9 November 2004

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

Report for the half year ended 30 September 2004

Attached is CSR Limited's half year results information required by ASX Listing Rule 4.2A. It should be read in conjunction with the company's financial report for the year ended 31 March 2004. Also attached are the slides for the results presentation. The results presentation will be available via an audio webcast from CSR's website www.csr.com.au, commencing at 10am today.

The attachments comprise:

Yours sincerely

Graham Hughes
Company Secretary

CSR Limited
ABN 90 000 001 276
9 Help Street Chatswood NSW 2067 Australia
T +612 9235 8000
F +612 9235 8055
E-mail investorrelations@csr.com.au
www.csr.com.au

CSR half yearly report 2004

CSR Limited

ABN 90 000 001 276

For the half year ended 30 September 2004

This half yearly report is provided to the ASX under ASX Listing Rule 4.2A

Results for announcement to the market

				$ millions
Revenues from ordinary activities	up	15.9%	to	1,306.1
Profit from ordinary activities after tax attributable to members (excluding significant items)	up	28.6%	to	128.6
Net profit for the period attributable to members (including significant items)	up	106.5%	to	206.5

Dividends	Amount per security	Franking	Franked amount per security at 30% tax
Interim dividend	6 cents	100%	6 cents
Previous corresponding period	5 cents	70%	3.5 cents

Record date for determining entitlements to interim dividend	19 November 2004

CSR Limited
ABN 90 000 001 276
9 Help Street Chatswood NSW 2067 Australia
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F +612 9235 8055
E-mail investorrelations@csr.com.au
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CSR half year net profit increases 29% to $129 million

CSR today announced a 29% increase in net profit before significant items to $129 million for the half year ended 30 September 2004. CSR's Sugar and Property operations improved strongly while Building Products and Aluminium were in line with the previous half year. Earnings per share before significant items were up 32% to 14.0 cents compared with 10.6 cents last year.

CSR's total net profit after tax was $207 million which includes significant items relating to settlements paid to CSR following resolution of some longstanding litigation issues and the one-off tax benefit of $48 million as a result of entry during the year into tax consolidation.

Trading revenue increased by 8% to $1,199 million mainly due to higher Sugar revenue. Earnings before interest, tax and significant items (EBIT) were up 21% to $200 million. Profitability improved with the EBIT margin (EBIT/trading revenue) increasing from 14.9% to 16.7%. Return on funds employed lifted to 20.5% - the highest level in five years.

The interim dividend has been increased to 6 cents per share with 100% franking compared to the previous interim dividend of 5 cents per share franked at 70%.

Financial results summary

Half year ended 30 September [$ million unless stated]	**2004**	2003	% change
Trading revenue	**1,199**	1,111	8
Earnings before interest, tax, depreciation and amortisation – EBITDA	**255**	219	16
Earnings before interest and tax – EBIT	**200**	165	21
Net profit before significant items	**129**	100	29
Significant items	**78**	–	–
Net profit after significant items	**207**	100	107
Earnings per share before significant items [cents]	**14.0**	10.6	32
Earnings per share after significant items [cents]	**22.6**	10.6	113
Net operating cash flow	**167**	137	22
Funds employed	**1,452**	1,363	7
Key measures			
EBITDA/trading revenue [%]	**21.2**	19.7	
EBIT/trading revenue [%]	**16.7**	14.9	
Return on funds employed [%] [1]	**20.5**	20.0	
As at	**30 Sep 2004**	31 Mar 2004	
Gearing – net debt / net debt + equity [%]	**9.7**	12.5	

1. Past 12 months EBIT divided by funds employed as at 30 September. Return on funds employed of 20.5% as of 30 September 2004 is the highest level in five years based on pro forma financials for 2000-2002 as per demerger explanatory booklet dated 7 February 2003.

CSR Limited
ABN 90 000 001 276
9 Help Street Chatswood NSW 2067 Australia
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F +612 9235 8055
E-mail investorrelations@csr.com.au
www.csr.com.au

Overview

"Improved returns from our Sugar and Property operations contributed to CSR's stronger first half result," said Managing Director and CEO Alec Brennan. "We are also starting to see some benefit from growth and business improvement initiatives undertaken over the past 12 months."

"Following the strong profit result we have increased our interim dividend from 5 to 6 cents per share and franking has been lifted to 100%."

"CSR's balance sheet is very strong although gearing is expected to rise to about 20% at the end of the year as funds are allocated to previously announced growth initiatives. As was the case at this time last year, we are yet to purchase any shares under the buyback announced in May, however the board will keep capital management options under review and support any initiative that clearly adds value for shareholders," Mr Brennan said.

Review of significant items

During the last six months, CSR has made good progress in resolving a number of longstanding disputes which are recognised as significant items in the half year net profit of $207 million. CSR received a $41 million settlement from Lloyd's Underwriters of litigation commenced by the CSR group against a number insurers in 1995. This settlement resulted in CSR writing off $36 million of legal costs accrued since the litigation first commenced. Litigation with the remaining insurers is scheduled for final hearing in 2005. CSR also received $22 million from Alcan Northern Territory Alumina Limited in settlement of a dispute that arose following sale of CSR's interest in the bauxite and alumina joint venture at the Gove Peninsula in the Northern Territory in January 2001.

In addition, CSR's entry into the tax consolidation system provided a one-off tax benefit of $48 million. In total, these significant items contributed $78 million to net profit after tax.

Review of results by segment

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

Half year ended 30 September [$ million unless stated]	**2004**	***% total segment EBIT***	2003	*% total segment EBIT*	**% change HYES04 vs HYES03**
Building Products	**59.3**	***26***	59.2	*32*	**–**
Aluminium	**72.9**	***32***	72.8	*40*	**–**
Sugar					
Raw sugar [1]	**61.7**	***28***	38.0	*21*	**62**
Refined sugar and ethanol	**14.2**	***6***	10.7	*6*	**33**
Property	**17.7**	***8***	2.5	*1*	**608**
Business segment total	**225.8**	***100***	183.2	*100*	**23**
Corporate costs [2]	**-9.2**		-9.8		
Restructure and provisions [3]	**-16.2**		-8.4		
Total EBIT	**200.4**		165.0		**21**

1. Assumes a pool price for HYES04 and HYES03 of A$250 per tonne.
2. Underlying corporate costs were reduced by $2.5 million in the HYES04 period offset by higher accruals for incentive payments.
3. Includes product liability and superannuation top-up payments. HYES03 costs were offset by the write back of some provisions.

Building Products – Trading revenue of $490 million was up 6% with price and/or volume increases achieved in most products. EBIT of $59 million was in line with last year as additional costs were incurred to commission the Nanning glasswool plant in China, undertake one-off maintenance and develop new marketing initiatives to benefit future years.

Aluminium – Trading revenue from aluminium sales, including hedging was up 8% to $240 million. EBIT of $73 million was in line with last year. Average A$ aluminium prices after hedging were down 1% on the prior period with higher spot prices partially offsetting lower results from hedging.

Sugar – EBIT of $76 million was up from $49 million the previous year. The sugarcane crop was ahead of last year due to productivity initiatives and improved weather. The result was boosted by the acquisition of the additional 25% stake in the sugar refining joint ventures and payment of the first tranche of the sustainability grant which is part of the Australian Government sugar reform program announced earlier this year.

Property – Property EBIT improved to $18 million following the handover of land for a major residential development in Woodcroft, Sydney.

Implementation of growth projects continues

Building Products – CSR continues to grow its insulation business in China and has further enhanced its position as the largest insulation producer in Asia with the 6,000 tonne expansion of its glasswool insulation plant in Nanning, southern China, completed in August. The Nanning plant has unique design capabilities to supply a high-margin specified pipe insulation product.

The 4,000 tonne expansion of the Dongguan rockwool factory in China will be completed by the end of November increasing the annual capacity of the plant to 24,000 tonnes. This additional rockwool capacity is targeted for exports and value-added markets within China.

Sugar – The 63 megawatt renewable electricity plant under construction at the Pioneer raw sugar mill in the Burdekin region, North Queensland remains on schedule to be completed by June 2005. This will expand CSR's commercial generation of *renewable* electricity – fuelled by sugarcane waste fibre produced in the milling process.

A detailed review of the original project plan was recently completed. This review has identified changes to the scope of the project which will significantly increase the total project costs. Increases in the cost of labour and materials, which have impacted many capital projects in Australia over the past 12 months, will also add to the cost of the project.

The combined impact of the scope changes and cost escalations has increased the total capital cost to $140 million, up from the original estimate of $100 million announced in September 2003.

Revenue increases from more efficient steam turbines and improved pricing for renewable energy credits should lift EBITDA by about 10% and the project will generate returns well above its cost of capital despite increased capital costs.

The renewable energy plant was originally approved on the basis of operating for about eight months each year primarily during the sugar crushing season. Plans are being developed to extend the operation year-round to further improve returns and steps will be taken during the next 12 months to implement these plans.

Investing in the sugar industry to build a sustainable future

CSR has made a substantial investment in developing a leadership program in the sugar industry and assisting sugarcane growers to increase farm productivity, in collaboration with the Canegrowers organisation and the Bureau of Sugar Experiment Stations. Launched two years ago, this program now has an established track record of improving crop yields. CSR recently purchased a large sugarcane farm in the Burdekin region to assist in demonstrating farming best practice. In May 2004, CSR received the Sugar Industry Innovator of the Year Award in recognition of its leadership development program.

CSR continues to invest in research to diversify the industry's revenue sources away from the world raw sugar market to other activities such as ethanol and renewable energy generation. CSR is also participating in regional planning programs which are developing further initiatives to ensure the sugar industry will be sustainable for future years.

Financial review

CSR's financial position remains strong with net debt of $142 million equating to a low gearing of 9.7% (net debt/net debt + equity). Funds will be used in the second half of the year for previously announced capital commitments and debt levels are expected to double by March 2005. Despite this increase in debt, anticipated gearing of approximately 20% will be below the target range of 25–30% and there is scope for further growth or capital management initiatives.

In May 2003, CSR announced a share buyback of up to 5% of its shares. Approximately 3% of CSR's shares were repurchased under the May 2003 buyback program including 3.6 million shares acquired during the half year ended 30 September 2004. The share buyback program was extended by an additional 5% in May 2004, however, to date no shares have been purchased under the extended program.

Interim dividend increased from 5 to 6 cents per share with 100% franking

The directors have increased the interim dividend to 6 cents per share with 100% franking compared to the previous interim dividend of 5 cents per share franked at 70%. The interim dividend is payable on 3 December 2004.

Outlook for the full year to March 2005

The commercial environment for CSR is subject to a number of influences, including movements in currency exchange rates, interest rates, commodity prices and levels of building activity.

Building Products – While the demand for new residential housing has been relatively stable for the first half of the year, the recent slowdown in approvals is already being felt with orders for building products. Indications are that the number of new dwellings this year will fall by at least 5%. This should be partly offset by continued growth in the alterations and additions market and in the commercial building sector. Despite the softening market conditions, we are working to maintain profitability at the level achieved last year.

Aluminium – The outlook for the full year has improved with higher aluminium prices and a more favourable A$/US$ exchange rate than forecast earlier in the year. We now expect EBIT to be around 5% lower than the previous year. Most analysts are predicting continuing satisfactory prices for aluminium over the next twelve months.

Sugar – The surge in raw sugar prices during the last six months has improved the forecast sugar price to the $250 per tonne level. This is a significant improvement from the $229 per tonne price achieved last year. The outlook for this year's sugarcane crop has improved due to better weather and continued improvement from sugar industry productivity initiatives. Ethanol operations will continue to be impacted by higher raw material costs while demand for refined sugar should improve with increased food and beverage production during the summer months.

The result will be further assisted by the full year benefit of the additional 25% stake in refining. The combined impact of these factors should result in an EBIT contribution from Sugar more than twice the level achieved last year.

Property – Contribution for the full year is expected to be between $25-$30 million, although timing is difficult to predict precisely, due to the need to finalise regulatory approvals and commercial negotiations.

Overall – Given the impact of all of the above factors, the company now expects to achieve an EBIT result approximately 20% higher than last year.

CSR remains focused on its key objectives of: enhancing performance through aggressive control of costs; improving productivity, safety and environmental standards; optimising capital management; and seeking out and developing new growth opportunities.

9 November 2004

Media/analyst enquiries:
Andrée Taylor, CSR Investor Relations
Tel: +612 9235 8053 / Mob: 0419 476 588
Email: ABTaylor@csr.com.au
www.csr.com.au

Summary of operations by business

Results for the half year ended 30 September 2004

Building Products

Half year ended 30 September [$ million unless stated]	2004	2003	% change
Trading revenue	**489.9**	462.0	6.0
EBITDA	**79.9**	80.6	-0.9
EBIT	**59.3**	59.2	0.2
Funds employed	**615.0**	618.8	-0.6
EBITDA/trading revenue [%]	**16.3**	17.5	
EBIT/trading revenue [%]	**12.1**	12.8	
Return on funds employed [%]	**18.3**	18.7	
Safety – TRFR [1]	**20.9**	20.9	

1. Total recordable injury frequency rate – the number of lost time, medical treatment and restricted work injuries per million work hours.

Trading revenue was $490 million, ahead of the previous year due to continued improvement of pricing across many products. Volumes were also higher on the previous year in certain markets as housing commencements at the beginning of the period were stronger than last year. However housing approvals have begun to soften since June, particularly on the east coast, which suggests the market for new dwellings will be down by at least 5% for the full year ending 31 March 2005 as previously forecast.

Alterations and additions activity (as measured by value of work done to the June quarter and forecasts for work commenced for the September quarter) was up significantly, however the commercial market was flat compared to last year as some major projects have been delayed to the second half of the year.

EBIT was steady at $59 million as $5 million of additional costs were incurred on improvement initiatives in plant commissioning, systems, maintenance and marketing which will enhance customer service offerings and resolve cost issues in some factories.

Prices increased in most markets

Gyprock™ **Plasterboard and Fibre Cement** – Revenue of $201 million was 6% above the previous year. Returns from **Gyprock**™ increased following CSR's strategy to increase sales of value added products and focus on higher margin segments.

CSR Fibre Cement – Sales volumes were steady despite slowdown in key multi-residential markets primarily in New South Wales and reduced exports. Sales of the higher margin compressed products continue to increase with strong penetration of the commercial market with CSR's ExpressWall™ exterior lining sheets.

CSR Roofing – Revenue was $95 million – up 6%. Prices for **Monier**™ and **Wunderlich**™ roof tiles were higher with volume steady despite the slowing housing market in some regions. New flat concrete and terracotta roof tiles were successfully launched during the last six months. Production at the Rosehill concrete roof tile plant continues to improve with volumes steadily increasing with lower production costs. A new packaging system is currently being installed with final modifications to be completed by January 2005. The Villawood concrete tile plant will be closed by the end of November as production from Rosehill is fully meeting market demand.

PGH™ **Bricks and Pavers** – Revenue was flat at $85 million. Good increases in prices were offset by lower volumes as the New South Wales residential market slowed despite strong activity from New Zealand and South Australian markets. Expansion of the Auckland factory to increase capacity by 15 million units is in progress and due for completion by March 2005. Development plans are also continuing for the expansion of the Oxley factory, south of Brisbane. Following a review of logistics costs, CSR is investing $4.5 million to develop an in-house distribution network to service the New South Wales metro market.

CSR Insulation, Asia and Hebel™ – Revenue increased by 5% to $104 million. In Australia, profitability of **Bradford Insulation**™ increased as prices and volumes rose. Benefits from improved packaging equipment installed at the Ingleburn, Sydney, glasswool insulation factory will continue to reduce logistics costs in the second half of the year. The Asian regional insulation business performed strongly in China, with overall returns affected by the strong Australian dollar and a price war in Malaysia.

Hebel™ **Lightweight Concrete Products** – Hebel lightweight panels volumes were lower with steady prices as the multi-residential market softened. Profits increased through better cost control and focus on developing new markets.

The fire-resistant **Paroc Panel**™ system launched last year has secured a number of orders in the commercial building market in a variety of applications including façades, firewalls and external cladding. Distribution and sales capabilities are also established in New Zealand and China.

Aluminium

Half year ended 30 September [$ million unless stated]	**2004**	2003	% change
Trading revenue	**240.1**	222.5	7.9
EBITDA	**86.9**	83.7	3.8
EBIT	**72.9**	72.8	0.1
Funds employed	**207.1**	221.3	-6.4
EBITDA/trading revenue [%]	**36.2**	37.6	
EBIT/trading revenue [%]	**30.4**	32.7	
Return on funds employed [%]	**69.7**	62.4	

Trading revenue after hedging rose 8% to $240 million as aluminium output increased at the Tomago smelter due to the commencement of the ramp-up of production from the AP22 expansion project.

EBIT from Aluminium was steady at $73 million as the average realised selling price after hedging was down 1% to A$2,706. EBIT was also impacted by increased alumina costs and higher depreciation due to the AP22 investment.

Gove Aluminium Finance (GAF – 70% CSR) sold 88,735 tonnes of metal products in the half year to 30 September 2004 – an increase of 8.5%. Sales of value added billet and slab aluminium rose by 25% in a period of strong market demand in which there were some advanced sales.

The world price of aluminium has risen during the last six months as global growth has improved and the aluminium market has moved into a supply deficit. US$ aluminium prices should remain favourable through calendar year 2005, but will be sensitive to the evolution of economic growth and the rate of growth of aluminium production in China.

Sugar

Half year ended 30 September [$ million unless stated]	**2004**	2003	% change
Trading revenue [1]	**468.1**	423.2	10.6
EBITDA	**93.5**	66.2	41.2
EBIT	**75.9**	48.7	55.9
Funds employed	**737.5**	629.9	17.1
EBITDA/trading revenue [%]	**20.0**	15.6	
EBIT/trading revenue [%]	**16.2**	11.5	
Return on funds employed [%]	**8.8**	9.6	
Safety – TRFR [2]	**19.7**	20.6	

1. Assumes a pool price for HYES04 and HYES03 of A$250 per tonne.
2. Total recordable injury frequency rate – the number of lost time, medical treatment and restricted work injuries per million work hours.

Trading revenue of $468 million was up 11% and EBIT of $76 million increased by 56% from $49 million. The result was boosted by the acquisition of the additional 25% stake in sugar refining joint ventures and payment of the first tranche of the sustainability grant which is part of the Australian Government sugar reform program announced in April of this year.

Raw sugar – EBIT increased to $62 million from $38 million last year due to higher crops and molasses prices and payment of the sustainability grant. The sugar price assumed for the half year ended 30 September 2004 was $250 per tonne which is the same price assumed for the half year period last year. However, in the latter part of last year, the raw sugar price fell significantly with the final price reduced to $229 per tonne as a result of increased supply and the rising A$/US$. The outlook for the raw sugar price for the full year to 31 March 2005 remains strong and we expect that the final pool price for the year will hold at or above the $250 per tonne level in line with the half year result.

Refined sugar – CSR increased its stake by 25% in the Sugar Australia Joint Venture and New Zealand Sugar Company Limited through the acquisition of Man Group plc's interest for $63 million. This acquisition increased CSR's ownership of the sugar refining joint ventures to 75% with the remaining 25% held by Mackay Sugar Co-operative Association Limited.

Improved demand from key Australian food and beverage customers contributed to an EBIT of $14 million (including the additional 25% stake) compared to $7 million last year.

Ethanol – EBIT was reduced to $3 million from $4 million last year due to higher raw material molasses costs and lower domestic sales. CSR Ethanol continues to supply BP and Caltex in Queensland with ethanol to further develop the market for renewable fuels. In June 2004, CSR was awarded a grant by the Australian Government to install additional manufacturing facilities to increase supply of ethanol from its Sarina, Queensland distillery into the fuel market.

Property

Half year ended 30 September [$ million unless stated]	**2004**	2003
Total revenue	**36.9**	0.9
EBIT	**17.7**	2.5
Capital expenditure	**9.5**	–

CSR continues to maximise returns from the sale or development of former industrial sites by overseeing development work, including project managing land rehabilitation and obtaining site rezoning and approvals. Property activities generated EBIT of $18 million on revenue of $37 million. This result was largely due to the formal handover of land at the Woodcroft residential development to Mirvac Homes on 30 June 2004. The handover of land triggered the profit realisation from this project. As home and land package sales begin in early 2005, CSR's revenues may increase if certain sales targets are met.

On 28 July 2004, CSR accelerated the development of its 100 hectare Erskine Park industrial property with the conditional sale of 17 hectares to BlueScope Steel Limited. CSR is responsible for site preparation and road construction with the sale expected to become unconditional by September 2005. No profit related to this sale is included in the current half year result. The overall site will benefit from this new infrastructure and discussions continue with other parties about further development opportunities expected to be realised over the next three to four years.

CSR's other Property interests include a 20% interest in the Penrith Lakes scheme, a major future development west of Sydney, with potential to provide 400 hectares of sites for 5,000 homes. Although planning requirements have resulted in some delays, the development is expected to go on public exhibition next year.

9 November 2004

Media/analyst enquiries:
Andrée Taylor, CSR Investor Relations
Tel: +612 9235 8053 / Mob: 0419 476 588
Email: ABTaylor@csr.com.au
www.csr.com.au

Directors of CSR Limited

Directors of CSR Limited at any time during the half year ended 30 September 2004, or since that date, are as follows:

From 1 April 2004 up to and including the date of this report: Ian Blackburne, Alec Brennan, Carolyn Hewson, Barry Jackson, John Story and John Wylie.

Signed in accordance with a resolution of the directors.

Alec Brennan
Managing Director and CEO

Sydney, 9 November 2004

Statement of financial performance

Half year ended 30 September ($ million)	Note	2004	2003
Trading revenue - sale of goods[a]		**1,198.6**	1,110.7
Cost of sales		**(856.1)**	(790.7)
Warehouse and distribution costs		**(65.0)**	(61.1)
Selling costs		**(70.4)**	(71.8)
Administration and other operating costs		**(31.7)**	(35.2)
Share of net profit of associates	9	**21.3**	12.3
Operating profit		**196.7**	164.2
Other revenue from ordinary activities		**105.6**	14.5
Other expenses from ordinary activities		**(71.8)**	(13.7)
Profit from ordinary activities before finance and income tax		**230.5**	165.0
Interest income	2	**1.9**	1.7
Borrowing costs	2	**(11.7)**	(10.7)
Profit from ordinary activities before income tax		**220.7**	156.0
Income tax benefit (expense) relating to ordinary activities	3	**1.1**	(41.7)
Net profit		**221.8**	114.3
Net profit attributable to outside equity interests		**15.3**	14.3
Net profit attributable to members of CSR Limited		**206.5**	100.0
Increase (decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations		**4.8**	(7.1)
Adjustment to opening retained profits on adoption of revised AASB 1028		**-**	(2.3)
Total revenue, expense and valuation adjustments attributable to members of CSR Limited recognised directly in equity		**4.8**	(9.4)
Total change in equity not resulting from transactions with owners as owners		**211.3**	90.6

Reconciliation of retained profits			
Retained profits at the beginning of the financial year		**202.0**	147.3
Net profit attributable to members of CSR Limited		**206.5**	100.0
Adjustment to opening retained profits on adoption of revised AASB 1028		**-**	(2.3)
Aggregate of amounts transferred to reserves		**-**	(0.2)
Total available for appropriation		**408.5**	244.8
Dividends paid	8	**(54.9)**	(56.7)
Retained profits at the end of the financial half year		**353.6**	188.1

(cents)		
Basic earnings per share based on net profit attributable to members of CSR Limited[a]	**22.6**	10.6
Diluted earnings per share based on net profit attributable to members of CSR Limited	**22.6**	10.6
Basic earnings per share based on net profit before significant items attributable to members of CSR Limited[b]	**14.0**	10.6

a Includes $10.1 million which is the CSR group's allocation of a "sustainability grant" provided by the federal government to the sugar industry.

b Significant items are detailed in note 4 to this financial report.

Statement of financial position

($ million)	Note	**As at 30 September 2004**	As at 31 March 2004
Current assets			
Cash		**68.8**	60.3
Receivables		**382.0**	253.6
Inventories		**183.7**	164.5
Other current assets		**7.9**	2.9
Total current assets		**642.4**	481.3
Non-current assets			
Receivables		**53.9**	31.4
Inventories		**28.9**	40.6
Investments accounted for using the equity method		**194.6**	139.0
Other financial assets		**22.4**	22.4
Property, plant and equipment		**1,342.6**	1,340.1
Intangibles		**33.3**	34.7
Deferred income tax assets		**176.5**	195.0
Other non-current assets		**44.2**	65.4
Total non-current assets		**1,896.4**	1,868.6
Total assets		**2,538.8**	2,349.9
Current liabilities			
Payables		**349.0**	261.3
Interest-bearing liabilities		**10.2**	24.3
Income tax liabilities		**9.9**	17.0
Provisions		**104.3**	107.9
Total current liabilities		**473.4**	410.5
Non-current liabilities			
Payables		**4.5**	3.9
Interest-bearing liabilities		**200.1**	200.1
Deferred income tax liabilities		**172.1**	214.6
Provisions		**377.0**	375.9
Total non-current liabilities		**753.7**	794.5
Total liabilities		**1,227.1**	1,205.0
Net assets		**1,311.7**	1,144.9
Equity			
Contributed equity	5	**866.7**	871.3
Reserves		**3.6**	(1.2)
Retained profits		**353.6**	202.0
Equity attributable to members of CSR Limited		**1,223.9**	1,072.1
Outside equity interest in controlled entities		**87.8**	72.8
Total equity		**1,311.7**	1,144.9

Statement of cash flows

Half year ended 30 September ($ million)	2004	2003
Cash flows from operating activities		
Receipts from customers	**1,171.6**	1,175.9
Payments to suppliers and employees	**(1,039.4)**	(1,024.3)
Dividends and distributions from associates	**25.9**	5.4
Proceeds from legal settlement with insurers	**41.0**	-
Interest received	**1.8**	2.1
Income tax paid	**(33.6)**	(22.1)
Net cash from operating activities	**167.3**	137.0
Cash flows from investing activities		
Purchase of property, plant, equipment and other non-current assets	**(53.3)**	(41.6)
Proceeds from sale of property, plant, equipment and other non-current assets	**36.8**	15.3
Purchase of controlled entities and businesses net of cash acquired	**(58.2)**	-
Loans and receivables repaid	**1.0**	16.0
Net cash used in investing activities	**(73.7)**	(10.3)
Cash flows from financing activities		
Proceeds from issue of shares to CSR Limited shareholders	**2.1**	1.7
Share buyback	**(6.7)**	-
Cash paid to Rinker Group Limited consequent of the demerger	**-**	(315.5)
Net repayment of borrowings	**(13.6)**	(20.3)
Dividends paid	**(54.7)**	(56.5)
Interest and other finance costs paid	**(10.0)**	(6.9)
Net cash used in financing activities	**(82.9)**	(397.5)
Net increase (decrease) in cash held	**10.7**	(270.8)
Net cash at beginning of the financial period	**57.2**	366.1
Effects of exchange rate changes	**(1.3)**	(1.8)
Net cash at 30 September	**66.6**	93.5

Reconciliation of net cash

Reconciliation of net cash at the end of the financial period (as shown in the statement of cash flows) to the related items in the statement of financial position is as follows.

Cash at banks and on hand	**43.0**	29.7
Short-term loans and deposits	**25.8**	64.3
Cash	**68.8**	94.0
Bank overdrafts	**(2.2)**	(0.5)
Net cash at 30 September	**66.6**	93.5

Notes to the financial statements for the half year ended 30 September 2004

i. Basis of Preparation. This half yearly report for CSR Limited and its controlled entities ('CSR group') is a general purpose financial report prepared in accordance with the accounting standard AASB 1029 “Interim Financial Reporting”, the requirements of the Corporations Act 2001, other applicable accounting standards and urgent issues group consensus views, and complies with other requirements of the law and the Listing Rules of the Australian Stock Exchange Limited. The financial report is based on historical cost, except for certain assets which are at deemed cost. It should be read in conjunction with the last CSR Annual Report and announcements to the market made by the company during the half year in accordance with the CSR group’s continuous disclosure obligations arising under the Corporations Act 2001 and Listing Rule 3.1. This report does not include all the notes of the type normally included in an annual report.

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

iii. Significant accounting policies. The accounting standards, policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report unless otherwise stated.

iv. Seasonality of results. The results of the CSR group's sugar mills may be impacted in the second half of the financial year by a further $10 million sustainability grant from the federal government (the grant is conditional on the federal government being satisfied with progress on industry reform). The CSR group's sugar mills only operate for approximately five months of the year generally from July to November. The results of this business are more favourable in the first half of the financial year than the second half. Due to the above factors the sugar mills' full year result is expected to be in line with the half year result.

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

vi. Rounding. Rounding of amounts to nearest $0.1 million. Unless otherwise shown, the amounts have been rounded to the nearest tenth of a million dollars and are shown by ‘$ million’. CSR Limited is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/100 issued 10 July 1998.

vii. Significant items.
Gove Aluminium Limited litigation. During the half year ended 30 September 2004, the CSR group settled a longstanding dispute that arose following the sale of its interest in Gove Aluminium Limited to Alcan Northern Territory Limited in January 2001. Gove Aluminium Limited held a 30% share in the bauxite and alumina joint venture at the Gove Peninsula in the Northern Territory. The dispute related to adjustments to the price paid for the interest and was subject to litigation in the Supreme Court of New South Wales. The parties agreed to settle the dispute on the basis of a net payment to the CSR group of $21.6 million. In addition, provisions of $3.8 million held in relation to this dispute were released.

Insurance litigation. During the half year ended 30 September 2004 the CSR group reached a settlement with Lloyd’s Underwriters of litigation commenced by the CSR group in New Jersey in 1995. Under the settlement, Lloyd’s Underwriters paid $41.0 million to the CSR group on 24 September 2004. Lloyd’s Underwriters were among a number of insurers that the CSR group has sued in the New Jersey litigation seeking indemnity for asbestos claims under policies issued to the CSR group from approximately 1978 to 1989 together with damages and other relief. The agreement between the CSR group and Lloyd’s Underwriters stipulates that if asbestos reform legislation is passed in the United States prior to 3 January 2005, and certain other conditions are met, up to half of the settlement will be returned by the CSR group. No provision is recorded for this contingency as the directors consider the prospect of asbestos reform legislation being enacted in the United States prior to 3 January 2005 as unlikely.

The CSR group has incurred legal costs in respect of the litigation of $36.3 million from the start of the New Jersey litigation in 1995 up to 30 September 2004. As a result of the litigation settlement the deferred legal costs have been written off during the half year. At 30 September 2004, the CSR group has no deferred legal costs in relation to the ongoing insurance litigation (31 March 2004 $18.6 million).

Tax consolidation. Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The directors have approved for those entities within the CSR group that are wholly owned Australian resident entities to be taxed as a single entity from 1 April 2004. The financial effect of the adoption of the tax consolidation system was a tax benefit of $47.8 million.

There were no other significant items in the half years ended 30 September 2003 or 2004.

Notes to the Financial Statements for the half year ended 30 September 2004 (continued)

viii. International Financial Reporting Standards. The current status of the CSR group's review of the effect of the adoption of International Financial Reporting Standards on the CSR group statements of financial performance and position is discussed below.

In accordance with the Financial Reporting Council's strategic directive, the CSR group will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, the CSR group's first half year report prepared under A-IFRS will be for the half year reporting period ending 30 September 2005, and its first annual financial report prepared under A-IFRS will be for the year ending 31 March 2006. A-IFRS were issued in final form by the AASB in July 2004.

During 2003, the CSR group established a project team to monitor and plan for the transition to A-IFRS. The project team is managing the transition to A-IFRS in 3 phases. Phase 1 - Scoping and impact analysis was completed in late 2003, and the CSR group is now in Phase 2. This stage involves managing the changes to controls, processes and systems that will enable sufficient information to be collected in order to be A-IFRS compliant. Key areas of accounting policy differences that will arise on adopting A-IFRS were identified as part of Phase 1, and the project team is presently conducting analyses to determine the extent of the effect of changes in accounting policies on the CSR group. The planned completion date of Phase 2 is late 2004, which will enable the CSR group to achieve its plan for A-IFRS implementation by completing Phase 3 - Implementation and review by the beginning of 2005. At this time it is expected that financial statements that are fully compliant with A-IFRS will be able to be prepared.

On first-time adoption of A-IFRS, the CSR group will be required to restate its comparative financial statements such that the comparative balances presented comply with the requirements specified in A-IFRS. That is, the balances that will be presented in the financial report for the year ending 31 March 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As most adjustments on first-time adoption are to be made against opening retained profits, the amount of retained profits available to be paid out as dividends at 31 March 2004 presented in the 2006 A-IFRS financial report may differ significantly from the amount previously reported under current Australian accounting standards.

Various voluntary and mandatory exemptions are available to the CSR group on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate past business combinations, expense share-based payments granted before 7 November 2002, and permits the identification of a 'deemed cost' for property, plant and equipment. The CSR group is evaluating the effect of the options available on first-time adoption of A-IFRS to determine the best outcome.

While no decision has yet been made as to the policy alternatives to be applied or the extent to which it will affect the CSR group, the directors have identified the following as being the key accounting policy differences expected to arise on transitioning to A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change the CSR group's assessment of the effect of various differences.

Deferred costs *Initial decrease in retained profits at 1 April 2004* *Lower amortisation expense* *Volatility in results*	The CSR group currently defers certain legal costs associated with insurance litigation. Under A-IFRS these costs will be required to be written off against retained profits as at 1 April 2004. Under A-IFRS it is expected that these costs will be expensed as incurred. Capitalised start up costs at 31 March 2004 will also be required to be written off against retained profits on adoption of A-IFRS as at 1 April 2004. In future start up costs will be expensed as incurred.
Goodwill *No amortisation* *Volatility in results in event of impairment*	Goodwill will not be amortised under A-IFRS (the CSR group amortisation charge was $1.6 million for the year ended 31 March 2004), but instead the goodwill will be subject to annual impairment testing. If there is any impairment, the goodwill will be written down in the period in which the impairment is identified.
Derivative instruments *Initial impact on equity reserves at 1 April 2005* *Volatility in net assets* *New assets/liabilities recognised* *Comparative information not restated as application date is 1 April 2005*	Under A-IFRS all derivatives contracts will be carried at fair value on the CSR group's balance sheet with an offset to shareholder equity when hedge accounting is achieved. The deferred profit and loss on these derivatives may only be carried in equity and ultimately matched to the underlying transactions being hedged provided specific documentation and procedures are maintained and that the derivative is and remains effective in reducing the underlying business risk. CSR will implement such procedures and expects that its derivatives will be effective and hence there will be minimal impact on its net profit. The requirement to fair value the hedges will, however result in additional volatility to the CSR group's net assets and shareholders' funds.
Intangible assets *Initial decrease in retained profits at 1 April 2004* *Lower amortisation expense* *Assets reduced*	The CSR group previously capitalised certain internal costs into the value of acquired intangible assets. These costs cannot be capitalised under A-IFRS and consequently the balance remaining at 1 April 2004 will be required to be adjusted against the opening retained profits at that date. The derecognition of these costs will reduce future amortisation charges.

Notes to the Financial Statements for the half year ended 30 September 2004 (continued)

viii. International Financial Reporting Standards (continued)

Borrowing cost *Higher borrowing cost* *Lower expenses* *No change in net profit*	Unwinding of the interest component of discounted assets and liabilities is treated as interest (borrowing cost) under A-IFRS, rather than as general expense/income under current Australian accounting standards. This is particularly relevant to unwinding the discount in respect of the CSR group's product liability provision which will result in profit before finance and income tax being higher under A-IFRS. There will be a corresponding increase in the CSR group net borrowing costs. Net profit will be unchanged. The CSR group is currently negotiating appropriate changes to our debt covenants with our lenders.
Investment in associate entity *Initial reduction in retained profits at 1 April 2004* *Increased future profits* *Assets reduced*	Profits recognised on the formation of joint ventures are not permitted under A-IFRS when similar non-monetary assets are contributed by the venturers in forming the joint venture. The CSR group formed the Sugar Australia joint venture by contributing assets and recognised the difference between the book value and the fair value of those assets as a profit. The unamortised balance of this profit at 1 April 2004 will be adjusted against opening retained profits on adoption of A-IFRS. The carrying value of the investment in the associate will be reduced and ongoing profit after tax will increase as a result of decreased depreciation within the equity accounted result.
Post employment benefits *Potential initial increase in retained profits at 1 April 2004* *Possible volatility in future earnings*	The CSR group sponsors two defined benefit superannuation plans. Contributions to the plans are expensed when due and payable and no assets or liabilities are recognised in relation to these plans in the financial report of the CSR group. On adoption of A-IFRS, the CSR group may be required to recognise the net position of each plan on the balance sheet, with a corresponding adjustment to retained profits. After the transitional adjustment, further movements in the net position of each plan may be recognised in the income statement.
Impairment of assets *Initial decrease in retained profits at 1 April 2004* *Lower depreciation*	Under A-IFRS the CSR group expects that the recoverable amount testing of non-current assets will be carried out at a lower level than required under existing Australian accounting standards. Detailed guidance in relation to the methodology for performing recoverable amounts tests is provided by AASB 136 "Impairment of Assets", consequently CSR will be required to change the methodology used to identify asset impairments. As a result of these changes it is possible that the carrying value of certain businesses' assets may be impaired and will require adjustment against opening retained profits on adoption of A-IFRS. The CSR group has not yet determined the impact of any impairment that may be required, but it is likely that some write down of sugar milling assets will be required. Subsequent to any impairment adjustment there will be a reduced depreciation charge. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.
Share-based payment *Initial increase in retained profits at 1 April 2004* *Impact on share capital* *Higher expenses*	The CSR group currently recognises an expense over three years for the cost of all deferred shares purchased as part of long term incentive arrangements. The shares vest over three to five years, and may be forfeited under certain conditions. The CSR group does not currently recognise an expense for free shares issued under the employee Universal Share/Option Plan. On adoption of A-IFRS, the CSR group will recognise an expense for all share-based remuneration, including deferred shares, the expense being recognised over the relevant vesting periods.
Income tax *Initial decrease in retained profits at 1 April 2004* *New liabilities recognised* *Increased future profits*	The CSR group currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS deferred taxes are measured by reference to 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet. Because A-IFRS has a wider scope than the entity's current accounting policies, it is likely that the amount of deferred taxes recognised in the balance sheet will increase. In particular, significant increases in deferred tax liabilities are anticipated in relation to deferred taxes associated with fair value adjustments arising in relation to pre-transition business combinations, revaluations of land and buildings and investments in associates. The adoption of A-IFRS will result in an increase in deferred tax liabilities which will be taken to retained profits at 1 April 2004. Subsequent CSR group profits will increase as this liability reverses in the income statement as these assets are depreciated. Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined.

1. Segment information

Half year ended 30 September

($ million)	Total revenue[a b] **2004**	Total revenue[a b] 2003	Depreciation & amortisation[c] **2004**	Depreciation & amortisation[c] 2003
Business segments				
Building Products	**490.4**	462.6	**20.6**	21.4
Aluminium	**241.2**	223.9	**14.0**	10.9
Sugar - milling[f]	**438.7**	392.0	**16.7**	16.6
Sugar - ethanol and refining	**29.7**	31.4	**0.9**	0.9
Property	**36.9**	0.9	**-**	-
Segment totals	**1,236.9**	1,110.8	**52.2**	49.8
Corporate, restructuring and provisions[d]	**0.9**	14.4	**2.0**	4.1
Revenue from significant items	**66.4**	-	**-**	-
Interest revenue	**1.9**	1.7	**-**	-
Group total	**1,306.1**	1,126.9	**54.2**	53.9

($ million)	Profit from ordinary activities before income tax **2004**	Profit from ordinary activities before income tax 2003	Income tax **2004**	Income tax 2003	Outside equity interests **2004**	Outside equity interests 2003	Net profit **2004**	Net profit 2003
Business segments								
Building Products	**59.3**	59.2	**15.2**	16.4	**0.5**	0.3	**43.6**	42.5
Aluminium	**72.9**	72.8	**21.9**	22.2	**15.1**	14.3	**35.9**	36.3
Sugar - milling[f]	**61.7**	38.0	**18.7**	11.5	**-**	-	**43.0**	26.5
Sugar - ethanol and refining	**14.2**	10.7	**2.5**	2.3	**-**	-	**11.7**	8.4
Property	**17.7**	2.5	**(1.1)**	-	**-**	-	**18.8**	2.5
Segment totals	**225.8**	183.2	**57.2**	52.4	**15.6**	14.6	**153.0**	116.2
Corporate costs[e]	**(9.2)**	(9.8)	**(2.8)**	(3.0)	**-**	-	**(6.4)**	(6.8)
Restructuring and provisions[d]	**(16.2)**	(8.4)	**(4.8)**	(5.5)	**-**	-	**(11.4)**	(2.9)
	200.4	165.0	**49.6**	43.9	**15.6**	14.6	**135.2**	106.5
Net finance	**(9.8)**	(9.0)	**(2.9)**	(2.2)	**(0.3)**	(0.3)	**(6.6)**	(6.5)
Group total before significant items	**190.6**	156.0	**46.7**	41.7	**15.3**	14.3	**128.6**	100.0
Significant items (refer note 4)	**30.1**	-	**(47.8)**	-	**-**	-	**77.9**	-
Group total after significant items	**220.7**	156.0	**(1.1)**	41.7	**15.3**	14.3	**206.5**	100.0

a Excludes net profit from associates.

b Internal revenue between segments is nil.

c Total depreciation includes $1.6 million (2003: $1.3 million) amortisation of intangibles. Other non cash expenses are immaterial.

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

e Represents unallocated overhead costs.

f Includes $10.1 million which is the CSR group's allocation of a "sustainability grant" provided by the federal government to the sugar industry.

Half year ended 30 September	($ million)	**2004**	2003

2. Net finance expense

Interest paid or payable on long-term debt	**8.3**	6.9
Interest paid or payable on short-term debt	**1.8**	1.4
Total interest expense	**10.1**	8.3
Less amounts capitalised	**(1.1)**	-
Add		
- funding costs	**0.7**	0.9
- foreign exchange loss	**2.0**	1.5
Borrowing costs	**11.7**	10.7
Less interest income	**(1.9)**	(1.7)
Net finance expense	**9.8**	9.0

3. Income tax

Income tax expense

Reconciliation of income tax (benefit) 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	**220.7**	156.0
Income tax expense calculated at 30%	**66.2**	46.8
Increase (decrease) in income tax expense due to		
Non-tax deductible depreciation and amortisation	**1.0**	1.9
Non-tax deductible other expenses	**0.2**	0.3
Asset disposals and write downs	**(6.1)**	(1.2)
Asian trading profits not recognised	**(0.5)**	-
Equity accounted associates' profit	**(3.4)**	(2.7)
Income tax over provided in prior years	**(1.7)**	(1.5)
Significant item - tax consolidation	**(47.8)**	-
Significant items - non assessable revenue/expenses	**(9.0)**	-
Other items	**-**	(1.9)
Total income tax (benefit) expense on profit from ordinary activities	**(1.1)**	41.7

4. Significant items

Gove Aluminium Limited litigation		
Receipt from Alcan	**21.6**	
Settlement provisions no longer required	**3.8**	
	25.4	
Insurance litigation		
Receipt from certain insurers	**41.0**	
Write off legal costs	**(36.3)**	
	4.7	
Tax consolidation		
Restatement of deferred tax balances on adoption of tax consolidation	**47.8**	
Total significant items after tax	**77.9**	-

5. Contributed equity

	Number shares[a]	Price $	Contributed equity $ million
Particulars of shares issued during the half year by CSR Limited			
On issue 31 March 2004	918,508,701		871.3
Share buyback[b]	(3,571,552)	1.90	(6.7)
Universal Share/Option Plan[c]	1,828,000	1.15	2.1
On issue 30 September 2004	**916,765,149**		**866.7**

a The shares are fully paid ordinary shares, are listed on the Australian Stock Exchange and carry one vote per share and the right to dividends.
b In May 2003 CSR Limited announced a twelve month buyback of up to 5% of its fully paid shares. In May 2004, CSR announced a further twelve month share buyback of up to 5% of its fully paid shares would commence from 11 June 2004. 3,571,552 shares were repurchased under the original buyback and no shares have been purchased under the further buyback during the period.
c Fully paid ordinary shares were issued in September 2004 under the employee Universal Share/Option Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the company. Offers of fully paid shares were made to all eligible employees (4,147). 2,285 accepted the offer prior to 30 September 2004, each subscribing for 400 shares and receiving a further 400 shares at no cost.

6. Net tangible assets per share

	30 September 2004 $	31 March 2004 $
Net tangible assets per share	**1.30**	1.13

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

Control gained over entities

No controlled entities were acquired during the period which affected net profit by more than 5% compared with the previous corresponding half year.

Control lost over entities

No controlled entities were disposed of during the period which affected net profit by more than 5% compared with the previous corresponding half year.

8. Details relating to dividends

		Franking percentage	**Date dividend paid/payable**	**Amount per share cents**	**Total amount $ million**
Final dividend	2004	70	1 July 2004	6	54.9
Interim dividend	2005	100	3 December 2004	6	55.0

The interim dividend in respect of ordinary shares for the half year ended 30 September 2004 has not been recognised in this half year report because the interim dividend was declared subsequent to 30 September 2004.

Dividend reinvestment plans

The dividend reinvestment plan remains suspended until further notice.

9. Details of associates

Share of net profit of associates

	Half year ended 30 September	
	2004 **$ million**	2003 $ million
Profit from ordinary activities before income tax	**27.9**	17.5
Income tax expense	**6.6**	5.2
Profit from ordinary activities after income tax	**21.3**	12.3
Extraordinary items after tax	**-**	-
Net profit	**21.3**	12.3
Outside equity interest	**-**	-
Total share of net profit	**21.3**	12.3

	Ownership Interest		Share of profit	
	As at 30 September		Half year ended 30 September	
Name	**2004** **%**	2003 %	**2004** **$ million**	2003 $ million
Associate companies				
New Zealand Sugar Company Limited[a]	**75.0**	50.0	**4.7**	3.2
Enviroguard Pty Ltd	**50.0**	50.0	**2.2**	1.7
Rondo Pty Ltd	**50.0**	50.0	**4.1**	3.2
Other immaterial associate companies			**0.4**	0.8
Joint venture entities				
Sugar Australia joint venture[a b]	**75.0**	50.0	**9.9**	3.4
Total share of net profit			**21.3**	12.3

a These entities are not consolidated because as at 30 September 2004, due to various arrangements in place, the CSR group does not have the capacity to control the entities.

b The CSR group as a joint venturer incurred a tax expense of $3.0 million (2003: $1.0 million) as a result of this profit. This tax expense is included within the CSR group's tax expense rather than the share of associate entities' net profit.

The CSR group does not have any other material interests.

10. Contingent liabilities and assets

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

In Australia, 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 30 September 2004, there were 658 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 30 September 2004, there were 2,870 such claims pending.

CSR has been settling claims since 1989. As at 30 September 2004, CSR had resolved approximately 1,511 claims in Australia and approximately 127,000 claims in the United States, including resolution of approximately 103,000 claims in mass settlements in West Virginia, Texas, Mississippi and Ohio.

There are uncertainties surrounding litigation in each of the United States and Australia. The incidence of asbestos related disease, the propensity of claimants to make formal demands on CSR, the amount of those demands, the presence of other defendants in litigation involving CSR, the impact of the US litigation environment of recent asbestos bankruptcies, and the possible passage of legislation relating to asbestos claims in the United States legal system, impact the numbers 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 and value of asbestos related claims in each of the United States and Australia. Those assessments have projected CSR’s claims experience into the future using various modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities. The provision includes an appropriate prudential margin.

CSR has brought proceedings in New Jersey against a number of insurers who issued policies to CSR from approximately 1978 to 1989. In those proceedings CSR seeks indemnity for US asbestos claims and certain other relief. To date CSR has reached a settlement of the New Jersey proceedings with two insurers including, during the half year ended 30 September 2004, Lloyd’s Underwriters (refer to significant items note on page 14). The proceedings against the remaining insurers are being pursued by CSR as speedily as possible. Costs incurred to date in relation to this legal action have been written off during the half year (refer to significant items note on page 14). No potential benefit from the litigation against the remaining insurers is included in the financial statements.

At 30 September 2004, a provision of $323.7 million (31 March 2004: $324.0 million) has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos related claims or the future impact on its financial condition. However, taking into account the provision already included in CSR’s financial statements and current claims management experience, the directors are of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on CSR's financial condition.

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

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

Declaration by directors on the financial statements and notes thereto set out on pages 1, and 11 to 21

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 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.303(5) of the Corporations Act 2001 on behalf of the directors.

Alec Brennan
Managing Director

Sydney, 9 November 2004

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF CSR LIMITED

Scope

We have reviewed the financial report of CSR Limited for the half year ended 30 September 2004 as set out on pages 1 and 11 to 22. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half year or from time to time during the half year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" 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 consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of CSR Limited is not in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2004 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants

Sydney, 9 November 2004

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).