	100
CSR International Pty Ltd	Australia	100	100		Steel Construction Systems	USA		55	55
CSR Investments (Asia) Pty Ltd	Australia	100	100		Stonelea, LLC	USA		100	100
CSR Investments (Indonesia) Pty Ltd	Australia	100	100		Sunrock Quarries Pty Ltd ^b	Australia		100	100
CSR Investments (Taiwan) Pty Ltd	Australia	100	100		Superior Drainage, LLC ^d	USA		100	
CSR Investments (Thailand) Pty Ltd	Australia	100	100		The Forestry Pulp & Paper Company of Australia	Australia		100	100
CSR Investments Overseas Ltd	Australia	100	100		The Haughton Sugar Co Pty Ltd	Australia		100	100
CSR Investments PNG Pty Ltd	Australia	100	100		The Readymix Group (Australia) Ltd ^b	Australia		100	100
CSR Investments Pty Ltd	Australia	100	100		Thiess Bros Pty Ltd	Australia		100	100
CSR Modular Systems, LLC ^d	USA	100			Thiess Holdings Pty Ltd	Australia		100	100
CSR Nevada, Inc.	USA	100	100		Timber Holdings Ltd ^c	Australia		-	100
CSR Pipeline Systems, LLC	USA	100	100		U-Liner Mid-America, Inc.	USA		100	100
CSR Plane Creek Pty Ltd	Australia	100	100		Upline Holdings Pty Ltd	Australia		100	100
CSR PolyPipe, Inc.	USA	100	100		Waterford Sands Pty Ltd ^b	Australia		100	100
CSR Readymix (Australia) Pty Ltd ^b	Australia	100	100		West Moreton Industries Pty Ltd ^b	Australia		100	100
CSR Readymix (Qld) Pty Ltd	Australia	100	100		Whittlesee No. 1 Pty Ltd ^c	Australia		-	100
CSR SE Asia Pty Ltd	Australia	100	100		Wilson Concrete Company, Inc.	USA		100	
CSR SMT Pty Ltd ^a	Australia	-	100		Woodland Ltd	Australia		100	100
CSR South East Asia Pte Ltd	Singapore	100	100						

a Controlled entity disposed during the year.

b In voluntary liquidation.

c Controlled entity liquidated.

d Controlled entity incorporated during the year.

A\$ MILLION	CONSOLIDATED		CSR LIMITED	
	2001	2000	2001	2000
38: Interests in joint venture operations				
Interests in joint venture operations are included in the financial statements in the following categories				
Current assets				
- cash	-	0.7	-	-
- receivables	1.2	1.4	-	-
- inventories	22.3	32.4	-	-
- other	0.4	0.6	-	-
	23.9	35.1	-	-
Non-current assets				
- receivables	0.2	0.3	-	-
- inventories	-	10.1	-	-
- property, plant and equipment	324.4	445.1	-	-
- other	14.0	14.3	-	-
	338.6	469.8	-	-
Total assets employed in joint venture operations	362.5	504.9	-	-
Total liabilities	(27.7)	(43.6)	-	-
Net assets	334.8	461.3	-	-
Contracted capital expenditure	4.5	3.4	-	-
Contingent liabilities	-	-	-	-

JOINT VENTURE (INTEREST%) ^a	PRINCIPAL ACTIVITIES	SHARE OF PRODUCTION COSTS		NET ASSETS	
		2001	2000	2001	2000
Tomago (36.1%)	aluminium	151.3	143.3	334.8	353.4
Gove ^b	bauxite, alumina	101.7	101.6	-	107.9
Total interest in joint ventures		334.8	461.3	334.8	461.3

a Joint ventures are held through controlled entities in which CSR has a 70% interest.
b CSR sold its 30% interest in Gove Aluminium Ltd on 31 January 2001.

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 Law.

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 Law.



John Morschel
Chairman



Peter Kirby
Managing Director

21 May 2001

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 2001 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.

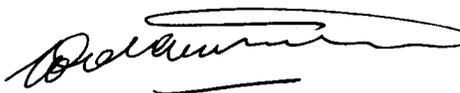
Audit opinion

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

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



Deloitte Touche Tohmatsu



Harley McHutchison
Partner
Chartered Accountants

21 May 2001

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 21 MAY 2001	MILLION	% OF TOTAL SHARES
20 LARGEST HOLDERS OF ORDINARY FULLY PAID SHARES^a		
Chase Manhattan Nominees Ltd	111.22	11.67
National Nominees Ltd	100.71	10.57
Westpac Custodian Nominees Ltd	97.80	10.27
Perpetual Nominees Ltd	28.28	2.97
AMP Life Ltd	25.41	2.67
ANZ Nominees Ltd	20.56	2.16
Citicorp Nominees Pty Ltd	20.20	2.12
MLC Limited	19.05	2.00
Queensland Investment Corporation	17.93	1.88
Permanent Trustee Australia Ltd	13.29	1.40
Perpetual Trustees Nominees Ltd	11.56	1.21
National Australia Financial Management Ltd	9.81	1.03
ING Life Ltd	9.29	0.97
Commonwealth Custodial Services Ltd	8.84	0.93
Permanent Trustee Australia Ltd	8.71	0.91
Cogent Nominees Pty Ltd	8.34	0.88
Westpac Custodian Nominees Ltd	7.64	0.80
Permanent Trustee Australia Ltd	6.94	0.73
Cogent Nominees Pty Ltd	5.56	0.58
Commonwealth Custodial Services Ltd	5.41	0.57
Total	536.55	56.32

a Substantial shareholders of CSR Limited

Perpetual Trustees Australia Ltd advised that at 11 April 2001 it and its associates had a relevant interest in 83.04 million shares, which represented 8.66% of CSR's total issued capital.

Delaware International Advisors Ltd advised that at 13 October 1999 it and its associates had a relevant interest in 82.98 million shares, which represented 8.0% of CSR's total issued capital.

The Commonwealth Bank of Australia advised that at 3 May 2001 it and its associates had a relevant interest in 58.58 million shares, which represented 6.12% of CSR's total issued capital.

Maple-Abbott Brown Ltd advised that at 3 May 2001 it and its associates had a relevant interest in 56.93 million shares, which represented 5.93% of CSR's total issued capital.

National Australia Bank Ltd Group advised that at 2 March 2001 it and its associates had a relevant interest in 51.96 million shares, which represented 5.36% of CSR's total issued capital.

AT 21 MAY 2001	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	105,371	95.1	938,692,798	98.5	95	91.4	659,000	85.1
New Zealand	3,430	3.1	8,535,650	0.9	2	1.9	38,000	4.9
UK	674	0.6	1,756,704	0.2	-	-	-	-
USA	518	0.5	1,717,876	0.2	5	4.8	60,000	7.7
Other	807	0.7	2,028,121	0.2	2	1.9	18,000	2.3
	110,800	100.0	952,731,149	100.0	104	100.0	775,000	100.0
Class of holder								
Individuals	100,320	90.5	233,907,897	24.6	104	100.0	775,000	100.0
Companies	10,480	9.5	718,823,252	75.4	-	-	-	-
	110,800	100.0	952,731,149	100.0	104	100.0	775,000	100.0
Size of holding								
1 - 99	3,050	2.8	106,809	-	-	-	-	-
100 - 1,000	45,396	41.0	22,332,159	2.3	13	12.5	13,000	1.7
1,001 - 5,000	49,783	44.9	119,641,423	12.6	48	46.1	141,000	18.2
5,001 - 10,000	8,423	7.6	58,307,252	6.1	19	18.3	142,000	18.3
10,001 - 100,000	3,950	3.6	75,409,312	7.9	24	23.1	479,000	61.8
100,001 - 1,000,000	143	0.1	42,978,907	4.5	-	-	-	-
1,000,001 - 5,000,000	31	-	76,920,040	8.1	-	-	-	-
5,000,001 and over	24	-	557,035,247	58.5	-	-	-	-
	110,800	100.0	952,731,149	100.0	104	100.0	775,000	100.0

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

b About 76% 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 19 July 2001
The Auditorium, Level 2, Sydney Convention Centre
Darling Drive, Darling Harbour, Sydney

SHAREHOLDERS' TIMETABLE*

2001

31 MARCH	CSR YEAR END
21 May	Full year profit and final dividend announced
1 June	Shares begin trading ex dividend
7 June	Record date for determining shareholders' entitlement to final dividend payment
20 June	CSR annual report, notice of meeting and proxy form released
5 JULY	FINAL DIVIDEND PAID
17 July	Proxy returns close 10.00 am Sydney
19 July	Annual general meeting, 10.00 am, Sydney Convention Centre
30 SEPTEMBER	CSR HALF YEAR END
20 November	Half year profit and interim dividend announced
26 November	Shares begin trading ex dividend
30 November	Record date for determining shareholders' entitlement to interim dividend payment
17 December	Interim dividend paid
	Half year results summary released

2002

31 MARCH CSR YEAR END

* Timing of events can be subject to change

INQUIRIES ABOUT YOUR SHAREHOLDING

Please contact the share registrar, BT Registries, if you have a question about your shareholding, dividends, share transfers or monthly holding statements. Contact information is on the back cover of this annual report.

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/invest/share_registrar.html

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.

STOCK EXCHANGE LISTINGS

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

CHANGED YOUR ADDRESS?

If you change your address, please promptly notify the share registrar, BT Registries, 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. An acknowledgment of your change of address will be mailed to both your old address and to your new address.

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 registrar, BT Registries, or can be downloaded from CSR's internet site.

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

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.

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.

DO WE HAVE YOUR TAX FILE NUMBER (TFN)?

All shareholders, including children, may choose to provide their tax file number (TFN), or details of any tax exemption, to the share registrar to avoid unnecessary tax deductions from any CSR unfranked dividend payments. TFN forms are available from the share registrar, BT Registries, or can be downloaded from the internet using the *Investor Online* service.

It is not compulsory for shareholders to provide a TFN. 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 the share registrar of their resident status as limited exemptions from tax deduction may apply.

CSR COMMUNICATIONS

Our internet site www.csr.com.au offers shareholder publications, news releases and announcements to ASX, 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 CSR America, Inc.'s operations and product range can be found on the internet at www.csr.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. Should you not wish to receive the annual report by mail, please notify our share registrar, BT Registries.

COMBINING MULTIPLE SHAREHOLDINGS

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

RECENT CSR DIVIDENDS

DATE PAID	TYPE	A CENTS PER SHARE	FRANKING % / RATE IN DOLLAR
July 1999	final	12	33 1/3% / 36 cents
December 1999	interim	11	33 1/3% / 36 cents
July 2000	final	12	33 1/3% / 34 cents
December 2000	interim	11	33 1/3% / 34 cents

The final dividend for the year to 31 March 2001, to be paid on 5 July 2001, will be 12 cents per share, 40% franked at 30 cents in the dollar.

CSR's major announcements to the Australian Stock Exchange

CSR immediately informs the Australian Stock Exchange of anything that may affect the company's share price. The stock exchange keeps the market continuously informed.

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

2000

17 APRIL Stronger than expected trading conditions expected to lift operating profit for the year to March 2000 by 15% and profit after tax by more than 30%.

17 APRIL Offers received to date for Tomago aluminium smelter do not justify sale. Page 19

15 MAY CSR announces a net profit of A\$472 million for the year to March 2000 and a buyback of up to 10% of CSR ordinary shares over the next 12 months.

29 MAY CSR America, Inc. purchases Tennessee based American Limestone Company, a major producer of aggregates and pre-mixed concrete – for US\$211 million. Page 10

8 JUNE CSR America, Inc. acquires for US\$84 million two concrete pipe and concrete products businesses in the US mid west: the Wilson Concrete Company and Leppert Concrete Products. Page 11

13 JUNE CSR America, Inc. successfully bids US\$348 million for the major aggregates and cement company Florida Crushed Stone. Pages 10-11

28 JUNE CSR chairman Ian Burgess to retire from the board on 1 May 2001, with John Morschel becoming the new chairman. David Voss retires as a director on 24 July 2000. Page 28

3 JULY Billiton Aluminium Australia offers to acquire CSR's interest in the Gove alumina refinery and bauxite mine in the Northern Territory – subject to pre-emptive rights allowing Alcan Aluminium to purchase the CSR stake.

24 JULY Annual general meeting held. Chairman's address and managing director's speech lodged with ASX.

28 AUGUST CSR America, Inc. acquires for US\$35 million Southern Culvert, a large concrete pipe business in western Florida. Page 12

18 SEPTEMBER CSR completes divestment of its Timber Products businesses – for a total of around A\$800 million – with the sale of the FeaturPanels moulded door panel operation at Oberon, New South Wales, to JELD-WEN.

18 OCTOBER CSR America, Inc. acquires the Dura-Crete concrete pipe and pre-cast concrete drainage structure business in the US mid west for US\$15.3 million. Page 12

20 NOVEMBER CSR announces interim net profit of A\$271 million, up 21%, for the half year ended September 2000.

18 DECEMBER CSR and Boral enter into a joint venture to investigate establishing an e-commerce service for the supply of building materials.

21 DECEMBER Alcan pre-empts Billiton's 3 July offer to purchase CSR's interest in the Gove alumina refinery and bauxite mine joint venture. Page 19

2001

31 JANUARY CSR completes the sale of its interest in the Gove alumina refinery and bauxite operations to Alcan. Page 19

28 FEBRUARY Two new directors appointed to the board of CSR Limited from 1 March: John Arthur and John Wylie. Charles Goode and Allan Moss to retire from the board on 31 March. Pages 28 and 29

21 MAY New director John Ballard joins the board of CSR Limited. Pages 28 and 29



Cover: The Las Vegas *Spaghetti Bowl* freeway interchange between Interstate 15 and US Highway 95. CSR America, Inc. supplied contractor Walter & SCI Construction with 28,000 tonnes of aggregates to make up 2,400 truckloads of concrete for constructing the superstructure.

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