CSR

03

2003 CSR ANNUAL REPORT

CSR LIMITED ABN 90 000 001 276

CSR ANNUAL REPORT 2003

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CSR is a

2003

diversified company

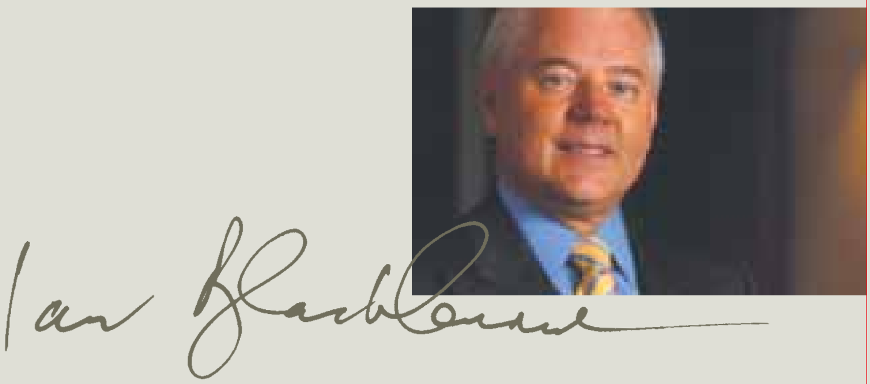
CSR HAS CHANGED

- On 28 March 2003, the Federal Court of Australia approved the demerger of Rinker Group Limited (Rinker), with its heavy building materials businesses, from CSR Limited (CSR) – after shareholders had voted overwhelmingly in favour on 25 March 2003.
- Following the demerger, CSR is smaller but remains a significant diversified Australian company with a strong portfolio of businesses: CSR Building Products, Aluminium and CSR Sugar.
- We are focused on developing the strengths and performance of these businesses and pursuing value adding low risk growth.
- This annual report provides information for the year ended 31 March 2003 on the pre-demerger performance of the CSR group including Rinker as well as summarising the effects of the demerger on CSR's financial position. Rinker's performance is also reviewed in this annual report. A separate annual report will not be sent to Rinker shareholders for the year ended 31 March 2003.

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

CHAIRMAN'S MESSAGE FROM IAN BLACKBURNE

THE SUCCESSFUL DEMERGER OF RINKER HAS POSITIONED CSR FOR A FRESH FOCUS ON ITS AUSTRALIAN BUSINESSES



The year just concluded was an important one for CSR. The demerger of Rinker Group Limited created a newly listed Australian company, one of the top 10 heavy building materials companies in the world.

CSR continues to be a significant Australian company. The group's renewed focus on building products, aluminium and sugar will now allow us to take better advantage of our strengths. Our intention is to maintain the strong cash generation of these businesses and, where it makes good sense, to pursue value adding low risk growth options.

All businesses performed well. CSR's profit after tax and before significant items of A$561 million was up 1% despite a one-off A$41 million tax and interest benefit in the previous year's profit (see page 24).

The CSR 2003 final dividend to be paid in July will be six cents a share, with franking maintained at 70%. (The now demerged Rinker has announced a 2003 final dividend of seven cents a share, also to be paid in July.)

On 20 May 2003, the directors announced a buyback of 5% of CSR's stock to further enhance shareholder value. CSR will continue to explore capital management opportunities where these are seen to enhance shareholder returns.

The demerger has brought changes to the board and management of CSR. Chairman John Morschel and directors John Arthur, John Ballard and David Clarke retired following the demerger and have joined the Rinker board. CSR's chief executive for the past five years, Peter Kirby, retired. On behalf of CSR as a whole, I thank them all for their considerable contributions, particularly Peter Kirby under whose leadership the performance of CSR was restored.

I have agreed to take the chairman's role and, with Carolyn Hewson and John Wylie, provide continuity on the CSR board. Barry Jackson and John Story have joined us post-demerger. Their abilities and experience balance the existing skills and strengthen your company's board. At management level, Alec Brennan takes over as managing director, having served the past five years as deputy managing director to Peter Kirby.

Today, the expectations of investors are high that boards operate to best corporate governance principles. The CSR board has reviewed the recent recommendations of the ASX Corporate Governance Council and, while overall our practices are of a high standard, some further changes have been made, including the phasing out of director retirement allowances (see page 31).

This company has been through many changes in its 148 year history. We are now starting on a new and exciting time – with sound operations efficiently run by skilled and competent people. The directors of CSR, are grateful to the people of the company – they have delivered a good operating result despite the pressures and uncertainties deriving from the demerger process. Through them, CSR is well equipped to perform soundly in the year ahead.

IAN BLACKBURNE
Chairman

MANAGING DIRECTOR'S REVIEW FROM ALEC BRENNAN

A YEAR OF MAJOR CHANGE FOR CSR

Alec Brennan

As a core part of our strategy to increase returns for shareholders during the five years before the demerger, CSR has been steadily growing a focused heavy building materials group, while separating other assets. We completed our restructure in late March 2003 when shareholders voted overwhelmingly to demerge the heavy building materials focused Rinker Group Limited (Rinker) from CSR, resulting in two Australian listed companies:

- CSR has a market capitalisation of around A$1.5 billion and remains a significant diversified manufacturing company with three strong businesses mainly in Australia. CSR intends to pay out 60–70% of its profits as dividends but will also explore opportunities for low risk growth in each of its businesses.
- Rinker, with a market capitalisation of around A$4.5 billion, is one of the top 10 heavy building materials companies in the world. About 80% of its operations are in the United States with most of the balance in Australia. Rinker intends to grow in heavy building materials in the US through Rinker Materials Corporation (Rinker Materials) and, to a lesser extent, through Readymix in Australia and China.

Both companies have strong balance sheets and investment grade credit ratings.

Because the split happened at year end, the CSR group results for the year ended March 2003 include profits from all of the above businesses. We have also provided separate operating results in the *Financial highlights* section (pages 6 and 7) for CSR and Rinker businesses on the same basis as the demerger explanatory booklet.

FINANCIAL PERFORMANCE

Excluding the significant profit arising from accounting for the demerger, CSR's net profit for the year increased by 1% to A$561 million while earnings before interest, tax and significant items increased by 5% to A$974 million.

Earnings from each CSR group business improved but the translation of Rinker Materials' earnings into A$ was negatively impacted by the stronger Australian dollar.

In September 2002, Rinker Materials completed the acquisition of Kiewit Materials Company for US$540 million.

This is the largest acquisition by Rinker Materials for more than 10 years and provides it with a leading position in Arizona – one of the fastest growing markets in the US.

Despite this significant acquisition, cash generation in all businesses was strong and the CSR group ended the year with a strong balance sheet and good interest cover.

SHARE PRICE

CSR's share price has performed strongly since the announcement in November 2002 of the demerger proposal – as shown in the graph (opposite page). CSR's total shareholder return outperformed the broader market of Australia's top 200 companies by around 20%. This performance is in the context of very volatile global markets. Over the five years before the demerger, CSR's total shareholder return grew 8% a year compound.

CSR – NOW FOCUSED ON BUILDING PRODUCTS, ALUMINIUM AND SUGAR

With the demerger, CSR remains a diversified manufacturing company with three businesses in Australia in building products, aluminium and sugar. These businesses all have leading or established positions in their respective markets, together with a history of stable total returns and strong cash flow generation.

Each business is a significant contributor to revenues and profits of CSR – as shown in the CSR revenue and earnings before interest and tax (EBIT) pie charts (opposite page).

PERFORMANCE IN THE PAST YEAR – IMPROVED PROFITS FROM BUILDING PRODUCTS AND ALUMINIUM

CSR Building Products lifted earnings before interest and tax (EBIT) by 10% to A$120 million on 11% higher trading revenue of A$896 million. Activity levels in the new housing market were higher than expected, but extra costs were incurred in meeting customer requirements. As a result profit performance was lower than expected for the increased level of activity.

Aluminium increased EBIT by 15% to A$126 million on revenues of A$447 million in line with the previous year. Increased demand from Asian markets resulted in record sales, although market pricing was down. The strong result was underpinned by prior year hedging of exposure to the price of aluminium and the A$/US$ exchange rate.

CSR Sugar achieved a result slightly below the previous year, with EBIT of A$71 million, resulting from an improved sugarcane crop offset by lower raw sugar prices. This result includes a write-down of A$13 million in assets associated with production of very low colour sugar at the Plane Creek raw sugar mill because there is no longer a viable market for this product. While the international market for raw sugar continues to be difficult, we are seeing benefits from productivity improvements under way in CSR's milling regions. The long term aim is to achieve a sustainable 20% improvement in sugar yield.

STRATEGY

CSR is now a smaller, more focused company. Further work is being undertaken to ensure that the cost structure and operations are aligned to the requirements of the newly restructured group. With this background, CSR's strategy is to build value for shareholders from its three businesses by pursuing the following initiatives:

1. CREATING A SAFE AND SATISFYING WORK ENVIRONMENT FOR OUR EMPLOYEES

Safety performance has improved significantly over the past 12 months. The total recordable injury frequency rate improved by 23% in CSR Building Products and CSR Sugar compared to the prior year. CSR continues to focus on improvements in safety performance.

2. MEETING OUR CUSTOMERS' NEEDS

We continue to look for better ways to serve our customers competitively and professionally to ensure we are their supplier of choice. A key step in this process is ongoing communication with customers and the introduction of SAP computer systems to help us improve customer service levels.

3. IMPROVING EFFICIENCY AND PRODUCTIVITY

Each CSR business has an ongoing commitment to productivity improvement, with established structured improvement programs. We have been successful in cutting costs this way in recent years. Last year, the operational improvement program delivered A$15 million in savings for the ongoing CSR businesses. There is further scope for improvement. Systems are in place to ensure performance improvement is closely monitored and sustained.

4. PURSUING LOW RISK GROWTH OPPORTUNITIES

CSR is seeking low risk growth opportunities in each of its three business areas. For example, CSR, through Gove Aluminium Finance (GAF, 70% CSR), has the option to participate in a 15% production expansion of the Tomago smelter that is currently under way. The cost of GAF's participation is A$75 million and a decision is required by November 2003.

CSR is also exploring a further investment in electricity co-generation at one of our sugar mills in North Queensland. The electricity, generated from renewable waste sugarcane fibre, is sold into the electricity grid at commercially acceptable prices.

In building products, we are reviewing a number of options to extend our product range and improve service to meet customer needs better. In addition, CSR continues to look for restructuring and rationalisation opportunities to improve the performance of the building products businesses, provided these are value enhancing for our shareholders.

OUTLOOK FOR THE YEAR AHEAD

The operating environment for CSR remains quite challenging because of uncertainties that could impact our performance.

We expect a slowdown in CSR Building Products' residential building market, although this should be offset to some extent by an increase in activity in the alterations and additions market and in the commercial construction sector.

Aluminium is expected to perform in line with expectations in the next year as the returns are well hedged.

For CSR Sugar, while the Burdekin Valley region sugarcane crop prospects are good, lack of rain remains a problem in our other Queensland milling regions. A continuation of this trend may have an adverse impact on the total 2003 crop. However, we expect to see continuing benefits from the sugar industry productivity initiatives under way across all our regions. The sugar price outlook for the milling business remains uncertain as a result of low world raw sugar prices and a rising A$.

In addition, we will begin to receive some benefit from the development and sale of our property assets.

Against this background, our goal is to achieve a pre-tax result broadly in line with last year for these businesses.

CSR'S MANAGEMENT TEAM IS STRONGLY FOCUSED ON BUILDING VALUE FOR SHAREHOLDERS FROM ITS THREE BUSINESSES

Our priority for the year ahead is to optimise the performance of CSR's businesses to deliver additional value for our shareholders through strong cash generation combined with low risk growth.

FINALLY

I would like to thank all CSR people for the major effort during the year in delivering a very respectable operating result in tough circumstances. Special thanks go to those CSR people who were actively involved in the successful completion of the demerger.

Thank you to our customers and suppliers; we look forward to working with you in the year ahead.

An important message for our shareholders: we have now completed the demerger, the culmination of our strategy over the past five years to increase returns for you by building a focused global heavy building materials company – the demerged Rinker. I can assure you our complete focus is now to build shareholder value in those sound businesses that continue to be part of CSR going forward.

ALEC BRENNAN
Managing director

CSR'S CORPORATE MANAGEMENT

CHRIS BERTUCH
general counsel

TONY CARLTON
executive general manager Strategy and Development

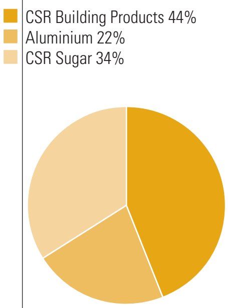
JOHN DYER
general manager Human Resources

GRAHAM HUGHES
company secretary

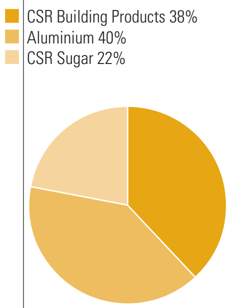
WARREN SAXELBY
chief financial officer

ANDRÉE TAYLOR
general manager Investor Relations

CSR IS A DIVERSIFIED COMPANY

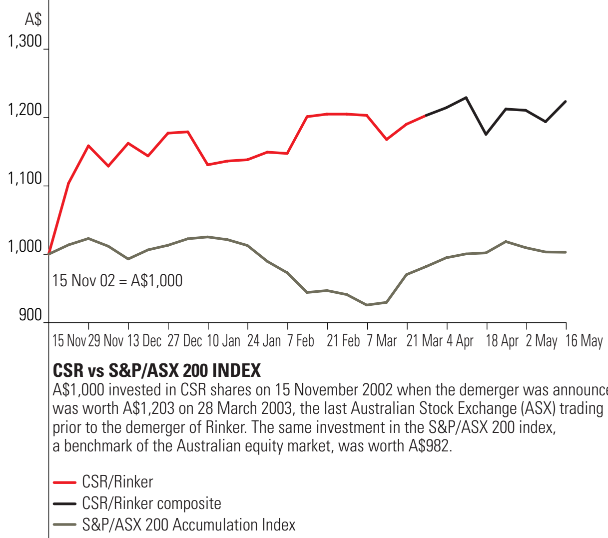


CSR REVENUE BY DIVISION
Year ended 31 March 2003



CSR EARNINGS BEFORE INTEREST AND TAX (EBIT) BY DIVISION
Year ended 31 March 2003

CSR SHARE PRICE INDEX SINCE DEMERGER ANNOUNCEMENT

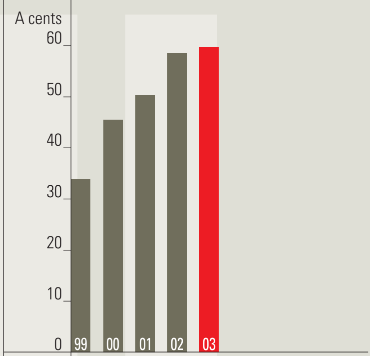


CSR vs S&P/ASX 200 INDEX
A$1,000 invested in CSR shares on 15 November 2002 when the demerger was announced, was worth A$1,203 on 28 March 2003, the last Australian Stock Exchange (ASX) trading day prior to the demerger of Rinker. The same investment in the S&P/ASX 200 index, a benchmark of the Australian equity market, was worth A$982.

FINANCIAL HIGHLIGHTS FOR THE CSR GROUP INCLUDING RINKER

SOLID RESULT DESPITE STRONGER AUSTRALIAN DOLLAR

Because of the timing of the demerger, Rinker group's operating results are included in CSR's statement of financial performance and cash flows for the year ended 31 March 2003. The operating results include the significant net profit of A$1,493 million arising from the demerger, representing the excess of the fair value of the Rinker assets over their book value, less transaction costs of the demerger.



EARNINGS PER SHARE* GREW 15% PA COMPOUND ON AVERAGE SINCE 1999

*Before significant items

Year ended 31 March

SEPARATE FINANCIAL RESULTS FOR CSR AND RINKER GROUPS

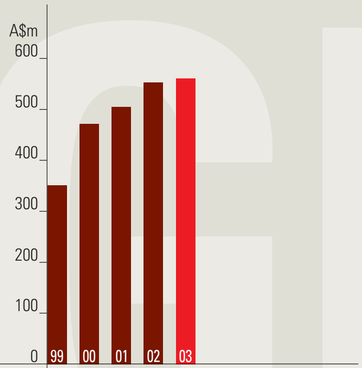
To assist shareholders' understanding of the performance of the CSR and Rinker businesses, the pro-forma operating results for each entity are presented separately for the year ended 31 March 2003. Allocations of corporate costs and interest expense have been made on a basis consistent with the normalisation adjustments included in the demerger explanatory booklet.

In future, CSR and Rinker will report separately.

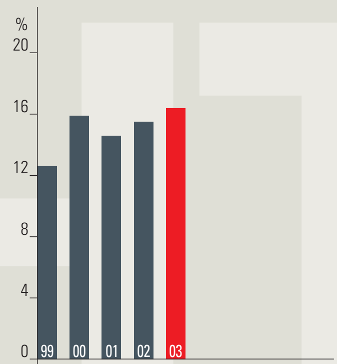
KEY FACTS – CSR PRE-DEMERGER

YEAR ENDED 31 MARCH – A$ MILLION UNLESS STATED	**2003**	2002	% CHANGE
OPERATING RESULTS			
Trading revenue	**7,283**	6,985	4
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA)	**1,445.4**	1,378.7	5
Earnings before interest, tax and significant items (EBIT)	**973.8**	925.8	5
Net profit before significant items	**560.8**	552.6	1
Net profit after significant items[a]	**2,053.5**	552.6	272
Net cash from operating activities	**1,172.1**	1,194.8	-2
KEY DATA PER SHARE			
Earnings before significant items [A cents]	**59.8**	58.5	2
Earnings after significant items [A cents][a]	**219.0**	58.5	274
Dividend [A cents]	**17.0**[b]	24.0	
KEY MEASURES			
Profit margin (EBIT : trading revenue) [%]	**13.4**	13.3	
Return on funds employed before significant items (ROFE) [%]	**16.4**	15.5	
Safety performance [Recordable injuries[c]]	**22.1**	27.3	-19

a The significant item in 2003 is the net profit to CSR of the demerger of Rinker, being the excess of fair value over book value of Rinker less transaction costs of the demerger.
b The now demerged Rinker has announced a 2003 final dividend of seven cents a share.
c The number of lost time, medical treatment and restricted work injuries per million work hours.



NET PROFIT* GREW 12% PA COMPOUND ON AVERAGE SINCE 1999
*Before significant items
Year ended 31 March



RETURN ON FUNDS EMPLOYED* GREW 7% PA ON AVERAGE SINCE 1999
*Before significant items
Year ended 31 March

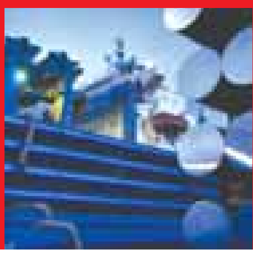
PRO-FORMA KEY FACTS – CSR GROUP AND RINKER GROUP POST-DEMERGER

YEAR ENDED 31 MARCH 2003 – A$ MILLION UNLESS STATED	CSR GROUP	RINKER GROUP
OPERATING RESULTS		
Trading revenue	**2,051**	**5,232**
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA)	**382.3**	**1,063.1**
Earnings before interest, tax and significant items (EBIT)	**275.7**	**698.1**
Net profit before significant items[a]	**171.7**	**389.1**
Earnings per share before significant items (EPS) [A cents]	**18.3**	**41.5**
Capital investment	**92.1**	**1,253.3**
FINANCIAL POSITION		
Shareholders' funds	**1,148.8**	**3,137.2**
Total assets	**2,735.5**	**6,394.9**
Net debt	**225.9**	**1,579.6**
KEY MEASURES		
Profit margin [%]	**13.4**	**13.3**
Return on funds employed (ROFE) [%]	**20.2**	**15.3**
Employees [Number of people employed]	**4,546**	**13,030**
Safety performance [Recordable injuries]	**24.5**	**20.7**

a Net profit is based on normalised allocation of finance and corporate costs as described in the demerger explanatory booklet.

CSR POST-DEMERGER

CSR IS A DIVERSIFIED AUSTRALIAN MANUFACTURING COMPANY WITH A STRONG PORTFOLIO OF BUSINESSES IN BUILDING PRODUCTS, ALUMINIUM AND SUGAR




CSR is a major Australian manufacturing group, with operations also in Asia and New Zealand. Features include:

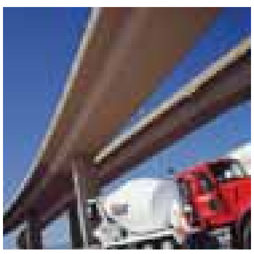
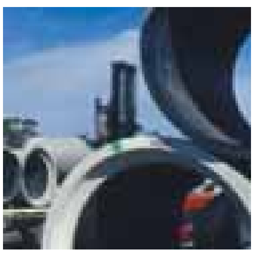
- Leading or established positions in all target markets with low cost and efficient operations
- High quality portfolio of brands including CSR Sugar, Gyprock™ plasterboard, CSR Fibre Cement, Bradford Insulation™, PGH™ bricks, Monier™ and Wunderlich™ roof tiles and others
- Focused on improving shareholder returns through capital management initiatives, including a share buyback program
- History of stable cash flow generation with the intention to pay out 60–70% of profits as dividends
- Exploring value adding low risk growth options

CSR's core strategy is to optimise the performance of its three businesses to increase shareholder returns.

With the demerger, the Rinker group businesses will no longer contribute to the results of CSR.

RINKER POST-DEMERGER

RINKER IS A FOCUSED INTERNATIONAL HEAVY BUILDING MATERIALS GROUP – ONE OF THE WORLD'S TOP 10 – WITH OPERATIONS IN THE US, AUSTRALIA AND CHINA

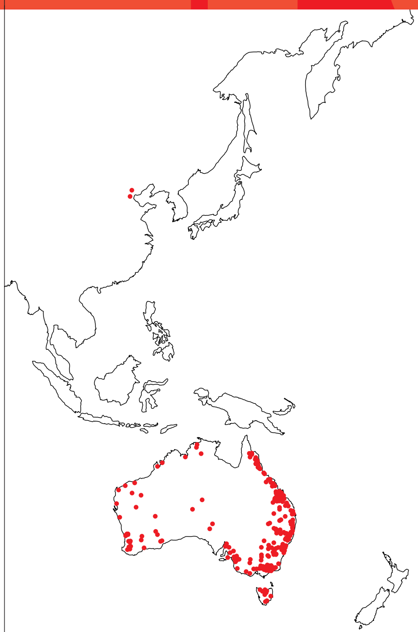

Rinker Group Limited was established following the demerger of the heavy building materials businesses of CSR Limited in March 2003:

- In the US, Rinker Materials is one of the largest heavy building materials companies, supplying aggregate, concrete, cement, asphalt, concrete pipe and other building materials:
  - number one or two in most of its markets, with strong regional positions – especially in Florida and Arizona
  - operations are strategically located across the US
  - proven record in growing the business, including via successful acquisitions
- In Australia, Readymix is a leading producer of aggregate, concrete, concrete pipe and other concrete products, with joint venture interests in cement and asphalt
- In China, Readymix's joint venture produces aggregate and concrete

Rinker aims to be a high performing business, focused on growth and on delivering strong shareholder returns.

OPERATING PLANTS	TOTAL	AUSTRALIA	NZ	CHINA	THAILAND	MALAYSIA	SINGAPORE	PRODUCTION CAPACITY/YEAR
WHOLLY OR MAJORITY OWNED PLANTS								
CSR BUILDING PRODUCTS								
Plasterboard	**4**	4						79 million square metres
Fibre cement	**1**	1						10 million square metres
Insulation and ducting	**8**	3		2	1	1	1	83,000 tonnes
Roof tiles	**9**	7	2					9 million square metres
Clay bricks and pavers	**10**	9	1					415 million units
Aerated lightweight concrete	**2**	1				1		254,000 cubic metres
CSR SUGAR								
Raw sugar mills	**7**	7						2.4 million tonnes minimum
Distilleries	**2**	2						60 million litres
	43	34	3	2	1	2	1	
50% OWNED PLANTS								
CSR BUILDING PRODUCTS								
Building board accessory systems	**4**	4						
Gypsum mine	**1**	1						
Other[a]	**5**	5						
CSR SUGAR								
Refineries	**3**	2	1					
	13	12	1					
LESS THAN 50% INTEREST ALUMINIUM SMELTER	**1**	1						460,000 tonnes[b]
TOTAL OPERATING PLANTS	**57**	47	4	2	1	2	1	

a Includes landfills and garden and horticultural products.
b Total production capacity for the Tomago aluminium smelter.



OPERATING PLANTS	TOTAL	US	AUSTRALIA	CHINA	PRODUCTION/YEAR
WHOLLY OR MAJORITY OWNED PLANTS					
Quarries and sand mines	**174**	92	81	1	100 million tonnes
Pre-mixed concrete	**377**	148	226	3	15 million cubic metres
Concrete pipe and products[a]	**84**	66	18		3.8 million tonnes
Concrete blocks	**22**	22			139 million units
Cement mills and terminals	**4**	4			3.2 million tonnes[b]
Asphalt and road surfacing	**21**	21			3.4 million tonnes
Other[c]	**9**	9			
	691	362	325	4	
50% OWNED PLANTS					
Quarries and sand mines	**2**		2		
Pre-mixed concrete	**8**		8		
Cement mills	**2**		2		1.5 million tonnes[d]
Asphalt and road surfacing	**29**		29		1.7 million tonnes[d]
Concrete blocks	**2**		2		
	43		43		
TOTAL OPERATING PLANTS	**734**	362	368	4	

a Includes pre-stressed concrete products plants in the US.
b Includes cement imports.
c Includes landfills, soil remediation and polyethylene pipe plants.
d Total joint venture production.

SUMMARY OF OPERATIONS

CSR Building Products
Australia, Asia and New Zealand

- Trading revenue A$896 million, up 11%.
- Earnings before interest, tax, depreciation and amortisation before significant items (EBITDA) A$155 million, up 8%.
- Earnings before interest and tax (EBIT) A$120 million, up 10%.
- Profit margin (EBIT : trading revenue) was 13.4%, down from 13.5%.

Aluminium
Australia

- Trading revenue was A$447 million, up 1%.
- EBITDA A$149 million, up 13%.
- EBIT A$126 million, up 15%.
- Profit margin 28.3%, up from 24.8%.
- CSR's share of Gove Aluminium Finance (GAF) (70% CSR) net profit before finance costs rose 9% to A$64 million.

CSR Sugar
Australia and New Zealand

- Trading revenue A$708 million, up 2%.
- EBITDA A$107 million, down 3%.
- EBIT A$71 million, down 4%.
- Profit margin 10.0%, down from 10.6%.

Rinker Materials Corporation
United States of America

- Trading revenue A$4,218 million, up 2% on the previous period (US$2,383 million, up 13%).
- EBITDA A$910 million, up 1% (US$514 million, up 12%).
- EBIT A$592 million, down 1% with a stronger A$ (US$334 million, up 9%).
- Profit margin 14.0%, the previous year 14.5%. This followed a change in the business mix due to the Kiewit acquisition mid year.

Readymix
Australia and China

- Trading revenue A$1,014 million, up 10%.
- EBITDA A$173 million, up 51%.
- EBIT A$120 million, up 97%.
- Profit margin 11.8%, up from 6.1%.

FEATURES	PROGRESS AGAINST PRIORITIES	KEY OBJECTIVES THIS YEAR
• Profit increased in line with stronger than expected building activity across all market sectors but was held back by some operational inefficiency. • To lift customer service, price management and operational performance, we continued to expand the use of standardised management systems including SAP computer systems across all businesses. • The recently commissioned Rosehill concrete tile plant is producing new products.	• **Increase sales force effectiveness and servicing of customers:** Groundwork completed with improved distribution and systems implementation. • **Closely manage pricing, while maintaining market share:** Capability to tightly manage pricing substantially improved and controlled. • **Control operating capital:** Expenditure equal to 56% of depreciation. • **Improve safety and environmental performance:** Recordable injury rate and environmental incidents fell.*	• Improve pricing in all products, while retaining market share. • Grow through product innovations and judicious acquisitions where there is a strategic fit. • Increase effectiveness of our sales force and the servicing of our customers using the SAP computer system and related systems. • Improve efficiency of production and distribution operations. • Improve safety and environmental performance.
• GAF sold a record tonnage, with value added billet and slab sales increasing by 31%. • Demand for aluminium increased in line with slow growth in the global economy, but a continuing production surplus reduced the world price. • A project to expand production capacity of the Tomago smelter by 15% commenced. GAF has an option to participate.	• **Continue to manage CSR's aluminium investment to achieve the best outcome for shareholders:** The business has performed well in a period of low world aluminium prices. • **Continue to hedge the world aluminium market price and US$ revenue:** Hedging continues to provide a base level of profitability and to reduce volatility of earnings.	• Seek opportunities to grow CSR's aluminium investment to achieve the best outcome for shareholders. • Continue to hedge the world market aluminium price and US$ revenue to provide a base level of profitability and to reduce volatility of earnings.
• The mills produced 21% more raw sugar, but world sugar prices fell. • The refined sugar business (50% CSR) improved. • Ethanol returns fell slightly, due mainly to higher molasses prices. • CSR Sugar is beginning to see benefits from the Australian sugar industry wide program to create a high performance way of doing things.	• **Obtain commitment from entire Australian sugar industry for productivity initiatives:** Regional industry boards established. The initiatives are providing benefit. • **Get renewable energy projects under way:** Progress was made on opportunities. Ethanol projects require regulatory clarification. • **Improve safety and environmental performance:** Recordable injury rate fell. Minor environmental incidents rose.*	• Drive harder for commitment from entire sugar industry to productivity initiatives. • Get renewable energy projects under way. • Improve safety and environmental performance.
• Rinker Materials' results improved while those of competitors generally declined. • In September 2002, Rinker Materials completed the US$540 million acquisition of Kiewit, in western US, with a leading aggregate, concrete and asphalt position in Arizona. • Ongoing operational improvement reduced costs.	• **Grow through bolt-on acquisitions and, if opportunities present, major investments; investigate new geographic markets:** Acquired Kiewit and a small Florida concrete business. • **Reduce costs through operational improvement:** Operational cost savings totalled A$61 million. • **Improve safety and environmental performance:** Recordable injury frequency rate fell and there was no significant environmental harm.*	• Continue to grow, mainly through value adding bolt-on acquisitions. • Continue rate of performance improvement relative to competitors. • Reduce costs through operational improvement. • Improve safety and environmental performance.
• Price increases for concrete and quarry products introduced earlier this year helped to lift profit margins. • Improved operational efficiency reduced costs across the business. • Australian Cement Holdings (50% Readymix) plans to merge with Queensland Cement Limited to create Australia's largest cement manufacturer. • Activity levels improved in the residential, commercial and civil engineering construction sectors.	• **Restore profit above cost of capital. Disciplined management of profit margins. Lift prices:** Price increases helped lift returns marginally above cost of capital. • **Localise businesses, focus on customers:** The business was reorganised into 63 cells with managers closer to the customers and more accountable for operating results. • **Improve safety and environmental performance:** Recordable injury frequency rate fell and there were no serious environmental incidents.*	• Implement the *Customer FIRST* initiative to focus our organisation on our customers' success • Recover market share loss while locking in current price levels. • Increase productivity and reduce unit costs through operational improvement. • Improve financial performance of our asphalt business to acceptable levels. • Grow through our customers' success and through small bolt-on acquisitions. • Improve safety and environmental performance.

* Safety and environmental measures are reported in pages 26 and 27.

CSR BUILDING PRODUCTS

AUSTRALIA, ASIA AND NEW ZEALAND

RESULTS IMPROVED DESPITE SOME OPERATIONAL INEFFICIENCY

Profits increased with stronger than expected building activity in the new residences, alterations and additions, and commercial construction market sectors. A decline in profit margin meant we did not capture the full value from the sharp market upturn.

Trading revenue was A$896 million, up 11%. Earnings before interest and tax (EBIT) of A$120 million rose 10%. Profit margin was 13.4%, down from 13.5%.

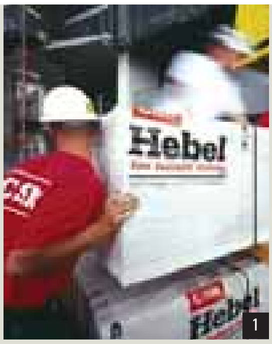
MEETING CUSTOMERS' NEEDS

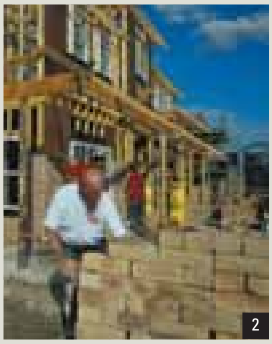
We are focusing on increasing capacity by improving operating efficiency in existing plants during an expected industry downturn, in order to meet the increased demand better when the building cycle next turns up. As well, we are keeping costs low, distributing through secured outlets, and strengthening the skills of key people.

We continue to achieve operational improvements in our factories and reduce overheads. Operational improvements cut costs by A$8 million last year.

To improve customer service levels we will finalise the introduction of SAP integrated computer systems and related management systems and processes across all businesses in the current year.

As part of our strategy of low risk growth, we are developing our Australian and Asian presence in building products with new products, carefully chosen acquisitions of businesses and expanding our chain of distribution outlets.





Main: CSR Building Products is supplying a full range of its products for Masterton Homes' quality houses at HomeWorld 4 display village at Kellyville, near Sydney.

1. CSR Hebel aerated lightweight concrete panels provide sound resistant interior walls for Meriton's 86 storey World Tower, Sydney.

2. CSR PGH's plants in Australia and New Zealand produce an extensive range of bricks and pavers to suit customers' needs.

3. CSR is supplying West Homes with a wide range of building products for the unique Pentridge Village residential project, Melbourne, adjoining the heritage listed old jail site.

SALES VOLUMES ROSE IN MOST MARKETS

CSR GYPROCK™ PLASTERBOARD The business is repositioning itself in the market, building upon its integrated range of high performance interior wall and ceiling lining products. Returns rose following stronger than expected building activity and slightly higher prices. The surge in demand increased costs due to a need to produce and distribute in less than fully optimal ways to satisfy market demand.

CSR FIBRE CEMENT A good year. Profitability increased due to higher sales volumes and reduced costs.

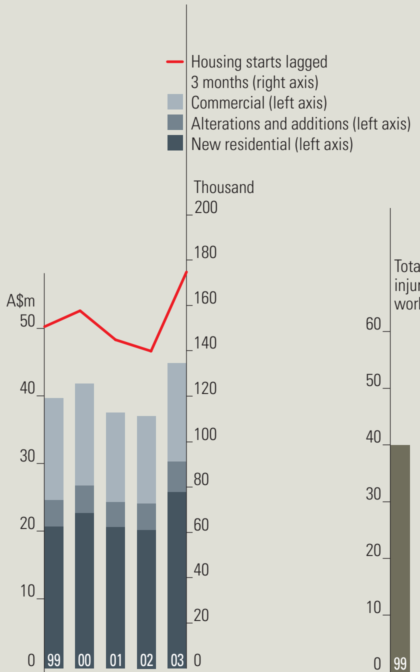
CSR MONIER™ AND WUNDERLICH™ ROOF TILES Profitability rose strongly with increased sales volume and prices. This was despite the effect of delays in commissioning the new concrete roof tile plant at Rosehill, Sydney. With this plant now in production, we closed an older concrete tile plant at Seven Hills in March. A second plant, at Villawood, will be closed in mid 2003. New terracotta tile designs were launched.

CSR PGH™ BRICKS AND PAVERS AND CSR HEBEL™ LIGHTWEIGHT CONCRETE PRODUCTS Returns improved with increased sales volumes and prices for clay bricks, and aerated lightweight concrete blocks and panels. Paver volumes fell due to

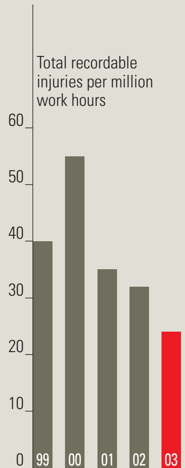
CSR BUILDING PRODUCTS

YEAR ENDED 31 MARCH – A$ MILLION UNLESS STATED	**2003**	2002	2001	2000	1999	1998
KEY FACTS						
Trading revenue	**896**	806	860	943	836	810
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA)	**154.6**	142.7	173.5	195.3	174.2	140.1
Depreciation and amortisation	**34.9**	33.9	38.4	39.4	41.7	45.3
Earnings before interest, tax and significant items (EBIT)	**119.7**	108.8	135.1	155.9	132.5	94.8
Net profit before finance and significant items	**87.2**	74.9	89.9	99.2	80.9	67.8
Business cash flow[a]	**141.4**	128.4	170.8	172.4	163.9	120.3
Funds employed at 31 March	**606**	612	602	642	721	744
Capital investment	**41.8**	52.3	27.5	14.8	23.1	47.0
Profit margin (EBIT : trading revenue) [%]	**13.4**	13.5	15.7	16.5	15.8	11.7
Return on funds employed [%]	**19.8**	17.8	22.4	24.3	18.4	12.7
Average working capital : trading revenue [%]	**16.7**	18.9	17.5	15.8	19.1	20.8
Number of people employed	**2,917**	2,911				
Number of operating plants	**44**	39[b]				
RESERVES PROVED AND PROBABLE – MILLION TONNES						
Gypsum[c]	**280**	280				
Clay and shale	**34**	34				

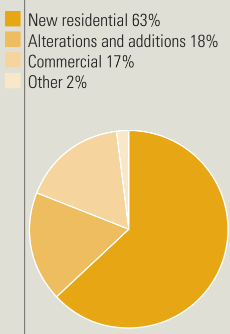
a Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.
b Adjusted since last annual report.
c 50% CSR.



AUSTRALIAN NON CIVIL BUILDING AND CONSTRUCTION ACTIVITY
Year ended 31 March



THE RATE OF RECORDABLE INJURIES FELL 25%
Year ended 31 March



END MARKETS
Year ended 31 March 2003

a slow reseller market, a shift in fashion from standard size pavers and lack of stock because of the need to switch production to satisfy demand for bricks.

CSR BRADFORD INSULATION™ In Australia, despite increased sales volumes, returns fell due to operational shortfalls and price competition.

ASIA CSR's strong regional insulation business reduced costs and improved profit margins, increasing profit. As part of a careful strategy of growth to provide outlets for our products, we opened new trading outlets in Shanghai and Manila.

THE WAY AHEAD

- Total housing activity in Australia in the year ahead is expected to decline, partly offset by stronger activity in the alterations and additions market and in commercial construction.
- To offset the weaker market and expected new competition in plasterboard, we are focusing on product innovation and maximising the benefits from the new SAP computer system and the Rosehill roof tile plant. We are strengthening price management in competitive markets, while defending our market share for all products.
- We are intensifying our focus on improving production and distribution efficiency.
- As opportunities present, we will expand our range of products and services and invest in controlled outlets as an efficient way to get product to customers.

SENIOR MANAGEMENT

GRAEME PETTIGREW
chief executive CSR Building Products

GRAEME DOYLE
general manager Bricks, Pavers and Hebel

ROBERT ELLIOTT
chief financial officer

NEILL EVANS
general manager Roofing

CHRIS GRUBB
general manager Insulation

JOHN HODGKINSON
general manager Plasterboard and Fibre Cement

JEFF WILCOX
general manager Insulation Asia

CSR holds a 70% interest in Gove Aluminium Finance (GAF), which owns 36.05% of the Tomago aluminium smelter, near Newcastle, NSW.

CSR's share of net profit before finance costs rose 9% on the prior year to A$64 million. Trading revenue rose 1% to A$447 million, resulting in an average realised aluminium price of A$2,695 a tonne.

The result was underpinned by prior year hedging of GAF's exposures to the price of aluminium and the A$/US$ exchange rate.

The average world aluminium price for the year was US$1,364 a tonne, 3.4% down on the previous year.

A significant improvement in demand for primary aluminium in Asian markets in the second half of last year resulted in record sales for GAF of 165,690 tonnes, up 1%.

Sales of value added billet and slab aluminium rose 31% to 39,432 tonnes – 24% of total sales. For these products, sales were limited by Tomago's production capability.

The Tomago aluminium smelter, NSW, is Australia's second largest and one of the world's lower cost and more efficient aluminium smelters.

China's aluminium production grew rapidly in 2002. Additions to world production capacity, particularly in China, are expected to put continuing pressure on the aluminium price in 2003 and 2004.

Tomago smelter has commenced a project to boost yearly production by 70,000 tonnes to 530,000 tonnes. The project, which uses new technology, will begin delivering extra metal in 2004 and will be fully operational by 2006. GAF has until November 2003 to take up an option to participate in the expanded output in proportion to its current interest in the smelter. The project is estimated to cost A$210 million and, if it participates, GAF must contribute its share of A$75 million.

THE WAY AHEAD

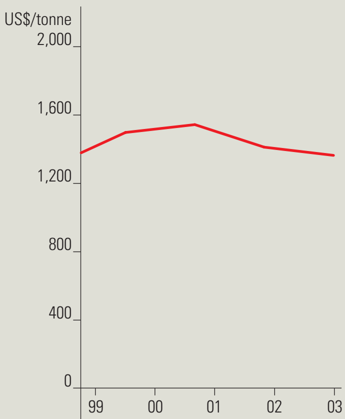
- World demand for aluminium is expected to increase gradually in the year ahead with global economic growth. Aluminium prices should remain subdued as expanded production exceeds consumption growth.
- We will continue to:
  - maximise sales of value added products
  - hedge GAF's exposures to movements in the market price of aluminium and the A$/US$ exchange rate
  - seek further opportunities to grow the value of our aluminium investment for CSR shareholders.

SENIOR MANAGEMENT

JOHN DAVIES
general manager Gove Aluminium Finance

ALUMINIUM AUSTRALIA

RECORD ALUMINIUM PRODUCTION AND SALES, BUT IN AN OVERSUPPLIED MARKET PRICES ARE DOWN



WORLD ALUMINIUM PRICES
Year ended 31 March

ALUMINIUM

YEAR ENDED 31 MARCH – A$ MILLION UNLESS STATED	**2003**	2002	2001	2000	1999	1998
KEY FACTS						
Trading revenue	**447**	443	520	485	413	405
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA)	**148.7**	131.7	241.3	214.2	154.0	163.0
Depreciation and amortisation	**22.4**	21.7	29.8	31.4	28.9	30.0
Earnings before interest, tax and significant items (EBIT)	**126.3**	110.0	211.5	182.8	125.1	133.0
CSR's share of net profit before finance and significant items	**63.7**	58.2	97.9	82.4	57.3	59.6
Business cash flow[a]	**162.0**	128.9	217.8	192.4	129.3	157.9
Funds employed at 31 March	**265**	308	304	435	464	421
Capital investment	**8.9**	9.5	13.1	18.7	56.3	33.4
Profit margin (EBIT : trading revenue) [%]	**28.3**	24.8	40.6	37.7	30.3	32.8
Return on funds employed [%]	**47.7**	35.7	69.5	42.0	27.0	31.6
Average working capital : trading revenue [%]	**10.0**	9.7	10.9	11.6	14.3	12.8
Average world aluminium price [US$/tonne]	**1,364**	1,412	1,544	1,498	1,312	1,584

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

CSR SUGAR AUSTRALIA AND NEW ZEALAND

STEADY RESULT EVEN WITH LOWER WORLD PRICES

Trading revenue was A$708 million, up 2%. Earnings before interest and tax (EBIT) of A$71 million fell 4%. Profit margin was 10.0%, down from 10.6%.

Operational improvements cut costs by A$4 million.

We are now in our second year of a five year program of working with others in the Australian sugar industry to reshape the industry to improve export competitiveness, creating a high performance way of doing things across the industry structure in our mill regions.

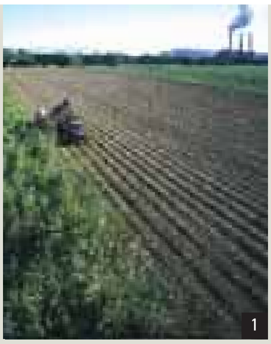
CSR is working closely with sugarcane growers and harvesters to optimise mill performance, improve farm productivity and increase harvesting efficiency. Our long term aim is a sustainable 20% improvement in sugar yield.

We continued to investigate growth opportunities – particularly in expanding output of renewable energy products such as:

- increased electricity co-generation, fuelled by sugarcane waste fibre
- the use of ethanol as a fuel extender. The Federal Government has announced a number of encouraging initiatives, but further support will be required to progress growth in this market.

CSR'S RAW AND REFINED SUGAR INTERESTS IMPROVED RETURNS

RAW SUGAR We milled 14.1 million tonnes of sugarcane in the 2002 season, producing 2.1 million tonnes of raw sugar, an increase of 21%. The price we received for our raw sugar fell 17% from the prior year. Molasses prices rose. Results include a writedown of A$13 million in assets associated with the production of very low colour sugar at the Plane Creek mill, Sarina. There is no longer a viable market for this product.



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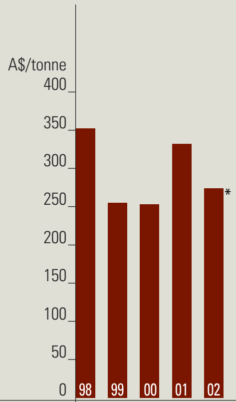
Main: Sugar Australia's (50% CSR) refinery adjoins Mackay Sugar's Racecourse raw sugar mill in Mackay, Queensland, benefiting from services including power supplied economically by the mill.

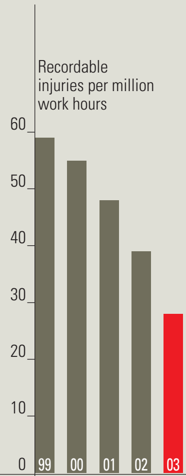
1. Victoria raw sugar mill, North Queensland. CSR's raw sugar mills are located in Australia's best sugarcane growing areas.

2. CSR's fermentation and distillation plant at Sarina, Queensland, produces high quality ethanol from sugarcane molasses.

3. Sugar Australia (50% CSR) markets refined sugar in retail packs in Australia under the powerful CSR brand.



QUEENSLAND SUGAR POOL PRICE
Milling season
*Estimate



THE RATE OF RECORDABLE INJURIES FELL 28%
Year ended 31 March

REFINED SUGAR CSR's income from the Sugar Australia and New Zealand Sugar 50% joint ventures increased strongly, mainly due to higher sales to food and drink manufacturers.

ETHANOL The volume of ethanol sold to the domestic market increased. Returns fell, despite operational improvements, mainly due to the increased cost of molasses and lower export prices for ethanol.

THE WAY AHEAD

- The 2003 sugarcane crop is expected to be slightly smaller than in 2002. World prices continue to be volatile and we expect them to move in a similar range as in 2002.
- Industry wide productivity improvement, critical for long term success, requires unprecedented cooperation and commitment from all sectors.
- We are seeking to accelerate our review of opportunities for co-generation of electricity.

CSR SUGAR

YEAR ENDED 31 MARCH – A$ MILLION UNLESS STATED	**2003**	2002	2001	2000	1999	1998
KEY FACTS						
Trading revenue	**708**	694	529	643	746	1,169
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA)	**106.9**	110.1	53.5	83.2	125.0	141.9
Depreciation and amortisation	**36.1**	36.3	37.0	38.5	36.9	44.9
Earnings before interest, tax and significant items (EBIT)	**70.8**	73.8	16.5	44.7	88.1	97.0
Net profit before finance and significant items	**53.1**	57.3	12.5	31.1	61.0	69.0
Business cash flow[a]	**114.9**	99.2	6.3	90.9	115.9	70.7
Funds employed at 31 March	**656**	698	757	755	804	910
Capital investment	**21.1**	23.0	21.7	16.8	31.7	65.0
Profit margin (EBIT : trading revenue) [%]	**10.0**	10.6	3.1	7.0	11.8	8.3
Return on funds employed [%]	**10.8**	10.6	2.2	5.9	11.0	10.7
Average working capital : trading revenue [%]	**8.3**	9.2	9.8	7.3	8.7	11.9
Number of people employed	**1,408**	1,487				
Number of operating plants	**12**	12				

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

SENIOR MANAGEMENT

IAN McMASTER
chief executive CSR Sugar

MARK DAY
general manager Burdekin Region

ROY GELLWEILER
general manager Herbert Region

GREG LIVINGSTONE
chief financial officer

ROB McGREGOR
general manager Ethanol

JOHN PRATT
general manager Plane Creek Region

RINKER GROUP LIMITED REPORT FROM THE CHAIRMAN, JOHN MORSCHEL, AND MANAGING DIRECTOR, DAVID CLARKE

THIS HAS BEEN A MOMENTOUS YEAR FOR RINKER

Not only were we demerged from CSR as a separately listed Australian company, but our US subsidiary Rinker Materials also expanded significantly into the US west with its largest acquisition since 1990 – the A$980 million (US$540 million) Arizona based Kiewit Materials Company.

Rinker Materials (81% of Rinker group sales) delivered improved results – both including and excluding acquisitions – despite the general US economic slowdown. This was in contrast to many of Rinker Materials' peers and was due primarily to its strong market positions in fast growing states, particularly Florida, and operational improvement cost savings.

In Australia, Readymix (19% of Rinker group sales) performed well to double its profitability after several years of depressed results, due to price recovery and cost savings.

Excluding CSR's normalisation adjustments for finance cost, Rinker's profit after tax rose 16% to A$382 million (A$389 million normalised). Earnings per share (EPS) was 40.4 cents.

On the same basis, earnings before interest, tax, depreciation and amortisation (EBITDA) was A$1,070 million, up 7%. EBIT was A$698 million, up 8%.

Sales rose 4% to A$5,232 million. The EBITDA/sales profit margin increased from 19.8% to 20.5%.

Cash flow is one of the great strengths of Rinker. Pro-forma business unit cash flow was A$898 million, up 2%.

Pro-forma return on funds employed was 15.3%, or 18.0% excluding acquisitions. Return on equity (ROE) was 12.2%. Improving ROE is a priority, although this will be impacted by the size and timing of acquisitions.

Rinker's financial position is strong. At year end, net debt was A$1,580 million (US$949 million), or less than 1.5 times EBITDA. Interest cover was a comfortable 8.1 times, and gearing (net debt to net debt plus equity) was 33.5%, well within our target range.

Rinker Materials West's major site in Phoenix, Arizona, Plant 11, has two concrete batching plants, an asphalt plant and a quarry. The US$540 million Kiewit acquisition in September 2002 boosted Rinker Materials' position in western US states.

STRATEGY Our focus is *growth with performance*. We aim to be in the top quartile of our global heavy building materials peers for revenue growth, EBITDA and shareholder value creation.

Since 1998, Rinker Materials has invested over A$2.8 billion (US$1.7 billion) in 26 acquisitions in the US – primarily in high population growth states such as Florida and Arizona. During this time, performance has continued to improve. Over the past four years, sales have grown an average of 12% a year compound, while EBITDA has grown 22% a year.

Around half of the growth has come from acquisitions; the rest from the existing business. Overall, acquisitions are delivering in line with expectations. Kiewit is performing slightly ahead of expectations. An intensive post-acquisition performance management program has been implemented.

We are planning for acquisitions at the same rate as over the past six years – around US$200 million a year, generally funded by cash flow. Smaller bolt-on acquisitions are the priority but we will not rule out a larger purchase if it meets our performance criteria, particularly shareholder value creation. Acquisitions will primarily be in the US, but Australia and China also offer some small opportunities.

The performance focus will continue to be addressed through the *high performance* management program now operating across the Rinker group. This is designed to motivate and equip our people to improve performance and customer service continuously. The program includes greater autonomy, training and stretch goals based on economic profit. It is supported by better information from SAP computer systems, regular performance reviews and clear rules on longer term issues such as ensuring appropriate quarry reserves.

Cost leadership is critical. Operational improvement produced A$72 million in cost savings and will continue to be a major focus.

THE BOARD The six directors on the board include four former CSR directors – chairman John Morschel, former CSR chairman; David Clarke, chief executive officer; John Arthur; and John Ballard. Marshall Criser and Walter Revell, two former Rinker Materials Corporation directors, have also joined the Rinker board.

Rinker has inherited a respected tradition of sound corporate governance from CSR. The board intends to maintain this reputation and ensure that our people, shareholders, customers, suppliers and the public can have full confidence in Rinker. We hold a strong commitment to established principles and ethics, based on transparency and integrity across the group.

JOHN MORSCHEL
Chairman

DAVID CLARKE
Managing director

RINKER'S CORPORATE MANAGEMENT

DAVID CLARKE
managing director

PETER ABRAHAM
general counsel and company secretary

DAVID BERGER
vice president Strategy and Development

TOM BURMEISTER
chief financial officer

IRA FIALKOW
vice president Shared Services

DEBRA STIRLING
general manager Corporate Affairs and Investor Relations

Rinker

RINKER MATERIALS CORPORATION

UNITED STATES OF AMERICA

US$ EARNINGS INCREASED 9% WITH RINKER MATERIALS' STRONG PERFORMANCE IN MAJOR MARKETS

Earnings before interest, tax, depreciation and amortisation (EBITDA) in A$, rose 1% to A$910 million, but in US$ rose 12% to US$514 million, including US$37 million from Kiewit, acquired at the end of September. Sales revenue was A$4,218 million, up 2% or US$2,383 million.

The Florida, Arizona and Nevada businesses performed strongly, to offset a 15% fall in concrete pipe and products EBITDA, a poor performance from the pre-stressed concrete business, and substantial increases in insurance and medical premiums.

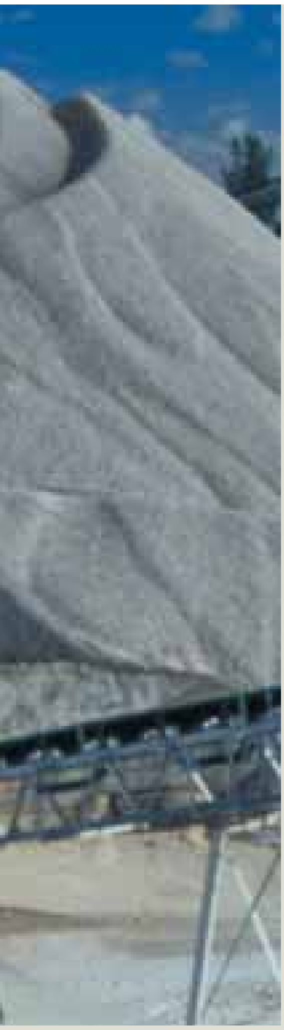
Return on funds employed (ROFE) in US$ was 14.5%, down from 16.1% last year, impacted by the Kiewit acquisition. Excluding acquisitions, ROFE was 17.8%, up from 16.6%. Operational improvement cost savings totalled US$34 million (A$61 million).

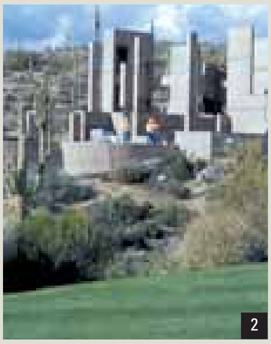
QUARRIES EBITDA rose 18% to US$163 million. Prices were up over 4%. Weak Tennessee and Washington markets were offset by strong Nevada and Florida markets. Sales volumes from existing businesses rose 10%.

CEMENT EBITDA was up 11% to US$108 million. Prices were generally flat due to increased cement capacity in Florida. Volumes rose 2%. Operational improvement significantly reduced production costs at the Miami plant.

CONCRETE, CONCRETE BLOCK AND ASPHALT EBITDA was up 40%. Concrete prices rose 3% and volumes 6%. Block prices and volumes were higher. Asphalt volumes rose fivefold with the acquisition of Kiewit.

CONCRETE PIPE AND PRODUCTS This business operates in 23 states and is heavily exposed to the general US economic downturn. Competitive pressures in some markets and an 8% fall in volumes resulted in EBITDA declining 15%. Prices rose slightly.



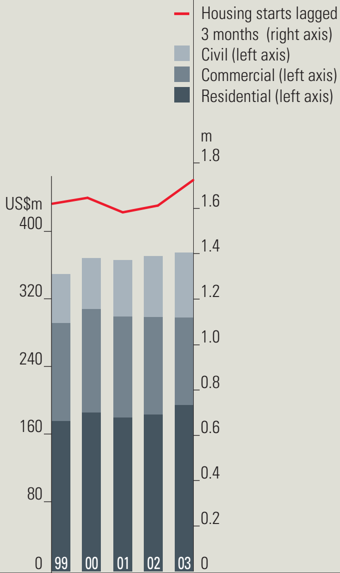


Main: Rinker Materials' FEC aggregate quarry, Miami, the largest quarry in the United States, is strategically located on the Florida East Coast railway network for supplying both customers and the group's extensive chain of Florida concrete plants.

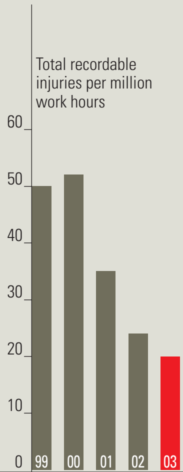
1. A major Rinker Materials West quarry in Phoenix, Arizona. With the acquisition of Kiewit, Rinker Materials is the fifth largest supplier of aggregate in the US and the market leader in Arizona.

2. Rinker Materials West is supplying heavy building materials to this substantial up market residential development in Arizona.

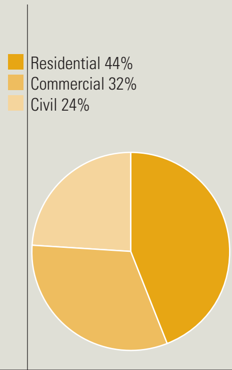
3. Rinker Materials West is the largest asphalt producer in Arizona.



US TOTAL CONSTRUCTION ACTIVITY
Year ended 31 March



THE RATE OF RECORDABLE INJURIES FELL 17%
Year ended 31 March



END MARKETS
Year ended 31 March 2003

OTHER BUSINESSES EBITDA fell 9% to US$22 million. Pre-stress again performed badly – due to reduced commercial construction activity and poor contract execution. This offset gains in Polypipe and Gypsum Supply.

BUSINESS STRATEGY

To achieve its top quartile performance objective, Rinker Materials aims to achieve:

- the number one or two position in each market served
- overall cost leadership through continuous improvement
- value adding growth through acquisitions
- a safe workplace.

RINKER MATERIALS' OUTLOOK

The US economic outlook remains uncertain. Forecasters generally predict a decline in housing starts, a further slight fall in commercial building activity and a relatively flat outlook for civil construction spending. Consumer confidence has improved after the Iraq war and low interest rates are a strong positive influence on demand.

The US Congress has approved TEA-21 transportation funding for the 2003 fiscal year at US$31.6 billion – close to record levels. Debate is under way on the next six year road program to replace TEA-21. All major participants are seeking funding increases. State road funding is under pressure in some areas, but remains strong in Florida and Nevada. Some small declines are expected in some of Rinker Materials' other quarrying states.

Rinker Materials expects a slightly improved result in US$ in the year ahead, based on ongoing cost reductions, price improvements and a full year contribution from Kiewit, helped by any further bolt-on acquisitions during the year.

RINKER MATERIALS CORPORATION

YEAR ENDED 31 MARCH – A$ MILLION UNLESS STATED	**2003**	2002	2001	2000	1999	1998
KEY FACTS						
Trading revenue	**4,218**	4,116	3,590	2,690	2,439	1,949
Earnings before interest, tax, depreciation, amortisation and significant items (EBITDA)	**910.3**	898.1	762.1	478.1	378.8	299.7
Depreciation and amortisation	**318.3**	299.6	246.6	150.3	140.1	117.0
Earnings before interest, tax and significant items (EBIT)	**592.0**	598.5	515.5	327.8	238.7	182.7
Net profit before finance and significant items	**356.5**	365.0	315.1	194.2	142.9	106.9
Business cash flow[a]	**755.2**	789.5	652.8	341.6	353.0	250.1
Funds employed at 31 March	**3,827**	3,592	3,865	1,930	1,600	1,437
Capital investment	**1,187.0**	433.2	1,537.3	412.4	344.3	165.9
Profit margin (EBIT : trading revenue) [%]	**14.0**	14.5	14.4	12.2	9.8	9.4
Return on funds employed [%]	**15.5**	16.7	13.3	17.0	14.9	12.7
Average working capital : trading revenue [%]	**14.8**	16.2	16.7	13.7	14.1	14.3
Number of people employed	**10,262**	8,667				
Number of operating plants	**362**	256				
RESERVES PROVED AND PROBABLE – MILLION TONNES						
Limestone/hard rock/sand and gravel	**2,410**	1,970				

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

SENIOR MANAGEMENT

SHARON DeHAYES
president Florida Materials and Gypsum Supply

DUNCAN GAGE
president Hydro Conduit, Prestress and Polypipe

CHRIS MURPHY
president Rinker West

KARL H WATSON Sr
chief operating officer US Construction Materials

Rinker

READYMIX AUSTRALIA AND CHINA

PROFIT ROSE STRONGLY AND WE ARE NOW MUCH CLOSER TO EARNING THE COST OF CAPITAL ACROSS THE BUSINESS

Earnings before interest, tax depreciation and amortisation (EBITDA) rose 51% to A$173 million. EBIT rose 97% to A$120 million, on a 10% increase in sales. Prices increased across the board for the first time following several years of price falls – concrete prices in early 2002 were below prices of 10 years ago. Cost savings totalled A$11 million.

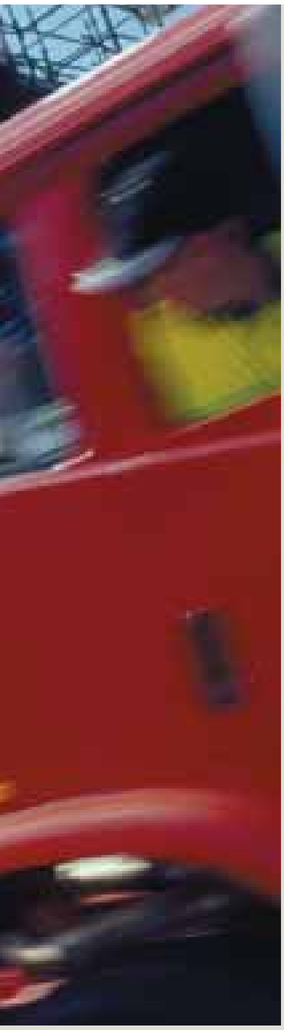
As at the end of March, average concrete prices were up 12% on a year earlier. Sales volumes fell slightly as Readymix conceded some market share but this is gradually being recovered. Aggregate prices were also up strongly.

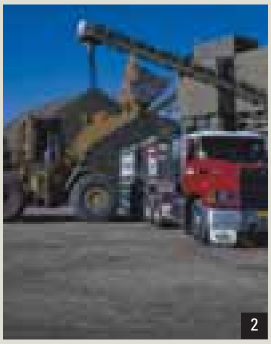
The Humes concrete pipe business also improved sharply, mainly due to significant cost reduction. Concrete pipe and product prices and volumes improved around 4%. The small reinforced concrete products business remained under pressure, with volumes and prices down significantly.

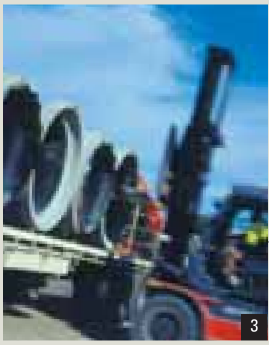
Australian Cement Holdings (ACH, a 50-50 joint venture with Hanson plc) reported cement prices and volumes were up by 6%. ACH plans to merge with Queensland Cement Limited (QCL) to form Australia's largest cement manufacturer, with yearly sales of around A$750 million. Readymix and Hanson would each hold 25% of the new company, with Holcim (QCL's parent company) holding 50%. The merged entity is expected to commence operations on 1 June 2003.

BUSINESS STRATEGY

Readymix's primary objective is to generate top quartile returns in creating value for shareholders through the construction cycle, including earning above its cost of capital at the bottom of the cycle.





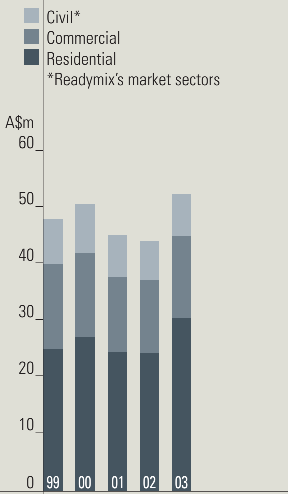


Main: Pre-mixed concrete trucks displaying Readymix's dynamic new branding deliver concrete at Waterfront Apartments at Homebush Bay, near Sydney's Olympic Park.

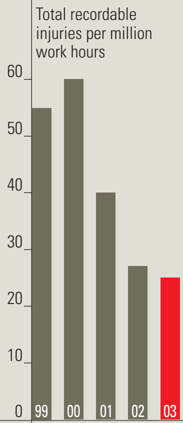
1. Readymix trucks delivering concrete for a major residential development at Pyrmont, Sydney.

2. Readymix's quarries throughout Australia provide customers with a wide range of sand, gravel and aggregates.

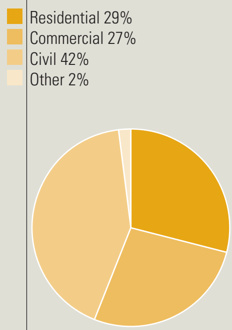
3. Humes is supplying substantial quantities of concrete pipes for Sydney's Liverpool-Hoxton Park sewerage works project.



AUSTRALIAN BUILDING AND CONSTRUCTION ACTIVITY
Year ended 31 March



THE RATE OF RECORDABLE INJURIES FELL 7%
Year ended 31 March



END MARKETS
Year ended 31 March 2003

Readymix aims to do this by:

- improving safety and environmental performance
- implementing our *Customer FIRST* initiative to focus on our customers' success
- recovering the recent loss of market share while locking in current price levels
- increasing productivity and reducing unit costs through operational improvement
- improving the financial performance of the asphalt business to acceptable levels
- growing through our customers' success and via small bolt-on acquisitions
- driving culture change in Readymix, ensuring adherence to our core values, operating disciplines and incentives for improved performance.

READYMIX

YEAR ENDED 31 MARCH – A$ MILLION UNLESS STATED	**2003**	2002	2001	2000	1999	1998
KEY FACTS						
Trading revenue	**1,014**	926	923	1,048	1,313	1,276
Earnings before interest, tax, depreciation[a], amortisation and significant items (EBITDA)	**166.2**	103.9	101.5	166.5	191.9	195.3
Depreciation[a] and amortisation	**46.7**	47.2	50.3	49.6	75.1	90.4
Earnings before interest, tax and significant items (EBIT)	**119.5**	56.7	51.2	116.9	116.8	104.9
Net profit before finance and significant items	**91.9**	46.7	41.2	82.3	82.9	77.5
Business cash flow[b]	**142.9**	87.2	80.7	136.3	160.8	174.1
Funds employed at 31 March	**750**	728	751	815	906	1,018
Capital investment	**66.3**	43.1	44.9	34.4	110.0	95.1
Profit margin (EBIT : trading revenue) [%]	**11.8**	6.1	5.6	11.2	8.9	8.2
Return on funds employed [%]	**15.9**	7.8	6.8	14.4	12.9	10.3
Average working capital : trading revenue [%]	**11.1**	12.5	14.0	12.4	10.5	10.9
Number of people employed	**2,687**	2,687				
Number of operating plants	**372**	364[c]				
RESERVES PROVED AND PROBABLE – MILLION TONNES						
Hard rock, sand and gravel	**1,103**	1,155[c]				
Limestone[d]	**194**	196				

a Excludes A$7.0 million depreciation on corporate assets transferred to Readymix on demerger.
b Business cash flow: net cash from operating activities adjusted for tax paid and operating capital expenditure.
c Adjusted since last annual report.
d 50% Readymix.

READYMIX OUTLOOK

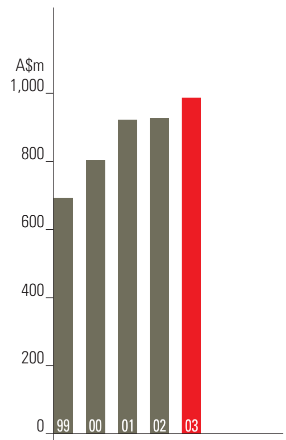
Australian housing approvals have fallen from their peak, leading to a decline in housing starts in the year ahead. However, we expect this to be largely offset by an increase in the commercial and civil construction sectors in which Readymix competes. Combined with the full year impact of existing price increases and some further small price rises for construction products, this should lead to further improvement in Readymix's profitability in the year ahead. The Rinker group is also looking to make some small acquisitions in Australia and China.

SENIOR MANAGEMENT

KARL WATSON Jr
chief executive Readymix

FINANCIAL REVIEW

CSR RETAINS STRONG FINANCIAL POSITION AFTER RINKER DEMERGER



EARNINGS BEFORE INTEREST AND TAX* ROSE 5%
*Before significant items
Year ended 31 March

Trading revenue increased 4% to A$7,283 million. Earnings before interest, tax and significant items rose 5% to A$973.8 million. Net profit after tax increased 1% before significant items despite a one-off A$41 million tax and interest benefit in 2002 following a favourable Federal Court of Australia decision on tax treatment of a 1995 insurance settlement. The significant item of A$1,493 million net profit after tax for 2003 represented the net profit to CSR of the demerger of Rinker, being the excess of fair value over book value of Rinker less transaction costs of the demerger. The significant profit of A$1,493 million is effectively included in the value of the shares in Rinker Group Limited distributed to shareholders of CSR Limited. There were no significant items in the previous year.

The current year benefited from the trading results of Kiewit for the second half of the year following completion of the acquisition in September 2002. This added A$32 million earnings before interest and tax. Restructuring, asset sales and other non allocated items includes charges for top up of the defined benefit superannuation fund and product liability provisions which more than offset profits from asset sales.

Translation of US$ earnings from Rinker Materials Corporation were adversely impacted by the strengthening Australian currency. Average A$/US$ exchange rate was 0.5654 cents compared to 0.5112 cents in the previous year.

Earnings per share increased 2%, from 58.5 cents to 59.8 cents, before significant items. (After significant items, earnings per share were 219.0 cents.)

CASH FLOW AND CAPITAL EXPENDITURE

Cash from operating activities fell slightly to A$1,172 million. Cash from operations was directed to development capital expenditure of A$1,087 million, primarily for acquisitions by Rinker Materials. Operating capital expenditure was A$258 million (up 4%) – equivalent to 73% of depreciation.

Divestment proceeds of A$174 million reflected the ongoing program to divest non core properties and businesses.

Internally generated cash was used to fund dividends and interest of A$356 million and a share buyback of A$7 million. Net debt was increased A$263 million to provide the balance of funding.

DEMERGER

On 28 March 2003, the Federal Court approved the scheme of arrangement approved by shareholders on 25 March. This involved a capital reduction and demerger distribution totalling A$4,573 million which was applied on behalf of CSR shareholders as consideration for Rinker Group Limited shares to be issued to those shareholders. The CSR statement of financial position has been prepared to reflect the scheme of arrangement as at the end of the financial year.

Net assets reduced from A$4,104 million at 31 March 2002 to A$1,149 million at 31 March 2003 and net debt totalled A$226 million. Gearing – net debt to equity plus net debt – reduced to 16.4%, consistent with the demerger explanatory booklet. At year end, undrawn debt facilities stood at A$238 million.

CSR's long and short term credit ratings were maintained at investment grade, although they reduced slightly due to the smaller scale of the businesses. Ratings confirmed at the time of the demerger were BBB+ from Standard & Poor's, Baa2 from Moody's Investors Service and BBB+ from Fitch Ratings.

SHARE BUYBACK/DIVIDENDS

Limited share buyback activity was undertaken during the year from the program announced in May 2001. Some 1.1 million shares were purchased last year prior to cessation of the program in June 2002 by when a total of 23.8 million shares had been purchased under the program at an average price of A$6.44 per share.

The total dividend for the year was 17 cents per share, with a further seven cents to be paid by Rinker Group

Limited. All dividends were franked to 70%. The unfranked part of the CSR final dividend will be paid from the group's foreign dividend account, as was the interim dividend, and hence no withholding tax is payable by non resident shareholders.

The return on shareholders' funds before significant items was unchanged at 13.7%. Return on shareholders' funds has risen at a compound growth rate of 8% per year over the past five years.

FINANCIAL RISK MANAGEMENT

CSR has a program to manage risks associated with interest rate, commodity price and exchange rate movements. CSR's financial risk management program aims to assure a base level of profitability and reduced volatility in earnings through the hedging of aluminium price and exchange rate exposure. Sugar price exposure is largely managed through Queensland Sugar Limited. With the completion of the demerger, CSR is no longer exposed to the impact of exchange rate movements on US$ earnings from Rinker Materials and debt is now largely denominated in Australian dollars.

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

FINANCIAL POSITION

	CSR PRE-DEMERGER		CSR POST-DEMERGER	RINKER POST-DEMERGER
A$ MILLION – AS AT	**31 MARCH 2003**	31 MARCH 2002	**31 MARCH 2003**	**31 MARCH 2003**
Total assets	**8,718**	7,950	**2,736**	**6,395**
Total liabilities	**4,529**	3,846	**1,587**	**3,258**
Total shareholders' equity	**4,189**	4,104	**1,149**	**3,137**
Net debt	**1,806**	1,738	**226**	**1,580**
Gearing ratios [%]				
Net debt : equity plus net debt	**30.1**	29.7	**16.4**	**33.5**
Net debt : equity	**43.1**	42.3	**19.7**	**50.4**

PROFITABILITY – BEFORE SIGNIFICANT ITEMS

	TRADING REVENUE		PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		INCOME TAX		OUTSIDE EQUITY INTERESTS		NET PROFIT	
YEAR ENDED 31 MARCH – A$ MILLION	**2003**	2002	**2003**[a]	2002	**2003**	2002	**2003**	2002	**2003**	2002
CSR										
CSR Building Products	**896**	806	**119.7**	108.8	**35.1**	32.8	**(2.6)**	1.1	**87.2**	74.9
Aluminium	**447**	443	**126.3**	110.0	**38.7**	31.4	**23.9**	20.4	**63.7**	58.2
CSR Sugar	**708**	694	**70.8**	73.8	**17.7**	16.5	**–**	–	**53.1**	57.3
Corporate costs			**(18.9)**	(20.9)	**(6.1)**	(5.9)	**–**	–	**(12.8)**	(15.0)
Unallocated items			**(22.2)**	8.4	**(16.1)**	(27.7)	**–**	–	**(6.1)**	36.1
Group total	**2,051**	1,943	**275.7**	280.1	**69.3**	47.1	**21.3**	21.5	**185.1**	211.5
Finance			**(19.2)**		**(5.8)**		**–**	–	**(13.4)**	
Total	**2,051**	1,943	**256.5**		**63.5**		**21.3**	21.5	**171.7**	
RINKER										
Rinker Materials	**4,218**	4,116	**592.0**	598.5	**233.2**	232.8	**2.3**	0.7	**356.5**	365.0
Readymix	**1,014**	926	**119.5**	56.7	**25.5**	8.9	**2.1**	1.1	**91.9**	46.7
Corporate costs			**(13.4)**	(13.4)	**(4.0)**	(4.0)	**–**	–	**(9.4)**	(9.4)
Unallocated items			**–**	3.9	**–**	–	**–**	–	**–**	3.9
Group total	**5,232**	5,042	**698.1**	645.7	**254.7**	237.7	**4.4**	1.8	**439.0**	406.2
Finance			**(86.1)**		**(34.2)**		**(2.0)**		**(49.9)**	
Total	**5,232**	5,042	**612.0**		**220.5**		**2.4**		**389.1**	
GROUP TOTAL	**7,283**	6,985	**868.5**	818.5	**284.0**	243.7	**23.7**	22.2	**560.8**	552.6

a Profit is based on normalised allocation of finance and corporate costs as described in the demerger explanatory booklet.

CASH FLOW

YEAR ENDED 31 MARCH – A$ MILLION	**2003**	2002
Operating profit before finance, income tax and significant items	**973.8**	925.8
Depreciation, amortisation and provisions	**435.2**	405.9
Net income tax paid	**(197.6)**	(158.8)
Change in working capital	**41.3**	(17.0)
Profit on asset sales	**(58.6)**	(25.0)
Other	**(22.0)**	63.9
Cash flow from operating activities	**1,172.1**	1,194.8
Cash capital investment	**(1,287.0)**	(585.5)
Cash divestment proceeds	**150.0**	136.1
Other	**21.9**	12.1
Cash flow applied to investment activities	**(1,115.1)**	(437.3)
Internal cash flow	**57.0**	757.5

PEOPLE AND SAFETY

OUR PEOPLE PERFORMED WELL UNDER THE PRESSURE OF THE DEMERGER PROCESS

Last year, a major concern was that the demerger would distract our people in the performance of their jobs. But, group wide, everyone responded well to the changes. The reasons for the demerger have been readily accepted and the process has gone smoothly. It did require a number of people to undertake considerably additional workloads.

Regular surveys showed that employees retained a strong commitment to their work and business. There has been no significant loss of people, including those of key importance.

BUILDING HIGH PERFORMANCE

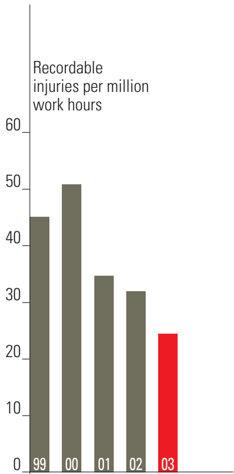
CSR continued to develop a *high performance* culture across the group. We have largely completed the process of restructuring to push responsibility out to smaller, more accountable, profit centre business cells. Fewer organisational layers ensure managers are closer to their customers, focusing on their needs. More than 850 people in Australia took part in 20 types of management or supervisory training programs and over 2,100 took part in technical and skill oriented programs. Individual performance continued to be recognised with the Managing Director's Awards and CSR Heroes Awards.

SAFETY PERFORMANCE

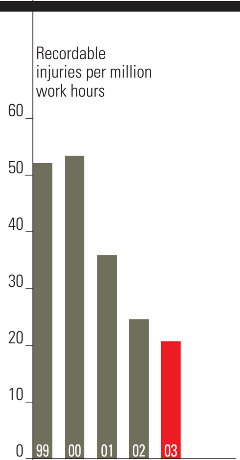
We have sound policies and practices to manage safety and health. Across the group, the recordable injury rate (the number of lost time, medical treatment and restricted work injuries per million work hours) fell by 19% to 22.1. Although this rate is 60% less than three years ago, it is still far too high. Aggressive improvement targets have been set for the next two years.

The lost time injury frequency rate fell by 6% to 3.0 injuries per million work hours. Employee awareness of safety is high – a recent CSR employee culture survey showed that 92% of employees believed that safety was a high priority and that top management was committed to their safety.

We deeply regret that an employee and a contractor in Rinker Materials in the US and an employee in Readymix in Australia lost their lives at work. Comprehensive investigations were conducted and corrective action taken to minimise the likelihood of recurrence.



CSR BUILDING PRODUCTS AND CSR SUGAR RATE OF RECORDABLE INJURIES FELL 23%
Year ended 31 March



RINKER MATERIALS AND READYMIX RATE OF RECORDABLE INJURIES FELL 16%
Year ended 31 March

NUMBER OF PEOPLE EMPLOYED[a] POST-DEMERGER

AS AT 31 MARCH	2003
CSR	
CSR Building Products	2,917
CSR Sugar	1,408
Australian shared services[b]	159
Australian executive support team[b], Aluminium	62
Total CSR post-demerger	4,546
RINKER	
Rinker Materials	10,262
Readymix	2,687
Australian shared services	68
Australian executive support team	13
Total Rinker post-demerger	13,030
Total CSR group pre-demerger	17,576

a Full time equivalent employees, including only subsidiaries owned more than 50%.
b Positions as at 31 March 2003. These numbers will reduce by about 40 on completion of the demerger transition.

PEOPLE EMPLOYED POST-DEMERGER BY GEOGRAPHIC GROUPING

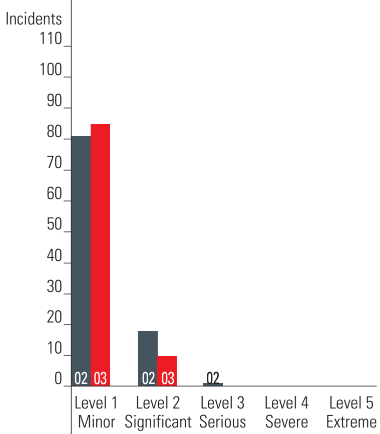
CSR	
Australia and New Zealand	3,764
China	410
South East Asia and other	372
Total CSR	4,546
RINKER	
United States	10,262
Australia	2,243
China	525
Total Rinker	13,030

FINANCIAL PERFORMANCE PER PERSON PRE-DEMERGER

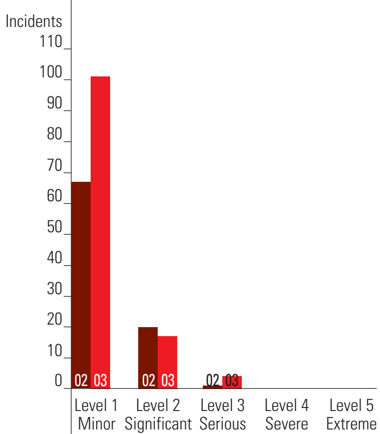
Trading revenue [A$000]	414.4
Net profit before significant items [A$000]	32.5
Profit before finance and tax : labour cost [%]	0.60

ENVIRONMENT AND COMMUNITY

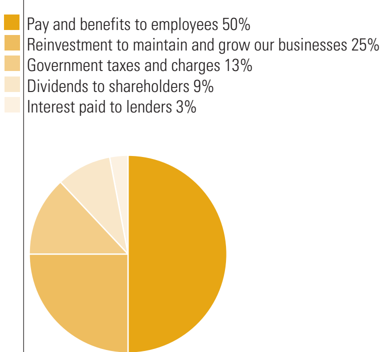
CSR IS COMMITTED TO MINIMISING OUR IMPACT ON THE ENVIRONMENT AND CONSERVING THE USE OF RESOURCES



CSR BUILDING PRODUCTS AND CSR SUGAR ENVIRONMENTAL INCIDENTS
Year ended 31 March



RINKER MATERIALS AND READYMIX ENVIRONMENTAL INCIDENTS
Year ended 31 March



VALUE ADDED TO THE COMMUNITY
Year ended 31 March 2003

Protecting the environment is an important part of our normal business activity.

A major aspect of our environmental management systems is the systematic auditing of all operating sites for compliance with governmental requirements and CSR standards. As part of a rolling three year program, external audits were carried out last year on 131 sites. We are not aware of any environmental issues which would materially affect the CSR group.

CSR Building Products completed rehabilitation of a Toowoomba, Queensland, clay quarry.

CSR Sugar continued to investigate expanding the production of energy from renewable sources. CSR Sugar is developing initiatives to work with sugarcane growers to reduce overall environmental impacts of the sugar industry. Our North Queensland sugar mills are mid way through a major program to identify ways to reduce water usage.

With the help of local conservation groups, Victoria mill people revegetated a creek bank near the mill. Also with local groups, our people carried out environmental restoration work around the Sarina ethanol operations.

In the US, Rinker Materials received a number of industry environmental awards, including continuing recognition of the restoration work at Florida 474 sand mine. In Australia, three Readymix concrete plants received industry environmental awards.

ENVIRONMENTAL PERFORMANCE TARGETS

In Australia, the group measures key environmental performance indicators, with the aim of progressively reducing waste generation, water and energy consumption, and carbon dioxide emissions.

ENVIRONMENTAL INCIDENTS

The group reports environmental incidents based on five levels of breaches of compliance: 1 minor, 2 significant, 3 serious, 4 severe and 5 extreme. There were 217 environmental incidents, 29 more than the prior year. These were nearly all level 1 and 2. In the US, Rinker Materials had four level 3 incidents. There was no significant environmental harm, relevant authorities were notified and action taken to avoid any repetition. There were no level 4 or 5 incidents.

EARNING THE SUPPORT OF THE COMMUNITY

The CSR group is committed to acting responsibly and is concerned to ensure that our people deal effectively and appropriately with the communities in which we operate.

The group donated over A$100,000 to community projects and to educational, medical research and charitable institutions.

1. At Sarina, Queensland, CSR Ethanol is revegetating a cattle property used for storing Biodunder fertilisers. Trees will protect the soil from erosion and new fencing will protect young trees from livestock.

2. In Arizona, US, specialist relocation experts transplant a giant Saguaro cactus as part of developing a quarry site.

CSR Building Products businesses made contributions to local communities, including supplying building materials.

Together with children from Kalamia State School, Queensland, their parents and other enthusiastic locals, CSR people from Kalamia mill cleaned up the surrounds of a lagoon on the shared boundary of the school and mill. It is now an outdoor environmental *classroom*.

In the US, the Rinker Foundation contributed over US$500,000 to universities and community groups. Hydro Conduit's Dayton, Ohio, pre-cast concrete plant was recognised for its community involvement.

In Australia, CSR made donations to political parties totalling A$92,000.

The group's main contributions to society – payments to employees, taxes, dividends and interest paid – are shown in the pie chart (left) describing the A$3,022 million of value added to the products and services bought from suppliers.

DIRECTORS

Above: CSR directors at a strategic planning session in Sydney in April 2003, from left (sitting): Ian Blackburne, Alec Brennan, Carolyn Hewson, Barry Jackson and (standing) John Story and John Wylie.

Right: Rinker directors inspected Rinker Materials' Krome quarry in Miami, Florida, USA, in April 2003. From left, John Morschel, David Clarke, Marshall Criser, John Arthur, John Ballard and Walter Revell.

CORPORATE GOVERNANCE – DIRECTORS

The directors as at 20 May 2003

CSR

IAN BLACKBURNE
BSc(Hons), PhD, MBA, age 57.
Chairman.

Joined the board in 1999. Ian is a former managing director of Caltex Australia Limited, with 25 years' experience in petroleum refining, distribution and marketing. He is chairman of Australian Nuclear Science and Technology Organisation, and the Royal Botanic Gardens and Domain Trust (NSW); a director of Suncorp-Metway Limited and Teekay Shipping Corporation; and a member of the Australian Graduate School of Management Advisory Council. Resides in Sydney.

ALEC BRENNAN
BSc(Hons), MBA(Dist), age 56.
Managing director.

Joined CSR in 1969, appointed to the board as an executive director in 1996, became deputy managing director in 1998 and managing director in March 2003. Alec has had senior CSR management experience in raw sugar marketing, sugar refining, aluminium, building products and construction materials. He is a director of the Garvan Research Foundation. Resides in Sydney.

CAROLYN HEWSON
BEc(Hons), MA(Econ), age 47.

Joined the board in 1995. Carolyn's directorships include Westpac Banking Corporation, The Australian Gas Light Co and the Economic Development Board of South Australia. A former executive director of Schroders Australia Limited, she has had substantial experience in the finance industry. Carolyn is president of the YWCA of Sydney. Resides in Sydney.

BARRY JACKSON
BCom(Hons), age 58.

Joined the board in April 2003. Barry, a former managing director of Pacifica Group Limited and chief executive of BTR Nylex's Building Products Group, has had over 30 years' experience in manufacturing and industrial marketing. He is a director of Alesco Corporation Limited, Equity Trustees Limited and PaperlinX Limited and a member of the board of management of St Vincent's Institute of Medical Research. Resides in Melbourne.

JOHN STORY
BA, LLB, age 57.

Joined the board in April 2003. John has over 30 years' experience as a senior lawyer advising in corporate and commercial law. He is the non executive chairman of Corrs Chambers Westgarth Lawyers; the chairman of Suncorp-Metway Limited; a director of Jupiters Limited, Breakwater Island Limited, Ruralco Holdings Limited and Australian Magnesium Corporation Limited; the vice president of the Queensland Council of the Australian Institute of Company Directors; and an adjunct Professor of Law of the University of Queensland. Resides in Brisbane.

JOHN WYLIE
MPhil, BCom(Hons), age 42.

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

COMPANY SECRETARY

GRAHAM HUGHES
BCom, CPA, age 51.

CHANGES TO THE CSR BOARD
Former chairman John Morschel and directors John Arthur, John Ballard and David Clarke retired on 12 April 2003 following the demerger and have joined the Rinker board. Barry Jackson and John Story joined the board on 12 April 2003. CSR's former managing director Peter Kirby retired on 31 March 2003.

RINKER

JOHN MORSCHEL
DipQS, FAIM, age 59.
Chairman.

Joined the CSR board in 1996 and became chairman in 2001. John is chairman of Leighton Holdings Limited, a director of Rio Tinto plc, Rio Tinto Limited, Singapore Telecommunications Limited and Tenix Pty Limited and is a trustee of the Art Gallery of NSW. A former managing director of Lend Lease Corporation Limited, he has particular experience in the building and construction, and finance industries. Resides in Sydney.

DAVID CLARKE
DipEng, age 59.
Managing director.

Joined the CSR board as an executive director in 1996. A director of Rinker Materials since 1987, David has been chief executive officer since 1992. He had senior management experience with CSR in quarrying and concrete in the UK, South East Asia and Australia. Resides in Florida, USA.

MARSHALL CRISER
JD, age 74.
Deputy chairman.

Marshall, a lawyer, has been a director and chairman of Rinker Materials since 1993. He is currently a director of Flagler Systems Inc and has been a director of BellSouth Corporation and FPL Group. A former president of the University of Florida, he is now chairman of the university's board of trustees. Resides in Florida, USA.

JOHN ARTHUR
LLB,age 48.

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

JOHN BALLARD
MBA, age 57.

Joined the CSR board in 2001. Recently appointed as managing director of Southcorp Limited, John will resign from Rinker once a replacement director has been appointed. Until his appointment at Southcorp Limited, he was chairman of Wattyl Limited and a director of Woolworths Limited. He is a trustee of the Sydney Opera House. Resides in Sydney.

WALTER REVELL
BS, age 68.

Joined the Rinker Materials board in 2000. Walter is a former secretary of transportation for the state of Florida, a former chairman of the Florida Chamber of Commerce and the former chairman of the Florida Energy 2020 Commission. He is a director of a number of listed and closely held US companies and chairman of the Greater Miami Foreign Trade Zone. Resides in Florida, USA.

COMPANY SECRETARY AND GENERAL COUNSEL

PETER ABRAHAM
BEc, LLB, FCPA, FCIS, age 48.

CORPORATE GOVERNANCE

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. In 1999, the board approved a summary of powers reserved to the board and those powers vested in, and which may be delegated by, 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 the managing director and approving appointments and remuneration of senior management
- approving group strategies, budgets, plans and policies
- assessing performance against strategies to monitor both the suitability of those strategies and the performance of management
- reviewing operating information to understand at all times the state of health of the company
- considering management recommendations on key issues – including acquisitions and divestments, restructuring, funding and significant capital expenditure
- approving policies on and overseeing the management of business risks, safety and occupational health, and environmental issues
- ensuring that the company acts legally and responsibly on all matters and that the highest ethical standards are maintained.

SIZE AND COMPOSITION OF THE BOARD

At the general meeting of shareholders on 25 March 2003, the company's constitution was amended to reduce the minimum number of non executive directors from six to five. Following the demerger, the size of the board was reduced from nine to six directors – five non executive directors, including the new chairman, Ian Blackburne, and one executive director, Alec Brennan. Recent changes to the board are described on page 29.

No non executive directors have 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 that could potentially conflict with those of CSR.

The balance of skills and experience of the board is kept under review. The board plans to continue the practice of previous years to undertake a formal review of the performance of the board and its committees. The board decided not to conduct a review in 2002 in view of the anticipated major changes to board composition upon demerger.

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

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

DIRECTORS' CSR SHAREHOLDINGS

CSR directors are required to hold a minimum of 2,000 shares. Their current shareholdings are shown on page 33.

Other than regular monthly share purchases by the trustee of the CSR Employee Share Acquisition Plan (as approved by shareholders in 1998) on their behalf, directors and senior management may only buy or sell CSR shares during one month periods following the annual and half yearly results announcements and the annual general meeting (trading windows).

However, they are prohibited from buying or selling CSR shares at any time if they are aware of any price sensitive information that has not been made public. All CSR share dealings by directors are promptly notified to the Australian Stock Exchange (ASX). This year, a trading window was also declared for the period from the date of release of the demerger explanatory booklet to the demerger date.

THE WORK OF DIRECTORS

Non executive directors normally spend around 35 days a year on board and committee meetings, strategy and budget meetings and inspections of operations. The new board participated with management in a strategy and budget conference in early April 2003 and intends to visit operating sites regularly to understand better the issues facing each of the businesses and their people. The chairman and the managing director meet regularly to review business and strategic issues and to agree board agendas. In addition, the non executive directors schedule informal meetings each year with no managers present.

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

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

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

New directors receive a comprehensive information pack, and special briefings from management and visit key operating sites to assist them to rapidly understand 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 that formalises the long standing obligation of all CSR people to act within the law, avoid conflicts of interest and act honestly and ethically in all business activities.

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

CSR has a long established practice of providing relevant and timely information to shareholders, supported by a formal policy and comprehensive procedures on continuous disclosure to ensure compliance with legal obligations.

All ASX announcements, presentations to analysts and other significant briefings, are promptly posted on the company's website. The board has adopted a policy prohibiting (subject to limited exceptions) external briefings in blackout periods – that is, between the end of a financial year or half year and the release of the relevant results. The company secretary is responsible for communications with ASX. Details of information provided to ASX during the year are set out on page 69.

MANAGING RISK

The board has approved principles and policies to manage financial risks of exposures to foreign currencies, commodity prices and interest rates. CSR's policies prohibit speculative transactions, restrict hedging to pre-set 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 25.

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

NON EXECUTIVE DIRECTORS' FEES

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

On 14 April 2003, the board resolved to remove retirement allowances for non executive directors appointed after 1 April 2003, in line with recent guidance on directors' remuneration.

Non executive directors' fees are A$91,000 per director per year. The chairman receives remuneration of A$227,500 per year, inclusive of committee fees. Other non executive directors who are members of committees, other than the remuneration and nominations committee, receive additional yearly fees of A$6,000 per committee, with A$12,000 per year paid to the directors who chair those committees. No equity incentives are offered to non executive directors.

The three non executive directors who joined the board before 1 April 2003 remain entitled to a retirement allowance. Each of these directors is contractually entitled to an allowance equal to a proportion (retirement proportion) of their total remuneration from CSR for the three years prior to their retirement (maximum allowance). The retirement proportion is equal to the proportion of five years represented by their period of office as a director (so a director who has been a director for one year when they retired would get 20% and one who had been a director for five or more years would get 100%).

To compensate for the fact that retirement allowances are no longer payable to new directors, non executive directors' fees have been increased 30% over the level proposed prior to the demerger. To avoid directors with an existing entitlement to a retirement allowance receiving a double benefit, each of these directors agreed that:

- their maximum allowance be calculated on only 10/13ths of directors fees paid after 31 March 2003. (This is to remove the benefit of the 30% increase in directors' fees on 1 April 2003)
- retirement proportion be fixed as if they had retired on 31 March 2003
- if the allowance together with 3/13ths of their total directors fees paid after 31 March 2003 would exceed their maximum allowance, the allowance will be reduced by the amount of the excess.

CORPORATE GOVERNANCE CONTINUED

CSR provides for the allowance on an accrual basis, the provision at 31 March 2003 being A$0.5 million (A$0.7 million at 31 March 2002).

Details of the remuneration of directors and key senior executives for the year ended 31 March 2003 are set out on page 35.

Directors may forgo part of their cash remuneration and acquire shares under the Employee Share Acquisition Plan. During the year, non executive directors acquired over 37,000 shares under the plan.

Immediately prior to the demerger and the consequent reduction in value of CSR shares, all non executive directors had complied with the board's policy that directors acquire a beneficial interest in CSR shares equivalent in value to one year's remuneration. The new board has confirmed the policy (a similar policy has been in place for some time for executive directors and senior executives) and agreed that each non executive director will salary sacrifice a minimum of 25% of directors' fees into CSR shares until that goal is achieved.

BOARD COMMITTEES

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

REMUNERATION AND NOMINATIONS COMMITTEE, comprising all non executive directors, is chaired by Ian Blackburne. This committee now performs the roles previously performed by the remuneration and human resources committee (which met five times last year) and the board committee. Together with its overview of human resources issues, particularly succession and development planning, the committee advises the board on remuneration policies and practices, evaluates the performance of the managing director against pre-agreed goals and makes recommendations to the board on remuneration for the managing director and senior managers reporting to him.

The committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers. Further details on CSR's remuneration policy and its relationship to the company's performance last year are set out on pages 34 and 35.

It is also this committee's role to consider the appropriate size and composition of the board, criteria for board membership, candidates for board membership and the terms and conditions of appointment to and retirement from the board. The non executive directors met on a number of occasions during the year to consider the changes to the composition of the board that would be necessary as a result of the demerger. The new remuneration and nominations committee has since met to consider the changes to non executive director remuneration.

AUDIT COMMITTEE is chaired by Carolyn Hewson, the other members being Ian Blackburne and John Wylie. The committee met five times last year. The external audit firm partner in charge of the CSR audit attends by invitation, together with the internal audit manager and relevant senior executives.

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

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 process for approval of financial statements has for some years involved sign-offs by various levels of management including the chief financial officer and chief executive officer.

The scope of these sign-offs is being expanded to cover more explicitly the internal controls and procedures for financial reporting. As a consequence, the company is formalising its process to define and evaluate the effectiveness of its compliance, control and risk management system.

The external audit firm partner in charge of the CSR audit is available to answer shareholder questions at the company's annual general meeting.

In accordance with CSR's policy that this position be rotated every five years, Greg Couttas, a senior partner of Deloitte Touche Tohmatsu, will replace Harley McHutchison as the partner in charge of the external audit of CSR from 21 May 2003.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE consists of Barry Jackson (chairman), Ian Blackburne and John Story. The committee met four times last year.

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

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

The managing director, Alec Brennan, attends, by invitation, meetings of board committees. He is not present if this could compromise the objectivity of proceedings.

In 2002, the board also established a DEMERGER DUE DILIGENCE COMMITTEE to oversee the due diligence program necessary for preparation of the demerger explanatory booklet. The committee was chaired by Carolyn Hewson and included John Arthur, Alec Brennan, and legal, investment banking and accounting advisors. Most of the other directors generally attended these meetings. The committee's final meeting was held in March 2003.

CONTRACTS WITH DIRECTORS

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

- in the case of non executive directors, remuneration as disclosed on pages 31 and 35, the shareholder approved Employee Share Acquisition Plan and an agreement which conforms to the company's constitution for entitlements to retirement and termination payments

- in the case of executive directors, a contract of employment and the shareholder approved Employee Share Acquisition Plan and Executive Share Option Plan
- legal services provided on normal commercial terms by Freehills, a firm of which John Arthur (a director until 12 April 2003) is a partner, and Corrs Chambers Westgarth Lawyers, a firm of which John Story (a director since 12 April 2003) is non executive chairman.

INDEMNITIES

Under clause 101 of CSR's constitution and, in the case of CSR directors, a deed substantially in the form approved by shareholders in July 1999, each of the CSR directors, 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 their capacity as a CSR officer
- the costs and expenses of defending legal proceedings arising out of conduct undertaken in their capacity as a current or former CSR officer, unless the defence is unsuccessful.

The company has a policy in similar terms covering all employees.

CSR's external 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.

CORPORATE GOVERNANCE AND DISCLOSURE

Except where specifically stated, the above corporate governance practices were in effect for the whole of the year and these practices (modified to reflect the size and nature of each subsidiary's operations) are also applied within CSR's subsidiaries.

DIRECTORS' INTERESTS IN CSR SHARES[a]

AS AT 20 MAY 2003	BENEFICIAL	NON BENEFICIAL	BENEFICIAL EXECUTIVE OPTIONS[b]	TOTAL 2003	TOTAL 2002
Ian Blackburne	24,000	–	–	24,000	22,000
Alec Brennan	797,722	–	100,000	897,722	968,220
Carolyn Hewson	25,804	–	–	25,804	20,096
Barry Jackson[c]	30,000	–	–	30,000	
John Story[c]	42,706	–	–	42,706	
John Wylie	42,430	–	–	42,430	22,220

a No interests were held in the share capital of CSR-related companies.
b See note 22 to the *Financial report* on page 52 for details.
c Appointed 12 April 2003.

DIRECTORS' MEETINGS

NAME YEAR ENDED 31 MARCH 2003	CSR BOARD		AUDIT COMMITTEE		SAFETY, HEALTH AND ENVIRONMENT COMMITTEE		REMUNERATION AND HUMAN RESOURCES COMMITTEE		DEMERGER DUE DILIGENCE COMMITTEE	
	HELD[a]	ATTENDED[b]	HELD[a]	ATTENDED[b]	HELD[a]	ATTENDED[b]	HELD[a]	ATTENDED[b]	HELD[a]	ATTENDED[b]
John Arthur[c]	13	13			4	4			15	14
John Ballard[c]	13	13					5	5		
Ian Blackburne	13	13			4	4				
Alec Brennan	13	13							15	14
David Clarke[c]	13	13								
Carolyn Hewson	13	13	5	5			5	5	15	15
Peter Kirby[d]	13	13			4	4				
John Morschel[c]	13	13	5	5	4	4	5	5		
John Wylie	13	13	5	5						

a Meetings held while a member.
b Meetings attended.
c Retired 12 April 2003 having joined the board of Rinker Group Limited.
d Retired 31 March 2003.

On the last day of CSR's financial year, 31 March 2003, the ASX Corporate Governance Council released its *Principles of Good Corporate Governance and Best Practice Recommendations*, two months after the US Securities and Exchange Commission adopted final rules to implement many provisions of the Sarbanes-Oxley Act of 2002. We believe CSR engages in sound corporate governance practices and management has formed a CORPORATE GOVERNANCE AND DISCLOSURE COMMITTEE to recommend to the board opportunities for further improving its corporate governance procedures.

This committee will also review the company's policies and the charters of the board committees in light of these guidelines and the changes to CSR as a result of the demerger. As soon as that review is completed, consideration will be given to publishing particular policies and charters on the CSR website.

RINKER MATERIALS CORPORATION

The board of major US subsidiary (pre-demerger) Rinker Materials Corporation had a similar board committee structure to that of CSR. Its governance practices, policies and procedures were generally consistent with those of CSR during the year.

DIRECTORS' STATUTORY REPORT

The directors of CSR Limited (CSR) present their report for the year ended 31 March 2003.

REVIEW OF OPERATIONS AND RESULTS
A review of CSR group operations and the results for the financial year to 31 March 2003 is set out on pages 2 to 25.

SIGNIFICANT CHANGES
Significant changes in the state of affairs of the CSR group included the Federal Court of Australia approving the demerger of Rinker Group Limited (Rinker) from CSR on 28 March 2003. In September 2002, Rinker Materials Corporation (Rinker Materials) invested US$540 million in acquiring Kiewit Materials Company, a major integrated aggregate, concrete and asphalt company with operations in Arizona and other western states of the United States.

PRINCIPAL ACTIVITIES
The principal activities of entities in the CSR group during the year were the manufacture and supply of building products and heavy building materials, with operations in Australia, the US (Rinker Materials Corporation), Asia and New Zealand. In Australia, CSR produced sugar and had a substantial investment in the smelting of aluminium. Following the demerger, CSR has no further involvement in heavy building materials.

EVENTS AFTER BALANCE DATE
Other than matters to do with finalising the demerger of Rinker, no other material matters or circumstances have arisen since the end of the financial year.

LIKELY DEVELOPMENTS
Likely developments in the operations of the CSR group in the future and the expected results are referred to on pages 2 to 5, 11, 14, 15 and 17 (and Rinker on pages 19, 21 and 23).

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

Developments which have arisen by the time of the annual general meeting on 17 July 2003 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 page 27.

DIVIDENDS
A final dividend for the year to 31 March 2003 of six cents per ordinary share, 70% franked, will be paid on 3 July 2003. Dividends paid and declared during the year are recorded in note 8 to the financial statements on page 47. A demerger dividend of A$0.69 for each CSR share was paid, and applied on behalf of shareholders to acquire Rinker shares under the terms of the scheme.

DIRECTORS, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS
The names of the directors who held office between 1 April 2002 and the date of this report and details about current directors' qualifications, age, experience and special responsibilities are on pages 28, 29, 32 and 33. Details about meetings of the board of directors and of board committees, including attendance, and directors' interests in CSR Limited shares, are on page 33. No company in the CSR group made available to any director any interest in a registered scheme.

OPTIONS AND SHARES GRANTED TO DIRECTORS AND SENIOR EXECUTIVES
In June 2002, 300,000 options were granted to Karl Watson Jr, chief executive Readymix as part of his remuneration. Subsequent to June, any further issue of options was deferred due to the impending demerger, and there was a shift in policy in favour of performance shares rather than options. In March 2003, the following shares were acquired under the Employee Share Acquisition Plan (ESAP), as part of these executives' remuneration:

- 60,000 shares for Alec Brennan, managing director
- 55,000 shares for Ian McMaster, chief executive CSR Sugar
- 55,000 shares for Graeme Pettigrew, chief executive CSR Building Products
- 55,000 shares for Warren Saxelby, chief financial officer
- 6,500 shares for Mark Campbell, chief operating officer Concrete.

Details are in the table on the opposite page. No options or ESAP shares were granted to non executive directors.

OPTIONS OVER SHARE CAPITAL
Unissued shares subject to options at the date of this report and shares issued pursuant to exercised options during or since the end of the year are set out in note 22 to the financial statements on page 52.

SUPERANNUATION
In addition to contributions to superannuation from executives' fixed remuneration, CSR contributed A$38.5 million to the defined benefit division of the CSR Australian superannuation plan.

INDEMNITIES AND INSURANCE
CSR indemnified Marshall Criser and Walter Revell to the maximum extent permitted by law against any liability incurred by them in connection with the demerger. Marshall Criser and Walter Revell were appointed to the Rinker board on 12 April 2003. No other indemnities were given or insurance premiums paid for current or former officers or auditors during or since the end of the year. Additional information regarding indemnities and insurance is set out on page 33.

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

REMUNERATION POLICY FOR DIRECTORS AND SENIOR EXECUTIVES
The policy for determining the nature and amount of remuneration for non executive directors is described on pages 31 and 32. The policy, as it relates to executive directors and other senior executives, is described below. Part of the role of the board remuneration and nominations committee is to advise the board on remuneration policies and practices for executives (see page 32).

SENIOR EXECUTIVES' BENEFITS
CSR structures the remuneration of executives to drive performance in increasing shareholder value, rewarding the achievement of business strategies and goals. This has also been the practice of Rinker Materials.

REMUNERATION DETAILS OF EXECUTIVE DIRECTORS AND OFFICERS

YEAR ENDED 31 MARCH 2003	FIXED REMUNERATION[a] A$	VARIABLE REMUNERATION[b] A$	OTHER COMPENSATION A$	TOTAL COMPENSATION A$	OPTIONS AWARDED[c] (NUMBER)
EXECUTIVE DIRECTORS					
Peter Kirby Managing director and chief executive officer	1,587,375	4,529,683	4,792,740[d]	10,909,798	–
Alec Brennan Director Strategy and Investments and deputy managing director	889,680[e]	1,366,072	30,006[f]	2,285,758	–
David Clarke[g] Executive director and president Rinker Materials	1,422,651 (US$804,367)	4,682,066 (US$2,647,240)	41,967[h] (US$23,728)	6,146,684 (US$3,475,335)	–
CSR LIMITED OFFICERS					
Karl Watson Jr[i] Chief executive Construction Materials	617,495	500,000	510,036	1,627,531	300,000[c]
Ian McMaster Chief executive Sugar	724,965	807,612	–	1,532,577	–
Graeme Pettigrew Chief executive Building Materials	736,950	607,612	–	1,344,562	–
Warren Saxelby Chief financial officer	581,655	737,612	–	1,319,267	–
Mark Campbell Chief operating officer Concrete	408,836	286,013	–	694,849	–
RINKER MATERIALS CORPORATION OFFICERS					
Karl Watson Sr Chief operating officer US Construction Materials	628,980 (US$355,625)	765,830 (US$433,000)	31,358[h] (US$17,730)	1,426,168 (US$806,355)	–
Tom Burmeister Chief financial officer	644,598 (US$364,456)	707,464 (US$400,000)	27,942[h] (US$15,798)	1,380,004 (US$780,254)	–

a Cost to the company of remuneration package comprising cash salary, CSR shares under the Employee Share Acquisition Plan approved by shareholders, superannuation contributions for members of cash accumulation plans, motor vehicles, long service leave provisions, financial advice and club memberships, if any.

b Short term and long term incentives. Rinker Materials' senior executives participated in a cash long term incentive plan based on increasing shareholder value, with the long term incentive being paid progressively over three years, from March 2001. The final payment, determined on the basis of Rinker Materials' three years ended 31 March 2002 results, amounting to US$2.772 million, was paid in the year ended 31 March 2003. For Australian based executives, the value of performance shares is included (see page 34 for numbers issued).

c Options were granted by CSR to Karl Watson Jr in June 2002 under the Executive Share Option Plan and had an option price of A$6.39 per option. Due to the impending demerger, the board declared a special circumstance in February 2003, which allowed the options to be exercised prior to the demerger taking effect. As the performance hurdle was satisfied, Karl Watson Jr exercised his 300,000 options in March 2003. The value of the options using the Black-Scholes option pricing model is A$1.30 per option.
The declaration of a special circumstance in February 2003 allowed options held by senior executives to be exercised prior to the demerger taking effect. All options satisfied the performance hurdle and could be exercised during the trading window from late February to 4 April 2003. For Australian executives, only those options with an exercise price less than the market price of CSR shares during the trading window were exercised. As the CSR share price is now trading at approximately 25% of its pre-demerger value, the remaining options are unlikely to be exercised and will lapse by February 2004. Rinker Materials executives entered into an agreement not to exercise some of their options and instead receive a cash payment under the long term incentive scheme. The options not exercised by the Rinker Materials executives will formally lapse in December 2003.

d Includes A$4,725,000 relating to a payment due in July 2003 for loss of the office of managing director and chief executive officer of CSR Limited. The remainder is for spouse travel and other expenses. Remuneration of A$2.5 million to be paid to Peter Kirby for the period of his employment in the year ending 31 March 2004 is not included.

e Excludes the cost of Alec Brennan's defined benefit superannuation because CSR's contribution to the defined benefit fund cannot be individually attributed. However, if he had retired at 31 March 2003, he would have received a pension of A$428,820 per year indexed to the CPI, compared with an indexed pension of A$370,764 per year if he had retired at 31 March 2002.

f Spouse travel expenses.

g David Clarke retains membership of an Australian cash accumulation superannuation fund to which contributions ended on his departure from Australia in 1988. His withdrawal benefit is underpinned by a minimum defined benefit formula.

h Health insurance and club membership fees for Rinker Materials executives in the US.

i Karl Watson Jr was seconded from Rinker Materials to CSR in October 2001. The figures in the above table reflect the remuneration paid in respect of his Rinker Materials and CSR appointments. His other compensation covers expatriate benefits in Australia (school fees, return air fares and motor vehicle expenses, including applicable FBT, plus housing rental) and health insurance and club membership fees in the US.

REMUNERATION DETAILS OF NON EXECUTIVE DIRECTORS

YEAR ENDED 31 MARCH 2003 A$	DIRECTORS' FEES[a]	COMMITTEE FEES	RETIREMENT ALLOWANCE	STATUTORY SUPERANNUATION CONTRIBUTIONS[b]
John Arthur[c]	80,000	6,000	–	7,525
John Ballard[c]	80,000	6,000	–	7,525
Ian Blackburne	80,000	12,000	–	8,050
Carolyn Hewson	80,000	18,000	–	8,575
John Morschel[c]	240,000	–	–	–
John Wylie	80,000	6,000	–	7,525

a Includes cash payments and CSR shares under the Employee Share Acquisition Plan.

b Superannuation entitlements attributable to these contributions are deducted from directors' retirement allowance when they retire from the CSR board (in the case of Ian Blackburne, Carolyn Hewson and John Wylie) or the Rinker board (in the case of John Morschel, John Arthur and John Ballard).

c Retired 12 April 2003 having joined the board of Rinker Group Limited.

Remuneration for senior executives has three parts:

- fixed remuneration is made up of cash salary, salary sacrifice to purchase shares, superannuation and other benefits such as motor vehicles
- short term incentives – paid in cash or sacrificed to purchase CSR shares – directly earned by the executive successfully achieving specific financial and operational targets. Incentives depend on achieving improvements in shareholder returns and are paid for targets achieved after the cost of incentives has been funded
- long term incentives – issues under a performance share plan or a five year option plan (not currently in use) – CSR's shareholder returns must exceed the average of certain listed Australian industrial companies over specified periods.

Executive remuneration is set at levels that will attract, motivate, reward and retain good performers to drive business results. The fixed part of executives' remuneration is generally set in the mid range of what is paid by comparable companies for similar roles, but varies with their responsibilities and how well they perform. The total remuneration – fixed plus variable – of executives who meet or exceed their targets, and thus earn significant incentive payments, can be towards the upper end of market rates.

The arrangements set by the Rinker Materials board for its executives were consistent with US practice and, for instance, included a cash based long term incentive plan.

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

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

IAN BLACKBURNE
Chairman

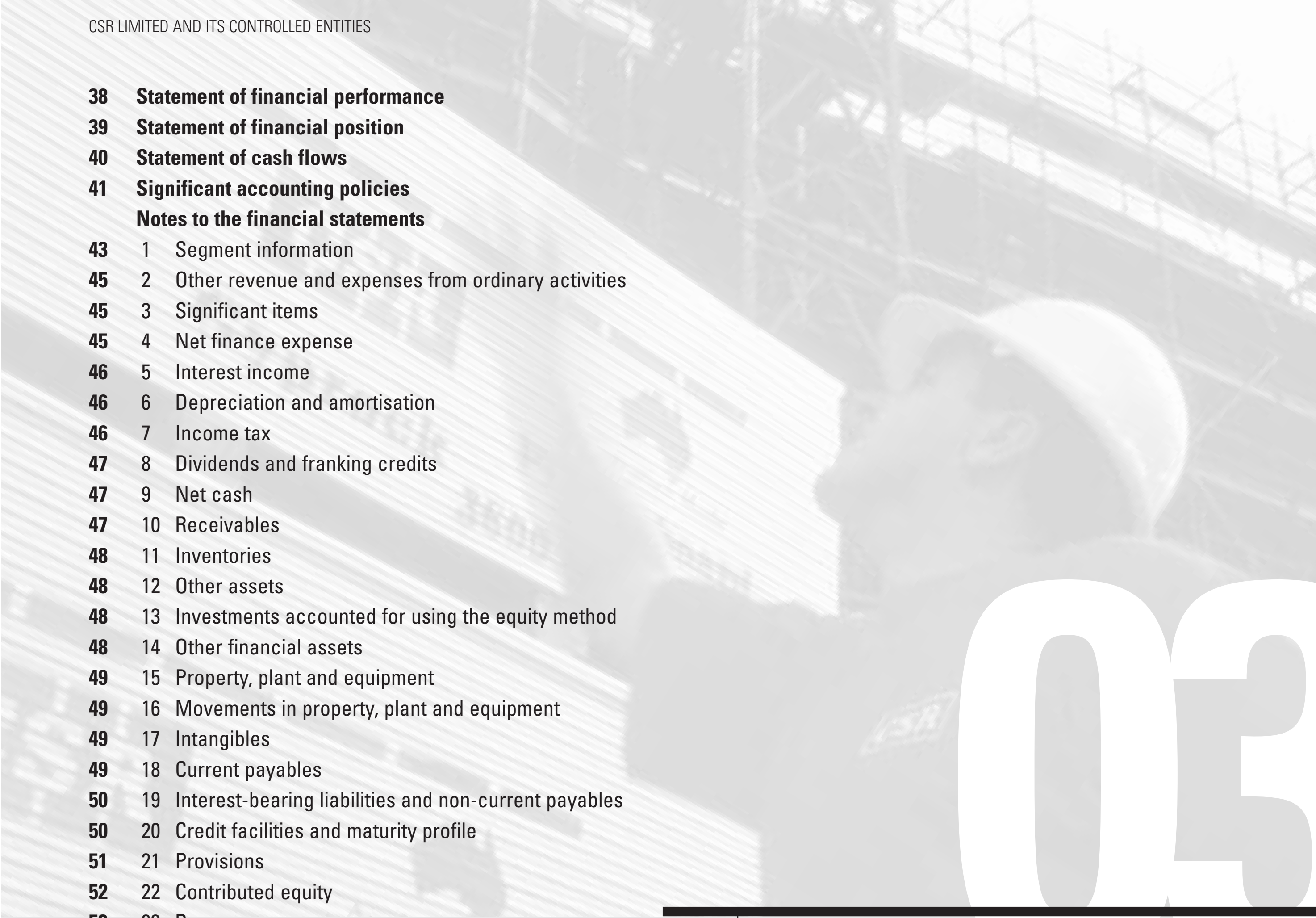
ALEC BRENNAN
Managing director

20 May 2003

ELEVEN YEAR PERFORMANCE

YEAR ENDED 31 MARCH – A$ MILLION UNLESS STATED	**2003**	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
FINANCIAL PERFORMANCE											
Total revenue	**12,068**	7,195	7,038	7,301	6,759	6,924	6,438	6,376	6,248	5,430	4,699
Trading revenue	**7,283**	6,985	6,424	6,419	6,507	6,335	6,123	6,137	5,922	5,365	4,636
Depreciation and amortisation	**472**	453	415	364	371	380	364	334	305	290	262
Earnings before interest, tax and significant items (EBIT)[a]	**974**	926	923	804	693	587	463	620	715	571	474
Net finance expense	**105**	107	132	82	126	129	141	132	95	97	94
Income tax expense before significant items[a]	**284**	244	245	214	191	152	96	137	203	153	150
Net profit (loss) applicable to CSR shareholders											
before significant and extraordinary items[a]	**561**	553	505	472	351	288	212	320	391	297	211
for six months to 30 September	**319**	277	271	224	200	176	155	193	225	173	125
for six months to 31 March	**242**	276	234	248	151	112	57	127	166	124	86
after significant and extraordinary items[a]	**2,054**	553	634	472	351	(110)	212	331	393	297	231
Dividends	**225**	225	223	239	238	225	208	280	271	224	189
FINANCIAL POSITION											
Current assets	**857**	1,743	1,839	1,865	1,535	1,866	1,797	1,839	1,938	1,761	1,725
Property, plant and equipment	**1,357**	4,138	4,273	3,728	4,285	4,241	4 ,815	4,787	4,298	4,034	3,879
Investments	**161**	357	427	379	432	352	244	202	225	181	162
Intangibles	**36**	1,112	1,234	399	385	409	403	422	355	329	338
Other non current assets	**325**	600	689	512	613	581	534	440	358	304	289
Total assets	**2,736**	7,950	8,462	6,883	7,250	7,449	7,793	7,690	7,174	6,609	6,393
Current borrowings and creditors	**567**	849	894	753	790	960	1,021	986	1,386	773	872
Current provisions	**152**	370	427	445	411	455	316	388	487	411	363
Non current borrowings and creditors	**274**	1,834	2,263	1,166	1,768	1,954	2,110	2,069	1,199	1,494	1,489
Deferred income tax and other non current provisions	**594**	793	797	700	668	627	673	649	643	505	488
Total liabilities	**1,587**	3,846	4,381	3,064	3,637	3,996	4,120	4,092	3,715	3,183	3,212
Net assets	**1,149**	4,104	4,081	3,819	3,613	3,453	3,673	3,598	3,458	3,426	3,181
Contributed equity[b]	**920**	2,139	2,322	2,647	2,641	1,032	1,009	977	944	904	866
Reserves[b]	**13**	281	387	151	200	1,752	1,629	1,567	1,559	1,514	1,394
Retained profits	**147**	1,602	1,274	861	628	526	857	855	805	680	607
CSR shareholders' funds [capital and reserves]	**1,080**	4,022	3,983	3,659	3,469	3,310	3,495	3,399	3,308	3,098	2,867
Outside equity interests	**69**	82	98	160	144	143	178	199	150	328	314
Total shareholders' funds [capital and reserves]	**1,149**	4,104	4,081	3,819	3,613	3,453	3,673	3,598	3,458	3,426	3,181
SHARE INFORMATION											
Weighted average number of shares [million]	**938**	945	1,003	1,037	1,035	1,013	982	954	922	884	841
Earnings per share after significant items[a] [A cents]	**219.0**	58.5	63.2	45.5	33.9	(10.8)	21.6	34.7	42.6	33.6	27.5
Earnings per share before significant items[a] [A cents]	**59.8**	58.5	50.3	45.5	33.9	28.4	21.6	33.6	42.4	33.6	25.1
Dividends per fully paid share [A cents]	**17.0**	24.0	23.0	23.0	23.0	22.0	21.0	29.0	29.0	25.0	22.0
Share price [A$] high	**6.85**	7.23	5.38	4.80	5.24	5.90	5.00	4.76	5.18	5.46	4.91
low	**5.33**	5.20	3.44	3.31	3.20	4.31	3.95	4.09	4.08	3.82	3.30
end	**6.49**[c]	6.59	5.21	3.46	3.42	5.25	4.88	4.26	4.28	4.65	4.64
Net tangible assets per CSR share[d] [A$]	**1.72**	3.11	2.85	3.14	2.98	2.81	3.07	3.05	3.13	3.06	2.92
GENERAL											
Divestments	**174**	171	595	901	170	572	278	193	86	38	32
Net cash from operating activities	**1,172**	1,195	1,024	1,048	912	832	671	634	836	786	535
Shareholders [thousand]	**109**	109	112	126	133	140	146	143	133	127	127
Employees [thousand]	**17.6**	16.1	16.1	17.1	17.8	19.7	22.5	23.5	23.2	20.6	19.7
Wages, salaries and payments to retirement funds	**1,517**	1,421	1,276	1,179	1,235	1,179	1,193	1,152	1,062	949	866
RATIOS AND STATISTICS											
Return on CSR shareholders' funds[e] [%]	**13.7**	13.7	12.7	12.9	10.1	8.7	6.1	9.4	11.8	9.6	7.4
Return on funds employed[e] [%]	**16.4**	15.5	14.6	15.9	12.6	10.9	7.9	10.9	14.3	11.6	9.4
Profit margin (EBIT : trading revenue) [%]	**13.4**	13.3	14.4	12.5	10.7	9.3	7.6	10.1	12.1	10.7	10.3
Dividend payout ratio [%]	**40**	41	44	51	68	78	98	88	69	76	90
Interest cover [times]	**10.0**	8.5	6.8	9.1	5.3	4.3	3.0	4.7	7.6	5.9	4.9
Gearing[g] [%]	**16.4**	29.7	34.0	22.2	32.6	34.2	36.8	36.6	27.1	29.1	33.0
Current ratio [times]	**1.34**	1.43	1.39	1.56	1.28	1.31	1.34	1.34	1.04	1.49	1.40
Trading revenue per employee [A$ thousand]	**414**	435	398	375	366	321	272	261	255	260	235

a Significant items include all those previously classified as abnormal. All performance ratios are calculated using *before significant items* results.
b Corporations Law changes abolished the par value concept of share capital from 1998. The balance of the share premium reserve was transferred to the issued share capital account.
c As at 28 March 2003, the last day of trading of CSR shares before the demerger of Rinker.
d Redefined as net assets less intangibles.
e Return on shareholders' funds and return on funds employed calculated by adding back demerged assets.
f Funds employed: shareholders' funds plus interest bearing debt.
g Gearing: ratio of net debt to total shareholders' funds plus net debt.



03

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2003

STATEMENT OF FINANCIAL PERFORMANCE

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Trading revenue – sale of goods		7,282.9	6,984.7	1,632.8	1,818.2
Cost of sales[a]		(4,594.1)	(4,444.8)	(1,041.4)	(1,273.0)
Warehouse and distribution costs[a]		(1,063.0)	(991.1)	(151.5)	(184.3)
Selling costs[a]		(217.6)	(182.4)	(110.7)	(90.9)
Administration and other operating costs[a]		(534.7)	(512.5)	(180.7)	(148.4)
Share of partnership's net loss		(0.3)	(0.3)	(1.2)	(0.3)
Share of associate entities' net profit		53.6	45.7	13.4	9.2
Operating profit		926.8	899.3	160.7	130.5
Other revenue from ordinary activities	2	4,773.8	183.0	5,458.2	266.2
Other expenses from ordinary activities	2	(3,254.1)	(158.8)	(3,307.1)	(183.3)
Dividend income from controlled entities				678.5	210.5
Dividend income from others		2.3	2.3	2.0	1.3
Profit from ordinary activities before finance and income tax		2,448.8	925.8	2,992.3	425.2
Interest income	5	8.9	24.8	49.2	53.3
Borrowing (costs) income	4	(114.2)	(132.1)	14.9	11.3
Profit from ordinary activities before income tax		2,343.5	818.5	3,056.4	489.8
Income tax expense relating to ordinary activities	7	(266.3)	(243.7)	(48.6)	(23.3)
Net profit		2,077.2	574.8	3,007.8	466.5
Net profit attributable to outside equity interests		23.7	22.2		
Net profit attributable to members of CSR Limited		2,053.5	552.6	3,007.8	466.5
Decrease in foreign currency translation reserve arising on translation of self-sustaining foreign operations	23	(212.8)	(104.9)	–	–
Adjustment to opening retained profits on adoption of AASB 1044 – asbestos		(143.7)	–	(143.7)	–
Total revenue, expense and valuation adjustments attributable to members of CSR Limited recognised directly in equity		(356.5)	(104.9)	(143.7)	–
Total changes in equity not resulting from transactions with owners as owners		1,697.0	447.7	2,864.1	466.5
Reconciliation of retained profits					
Retained profits at the beginning of the financial year		1,602.3	1,273.9	640.0	398.5
Net profit attributable to members of CSR Limited[f]		2,053.5	552.6	3,007.8	466.5
Demerger distribution[b]		(3,317.2)	–	(3,317.2)	–
Adjustment to opening retained profits on adoption of AASB 1044 – asbestos		(143.7)	–	(143.7)	–
Adjustment to opening retained profits on adoption of AASB 1044 – dividend		121.7	–	121.7	–
Aggregate of amounts transferred from reserves	23	55.7	0.8	100.7	–
Total available for appropriation		372.3	1,827.3	409.3	865.0
Dividends provided for or paid	8	225.0	225.0	225.0	225.0
Retained profits at the end of the financial year		147.3	1,602.3	184.3	640.0
(AUSTRALIAN CENTS PER SHARE)					
Basic earnings per share based on net profit attributable to members of CSR Limited[c e]		219.0	58.5		
Diluted earnings per share based on net profit attributable to members of CSR Limited[d e]		218.5	57.8		

a Operating costs include:

	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
– research and development		6.4	5.8	2.3	5.6
– mining royalties paid to governments		3.3	2.7	2.0	2.6
– operating lease and rental payments		60.4	66.9	29.2	34.6
– contributions to employee retirement funds	32	88.1	49.1	53.3	23.3

b The fair value of the demerged businesses (A$4,573.0 million) was determined using the average Rinker Group Limited share price for the first ten trading days. The demerger distribution is calculated as the fair value less the amount of the capital reduction (A$1,255.8 million).

c Calculation based on 937.7 million (2002: 944.8 million) weighted average number of ordinary shares on issue and earnings of A$2,053.5 million.

d Calculation based on 937.7 million (2002: 944.8 million) weighted average number of ordinary shares on issue, and 2.1 million (2002: 10.8 million) weighted average number of potential shares issued due to dilutive options and earnings of A$2,053.5 million.

e Earnings per share before significant items (see f below) is basic: 59.8 cents and diluted: 59.7 cents.

f As described in note 37, the CSR group demerged its Rinker Materials and Readymix businesses on 28 March 2003. The statement of financial performance includes the net profit of these businesses up to the date of demerger. In addition, net profit of the CSR group includes a net profit of A$1,492.7 million arising from accounting for the demerger at fair value (refer note 3 for details). Excluding this significant item, net profit is A$560.8 million. Assets distributed to shareholders in the demerger comprise the book value of those assets and the significant profit.

Notes to the financial statements are annexed

STATEMENT OF FINANCIAL POSITION

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Current assets					
Cash	9	**372.4**	156.6	**338.0**	63.2
Receivables	10	**326.2**	988.0	**1,011.4**	1,566.4
Inventories	11	**156.3**	572.5	**80.1**	149.1
Other current assets	12	**2.3**	25.5	**1.4**	12.3
Current assets		**857.2**	1,742.6	**1,430.9**	1,791.0
Non-current assets					
Receivables	10	**46.3**	50.9	**598.4**	862.0
Inventories	11	**19.4**	129.2	**6.9**	16.9
Investments accounted for using the equity method	13	**138.4**	316.6	**97.0**	125.5
Other financial assets	14	**22.4**	40.2	**759.0**	1,604.6
Property, plant and equipment	15	**1,357.4**	4,137.9	**280.9**	941.7
Intangibles	17	**36.1**	1,111.6	**2.7**	8.7
Deferred income tax assets		**202.8**	283.0	**134.0**	108.3
Other non-current assets	12	**55.5**	138.7	**41.4**	61.6
Non-current assets		**1,878.3**	6,208.1	**1,920.3**	3,729.3
Total assets		**2,735.5**	7,950.7	**3,351.2**	5,520.3
Current liabilities					
Payables	18	**241.1**	745.3	**865.7**	1,204.6
Interest-bearing liabilities	19	**325.6**	104.0	**319.4**	5.3
Income tax liabilities		**13.3**	17.3	**–**	–
Provisions	21	**138.8**	352.6	**113.7**	229.4
Current liabilities		**718.8**	1,219.2	**1,298.8**	1,439.3
Non-current liabilities					
Payables	19	**1.5**	43.2	**1.5**	0.4
Interest-bearing liabilities	19	**272.7**	1,790.7	**534.7**	872.2
Deferred income tax liabilities		**213.5**	519.6	**35.5**	115.2
Provisions	21	**380.2**	273.6	**375.8**	212.2
Non-current liabilities		**867.9**	2,627.1	**947.5**	1,200.0
Total liabilities		**1,586.7**	3,846.3	**2,246.3**	2,639.3
Net assets		**1,148.8**	4,104.4	**1,104.9**	2,881.0
Equity					
Contributed equity	22	**919.7**	2,139.4	**919.7**	2,139.4
Reserves	23	**12.6**	281.1	**0.9**	101.6
Retained profits		**147.3**	1,602.3	**184.3**	640.0
Equity attributable to members of CSR Limited		**1,079.6**	4,022.8	**1,104.9**	2,881.0
Outside equity interests in controlled entities	24	**69.2**	81.6		
Total equity		**1,148.8**	4,104.4	**1,104.9**	2,881.0

The CSR group demerged its Rinker Materials and Readymix businesses on 28 March 2003. The statement of financial position excludes all the assets and liabilities that were demerged. Details of demerged (discontinued) businesses are given in notes 35 and 37.

Notes to the financial statements are annexed

STATEMENT OF CASH FLOWS

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Cash flows from operating activities					
Receipts from customers		**7,572.7**	7,258.3	**1,776.7**	2,058.9
Payments to suppliers and employees		**(6,281.3)**	(5,987.1)	**(1,649.3)**	(1,916.1)
Dividends and distributions from associate entities and controlled entities		**69.5**	54.6	**699.6**	227.3
Interest received		**8.8**	27.8	**50.0**	53.4
Tax refund from Australian Taxation Office	7	**–**	33.0	**–**	33.0
Income tax paid		**(197.6)**	(191.8)	**(19.7)**	–
Net cash from operating activities		**1,172.1**	1,194.8	**857.3**	456.5
Cash flows from investing activities					
Purchase of property, plant and equipment and other non-current assets		**(315.2)**	(427.0)	**(74.8)**	(121.3)
Proceeds from sale of property, plant and equipment and other non-current assets		**97.7**	120.6	**22.0**	19.3
Purchase of controlled entities and businesses net of cash acquired	35	**(971.8)**	(158.5)	**–**	(1.2)
Proceeds from sale of interests in controlled entities and businesses	35	**71.8**	15.5	**26.3**	9.1
Return of capital from Sugar Terminals Limited		**5.4**	–	**5.4**	–
Loans and receivables advanced		**(7.6)**	(1.2)	**(66.5)**	(0.9)
Loans and receivables repaid		**4.6**	13.3	**9.6**	3.3
Net cash (used in) from investing activities		**(1,115.1)**	(437.3)	**(78.0)**	(91.7)
Cash flows from financing activities					
Proceeds from issue of shares – CSR shareholders		**42.8**	22.9	**42.8**	22.9
Share buyback		**(6.7)**	(208.5)	**(6.7)**	(208.5)
Net proceeds from (repayment of) borrowings[a]		**666.2**	(243.0)	**(4.8)**	4.5
Net financing of controlled entities				**(289.9)**	31.0
Dividends paid		**(245.1)**	(256.2)	**(223.6)**	(216.3)
Interest and other finance costs paid		**(111.4)**	(118.3)	**(26.6)**	(24.5)
Hedging of foreign operations		**–**	3.3	**–**	–
Net cash from (used in) financing activities		**345.8**	(799.8)	**(508.8)**	(390.9)
Net increase (decrease) in cash held		**402.8**	(42.3)	**270.5**	(26.1)
Cash at the beginning of the financial year		**156.6**	199.5	**63.2**	88.0
Cash in demerged entities		**(184.8)**	–	**–**	–
Effects of exchange rate changes		**(8.5)**	(0.6)	**0.5**	1.3
Net cash at the end of the financial year[a]	9	**366.1**	156.6	**334.2**	63.2
Reconciliation of net profit attributable to members of CSR Limited to net cash from operating activities					
Net profit attributable to members of CSR Limited		**2,053.5**	552.6	**3,007.8**	466.5
Depreciation and amortisation	6	**471.6**	452.9	**66.2**	89.2
Transfer from provisions		**(36.4)**	(47.0)	**(28.1)**	(60.3)
Interest expense		**105.1**	131.7	**26.5**	26.3
Other profit from ordinary activities	2	**(1,519.7)**	(24.2)	**(2,151.1)**	(82.9)
Outside equity interests' share of profit		**23.7**	22.2		
(Increase) decrease in trade receivables and other current assets		**(23.7)**	18.1	**(75.2)**	18.1
Decrease in current inventories		**10.2**	29.0	**3.1**	4.7
Increase (decrease) in trade payables		**54.8**	(53.0)	**23.5**	(50.1)
Net change in tax balances		**68.6**	84.9	**28.9**	56.3
Other		**(35.6)**	27.6	**(44.3)**	(11.3)
Net cash from operating activities		**1,172.1**	1,194.8	**857.3**	456.5

a A$255.3 million was borrowed prior to 31 March 2003 to settle amounts owing to Rinker group. The cash was paid to Rinker group on 2 April 2003.
Credit facilities are shown in note 20.
Non-cash financing and investing activities are shown in note 26.

Notes to the financial statements are annexed.

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Intangibles
Goodwill acquired or arising on consolidation is amortised over the period in which the benefits are expected to arise, to a maximum of 20 years. Patents, trademarks and other intellectual property acquired are valued at the lower of cost and recoverable amount and are amortised over the period in which the benefits are expected to arise varying from five to 40 years.

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

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

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

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

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

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 financial year as a proportion of recoverable reserves. The economic lives of property, plant and equipment assets are detailed in note 15.

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

Deferred costs
Deferred costs are capitalised to the extent that they provide future economic benefits, and are amortised over the period in which those benefits are expected to arise.

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

Accounting standard AASB 1044
In CSR's financial report for the year ended 31 March 2002 directors foreshadowed the potential effect of a new accounting standard, AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (AASB 1044). The directors have considered the effects of AASB 1044 and elected, under section 334(5) of the Corporations Act 2001, to apply the new accounting standard for CSR's financial year commencing 1 April 2002, even though the standard is not required to be adopted until annual reporting periods beginning on or after 1 July 2002. The adoption of AASB 1044 affects the timing of recording CSR's dividend provision and increases the amount of the product liability provision, as shown in note 21.

Product liability
Provision is made for the present value, using a risk free discount rate, of the best estimate of the consideration required to settle the present obligation as at the reporting date.

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

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

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

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

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

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

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

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

Foreign currency
All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in the statement of financial performance in the period in which they arise except if designated as hedges. Exchange differences net of tax relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation are taken directly on consolidation to the foreign currency translation reserve. Financial statements of self-sustaining foreign controlled entities are translated at reporting date using the current rate method and exchange differences are brought to account by entries made directly to the foreign currency translation reserve.

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

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

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

Foreign exchange and commodities
Forward exchange contracts, cross currency swaps and options are used to hedge foreign currency receivables, payables, borrowings and anticipated transactions. Commodity futures, swaps and options are used to hedge anticipated purchases and sales of commodities. Derivatives hedging recognised assets and liabilities are measured at net fair value and included in other receivables or other payables. Gains or losses are recognised in net profit as they occur and offset translation gains and losses of the underlying hedged item. Gains and losses on derivatives hedging anticipated transactions are deferred and recognised in the measurement of the hedged item when it occurs. If a derivative is sold, terminated, redesignated or is no longer effective and the anticipated transaction is still probable of occurring, gains and losses up to the time of termination, sale, redesignation or loss of effectiveness, continue to be accounted for as stated above. If the anticipated transaction is no longer probable, all deferred gains and losses are recognised immediately in net profit. Derivatives are not entered into for speculative reasons. However, if a derivative ceases to be designated as a hedge, for example, where the designated item is sold, extinguished, terminated or no longer probable of occurring, further gains and losses are recognised in net profit until the derivative matures or is sold or terminated. Option premiums are deferred and amortised over the term of the option.

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

Employee entitlements
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required and they are capable of being reliably measured.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

A$ MILLION	PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX 2003	2002	INCOME TAX 2003	2002	OUTSIDE EQUITY INTERESTS 2003	2002	NET PROFIT 2003	2002
1 SEGMENT INFORMATION[a]								
Business segments								
Rinker Materials Corporation								
Aggregates	**185.4**	175.0	**67.4**	63.5	**–**	–	**118.0**	111.5
Cement	**153.5**	150.1	**64.8**	63.2	**–**	–	**88.7**	86.9
Concrete, concrete block, asphalt	**151.3**	123.7	**59.7**	47.4	**0.3**	–	**91.3**	76.3
Concrete pipe and products	**107.6**	153.8	**42.3**	59.3	**–**	–	**65.3**	94.5
Other	**(5.8)**	(4.1)	**(1.0)**	(0.6)	**2.0**	0.7	**(6.8)**	(4.2)
Total Rinker Materials Corporation	**592.0**	598.5	**233.2**	232.8	**2.3**	0.7	**356.5**	365.0
Readymix	**119.5**	56.7	**25.5**	8.9	**2.1**	1.1	**91.9**	46.7
Building Products	**119.7**	108.8	**35.1**	32.8	**(2.6)**	1.1	**87.2**	74.9
Sugar – milling	**37.1**	44.5	**11.3**	13.7	**–**	–	**25.8**	30.8
Sugar – other	**33.7**	29.3	**6.4**	2.8	**–**	–	**27.3**	26.5
Aluminium	**126.3**	110.0	**38.7**	31.4	**23.9**	20.4	**63.7**	58.2
Segment totals	**1,028.3**	947.8	**350.2**	322.4	**25.7**	23.3	**652.4**	602.1
Corporate[b]	**(32.3)**	(34.3)	**(10.1)**	(9.9)	**–**	–	**(22.2)**	(24.4)
Unallocated[c]	**(22.2)**	12.3	**(16.1)**	(27.7)	**–**	–	**(6.1)**	40.0
Group totals	**973.8**	925.8	**324.0**	284.8	**25.7**	23.3	**624.1**	617.7
Net finance (note 4)	**(105.3)**	(107.3)	**(40.0)**	(41.1)	**(2.0)**	(1.1)	**(63.3)**	(65.1)
Consolidated before significant items	**868.5**	818.5	**284.0**	243.7	**23.7**	22.2	**560.8**	552.6
Significant items (note 3)	**1,475.0**	–	**(17.7)**	–	**–**	–	**1,492.7**	–
Consolidated after significant items	**2,343.5**	818.5	**266.3**	243.7	**23.7**	22.2	**2,053.5**	552.6

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

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

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

Sugar – milling: raw sugar

Sugar – other: refined sugar; ethanol

Aluminium: aluminium

	SHARE OF ASSOCIATE ENTITIES' NET PROFIT 2003	2002	DEPRECIATION AND AMORTISATION[d] 2003	2002	CAPITAL EXPENDITURE[e] 2003	2002
Business segments						
Rinker Materials Corporation						
Aggregates	**(0.4)**	–	**104.6**	95.2	**451.4**	187.0
Cement	**–**	–	**36.6**	39.2	**11.5**	9.6
Concrete, concrete block, asphalt	**–**	–	**74.7**	55.2	**676.6**	95.7
Concrete pipe and products	**–**	–	**57.3**	58.6	**34.7**	125.6
Other	**–**	–	**45.1**	51.4	**12.8**	15.3
Total Rinker Materials Corporation	**(0.4)**	–	**318.3**	299.6	**1,187.0**	433.2
Readymix	**24.7**	23.1	**46.7**	47.2	**66.3**	43.1
Building Products	**3.6**	4.5	**34.9**	33.8	**41.8**	52.3
Sugar – milling	**–**	–	**34.4**	34.7	**19.7**	21.6
Sugar – other	**25.4**	17.8	**1.7**	1.7	**1.4**	1.4
Aluminium	**–**	–	**22.4**	21.7	**8.9**	9.5
Segment totals	**53.3**	45.4	**458.4**	438.7	**1,325.1**	561.1
Corporate[b]	**–**	–	**13.2**	14.2	**20.3**	22.8
Group totals	**53.3**	45.4	**471.6**	452.9	**1,345.4**	583.9

a Revised AASB 1005 "Segment Reporting" has been applied for the first time in this financial report, accordingly, comparative information has been restated in accordance with the requirements of the revised standard.
b Represents unallocated overhead costs.
c Includes major asset sales, product liability, and certain rationalisation costs.
d Other than a A$12.9 million asset write down in Sugar milling, other non-cash expenses are immaterial.
e Includes acquisition of Kiewit Materials Company in 2003.

A$ MILLION	EXTERNAL REVENUE 2003	EXTERNAL REVENUE 2002	INTERNAL REVENUE 2003	INTERNAL REVENUE 2002	TOTAL REVENUE[f] 2003	TOTAL REVENUE[f] 2002
1 SEGMENT INFORMATION (CONTINUED)						
Business segments						
Rinker Materials Corporation						
Aggregates	**692.5**	614.1	**428.0**	388.1	**1,120.5**	1,002.2
Cement	**269.0**	300.9	**312.4**	316.8	**581.4**	617.7
Concrete, concrete block, asphalt	**1,792.6**	1,519.0	**–**	–	**1,792.6**	1,519.0
Concrete pipe and products	**810.8**	953.1	**–**	–	**810.8**	953.1
Other	**746.2**	794.6	**–**	–	**746.2**	794.6
Eliminations	**–**	–	**(740.4)**	(704.9)	**(740.4)**	(704.9)
Total Rinker Materials Corporation	**4,311.1**	4,181.7	**–**	–	**4,311.1**	4,181.7
Readymix	**1,048.1**	940.8	**–**	–	**1,048.1**	940.8
Building Products	**909.4**	813.0	**–**	–	**909.4**	813.0
Sugar – milling	**643.4**	616.4	**–**	–	**643.4**	616.4
Sugar – other	**75.8**	82.4	**–**	–	**75.8**	82.4
Aluminium	**450.2**	445.7	**–**	–	**450.2**	445.7
Segment totals	**7,438.0**	7,080.0	**–**	–	**7,438.0**	7,080.0
Unallocated[c]	**48.0**	90.0	**–**	–	**48.0**	90.0
Group totals	**7,486.0**	7,170.0	**–**	–	**7,486.0**	7,170.0
Interest income (note 5)	**8.9**	24.8	**–**	–	**8.9**	24.8
Consolidated before significant items	**7,494.9**	7,194.8	**–**	–	**7,494.9**	7,194.8
Significant items (note 3)	**4,573.0**	–	**–**	–	**4,573.0**	–
Consolidated after significant items	**12,067.9**	7,194.8	**–**	–	**12,067.9**	7,194.8

	ASSETS 2003	ASSETS 2002	LIABILITIES 2003	LIABILITIES 2002	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 2003	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 2002
Business segments						
Rinker Materials Corporation						
Aggregates	**–**	1,321.5	**–**	85.7	**–**	–
Cement	**–**	792.5	**–**	37.1	**–**	–
Concrete, concrete block, asphalt	**–**	787.7	**–**	137.3	**–**	–
Concrete pipe and products	**–**	914.3	**–**	78.5	**–**	–
Other	**–**	572.8	**–**	295.9	**–**	–
Eliminations	**–**	(37.8)	**–**	(37.8)	**–**	–
Total Rinker Materials Corporation	**–**	4,351.0	**–**	596.7	**–**	–
Readymix	**–**	953.0	**–**	186.1	**–**	178.5
Building Products	**751.3**	761.6	**128.7**	133.2	**9.6**	5.1
Sugar – milling	**714.9**	720.2	**99.5**	76.3	**–**	–
Sugar – other	**166.8**	176.2	**12.2**	7.6	**128.8**	133.0
Aluminium	**371.9**	398.6	**56.1**	46.0	**–**	–
Segment totals	**2,004.9**	7,360.6	**296.5**	1,045.9	**138.4**	316.6
Unallocated[c]	**155.4**	150.5	**465.1**	368.8	**–**	–
Group totals	**2,160.3**	7,511.1	**761.6**	1,414.7	**138.4**	316.6
Net cash (note 9)	**372.4**	156.6				
Tax assets/liabilities	**202.8**	283.0	**226.8**	536.9		
Interest-bearing liabilities			**598.3**	1,894.7		
Consolidated	**2,735.5**	7,950.7	**1,586.7**	3,846.3	**138.4**	316.6

	PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX AND SIGNIFICANT ITEMS 2003	PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX AND SIGNIFICANT ITEMS 2002	TOTAL REVENUE[f] 2003	TOTAL REVENUE[f] 2002	SEGMENT ASSETS 2003	SEGMENT ASSETS 2002	CAPITAL EXPENDITURE 2003	CAPITAL EXPENDITURE 2002
Geographical segments								
Australia	**360.3**	308.9	**3,005.5**	2,831.7	**2,038.8**	2,983.1	**151.9**	148.4
North America	**592.0**	598.5	**4,311.1**	4,181.7	**–**	4,351.0	**1,187.0**	433.2
New Zealand	**13.0**	9.8	**41.8**	31.7	**46.3**	45.5	**0.7**	0.9
Asia	**8.5**	8.6	**127.6**	124.9	**75.2**	131.5	**5.8**	1.4
Group totals	**973.8**	925.8	**7,486.0**	7,170.0	**2,160.3**	7,511.1	**1,345.4**	583.9

f Excludes net profit from associates.

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002

2 OTHER REVENUE AND EXPENSES FROM ORDINARY ACTIVITIES

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Revenue					
Significant items	3	**4,573.0**	–	**5,395.6**	223.1
Disposal of property, plant and equipment and other assets		**174.0**	99.1	**55.9**	28.2
Disposal of investments		**–**	59.8	**–**	–
Other		**26.8**	24.1	**6.7**	14.9
Total other revenue from ordinary activities		**4,773.8**	183.0	**5,458.2**	266.2
Expenses					
Significant items	3	**(3,098.0)**	–	**(3,217.8)**	(106.5)
Disposal of property, plant and equipment and other assets		**(115.4)**	(82.2)	**(31.1)**	(18.8)
Disposal of investments		**–**	(53.9)	–	–
Increase in product liability provision		**(19.1)**	(30.0)	**(19.1)**	(30.0)
Recoverable amount writedown		**(12.9)**	–	**–**	–
Other restructure and rationalisation costs		**–**	9.9	**–**	7.9
Provision against/write off of amounts owing by controlled entities		**–**	–	**(33.9)**	(30.7)
Other		**(8.7)**	(2.6)	**(5.2)**	(5.2)
Total other expenses from ordinary activities		**(3,254.1)**	(158.8)	**(3,307.1)**	(183.3)

3 SIGNIFICANT ITEMS

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Demerger[a]					
Fair value of Rinker Group Limited		**4,573.0**		**4,573.0**	
Book value of demerged assets[a]		**(3,023.8)**		**(2,285.4)**	
Demerger transaction costs		**(74.2)**		**(32.3)**	
Internal restructure costs associated with demerger				**(98.9)**	
Income tax benefit		**17.7**		**8.8**	
		1,492.7		**2,165.2**	
Intragroup items[b]					
Revenue from sale of controlled entities				**822.6**	223.1
Book value of controlled entities sold				**(801.2)**	(282.4)
Reversal of writedown of investment in controlled entities				**–**	175.9
				21.4	116.6
Analysis of significant items					
Revenue		**4,573.0**	–	**5,395.6**	223.1
Expenses		**(3,098.0)**	–	**(3,217.8)**	(106.5)
Net profit before income tax		**1,475.0**	–	**2,177.8**	116.6
Income tax benefit		**17.7**	–	**8.8**	–
Total significant items		**1,492.7**	–	**2,186.6**	116.6

a The demerger of Rinker Group Limited was effective from 28 March 2003. Refer to note 37 for details of the discontinued operations. The fair value of Rinker Group Limited was determined using the average Rinker Group Limited share price for the first ten days trading. Book value of demerged assets is net assets of A$3,040.7 million disclosed in note 37 less A$16.9 million attributable to outside equity interests. Book value of CSR Limited assets was investment in Rinker Group Limited (A$840.1 million) plus intragroup loans (A$1,445.3 million) capitalised as equity.

b Prior to the demerger of Rinker Group Limited, certain intragroup transactions occurred to facilitate the establishment of Rinker Group Limited as a separate structure.

4 NET FINANCE EXPENSE

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Interest paid or payable on short-term debt to					
– controlled entities				**1.0**	1.0
– others		**3.4**	7.8	**–**	0.2
Interest paid or payable on long-term debt to					
– controlled entities				**23.8**	22.5
– others		**101.3**	125.1	**1.7**	2.6
Finance leases		**0.4**	0.6	**–**	–
Total interest expense		**105.1**	133.5	**26.5**	26.3
Less amounts capitalised		**–**	1.8	**–**	–
Add					
– funding costs		**3.8**	3.2	**–**	–
– foreign exchange loss (gain)		**5.3**	(2.8)	**(41.4)**	(37.6)
Borrowing costs (income)		**114.2**	132.1	**(14.9)**	(11.3)
Less interest income	5	**8.9**	24.8	**49.2**	53.3
Net finance expense (income)		**105.3**	107.3	**(64.1)**	(64.6)

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
5 INTEREST INCOME					
Short-term interest income from					
– controlled entities				**40.8**	20.4
– others		**7.1**	8.9	**4.5**	5.0
Long-term interest income from					
– controlled entities				**2.2**	14.5
– Australian Taxation Office	7	**–**	11.4	**–**	11.4
– others		**1.8**	4.5	**1.7**	2.0
Total interest income		**8.9**	24.8	**49.2**	53.3
6 DEPRECIATION AND AMORTISATION					
Amounts incurred for depreciation, amortisation and depletion of					
– deferred costs		**23.7**	23.4	**6.6**	8.5
– goodwill		**84.6**	72.0	**0.4**	0.3
– property, plant and equipment		**353.2**	346.2	**58.9**	79.9
– other intangibles		**10.1**	11.3	**0.3**	0.5
Total depreciation and amortisation		**471.6**	452.9	**66.2**	89.2
7 INCOME TAX[a]					
Income tax expense					
Reconciliation of income tax expense charged to the statement of financial performance with income tax calculated on profit from ordinary activities before income tax					
Profit from ordinary activities before income tax		**2,343.5**	818.5	**3,056.4**	489.8
Income tax expense calculated at 30%		**703.1**	245.6	**916.9**	146.9
Increase (decrease) in income tax expense due to					
Non-tax deductible depreciation and amortisation		**17.4**	18.5	**0.1**	1.4
Non-tax deductible other expenditure		**3.2**	1.4	**1.0**	1.0
Asset disposals and writedowns		**(13.1)**	(6.9)	**(2.2)**	(38.8)
Asian trading profits not recognised		**(0.5)**	(1.3)	**–**	–
Equity accounted associates' profit/rebates on dividends received		**(10.4)**	(11.4)	**(203.6)**	(63.5)
Research and development concessions		**(0.5)**	(0.4)	**(0.2)**	(0.4)
Tax refund on settlement on insurer in prior years[b]		**–**	(33.0)	**–**	(33.0)
Income tax (over) under provided in prior years		**(2.2)**	(1.4)	**(2.2)**	0.3
Overseas tax rate differential		**41.3**	35.3	**–**	–
Significant items		**(460.2)**	–	**(655.6)**	–
Other items		**(11.8)**	(2.7)	**(5.6)**	9.4
Total income tax expense on profit from ordinary activities		**266.3**	243.7	**48.6**	23.3
Total income tax expense comprises					
– additions to (deductions from) current income tax liability		**238.7**	131.0	**35.7**	(32.1)
– additions to (deductions from) deferred income tax liability		**22.8**	17.8	**3.9**	(6.9)
– deductions from deferred income tax assets		**4.8**	94.9	**9.0**	62.3
		266.3	243.7	**48.6**	23.3
Deferred income tax assets attributable to tax losses carried forward as an asset		**59.1**	106.5	**–**	–
Deferred income tax assets not taken to account[c]					
Balance at the beginning of the financial year		**134.4**	84.6	**25.9**	31.9
Assets now taken to account		**(7.7)**	(40.4)	**–**	(9.0)
Assets not recognised		**14.7**	90.2	**11.0**	3.0
Assets sold/demerged		**(2.3)**	–	**–**	–
Balance at the end of the financial year[d]		**139.1**	134.4	**36.9**	25.9

a Australian legislation to allow groups, comprising a parent entity and its Australian wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. As at the date of this financial report the directors, have not completed an assessment of the financial effect, if any, the legislation may have on the company, and accordingly, the directors have not made a decision to elect to be taxed as a single entity.

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

c Includes capital gains tax losses – Consolidated A$126.5 million (2002: A$112.0 million).

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

	2003 CENTS PER SHARE	2003 TOTAL	2002 CENTS PER SHARE	2002 TOTAL
8 DIVIDENDS AND FRANKING CREDITS				
Recognised amounts				
Fully paid ordinary shares				
Interim dividend – franked to 70% (2002: 40%)	**11.0**	**103.3**	11.0	103.0
Final dividend – franked to 70% (2002: 70%)[a]	**–**	**–**	13.0	122.0
		103.3		225.0
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 70%	**6.0**	**56.7**	–	–
		56.7		**–**

a Includes A$0.3 million under accrual of final dividend for year ended 31 March 2001.

The final dividend in respect of ordinary shares for the year ended 31 March 2003 has not been recognised in this financial report because it was declared after 31 March 2003. On the basis that directors will continue to publicly recommend dividends in respect of ordinary shares subsequent to reporting date, in future financial reports the amount disclosed as "recognised" will be the final dividend in respect of the prior financial year, and the interim dividend in respect of the current financial year.

	2003	2002[b]
Adjusted franking account balance (tax paid basis)	**0.6**	5.8

b Due to the changes in Australian income tax legislation, from 1 July 2002 franking accounts are maintained on a "tax paid" rather than an "after tax distributable profits" basis. The comparative franking account balance as at 31 March 2002 has been restated on the "tax paid basis" so as to be comparable with the disclosure as at 31 March 2003.

A$ MILLION	NOTE	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
9 NET CASH					
Cash at banks and on hand		**37.9**	68.2	**3.8**	10.1
Cash held to settle debt to Rinker Group Limited[a]		**315.5**		**315.5**	
Short-term loans and deposits		**19.0**	88.4	**18.7**	53.1
Total cash		**372.4**	156.6	**338.0**	63.2
Bank overdraft	19	**(6.3)**	–	**(3.8)**	–
Net cash		**366.1**	156.6	**334.2**	63.2

a As part of the demerger, A$60.2 million of the CSR group's cash balances were allocated to Rinker group. In addition, A$255.3 million was payable to Rinker group to extinguish debt. These payments were not made until after the year ended 31 March 2003, and are recorded as liabilities (refer note 19). The payments have now been made.

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
10 RECEIVABLES				
Current				
Trade receivables	**258.3**	890.5	**208.3**	297.2
Provision for doubtful debts	**(6.8)**	(32.6)	**(3.4)**	(8.9)
	251.5	857.9	**204.9**	288.3
Amounts owing by controlled entities			**808.3**	1,269.6
Provision for doubtful debts			**(63.4)**	(66.7)
			744.9	1,202.9
Loans to and receivables from associate entities	**19.5**	46.1	**8.4**	22.9
Divestment debtors	**37.7**	35.8	**37.8**	25.4
Other loans and receivables[a]	**17.7**	48.6	**15.6**	27.3
Provision for doubtful debts	**(0.2)**	(0.4)	**(0.2)**	(0.4)
	74.7	130.1	**61.6**	75.2
Total current receivables	**326.2**	988.0	**1,011.4**	1,566.4
Bad debts written off				
– trade receivables	**19.4**	12.2	**2.9**	5.9
– controlled entities			**37.2**	–

a Includes net hedging gains deferred A$nil (2002: A$5.5 million).

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
10 RECEIVABLES (CONTINUED)				
Non-current				
Loans to employees				
– directors of controlled entities[b c]	**0.1**	0.3	**0.1**	0.3
– other staff	**11.0**	19.6	**11.0**	14.1
	11.1	19.9	**11.1**	14.4
Amounts owing by controlled entities			**556.5**	818.4
Loans to associate entities	**7.4**	16.1	**3.5**	16.1
Other loans and receivables[d]	**27.8**	14.9	**27.3**	13.1
Total non-current receivables	**46.3**	50.9	**598.4**	862.0

b Amounts before rounding – Consolidated A$0.115 million (2002: A$0.315 million), CSR Limited A$0.115 million (2002: A$0.315 million).
c Includes loans to executive directors of CSR Limited. Amount before rounding A$nil million (2002: A$0.007 million).
There are no outstanding loans to non-executive directors of CSR Limited.
d Includes receivables from Rinker group of A$22.5 million (2002 A$nil).

11 INVENTORIES

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Current[a]				
Raw and process materials and stores	**67.4**	176.4	**31.6**	44.7
Work in progress	**8.0**	40.3	**2.1**	6.8
Finished goods	**80.9**	355.8	**46.4**	97.6
Total current inventories	**156.3**	572.5	**80.1**	149.1
Non-current				
Raw and process materials and stores[a]	**4.6**	29.4	**4.5**	6.6
Land held for sale				
– at cost	**2.4**	21.3	**2.4**	3.4
– at net realisable value	**12.4**	78.5	**–**	6.9
Total non-current inventories	**19.4**	129.2	**6.9**	16.9

a Valued at the lower of cost and net realisable value.

12 OTHER ASSETS

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Current				
Prepayments	**2.3**	21.3	**1.4**	10.0
Deferred costs	**–**	4.2	**–**	2.3
Total other current assets	**2.3**	25.5	**1.4**	12.3
Non-current				
Prepayments	**12.7**	12.7	**–**	–
Deferred costs	**23.2**	94.5	**22.4**	23.1
Accumulated amortisation	**(4.9)**	(33.9)	**(4.9)**	(5.4)
	18.3	60.6	**17.5**	17.7
Software and system development	**28.1**	112.4	**26.2**	54.9
Accumulated amortisation	**(3.6)**	(47.0)	**(2.3)**	(11.0)
	24.5	65.4	**23.9**	43.9
Total other non-current assets	**55.5**	138.7	**41.4**	61.6

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Shares in associate entities[a b]	**41.4**	191.1	**–**	–
Interests in partnerships[b]	**–**	23.0	**–**	23.0
Interest in other associate entity[b]	**97.0**	102.5	**97.0**	102.5
Total investments accounted for using the equity method	**138.4**	316.6	**97.0**	125.5

a Not quoted on stock exchanges.
b Details of investments in associate entities are shown in note 34.

14 OTHER FINANCIAL ASSETS

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Investment in controlled entities at cost			**736.6**	1,577.0
Other financial assets at cost[a]	**22.4**	40.2	**22.4**	27.6
Total other financial assets	**22.4**	40.2	**759.0**	1,604.6

a Not quoted on stock exchanges.

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002

15 PROPERTY, PLANT AND EQUIPMENT[a]

	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Land and buildings				
At cost	**339.2**	1,128.3	**101.6**	279.4
Accumulated depreciation	**(17.6)**	(39.3)	**(5.4)**	(6.1)
Total land and buildings[b]	**321.6**	1,089.0	**96.2**	273.3
Plant and equipment				
At cost	**2,017.8**	5,272.9	**362.2**	1,378.0
Accumulated depreciation	**(982.0)**	(2,457.1)	**(177.5)**	(744.8)
Total plant and equipment	**1,035.8**	2,815.8	**184.7**	633.2
Quarry and other raw material reserves				
At cost	**–**	267.2	**–**	46.1
Accumulated depletion	**–**	(34.1)	**–**	(10.9)
Total quarry and other raw material reserves	**–**	233.1	**–**	35.2
Total property, plant and equipment	**1,357.4**	4,137.9	**280.9**	941.7

a The economic life over which assets are depreciated is: Buildings – 1 to 46 years; Plant and equipment – 1 to 50 years. The weighted average life is: Buildings – 18 years; Plant and equipment – 11 years.

b All land and buildings owned by the consolidated entity except land held for sale, were valued as at 31 December 2000. All independent valuations 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; 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.

16 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS		PLANT AND EQUIPMENT		QUARRY AND OTHER RAW MATERIAL RESERVES	
	CONSOLIDATED	CSR LIMITED	CONSOLIDATED	CSR LIMITED	CONSOLIDATED	CSR LIMITED
Balance at the beginning of the financial year	1,089.0	273.3	2,815.8	633.2	233.1	35.2
acquired	110.6	2.6	453.2	70.5	65.2	–
disposed[a]	(33.6)	(176.3)	(37.5)	(465.7)	–	(33.0)
depreciation and amortisation	(34.1)	(3.4)	(306.8)	(53.3)	(12.3)	(2.2)
demerged	(735.8)	–	(1,681.4)	–	(258.3)	–
foreign currency translation	(79.4)	–	(189.6)	–	(27.7)	–
reclassifications and writedowns	4.9	–	(17.9)	–	–	–
Balance at the end of the financial year	321.6	96.2	1,035.8	184.7	–	–

a CSR Limited disposals primarily relate to the internal reorganisation prior to the demerger.

17 INTANGIBLES

	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Goodwill				
At cost	**28.7**	1,356.2	**4.0**	4.6
Accumulated amortisation	**(19.7)**	(327.7)	**(1.3)**	(1.2)
Total goodwill	**9.0**	1,028.5	**2.7**	3.4
Other intangibles				
At cost	**36.6**	125.5	**–**	11.0
Accumulated amortisation	**(9.5)**	(42.4)	**–**	(5.7)
Total other intangibles	**27.1**	83.1	**–**	5.3
Total intangibles	**36.1**	1,111.6	**2.7**	8.7

18 CURRENT PAYABLES

	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
Trade payables	**189.4**	563.5	**142.8**	230.2
Other payables[a]	**51.7**	181.8	**39.4**	26.5
Amounts owing to controlled entities			**683.5**	947.9
Total current payables	**241.1**	745.3	**865.7**	1,204.6

a Includes net hedging losses deferred A$0.5 million (2002: A$nil).

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
19 INTEREST-BEARING LIABILITIES AND NON-CURRENT PAYABLES				
Current				
Current maturities of long-term borrowings				
Secured				
– bank loans	**–**	1.2	**–**	–
– other facilities	**–**	2.7	**–**	–
Unsecured				
– bank loans	**–**	58.0	**–**	–
– other facilities	**–**	1.9	**–**	–
	–	63.8	**–**	–
Unsecured bank overdraft	**6.3**	–	**3.8**	–
Short-term borrowings				
Unsecured				
– bank loans	**3.3**	34.9	**–**	–
– Rinker group[b]	**315.5**		**315.5**	
– other facilities	**0.5**	5.3	**0.1**	5.3
	319.3	40.2	**315.6**	5.3
Total current interest-bearing liabilities	**325.6**	104.0	**319.4**	5.3
Non-current				
Long-term borrowings				
Secured				
– bank loans[a]	**9.5**	11.1	**–**	–
– other facilities	**0.3**	169.5	**–**	–
Unsecured				
– loans from controlled entities			**534.5**	871.9
– bonds	**0.2**	1,124.7	**–**	–
– commercial paper	**–**	418.6	**–**	–
– bank loans	**262.5**	47.3	**–**	–
– other facilities	**0.2**	19.5	**0.2**	0.3
Total non-current interest-bearing liabilities	**272.7**	1,790.7	**534.7**	872.2
Non-current payables	**1.5**	43.2	**1.5**	0.4
Total non-current interest-bearing liabilities and payables	**274.2**	1,833.9	**536.2**	872.6

a Secured by charge over property, plant and equipment owned by CSR Insulation (Thailand) Limited amounting to A$9.5 million (2002: A$10.9 million).
b As part of the demerger, A$60.2 million of CSR's cash balances were allocated to Rinker group. In addition, A$255.3 million was payable to Rinker group to extinguish debt. These payments were made after the year ended 31 March 2003.

	CONSOLIDATED 2003	CONSOLIDATED 2002	2003 AVERAGE RATE %	2003 YEAR OF MATURITY
20 CREDIT FACILITIES AND MATURITY PROFILE				
Current maturities of long-term borrowings				
United States dollar debt	**–**	5.8	**–**	
Australian dollar debt	**–**	36.3	**–**	
New Taiwanese dollar debt	**–**	21.7	**–**	
	–	63.8	**–**	
Long-term maturities of borrowings				
United States dollar debt				
– US bonds[a]	**–**	842.0	**7.2**	
– US bonds[a]	**0.2**	282.7	**7.7**	**2025**
– commercial paper[b]	**–**	348.9		
– Eurocommercial paper[b]	**–**	69.7		
– bank lines[b]	**–**	47.3	**1.6**	
– promissory note	**–**	154.0	**1.3**	
– private placement	**–**	13.6	**1.5**	
– term payables	**–**	41.8		
– other	**–**	21.6		
Australian dollar debt				
– bank loans	**262.5**	–	**5.1**	**2006**
– other	**2.0**	1.6		
Thai baht				
– bank loans	**9.5**	10.7	**–**	**2005**
Total non-current interest-bearing liabilities and payables	**274.2**	1,833.9		

a Refer to note 33 for details of fixed rate debt.
b Short-term maturities are backed by long-term credit standby facilities.

Commercial paper. CSR Limited and its controlled entities (CSR) has a commercial paper program based in Australia. This program, which totals A$600 million (2002: A$600 million), is an evergreen facility. Drawings on the program are backed by the standby facilities referred to below. As at 31 March 2003, no commercial paper was on issue.

Credit standby facilities. CSR has a total of A$500 million (2002: US$650 million) committed standby facilities of which A$237.5 million was undrawn as at 31 March 2003. These facilities have fixed maturity dates ranging from March 2004 to April 2008.

21 PROVISIONS

A$ MILLION	31 MARCH 2002	RECOGNISED/ REMEASURED	ACQUIRED	SETTLED/ TRANSFER	DEMERGED	FOREIGN CURRENCY TRANSLATION	AASB 1044	**31 MARCH 2003**
CONSOLIDATED								
Current								
Dividend	121.7	–	–	–	–	–	(121.7)	**–**
Employee entitlements	83.7	131.6	32.3	(134.7)	(57.7)	(6.7)	–	**48.5**
Fringe benefits tax	1.1	6.8	–	(5.9)	(0.5)	–	–	**1.5**
Restructure and rationalisation	41.4	(11.9)	–	(17.2)	–	(0.1)	–	**12.2**
Product liability	20.6	29.5	–	(25.6)	–	–	–	**24.5**
Restoration and environmental rehabilitation	11.7	0.1	4.3	(3.3)	(6.1)	(0.9)	–	**5.8**
Uninsured losses and future claims	55.4	151.6	14.8	(146.8)	(49.4)	(6.3)	–	**19.3**
Other	17.0	25.2	12.5	(8.6)	(17.6)	(1.5)	–	**27.0**
Total Consolidated current provisions	352.6	332.9	63.9	(342.1)	(131.3)	(15.5)	(121.7)	**138.8**
Non–current								
Employee entitlements	58.7	(0.4)	–	0.5	(20.8)	(0.3)	–	**37.7**
Restructure and rationalisation	2.2	(2.1)	–	–	–	(0.1)	–	**–**
Product liability	113.0	(10.4)	–	–	–	–	205.2	**307.8**
Restoration and environmental rehabilitation	19.9	5.1	–	–	(23.8)	(1.2)	–	**–**
Uninsured losses and future claims	79.7	20.8	–	–	(59.8)	(6.0)	–	**34.7**
Other	0.1	–	1.5	–	(1.5)	(0.1)	–	**–**
Total Consolidated non-current provisions	273.6	13.0	1.5	0.5	(105.9)	(7.7)	205.2	**380.2**
CSR LIMITED								
Current								
Dividend	121.7	–	–	–	–	–	(121.7)	**–**
Employee entitlements	35.8	53.9	–	(47.6)	–	–	–	**42.1**
Fringe benefits tax	0.9	5.8	–	(5.4)	–	–	–	**1.3**
Restructure and rationalisation	18.0	3.2	–	(9.8)	–	–	–	**11.4**
Product liability	20.6	29.5	–	(25.6)	–	–	–	**24.5**
Restoration and environmental rehabilitation	7.7	1.0	–	(2.8)	–	–	–	**5.9**
Uninsured losses and future claims	19.6	20.0	–	(20.6)	–	–	–	**19.0**
Other	5.1	7.4	–	(3.0)	–	–	–	**9.5**
Total CSR Limited current provisions	229.4	120.8	–	(114.8)	–	–	(121.7)	**113.7**
Non-current								
Employee entitlements	52.7	(0.3)	–	(19.1)	–	–	–	**33.3**
Product liability	113.0	(10.4)	–	–	–	–	205.2	**307.8**
Restoration and environmental rehabilitation	10.5	1.5	–	(12.0)	–	–	–	**–**
Uninsured losses and future claims	35.9	(1.2)	–	–	–	–	–	**34.7**
Other	0.1	(0.1)	–	–	–	–	–	**–**
Total CSR Limited non-current provisions	212.2	(10.5)	–	(31.1)	–	–	205.2	**375.8**

AASB 1044 imposes new requirements for the determination of uncertain liabilities, including providing significant additional guidance on the measurement of such liabilities as well as on discounting provisions to their present value using a rate which is lower than that previously used by CSR. In accordance with AASB 1044, CSR has recognised as a provision the present value of anticipated compensation payments and legal costs arising from product liability claims by discounting at a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities. As a result of the adoption of AASB 1044, CSR's product liability provision as at 1 April 2002 increased by A$205.2 million, the corresponding deferred income tax asset increased by A$61.5 million and retained profits decreased by A$143.7 million. This change in the product liability provision does not reflect any material change in CSR's underlying product liability risk profile nor does it include any potential benefits from settlements with insurers. An increase in the provision of A$19.1 million (A$13.4 million after associated income tax benefit) has been recognised as an expense in the statement of financial performance for the year ended 31 March 2003. CSR's directors are of the view that it is impracticable to restate the comparative financial information for the corresponding financial year as if AASB 1044 had always been applied; however, they do not believe that the impact on that statement of financial performance would have been material. A description of the nature of the product liability present obligation, uncertainties about future sacrifices, major assumptions and details of any related settlements with insurers is included in note 38.

22 CONTRIBUTED EQUITY[a]

	ORDINARY SHARES[a] FULLY PAID	PARTLY PAID	PRICE A$	SHARE CAPITAL A$ MILLION
Particulars of shares issued during the financial year by CSR Limited				
On issue 31 March 2002	935,834,472	517,000		2,139.4
Partly to fully paid[b]	517,000	(517,000)	4.76	2.4
Executive Share Option Plan (options converted)	8,745,834	–	4.38	38.3
Universal Share/Option Plan[c]	670,800	–	3.18	2.1
Share buyback[d]	(1,100,000)	–	6.05	(6.7)
Capital reduction on demerger[e]				(1,255.8)
Total movements during the financial year	8,833,634	(517,000)		(1,219.7)
On issue 31 March 2003	**944,668,106**	**–**		**919.7**
Movements since year end	–	–		–
On issue 19 May 2003	**944,668,106**	**–**		**919.7**

a Fully paid ordinary shares are listed on the Australian and London stock exchanges, and are traded in sponsored American Depositary Receipt form on the over-the-counter market in the United States. Fully paid ordinary shares carry one vote per share and the right to dividends.

b Ordinary shares were issued between 1986 and 1990 under the now superseded Executive Share/Option Plan. The shares are partly paid to A$0.10, are entitled to one-thirtieth of the dividend, and have no voting rights. The issue prices ranged between A$3.00 and A$5.35 per share.

c Fully paid ordinary shares were issued in September 2002 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 fully paid shares were made to all eligible employees (6,477). 3,354 accepted the offer, subscribing for 100 shares and receiving a further 100 shares at no cost.

d On 1 June 2001, CSR commenced a twelve month share buyback of up to 10% of its fully paid shares. A total of 23.8 million shares were repurchased under the buyback, including 1.1 million this financial year.

e The capital reduction reflects the approved capital reduction of A$0.84 per fully paid ordinary share (A$793.5 million) and the capital reduction relating to CSR's existing investment in Rinker Group Limited amounting to A$462.3 million.

Options[f]

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

CALENDAR YEAR OF ISSUE	NO EXECS	PRICE[g] A$	ORIGINAL ISSUE	ON ISSUE 31 MARCH 2002	DURING THE FINANCIAL YEAR ISSUED	CONVERTED	LAPSED	ON ISSUE **31 MARCH 2003**	AFTER YEAR END CONVERTED	LAPSED	ON ISSUE 19 MAY 2003[f]
1998[h]	50	3.86	10,100,000	2,825,000	–	(2,725,000)	(100,000)	**–**	–	–	–
1998[i]	12	3.86	2,500,000	1,350,000	–	(500,000)	(25,000)	**825,000**	–	–	825,000
1999[h]	123	4.40	2,790,000	1,335,000	–	(1,330,000)	(5,000)	**–**	–	–	–
1999[h]	1	4.36	400,000	400,000	–	(400,000)	–	**–**	–	–	–
1999[h]	16	3.75	480,000	168,334	–	(163,334)	(5,000)	**–**	–	–	–
2000[h]	1	4.04	200,000	150,000	–	(150,000)	–	**–**	–	–	–
2000[j]	145	4.47	3,080,000	2,405,000	–	(2,342,500)	(62,500)	**–**	–	–	–
2000[j]	3	4.65	410,000	410,000	–	(410,000)	–	**–**	–	–	–
2001[j]	3	6.44	215,000	215,000	–	(210,000)	(5,000)	**–**	–	–	–
2001[j]	147	7.03	3,180,000	3,120,000	–	–	(330,000)	**2,790,000**	–	–	2,790,000
2001[j]	3	6.62	315,000	315,000	–	–	–	**315,000**	–	–	315,000
2002[jk]	7	6.39	720,000	–	720,000	(515,000)	–	**205,000**	–	–	205,000
Total				12,693,334	720,000	(8,745,834)	(532,500)	**4,135,000**	–	–	4,135,000

f 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. As outlined in the CSR demerger document the CSR board waived the time restrictions on the exercise of CSR options to allow them to be converted to shares prior to the demerger. The 1998 options will lapse on 3 December 2003. All other remaining options will lapse on 7 February 2004.

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

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

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

j Options issued under the Executive Share Option Plan approved at the 1998 annual general meeting and amended at the 2000 annual general meeting. Options have been issued in August 2000, December 2000, June 2001, August 2001, December 2001 and June 2002 and are eligible for conversion progressively over varying periods as from mid 2003 to mid 2007. 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.

k In June 2002, 720,000 options were offered to seven executives.

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
23 RESERVES				
Capital	**–**	30.0	**–**	100.7
Foreign currency translation	**12.6**	251.1	**0.9**	0.9
Total reserves	**12.6**	281.1	**0.9**	101.6
Movements in capital reserves				
Balance at the beginning of the financial year	**30.0**	30.8	**100.7**	100.7
Transferred to retained profits on demerger	**(30.0)**		**(100.7)**	
Transfers to retained profits	**–**	(0.8)	**–**	–
Balance at the end of the financial year	**–**	30.0	**–**	100.7
Movements in foreign currency translation reserve				
Balance at the beginning of the financial year	**251.1**	356.0	**0.9**	0.9
Exchange differences relating to overseas net assets				
– net loss on translation	**(242.7)**	(130.2)	**–**	–
– net gain on hedge transactions	**29.9**	25.3	**–**	–
	(212.8)	(104.9)	**–**	–
Transferred to retained profits on demerger – Rinker group	**(107.9)**	–	**–**	–
Transferred to retained profits on demerger – net hedge of Rinker group	**80.8**	–	**–**	–
Transferred to retained profits – discontinued operations	**1.4**	–	**–**	–
Balance at the end of the financial year	**12.6**	251.1	**0.9**	0.9
24 OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES				
Contributed equity	**51.6**	73.4		
Reserves	**0.8**	4.2		
Retained profits	**16.8**	4.0		
Total outside equity interests in controlled entities	**69.2**	81.6		
25 INTEREST IN JOINT VENTURE OPERATION				
Interest in the Tomago aluminium smelter joint venture operation[a b] **is included in the financial statements in the following categories:**				
Current assets				
– cash assets	**–**	0.8	**–**	–
– receivables	**1.5**	0.6	**–**	–
– inventories	**20.2**	23.0	**–**	–
– other	**0.9**	0.7	**–**	–
	22.6	25.1	**–**	–
Non-current assets				
– receivables	**0.2**	0.2	**–**	–
– property, plant and equipment	**292.2**	308.0	**–**	–
– other	**13.4**	13.7	**–**	–
	305.8	321.9	**–**	–
Total assets	**328.4**	347.0	**–**	–
Current liabilities	**(38.7)**	(27.0)	**–**	–
Non-current liabilities	**(2.9)**	(2.2)	**–**	–
Total liabilities	**(41.6)**	(29.2)	**–**	–
Net assets	**286.8**	317.8	**–**	–
Contracted capital expenditure	**2.6**	4.8	**–**	–
Contingent liabilities	**1.1**	–	**–**	–

a CSR's joint venture interest of 36.1% (2002: 36.1%) is held through a controlled entity in which CSR has a 70% interest.
b Principal activity: aluminium.

26 NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year ended 31 March 2003, CSR Limited demerged its Rinker Materials and Readymix businesses through a non-cash capital return and distribution to shareholders. The demerger was implemented by way of a scheme of arrangement (Scheme) between CSR and its shareholders, a reduction in CSR's capital (A$0.84 per share) and a special dividend (A$0.69 per share). Under the Scheme, instead of CSR shareholders receiving these entitlements in cash, CSR automatically applied these amounts as payment for Rinker Group Limited shares. Rinker Group Limited shares were issued on 11 April 2003. Details of the assets demerged are given in notes 35 and 37, and details of the profit recorded on demerger is given in note 3.

26 NON-CASH FINANCING AND INVESTING ACTIVITIES (CONTINUED)

During the year ended 31 March 2003, CSR Limited issued shares to employees of CSR Limited and its controlled entities under the terms of the Universal Share/Option Plan (refer note 22).

During the year ended 31 March 2003, CSR Limited sold certain businesses to other entities within the wholly-owned group. These transactions were settled by way of intercompany loans with related parties.

A$ THOUSAND	CONSOLIDATED **2003**	CONSOLIDATED 2002	CSR LIMITED **2003**	CSR LIMITED 2002
27 DIRECTORS' AND EXECUTIVES' REMUNERATION[a b]				
Aggregate income paid or payable, or otherwise made available, to directors of				
– CSR Limited	**20,069**	13,349	**20,069**	13,349
– controlled entities[c]	**8,331**	4,308		
	28,400	17,657	**20,069**	13,349
Australian executives whose total income equals or exceeds A$100,000[d]	**39,275**	28,433	**39,013**	28,006

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

	CONSOLIDATED **2003**	CONSOLIDATED 2002	CSR LIMITED **2003**	CSR LIMITED 2002
Directors (A$)				
60,000 to 69,999				1
70,000 to 79,999				3
80,000 to 89,999				1
90,000 to 99,999	**3**		**3**	
100,000 to 109,999	**2**		**2**	
120,000 to 129,999				1
180,000 to 189,999				1
240,000 to 249,999	**1**		**1**	
Australian executives (A$)				
100,000 to 109,999		1		1
120,000 to 129,999	**2**		**2**	
140,000 to 149,999	**1**		**1**	
160,000 to 169,999		1		1
170,000 to 179,999		1		1
180,000 to 189,999		1		1
190,000 to 199,999		4		4
200,000 to 209,999		4		4
210,000 to 219,999	**1**	4	**1**	2
220,000 to 229,999		3		3
230,000 to 239,999	**3**	3	**3**	3
240,000 to 249,999	**1**	1	**1**	1
250,000 to 259,999	**2**	2	**2**	2
260,000 to 269,999	**2**	1	**1**	1
270,000 to 279,999		2		2
290,000 to 299,999	**1**	5	**1**	5
300,000 to 309,999	**2**	2	**2**	2
310,000 to 319,999	**1**		**1**	
320,000 to 329,999	**1**		**1**	
330,000 to 339,999		1		1
340,000 to 349,999	**3**		**3**	
350,000 to 359,999	**2**		**2**	
360,000 to 369,999	**2**	2	**2**	2
370,000 to 379,999	**2**	2	**2**	2
380,000 to 389,999	**2**	1	**2**	1
390,000 to 399,999	**1**	1	**1**	1
400,000 to 409,999	**2**	1	**2**	1
410,000 to 419,999	**1**	4	**1**	4
430,000 to 439,999	**1**		**1**	
440,000 to 449,999	**3**	1	**3**	1

	CONSOLIDATED **2003**	CONSOLIDATED 2002	CSR LIMITED **2003**	CSR LIMITED 2002
Directors (A$)				
540,000 to 549,999				1
990,000 to 999,999				1
1,820,000 to 1,829,999				1
2,280,000 to 2,289,999	**1**		**1**	
3,510,000 to 3,519,999				1
5,790,000 to 5,799,999				1
6,140,000 to 6,149,999	**1**		**1**	
10,900,000 to 10,909,999	**1**		**1**	
Australian executives (A$)				
470,000 to 479,999	**2**		**2**	
490,000 to 499,999	**1**	1	**1**	1
500,000 to 509,999		1		1
510,000 to 519,999		1		1
520,000 to 529,999	**2**		**2**	
530,000 to 539,999	**1**		**1**	
560,000 to 569,999	**1**		**1**	
580,000 to 589,999	**1**		**1**	
610,000 to 619,999	**1**		**1**	
630,000 to 639,999	**1**		**1**	
650,000 to 659,999	**2**		**2**	
680,000 to 689,999	**2**		**2**	
690,000 to 699,999	**1**		**1**	
760,000 to 769,999		1		1
830,000 to 839,999		1		1
880,000 to 889,999		1		1
900,000 to 909,999		1		1
950,000 to 959,999		1		1
990,000 to 999,999		1		1
1,060,000 to 1,069,999		1		1
1,310,000 to 1,319,999	**1**		**1**	
1,340,000 to 1,349,999	**1**		**1**	
1,530,000 to 1,539,999	**1**		**1**	
1,620,000 to 1,629,999	**1**		**1**	
1,820,000 to 1,829,999		1		1
1,970,000 to 1,979,999		1		1
2,280,000 to 2,289,999	**1**		**1**	
3,510,000 to 3,519,999		1		1
10,900,000 to 10,909,999	**1**		**1**	

a Total remuneration for each director and executive includes salary, bonus, superannuation, retirement payments and other benefits, but excludes possible benefits arising from executive directors' and executives' participation in the Executive Share Option Plan as the exercise price of options issued is the market price of CSR shares at the time of issue. Refer to note 22.

b Included in the statement of financial position is a provision for the retirement allowances of CSR Limited non-executive directors. This provision has decreased from A$0.740 million as at 31 March 2002 to A$0.498 million as at 31 March 2003.

c Includes executive directors of partly-owned controlled entities.

d Number of Australian executives 57 (2002: 61). Average remuneration A$689,035 (2002: A$466,114). The definition of executive is "Employees responsible for the strategic direction and operational management of the company".

A$ THOUSAND	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002

28 AUDITORS' REMUNERATION

Auditing and reviewing the financial report of the parent entity (including the consolidated entity) and each controlled entity				
Auditor of parent entity – Deloitte Touche Tohmatsu in Australia	**1,342**	1,111	**809**	726
Deloitte Touche Tohmatsu outside of Australia	**1,920**	1,211	**85**	–
	3,262	2,322	**894**	726
Other services				
– Deloitte Touche Tohmatsu in Australia	**493**	446	**436**	385
– Deloitte Touche Tohmatsu outside of Australia	**312**	1,696	**–**	–
	805	2,142	**436**	385
Total auditors' remuneration	**4,067**	4,464	**1,330**	1,111
Other services comprise:				
– internal audit	**–**	25	**–**	25
– taxation strategy and compliance[a]	**227**	1,696	**–**	–
– completion audits	**25**	45	**–**	–
– accounting advice	**157**	46	**125**	30
– attest services[b]	**167**	–	**167**	–
– actuarial services	**–**	301	**–**	301
– other	**229**	29	**144**	29
	805	2,142	**436**	385

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

A$ MILLION

29 CONTRACTED LEASE AND HIRE EXPENDITURE

Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements:				
– land and buildings	**38.1**	95.6	**37.2**	56.9
– quarry and other raw material reserves	**–**	7.9	**–**	5.4
– plant and equipment	**11.4**	28.4	**11.0**	11.8
	49.5	131.9	**48.2**	74.1
Contracted lease and hire expenditure comprises:				
Operating leases:				
Non-cancellable payable				
– within 1 year	**14.3**	33.5	**14.0**	14.0
– between 1 and 2 years	**12.9**	23.3	**12.7**	12.0
– between 2 and 5 years	**17.2**	44.2	**16.9**	26.0
– after 5 years	**1.5**	16.1	**1.3**	7.7
	45.9	117.1	**44.9**	59.7
Other payable				
– within 1 year	**0.9**	3.8	**0.8**	3.5
– between 1 and 2 years	**1.0**	3.0	**0.9**	3.0
– between 2 and 5 years	**1.7**	6.9	**1.6**	6.8
– after 5 years	**–**	1.1	**–**	1.1
	3.6	14.8	**3.3**	14.4
Total operating lease and hire expenditure	**49.5**	131.9	**48.2**	74.1
Total minimum finance lease payments	**0.3**	3.9	**–**	–
Less amounts provided for in the financial statements				
– current lease liabilities	**0.1**	1.6	**–**	–
– non-current lease liabilities	**0.2**	2.3	**–**	–
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	**49.5**	131.9	**48.2**	74.1

The total of minimum rentals to be received in the future under non-cancellable subleases as at 31 March 2003 is not material. Contingent rentals for 2003 and 2002 financial years were not material. The leases on most of the company's rental premises contain renewal options. The company's decision to exercise renewal options is primarily dependent upon the level of business conducted at the location and the profitability thereof.

	CONSOLIDATED		CSR LIMITED	
A$ MILLION	**2003**	2002	**2003**	2002

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	**13.3**	26.0	**8.8**	6.6
Payable within one year – associate entities	**–**	3.6	**–**	–
Total contracted capital expenditure	**13.3**	29.6	**8.8**	6.6

31 RELATED PARTY INFORMATION

Transactions within the wholly-owned group
During the year, mainly to facilitate the demerger, CSR Limited sold certain businesses to other entities within the wholly-owned group. A number of contractual arrangements were entered into with Rinker Group Limited and its controlled entities (Rinker group) to facilitate the demerger. These arrangements were not necessarily on commercial terms and conditions. Amounts receivable from and payable to Rinker group as at 31 March 2003 are detailed in notes 10 and 19.

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 non-demerger transactions with related parties except for certain intragroup loans, are on commercial terms and conditions.

Other related parties
Other than transactions with Rinker group discussed above and associate entities disclosed in note 34, no material amounts were receivable from, or payable to, related parties as at 31 March 2003, and no material transactions with related parties occurred during the year.

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

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

Loans to directors
Aggregate repayments of A$nil million (2002: A$0.004 million) were received from the following directors of CSR Limited and its controlled entities during the financial year: B M Mann (2002: G Livingstone, B M Mann, S A Quay, P W Trimble).

Employee share plan interest-free loans to directors
Aggregate loans of A$0.031 million (2002: A$0.040 million) were made to, and aggregate repayments of A$0.222 million (2002: A$0.058 million) were received from, the following directors of CSR Limited and its controlled entities during the financial year:

M O Bateman, P J Bremner, A N Brennan, M B Buckland, J E Burman, M J Canny, K R Carew, A B Carlton, D J Collins, K N Commins, J H Crossley, J L Davies, M R Day, F T Dooley, G R Doyle, A P Driver, R E Elliott, J W Ellis, D J Ellis, I D Forrest, R G Gellweiler, F N Gosling, C J Grubb, R J Halbert, A P Hoskins, E K Ip, P G James, D C Lane, H F Leong, G Livingstone, N H Lowndes, 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, C W Power, J C Prior, S A Quay, M J Ring, D E Ryerson, I R Sampson, P A Simpson, E A Smith, M Sneddon, C T Soh, P D Stone, V C Thomas, D J Timms, P W Trimble, J F Vear, A R Vivian, S P Vlam, P G Wakeham, W H Webb, J B Wilcox.

Transactions with directors and director-related entities
Related entities of A Codina, a non-executive director of Rinker Materials Corporation, entered into a contract in August 1999, for the purchase of land from a controlled entity of Rinker Materials Corporation at a price of A$8,930,254 (US$5,685,000), which was based upon two independent valuations and which was secured by a mortgage of A$6,200,145 (US$3,947,000) at an interest rate of 10% per annum. For the year ended 31 March 2002, mortgage repayments of A$5,303,604 (US$2,819,926) were received. The mortgage was fully discharged on 31 August 2001. For the year ended 31 March 2002, interest of A$277,222 (US$141,383) was received on the mortgage and at 31 March 2002 there were no outstanding interest obligations. All interest and principal were received when due. For the year ended 31 March 2003, related entities of A Codina entered into a contract with a controlled entity of Rinker Materials Corporation to erect a building for the amount of A$778,210 (US$440,000). There were additions to the contract bringing the total amount to A$972,762 (US$550,000). The building is complete and payment was made in full as of 31 March 2003.

A Ireland, a former non-executive director with Rinker Materials Corporation, received A$159,179 (US$90,000) for consulting services to Rinker Materials Corporation (2002: US$90,000).

A related entity of M Lai, an executive director of CSR controlled entities, purchased goods valued at A$nil (2002: A$93,277) from, and sold goods valued at A$nil (2002: A$114,108) to, a CSR controlled entity.

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

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

	NUMBER OF SHARES 31 MARCH 2002	ACQUIRED	SOLD	**31 MARCH 2003**	NUMBER OF OPTIONS 31 MARCH 2002	ISSUED	LAPSED	EXERCISED	**31 MARCH 2003**
31 RELATED PARTY INFORMATION (CONTINUED)									
Shareholdings of directors and director-related entities									
John Arthur[a]	8,412	9,251	–	**17,663**					
John Ballard[a]	10,000	10,000	–	**20,000**					
Ian Blackburne	22,000	2,000	–	**24,000**					
Alec Brennan	568,220	470,561	(241,059)	**797,722**	400,000	–	–	(300,000)	**100,000**
David Clarke[a]	88,294	100,000	–	**188,294**	400,000	–	–	(100,000)	**300,000**
Carolyn Hewson[b]	19,776	3,828	–	**23,604**					
Peter Kirby[c]	1,085,216	945,049	(250,000)	**1,780,265**	675,000	–	–	(450,000)	**225,000**
John Morschel[a]	29,111	10,529	–	**39,640**					
John Wylie[b]	21,088	13,553	–	**34,641**					

a Balance at date of retirement, 11 April 2003.
b In April 2003, under the Employee Share Acquisition Plan, the following shares were acquired: Carolyn Hewson (2,200) and John Wylie (7,789).
c Balance at date of retirement, 31 March 2003.

32 SUPERANNUATION COMMITMENTS

CSR Limited and its controlled entities (CSR) participate in a number of superannuation funds in Australia, New Zealand and other countries where they operate. The funds provide benefits either on a defined benefit or cash accumulation basis, for employees on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. However, CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian Superannuation Guarantee legislation.

Asset backing
The assets of the funds were sufficient to satisfy all benefits which would have been vested in the event of termination of the funds, or in the event of the voluntary or compulsory termination of the employment of each employee.

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.

Harwood Superannuation Fund
In Australia, CSR group entities will participate in the Harwood Superannuation Fund (formerly CSR Australian Superannuation Fund) for those CSR group employees who are currently members of that fund and any new employees who become members of that fund. CSR Limited and Rinker Group Limited will each separately cover, in effect, 50% of the funding of the accrued defined benefit liabilities of the Harwood Superannuation Fund as at the demerger date, which will be revalued by the actuary at least annually. CSR Limited will be responsible for obligations with respect to benefits accrued after the demerger relating to individuals who are employed post demerger by CSR group companies.

A$ MILLION	ACCRUED BENEFITS	MARKET VALUE OF ASSETS	SURPLUS	VESTED BENEFITS	EMPLOYER CONTRIBUTIONS PAID	PAYABLE
Defined benefit funds sponsored by CSR						
Harwood Superannuation Fund – Defined Benefit Division[a b]	165.6	167.9	2.3	164.8	38.5	–
Monier PGH Superannuation Fund Defined Benefit Division[c]	47.9	54.0	6.1	47.6	3.0	0.3

a These amounts are calculated at 31 March 2003 based on the assumptions used for the last actuarial review which was performed on 30 June 2001 by R Paton FIA FIAA. These amounts represent the liabilities of the fund as at 31 March 2003. The fund is being split into two separate plans from the date of demerger.
b Actuarial Liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2003. As at 31 March 2003, the assets of the Harwood Superannuation Fund attributable to the Defined Benefit Division (DBD) were 101% of the corresponding actuarial liabilities. There is an enforceable obligation for CSR Limited and Rinker Group Limited to contribute such amounts as to ensure that the assets attributable to the DBD are not less than 120% of the amount required to meet the actuarial liabilities of the DBD. CSR Limited has made available to the Trustee of the Fund a bank guarantee to satisfy that commitment. Rinker Group Limited is required to cover, in effect, 50% of such obligations.
c Last actuarial review performed on 1 July 2002.

33 FINANCIAL INSTRUMENTS

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

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

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

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

As at 31 March 2003, CSR had no significant concentration of credit risk for derivative instruments with any single counterparty or group of counterparties. Concentrations of credit risk with respect to receivables are limited due to the large number of clients and markets in which CSR does business, as well as the dispersion across many geographic areas.

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

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

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

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

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

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

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

Commodity price risk exposures		PRINCIPAL / MATURITIES				NET FAIR VALUE	
A$ MILLION	AVERAGE PRICE[a]	1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY
2003							
Aluminium							
LME aluminium futures sell contracts[e]	**1,431.4[b]**	**7.1**	**42.9**	**–**	**50.0**	**2.4**	**–**
Aluminium commodity swaps[e]	**1,485.6[b]**	**200.9**	**233.2**	**–**	**434.1**	**36.7**	**–**
Raw sugar							
Commodity swaps[e]							
– US$ raw sugar	**8.31[c]**	**1.0**	**–**	**–**	**1.0**	**0.1**	**–**
– A$ raw sugar	**12.39[d]**	**1.0**	**–**	**–**	**1.0**	**–**	**–**
Total						**39.2**	**–**
2002							
Aluminium							
LME aluminium futures sell contracts[e]	1,488.7[b]	–	12.7	–	12.7	0.2	–
Aluminium commodity swaps[e]	1,533.4[b]	253.2	356.1	–	609.3	38.3	0.3
Raw sugar							
Commodity swaps[e]							
– US$ raw sugar	8.27[c]	12.1	1.2	–	13.3	4.4	–
– A$ raw sugar	12.46[d]	9.5	1.0	–	10.5	1.7	–
Total						44.6	0.3

a Average prices for the individual periods do not materially differ from the overall average price disclosed.
b United States dollars per metric tonne.
c United States cents per pound.
d Australian cents per pound.
e A$39.2 million (2002: A$44.3 million) of commodity contract gains have been deferred or not recognised as they relate to hedges of anticipated transactions. The expected timing of recognition based on the fair values at 31 March 2003 are 1 year or less A$23.9 million and 1 to 5 years A$15.3 million.

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

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

Other foreign exchange revenues are relatively small and policy only requires hedging a minimum amount of these exposures for a period of 12 to 18 months. Policy requires that foreign currency denominated purchases of capital equipment be fully hedged to the domestic currency to eliminate all such currency exposure. Similarly, policy also requires that foreign currency assets and liabilities are fully hedged to the relevant entity's domestic currency.

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

Foreign exchange risk exposure A$ MILLION	AVERAGE EXCHANGE RATE[a]	PRINCIPAL / MATURITIES 1 YEAR OR LESS	1 TO 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNT ASSET	CARRYING AMOUNT LIABILITY	NET FAIR VALUE ASSET	NET FAIR VALUE LIABILITY
2003									
US dollar									
Forward exchange rate agreements[b]									
Receive US$	**0.57**	**46.1**	**–**	**–**	**46.1**	**–**	**–**	**–**	**1.8**
Pay US$	**0.53**	**418.0**	**458.3**	**–**	**876.3**	**–**	**–**	**72.2**	**0.2**
NZ dollar									
Forward exchange rate agreements[b]									
Pay NZ$	**1.09**	**7.8**	**–**	**–**	**7.8**	**–**	**–**	**–**	**–**
Euro									
Forward exchange rate agreements[b]									
Receive Euro	**0.60**	**0.6**	**–**	**–**	**0.6**	**–**	**–**	**–**	**–**
Total						**–**	**–**	**72.2**	**2.0**
2002									
US dollar									
Forward exchange rate agreements[b]									
Receive US$	0.59	41.6	40.6	–	82.2	–	–	12.3	0.1
Pay US$	0.54	660.3	504.8	–	1,165.1	5.8	0.1	15.6	64.4
Currency options[b]									
Purchased US$ puts against A$	0.54	1.9	–	–	1.9	–	–	–	–
Sold US$ calls against A$	0.50	1.9	–	–	1.9	–	–	–	0.1
NZ dollar									
Forward exchange rate agreements[b]									
Pay NZ$	1.21	9.1	–	–	9.1	–	–	–	–
Cross currency interest rate swap									
Pay NZ$	1.14	38.7	–	–	38.7	0.1	0.1	2.7	–
Euro									
Forward exchange rate agreements[b]									
Receive Euro	0.61	2.9	–	–	2.9	–	–	0.1	–
Total						5.9	0.2	30.7	64.6

a Average rates for the individual periods do not materially differ from the overall average rates disclosed.
b A$70.2 million of foreign exchange contract gains (2002: A$33.9 million losses) have been deferred or not recognised as they relate to hedges of anticipated transactions. The expected timing of recognition based on the fair values at 31 March 2003 are 1 year or less A$31.7 million and 1 to 5 years A$38.5 million.

Net fair values A$ MILLION	CARRYING AMOUNT ASSET **2003**	2002	LIABILITY **2003**	2002	NET FAIR VALUE ASSET **2003**	2002	LIABILITY **2003**	2002
Other financial assets	**22.4**	40.2			**22.4**	40.2		
Current payables			**241.1**	745.3			**241.1**	745.3
Non-current payables			**1.5**	43.2			**1.5**	43.2
Total	**22.4**	40.2	**242.6**	788.5	**22.4**	40.2	**242.6**	788.5

33 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate sensitivity and risk management
CSR enters into a variety of derivative instruments in the management of interest rate exposure with the objective of obtaining lower funding costs and a more stable and predictable interest expense. CSR has a policy to maintain the percentage of fixed and variable rate debt within controlled limits. Interest rate swaps and options are entered into to maintain the mix of fixed and variable rate debt. The table below provides information about CSR's interest rate exposure and should be read in conjunction with notes 19 and 20.

Interest rate risk exposure A$ MILLION	WEIGHTED AVERAGE TERM IN YEARS	WEIGHTED AVERAGE RATE % PA[a]	PRINCIPAL / MATURITIES 1 YEAR OR LESS	PRINCIPAL / MATURITIES 1 TO 5 YEARS	PRINCIPAL / MATURITIES OVER 5 YEARS	TOTAL	CARRYING AMOUNT ASSET	CARRYING AMOUNT LIABILITY	NET FAIR VALUE ASSET	NET FAIR VALUE LIABILITY
2003										
Long-term debt										
Fixed rate US$ debt	**22.3**	**7.7**	**–**	**–**	**0.2**	**0.2**	**–**	**0.2**	**–**	**0.2**
Floating rate A$ debt[b]	**3.0**	**5.1**	**87.5**	**175.5**	**–**	**263.0**	**–**	**263.0**	**–**	**262.7**
Floating rate THB debt	**1.8**	**–**	**–**	**9.5**	**–**	**9.5**	**–**	**9.5**	**–**	**9.2**
Unsecured other A$ debt	**26.1**	**–**	**–**	**–**	**22.5**	**22.5**	**22.5**	**–**	**22.5**	**–**
Short-term debt										
Floating rate A$ debt	**–**	**–**	**0.5**	**–**	**–**	**0.5**	**–**	**0.5**	**–**	**0.5**
Floating rate NZD debt	**–**	**–**	**0.9**	**–**	**–**	**0.9**	**–**	**0.9**	**–**	**0.9**
Floating rate SGD debt	**0.1**	**1.1**	**2.4**	**–**	**–**	**2.4**	**–**	**2.4**	**–**	**2.4**
Amount owing to Rinker group	**–**	**–**	**315.5**	**–**	**–**	**315.5**	**–**	**315.5**	**–**	**315.5**
Non-current payables and other	**–**	**–**	**–**	**1.5**	**–**	**1.5**	**–**	**1.5**	**–**	**1.5**
Cash at bank and on deposit (net of overdraft)	**–**	**–**	**366.1**	**–**	**–**	**366.1**	**366.1**	**–**	**366.1**	**–**
Total							**388.6**	**593.5**	**388.6**	**592.9**
Interest rate derivatives										
Australian dollar interest rate swaps										
Fixed rate receiver against A$ bank bills	**0.3**	**5.8**	**10.0**	**–**	**–**	**10.0**	**–**	**–**	**–**	**–**
Total							**–**	**–**	**–**	**–**
2002										
Long-term debt										
Fixed rate US$ debt	8.5	7.3	–	842.0	437.8	1,279.8	–	1,296.8	–	1,332.9
Floating rate US$ debt	4.1	2.1	–	500.0	–	500.0	–	500.6	–	500.6
Floating rate THB debt	2.8	–	–	10.7	–	10.7	–	10.7	–	10.7
Short-term debt										
Fixed rate A$ debt	0.5	6.1	38.7	–	–	38.7	–	38.8	–	39.0
Fixed rate CNY debt	0.9	5.7	9.8	–	–	9.8	–	9.9	–	9.9
Fixed rate MYR debt	0.2	8.0	20.4	–	–	20.4	–	20.5	–	20.5
Floating rate US$ debt	–	–	5.8	–	–	5.8	–	5.8	–	5.8
Floating rate A$ debt	–	–	3.0	–	–	3.0	–	3.0	–	3.0
Floating rate NTD debt	–	1.9	21.7	–	–	21.7	–	21.7	–	21.7
Floating rate SGD debt	0.3	1.6	4.6	–	–	4.6	–	4.6	–	4.6
Non-current payables and other	–	–	–	43.4	–	43.4	–	43.4	–	43.4
Cash at bank and on deposit (net of overdraft)	–	–	156.6	–	–	156.6	156.6	–	156.6	–
Total							156.6	1,955.8	156.6	1,992.1
Interest rate derivatives										
US dollar interest rate swaps										
Fixed rate payer against LIBOR	1.3	5.7	94.6	141.9	–	236.5	0.1	0.2	–	6.4
Fixed rate receiver against LIBOR	1.9	6.9	–	189.2	–	189.2	1.1	0.4	10.1	–
US dollar interest rate basis swaps										
Floating rate payer against US$ LIBOR	1.9	2.1	–	94.6	–	94.6	0.2	0.2	–	0.1
US dollar interest rate swaptions										
US$ interest rate swaptions purchased	0.1	5.2	94.6	–	–	94.6	–	–	–	0.3
US$ interest rate swaptions sold	0.1	4.6	94.6	–	–	94.6	–	–	0.2	–
Australian dollar interest rate swaps										
Fixed rate receiver against A$ bank bills	1.1	6.0	10.0	10.0	–	20.0	0.1	–	0.2	–
Total							1.5	0.8	10.5	6.8

a Average rates for the individual periods do not materially differ from the overall average rates disclosed.
b Maturities based on the maturity date, not the re-pricing date. This debt will be refinanced using existing standby facilities.

34 EQUITY ACCOUNTING INFORMATION

Name of entity	Principal activity	Ownership interest 2003 %	Ownership interest 2002 %	Carrying amount 2003 A$ million	Carrying amount 2002 A$ million
Australian Cement Holdings Pty Ltd[a b]	cement manufacture	–	50	–	136.9
Metromix Pty Ltd[a]	pre-mixed concrete	–	50	–	13.4
Rondo Pty Ltd	building products	**50**	50	**4.5**	4.4
Enviroguard Pty Ltd	waste management	**50**	50	**5.1**	5.1
New Zealand Sugar Company Limited	sugar refining	**50**	50	**19.8**	19.8
C. Czarnikow Limited[c]	sugar brokering	**43**	43	**12.0**	10.7
Other immaterial associates				–	0.8
Associate entities				**41.4**	191.1
Sugar Australia joint venture[b]	sugar refining	**50**	50	**97.0**	102.5
CSR Emoleum[a c]	road resurfacing	–	50	–	19.2
Other immaterial partnerships[a]				–	3.8
Partnerships				–	23.0
Total investments accounted for using the equity method				**138.4**	316.6

A$ MILLION	Consolidated 2003	Consolidated 2002
Equity accounted amount of investments at the beginning of the financial year	**316.6**	334.8
Share of associate entities' profit from ordinary activities before income tax	**72.3**	61.5
Share of income tax	**(19.0)**	(16.1)
Dividends and distributions received	**(66.9)**	(51.8)
Additional capital investment	**0.5**	–
Acquisition of new associate entity	**9.2**	–
Acquisition by CSR of a controlling interest	–	(11.8)
Demerged associate entities	**(172.5)**	–
Foreign currency translation and other	**(1.8)**	–
Equity accounted amount of investments at the end of the financial year	**138.4**	316.6
Share of reserves attributable to associate entities		
Retained profits[d]	**37.7**	49.1
Asset revaluation reserves[d]	**0.5**	0.5
Summarised financial position of associate entities		
Assets		
– cash assets	**58.1**	61.2
– other current assets	**243.2**	468.7
– property, plant and equipment	**189.7**	599.1
– other non-current assets	**16.8**	27.6
Liabilities		
– current payables	**(83.9)**	(171.5)
– current borrowings and other liabilities	**(94.3)**	(149.1)
– non-current liabilities	**(38.7)**	(197.2)
Net assets	**290.9**	638.8

a Demerged on 28 March 2003.

b CSR's share of revenue from Australian Cement Holdings was A$200.6 million (2002: A$182.0 million) and share of expenses was A$180.4 million (2002: A$161.1 million). CSR's share of revenue from Sugar Australia was A$197.1 million (2002: A$212.8 million) and share of expenses was A$185.1 million (2002: A$203.6 million).

c The year end is 31 December.

d Opening balances as at 1 April 2001 were retained profits A$50.6 million and asset revaluation reserves A$0.5 million.

A$ MILLION	CONSOLIDATED 2003	CONSOLIDATED 2002	CSR LIMITED 2003	CSR LIMITED 2002
34 EQUITY ACCOUNTING INFORMATION (CONTINUED)				
Balances and transactions with associate entities				
Current loans and receivables	**19.5**	46.1	**8.4**	22.9
Non-current loans and receivables	**7.4**	16.1	**3.5**	16.1
New loans and receivables	**24.1**	77.9	**13.0**	40.7
Loans and receivables repaid	**21.4**	46.8	**3.9**	29.8
Current payables	**0.5**	32.7	**0.5**	32.7
Purchases of goods and services	**159.0**	134.6	**97.0**	134.6
Sales of goods and services	**49.7**	43.3	**49.7**	43.3
Capital repaid	**0.8**	–	**–**	–
Dividends and distributions received and receivable	**66.9**	51.8	**19.0**	–

	DATE ACQUIRED/DISPOSED	%	CONSIDERATION	NET TANGIBLE ASSETS
35 ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES				
Controlled entities acquired[a]				
Kiewit Materials Company	26 September 2002	100[b]	996.9	303.2
Premier Ceilings (WA) Pty Ltd	1 April 2002	67	–	0.2
Businesses acquired during the year[c]			3.9	1.3
			1,000.8	304.7

			PROFIT ON DISPOSAL	NET TANGIBLE ASSETS
Controlled entities disposed excluding demerged entities[a]				
U-Liner Mid-America, Inc.	1 August 2002	100	0.7	8.4
Businesses disposed during the year[c]			0.4	23.6
			1.1	32.0
Controlled entities demerged[d]			1,475.0	1,530.2

	DEMERGED ENTITIES 2003	CONSOLIDATED ACQUISITIONS 2003	CONSOLIDATED ACQUISITIONS 2002	CONSOLIDATED DISPOSALS 2003	CONSOLIDATED DISPOSALS 2002
Value of net assets of controlled entities and businesses demerged/acquired/disposed					
Cash assets	**184.8**	**34.4**	–	**–**	–
Cash available from CSR Limited	**255.3**	**–**	–	**–**	–
Receivables	**785.6**	**124.1**	6.2	**4.0**	–
Inventories	**388.2**	**27.1**	10.3	**9.6**	1.1
Other current assets	**37.6**	**5.4**	0.2	**–**	–
Investments	**172.5**	**9.2**	–	**–**	–
Property, plant and equipment	**2,675.5**	**303.6**	86.6	**20.3**	28.2
Intangibles	**38.0**	**0.5**	–	**1.1**	–
Other non-current assets	**305.3**	**17.7**	–	**0.3**	–
Payables	**(646.2)**	**(100.5)**	(8.1)	**(2.2)**	–
Interest-bearing liabilities	**(2,019.9)**	**(5.9)**	–	**–**	–
Provisions and tax liabilities	**(591.6)**	**(108.0)**	(0.7)	**–**	–
Outside equity interests	**(16.9)**	**(2.4)**	–	**–**	–
	1,568.2	**305.2**	94.5	**33.1**	29.3
Goodwill acquired/disposed	**1,455.6**	**696.4**	64.0	**1.5**	–
	3,023.8	**1,001.6**	158.5	**34.6**	29.3
Demerger/acquisition/divestment expenses	**74.2**	**(0.8)**		**–**	–
Profit on disposal	**1,475.0**			**1.1**	–
Total consideration	**4,573.0**	**1,000.8**	158.5	**35.7**	29.3
Cash balances acquired/disposed		**(34.4)**	–	**–**	–
Gove Aluminium Ltd sale hedge costs		**–**	–	**–**	(27.2)
Change in capital receivables and payables		**5.4**	–	**36.1**	13.4
Total flow of cash		**971.8**	158.5	**71.8**	15.5

a Operating results of the entities acquired (disposed) are included in the statement of financial performance from the date acquired (up to the date disposed).
b Acquired 100% of the holding company Kiewit Materials Company, which owns some non 100% owned controlled entities with outside equity interests.
c Businesses acquired (disposed) during the year, which were mainly in Rinker Materials Corporation, have been absorbed into (deducted from) the existing Rinker group company structure.
d For details of controlled entities demerged, refer to note 37.

36 PARTICULARS RELATING TO CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	% CSR OWNERSHIP 2003	2002
Parent entity			
CSR Limited	Australia		
ALC Las Vegas Mining Claims, LLC[d,e]	USA	**–**	–
Amalgamated Sugar Mills Pty Ltd	Australia	**100**	100
American Limestone West, LLC[e]	USA	**–**	100
ARC Management Company, Inc[e]	USA	**–**	100
ARC Materials Corporation[e]	USA	**–**	100
Austocean Pty Ltd[c]	Australia	**–**	100
Australian Blue Metal Ltd[b]	Australia	**100**	100
Ballestrin Concrete Constructions Pty Ltd[e]	Australia	**–**	100
Bettaform Constructions Pty Ltd[e]	Australia	**–**	100
BI (Australia) Pty Ltd	Australia	**100**	100
BI (Contracting) Pty Ltd	Australia	**100**	100
BI Holdings Australia Pty Ltd	Australia	**100**	100
Bradford Holdings, Inc	Canada	**100**	100
Bradford Insulation Industries Pty Ltd	Australia	**100**	100
Bradford Insulation (M) Sdn Bhd	Malaysia	**100**	100
Brimik Pty Ltd[b]	Australia	**100**	100
Buchanan Borehole Collieries Pty Ltd	Australia	**100**	100
Chang Chien Engineering Co., Ltd	Taiwan	**100**	100
Chang Yuan Enterprises Ltd[b]	Taiwan	**100**	100
Chelsea Estates NZ Pty Ltd (formerly Chelsea Estates Ltd)	Australia	**100**	100
Chelsea Nominees Ltd	New Zealand	**100**	100
CSR-SYC Hebel Taiwan Co, Ltd	Taiwan	**100**	100
CSR Bradford Air (M) Sdn Bhd	Malaysia	**100**	100
CSR Building Materials (HK) Ltd	Hong Kong	**100**	100
CSR Building Materials (M) Sdn Bhd	Malaysia	**70**	70
CSR Building Materials (NZ) Ltd	New Zealand	**100**	100
CSR Building Materials Trading (Shanghai) Co., Ltd[d]	China	**100**	
CSR Building Systems (M) Sdn Bhd	Malaysia	**70**	70
CSR Climate Control (M) Sdn Bhd	Malaysia	**70**	70
CSR Concrete Products Co., Ltd[b]	Taiwan	**85**	85
CSR Developments Pty Ltd (formerly CSR Investments PNG Pty Ltd)	Australia	**100**	100
CSR Distilleries Operations Pty Limited	Australia	**100**	100
CSR Emoleum Services Pty Ltd[e]	Australia	**–**	100
CSR Ethanol Pty Ltd	Australia	**100**	100
CSR Finance Limited	Australia	**100**	100
CSR Guangdong Glasswool Co., Ltd	China	**79**	79
CSR Gypsum Products (UK) Ltd	UK	**100**	100
CSR Hebel Australia Pty Ltd	Australia	**100**	100
CSR Humes Pty Ltd[b]	Australia	**100**	100
CSR Humes (UK) Limited	UK	**100**	100
CSR Insulation (Thailand) Limited	Thailand	**100**	100
CSR Insurance Pte Limited	Singapore	**100**	100
CSR International Pty Ltd	Australia	**100**	100
CSR Investments Pty Ltd	Australia	**100**	100
CSR Investments (Asia) Pty Ltd	Australia	**100**	100
CSR Investments (Indonesia) Pty Ltd	Australia	**100**	100
CSR Investments (Taiwan) Pty Ltd	Australia	**100**	100
CSR Investments (Thailand) Pty Ltd	Australia	**100**	100
CSR Plane Creek Pty Ltd	Australia	**100**	100
CSR Readymix (Australia) Pty Ltd[b]	Australia	**100**	100
CSR Readymix (Qld) Pty Ltd	Australia	**100**	100
CSR South East Asia Pte Ltd	Singapore	**100**	100
CSR Sugar Investments Pty Ltd	Australia	**100**	100
CSR Sugar Pty Ltd	Australia	**100**	100
CSR Sugar (Herbert) Pty Ltd	Australia	**100**	100
CSR Sugar (Invicta) Pty Ltd	Australia	**100**	100
CSR Sugar (Kalamia) Pty Ltd	Australia	**100**	100
CSR Taiwan Co., Ltd	Taiwan	**100**	100
CSR Travel Pty Ltd[b]	Australia	**100**	100
CSR (Guangdong) Rockwool Co., Ltd	China	**70**	70
CSR (Pioneer Sugar) Pty Ltd	Australia	**100**	100
CSR (Tianjin) Readymix Co., Ltd[e]	China	**–**	70
CSR (UK) Holdings[c]	UK	**–**	100
F & L (Qld) Pty Ltd	Australia	**100**	100
Farley & Lewers Ltd	Australia	**100**	100
FCS Las Vegas Mining Claims, LLC[d,e]	USA	**–**	–
FEP Bricks Pty Ltd (formerly CSR Bricks Pty Ltd)[c]	Australia	**–**	100
FEP Colourtile Pty Ltd	Australia	**100**	100
FEP Construction Holdings Pty Ltd	Australia	**100**	100
FEP SE Asia Pty Ltd (formerly CSR SE Asia Pty Ltd)[c]	Australia	**–**	100
Florida Crushed Stone Company[e]	USA	**–**	100
Fort Calhoun Stone Company[e,f]	USA	**–**	–
Gove Aluminium Finance Ltd	Australia	**70**	70
Guernsey Stone Company[e,f]	USA	**–**	–
Gyprock Holdings Pty Ltd	Australia	**100**	100
Havelock Food Products Pty Ltd	Australia	**100**	100
HCC Las Vegas Mining Claims, LLC[d,e]	USA	**–**	–
Hydro Conduit Corporation[e]	USA	**–**	100
Hydro Conduit Management Company, Inc.[e]	USA	**–**	100
Hydro Conduit of Texas, LP[e]	USA	**–**	100
Hydro Investments, Inc.[e]	USA	**–**	100
KMC Las Vegas Mining Claims, LLC[d,e]	USA	**–**	–
LV Western Mining Claims, LLC[d,e]	USA	**–**	–
Marana Golf, Inc.[e,f]	USA	**–**	–
Midalco Pty Ltd	Australia	**100**	100
Mili, LLC[e]	USA	**–**	100
Monier PGH Holdings Limited	Australia	**100**	100
Northwest Materials Holding Company[e,f]	USA	**–**	–
Oxi, LLC[e]	USA	**–**	100
Oxi Golf, LLC[e]	USA	**–**	50
Ozsands International Pty Ltd	Australia	**100**	100
Pacific Rock Products, LLC[e,f]	USA	**–**	–
Pacific Rock Products Trucking, LLC[e,f]	USA	**–**	–
Pioneer Sugar Mills Pty Ltd	Australia	**100**	100
Pipe Liners, Inc[e]	USA	**–**	100
Plaster Castings Pty Ltd[c]	Australia	**–**	100
Premier Ceilings (WA) Pty Ltd	Australia	**67**	50
PT Prima Karya Plasterboard	Indonesia	**100**	100
Pyneboard Pty Ltd	Australia	**100**	100
Quality Ready Mix, Inc.[e,f]	USA	**–**	–
Queensland Sugar Power Pool Pty Ltd	Australia	**82**	82
Ready Mixed Concrete Ltd	Australia	**100**	100
Readymix Holdings Pty Ltd[e]	Australia	**–**	100
Readymix Properties Pty Ltd (formerly Humes Australia Pty Ltd)[e]	Australia	**–**	100
Readymix Roads Group Pty Ltd (formerly Readymix Australia Pty Ltd)[e]	Australia	**–**	100
Refined Sugar Services Pty Limited	Australia	**100**	100
Richter Drilling Pty Ltd[c]	Australia	**–**	100
Rinker Group Limited (formerly CSR Investments Overseas Ltd)[e]	Australia	**–**	100
Rinker Group Share Plan Pty Ltd (formerly Roads Holdings Pty Ltd)[e]	Australia	**–**	100
Rinker Management Company, Inc[e]	USA	**–**	100
Rinker Materials Corporation[e]	USA	**–**	100
Rinker Materials Foreign Sales Corporation[e]	US Virgin Is	**–**	100
Rinker Materials Leasing LLC (formerly Kiewit Materials Leasing LLC)[e,f]	USA	**–**	–
Rinker Materials Nevada, Inc.[e]	USA	**–**	100
Rinker Materials of Florida, Inc.[e]	USA	**–**	100
Rinker Materials Polypipe, Inc.[e]	USA	**–**	100
Rinker Materials South Central, Inc (formerly American Limestone Company, Inc)[e]	USA	**–**	100
Rinker Materials Steel Framing, Inc.[e]	USA	**–**	100
Rinker Materials West, LLC[e]	USA	**–**	100
Rinker Materials Western, Inc. (formerly Kiewit Materials Company)[e,f]	USA	**–**	–
Rinker Modular Systems, LLC[e]	USA	**–**	50
Rivarol Pty Ltd	Australia	**100**	100
RMF Las Vegas Mining Claims, LLC[d,e]	USA	**–**	–
Sellars Holdings Ltd[b]	Australia	**100**	100
Seltsam Pty Ltd	Australia	**100**	100
Shelf Drilling Pty Ltd	Australia	**100**	100
SKCOR, L.L.C.[e]	USA	**–**	100
Solano Concrete Co., Inc.[e,f]	USA	**–**	–
Spuncon Pty Ltd[c]	Australia	**–**	100
Steel Construction Systems[e]	USA	**–**	55
Stonelea, LLC[e]	USA	**–**	100
Sunrock Quarries Pty Ltd[b]	Australia	**100**	100
Superior Drainage, LLC[e]	USA	**–**	100
Tanner Companies (Yuma), Inc.[e,f]	USA	**–**	–
The Forestry Pulp & Paper Company of Australia	Australia	**100**	100
The Haughton Sugar Co Pty Limited	Australia	**100**	100
The Readymix Group (Australia) Ltd[b]	Australia	**100**	100
Thiess Bros Pty Ltd	Australia	**100**	100
Thiess Holdings Pty Ltd	Australia	**100**	100
Twin Mountain Rock Company[e,f]	USA	**–**	–
Twin Mountain Rock Venture[e,f]	USA	**–**	–
U-Liner Mid-America, Inc[a]	USA	**–**	100
United Metro Materials, Inc.[e,f]	USA	**–**	–
Upline Holdings Pty Ltd	Australia	**100**	100
Waterford Sands Pty Ltd[b]	Australia	**100**	100
West Moreton Industries Pty Ltd[b]	Australia	**100**	100
Western Equipment Co.[e,f]	USA	**–**	–
Wilson Concrete Company[e]	USA	**–**	100
Woodland Pty Ltd	Australia	**100**	100
WPB Las Vegas Mining Claims, LLC[d,e]	USA	**–**	–

a Controlled entity disposed during the year.
b In voluntary liquidation.
c Controlled entity liquidated during the year.
d Controlled entity incorporated during the year.
e Controlled entity demerged on 28 March 2003.
f Controlled entity acquired during the year.

37 DISCONTINUED OPERATIONS

On 19 November 2002, the directors announced a demerger of Rinker Group Limited from the CSR group. The demerger of Rinker Group Limited from CSR was approved by shareholders in an Extraordinary General Meeting on 25 March 2003, and court approval was obtained on 28 March 2003. The effective date of the demerger was 28 March 2003 when CSR ceased to control Rinker Group Limited. The businesses demerged were essentially Rinker Materials Corporation (operating in the United States) and Readymix (operating in Australia and Asia) segments (refer to note 1). This has resulted in the formation of two strong groups:

– Rinker group: an international heavy building materials group of companies which is better able to participate in the ongoing consolidation of the international heavy building materials industry; and

– CSR group: an Australian diversified industrial group of companies with a strong portfolio of businesses which is better able to capitalise on its growth opportunities while distributing a higher proportion of its profits as dividends than it does currently.

The demerger is expected to help Rinker group and CSR pursue their respective strategies more effectively, focus on their strengths and, over time, deliver additional value to shareholders.

The financial information for the businesses that comprise the Rinker group from 28 March 2003 (and the 31 March 2002 comparative) is as follows:

A$ MILLION	**2003**	2002
Financial performance information for the year ended 31 March		
Trading revenue – sale of goods	**5,231.7**	5,041.0
Cost of sales	**(3,125.5)**	(3,017.1)
Warehouse and distribution costs	**(932.2)**	(887.2)
Selling costs	**(98.2)**	(93.4)
Administration and other operating costs[a]	**(439.2)**	(437.4)
Share of partnerships net loss	**(0.3)**	(0.3)
Share of associate entities' net profit	**24.6**	23.5
Operating profit	**660.9**	629.1
Other revenue from ordinary activities	**129.7**	84.2
Other expenses from ordinary activities	**(92.7)**	(67.9)
Dividend income from others	**0.2**	0.3
Profit from ordinary activities before finance and income tax	**698.1**	645.7
Interest income	**0.6**	1.4
Borrowing costs[b]	**(86.7)**	(89.5)
Profit from ordinary activities before income tax	**612.0**	557.6
Income tax expense relating to ordinary activities	**(220.5)**	(202.4)
Net profit	**391.5**	355.2
Net profit attributable to outside equity interests	**(2.4)**	(0.7)
Net profit attributable to members of Rinker Group Limited	**389.1**	354.5

a Includes an allocation of corporate costs of A$13.4 million before tax.
b Group borrowing costs for the year less amount allocated to CSR (based on a net debt of A$225 million each year).

Cash flow information for the year ended 31 March		
Cash inflow from operating activities	**912.7**	868.4
Cash outflow from investing activities	**(1,083.6)**	(394.1)
Cash inflow (outflow) from financing activities	**332.6**	(502.8)
Total cash inflow (outflow)	**161.7**	(28.5)

A$ MILLION	UNITED STATES	AUSTRALIA	ASIA	TOTAL
Geographical segment financial performance information for the year ended 31 March 2003[c]				
Revenue from ordinary activities	**4,311.1**	**980.3**	**70.8**	**5,362.2**
Expenses from ordinary activities	**(3,822.6)**	**(862.5)**	**(65.1)**	**(4,750.2)**
Profit before income tax	**488.5**	**117.8**	**5.7**	**612.0**
Income tax expense	**(192.8)**	**(27.1)**	**(0.6)**	**(220.5)**
Outside equity interests	**(0.6)**	**–**	**(1.8)**	**(2.4)**
Net profit attributable to members of Rinker Group Limited	**295.1**	**90.7**	**3.3**	**389.1**

A$ MILLION	UNITED STATES	AUSTRALIA	ASIA	TOTAL
Geographical segment financial performance information for the year ended 31 March 2002[c]				
Revenue from ordinary activities	4,181.7	893.1	52.1	5,126.9
Expenses from ordinary activities	(3,704.3)	(815.1)	(49.9)	(4,569.3)
Profit before income tax	477.4	78.0	2.2	557.6
Income tax expense	(185.7)	(16.2)	(0.5)	(202.4)
Outside equity interests	(0.7)	0.6	(0.6)	(0.7)
Net profit attributable to members of Rinker Group Limited	291.0	62.4	1.1	354.5
Geographical segment financial position information as at 31 March 2003[d]				
Assets	5,099.7	1,168.0	30.7	6,298.4
Liabilities	(2,967.1)	(275.6)	(15.0)	(3,257.7)
Net assets	2,132.6	892.4	15.7	3,040.7
Geographical segment financial position information as at 31 March 2002				
Assets	4,452.8	949.6	49.6	5,452.0
Liabilities	(2,366.5)	(223.0)	(58.4)	(2,647.9)
Net assets (liabilities)	2,086.3	726.6	(8.8)	2,804.1

c Refer to note 1 for business segment information for Rinker Group Limited, being the Rinker Materials Corporation and Readymix segments.
d Refer to note 35 for detailed financial position information.

	CONSOLIDATED		CSR LIMITED	
	2003	2002	**2003**	2002
38 CONTINGENT LIABILITIES				
Contingent liabilities, capable of estimation, arise in respect of the following categories:				
Performance guarantees provided to third parties and other contingent liabilities	**3.8**	47.4	**3.8**	44.7
Guarantees given by CSR in respect of amounts borrowed by:				
CSR Finance Limited			**262.5**	282.7
Rinker Materials Corporation debt[a]	**499.1**	–	**499.1**	1,413.5
Total contingent liabilities	**502.9**	47.4	**765.4**	1,740.9

a Outstanding pre demerger guarantees on 2004 and 2005 Rinker Materials bonds now backed by bank guarantees for CSR's benefit for any payment obligations that are under CSR's guarantees.

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 2003, there were 578 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 2003, there were 3,115 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2003, CSR had resolved 124,000 claims in the United States, including resolution of 80,000 claims in mass settlements in West Virginia, Texas and Mississippi, and 1,332 claims in Australia.

There are uncertainties surrounding litigation in each of the United States and Australia. The incidence of asbestos related disease, the propensity of claimants to make formal demands on CSR, the amount of those demands and the presence of other defendants in litigation involving CSR impact the number and value of claims made against CSR.

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

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. No potential benefit from this litigation is included in the financial statements.

At 31 March 2003 a provision of A$332.3 million has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos related claims or the future impact on its financial condition. However, taking into account the provision already included in CSR's financial statements, 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.

Other contingent liabilities

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. Adequate provision has been made for all known claims and probable future claims that can be reliably measured.

DIRECTORS' DECLARATION

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

The directors declare that the financial statements and notes thereto:

(a) comply with Accounting Standards;

(b) give a true and fair view of the financial position and performance of the company and consolidated entity;

(c) are, in the directors' opinion, in accordance with the Corporations Act 2001.

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

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

Ian Blackburne

IAN BLACKBURNE
Chairman

Alec Brennan

ALEC BRENNAN
Managing director

20 May 2003

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 2003 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 and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

Audit opinion

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

(a) the Corporations Act 2001, including:

 (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 31 March 2003 and of their performance for the year ended on that date; and

 (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

HARLEY MCHUTCHISON
Partner
Chartered Accountants

Sydney
20 May 2003

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

AS AT 20 MAY 2003	MILLION	% OF TOTAL SHARES
20 LARGEST HOLDERS OF ORDINARY FULLY PAID SHARES		
J P Morgan Nominees Australia Limited	113.73	12.04
National Nominees Limited	92.27	9.77
Westpac Custodian Nominees Limited	81.58	8.64
RBC Global Services Australia Nominees Pty Limited	65.44	6.93
Citicorp Nominees Pty Limited	20.22	2.14
Commonwealth Custodial Services Limited	18.35	1.94
AMP Life Limited	18.29	1.94
Queensland Investment Corporation	17.18	1.82
ANZ Nominees Limited	12.09	1.28
RBC Global Services Australia Nominees Pty Limited	11.99	1.27
Cogent Nominees Pty Limited	11.93	1.26
ING Life Limited	11.70	1.24
NRMA Nominees Pty Limited	10.02	1.06
RBC Global Services Australia Nominees Pty Limited	8.80	0.93
MLC Limited	8.12	0.86
Citicorp Nominees Pty Limited	7.22	0.76
Cogent Nominees Pty Limited	6.97	0.74
Australian Foundation Investment Company Limited	6.24	0.66
Westpac Custodian Nominees Limited	6.07	0.64
HSBC Custody Nominees (Australia) Limited	5.86	0.62
Total	534.07	56.54

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

Perpetual Trustees Australia Limited advised that at 14 May 2003 it and its associates had a relevant interest in 96.65 million shares, which represented 10.23% of CSR's total issued capital.

Maple-Brown Abbott Limited advised that at 1 July 2002 it and its associates had a relevant interest in 49.20 million shares, which represented 5.25% of CSR's total issued capital.

	LISTED FULLY PAID SHARES WITH FULL VOTING RIGHTS			
AS AT 20 MAY 2003	SHAREHOLDERS	%	SHARES	%
DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDINGS				
Registered address[a]				
Australia	105,851	95.1	933,741,280	98.8
New Zealand	2,799	2.5	6,363,667	0.7
UK	677	0.6	1,594,773	0.2
USA	1,297	1.2	776,337	0.1
Other	720	0.6	2,192,049	0.2
	111,344	100.0	944,668,106	100.0
Size of holding				
1 – 99	3,005	2.7	105,269	–
100 – 1,000	45,810	41.2	22,886,366	2.4
1,001 – 5,000	48,806	43.8	118,534,709	12.6
5,001 – 10,000	8,999	8.1	63,571,940	6.7
10,001 – 100,000	4,513	4.1	88,184,100	9.3
100,001 – 1,000,000	157	0.1	41,678,745	4.4
1,000,001 – 5,000,000	31	–	59,983,707	6.4
5,000,001 and over	23	–	549,723,270	58.2
	111,344	100.0	944,668,106	100.0

a About 80% 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 17 July 2003
The Westin Hotel, 1 Martin Place
Sydney

SHAREHOLDERS' TIMETABLE*

2003	
31 MAR	CSR YEAR END
20 May	Full year profit and final dividend announced
30 May	Shares begin trading ex dividend
5 Jun	Record date for determining shareholders' entitlement to final dividend payment
18 Jun	CSR annual report, notice of meeting and proxy form released
3 JUL	FINAL DIVIDEND PAID
15 Jul	Proxy returns close 10.00 am Sydney
17 Jul	Annual general meeting 10.00 am Sydney
30 SEPT	CSR HALF YEAR END
19 Nov	Half year profit and interim dividend announced
25 Nov	Shares begin trading ex dividend
1 Dec	Record date for determining shareholders' entitlement to interim dividend payment
15 DEC	INTERIM DIVIDEND PAID
15 Dec	Half year results summary released
2004	
31 MAR	CSR YEAR END

* Timing of events is subject to change.

CSR is committed to striving for a high standard of corporate governance, including reporting on the company's activities to its shareholders. The Australasian Report Awards recognised CSR's Annual Report 2002 with a gold award, our 22nd in 23 years, and our second, consecutive, special award for corporate governance.

SHAREHOLDER INFORMATION AND INQUIRIES

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

Computershare Investor Services
Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000 Australia

GPO Box 7045
Sydney NSW 1115 Australia

Telephone within Australia 1800 676 061
International +61 3 9615 5970
Facsimile (02) 8234 5050
International +61 2 8234 5050

E-mail
web.queries@computershare.com.au

INTERNET SERVICES FOR SHAREHOLDERS

Our internet site, www.csr.com.au, is an important means of keeping shareholders continuously informed about the company, including announcements to the Australian Stock Exchange.

The site also offers you regular updates of our share price and the shareholders' calendar as well as copies of news releases, financial presentations, and the annual, half yearly and annual general meeting reports. It also provides facts about CSR and information about our range of products and services.

INVESTORS LINK Through the *Investors* link service on our internet site, CSR shareholders can access standard forms (change of address, direct credit advice, request to consolidate holdings and more), check shareholding details and contact Computershare directly.

You can also use this link to register your e-mail address in order to receive all shareholder information electronically. In 2004, shareholders with registered e-mail addresses will be able to receive the notice of meeting for the annual general meeting by e-mail.

CSR'S ANNUAL REPORT is available online in both internet (HTML) and Adobe Acrobat PDF formats. The internet form is easier to read on your computer screen. The PDF version is convenient for printing the annual report as it appears in its published form and includes the financial report.

The notice of meeting for CSR's annual general meeting 2003 is also available on our internet site.

REMOVAL FROM MAILING LIST

Should you wish not to receive the annual report by mail, please notify the share registry, Computershare, in writing. An annual report election form can be downloaded from CSR's internet site using the *Investors* link service.

CHANGED YOUR ADDRESS?

If you change your address, please promptly notify the share registry, Computershare, in writing and signed – quoting your SRN/HIN and your old address, as security checks. A change of address advice form is available online by using the *Investors* link service.

DIRECT DIVIDEND DEPOSIT

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

If you subsequently change your bank account, please promptly notify the share registry in writing, quoting your SRN/HIN and include your signature.

TAX FILE NUMBER (TFN)

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

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

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 (ADRs). Each ADR represents four CSR fully paid ordinary shares. Holders receive all information sent to shareholders and receive their dividends in US$.

Inquiries: J P Morgan Service Center
PO Box 43013, Providence
RI 02940-3013 USA.

Domestic toll free phone (800) 990 1135
International +1 (781) 575 4328
Facsimile +1 (781) 575 4088

E-mail adr@jpmorgan.com

RECENT CSR DIVIDENDS

PAYMENT DATE	TYPE	A CENTS PER SHARE	FRANKING % / RATE IN DOLLAR
Jul 2001	Final	12	40% / 30 cents
Dec 2001	Interim	11	40% / 30 cents
Jul 2002	Final	13	70% / 30 cents
Dec 2002	Interim	11	70% / 30 cents
3 Jul 2003	Final	6*	70% / 30 cents

* Post-demerger of Rinker from CSR. Rinker has announced a final dividend of seven cents a share.

PRIVACY

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

INQUIRIES ABOUT CSR

For further inquiries about CSR, contact CSR Investor Relations or visit our internet site www.csr.com.au

CSR Investor Relations
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Chatswood NSW 2067 Australia

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E-mail investorrelations@csr.com.au

CSR'S MAJOR ANNOUNCEMENTS TO THE AUSTRALIAN STOCK EXCHANGE

KEEPING THE STOCK MARKET CONTINUOUSLY INFORMED

CSR immediately informs the Australian Stock Exchange of anything that may affect the company's share price. All announcements made by the company are available on the internet site www.csr.com.au

2002	
23 MAY	CSR net profit after tax and before significant items rises 9% to A$553 million in the year ended 31 March 2002.
10 JULY	Rinker Materials Corporation finalises negotiations to acquire Kiewit Materials Company, a major aggregates, concrete and asphalt company operating in western US. Pages 18 to 21.
26 SEPTEMBER	Rinker Materials successfully completes the US$540 million acquisition of Kiewit Materials.
19 NOVEMBER	CSR operating profit after tax for the half year ended 30 September 2002 is A$319 million, up 15% on the same period the previous year.
26 NOVEMBER	Australian Cement Holdings Pty Limited (50% CSR) will merge with Queensland Cement Limited (QCL) to form Australia's largest cement group – owned 50% by QCL's parent company, Holcim, and 25% each by CSR and Hanson plc. The merger is subject to regulatory approvals and due diligence. Page 22.

2003	
7 FEBRUARY	Demerger proposal announced for CSR to demerge the group's heavy building materials assets. The Federal Court of Australia approves: • the convening of meetings in Sydney on 25 March for shareholders to review the proposal • the dispatch of an explanatory booklet for shareholders. The demerger is discussed extensively throughout this annual report. References include pages 1 to 9, 18, 19, 24, 25 and 28 to 35.
10 FEBRUARY	CSR releases explanatory booklet for shareholders on the demerger proposal. The demerger is to result in two separate Australian companies, both listed on the Australian Stock Exchange. Eligible CSR shareholders will retain their CSR shares, plus receive one Rinker Group Limited (Rinker) share for each CSR share.
19 FEBRUARY	The Australian Competition & Consumer Commission advises that it will not oppose the merger of Australian Cement Holdings (50% CSR with Hanson plc) and Queensland Cement Limited, to form Australia's largest cement company.
25 MARCH	CSR shareholders overwhelmingly approve the demerger of Rinker from CSR.
28 MARCH	CSR receives Federal Court of Australia approval for the demerger of Rinker, the final formal step in the approval process.
20 MAY	CSR group (including Rinker) net profit after tax and before significant items is A$561 million for the year ended 31 March 2003, up 1%.

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