ADDRESS TO SHAREHOLDERS
Chairman John Morschel
CSR LIMITED AGM

Thursday 18 July 2002

Good morning ladies and gentlemen. CSR has made excellent progress since last year's Annual General Meeting.

- We have moved further along in our mission - to be a focused, international heavy building materials group, delivering excellent returns for our shareholders
- Our US subsidiary, Rinker Materials Corporation, successfully bedded down the A$1.3 billion in acquisitions made during 2001
- We have just announced another major proposed acquisition, with the US$540 million bid by Rinker for Kiewit Materials Company in the US, and
- We have delivered another record profit (before significant items).

CSR delivered a net profit after tax of A$553 million for the year ended March 2002. This represents a strong growth in underlying profit of 7%. However, comparison with the company's 2001 profit after tax indicates that profit fell by 13%. The reason for this apparent contradiction is that the 2001 result included a large abnormal gain following the sale of our alumina business.

If you exclude that abnormal gain and various other one-offs in both years, there was strong growth in underlying profit, from A$478 million to A$512 million – up $34 million or 7%

- Sales revenue rose 9%
- Earnings before interest and tax (EBIT) rose slightly to A$926 million
- Return on funds employed rose to 15.5%
- Earnings per share rose 16% to 58.5 cents, and
- Operating cash flow was up 17% to almost A$1.2 billion

The final dividend was increased by 8% to 13 cents a share, and franking was increased to 70%. This brings the total dividend for the year to 24 cents.

Total shareholder returns, that is the share price gain plus dividends, grew 31% in the year to 31 March. Over the past three years, returns have grown an average of 30% per annum compound.

This compares well with our international building materials peers, if you look at CSR's performance relative to the global building materials indices for the three years ended June 2002. Total shareholder returns are important, because they reflect largely the market's assessment of our performance, and our strategy.

What is our strategy? In short, our focus is to reshape and grow the group around the core business of heavy building materials, in a way which delivers real value for our shareholders. By heavy building materials we mean aggregates, concrete, cement, concrete pipe and similar products.

Over the past four years, we have sold 22 businesses, such as Gove Alumina, timber and contract mining, for around A$1.5 billion. These businesses were either non-core or underperforming. The funds have been reinvested in heavy building materials businesses. The growth has centred on the United States, where our subsidiary, Rinker Materials Corporation, has made 24 acquisitions for around A$1.8 billion.

Rinker now delivers around two-thirds of CSR group profit, up from only 18% in 1995.

Our financial strength supports this growth. We have strong cash flows, conservative gearing and a strong balance sheet. Earlier this month, Rinker announced its US$540 million offer for Kiewit. If the bid is successful, this will be Rinker's 25th acquisition since 1998. It will extend Rinker's operations to the fast growing West and South West of the United States. Peter Kirby will talk more about this shortly.

Investors have responded positively to CSR's strategy and its execution, and the share price has grown strongly. But we are still undervalued relative to other building materials peers around the world. We need to close this value gap.

PORTFOLIO RESTRUCTURING

Last year we worked very hard to separate the sugar business via a trade sale. We attracted a number of interested parties, but unfortunately we could not conclude a deal at a price which created value for you, our shareholders. We remain positive about the long term future of this business and are currently implementing a comprehensive business improvement plan. Peter Kirby will talk more about that shortly.

When we presented our annual results in May, we also announced that we were looking at a possible demerger of the CSR group into two, Australian-listed companies.
A demerger could be a value adding alternative which could allow us to separate the group's different businesses and focus more effectively on the individual strengths of each of the resulting companies.

While there are other options, one alternative that we are looking at, that fits with our strategy, could be a heavy building materials company, focused on growth, and a high-yield company, comprising the other CSR group businesses.

It would also allow different types of investors to properly value the two companies. For example, some investors value growth companies very highly; others prefer high yield stocks.

A CSR demerger, if correctly structured and implemented, will facilitate investor choice and help close our current valuation gap. But we recognise that even following a demerger, the value gap will not close overnight. Similar transactions in Australia have taken around 12 months from the date of the restructure for valuation increases to be realised.

Demerger legislation is currently before Federal Parliament, and we are waiting to see the outcome before we make any decision. Provided the legislation is not delayed, and we are satisfied that a demerger is the right decision, we would expect to complete the transaction in the first half of 2003.

The other point I would like to make about the restructuring process in CSR over the past four years is that it has clearly created value for shareholders. It is easy to walk into a company and sell or spin off all the businesses you don't want.
It is much harder to create value as you do it. CSR has taken its time over the restructure. But it has added value for shareholders. We look at the possibility of a demerger with the same goal in mind.

CAPITAL MANAGEMENT

In addition to the restructure of CSR's portfolio of businesses, we have actively managed CSR's capital base over the past two years. We have bought back nearly 12 per cent of CSR's shares.

We have invested $555 million, at an average price of $4.92 a share. This has proved an extremely good investment and has helped lift our earnings per share and return on equity.

Corporate governance is a hot topic at present as a result of recent corporate failures both in Australia and overseas. HIH, Enron and Worldcom are cases that immediately spring to mind. All stakeholders, be they shareholders, customers or staff, need to place their trust in the people who manage and oversee their company.

Good corporate governance is critical to ongoing stakeholder trust. CSR is absolutely committed to continuous improvement in this area. This does not mean slavishly following the latest corporate governance trends, but it does mean an ongoing commonsense, critical review of what the best governance practices may be for CSR.
What is needed are the right people, supported by a system of checks and balances which ensures openness and transparency. If it can't be justified openly, it shouldn't be done!

We have outlined in our Annual Report, beginning at page 30, our corporate governance policies and how these work in practice. Following the intense debate in recent months, and with the insight provided by various commentators and regulators, I would like to spend a few minutes in summarising the key points of our corporate governance practices, to reassure you, our shareholders, that we are determined to ensure appropriate and high standards in this company.

1. Most importantly, you begin with the people. You need a culture of honesty and high integrity. The best Corporate Governance policy in the world will not be effective if it's being implemented by corrupt people. I am pleased to say that the board and our senior management team is composed of people whom I believe to be of the highest integrity and ethical standards. No matter how accomplished or successful a person may be, they will not be considered by CSR unless those qualities are present, and beyond question.

2. We have a Code of Business Conduct for all employees and directors, plus a range of other policies established by the Board to ensure highest standards of conduct.

3. Your Board comprises a clear majority of independent, non-executive, directors, who are independent both in substance and appearance. Non-executive directors chair all committees, and the Audit Committee, the Board Committee and the Remuneration and Human Resources Committee each comprise only non-executive directors.

4. Non executive directors have unrestricted access to company records and information. They also have direct access to employees during site inspections and other meetings. The Audit Committee has direct access to all employees (and the external auditors) without management influence.

5. The competence of directors to ask the right questions is critical. We put a lot of effort into education to ensure directors understand the business. In addition any director can obtain independent professional advice if required.

6. Our external auditors are appointed by the board, on the recommendation of the Audit Committee. The auditors report directly to the Audit Committee, and the board. The senior external audit partner is appointed for a maximum of five years, and no former auditors are employed at a senior level within CSR. The Audit Committee carefully scrutinises the independence of the external auditors, including the extent of non-audit work undertaken.

7. The remuneration of the company's senior management, including option and share incentives, is determined exclusively by the board, based on advice from independent experts nominated by the Remuneration & HR Committee. It is closely aligned with shareholder interests and benchmarked to performance.
   Remuneration is based on market conditions in the country concerned. Senior executive remuneration is fully disclosed, in the Annual Report.

8. All executive Director options are approved by the Board and shareholders, and have appropriate performance hurdles.

9. CSR share purchases or sales by executives and directors may only be made during three, one-month windows in each year, following the interim and annual results and the Annual General Meeting. This is in addition to the normal insider trading laws. All transactions by directors must be disclosed to the Australian Stock Exchange within five business days.

10. We take our continuous disclosure obligations extremely seriously, with rigorous internal systems in place to ensure compliance. Information is promptly posted on the company's website – including presentations to analysts, speeches, results and news releases. External briefings of analysts and media are closely monitored and are generally prohibited during the lead up to results announcements. Major briefings are webcast.

This list of course is not exhaustive. There are many other policies and processes in place which we believe are necessary to ensure adequate corporate governance standards at CSR. These are also continuously being improved and updated.

The Securities and Exchange Commission in the US is currently looking to tighten its corporate governance requirements for companies. I am pleased to say that CSR already complies with the substance of their proposed requirements.

I hope you will accept that we are committed to maintaining your trust and confidence.

There is a wide variety of experience represented by your directors and I believe we have worked well together during the year. An independent review of the Board's performance has recently been completed, and it is clear that the Board is operating very satisfactorily. There is of course always room for improvement and this year's review highlighted some relatively minor improvements which we will focus on in the coming year.

OUTLOOK

Finally, we remain cautiously optimistic about the year ahead. Trading for the first three months has been in line with expectations and activity levels in both the US and Australian building and construction markets remain sound. Nonetheless it is very early in the year and the international outlook, including currency and interest rate levels, remain uncertain.

Overall, we are pleased with the group's performance last year. On behalf of the Board, I would like to congratulate Peter Kirby and his team, and all employees, for their hard work and achievements. I would also like to thank my fellow directors for their contribution and support.

We look forward to further progress during the year ahead, both in regard to performance and the implementation of our strategy. We expect an exciting and productive year.

[ends]

ADDRESS TO SHAREHOLDERS
Managing Director Peter Kirby
CSR LIMITED AGM

Thursday 18 July 2002

Good morning ladies and gentlemen.

CSR is Australia's 2nd oldest company and we have been a part of Australia's growth for the past 147 years. CSR is number 25 by market capitalisation on the Australian Stock Exchange, and it is one of only a handful of public companies that have survived 100 years.

We have made good progress in the past few years. A poor performing conglomerate has been transformed into a more focused international heavy building materials group, creating significant shareholder value through improved performance and profitable growth.

About 3/4 of our sales are in heavy building materials and 2/3 of our profit now comes from the US. Let's look at our performance over time and compared with our worldwide competitors.

Profits have continued to grow. Earnings before interest and tax (EBIT) has exactly doubled in the past five years, to $926 million. Earnings per share has grown an average of 22% a year compound since 1997. Our people are more productive, with sales, profit and cashflow per employee increasing nicely.

Another important measure is return on funds employed (ROFE), which is impacted by the size and timing of acquisitions, and these usually take a year or so to start paying their way. Our ROFE trend is up.

Return on equity shows we are using shareholders' funds more effectively and producing a better return. It has more than doubled since 1997, but we want it still higher. If you look at our return on equity relative to our building materials peers around the world, CSR ranks around the middle. We are working hard to improve this.

Let's look at how we compare with our peers on other measures. On profit margins, that is EBIT to sales, we have improved and we are doing better than many integrated construction materials companies. We are closer to the major quarry and cement companies, which is good.

Net asset turnover is a measure of how hard we are working our assets. This graph shows we have improved considerably over the past five years. When we compare our asset turnover with our global competitors, you can see that we score well. It is harder for cement producers, which are very capital intensive, to do well on this measure.

Working our assets harder and rationing capital expenditure has materially improved CSR's performance.

Looking at return on funds employed – which is the outcome of profit margins and asset intensity – we have improved significantly and are now doing pretty well against our peers.

This graph shows that in buying CSR shares, you pay only $8.50 for every dollar of annual free cashflow -- whereas with Lafarge North America for example, you'll pay over $41. CSR looks to be very good value on this measure!

So how are we performing at the business level?

Rinker

Rinker's sales rose 15% and EBIT 16% last year, partly helped by the weak Australian dollar. The Florida business performed extremely well, as did Quarries and Cement. The Las Vegas business did well, following the acquisition of a major competitor in September 2001. Prices of aggregates, concrete and cement rose between one and five per cent. Volumes were also up, particularly in Florida. Rinker also cut costs by US$40 million during the year.

Within these good overall results, there were some weaknesses however. Around US$25 million was sliced from Rinker's profit by losses in the small polypipe and prestress businesses, both severely impacted by the fall in US commercial activity, and lower profits from wallboard distribution.

The *polypipe* business is recovering. The *prestress* business has been restructured and the market is slowly improving. *Wallboard* is doing well but the profit margins have fallen to more normal levels.

Construction Materials

The Construction Materials business in Australia and Asia improved, but not enough. Our business, like those of our major competitors, did not cover the cost of capital during the year. Even though construction activity fell last year, lower prices remain our major issue in both concrete and asphalt.

Concrete and asphalt prices in nominal dollars were below what they were 10 years ago. In April however, we launched a 10-15% price increase for concrete across Australia and I am pleased to say that more than half of that has been retained in very competitive conditions. Unfortunately, the asphalt price increase did not stick and this business continues to suffer. Aggregate and cement prices are also improving. We announced further price increases in aggregates and concrete this month.

Building Materials

Building Materials profit fell 19%. Market volumes declined steeply in the 1st half, but then improved in the 2nd half, helped by low interest rates and the first home owners grant. The Australian building materials' division has performed better than in the previous downturns. A new roof tile plant in Sydney is being commissioned, financed largely by selling former factory sites.

Asia

Our Asian businesses across Construction and Building Materials made $9 million last year - the first year of profit for these businesses. The Readymix business in China is doing particularly well.

Sugar

Sugar profit rose nearly 350%. The biggest of the three sugar businesses, raw sugar milling, improved sharply with higher world prices. The other two businesses, distilleries and sugar refining, offer much more stable earnings and have performed well.

We intend to improve and stabilise Sugar's earnings stream with several low cost and high return investments including additional electricity co-generation plants. In Milling we are currently implementing a comprehensive business improvement plan with our partners, the growers and harvesting companies, to take cost out of the entire industry and improve capital utilisation to mutual advantage. Overall, we remain positive about the long term future of Sugar, although the industry is currently facing another tough year, due to low world prices and the glut of Brazilian sugar.

Aluminium

Aluminium delivered $110 million in profit, in line with expectations, and we expect a similar profit this year. It is a very useful profit contributor!

Turning now to the non-financial aspects of our performance, I am pleased to report that our total recordable injury frequency rate, effectively the number of medically treated injuries per million work hours, fell 26% during the year. It is now less than half what it was two years ago. And 68% of the workplaces within CSR were injury-free during the year. We deeply regret, however, that two people lost their lives whilst working for Rinker in the US during the year. The Australian and Asian operations have not had a fatality for over two years. Our objective is no injuries to anyone, ever.

Our environmental record is also important, including the way our quarries look after site remediation. The number of environmental incidents fell 16% and we are working to progressively reduce waste, energy and water consumption , and CO_2 emissions , over five years.

We are committed to developing and maintaining excellent relations with the communities in which we operate, and we work hard to earn their support for our operations. We also support non-profit groups such as the Beacon Foundation, whose focus is resolving youth unemployment.

I would like to thank all the CSR and Rinker people for their tremendous efforts this year to again deliver a good performance for shareholders.

STRATEGY

Now to strategy. In late 1997, CSR ranked about number 18 by enterprise value among the top heavy building materials' companies around the world. We now rank number nine. This step change is due both to consolidation in the global sector, and our improved performance and growth.

Since 1998, we have made 24 acquisitions at a cost of $1.8 billion. This growth has been funded by 22 divestments, valued at around $1.5 billion, and by internally-generated cashflow. Last week we announced the bid by Rinker for Kiewit Materials Company, at a price of US$540 million. Kiewit is the market leader in Arizona, with excellent growth opportunities in the west and south-west United States.

In Australia, CSR is a leading producer of building materials, both for housing, and for civil and commercial construction.

Rinker is the one of the largest U.S. heavy building materials company and is number five in aggregates in the US, and number two in premix concrete, assuming the successful acquisition of Kiewit. But our focus is *not* about building national or international market shares. Our business model is based on regional and local markets, and we aim to be number one or two in every market we serve.

As an integrated operator, we produce the aggregates that are the primary components of concrete and asphalt. In southern Australia and Florida, the CSR group also has interests in cement manufacturing.

Profit margins are much higher in aggregates and cement, but you can still make good money from concrete, while at the same time *pulling through* your aggregates and cement production in the concrete you sell. In an integrated business, you can build strong market positions, and be profitable in all three segments.

Across the CSR group, we also strive to be the lowest cost operator wherever we are, so operational improvement to cut costs continues to be important. Continuously improving our customer service is also critical.

Major effort in recent years has been focused on *growth*, particularly by Rinker in North America. The acquisition of Kiewit would give Rinker another major step forward.

If the bid is successful, Rinker will have acquired one of the last major privately-held building materials companies in the west and south-west US. The addition of Kiewit would increase Rinker's aggregates production by 50% and double its pre-mix concrete output.

Arizona is an excellent growth market. It is the second fastest growing metropolitan area in the US with a population growth rate averaging 3.6% a year over the past 30 years, and a state GDP that has grown nearly 7% a year over the past 10 years

Arizona has a diverse economy, with strengths in consumer and financial services, high tech software development, and semiconductor manufacturing. Companies like Intel, Motorola and Honeywell all have major operations in the state. The unemployment rate is well below the national average. This region was identified by Rinker some time ago as one of the most attractive growth nodes in the United States.

Kiewit would also allow Rinker to expand further into the west and south-west US, through additional bolt-on acquisitions. With the addition of Kiewit, Rinker's position is much stronger.

Kiewit offers synergies with Rinker's operations in Las Vegas, and the Pacific North-West, expanding that business into Clark County, the highest-growth county in Oregon. With Kiewit, Rinker will become a major force in the west.

The acquisitions made last year, while much smaller, have so far been very successful, particularly in Las Vegas. Rinker also acquired the Southdown quarries in Kentucky which were bolted on to the American Limestone business in Tennessee. Lastly, the acquisition of the Mid Coast concrete and block business on Florida's west coast around Tampa has also been very successful.

Acquisitions, together with improvements in the base business, have helped Rinker's sales grow an average of 17% a year compound over the past five years, whilst EBIT has grown 24% a year.

Bolt-on acquisitions in the USA will continue to be progressed when opportunities arise at the right price. Value-adding acquisitions in Australia will also be considered.

Corporate Restructure

The option to possibly split the CSR group into two listed Australian companies has been covered by the Chairman.

Outlook and current performance

Turning to the outlook, our performance during the first three months of this year has met our expectations but it is still very early in the year and we remain cautious. In the US, housing continues to hold up well, particularly in the southern states, boosted by low interest rates and the investment shift from equities to property.

Non-building construction activity continues to rise, backed by the federal TEA-21 transport spending program. Concerns about major cuts to TEA-21 appear to have abated and we are relatively comfortable about ongoing state transport spending, particularly in Florida and Arizona. Commercial construction activity however is weak, down 12% for the year to May. We expect a further fall this year, although there are some signs of improvement.

Severe wet weather in June and July across much of the US has hit Rinker and its competitors. Heavy rain can bring construction activity to a standstill. However, underlying demand levels are generally solid in most of Rinker's markets.

If the Kiewit offer is successful, its results would be incorporated into Rinker in the second half of the financial year. While the acquisition is projected to be slightly earnings positive this financial year and delivering above its cost of capital after the first full year, it will be 18 months or so before we see a significant contribution to the bottom line.

In Australia, housing starts are strong, helped by the insurance-related lag effect we saw last year but the second half will be weaker. Engineering project work in Australia is increasing as major infrastructure tenders are being awarded. We expect a significant rise in activity from the end of this year.

The outlook for Sugar depends on the world sugar price, currently below six US cents a pound. We are forecasting a profit similar to the 2000 year. The Australian dollar and interest rates are further significant variables for our entire business. Overall, the outlook for group profit is little changed from when we announced our results in May. We said then that achieving an improvement on last year's underlying profit would be challenging.

Management Priorities

Finally, I would like to outline the management priorities for CSR and Rinker for the current year:

1. Ongoing value-adding growth including a successful tender for Kiewit, and its integration into Rinker
2. Completing the evaluation of the restructuring and demerger opportunities and then executing this during the first half of 2003 - but only if it increases shareholder value
3. Improving the performance of our current businesses, particularly Construction Materials in Australia
4. Ongoing implementation of the high performance culture across the CSR group, and
5. Further significant improvements in our customer service, and in our safety, health and environment performance across the group.

In conclusion, CSR's progress to date is pleasing. We have worked hard to rebuild this company - one of Australia's few remaining multinationals - to perform, to create value in our share price, and to develop a challenging and rewarding workplace for our people.

CSR has a clear future direction, and a strategy that is sustainable and increasingly successful. We have built a viable foundation for the future. We have improved our performance, and seen our profit grow right through a cyclical downturn in Australia. And we have continued to add value and increase the returns to you, our shareholders.

We still have a way to go, but the next 12 months are likely to be the most exciting and productive since I joined CSR in 1998. We are determined to be successful. Thank you.