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Chairman, Dr Ian Blackburne
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Ladies and Gentlemen,

It's been a momentous week for CSR.

As you will have seen earlier in the week, we agreed to sell our sugar business, Sucrogen, to regional Asian agribusiness, Wilmar International for A$1.75 billion.

This is a company transforming transaction for CSR in line with our strategy to separate our very different businesses of Sugar and Building Products.

Your Board believes this sale is very much in the best interests of shareholders and our wider stakeholders in the business.

Today, I want to expand on this subject and provide you with some context to the Board's thinking and strategy. I will also invite our managing director, Jeremy Sutcliffe, to share some of his perspectives on the most recent developments.

FINANCIAL RESULT

First let me report on the year in review.
Pleasingly, we managed to improve underlying performance across most of our operations last year.
We had a very good year in Sugar with earnings improving by 62% on the back of higher prices and better reliability and performance in our seven sugar mills. This was made possible by the capital upgrade program we implemented over the past three years.
In Building Products, while our markets for residential housing and commercial construction in Australia/New Zealand were softer for most of the year, our earnings were steady on the previous year, at $115 million.
Our Aluminium earnings increased by 12 per cent benefitting from an increase in the unhedged price of aluminium towards the end of the year and lower operating costs at the Tomago aluminium smelter.
In Property, continued weak market conditions meant we delayed various transactions which reduced our earnings to $12.8 million.
So our overall group earnings before interest and tax (EBIT) - before significant items - increased by 14 per cent to $364.1 million.
Net profit after tax (before significant items) was up 29 per cent to $173.4 million.

Earnings per share (before significant items) were 12.7 cents compared to last year's 12.2 cents.
The improved underlying financial performance enabled the Board to declare an increased final dividend of 6 cents per share, compared to 1.5 cents last year. The total dividend for

the year was 8.5 cents per share compared to 7.5 cents per share paid last year, a payout ratio of 67%.

The reported profit result again includes the impact of significant or one-off items.

While these are not included in our underlying trading result, they are included in the reported result and when taken into account, this results in a reported net loss of $111.7 million.

The most significant of these items was the write-down of goodwill in the Viridian glass business of $250 million which was reported at the half year result.

We should have done much better with the integration of the Pilkington and DMS glass businesses, and in the implementation of the new fully-automated double glazed line at Clayton in Victoria, which were not delivered to the standard expected at CSR. The Board acted, making management changes at the half-year, but we remain very disappointed that Viridian has not yet added value for shareholders.

External market conditions have clearly deteriorated since we acquired the glass businesses in 2007 with lower levels of residential and commercial building activity and an appreciating Australian dollar impacting on the profitability in the business.

As a result, the further $250 million write-down of the goodwill of Viridian at the half year was in recognition that it will take us longer than we had anticipated to realise the full strategic value of that business.

Today, we are starting to turn performance around under new leadership.

Specifically we have separated the Primary Products (Upstream) business from the Glass Processing Services (Downstream) business and we put new General Managers in place. The two divisions are very different and they each report directly to the CEO of CSR Building Products, Rob Sindel, dramatically increasing the focus on both businesses.

We are beginning to win (or in some cases – regain) customers as our service consistency improves. The recent signing of a national agreement with a major window company is a validation of both this service improvement and the benefit of a national downstream network.

The recent improvement at Clayton has also enabled us to significantly reduce costs, with in excess of $7m annualised costs removed from that site alone, with no impact on customer service.

These milestones are encouraging, although we continue to temper expectations and remind shareholders that profit recovery will be slow until commercial construction markets return to normal levels.

Fundamentally Viridian remains a good business and very much part of our Buildings Products' portfolio and we are committed to restoring the profitability of the investment.

CREATING ADDITIONAL SHAREHOLDER VALUE

Ladies and Gentlemen, at last year's Annual General Meeting, I outlined CSR's intention to separate our two main businesses, CSR Building Products and Sucrogen.

I want to take just a few minutes to remind you why we believe a separation has the potential to create additional value for shareholders.

Our current structure at CSR includes a mix of very different businesses – Sugar, Building Products and Aluminium - under the one operating entity.

Quite simply, we believe that by simplifying the structure and having separately focused management of each business, we expect they will perform better over time. Each company will be able to pursue its own strategic agenda and adopt a structure which is tailored to its specific requirements.

We have been of this view for a long time, but before separation could be contemplated it was necessary to substantially remake the Sugar business. We added strong management, we invested capital in the business, we entered renewable generation and became more innovative in sweeteners. We also made significant changes following deregulation to improve our partnership with growers, and as world markets transformed themselves from an era of heavy protection, we put new price hedging mechanisms in place to give growers and ourselves more reliable income and cashflow.

By 2007 we felt that Sugar was now ready for an independent life. However, the global financial crisis intervened and it was not until this time last year that the Board was confident the time finally was right for separation.

A separation can be completed in a number of ways and initially the Board expressed a preference for a demerger, remembering the value CSR created through the successful demerger of the Rinker business in 2003.

A lot of work went into extensive due diligence and preparation, and it was our intention to recommend a demerger proposal to shareholders by 31 March this year.

Unfortunately, the initial decision of the Federal Court in February denied our application to convene a meeting of shareholders to consider and vote on the demerger proposal.

We believed this decision was wrong and we successfully appealed to the Full Federal Court in April. The Full Federal Court has set aside the February judgement and ordered that CSR could convene a meeting of its shareholders to consider the proposal.

It was around the time of the Full Court appeal that serious interest started to emerge from potential buyers of Sucrogen. In weighing up the relative merits of the demerger proposal and a trade sale option at the right price, the Board concluded that the trade sale option to Wilmar provides greater certainty to shareholders in terms of value and transaction execution which is why we have entered into the sale.

We are excited by the opportunity this offers to Sucrogen under new ownership, and by the strength it imparts to CSR as a focused building products company.

I want to make an additional comment about our due diligence process in coming to our decision on behalf of shareholders. This is particularly relevant given some of the commentary during the court process about CSR's asbestos liabilities.

CSR undertook a rigorous assessment in respect of both the demerger proposal and trade sale option in order to be satisfied that our future financial capacity after separation of Sucrogen would be adequate to satisfy our asbestos related liabilities.

CSR has responsibly met asbestos related claims for over 20 years. Quite simply, we would not even contemplate a proposal if the Board was not satisfied about CSR's ongoing ability to meet future claims.

In considering the demerger, it was important to ensure both businesses were appropriately capitalised and as part of that we successfully raised $375 million from our shareholders last October.

Once the sale to Wilmar completes, the Board will look at options for returning capital to our shareholders.

I would like to acknowledge our shareholders' support of the equity raising.

We were pleased to be the first company in Australia to introduce the concept of a simultaneous entitlement offer which effectively provides the same outcome for retail and institutional shareholders with respect to their entitlements.

A number of other Australian companies have subsequently adopted a similar approach to raising capital.

CONCLUSION

Ladies and Gentlemen, CSR has been active on a number of fronts in the past year and we are well placed.

Our underlying businesses have continued performing well in the first half and we are well positioned to capitalise on improving conditions across the core markets where we operate.

Longer term, we believe we can enhance value for our shareholders through a formal separation of our businesses, and we have now entered into an agreement to achieve that.

Unfortunately, the legal processes and dealing with potential buyers has taken much longer than anyone could have realistically anticipated and I want to especially acknowledge the patience and support of our shareholders as we worked to achieve a desired result.

On behalf of the Board, I would also like to acknowledge and thank CSR's employees across all of our businesses for their dedication during what has been an exceptionally busy year.

As you know, our previous Managing Director, Jerry Maycock, retired at the end of the financial year and I would like to acknowledge Jerry's contribution to CSR during a challenging period.

In seeking a replacement for Jerry, the Board felt this should be an interim appointment, given we had appointed strong management teams in both CSR Building Products and Sucrogen as we moved towards a formal separation of the businesses.

We were in the very fortunate position to have an experienced executive of Jeremy Sutcliffe's calibre on the Board as a non-executive director and we were delighted that Jeremy accepted the position as managing director for a period of up to 12 months from 1 April this year.

As it turns out, Jeremy's tenure should now be somewhat shorter than planned. In a few short months he has made a significant contribution to CSR and we are pleased that post the sale to Wilmar it is his intention to remain on the Board of CSR as a non-executive director.

It is now my pleasure to invite Jeremy to provide you with more information about the last few months and give you an overview of CSR's latest business performance and outlook.