SECURITIES AND EXCHANGE COMMISSION
FORM 20-F

(Mark One)

[ ] ANNUAL REPORT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[**X**] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from .... to...............................

Commission file number: 0-24678

CSR LIMITED

ACN 000 001 276

(Exact name of Registrant as specified in its charter)

New South Wales, Australia

(Jurisdiction of incorporation or organization)

Level 1, 9 Help Street, Chatswood, New South Wales 2067, Australia

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

____

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Ordinary Shares.

American Depositary Shares

evidenced by American Depositary Receipts, each representing four Ordinary Shares.

____

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

____

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Ordinary shares, fully paid
1,037,121,025

Ordinary shares, partly paid to A$0.10
1,099,000

____

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ____

Indicate by check mark which financial statement item the registrant has elected to follow

Item 17_____ Item 18__X__

TABLE OF CONTENTS

CURRENCY OF PRESENTATION AND EXCHANGE RATES

CSR publishes its consolidated financial statements in Australian dollars. In this Annual Report, unless otherwise specified herein or the context requires, references to "US$" or "US dollars" are to United States dollars and references to "$" or "A$" are to Australian dollars. For the convenience of the reader, this Annual Report contains translations of certain Australian dollar amounts into US dollars at the rate or rates indicated. Translations of Australian dollars into US dollars have been made at the noon buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). Unless otherwise stated, the translations of Australian dollars into US dollars for the period ended March 31, 2000 have been made at the Noon Buying Rate on March 31, 2000 of US$0.6062 = A$1.00. These translations should not be construed as representations that the Australian dollar amounts actually represent such US dollar amounts or could be converted in US dollars at the rate indicated.

The following table sets forth, for each of CSR's fiscal years indicated, the high, low, average and period-end Noon Buying Rates for Australian dollars expressed in United States dollars per A$1.00.

Year ended March 31	At Period End	Average Rate (1)	High	Low
1996	US$0.7815	US$0.7455	US$0.7821	US$0.7100
1997	0.7840	0.7874	0.8180	0.7572
1998	0.6613	0.7137	0.7795	0.6515
1999	0.6340	0.6177	0.6613	0.5550
2000	0.6062	0.6446	0.6713	0.6017

(1) The average of the Noon Buying Rates on the last day of each full month during the period.

The Australian dollar is convertible into US dollars at freely floating rates, and there are currently no restrictions on the flow of Australian currency between Australia and the United States.

CERTAIN DEFINITIONS

The fiscal year for CSR ends on March 31. As used throughout this Annual Report, unless otherwise stated or the context otherwise requires, the fiscal year ended March 31, 2000 is referred to as Fiscal Year 2000 and other fiscal years are referred to in a corresponding manner. All other references to years are specified and relate to calendar years.

References to tonnes herein are to metric tonnes, each of which equals approximately 2,205 pounds or 1.102 short tons. Measures of distance referred to herein are stated in kilometers, each of which equals approximately 0.62 miles. Measures of area referred to herein are stated in square kilometers or hectares; one square kilometer equals 0.3861 square miles and one hectare equals 2.47 acres. Measures of volume referred to herein are stated in liters, each of which equals approximately 0.26 U.S. gallons.

Estimates with respect to market size information represent the judgment of CSR, based on records and experience of the CSR Group as well as information available from industry and government publications and other sources.

Any discrepancies between totals and sums of components in tables contained in this Annual Report are due to rounding.

"Abnormal Items" are items of revenue and expense which are considered abnormal by reason of their size and effect on the operating profit or loss after tax for the reporting period. In accordance with generally accepted accounting standards in Australia, Abnormal Items are shown separately in the profit and loss statement and notes thereto. In accordance with generally accepted accounting standards in the United States, Abnormal Items are not extraordinary items and would be classified as an element of operating revenue or expense.

"ADSs" means "American Depositary Shares", each American Depositary Share representing four Ordinary Shares.

"ADRs" means "American Depositary Receipts" which may evidence any number of ADSs.

"Associate or Associated Company" means in relation to CSR, an entity where CSR has the capacity to influence significantly either or both of the financial and operating policies of the company.

"ASX" means the Australian Stock Exchange Limited.

"Controlled Entity" means a business which CSR must consolidate under law applying in Australia.

"CSR" means CSR Limited.

"CSR Group" means CSR and its controlled entities.

"CSR America" means CSR America, Inc. and its controlled entities.

"CSR Group Operating Profit" means consolidated operating profit before Finance, income tax, outside equity interests, Abnormal Items and extraordinary items.

"CSR Group Net Profit before Abnormal Items" means consolidated CSR Group Operating Profit after Finance, income tax and outside equity interests and before Abnormal Items and extraordinary items.

"Finance" means net interest expense, borrowing costs, short term interest revenue and foreign exchange losses and gains.

"Finance Assets" means cash on hand and short term deposits.

"Financial Statements" means: (i) the audited consolidated balance sheets of the CSR Group as at March 31, 2000 and 1999; and (ii) the audited consolidated statements of profit and loss, changes in shareholders' equity and statements of cash flows of the CSR Group for each of the one-year periods ended March 31 for the years 2000, 1999 and 1998, together with accompanying notes included herein at pages F-9 to F-49.

"Gross margin" means Operating Profit divided by Trading Revenue.

"Operating Assets" means total assets less Finance Assets.

"Operating Profit" means operating profit before Finance, income tax, outside equity interests, Abnormal Items and extraordinary items.

"Option" means an option granted by CSR pursuant to the CSR Executive Share Option Plan.

"Ordinary Shares" means fully paid ordinary shares in the issued capital of CSR.

"Partly Paid Shares" means ordinary shares in the issued capital of CSR, each partly paid to A$0.10 and issued pursuant to the Executive Share / Option Plan.

"Shares" means Ordinary Shares and Partly Paid Shares.

“Strategic Business Unit” means a profit center focused on a single or common markets or products with a dedicated management team.

"Trading Revenue" means revenue received from customers, including revenue (net of discounts, returns and allowances), fees for services as agent, rents and royalties.

FORWARD-LOOKING STATEMENTS

This Annual Report contains a number of forward-looking statements, including statements regarding certain ongoing litigation or expected impact on financial condition of such litigation and the anticipated trading results or returns of divisions of the CSR Group in Fiscal Year 2001. Such statements can be identified by the use of forward-looking words such as “may”, “should”, “expect”, “anticipate”, “estimate”, “scheduled” or “continue” or the negative thereof or comparable terminology. CSR can give no assurances that the expected impact on financial condition of such litigation and such anticipated trading results or returns of divisions of the CSR Group in Fiscal Year 2001 will not differ materially from the statements contained in this Annual Report. Such forward-looking statements are not guarantees of future results or performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of CSR, which may cause actual results, performance and achievements of the Company, or industry results to differ materially from those expressed or implied in the statements contained in this Annual Report. Such factors include, among other things, the following: (i) success in defending the ongoing litigation from claimants alleging personal injuries due to exposure to asbestos; (ii) general economic and business conditions in Australia, New Zealand, the United States (including the regional economies within the U.S.), Japan and Asia; (iii) trends and business conditions in the Australian and U.S. building and construction industries; (iv) trends and business conditions in the Australian and global aluminum, timber and sugar industries; (v) competition from other suppliers in the industries in which the CSR Group operates; (vi) the potential loss of major customers or suppliers; (vii) costs and availability of raw materials; (viii) changes in the CSR Group’s business strategy and plans regarding acquisitions, dispositions and business development; and (ix) compliance with, and potential changes to, governmental regulations related to the environment, employee safety and welfare and other matters related to the businesses of the CSR Group. For a discussion of certain of these factors, see “Item 1. Description of Business”, “Item 3. Legal Proceedings” and “Item 9. Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

The discussion below contains certain forward-looking statements. See "Forward-Looking Statements".

GENERAL

CSR Limited was incorporated in Australia in 1887 as the Colonial Sugar Refining Company. The company name was changed to CSR Limited in 1973. As at March 31, 2000, CSR was the 36th largest listed Australian company on the Australian Stock Exchange Limited, as measured by its sharemarket capitalization of A$3,629 million. CSR's headquarters are at Level 1, 9 Help Street, Chatswood, New South Wales, 2067 Australia. The telephone number is (61-2) 9235-8000.

CSR Group is a large building and construction materials group, with major manufacturing and distribution operations in Australia and the United States and additional operations in Asia and New Zealand. The CSR Group is also Australia's largest producer of raw sugar and has significant investments in Australia in sugar refining, the mining of bauxite and in the production of alumina and aluminum. At March 31, 2000, CSR Group employed approximately 17,104 people worldwide at more than 600 facilities. CSR had approximately 125,521 shareholders at March 31, 2000 and around 50% of the CSR Group's employees are shareholders.

Following the appointment of Mr. Peter Kirby as Managing Director on January 12, 1998, CSR performed a major review of CSR Group's strategy, performance, and operating divisions. The review identified three primary ways to build shareholder value:

- Performance Improvement - reducing costs, increasing efficiency and productivity in all CSR Group operations. This is intended to increase the value of assets whether they are retained or subsequently divested.
- Rationalization and Industry Restructuring - closing of inefficient operations and restructuring specific industries, in conjunction with other industry participants (subject to obtaining any necessary regulatory approvals), with the intent to reduce over-capacity, lower costs, improve efficiency and increase international competitiveness.
- Growth - expanding selected businesses, in particular Construction Materials (including concrete pipes) in the United States and Sugar internationally.

Following the strategic review, a number of changes in the structure of the divisions and in the senior management team occurred. During Fiscal Year 1999, Mr. Ian Melville McMaster was appointed Chief Executive Officer of the Sugar division and Mr. Christopher John Barry was appointed Chief Executive Officer of the Construction Materials division. Also during Fiscal Year 1999, Mr. Alexander Norman Brennan, former Executive Director, Finance and Investments, was appointed Executive Director, Strategy and Investments and Deputy Managing Director with a primary focus on CSR Group's strategy. Mr. James Gregory Osborne was appointed Executive Director Finance in Fiscal Year 1999. Gregory Philip L'Estrange ceased employment with CSR following CSR Group's divestment of the majority of the Timber Products business.

CSR has made significant changes as part of the rationalisation and restructuring process each with the goal of building shareholder value since March 1998. Specifically, CSR has:

- achieved close to A$300 million in cost savings and other efficiencies from operational improvement programs since mid-1997.

- sold over A$960 million worth of under-performing or non-strategic businesses and assets since March 1998, including almost all of the Timber Products business.
- invested close to A$600 million in value creating growth in the United States over the past two years and become well positioned for further expansion in the international building materials sector.

At March 31, 2000, CSR Group was organized into five business units , CSR America, Construction Materials (Australia and Asia), Building Materials (Australia, New Zealand and Asia), Sugar and Aluminum. These divisions are organized into a number of Strategic Business Units. A description of these divisions and Strategic Business Units is included below. For financial information regarding segments and geographical areas, see Note 1 to the Consolidated Financial Statements.

SUMMARY OF OPERATIONS

For financial reporting purposes, the CSR Group's industry segments are grouped along divisional lines into CSR America, Construction Materials, Building Materials, Sugar, Timber and Aluminum. The tables below set out CSR Group Trading Revenue by geographic end markets and Trading Revenue and Operating Profit by segments for the past three fiscal years ended March 31:

	Year Ended March 31,			
	2000(1)	2000	1999	1998
		(In millions)		
Trading Revenue by geographic end markets (2)(3)				
Australia	US$1,490	A$2,458	A$2,900	A$2,965
North America	1,683	2,776	2,537	2,068
Japan	236	390	390	647
Other Asia	334	551	471	315
New Zealand	75	123	76	151
Europe and Other	73	121	133	189
Total	3,891	6,419	6,507	A$6,335
Trading Revenue by segments (2)				
CSR America	US$1,631	A$2,690	A$2,439	A$1,949
Construction Materials	635	1,048	1,313	1,276
Building Materials	564	930	829	802
Sugar	398	656	754	1,177
Timber	369	609	759	726
Aluminum	294	486	413	405
Other	-	-	-	0
	3,891	6,419	6,507	$6,335
Operating Profit by segments (4)				
CSR America	US$199	A$328	A$239	A$183
Construction Materials	71	117	117	105
Building Materials	94	155	130	93
Sugar	27	45	90	99
Timber	35	58	42	30
Aluminum	111	183	125	133
Other	(50)	(82)	(50)	(56)
CSR Group Operating Profit	487	804	693	587
Finance	(49)	(82)	(126)	(129)
CSR Group Operating Profit after Finance	US$438	A$722	A$567	A$458

(1) Trading Revenue and Operating Profit data have been translated at the Noon Buying Rate on March 31, 2000 at US$0.6062 = A$1.00. See “Currency of Presentation and Exchange Rates”.

(2) Inter-segment sales between affiliated companies are eliminated in full.

(3) Includes the Trading Revenue of the Sugar division's milling operations received from the Queensland Sugar Corporation allocated in the same proportion as the Queensland Sugar Corporation's total raw sugar sales to its end markets. See "Description of Businesses - Sugar".

(4) Operating Profit does not include abnormal items. There were no abnormal items included in Fiscal Year 2000 and 1999 results. For a breakdown of abnormal items in 1998 by segment see Note 1, footnote (b) to the Financial Statements.

CSR AMERICA

CSR America, Inc., an indirect wholly owned subsidiary of CSR, was incorporated in the United States in 1981. CSR America is one of the largest producers of construction materials in the United States, with products including aggregate, sand, cement, pre-mixed concrete, concrete block, concrete pipe, pre-stressed concrete products and asphalt. As at March 31, 2000, CSR America employed 7,205 people at 244 operating sites in 29 states across the United States. CSR America, through its controlled entities, contributed 42% of CSR Group's Trading Revenue and 41% of the Operating Profit of CSR Group for Fiscal Year 2000.

CSR America and an associated company commenced asphalt contracting and quarrying activities in South Carolina in 1981. Expansion in the United States continued in subsequent years, culminating in two significant acquisitions. In 1988, CSR America acquired the Florida-based Rinker Materials Corporation, a substantial, integrated quarrying, concrete and cement business, for US$515 million. In January 1990, the concrete, quarry, asphalt and concrete pipe subsidiaries of ARC America Corporation, including American Aggregates Corporation ("American Aggregates"), Associated Sand & Gravel Company, Inc., ARC Materials Corporation (operating as WMK Materials) and Hydro Conduit Corporation were acquired for US$650 million.

Consistent with CSR Group's strategy of expanding its construction materials business in the United States, CSR America has continued to acquire businesses, construct new facilities, and develop existing sites. Acquired businesses fit with CSR America's existing integrated construction materials operations, sharing management and distribution networks and marketing and general overheads. Construction of new facilities and site improvements increases production capacity and lowers production costs. Since March 1998, CSR America has committed over US$400 million to the expansion and development of the construction materials and concrete pipe businesses.

As part of the CSR Group's strategy to dispose of under-performing or non-strategic assets, certain businesses and operating assets have been divested. In May 1997, CSR America sold its mid-western quarrying and concrete operations, American Aggregates, for approximately A$345 million. During Fiscal Year 2000, the Georgia asphalt and road surfacing business was sold for approximately US$8 million.

In Fiscal Year 1999, CSR America completed implementation of a new integrated business information system in all major businesses providing streamlined transaction processing, reduced overheads and improved the availability and quality of marketing and finance information. CSR America operates a shared service function providing information technology, transaction processing and other corporate services to the majority of its US operations. Strategic Business Units have been redesigned to improve management focus and accountability.

CSR America's operations are structured into five major lines of business for management purposes. These include Quarries & Cement, Materials Florida, Distribution, Pipe & Concrete Products, and Materials West. Each line of business is described below.

Management believe that CSR America's businesses are not economically dependent on any particular customer or trading group. Major customers are residential builders, commercial and civil contractors and pre-mixed concrete and asphalt producers. CSR America estimates that approximately 42% of its Trading

Revenue is derived from the residential housing sector, approximately 32% from commercial and industrial construction and the remainder from civil construction.

CSR America's businesses are affected by the regional economies in which they operate. CSR America currently derives approximately 55% of its Trading Revenue from operations in the State of Florida. Through its Quarries & Cement, Materials Florida and Distribution divisions, CSR America is one of the largest suppliers in most of the markets in which it operates in Florida. CSR America has about 11,500 customers in Florida. The remaining share of CSR America's Trading Revenue is derived primarily from the South Central, Pacific, Mountain and other regions, each at about 10% of Trading Revenue. The US economy continued to perform strongly through Fiscal Year 2000. CSR America expects to start benefiting from 45% higher levels of federal infrastructure spending under TEA-21 (the Transportation Equity Act for the 21st Century), the US Government's US$216 billion six year transport infrastructure program.

Quarries & Cement

Quarries & Cement operates primarily in Florida and Georgia. Its quarry operations include five limestone quarries, two granite quarries, eight sand mines and two aggregate distribution terminals. This includes acquisitions of three operating sand mines from Standard Sand in central Florida and Union Sand in Georgia in Fiscal Year 1999 (US$42 million) and a quarry and sand mine from Florida Rock in Fiscal Year 2000 (US$35 million). The quarries in southeast Florida have high quality reserves with direct access to Florida's two major rail systems. These quarries (the two largest of which are underwater limestone quarries) can produce more than 24 million tonnes of aggregate a year. Approximately 30% of this tonnage is used in CSR America's pre-mixed concrete, concrete block and Florida concrete pipe operations. CSR America estimates its Florida and Georgia quarry operations have 860 million tonnes of limestone, hard rock, sand and gravel reserves. Reserve life at current extraction rates is estimated to be in excess of 25 years.

Quarries & Cement operates a cement mill in Miami which in recent years has consistently operated to its production capacity of about 560,000 tonnes a year. This has been replaced by a new 1 million ton a year dry process cement mill on the existing mill site which was completed at end of Fiscal Year 2000 at budget of US$147 million. In addition to increasing capacity, the dry process mill is expected to reduce manufacturing costs and improve air quality emissions. The increase in output is expected to be used within CSR America businesses. The existing wet process mill is scheduled to be decommissioned and dismantled. CSR America also has two deep water cement import terminals, at Port Canaveral and Port Everglades in Florida. Imported and locally purchased cement, totaling about 1.2 million tonnes a year prior to commissioning of the new plant, has been used to supplement the mills production. About 65% of the CSR America's total cement production and purchases are used in its pre-mixed concrete, concrete block and Florida concrete pipe operations. The balance is sold in bulk and bag form to external customers.

Materials Florida

Materials Florida operates 65 pre-mixed concrete plants and 18 concrete block manufacturing plants throughout Florida. A majority of the cement and aggregate raw materials used in production are supplied by CSR America businesses through Florida's rail system or by contracted freight haulers. Materials Florida also distributes reinforcing steel, bagged cement, clay bricks and other building material accessory products. Plant sites are strategically located throughout Florida's major markets. Products are delivered through its fleet of approximately 1,030 trucks. Production capacity is estimated at 3.6 million cubic metres of pre-mixed concrete and 108 million concrete blocks.

Distribution

Distribution operates 29 building materials distribution centers in Florida with operations also in North Carolina, South Carolina and Tennessee. Products supplied include gypsum wallboard, metal framing, ceiling tile, insulation, and other building materials.

During the period 1992 through 1996, CSR America acquired several wallboard distributors in Florida becoming one of the state's leading distributors of gypsum wallboard. In April 1995, CSR America Group expanded its product range by acquiring Dierco Supply, a ceiling tile and insulation distributor. CSR America conducts a steel fabrication joint venture (Steelcon) with Bethlehem Steel. Steelcon fabricates light guage metal framing which is sold through the division's distribution centers. Distribution is consolidating its wallboard and ceiling tile distribution centers where possible.

Pipes & Concrete Products

Pipes & Concrete Products is the largest producer of reinforced concrete pipe in the United States. Its pipes are primarily used for storm water transmission, sewage and irrigation. Its pre-stressed concrete products include bridge beams, support structures and commercial and industrial building panels. Auxiliary concrete products include manholes and pollution prevention devices.

Operations include 52 concrete pipe plants, 13 pre-stressed and concrete products plants, 6 polyethylene pipe plants and several support facilities spread across 29 states. Operations in New England are managed through a partnership. Major customers are general and utility contractors who contract to government agencies (federal, state and local) and private developers.

Since April 1998, CSR America has increased its production capacity of concrete pipe and pre-stressed and concrete products by 65%. During this period, CSR America commissioned 3 modern automated pipe plants in Florida, South Carolina and Washington DC, acquired operations in Texas, Louisiana, Oklahoma, Indiana and Delaware, and commenced construction of pipe plants in Texas and Louisiana. Current annual production capacity is estimated at 3 million tonnes.

The United States market for concrete pipe is estimated by CSR America to be about US$2.0 billion a year. Storm drains, culverts and sewerage pipelines are the end use for pipes. Demand is heavily dependent on the construction of roads, residential subdivisions, commercial development and airports. The industry is mature and its modest growth over the past 15 years is expected to increase due to increased federal infrastructure spending. The United States concrete pipe industry is generally fragmented and localized because of the product's high freight costs, with most markets limited to a 150 kilometers radius from plant sites. Despite substantial rationalization in recent years, the industry has maintained a low level of concentration, with over 100 producers operating about 320 plants.

Concrete pipe represents approximately 80% of the demand for non-pressure pipe in diameters above 12 inches. Although plastics have been penetrating the market, it has principally been at the expense of pipe materials other than concrete pipes (such as corrugated steel).

CSR America owns PolyPipe Industries Inc (PolyPipe). PolyPipe makes and sells polyethylene pipes for natural gas and oil transmission and polyethylene duct material used for placement of underground utility cables. CSR America acquired a manufacturer of polyethylene valves and fittings, Shafer, in April 1996.

CSR America also owns Pipe Liners Inc ("PLI"), the exclusive manufacturer of the U-Liner™ product in the United States, allowing for relining of aging pipes underground. PLI is the holder of the patent for the U-Liner™ rehabilitation process licensed to installers throughout the United States. In August 1996, the trenchless pipe rehabilitation business, patents and technology of Conductive Composites Technology were acquired, complementing the U-Liner™ product. In 1998, two additional rehabilitation installation operations, ULiner Mid-America and Pipeliner Systems Inc. were acquired.

Materials West

Materials West operates in Las Vegas, Nevada and in the Northwest United States region. The Nevada operations include sand and gravel pits, pre-mixed concrete, concrete block and other building materials. The 3 main concrete plants are positioned in the Las Vegas Valley to service the entire metropolitan market. Five additional mobile concrete units are used to serve outlying areas and large jobs in the metropolitan area. The Nevada operations maintains a fleet of approximately 178 trucks to deliver its products to customers. In June 1998, a modern block manufacturing plant was acquired in North Las Vegas. The older Parkson block manufacturing plant was closed in December 1999 after one of its production lines was moved to North Las Vegas.

The Northwest operations include six sand and gravel pits, six asphalt manufacturing plants, pre-mixed concrete manufacturing plants, and a road surfacing business. Its main sand and gravel pit at Everett, Washington is nearly depleted. In June 1997, an operating quarry at Goldbar, Washington was acquired to supplement supply to Everett market. Development of a replacement deposit at Granite Falls, about 30 kilometers east of Everett, is underway. Quarry operations commenced in December 1999. Estimated reserves at this new site are at least 30 years at current sales levels. Four fixed asphalt plants are placed to serve the road building industry in northwest Washington, while portable asphalt and crushing plants service more remote highway projects in the Puget Sound region. Materials West exited the Oregon market during the current year with the sale of Portland pre-mixed concrete plant and closure of Washougal quarry.

CONSTRUCTION MATERIALS

CSR Construction Materials' operations are located in Australia and Asia. CSR Construction Materials' activities include the production and distribution of quarry aggregate, sand, pre-mixed concrete, concrete pipe and other reinforced precast and concrete products. It also provides asphalt and road pavement services and services in waste management. The CSR Group also has investments in cement production in Australia. The Construction Materials division contributed 16% of Trading Revenue and 15% of Operating Profit for Fiscal Year 2000.

During Fiscal Year 1999 the Construction Materials division was reorganized from three regions into seven discrete geographically based quarrying and pre-mixed concrete Strategic Business Units and a national Concrete Pipes and Products Strategic Business Unit. In Fiscal Year 2000, Construction Materials introduced a new integrated business information system across the business that has streamlined transaction processing, reduced overheads and improved the availability and quality of marketing and finance information.

Since April 1999, as part of the ongoing operational improvement plan to rationalize the assets in the business, several concrete, quarry, pipe and asphalt sites were closed. Additionally, 5 waste management sites were sold.

CSR Construction Materials’ operations are diversified geographically and also by end market. About 50% of production is used in civil construction with the remainder in commercial and industrial construction and residential building. Major customers include civil engineering contractors, government agencies, home builders and commercial building developers. Production of asphalt is closely linked to government road making activities.

Pre-Mixed Concrete and Quarries

CSR Construction Materials is one of Australia's largest pre-mix concrete and quarry operators. The CSR Group entered the quarrying and pre-mixed concrete sector in 1965 and has expanded its operations through acquisition and merger of established businesses and greenfield development in each of its products. The CSR Group's pre-mixed concrete, concrete product and asphalt operations provide assured outlets for its quarry products. More than three-quarters of CSR Construction Materials' raw materials are sourced from the CSR Group's operations and associated companies.

Under its READYMIX™ and associated brand names, CSR Construction Materials provides a range of aggregates, aggregate mixes, gravel, sand and pre-mixed concrete from some 80 quarries and 208 pre-mixed concrete plants throughout Australia. Most quarry operations and quarry reserves are located close to major markets, being the Australian state capital cities and large regional centers, to facilitate transport cost minimization and security of raw material supplies to CSR Construction Materials' other value-added and integrated activities. While reserve life varies from quarry to quarry, at current extraction rates, reserves are estimated to be, on average, in excess of 50 years.

Concrete Pipes and Products

The CSR Group, under the HUMES™ and associated brand names, is a leading Australian manufacturer of reinforced concrete pipe for sewerage, storm water and irrigation, arches for bridges, and other pre-cast and pre-stressed concrete products for use in civil engineering projects and commercial buildings. The CSR Group's Concrete Pipes and Products operations consist of an Australia-wide network of 20 plants.

In February 1999, the CSR Group Concrete Pipes and Products business in Australia was set up as a stand alone business within the Construction Materials division, to provide increased focus and accountability.

The market for concrete pipe and other pre-cast and pre-stressed products is highly dependent on government and state authority spending and on housing sub-division work.

Asphalt and Road Pavement Services

CSR Construction Materials and Vacuum Oil Company Pty Limited, a subsidiary of Mobil Oil Australia Limited, formed the CSR Emoleum Partnership in July 1996. CSR Emoleum (50% owned by the CSR Group) manufactures asphalt, a bitumen-based material used mainly for road paving, and provides a range of road services including paving, pavement design, profiling, spray sealing and road maintenance contracting. These services are used for the construction of new roads and the maintenance of existing roads across Australia.

Asia

The CSR Group established joint venture operations (85% owned by the CSR Group) in Taiwan in 1992 which makes and markets concrete pipes and other pre-cast products such as tunnel segments.

In China, the CSR Group has a joint venture (71% owned by the CSR Group) in the industrial city of Tianjin in northern China with a partner controlled by the Tianjin municipal government. Since April 1995, the joint venture company has operated one of China's largest hard rock aggregate quarries. The joint venture has three large pre-mixed concrete plants, servicing the Tianjin / Tang Gu region.

Cement

The CSR Group has a 50% shareholding in Australian Cement Holdings Pty Limited ("Australian Cement") which was acquired in 1974. The other shareholder is Pioneer International Limited ("Pioneer International"). Australian Cement is a major cement producer in Australia.

Australian Cement operates 2 cement plants, Goliath in Tasmania and Kandos in New South Wales. Each plant owns and operates nearby limestone quarries. Limestone is the major raw material for cement, and Australian Cement's reserves of limestone at current consumption rates, are expected to be sufficient for approximately 75 years of production. Australian Cement owns and operates cement seaboard distribution facilities in Sydney, Newcastle and Melbourne, and owns a dedicated ship which transports bulk cement from its Goliath plant to mainland Australia.

During Fiscal Year 2000, Australian Cement sold its 49% interest in Adelaide Brighton Cement Limited for A$83 million.

Over 80% of Australian Cement's output is presently supplied in bulk to pre mixed concrete producers. Australian Cement's two main customers are its two shareholders, the CSR Group and Pioneer International.

Other businesses

CSR Construction Materials conducts a waste disposal/landfill joint venture (Enviroguard Pty Ltd, 50% owned by the CSR Group) with Brambles Australia Limited which includes a landscaping products business (Envirogreen Pty Ltd, 50% owned by the CSR Group).

During the year ended March 31, 1999 CSR Group sold its Australian contract mining businesses, AWP Contractors Pty Limited and CSR Contracting Pty Limited, for a total consideration of A$140 million.

BUILDING MATERIALS

CSR Building Materials' operations are predominantly located in Australia. It also has operations in New Zealand and Asia. CSR Building Materials' activities include the production and distribution of gypsum products, glasswool and rockwool insulation products, concrete and clay roof tiles, clay bricks and pavers, fiber cement and autoclaved aerated concrete blocks and panels. CSR Building Materials division, contributed 14% of Trading Revenue and 19% of Operating Profit for Fiscal Year 2000.

The CSR Group is the leading supplier in Australia of plaster wallboard, insulation, roof tiles and autoclaved aerated concrete. Approximately 70% of the CSR Group’s building materials production is supplied to the residential building market and remainder to commercial and industrial building, civil construction and other non-building sectors.

As part of the realignment of the business into Strategic Business Units focused on specific products, the division has been able to rationalize its regional offices in New Zealand and Asia in 1999 and has sold a number of small non-strategic businesses and assets.

Plasterboard and Fibre Cement

Australia. The CSR Group, under GYPROCK™ and other brand names, is one of the largest manufacturers and marketers of gypsum-based products in Australia operating from 4 production sites and 39 distribution outlets. The CSR Group's gypsum products operations also encompass the mining and shipping of gypsum and the production and marketing of dry plaster and a full range of accessories. Over 70% of the CSR Group’s gypsum products are used in residential construction (mainly interior walls and ceilings), with the balance used in commercial construction. Competition in the plaster wallboard market is strong. The Adelaide Gyprock factory and the New Farm plaster mill site were sold in 1999.

The CSR Group’s gypsum is mined at Lake MacDonnell, South Australia, through Gypsum Resources Australia (50% owned by the CSR Group), a joint venture with Boral Limited. This gypsum mine, one of the largest in Australia, has approximately 290 million tonnes of proven and probable gypsum reserves. CSR estimates that at current consumption levels these reserves would be sufficient to meet industry requirements for more than 250 years.

CSR Fibre Cement entered the fiber cement market in March 1996 with a new plant located in Sydney, New South Wales. Fiber cement products are made from cement, sand and cellulose fiber and include flat sheeting principally for internal lining and external cladding of domestic and commercial buildings. The plant delivers most of its product to the Australian east coast market which represents more than 80% of the Australian market and has been successful in achieving an improvement in its market share in that market to over 23%.

Asia. The economic downturn, brought about by the Asia crisis, further intensified competition from new production capacity in the region. This has made production of plaster wallboard in Asia uneconomic at present. During Fiscal Year 1999 production at the CSR Indonesian plant was suspended. The Beijing, China plasterboard factory was sold in October 1999.

Insulation Products

The CSR Group, under BRADFORD INSULATION™ and other brand names, is the largest insulation manufacturer in Australia. It manufactures and markets a wide range of thermal and acoustic insulation products including glasswool, rockwool, polystyrene and reflective foil. Its ten manufacturing and support facilities are located in Australia, Malaysia, Singapore, Indonesia, China, Hong Kong and Thailand.

Australia. The CSR Group's Bradford operations include 3 plants throughout Australia. Principal end markets are in residential and commercial building and construction. It is the only Australian manufacturer of rockwool, which is used primarily in industrial insulation. Major customers are home builders, distributors, retail hardware outlets, insulation contractors and manufacturers. The polystyrene manufacturing business was sold during 1999.

Asia. The CSR Group operates 5 plants in Asia: a rockwool joint venture in Malaysia (70% owned by the CSR Group); small glasswool operation in Indonesia (50% the CSR Group); glasswool joint venture in Zhuhai, China (79% owned by the CSR Group); rockwool joint venture in Dongguan, China (70% owned by the CSR Group); rockwool operation in Thailand (100% owned by CSR Group, with 50% interest acquired during the 1999 Fiscal Year). CSR Group operates a trading facility in Singapore and Hong Kong. Principal end markets for the CSR Group's Asian insulation businesses are industrial and commercial enterprises, mainly related to infrastructure development in southeast Asia.

Roofing

The CSR Group is the largest supplier in Australia and New Zealand of concrete roof tiles and, in Australia, of clay roof tiles. The concrete and clay roof tile market is of particular significance in Australia where an estimated 70% of single dwelling residential housing incorporate roof tiles. Roof tiles are primarily utilized in the construction and renovation of residential housing.

Concrete roof tiles are sold under the MONIER™ brand and clay roof tiles are sold under the WUNDERLICH™ brand. The CSR Group currently operates 9 concrete and 2 clay roof tile plants in Australia and 2 concrete tile plants in New Zealand. Roof tiles are supplied through a supply and fix service and through roofing contractors. Principal customers are large project builders in all Australian states and major roofing contractors in New South Wales and Victoria.

Bricks, Pavers and Lightweight Concrete Products

The CSR Group is a leading manufacturer in Australia and New Zealand of clay bricks and pavers. The CSR Group currently operates 9 clay brick and paver plants in Australia and one clay brick and paver plant in New Zealand. Bricks and pavers are manufactured and sold close to major markets due to high transportation costs. The Australian clay brick and paver products are sold under the PGH™, ZACUBA™ and BATHURST BRICK™ brands. CSR Building Materials (NZ) Limited, supplies the New Zealand brick and paver market under the MONIER™ brand from its plant in Auckland.

Clay bricks and pavers are made from naturally occurring clays and shales supplied from 38 company-controlled reserves as well as independent clay suppliers. While reserve life varies from quarry to quarry, at current extraction rates reserves are estimated to be in excess of 20 years.

The clay brick market is of particular significance in Australia where an estimated 85% of external cladding for houses is brick. However, the trend in use is changing, as rendered finishes become more popular and cheaper common bricks are preferred over the more expensive ones. Bricks are primarily utilized in the construction and renovation of residential housing, a highly fragmented market.

The CSR Group, trading as CSR Hebel, is the largest supplier of autoclaved aerated concrete products in Australia. The CSR Hebel plant, close to Sydney, New South Wales, produces light weight concrete blocks, reinforced panels and reinforced door and window lintels. These products are used in many applications, including walls, roofs and floors. Approximately 55% of production is used in commercial and industrial building, 40% in residential building and the balance in civil construction. The CSR Group also operates an autoclaved aerated concrete plant in Malaysia (70% owned by the CSR Group). The business supplies markets in both Malaysia and Singapore. A similar plant operated in Taiwan through joint venture (55% owned by the CSR Group) was closed October 1999.

Shipping. The CSR Group shipping business currently manages three ships which carry over two million tonnes of dry bulk cargo around the Australian coast each year. Two of the ships carry gypsum from South Australia to the eastern States, and raw sugar and alumina from Queensland to the southern States on return voyages. The third ship carries cement for Australian Cement Holdings (50% owned by the CSR Group).

SUGAR

The CSR Group is Australia's largest sugar producer with activities encompassing milling of sugar cane, sugar refining, distilling, shipping and other sugar services. Sugar operations are subject to various statutory regulations in Australia and New Zealand. Raw and refined sugar is traded on the "world free market" and subject to international competition. Sugar prices are affected by world sugar production and consumption. For Fiscal Year 2000, the CSR Group's sugar businesses contributed 10% of the CSR Group's Trading Revenue and 6% of Operating Profit of the CSR Group.

Sugar Milling

CSR Group operates seven mills in Queensland and an additional mill in the Ord River district of Western Australia. The sale of the Ord River mill is currently being negotiated. In Fiscal Year 2000, CSR Group produced 2.1 million tonnes of raw sugar representing about 40% of Australia’s total production. The Australian sugar industry is considered one of the most technically efficient in the world. Sugar cane is grown in Australia by around 6,900 independent farmers that supply mill operations. The annual cane harvesting season extends from June through November.

The production of sugar in Queensland is regulated by statute with all raw sugar produced being acquired and marketed by the Queensland Sugar Corporation (a statutory body). Income available for distribution to growers and millers is the combined net proceeds of raw sugar sales overseas and in Australia. Historically, income has been shared approximately two-thirds to growers and one-third to millers under a standard formula used throughout Queensland. The precise division depends on the sugar content of the cane, the efficiency of the milling and district arrangements related to harvesting.

The regulations covering the marketing of raw sugar and all other aspects of the sugar industry in Queensland were reviewed in 1996. The Sugar Industry Review Working Party, through a report released November 1996, recommended removal of the A$55/tonne tariff on raw and refined sugar, retention of compulsory acquisition and "single desk seller" arrangements for the export and domestic sales of raw sugar. The report further recommended that a single body, currently the Queensland Sugar Corporation, remain responsible for acquisition and marketing, that domestic raw sugar prices be set at export parity levels, that pooling of raw sugar revenues and marketing expenses be continued and that a system of producer pricing be implemented to provide cane growers and mill owners with the option of managing their own price risk. The Commonwealth and Queensland State Governments generally endorsed the recommendations. The Queensland government has also endorsed a general industry agreement that an industry owned body be responsible for the acquisition and marketing of the sugar and legislation is currently in process to implement this. The A$55/tonne tariff on raw and refined sugar was removed by the Commonwealth Government in November 1997.

The CSR Group has an agreement with the Queensland Electricity Commission for the supply of 40MW of electricity per year into the Queensland electricity grid for the ten years from 1998 to 2007, generated by using the cane by-product from the sugar cane crushing process.

Export Marketing

Through December 31, 1999, CSR acted as agent for the Queensland Sugar Corporation, marketing all Australian raw sugar exports (other than to New Zealand) and arranging the sale, pricing, storage and shipment of the raw sugar. The agency agreement expired on December 31, 1999 with these activities being directly undertaken by the Queensland Sugar Corporation. CSR also provides similar export marketing services to the Ord Sugar industry in a joint arrangement with the Queensland Sugar Corporation. Legislation currently before the Queensland Parliament will replace the Queensland Sugar Corporation with an industry-owned company, to be called Queensland Sugar Limited.

CSR estimates that approximately 130 million tonnes of sugar is currently being produced worldwide, of which approximately 18 million tonnes of raw sugar and 19 million tonnes of white sugar is traded on the "world free market". Consequently, sugar prices (denominated in US cents per pound) are generally less stable than prices of other commodities as small shifts in world sugar production or consumption may have a significant effect on prices.

CSR estimates that around 78% of Australia's raw sugar production is exported, with the balance consumed in Australia. Through its agency capacity, CSR typically sold around 4.0 to 4.3 million tonnes of Australian sugar annually. About 45% of that amount is sold under long-term contracts.

Sugar Refining

Australia. CSR holds a 50% interest in Sugar Australia, an unincorporated joint venture formed in 1997 with Mackay Refined Sugars (“MRS”), itself a joint venture between Mackay Sugar Milling Co Operative Associated Limited and ED&F Man PLC. Sugar Australia was formed to help rationalize the Australian sugar industry following the Australian Government’s removal of a $55/tonne tariff on imported sugars. Sugar Australia is managed independently of the joint venture partners, having its own board. The assets used in the joint venture include the former CSR refinery in Melbourne (CSR retains ownership of the land on which the refinery stands) and depots in other capital cities, the MRS refinery at Mackay and depot in Sydney, and the specialized bulk refined sugar ship “MRS Pioneer”.

Sugar Australia, with refining capacity of approximately 670,000 tonnes a year, is Australia's largest sugar refiner and one of the largest in the world. Sugar Australia’s refineries produce a wide range of granulated and liquid sugars as well as specialty products such as golden syrup, treacle, coffee sugar and cube sugar. Products are supplied to industrial users and in retail packs. Refined sugar is sold to industrial users under contracts which may extend for up to three years. The principal end markets for refined sugar in Australia are alcoholic and non-alcoholic beverages, retail, confectionery and bakery products.

New Zealand. A 50% interest in New Zealand Sugar Company (previously 100% owned by the CSR Group) was sold to Mackay Sugar Co-operative Association (25%) and ED & F Man PLC (25%) in March 1998. The New Zealand Sugar Company's refinery in Auckland is the only sugar refinery in New Zealand. It currently buys all its raw sugar from the Queensland Sugar Corporation.

Key end markets for refined sugar operations in New Zealand are carbonated beverages, confectionery, bakery, ice-cream and alcoholic beverages as well as direct consumption through retail outlets. New Zealand Sugar Company's major customers include large retailers and wholesalers and significant food and beverage manufacturing entities. The New Zealand Sugar Company is also a significant exporter of refined sugar to Pacific island markets and of sugar / milk powder blends to Japan.

Distilling, Shipping and Sugar Industry Services

Distilling. The CSR Group operates two distilleries in Australia. The principal distillery is attached to the Plane Creek raw sugar mill in Queensland while the second is located adjacent to the sugar refinery in Melbourne, Victoria. The Plane Creek facility produces ethanol from molasses, a by-product of the sugar milling process. The output of this distillery is exported or sold into the domestic market after product upgrading carried out at the second distillery in Melbourne.

ALUMINUM

The CSR Group participates in bauxite mining and alumina production in Australia through a joint venture in the Gove bauxite-alumina project in the Northern Territory (the "Gove Project") and in aluminum production through a joint venture in the Tomago smelter in New South Wales, Australia's second largest aluminum smelter. Aluminum operations contributed 8% of Trading Revenue and 23% of Operating Profit for Fiscal 2000.

Australia is the world's largest producer of bauxite (contributing 37% of the world's output), and alumina (contributing 29% of the world's output), and the fifth largest producer of aluminum in the world (contributing 7% of the world's output). Aluminum is produced by the refining of bauxite (the major aluminum bearing ore) into alumina and the reduction of alumina into primary aluminum.

Bauxite and Alumina

The Gove Project is a joint venture between Swiss Aluminum Australia Ltd. ("Austraswiss"), a wholly-owned subsidiary of the Alusuisse-Lonza Group (70%), and Gove Aluminum Limited (30%) ("Gove Aluminum"). The CSR Group, in turn, holds a 70% interest in Gove Aluminum and AMP Life Limited has the remaining 30% interest. Output is shared in proportion to the joint venture interests. The mining and associated special purposes leases held by the joint venture have a term expiring in 2011 with the joint venturers having the right to renew them for a further 41 years. Gove Project participants also have the right to export 40 million tonnes of untreated bauxite in the period to year 2011. This amount will be exported in proportion to their joint venture interests.

In March 2000, CSR entered a non-binding heads of agreement with Billiton Aluminum Australia Pty Ltd ("Billiton") for Billiton to offer to acquire CSR's interest in Gove Aluminum. Due diligence is currently underway. The Gove Project joint venture agreement contains certain pre-emptive rights to which any binding offer would be subject.

The Gove Project is recognized as one of the lowest cost bauxite-alumina operations in Australia and in the world. Although it is a relatively small producer in terms of world-wide production, the mine has proven recoverable reserves of about 188 million tonnes of 50.6% alumina. These reserves represent an estimated 31 years of production at current extraction rates.

Bauxite is primarily used to produce alumina which is used primarily for aluminum smelting. The Gove Project's alumina plant has a capacity of approximately 1.8 million tonnes a year of sandy alumina. Gove Aluminum's 30% share of production is 540,000 tonnes a year. Of this amount, approximately 305,000 tonnes of alumina is transferred to the Tomago aluminum smelter, in which the CSR Group also has an interest (see "Aluminum" below), and the balance is sold, mostly to overseas buyers in North America, Europe and Asia.

Aluminum

The aluminum smelter at Tomago, New South Wales is owned by Gove Aluminum Finance Limited (36.05%) ("Gove Aluminum Finance"), Pechiney Pacific Pty. Limited (36.05%), TOA Pty. Limited (15.50%), V.A.W. Tomago, Inc (6.20%) and VAW Australia Pty. Limited (6.20%). The CSR Group has a 70% interest in Gove Aluminum Finance and AMP Life Limited has the remaining 30% interest.

Tomago's operating capacity is 440,000 tonnes per annum (Gove Aluminum Finance's share 159,000 tonnes). CSR believes that Tomago smelter is the second largest in Australia and one of the largest and most cost-efficient of its kind in the world.

Gove Aluminum supplies Gove Aluminum Finance with 36.05% of the alumina used at the Tomago aluminum smelter under an arm's length contract. Gove Aluminum Finance is entitled to 36.05% of the aluminum produced at Tomago. The main markets for Tomago's aluminum are major industrial companies in Japan and Asia. Most of the output is sold under long-term supply contracts.

Tomago smelter obtains its electric power from Macquarie Generation under a contract expiring in November 2017. CSR believes the commercial terms of this contract are consistent with similar contracts for the supply of power to aluminum smelters internationally.

TIMBER PRODUCTS

Part of CSR's strategy is to divest of non-strategic businesses. Over the past three years CSR has been looking to divest of its Timber Products business.

During Fiscal Year 2000, the CSR Group effectively exited the timber business, having either sold, closed, or entered into agreements to sell its solid timber and wood panel businesses and operating assets.

Proceeds from these divestment transactions totalled over $680 million. Timber Products contributed 10% of Trading Revenue and 7% of Operating Profit in Fiscal Year 2000.

In May 1999, the CSR Group divested its 20,000 hectares of softwood plantations and its sawmills, pine mouldings and export woodchip operations in South Australia and Victoria, . In August 1999, the CSR Group sold its FORMICA™ laminate business, a small sawmill in New South Wales and its hardboards plant in Queensland. In March 2000, the CSR Group entered into agreements to sell most of its remaining wood panel operations including a medium density fibreboard plant, five particleboard plants, its Oberon softwoods sawmill and its 50% interest in a joint venture agreement (relating to a sawmilling joint venture at Oberon) entered with third party in December 1999 prior to sale. Also in February 2000, CSR agreed to sell the two remaining sawmills and a timber preservative treatment plant. The sale of the sawmills closed in March 2000 and the sales of the Oberon panels plants closed in May 2000. Discussions for the sale of the CSR Group's only remaining timber business, a moulded door panels plant in New South Wales, continue.

ENVIRONMENTAL MATTERS

General

The CSR Group is subject to numerous environmental laws and regulations concerning its products, operations and other activities. Failure to comply with these laws and regulations could result in orders being issued that may cause certain of the CSR Group's operations to cease or be curtailed or may require installation of additional equipment at substantial cost. In such circumstances, the CSR Group may be required to compensate those suffering loss or damage by reason of violations and may be fined if convicted of an offense under such legislation. Any of these events could produce a material adverse effect on CSR's results of operations.

CSR believes that the CSR Group's activities are in compliance in all material respects with applicable environmental laws and regulations as administered by the responsible regulatory authorities or agreements are in place to reach compliance within an agreed time.

CSR cannot reasonably estimate the cost of future compliance or remedial work or further investment which may be necessitated by environmental laws and regulations or by any causes of contamination, including those occurring prior to the introduction of such law and regulations or before or after the property in question was owned or occupied by a member of the CSR Group. The level of such costs will be dependent upon, among other things, the nature and extent of the current and future environmental laws and regulations, the timing and nature of any required remedial work, the extent of any contamination, the technology available to meet the required standards, the determination of any liability of a member of the CSR Group in proportion to that of other parties and the extent to which any costs are recoverable from insurance and third parties. Assuming that the environmental laws and regulations are applied uniformly, CSR believes that its environmental compliance costs will not have a material adverse impact on its relative competitive position or on the earnings or capital expenditure of the CSR Group, taken as a whole. The CSR Group has provided in its Financial Statements for all probable environmental liabilities at an amount that can be reasonably estimated. As at March 31, 2000 such provisions totalled A$42 million [A$35 million in Fiscal Year 1999]. See Note (21) "Provisions - Restoration and Environmental" of the Financial Statements.

The Board of Directors of CSR has a "Safety, Health and Environment Committee" to monitor the environmental performance of the CSR Group's businesses (other than CSR America) by receiving reports, interviewing managers and making inspections of CSR Group sites. CSR America's Board of Directors has its own committee to monitor the environmental performance of its businesses. To date neither committee has become aware of any environmental issues which management believes would have a material adverse impact upon the CSR Group's business taken as a whole.

CSR Group's environmental policies do not apply to the operations of its investments in the Gove Project, the aluminum smelter at Tomago, Sugar Australia, Australian Cement or Enviroguard. Nevertheless, CSR believes that each of these ventures has implemented environmental policies appropriate for the environmental risks inherent in their operations.

The following is a description of the material environmental issues affecting particular operations of the CSR Group.

Australian Operations

Australia's principal laws governing environmental and sustainable management of natural and physical resources are contained in legislation and regulations enacted by the Commonwealth Government and the states and territories of the Commonwealth of Australia. This body of legislation regulates the operations of companies principally in regard to air, water and noise emissions, waste disposal, land contamination, and the handling and storage of environmentally hazardous chemicals and dangerous goods.

Compliance. Ongoing audits are made of environmental performance at CSR Group sites.

The main activities in which expenditure on compliance will be incurred are Construction Materials (dust emissions and waste water management at quarries, concrete batching plants and concrete products operations and removal of underground fuel storage tanks), the CSR Group's sugar mills (waste water treatment and particulate matter emissions), the CSR Group's timber operations (dust emissions and waste water management at medium density fiberboard, hardboard and particleboard mills; particulate matter emissions; site clean up) and the CSR Group's brick, tile and paver operations (dust and gas emissions from brick kilns and solvent emissions).

CSR Group sold the majority of its timber businesses. While CSR has certain contractual obligations to share in site clean-up in relation to certain of these businesses, CSR Group does not expect any costs incurred will have a material impact on its earnings or capital expenditure.

Site Remediation. Contamination has been identified on several sites. Clean up operations of these sites are planned and under way. Clean up costs have been provided for and no material adverse impact on operations is expected. CSR Group policy requires that all wastes be taken off the CSR Group's land for disposal according to regulations in licensed and regulated landfills. Some instances of past disposal of wastes on the CSR Group's land is known. Management considers only minor immediate remedial action to be necessary and this is not anticipated to have any adverse effect on the CSR Group's operations or competitive position.

Land Filling Operations. Non-putrescible and non-hazardous solid waste disposal in disused clay pits on land owned and controlled by the CSR Group has been completed. The landfills have been capped and restored.

A disused quarry at Devils Bend, Victoria, is presently being used for the disposal of non-putrescible waste and asbestos sealed within double layers of plastic sheet. The site is licensed by the Victorian Environmental Protection Agency and operates under strict protocols established by CSR. Landfills are operated by Construction Materials on 3 other landfill sites in Victoria. Both sites are fully licensed for both putrescible and non-putrescible wastes. Land filling at both sites is subject to strict control by CSR.

Enviroguard Pty Ltd ("Enviroguard"), joint venture (50% owned by the CSR Group) with Brambles Australia Limited, operates a non-putrescible landfill in a disused quarry in Sydney, New South Wales. The site is licensed by the NSW Environment Protection Authority and operates under strict protocols established by Enviroguard.

American Operations

The CSR Group's operations in the United States are subject to extensive regulation by various federal, state and local environmental control agencies. Regulations and statutes impose effluent and emission limitations and waste disposal, as well as other requirements, upon the CSR Group's operations in America and require it to obtain and operate in compliance with the conditions of permits and similar authorizations from the appropriate governmental authorities. CSR and CSR America believe they have obtained, have applications pending or are making applications for such permits and authorizations which would be necessary to adequately operate their businesses. CSR and CSR America do not presently anticipate that compliance with such statutes and regulations will have a material adverse impact on their competitive position or on their earnings and capital expenditure.

CSR America through its Safety, Health and Environment Committee monitors the environmental compliance of its operations. CSR America's subsidiaries have environmental staff that provide internal auditing safeguards, compliance training and policy enforcement in liaison with operations management.

Site auditing, monthly reporting and an environmental "hot line" toll-free telephone number all combine to ensure compliance and cost controls are part of regular business activities.

CSR America is not aware of any investigations of any material scope by any federal or state regulatory enforcement agencies currently in progress. CSR America does not have any sites listed as a U.S. federal Superfund clean-up project. CSR America, however, has several locations listed as state clean-up projects or allegations of disposal of waste material in listed Superfund sites. Management believes the costs of remediation are not material and are fully provided for.

COMPETITION

The building materials and construction materials businesses in which the CSR Group operates are highly competitive. The market can generally be divided into three segments: residential building (both new single dwellings, multi storey residential and renovations/additions); commercial building (for example, commercial offices, tourist-related buildings, shopping centers); and civil construction (for example, roads, highways, airports, dams, ports, mines). The industry is generally considered to be cyclical. CSR believes that the three segments of the market for building and construction materials tend to move in different cycles and have different impacts on the demand for the CSR Group’s building and construction materials products. Important factors affecting the building and construction cycles include interest rates, government fiscal policy, unemployment, consumer confidence, the level of net immigration into Australia and inter-state migration flows. CSR Group’s experience is that competition intensifies in the down cycle (particularly on the basis of price) resulting in pressure on the CSR Group's profit margins.

In Australia, the residential building segment is estimated to represent a little over one-half of the total market. A common feature of most Australian building and construction materials markets, currently estimated at A$17 billion per year, is that generally three domestic suppliers (including CSR Group companies) account for a significant portion of total annual sales in each market. While competition varies from business to business, the CSR Group's two principal competitors in the Australian building and construction materials industry are Boral Limited and Pioneer International Limited. Intensity of competition varies from region to region depending on the location of production, distribution or other facilities. Additional smaller regional companies compete in most of the product markets within the industry.

The CSR Group's American businesses also face strong competition. In general, most United States markets are regional and not dominated by large national companies. Since the markets tend to be regional, the CSR Group's competitors in America are typically smaller local operators.

Competition in the CSR Group's other businesses (i.e. sugar and aluminum) is also strong. The CSR Group is a leading supplier in Australia of raw sugar and ethanol and in Australia and New Zealand, through its joint venture operations, of refined sugar. Competition in the Australian, New Zealand and other international markets remains very strong. The CSR Group's aluminum interests are relatively small in a global market dominated by major world producers and exporters of bauxite, alumina and aluminum.

RESEARCH AND DEVELOPMENT

The CSR Group incurs research and development costs in a number of its businesses, which are expensed when incurred. Research and Development costs in Fiscal Year 2000 were approximately A$8 million, up from approximately A$6 million in Fiscal Year 1999 and approximately A$11 million in Fiscal Year 1998 during which a number of major development projects were completed. The average over the past five years was $14.3 million per year.

EMPLOYEES

At March 31, 2000, the CSR Group employed 17,104 people, at over 600 facilities in Australia and overseas. 8,119 people were employed in Australia, 7,205 people in the United States and the balance in China, South East Asia, Taiwan and New Zealand.

The CSR Group's overall safety statistics improved in Fiscal Year 2000, with the injury frequency rate falling to 4.7 lost time injuries per million work hours (from 5.3 in Fiscal Year 1999) and the time lost to injuries rate falling to an average of 16 days lost per injury due to work-related injuries (from 23 days in Fiscal Year 1999). Notwithstanding the statistical improvement, 4 people employed within the CSR Group died from injuries at work in Fiscal Year 2000. A new safety strategy was implemented during Fiscal Year 2000, incorporating a revised policy, safety management principles, training and an improved safety management system based on site audits and assessments. CSR Group will continue to focus of safety improvement with additional programs scheduled for Fiscal Year 2001.

CSR Group's labor policies do not apply to the operations of its investments in the Gove Project, the aluminum smelter at Tomago, Sugar Australia, Australian Cement or Enviroguard. Nevertheless, CSR believes that each of these ventures has implemented labor policies appropriate for the labor relations in their operations.

Australian Operations

The major unions which represent employees of the CSR Group's companies in Australia are the Australian Workers' Union, the Australian Liquor, Hospitality and Miscellaneous Workers' Union, the Construction, Forestry, Mining and Energy Union, the Transport Workers' Union, the Amalgamated Metal and Engineering Employees Union, the Brick, Tile and Pottery Union and the CSR Limited Officers' Association.

Employees are covered by various Federal and State awards which prescribe minimum wages and conditions for the type of work performed in Australia. In addition to these awards, enterprise-based agreements exist at most sites which address productivity and efficiency initiatives at those sites and provide for over award wages and working arrangements. Enterprise agreements are typically negotiated annually between local management, employees and their union representatives. The level of industrial disputes at the CSR Group's Australian workplaces is relatively low.

American Operations

The major unions which represent employees of CSR America in the United States are the Teamsters, Laborers, Operating Engineers, Steelworkers and Paperworkers. Contract agreements are typically negotiated for a three year period between local management, employees and their union representation. Approximately 2,400 employees of the CSR America are represented by these unions. CSR America is currently introducing to its labor contracts, where possible, an innovation whereby incentives will be paid to employees based on contributions to productivity improvement. Many of the CSR America's operations do not have union representation for their employees.

Employees are covered by various Federal and State laws which impose minimum wages, overtime requirements and safety and environmental conditions. CSR America provides appropriate health, welfare and retirement benefits to most of its employees. CSR America’s operations have experienced a low level of industrial disputes over the past few years.

ITEM 2. DESCRIPTION OF PROPERTY

At March 31, 2000, the CSR Group operated over 600 facilities in Australia, New Zealand, North America and Asia. Approximately 390 of these facilities are in Australia, approximately 210 in North America and the balance in Asia and New Zealand. These properties are comprised primarily of plants and facilities relating to rock and sand quarries, pre-mixed concrete and concrete products or relating to the manufacture and distribution of its building and construction materials. In addition, the CSR Group operates a number of properties relating to its sugar activities (Description of Business - Sugar") and has an interest in an aluminum smelter, a bauxite mine and an alumina refinery (see "Description of Businesses - Aluminum"). The majority of Timber properties have been sold (see "Description of Businesses - Timber Products").

CSR believes that the CSR Group's facilities are suitable and adequate for its present needs and are well maintained and in good operating condition. The CSR Group carries insurance covering property and casualty and certain other risks to which its worldwide facilities and operations may be subject. The CSR Group owns most of its principal operating facilities and leases the remainder. CSR does not believe its businesses are dependent upon any single operating facility.

ITEM 3. LEGAL PROCEEDINGS

General *The discussion below contains certain forward-looking information. See "Forward-Looking Statements".*

In addition to the proceedings described below and under "Asbestos Litigation", there are outstanding court proceedings, claims and possible claims against companies in the CSR Group arising in the ordinary course of business, the aggregate amount of which cannot be readily quantified.

While CSR can give no assurance in respect of these other legal proceedings, it does not believe that any adverse decision would have a material adverse effect on the financial conditions or results of operation of CSR Group.

The State of Queensland, Queensland Rail and various other public and private corporations have each commenced proceedings against CSR and other unrelated companies in Australia. All applicants claim to have been overcharged for pre-mixed concrete supplied by the companies for projects in South East Queensland from mid 1989 to mid 1994. CSR believes it has good grounds on which to defend these claims and, in any event, CSR believes that these claims, if successful, would not have a material adverse impact on the consolidated financial condition or results of operation of the CSR Group taken as a whole.

Asbestos Litigation

CSR and several of its subsidiaries have been named as defendants in litigation in Australia and the United States by claimants alleging personal injuries due to exposure to asbestos. Claimants in these cases generally seek compensatory and punitive damages. In almost all cases, CSR and / or one of its subsidiaries is one of a number of defendants.

Australian Asbestos Litigation -- Historical Overview: The involvement of CSR and its subsidiaries in asbestos litigation in Australia arises from the mining of raw asbestos fiber by one of CSR's subsidiaries, as well as the sale by CSR and by certain of its subsidiaries of asbestos-containing products. Claimants in this litigation include former employees, contractors and carriers of raw fiber, and users of asbestos products.

The first claim naming CSR or a subsidiary as a defendant in Australia was asserted in 1976. As at March 31, 2000, CSR and its subsidiaries had been named in approximately 1,450 such claims, of which,

32 were commenced in 1991,
28 in 1992,
62 in 1993,
65 in 1994,
80 in 1995,
126 in 1996,
141 in 1997,
87 in 1998,
72 in 1999, and
28 from January 1, 2000 to March 31, 2000.

Of these, 797 have been settled and a further 149 have been dismissed voluntarily or by successful CSR defense. As at March 31, 2000, the total cost of settlements and judgments was approximately A$67 million and defense costs totaled approximately A$36 million.

There has been a single punitive damages award, in the Rabenalt case, which was against a subsidiary in the amount of A$250,000. It was entered in 1989.

Australian Asbestos Litigation -- Current Status: As at March 31, 2000, there were approximately 509 asbestos claims pending against CSR and / or its subsidiaries in Australia. Settlement payments by CSR and its subsidiaries continue to be affected by a variety of factors, including principally the type of injury alleged to have been sustained by the claimant, and the nature and extent of the claimant's alleged exposure to raw asbestos fiber or asbestos containing products manufactured or supplied by CSR or its subsidiaries.

United States Asbestos Litigation -- Historical Overview: The involvement of CSR and its subsidiaries in asbestos litigation in the United States arises from sales of asbestos fiber mined by a subsidiary of CSR and sold by CSR acting as its subsidiary's sales agent. The last such sale occurred in 1966.

Prior to 1990, the vast majority of the asbestos claims against CSR were commenced by or on behalf of employees of Johns-Manville, the principal purchaser of asbestos fiber sold by CSR as sales agent for its subsidiary. These individuals generally claimed exposure to such fiber during the course of their employment at the Johns-Manville plants where the fiber was used in the manufacture of certain asbestos cement pipes. Such claims, as well as claims of other persons allegedly exposed to raw asbestos supplied by CSR, are collectively referred to as "Plant-worker Claims". Until recently, settlements by CSR of US asbestos claims for the most part involved Johns-Manville Plant-worker Claims. CSR has entered into a number of global settlements of such claims with various claimants' counsel.

Beginning in late 1990, CSR began to be named as a defendant in US lawsuits that did not involve Plant-worker Claims. Instead, these suits primarily involved persons alleging occupational exposure to finished asbestos products, particularly specialty gasket material and asbestos cement pipe. Such claims are referred to as "Finished Product Claims". CSR does not believe Finished Product Claims are meritorious, and has defended them vigorously on the bases that, among other things, there is no evidence that asbestos fiber supplied by CSR to Johns-Manville was incorporated into the particular products to which these claimants were allegedly exposed; there is no personal jurisdiction over CSR; CSR did not owe a duty to warn users of finished products manufactured by Johns-Manville, a sophisticated and knowledgeable asbestos company in its own right, of the potential consequences under certain circumstances of the inhalation of asbestos fiber; and any alleged failure by CSR to warn Johns-Manville of such potential consequences was not the cause of claimants' injuries. CSR believes that the reason for its inclusion in Finished Product Claims is the bankruptcy in 1982 of Johns-Manville and the consequent unavailability of a full remedy against Johns-Manville for injuries allegedly caused by its products.

The first US asbestos claims naming CSR or a subsidiary as a defendant were Plant-worker Claims asserted against CSR in 1980. As at March 31, 2000, CSR and / or its subsidiaries had been named in approximately 2,990 Plant-worker Claims and approximately 112,000 Finished Product Claims.

Of the approximately 2,990 Plant-worker Claims,

428 were asserted in 1991 (the first such claim was made in 1980),
54 in 1992,
97 in 1993,
52 in 1994,
44 in 1995,
38 in 1996,
48 in 1997,
23 in 1998,
25in 1999, and
0 from January 1, 2000 to March 31, 2000.

Of these, approximately 2,780 have been settled. As at March 31, 2000, the total of the cost of settlements was approximately A$60 million.

Of the approximately 112,000 Finished Product Claims,

7,525 were asserted in 1991,
3,510 in 1992,
10,076 in 1993,
12,666 in 1994,
32,476 in 1995,
17,965 in 1996,
4,655 in 1997,
9,829 in 1998
4,120 in 1999, and
172 from January 1, 2000 to March 31, 2000.

As at March 31, 2000 the total of the cost, both paid and committed, of settlements and verdicts was approximately A$51 million. The total defense costs, relating both to Plant-worker Claims and Finished Product Claims, was approximately A$41 million.

The only judgments entered to date against CSR in the US asbestos litigation occurred in August 1993 in the Abrams case in Mississippi. That case involved Johns-Manville Finished Product Claims by nine shipyard workers claiming exposure to Johns-Manville gasket material allegedly containing fiber supplied by CSR as sales agent. In that case, a jury verdict was entered against CSR in favor of four of the former shipyard workers for compensatory damages totaling US$2,150,000 and punitive damages totaling US$215,000. In addition to deciding the claims of the nine shipyard workers, the jury in Abrams also decided certain common issues with respect to approximately 6,700 of the approximately 16,000 claims then pending against CSR in Mississippi. The jury found that the Johns-Manville gasket material had been used at the shipyard where the claimants were employed; that CSR may be liable for injuries caused by such material; and that punitive damages in the amount of 10% of compensatory damages were appropriate against CSR. CSR has reached settlements of all claims made in Mississippi with various claimants' attorneys. While the attorneys' clients have the right to opt out of the settlement, it is CSR's belief that relatively few, if any, claimants will choose to do so, and none has done so to date. An integral part of the settlement agreement provided for and resulted in the shipyard worker specific and common issues verdicts being vacated as to all settling claimants.

Although claims have been brought against CSR in 35 states, the bulk of the claims against CSR have been Finished Product Claims in four particular states: Mississippi (20,900), West Virginia (24,100), Texas (33,700) and Ohio (16,300), each as at March 31, 2000. Each of these states permits so-called "mass trials" of claimants' claims. Although CSR does not believe these or other Johns-Manville Finished Product Claims are meritorious, given their large number; the risk of adverse rulings, particularly in mass trial states; and the costs of defending the claims, CSR in July, 1995 and May, 1996, settled a total of 17,056 West Virginia claims for US$6,329,900; in March, 1996, settled 32,100 Texas claims for US$10,572,694; in April, 1996, settled 18,319 Mississippi claims for US$13,300,000, and in March and April 1997 and in August 1999 settled 14,735 Ohio claims for US$2,397,550. CSR has continued to move to settle such claims where the prevailing circumstances cause it to believe that it is commercially advantageous to do so. CSR has entered into a number of agreements with various claimants' counsel pursuant to which the parties will attempt to resolve the counsels' future claims on an agreed upon basis prior to litigation.

United States Asbestos Litigation -- Current Status: As at March 31, 2000, there were 846 asbestos claims pending against CSR in the United States.

The settlement payments by CSR in the United States continue to be affected by a variety of factors, including principally the type of injury alleged to have been sustained by the claimant, the nature and extent of the claimant's alleged exposure to fiber supplied by CSR as sales agent for one of its subsidiaries, the jurisdiction of the suit, and whether the claim is to be part of a group settlement.

Insurance Issues: On March 3, 1995, in settlement of litigation commenced by CSR and for the assumption by CSR of certain indemnity and other obligations, CSR received an undissected lump sum payment of A$100 million in full and final settlement of all present and future claims CSR has or may have had against certain insurers issuing liability policies to it from 1955 to at least 1978. Subsequent to the settlement of these coverage and damages claims, CSR and its subsidiary CSR America, Inc commenced litigation in the United States District Court for the District of New Jersey against other insurers that issued policies to CSR from approximately 1979 to 1986, seeking, among other things, coverage for US asbestos claims against them and damages. This case is currently pending. Some of these insurers then commenced their own litigation against CSR and CSR America, Inc in the Supreme Court of New South Wales, seeking, among other things, a declaration that the insurers have no obligation to provide any such coverage. The Supreme Court of New South Wales issued a preliminary injunction barring CSR and CSR America, Inc from prosecuting the US coverage suit without further order of the Supreme Court of New South Wales. CSR and CSR America successfully appealed to the High Court of Australia against that injunction. The High Court lifted the injunction and ordered that the proceedings commenced in New South Wales be stayed pending the outcome of the US coverage suit.

Management's Views: *The discussion below contains certain forward-looking information. See "Forward-Looking Statements".* In light of the difficulty of predicting the number of further claims, the severity and mix of diseases involved, the costs of defense and indemnity associated with such claims, and other changes in the litigation environment that might affect CSR's position or that of its subsidiaries, CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos claims nor their effect on net profit/loss in future reporting periods. Nonetheless, in the opinion of management, the asbestos litigation in the United States and Australia will not have a material adverse impact on the CSR Group's financial condition. This view is based upon the experience of CSR and its subsidiaries in the asbestos litigation to date; the resolution of a large number of matters on commercially acceptable terms; the provisions already included in the CSR Group's financial statements; CSR's belief that it has even stronger evidence than presented during the Mississippi trial to support CSR's position that the fiber contained in Johns-Manville gasket materials was not supplied by CSR; CSR's expectations concerning probable settlements in pending as well as future claims; and CSR's expectations concerning the number of claims likely to be brought against it and/or its subsidiaries in the future. There can, however, be no assurance that the litigation will not have a material adverse impact on the CSR Group's financial condition.

ITEM 4. CONTROL OF REGISTRANT

CSR is not directly or indirectly controlled by another corporation or by any foreign government and does not know of any arrangement the operation of which may at a subsequent date result in a change of control of CSR.

As at March 31, 2000, there were two holders known to CSR of more than 10% of the CSR's outstanding voting securities. Chase Manhattan Nominees Limited held 138.4 million ordinary shares or 13.34% of CSR's issued capital. Westpac Custodian Nominees Limited held 128.5 million ordinary shares or 12.39% of CSR's issued capital. The shares are held as nominee for numerous beneficiaries, most of whom are believed to be pension funds.

As at March 31, 2000, the holdings of Directors and Executive Officers of CSR, as a group, of CSR's voting securities were as follows:

Title of Class	Identity of Person or Group	Number Owned	Percent of Class
Ordinary Shares	Directors and Executive Officers	1,023,625(1)	0.10%

(1) Excludes shares held non-beneficially.

Through March 31, 2000, 28.4 million Ordinary Shares representing approximately 2.7% of issued capital had been issued to Executive Officers and employees under employee share purchase plans. As at March 31, 2000, 9.5 million of these shares were listed for current Executive Officers and employees. See Item 11 "Compensation of Directors and Officers" below.

ITEM 5. NATURE OF TRADING MARKET

The principal trading market for CSR's fully paid Ordinary Shares is the Australian Stock Exchange ("ASX"). CSR's fully paid Ordinary Shares are also listed on the London stock exchange.

In the United States, Morga n Guaranty Trust Company of New York, as Depositary (the "Depositary"), has issued American Depositary Receipts ("ADRs") evidencing American Depositary Shares ("ADSs"). Each ADS represents the right to receive four fully paid Ordinary Shares. Since March 1990, the ADRs have been traded in sponsored American Depositary Receipt form on the over-the-counter market.

The following table sets forth, for the calendar periods indicated, the high and low sales prices in A$ per Ordinary Share as reported by the ASX and the high and low sales prices in US$ per ADS as reported by the Depositary.

Quarter Ending		Per Ordinary Share (A$)		Per ADS (US$)	
		High	Low	High	Low
Fiscal Year	June	5.17	4.48	15.63	15.63
1998:	September	5.90	4.82	16.50	16.00
	December	5.60	4.31	13.50	13.25
	March	5.48	4.76	14.25	13.75
Fiscal Year	June	5.24	4.20	11.75	10.13
1999:	September	4.86	3.20	9.00	7.50
	December	3.99	3.28	10.13	8.75
	March	4.08	3.97	9.69	8.38
Fiscal Year	June	4.74	3.51	12.63	8.63
2000:	September	4.80	3.81	12.63	9.88
	December	4.04	3.31	10.88	8.50
	March	4.09	3.40	11.00	8.25

At March 31, 2000, 1,037,121,025 Ordinary Shares were outstanding and were held by 125,521 holders of record. Of this, 1,542,000 Ordinary Shares were held by 2,718 CSR America employees resident in the United States pursuant to share offers under the terms of the Universal Share / Option Plan ("USOP"). As at March 31, 2000, 1,331,827 ADSs representing 5,327,310 Ordinary Shares, or approximately 0.51% of the Ordinary Shares outstanding on such date, were held by 130 holders with registered addresses in the United States.

ITEM 6. EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

There are no foreign exchange controls or other governmental laws, decrees or regulations, other than in relation to withholding taxes (see "Item 7. Taxation" below), which affect the remittance of dividends, interest or other payments by CSR to non-resident holders of CSR securities in the United States.

Subject to the exceptions referred to below, there are no limitations on the right of United States residents or owners to hold or vote CSR Ordinary Shares imposed by Australian law or CSR's Constitution.

Changes in interests held by foreign persons in Australian companies may be subject to review and approval by the Treasurer of the Commonwealth of Australia under the Foreign Acquisitions and Takeovers Act 1975. Generally, that statute requires prior notification of any acquisition which would result in a foreign person together with any associates either holding interests in 15% or more of an Australian company's issued shares or controlling 15% or more of the voting power in the company. The statute also requires prior notification of any acquisition resulting in two or more foreign persons and their associates similarly holding interests in 40% or more of an Australian company's issued shares or controlling, in the aggregate, 40% or more of its total voting power. In each case, the Treasurer may prohibit any part of the acquisition if the Treasurer is satisfied it would be contrary to the national interest of Australia.

Further, the Corporations Law regulates the acquisition of shares in public companies in Australia. Subject to certain exceptions, it prohibits such an acquisition if (1) after the acquisition the acquirer and the acquirer's associates would be entitled to more than 20% of the company's issued ordinary shares and (2) the acquisition does not satisfy one of a number of specified exceptions. The more significant exceptions are: a formal, registered takeover offer to all the shareholders in the target company, acquisitions by a broker on the stock market under a formal takeover announcement, acquisitions of no more than 3% of the target company's voting share capital every 6 months or acquisitions approved by the target company's shareholders in general meeting.

ITEM 7. TAXATION

The taxation discussion set forth below is intended only as a descriptive summary and does not purport to be a comprehensive technical analysis of all potential tax consequences for United States residents investing in shares in an Australian incorporated company. Investors contemplating the purchase of shares are advised to consult their own tax advisers with respect to the tax consequences relevant to their specific situations.

Except as otherwise noted, the statements of Australian tax laws set out below are based on the laws in force as of the date of this Annual Report, and are subject to any changes in Australian law, and in any double taxation convention between the United States and Australia occurring after that date.

Australian Taxation

Dividends

Since 1987, Australia has had a dividend imputation system which relieves double taxation on certain dividends by imputing tax paid at the company level to shareholders by means of imputation credits attached to dividends received by them. Where an Australian tax resident shareholder receives a "franked" dividend, a tax credit attaches to the extent to which the dividend paid is a franked dividend. This tax credit can be offset against the Australian income tax payable by the shareholder. Since the introduction of the dividend imputation system, all dividends prior to Fiscal Year 1994 were fully franked. Since then:

The dividend for Fiscal Year 1995 was 76% franked.
The dividend for Fiscal Year 1996 was 100% franked.
The dividend for Fiscal Year 1997 was 50% franked.
The interim and final dividends for Fiscal Year 1998 were 50% and one third franked respectively.
The dividends for Fiscal Years 1999 and 2000 were one third franked.

All ordinary shareholders and ADR holders will be advised as to the extent to which each future dividend will be franked as dividends are declared. Broadly, shareholders who are non-residents for Australian tax purposes, rather than receiving a tax credit on "franked" dividends, are exempt from Australian dividend withholding tax in respect of franked dividends received. Any part of a dividend, paid to a United States tax resident who is a non-resident of Australia, which is not franked will attract Australian dividend withholding tax at a rate of 15%. However, if such a shareholder carries on a business in Australia through a permanent establishment and unfranked dividends paid by CSR are effectively connected with that permanent establishment, tax at the rate of 30% will apply.

Some foreign shareholders are exempt from Australian dividend withholding tax on dividends that are not franked; most notably, foreign superannuation / pension funds that are exempt from income tax in their home jurisdiction.

Gain or Loss on Disposal

The Australian taxation system is undergoing significant reform over the next two financial years. One of the changes that effects capital gains tax and is already law is the manner in which capital gains are taxed.

In prior years, capital gains tax was payable in Australia on realized gains over the period in which the shares were held, i.e. the difference between the disposal price and the original cost indexed for inflation over that period. Indexation was not available in respect of assets held for less than 12 months. Normal rates of income tax applied to capital gains so calculated. Capital losses were not subject to indexing; they were available as deductions but only in the form of offset against other capital gains.

The first change is that indexation is no longer available after September 1999. Thus the indexed cost base of assets is frozen as at the end of September 1999 in calculating future gains.

A further change is that as of December 1999 there is a choice between calculating the capital gain as per the previous paragraph (ie. sale proceeds less frozen indexed cost base) or electing to pay tax on 50% of the nominal gain (ie. difference between sale proceeds and original cost). This particular option applies to resident individuals. [Superannuation funds (pension funds) have the choice of paying tax at their normal tax rate of 15% but on two thirds of the nominal gain ie. effective 10% tax rate.

Some tax relief is provided in circumstances where a company is taken over by another entity via a scrip for scrip offer. Subject to certain conditions being met shareholders can defer any gains that may be resulted. Non-resident shareholders can only obtain the benefit of this scrip for scrip rollover if the predator company is an Australian company.

Subject to the following two exceptions, a non-resident of Australia for tax purposes disposing of shares in Australian public companies will be free from capital gains tax in Australia:

(i) Shares used as part of a trade or business conducted through a permanent establishment in Australia. In such case any profit on disposal will be subject to capital gains tax or, depending on such usage, may be assessable to ordinary income tax. Losses would constitute capital loss deductions or normal deductions.

(ii) Shares held in public companies where such shares represent a holding of 10% or more (together with associates, if any) in the issued share capital of the company.

Stamp Duty

Any transfer of Ordinary Shares (including a transfer from the Depositary or any Custodian to a holder of ADSs) would, in almost all cases, require the payment in Australia of stamp duty calculated on their value. If the transfer takes place on the Australian Stock Exchange that stamp duty (at present normally 0.3%) is split between the transferor and the transferee. In other cases, the transferee is liable for the duty and the rate of duty will normally be 0.6%. Duty is payable in New South Wales on the transfer of ADRs calculated on the value of the ADRs transferred at a rate of 0.6% (except where the transferee is not a resident of Australia and is acting on its own behalf or on behalf of a trustee for another non-resident of Australia and the transfer is registered outside Australia or if the ADR's are registered on a recognized stock exchange outside Australia. The ADRs are not currently registered on a recognized stock exchange outside Australia). The transferee is liable for the duty. The duty must be paid before a transfer of Ordinary Shares can be registered. Where a transfer of ADR's is not exempt from duty, duty must be paid on that transfer before it can be registered.

ITEM 8. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated balance sheet data as of March 31, 2000 and 1999 and income statement data for fiscal years ended March 31, 2000, 1999 and 1998 set forth below have been derived from, and should be read in conjunction with and are qualified in their entirety by reference to, the Financial Statements. The selected historical balance sheet data as of March 31, 1998, 1997 and 1996 and income statement data for the years ended March 31, 1997 and 1996 set forth below have been derived from the audited consolidated financial statements of the CSR Group for fiscal years ended March 31, 1998, 1997 and 1996, which are not included herein.

CSR's Financial Statements are prepared in accordance with accounting principles generally accepted in Australia ("Australian GAAP"), which differ in certain material respects from accounting principles generally accepted in the United States ("US GAAP"). See Note 38 to the Financial Statements for a reconciliation of US GAAP information.

	Year Ended March 31,					
	2000(1)	2000	1999	1998	1997	1996
	(Dollars in Millions, Except Per Share Amounts)					
INCOME STATEMENT DATA						
Amounts prepared in accordance with Australian GAAP:						
Trading Revenue	US$3,891	A$6,419	A$6,507	A$6,335	A$6,123	A$6,137
Operating profit before finance	487	804	693	587	463	620
Finance	49	82	126	129	140	132
Operating profit before Abnormal Items and income tax	438	722	567	458	322	488
Profit (loss) on abnormal items (2)	-	-	-	(565)	-	7
Operating profit (loss) before income tax	438	722	567	(107)	322	495
Income tax expense attributable to operating profit (loss)	130	214	191	3	96	136
Operating profit (loss) after income tax	308	508	376	(110)	226	359
Outside equity interests in operating profit (loss) after income tax	22	36	25	-	14	28
Operating profit (loss) after income tax attributable to members of CSR	US$286	A$472	A$351	A$(110)	A$212	A$331
Operating profit loss after income tax attributable to members of CSR consists of:						
Net Profit before Abnormal Items	US$286	A$472	A$351	A$288	A$212	A$320
Profit (loss) on abnormal items (2)	-	-	-	(398)	-	11
	US$286	A$472	A$351	A$(110)	A$212	A$331
Dividends paid or declared	US$145	A$239	A$238	A$225	A$208	A$280
Dividends per Ordinary Share	0.14	0.23	0.23	0.22	0.21	0.29
Earnings (loss) per Ordinary Share (3)						
Before abnormal items	0.28	0.46	0.34	0.28	0.22	0.34
After abnormal items	0.28	0.46	0.34	(0.11)	0.22	0.35
Amounts Prepared in Accordance with US GAAP:						
Trading Revenue	US$3,891	A$6,419	6,507	6,335	6,123	6,137
Operating profit (loss) after income tax attributable to						

members of CSR	267	441	313	(186)	171	269
Earnings (loss) per Ordinary Share (3)	0.26	0.43	0.30	(0.18)	0.17	0.28
Dividends per Ordinary Share (4)	0.14	0.23	0.22	0.20	0.27	0.29

	Year Ended March 31,					
	2000(1)	2000	1999	1998	1997	1996
	(Dollars in Millions)					
BALANCE SHEET DATA (AT PERIOD END)						
Amounts prepared in accordance with Australian GAAP:						
Total assets	US$4,172	A$6,883	A$7,250	A$7,449	A$7,793	A$7,690
Cash	77	126	88	296	293	226
Short term debt	40	65	74	140	323	234
Long term debt	697	1,149	1,763	1,951	2,096	2,042
Net debt	660	1,088	1,749	1,795	2,126	2,051
Shareholders' equity attributable to members of CSR	2,218	3,659	3,469	3,311	3,495	3,399
Total Shareholders' equity	2,315	3,819	3,613	3,454	3,673	3,598
Debt to capitalization ratio (5)	23%	23%	33%	36%	36%	36%
Amounts prepared in Accordance with US GAAP:						
Total assets	US$3,966	A$6,524	A$6,836	A$7,195	A$7,680	A$7,513
Cash	77	126	88	296	293	226
Short term debt	40	65	74	140	323	234
Long term debt	697	1,149	1,763	1,954	2,110	2,068
Net debt	660	1,088	1,749	1,798	2,140	2,077
Shareholders' equity attributable to members of CSR	2,142	3,520	3,286	3,134	3,354	3,312
Total Shareholders' equity	6,096	3,680	3,430	3,277	3,529	3,506
Debt to capitalization ratio (5)	24%	24%	34%	37%	37%	37%
OTHER						
Amounts prepared in accordance with Australia GAAP:						
Capital expenditure	326	538	606	538	691	1,156
Depreciation and amortization	221	364	371	380	364	334

(1) Income statement and balance sheet data have been translated at the Noon Buying Rate on March 31, 2000 of US$0.6062 = A$1.00.

(2) Under US GAAP, these items would be included in operating profit and disclosed by way of note. See "Item 9. Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview" and Note 9 to the Financial Statements for a description of the abnormal items.

(3) Based on the weighted average number of Ordinary Shares issued and outstanding during fiscal year. The earnings per ordinary share for US GAAP is calculated in accordance with Australian accounting standards as the US GAAP calculation is not materially different. Diluted earnings per share for March 31, 2000, is A$0.46, US$0.28

(4) Translated into US dollars at the Noon Buying Rate on each respective payment date for dividends.

(5) Ratio of long term debt to long term debt plus total shareholders' equity.

ITEM 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this discussion and analysis, references to "Fiscal Year 2000" are to the year ended March 31, 2000, "Fiscal Year 1999" are to the year ended March 31, 1999 and "Fiscal Year 1998" are to the year ended March 31, 1998. The discussion below contains certain forward looking information. See "Forward-Looking Statements".

OVERVIEW

The CSR Group is a large building and construction materials group, with major manufacturing and distribution operations in Australia and the United States and additional operations in Asia and New Zealand. The CSR Group is also Australia's largest producer of raw sugar and has significant investments in Australia in sugar refining, the mining of bauxite and in the production of alumina and aluminum.

The following discussion and analysis should be read in conjunction with the CSR Group's Consolidated Financial Statements, prepared in conformity with Australian GAAP, and the accompanying notes. For a reconciliation of the differences between Australian GAAP as followed by the CSR Group in Australia and US GAAP, see Note 38 to the Consolidated Financial Statements. The CSR Group's Net Profit reported under US GAAP is A$441 million which is A$31 million less than the Net Profit reported under Australian GAAP in Fiscal Year 2000.

The CSR Group's building and construction materials businesses in Australia and in the United States are dependent upon the levels of activity in the residential and non-residential building, and commercial and civil construction sectors in both countries. All are subject to strong price competition.

Performance in the CSR Group's raw sugar and aluminum businesses are strongly dependent on the world markets for those commodities. Due to the relatively small volume of world sugar production traded on the free market, small changes in global production can have a disproportionate impact on the free market price.

The CSR Group is exposed to fluctuations in the value of the US dollar relative to the Australian dollar. For Fiscal Year 2000, approximately 60% of the CSR Group's Trading Revenue was denominated in or linked to the US dollar. 70% of this amount is attributable to the CSR Group's operations in the United States and therefore largely offset by corresponding US dollar operating expenses. The balance of US dollar revenue exposures derives mainly from the CSR Group's raw sugar, aluminum, alumina and, to a lesser extent, buaxite operations as sales of these products are priced in US dollars while most of the related operating costs are priced in Australian dollars. Changes in the Australian dollar relative to the US dollar are therefore likely to impact on the CSR Group's results from operations, negatively in the case of appreciation of the Australian dollar and positively in the case of depreciation of the Australian dollar against the US dollar. In Fiscal Year 2000, CSR Group net profit suffered from the strengthening of the Australian dollar relative to the United States dollar.

Price and foreign exchange hedging techniques are used by the CSR Group in an attempt to suppress volatility and reduce the impact of adverse changes in commodity prices, exchange rates and interest rates. Derivatives are used to hedge risk and are only used where the CSR Group has an exposure in its business operations. The CSR Group does not speculate in derivatives. In addition to relying on these hedging programs, the CSR Group relies on the effect of variations in the exchange rate on the Australian dollar value of US dollar denominated debt to provide a natural hedge against the CSR Group's United States based assets.

The final dividend for Fiscal Year 2000 will be 12 cents per share, one third franked and payable on July 6, 2000. The full year dividend will be 23 cents per share.

In May 2000, CSR announced an on market share buyback of up to 10% (103.7 million) of CSR Ordinary Shares. The shares will be repurchased over the next 12 months and will be funded with internally generated cash flow and divestment proceeds received.

FISCAL YEAR 2000 COMPARED WITH FISCAL YEAR 1999 AND FISCAL YEAR 1998

Consolidated Results

CSR Group Trading Revenue decreased slightly to A$6,419 million for Fiscal Year 2000 from A$6,507 million for Fiscal Year 1999. Strong trading in CSR America, Building Materials, and Aluminum (up 10%, 12%, and 17% compared with Fiscal Year 1999, respectively) were more than offset by the effects of selling Construction Materials' contract mining operations and the majority of CSR Group's Timber operations, as part of CSR's strategy to narrow its range of business and dispose of non-strategic assets. A 30% drop in world sugar prices also negatively impacted Fiscal Year 2000 Trading Revenue. CSR Group Trading Revenue increased by 3% for Fiscal Year 1999 from A$6,335 million for Fiscal Year 1998.

CSR Group Operating Profit increased by 16% to A$804 million for Fiscal Year 2000 from A$693 million for Fiscal Year 1999. CSR Group Operating Profit rose by 18% for Fiscal Year 1999 compared to A$587 million for Fiscal Year 1998. This improvement reflects a high level of building and construction activity in major markets and good results in Aluminium, as well as CSR's efforts to create shareholder value through performance improvement and rationalization and restructure of its operations.

The CSR Group Net Profit increased by 34% to A$472 million for Fiscal Year 2000 from A$351 million for Fiscal Year 1999. Recording of an A$398, after taxation, Abnormal Item to provide for losses expected from future rationalization expenses and a write down in the value of certain assets, resulted in a Net Loss after Abnormal Items of A$110 million in Fiscal Year 1998. There were no Abnormal Items in Fiscal Year 2000 or 1999.

Markets for CSR America's products continued to be sound. Since the start of the current United States economic cycle in 1992, US construction growth has averaged 8% annually. In Fiscal Year 2000 total US construction activity increased 7% largely due to a 14% increase in housing construction. CSR America also expects to begin benefiting from 45% higher levels of federal infrastructure spending under the US Federal Government's US$216 billion six year transport infrastructure program (TEA-21, the Transport Equity Act for the 21st Century).

Building and construction activity in Australia is expected to decline with the slowing of the economy in Australian markets. CSR Group is well positioned to manage effectively through the cycle. Aluminum and alumina trading volume and sales prices are expected to remain strong with world demand expected to exceed supply. Unfortunately, a continuing surplus of raw sugar is likely to keep world prices low for at least the 2000 season.

During Fiscal Year 2000, the CSR Group has continued its focused operational improvement program to reduce the costs of its operations. In Fiscal Year 2000, the CSR Group saved A$98 million from improving the performance of CSR Group operations. Savings of A$103 million and A$90 million were achieved in Fiscal Years 1999 and 1998, respectively. These savings are reflected in improved Operating Profits in the respective years.

Income tax expense for Fiscal Year 2000 increased by 12% to A$214 million from A$191 million in Fiscal Year 1999, largely due to higher earnings. The CSR Group's effective tax rate decreased to 30% in Fiscal Year 2000 from 34% in Fiscal Year 1999 due to a restatement of deferred tax balances, resulting from a reduction in future income tax rates, and the tax effect of business disposals in Fiscal Year 2000. Income tax expense in Fiscal Year 1998 was A$152 million, before tax effect of Abnormal Items, and the effective tax rate was 33%. The corporate tax rate in Australia is currently 36% and will decline to 34% in Fiscal Year 2001 and 30% in Fiscal Year 2002. CSR Group's effective tax rate on United States earnings is 40%.

CSR America

In Australian dollar terms, as recognized in the CSR Group Consolidated Financial Statements, CSR America Trading Revenue for Fiscal Year 2000 increased by 10% to A$2,690 million from A$2,439 million in Fiscal Year 1999 and from A$1,949 million in Fiscal Year 1998. Operating Profit rose by 37% in Fiscal Year 2000 to A$328 million, from A$239 million for Fiscal Year 1999 and from A$183 million for Fiscal Year 1998. This improvement reflects higher trading volumes and product prices in established businesses, contribution of acquired businesses and reduced costs from operational improvement initiatives realized during Fiscal Years 2000 and 1999. Fiscal Year 2000 increase from operating activities was partially offset by unfavorable exchange rate movements as the year's average Australian dollar rate was about 4% higher against the US dollar compared with Fiscal Year 1999.

In US dollar terms, CSR America Trading Revenue increased 15% in Fiscal Year 2000 to US$1,726 million from US$1,502 million for Fiscal Year 1999 and from US$1,388 million for Fiscal Year 1998. Operating Profit improved 42% in Fiscal Year 2000 to US$210 from US$148 in Fiscal Year 1999 and from US$126 in Fiscal Year 1998. Trading activity benefited from the continued strength of the US economy, with construction activity reaching 10 year highs in many categories and markets during Fiscal Year 2000. CSR America's existing businesses are well positioned in major US markets, with most facilities operating at full capacity. Acquired businesses contributed around US$ 100 million to Trading Revenue in Fiscal Year 2000 and US$ 35 million in Fiscal Year 1999. CSR America realised US$28 million in cost savings during Fiscal Year 2000 resulting from operational improvement initiatives.

Quarries and Cement - Trading Revenue in US dollars increased 11% in Fiscal Year 2000 and 22% in Fiscal Year 1999. Both quarry and cement operations experienced higher sales volumes and selling prices in both years. Newly acquired quarries and sand mines contributed US$16 million to Trading Revenue in Fiscal Year 2000 and US$5 million in Fiscal Year 1999. The sale of the Georgia asphalt and road surfacing operations in May 1999 partial offsets the Fiscal Year 2000 increases. Higher margins in both aggregate and cement operations improved Operating Profit 34% in Fiscal Year 2000 and 19% in Fiscal Year 1999. The quarry and cement business continue to take advantage of the strong Florida housing, commercial and civil (particularly highway and airport) markets, with a number of quarries operating near full capacity. The new cement plant will increase output from 0.6 million to about 1 million ton per annum while reducing manufacturing costs.

Materials Florida - Trading Revenue in US dollars increased 14% in Fiscal Years 2000 and 10% in Fiscal Year 1999 due to increased sales volumes of both pre-mixed concrete and manufactured concrete blocks. The increased trading activity reflects continued strength of Florida housing, commercial and civil (particularly highway and airport) markets and CSR America's strong presence there. Operating Profit increased by over 50% in Fiscal Year 2000 compared with Fiscal Year 1999, which was 6% lower than Fiscal Year 1998.

Distribution - In US dollars, Fiscal Year 2000 Trading Revenue increased 20%. Operating Profit increased 7 fold as the business benefited from a period of allocated supply which pushed selling prices to record highs. The business was able to supplement its domestic wallboard supply with imported wallboard. The additional wallboard supply allowed sales volume to increase by 11% while selling prices recovered sharply higher supplier costs.

Pipe and Concrete Products - Trading Revenue in US dollars increased 26% in Fiscal Year 2000 and 12% in Fiscal Year 1999 due to strong construction activity throughout all regions of the business, improving both sales volume and selling prices, and a mild winter in Fiscal Year 2000. The business also benefited in Fiscal Year 2000 and 1999 from new acquisitions and improvement of existing facilities. Newly acquired businesses contributed Trading Revenue of US$ 63 million in Fiscal Year 2000 and US$ 19 million in Fiscal Year 1999. Operating Profits increased 31% in Fiscal Year 2000 and 24% in Fiscal Year 1999. The

PolyPipe business doubled its Operating Profit in Fiscal Year 2000 through higher volumes and cost savings achieved from consolidation of production facilities.

Materials West - In US dollars, both Trading Revenue and Operating Profit decreased in Fiscal Year 2000 compared with Fiscal Year 1999, being negatively affected by decreased sales volume for aggregate, pre-mixed concrete, and concrete block in the Las Vegas market and lower sales prices for Las Vegas pre-mixed concrete. The effects were partially offset by improvements in the Northwest's quarry, pre-mixed concrete, asphalt and road servicing operations. Trading Revenue and Operating Profit increased in Fiscal Year 1999 compared to Fiscal Years 1998 on roughly similar sales volumes due to higher selling prices in the Las Vegas market.

Construction Materials

Trading Revenue from Construction Materials, including Asia, decreased by 20% to A$1,048 for Fiscal Year 2000 from A$1,313 million for Fiscal Year 1999. Operating Profit remained unchanged at A$117 million for Fiscal Years 2000 and 1999. Trading Revenue and Operating Profit increased 3% and 11%, respectively, in Fiscal Year 1999 compared with Fiscal Year 1998 in which Trading Revenue was A$1,276 million and Operating Profit was A$105 million.

The decrease in Trading Revenue during Fiscal Year 2000 is due to divestment of CSR Group's interests in AWP Contractors Pty Limited, a contract mining business at end of Fiscal Year 1999. Fiscal Year 2000 Operating Profit remained unchanged, despite this divestment, reflecting strong operating results from other businesses, particularly CSR Group's Queensland, New South Wales and Victoria READYMIX™ operations. The improvements in Trading Revenue and Operating Profit in Fiscal Year 1999 was largely due to increased activity in the commercial and building infrastructure project markets (particularly in Sydney and Melbourne regions), to strengthening of the housing market, and to operational improvements.

Following a change in Australian Accounting Standards during Fiscal Year 1999, the CSR Group was required to equity account for the results from its investment in Australian Cement (50% owned by the CSR Group) rather than just account for the dividends received. Relative to the dividend received in Fiscal Year 1998 of $26 million, returns from Australian Cement decreased by 17% to $22 million in Fiscal Years 2000 and 1999.

Building Materials

Trading Revenue from Building Materials, including Asia, increased by 12% to A$930 million for Fiscal Year 2000 from A$829 million for Fiscal Year 1999 and A$802 for Fiscal Year 1998. Operating Profit rose by 19% to A$155 million for Fiscal Year 2000 from A$130 million for Fiscal Year 1999, and A$93 million for Fiscal Year 1998. The majority of the improvement in Trading Revenue for Fiscal Years 2000 and 1999 was derived from increased activity in the CSR Group's Australian operations.

The main factors contributing to the improvement in Australian Operating Profit for Fiscal Years 2000 and 1999 were increased volumes and higher selling prices for most of the products marketed in Australia flowing from the increased level of activity in the building and construction industry. Improved factory efficiencies and reduced overheads also contributed.

The level of Australian housing activity has continued to be strong during Fiscal Years 2000 and 1999 increasing volumes for building material products despite a trend towards multi dwelling residential styles which utilize less building materials products. CSR estimates that approximately 75% of the CSR Group's building materials Australian Trading Revenue is derived from the Australian residential housing market. Sales were strong for commercial building in Sydney and Melbourne. In Sydney, this was helped by our status with the Olympic Village construction contractor, Mirvac/Lend Lease, as preferred supplier for building materials. Although housing and non-residential construction are expected to decline with the slowing of the economy in Australia's markets, the CSR Group is well positioned to manage effectively through the cycle.

In Asia during Fiscal Years 2000 and 1999, the CSR Group continued to be adversely affected by the general economic downturn which has created overcapacity in building material markets.

Sugar

Trading Revenue from sugar fell 13% to A$656 million for Fiscal Year 2000 from A$754 million for Fiscal Year 1999 and A$1,177 million for Fiscal Year 1998. The sharp decrease from Fiscal Year 1998 is primarily due to the formation of the joint ventures in the refined sugar business during Fiscal Year 1998, the results of which are equity accounted, and therefore not consolidated in CSR Group financial results for Fiscal Years 2000 and 1999. Trading Revenue was also negatively impacted by the fall in raw sugar prices during Fiscal Years 2000 and 1999 and a fall in raw sugar sales volumes due to long periods of record heavy rain in North Queensland preventing the cutting of cane.

Operating Profit fell by 51% for Fiscal Year 2000 to A$45 million from A$90 million for Fiscal Year 1999 and A$99 million for Fiscal Year 1998. The main factors contributing to the lower Operating Profit for Fiscal Year 2000 were lower raw sugar prices, which fell on average by 29% compared with Fiscal Year 1999. Fiscal Year 1999 Operating Profits were also impacted by lower sugar pricing, although not as severely as in Fiscal Year 2000, and lower raw sugar output from decreased cane volumes processed at the CSR Group's mills. Ongoing operational improvements and strong profits from the refineries and distilleries businesses partly offset the fall in Operating Profit from the raw sugar business.

World prices have fallen significantly since December 1997 principally due to a substantial increase in production in Brazil. The price reversal has been exacerbated by the devaluation of the Brazilian real, making Brazilian exports more competitive on the world market. A continued surplus of raw sugar is likely to keep world prices low for at least the 2000 season.

Following industry restructuring, the CSR Group's refining investments (a 50% interest in Sugar Australia and NZSC) showed an improvement in profitability for Fiscal Years 2000 and 1999. This followed several years of difficult trading conditions. During Fiscal Years 2000 and 1999, Sugar continued to reduce operating costs and increase efficiencies, including simplifying management and overhead structures.

Aluminum

Trading Revenue for bauxite, alumina and aluminum operations rose by 17% to A$485 million for Fiscal Year 2000 from A$413 million for Fiscal Year 1999 and A$405 million for Fiscal Year 1998. The increase is attributed to higher sales volumes in aluminum (7%), alumina (14%) and bauxite (17%), in part facilitated by the Tomago smelter expansion completed during Fiscal Year 1999. Higher average world aluminum prices and alumina spot prices in Fiscal Year 2000, as well as a reduction in the effective exchange rate achieved after hedging, also contributed to the increase. The strong trading activity reflects increased world demand caused by the strengthening US economy and recovery of the Asian and European markets and a drop in world alumina production capacity during the year.

Operating Profit improved by 46% to A$183 million for Fiscal Year 2000 from A$125 million for Fiscal Year 1999 due to strong trading activity, described above, reduced costs from operational improvements and favorable movement of the US dollar. Fiscal Year 1999 Operating Profit fell 6% from A$133 million for Fiscal Year 1998 due to lower world aluminum and alumina prices and lower sales of bauxite and alumina, offset partly by the weaker Australian dollar and an increase in aluminum sales.

Gove Aluminum Finance (70% owned by the CSR Group) managed its exposure to international aluminum prices in Fiscal Years 2000 and 1999 through a hedging program which saw 48% of its aluminum sales (including the aluminum equivalent of some of its alumina sales) for Fiscal Year 2000 sold forward on the London Metal Exchange. 61% of Fiscal Year 2000 revenue denominated in US dollars (71%

in Fiscal Year 1999 and 51% in Fiscal Year 1998) was also hedged during the same period, managing the effect of movements in the Australian-US dollar exchange rate.

Timber Products

Trading Revenue from Timber decreased 20% to A$609 million for Fiscal Year 2000 from A$759 for Fiscal Year 1999 due to divestments of Timber operations throughout the year. Despite lower revenues, Operating Profit increased 38% to A$58 million for Fiscal Year 2000 compared with Fiscal Year 1999. Strong demand for timber products and realization of operational improvement initiatives, particularly in the particleboard and medium density fibreboard lines, contributed to this improvement.

Timber Trading Revenue rose 5% to A$759 million for Fiscal Year 1999 from A$726 million for Fiscal Year 1998. Operating Profit rose 40% to $42 million for Fiscal Year 1999 from A$30 million for Fiscal Year 1998. The main factors contributing to the improvement in Operating Profit for Fiscal Year 1999 were volume increases in solid timber associated with the improved Australian housing market and significant reductions in operating costs associated with operational improvement initiatives.

Part of CSR's strategy is to divest of non-strategic businesses. Over the past three years CSR has been looking to divest of its Timber Products business.

During Fiscal Year 2000, the CSR Group effectively exited the timber business, having either sold, closed, or entered into agreements to sell its solid timber and wood panel businesses and operating assets.

CAPITAL EXPENDITURE AND LIQUIDITY

Net cash flow from operating activities increased 15% to A$1,048 million for Fiscal Year 2000 from A$912 million for Fiscal Year 1999 and $832 million for Fiscal Year 1998. This resulted from improved operating profits and was partially offset by higher tax payments. After funding net capital expenditure, internally generated cash, combined with cash on-hand at beginning of year, was used to fund dividends and interest (A$369 million) and repay debt (A$666 million) during Fiscal Year 2000.

	Year Ended March 31				
	2000	1999	1998	1997	1996
			(In Millions)		
Net cash flow from operating activities [(1)]	A$1,048	A$912	A$832	A$671	A$634
Divestment proceeds received	655	287	578	278	193
Capital expenditure	538	606	538	691	1,156

(1) Receipts from customers, dividends received, interest received less income taxes paid and payments to suppliers and employees.

Capital investment was A$538 million, A$606 million and A$538 million for Fiscal Years 2000, 1999 and 1998, respectively. Of the Fiscal Year 2000 amount, A$336 million related to development expenditure primarily in the US for the construction of the new cement mill in Florida and the continued strategy of acquiring complementary businesses in the United States. The remaining $202 million expended during Fiscal Year 2000 related to the refurbishment of existing facilities. The CSR Group's program of divesting underperforming and non-strategic assets realized cash proceeds of A$655 million in Fiscal Year 2000 up from A$287 million in Fiscal Year 1999 (Fiscal Year 1998: A$578). The following table sets forth the capital expenditure incurred by each of the business units.

	Capital Expenditure during the Year Ended March 31	
	2000	1999
	(In Millions)	
CSR America	A$412	A$344
Construction Materials	35	110
Building Materials	13	23
Sugar	18	32
Aluminum	19	19
Timber	19	56
Other [(1)]	22	22
TOTAL	A$538	A$606

(1)

Includes long term loans made by the CSR Group net of repayments.

Net debt fell 38% to A$1,088 million at March 31, 2000 from A$1,749 million at March 31, 1999 from A$1,795 million at March 31, 1998. Reduction is result of debt repayments with cash from operations and proceeds from divestments. The CSR Group's debt profile during the last five fiscal years has been as follows:

	Group Debt Profile as at and for Year Ended March 31				
	2000	1999	1998	1997	1996
	(In millions, except where indicated)				
Long term debt (1)	A$1,149	A$1,763	A$1,951	A$2,096	A$2,042
Total debt (2)	1,215	1,837	2,091	2,419	2,276
Net debt (3)	1,088	1,749	1,795	2,126	2,051
Ratio of earnings to fixed charges (4)	7.6	5.0	4.0	2.8	4.1
Debt to capitalization ratio (5)	23%	33%	36%	36%	36%

(1) Debt maturing in excess of twelve months from period end.
(2) Long term debt plus short term debt (including bank overdrafts).
(3) Total debt less cash and short term lending.
(4) Earnings before interest, Abnormal Items and tax to interest expense less interest on finance leases.
(5) Ratio of long term debt to long term debt plus total shareholders' equity.

Of total debt at March 31, 2000, A$1,149 million was classified as non-current (not repayable within 12 months) of which 3% is repayable in Australian dollars and 96% in US dollars and the remainder in other currencies.

CAPITAL RESOURCES

CSR has raised capital from its shareholders in two ways under its Share Purchase Plan ("SPP"): (i) under the dividend reinvestment portion of the SPP (which was suspended on June 26, 1995 until further notice) CSR shareholders could elect to have dividends automatically reinvested to purchase new CSR shares, and (ii) under the cash contribution portion of the SPP (which, on May 18, 1998, was suspended with effect from August 15, 1998 until further notice) CSR shareholders could contribute cash up to A$2,400 each fiscal year to purchase new shares ("Cash Contributions"). CSR shares issued under both the Dividend Reinvestment Plan ("DRP") (now suspended) and Cash Contribution portions of the SPP (now suspended) were issued at a 5% discount from the market price.

Additional capital has been raised by: (i) the conversion of CSR option bonds (prior to the bonds maturing in December 1992) and CSR convertible notes, (ii) the conversion of partly paid shares issued under a rights issue in 1986 to fully paid shares, and (iii) the issue of CSR shares (or options in respect of CSR shares) under the following CSR incentive plans for employees (collectively, "Employee Incentive Plans"):

- the Universal Share / Option Plan (prior to 1993, known as the Employee Share Plan);
- the Executive Share / Option Plan; and
- since 1993, the Executive Option Plan.

The figures for the amounts raised from the above sources over the past five fiscal years are as follows:

	Capital Raising for the Year Ended March 31				
	2000	1999	1998	1997	1996
			(In millions)		
SPP - Cash contribution...	-	-	A$94.4	A$114.5	A$124.6
Conversion of option bonds and convertible notes	-	-	-	0.5	0.1
Conversion of partly paid shares to fully paid......	A$0.9	A$1.4	1.1	1.0	1.4
Employee Incentive Plans	5.2	13.8	12.5	11.2	10.7
	A$6.1	A$15.2	A$108.0	A$127.2	A$136.8

At March 31, 2000, the CSR Group had a total of US$915 million committed standby facilities of which US$915 million was undrawn. These facilities have fixed maturity dates through September 2001. Most of these credit lines can be drawn at short notice in both Australian dollars and United States dollars. The CSR Group also utilizes commercial paper facilities in the United States, Europe and Australia, completed a Rule 144A bond issue in February 1994 and completed a public registered bond issue in the United States in July 1995.

YEAR 2000

CSR’s operations in Australia, New Zealand, Asia and the United Sates successfully transitioned to the Year 2000 with no disruption to customers, systems or services. Some systems that support sugar milling operation however will not be brought on -line until the commencement of the crushing season in late May 2000. No issues have been encountered to date and none are expected.

Overall expenditure on the Year 2000 program was $11.6 million compared with $23 million as forecast to the Australian Stock Exchange in September 1999. The lower than forecast expenditure was due to accelerated completion of remediation tasks as well as contingency funds set aside for possible post rollover corrective work not being required.

ITEM 9A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The CSR Group is exposed to the following types of market risk: (i) commodity prices; (ii) foreign currencies, and (iii) interest rates. *The discussion below contains certain forward looking statements. See "Forward-Looking Statements".*

The CSR Group has in place principles and policies approved by CSR's board of directors designed to manage financial risks associated with exposures to foreign currencies, commodity prices and interest rates. These risks are managed through a variety of means including natural hedges, forward foreign exchange contracts, forward sales contracts, futures, swaps, caps, collars and other options. CSR's policies prohibit speculative transactions, restrict hedging transactions to certain preset limits and require senior management approval of hedging instruments. In addition, the policies limit who may authorize transactions and segregate relevant functions among different individuals.

Each business unit chief executive officer is responsible for managing exposures in their business unit in accordance with the policies and is required to do so in consultation with specialist advice from CSR Treasury. Except for certain sugar and aluminum commodity price hedging activities, and some business units operating outside Australia, all such transactions are executed through CSR Treasury.

The CSR Group utilizes a variety of domestic and international financial institutions as counterparties for hedging transactions. Transaction limits based on credit ratings are placed on each financial institution and reviewed regularly. Predominantly the CSR Group will only utilize counterparties with a Moody's or Standard & Poors "A3 / A -" equivalent rating or higher. In a few instances where no Moody's or Standard & Poors rating is available management may assign a limit based on alternative arrangements.

It is management's opinion that CSR in the past year has not engaged in any financial transactions of a trading or speculative nature.

Commodity Price Sensitivity and Risk Management

The CSR Group's commodity exposures relate predominantly to raw sugar, alumina and aluminum. Raw sugar exposures are managed by the Queensland Sugar Corporation, an independent statutory body, which pursuant to statute, compulsorily acquires all Queensland raw sugar and arranges for its sale.

A portion of aluminum sales are hedged with a view to reducing the effects of adverse commodity price fluctuations on the cash flows of the business. The portion hedged will vary from time to time and will be dependent upon contractual obligations and management's view of the potential risk from commodity price movements. Approximately 65% of the CSR Group's estimated aluminum sales (in tonnes) for Fiscal Year 2001 are hedged.

The following summary table indicates the notional principal amounts together with the carrying amounts and estimated fair value of the CSR Group's financial instruments used to hedge commodity price risk. This table should be read in conjunction with Note 28 of the Consolidated Financial Statements.

Year ended March 31, 2000 (A$ millions)	Average Price(a)	Principal / Maturities 2001	2002 to 2005	2006+	Total	Net fair value Asset	Liability
Aluminum - underlying exposure							
Committed sales (b)							
Aluminum	-	295.1	489.0	-	784.1	-	-
Alumina	-	53.1	93.3	93.4	239.8	-	-
LME Aluminum futures contracts							
Sell	1,493.9(c)	52.8	7.5	-	60.3	0.6	3.1
Aluminum commodity swaps	1,554.1(c)	189.1	307.0	-	496.1	15.7	12.0
TOTAL						**16.3**	**15.1**

(a) Average prices for the individual periods do not materially differ from the overall average price disclosed.
(b) The value of committed purchases and sales is derived from the product of the committed quantity multiplied by the year end spot rates.
(c) United States dollars per metric tonne.

Foreign Exchange Sensitivity and Risk Management

The CSR Group is exposed to fluctuations in foreign currencies in some of its businesses. The CSR Group periodically enters into foreign currency hedging contracts, including forwards and options, to manage its exposure to changes in currency exchanges rates.

The CSR Group's primary ongoing exposures to foreign currency movements relate to US dollar revenues and foreign assets and profits. Foreign currency liabilities are utilized where they provide a hedge for foreign currency asset exposure. Management believes that the CSR Group's investment in its international operations, mainly in the United States, provides it with a natural hedge against exchange rate fluctuations with respect to US dollar-denominated obligations. Occasionally transactions are executed to hedge the translation of forecast profit from the CSR Group's United States operations. Excluding its North American and raw sugar operations, for Fiscal Year 2001, it is estimated that the CSR Group will have US$ revenues of US$263 million, of which 71% were protected from adverse exchange rate movements as at March 31, 2000. On the exposed portion, a one cent movement in the Australian / US exchange rate will result in an A$1.9 million change in the CSR Group's operating profit before tax.

In addition, the CSR Group receives Australian dollars for its share of US$ denominated raw sugar exports. Currency exposures for these exports are managed by the Queensland Sugar Corporation, a statutory body independent of CSR.

The table below provides information about the CSR Group's exchange rate sensitivity. It summarizes by functional currency the variety of foreign exchange risk management instruments. The table presents such information for material exposures in Australian dollars and should be read in conjunction with Note 28 of the Consolidated Financial Statements.

Year ended March 31, 2000	Average	Principal / Maturities				Net fair value	
	Exchange	2001	2002 to	2006	Total	Asset	Liability
(A$ millions)	Rate(a)		2005	+			
US$ Functional currency:							
Underlying Exposure (b)							
Net assets		-	-	555.8	555.8	2,616.7	2,060.9
Committed sales		361.5	601.6	102.3	1,065.4		
Expected proceeds from sale of business		448.5	-	-	448.5		
Forward Exchange Agreements							
Receive US$	0.63	98.4	-	-	98.4	3.3	0.1
Pay US$	0.62	1,230.6	331.3	-	1,562.0	10.7	34.0
Current options							
Purchased US$ puts against A$	0.65	6.5	-	-	6.5	0.1	-
Sold US$ calls against A$	0.63	3.3	-	-	3.3	-	0.1
NZ$ Functional currency:							
Forward Exchange Agreements							
Receive NZ$	1.25	3.6	-	-	3.6	-	0.1
Cross currency interest rate swaps							
Pay NZ$	1.14	-	35.9	-	35.9	2.1	-
Total						**16.2**	**34.3**

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

(b) Committed purchases and sales are those where a contract is in place in respect of the transaction. In addition to these amounts, the underlying exposure to the US$ includes the net assets in CSR America, Inc and other US$ borrowings as disclosed in Note 20 of the Consolidated Financial Statements.

Interest Rate Sensitivity and Risk Management

Interest rates are managed with an objective to reduce year to year volatility in interest costs and to obtain a stable and predictable interest expense outcome. To achieve this result, the CSR Group enters into interest rate hedges including interest rate swaps, swaptions, caps, collars and other options.

In the Fiscal Year 2001, the CSR Group is projected to have no Australian Dollar debt on the completion of its asset divestment program. Sizeable Australian Dollar cash investments are likely. Currently no hedges are held against this exposure. Approximately 96% of the rest of CSR Group's debt is US Dollar denominated, of which approximately 52% is subject to fixed interest rates and a further 17% is protected by interest rate caps.

It is estimated that a 100 basis point movement on the non Australian Dollar denominated debt would have a A$5 million impact on the CSR Group's interest costs before tax, while a 100 basis point movement on the Australian Dollar denominated investments would have a A$7 million impact on the CSR Group's interest costs before tax. As the direction of movement in Australian Dollar and US Dollar interest rates are expected to be similar, the impact is expected to be largely offsetting.

The following table provides information about the CSR Groups' exposure profile to interest rate based financial instruments and should be read in conjunction with Note 20 and 28 of the Consolidated Financial Statements.

Year ended March 31, 2000	Weighted Average		Principal / Maturities				Net fair value	
(A$ million)	Term in years	Rate % pa (a)	2001	2002 to 2005	2006 +	Total	Asset	Liability
Long term debt								
Fixed rate US$ debt	9.9	7.1	-	318.0	652.3	970.3	-	939.7
Fixed rate A$ debt	2.5	6.1	-	38.7	-	38.7	-	38.5
							-	978.2
Interest rate derivatives								
US dollar interest rate swaps								
Fixed rate payer against LIBOR	1.9	6.5	154.9	326.2	-	481.1	12.0	6.0
Fixed rate receiver against LIBOR	4.6	6.9	-	318.0	326.2	644.2	-	12.8
Australian dollar Interest rate swaps								
Fixed rate receiver against A$ bank bills	1.9	6.9	15.0	20.2	-	35.0	0.2	0.4
Caps								
A$ interest rate caps purchased	1.6	6.4	-	236.5	-	236.5	3.3	-
A$ interest rate floors sold	1.6	5.3	-	236.5	-	236.5	-	-
TOTAL							**15.5**	**19.2**

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

ITEM 10. DIRECTORS AND OFFICERS OF REGISTRANT

The directors of CSR are vested with the management and control of the business and affairs of CSR. CSR's constitution provides that the number of non-executive directors shall be such number from six to ten as the directors from time to time determine. In addition, the directors may appoint up to five executive directors of whom one may be the managing director of CSR. As of the date of this Annual Report, the number of directors is 12, four of whom are executive directors, one of these being the managing director, as set out in further detail below.

Non-executive directors may be appointed by the board of directors to fill a vacancy on the board or to increase the number of non-executive directors. Executive directors and non-executive directors, who are appointed by the board of directors, hold office until the next General Meeting unless their appointment is ratified by the shareholders at such meeting. Additionally, two non-executive directors (or such greater number as the listing rules of the ASX may require, or the board of directors may from time to time determine) are required to retire at each Annual General Meeting by order of seniority of election. Directors, other than the managing director, may not continue to hold office without re-election or ratification of their appointment by the shareholders after the third Annual General Meeting following their last election or ratification of their appointment by the shareholders. Additionally, each director is required by CSR's Constitution to own a minimum of 2,000 ordinary shares in CSR.

Details of the directors in office at May 15, 2000 are as follows:

Name	Position	Year Appointed as Director	Other Directorships[(1)]
Ian David Blackburne....................	Director[(2)]	1999	-
Ian Glencross Radcliffe Burgess..	Chairman[(2)(3)(4)(5)]	1986	Western Mining Corporation Ltd.
Alexander Norman Brennan........	Deputy Managing Director	1996	Gove Aluminum Limited Australian Cement Holdings Pty. Ltd. Sugar Australia Pty Limited
David Vincent Clarke	Executive Director	1996	CSR America, Inc.
Charles Barrington Goode	Director[(4)]	1993	Australia and New Zealand Banking Group Ltd. Woodside Petroleum Ltd. Queensland Investment Corporation
Carolyn Judith Hewson................	Director[(2)]	1995	AMP Limited The Australian Gas Light Co. South Australian Water Corporation
Peter Maxwell Kirby....................	Managing Director[(2) (5)]	1998	CSR America, Inc. Czarnikow Limited

Name	Position	Year Appointed as Director	Other Directorships[1]
Robert John McLean........................	Director[5]	1998	Pacific Dunlop Ltd
John Powell Morschel.....................	Director[3][4]	1996	Westpac Banking Corporation Tenix Pty Ltd Comalco Ltd Rio Tinto Limited and Rio Tinto PLC Cable and Wireless Optus Limited
Allan Edward Moss	Director[3][5]	1996	Macquarie Bank Limited
James Gregory Osborne..................	Executive Director, Finance[6]	1999	CSR America, Inc.
David Kerrod Voss..........................	Director[4]	1973	-

[1]The list of other directorships is indicative and not exhaustive.
[2]Member of the Safety, Health and Environment Committee.
[3]Member of the Remuneration Committee.
[4]Member of the Audit Committee.
[5]Member of th e Board Committee
[6]Mr. Osborne's executive responsibilities include the treasury function.

Mr John Bernard Gough retired as director on July 1, 1999 and Mr Benjamin Wickham Macdonald retired as a director on July 22, 1999.

Executive Officers of the CSR Group who are not directors at the date of this Annual Report are as follows:

Name	Position	Year Joined CSR	Year Appointed To Position
Ian Melville McMaster................	Chief Executive Officer Sugar	1999	1999
Christopher John Barry..............	Chief Executive Officer Construction Materials	1998	1998
Graeme Francis Pettigrew	Chief Executive Officer Building Materials	1996	1996

There are no family relationships between any of the Directors or Executive Officers.

ITEM 11. COMPENSATION OF DIRECTORS AND OFFICERS

The aggregate remuneration paid and accrued to CSR's Directors and Executive Officers, as a group, including termination payments for Fiscal Year 2000, was A$9,899,897. The aggregate amount set aside or accrued by CSR during Fiscal Year 2000, to provide pension and retirement benefits for such Directors and Executive Officers of CSR was A$240,587.

Executive directors and Executive Officers have agreements with CSR relating to their engagement as senior executives. Remuneration is at such rates and payable at such times as CSR may from time to time determine. The remuneration of executives in the CSR Group is structured to reflect CSR Group's performance. To increase shareholder value, the remuneration system focuses individual and team efforts on the achievement of business strategies and goals.

Remuneration for senior executives has two parts, fixed and variable:

- **Fixed remuneration** is made up of cash salary, shares, superannuation and other benefits such as cars. Depending on their country of residence, managers may have some flexibility about apportioning their fixed remuneration between the components.
- **Variable remuneration** is made up of a yearly short term incentive – paid as cash or CSR shares – and a long term incentive, currently in the form of a five year option plan, plus a further long term incentive for the managing director payable in cash or shares. A significant part of each senior executive's potential total remuneration is variable. Short term incentives directly depend on the executive successfully achieving specific financial and operational targets. For executives to realise long term incentives CSR's shareholder returns must exceed the average of listed Australian industrial companies over specified periods. CSR America has a cash long term incentive plan based on increasing shareholder value.

The proportions of fixed and variable remuneration vary for CSR Group executives outside Australia. Arrangements for CSR America executives, for instance, are consistent with US practice.

The remuneration of non-executive directors is from time to time determined by the board of directors within an aggregate limit approved by the CSR shareholders in general meeting, currently A$750 thousand per annum. The directors may also be reimbursed for expenses they incur in performing their duties.

Executive directors and Executive Officers, whose employment is terminated as a consequence of redundancy, are entitled to retrenchment payments which vary according to term of service and remuneration at time of termination.

Executive directors and most Executive Officers are members of one of the two divisions of a CSR sponsored superannuation fund. The defined benefit division provides lump sum benefits on withdrawal prior to the age of 52, and lump sum or pension benefits, or a combination of the two, on retirement from the age of 52. The accumulation division provides lump sum benefit equal to the balance of a member's account, which includes contributions made by the member and CSR, together with net fund earnings. The defined benefit division has an actuarial surplus.

Under the Commonwealth Superannuation Guarantee legislation, CSR is required to make contributions to a superannuation fund on behalf of non-executive directors under the age of 70 equal to 7% of their remuneration. This contribution rate is to increase to 8% on 1 July 2000.

Non-executive directors have agreements with CSR which provide benefits to that director in connection with that director's departure from office, within the limits allowed by the Corporations Law (namely a maximum of all emoluments received by the relevant non-executive director during the last three years of service).

Executive directors and Executive Officers may participate in two employee incentive plans operated by CSR; a Universal Share/Option Plan and an Executive Share Option Plan. Participation by executive directors in these plans is subject to prior approval from CSR's shareholders in general meeting.

The aggregate number of (a) Ordinary Shares issued under all CSR employee and executive incentive plans, and (b) Ordinary Shares to which options may later be converted, held by all CSR employees, cannot exceed 5% of the number of Ordinary Shares on issue and outstanding at any time.

ITEM 12. OPTIONS TO PURCHASE SECURITIES FROM REGISTRANT OR SUBSIDIARIES

Executive Share/Option Plan

CSR has maintained an Executive Share/Option Plan ("ES/OP") since 1986, following its approval by shareholders at CSR's Annual General Meeting on July 16, 1986. Under ES/OP, selected executives were given an opportunity each year to buy Partly Paid Shares. The number of Partly Paid Shares offered to a particular executive was determined by CSR's board of directors based on seniority and performance. The issue price was based on the weighted average ASX price for Ordinary Shares on such dates as the board of directors specified. Executives paid CSR A$0.10 for each Partly Paid Share they applied for. No executive could be issued more than 200,000 Partly Paid Shares under the ES/OP. Notwithstanding the name of this plan, no options were offered to CSR executives.

Executives could defer payment of the unpaid balance owing on the Partly Paid Shares for as long as the executive remained employed by CSR. Under this plan, CSR's board of directors could make a call on the balance owing on the Partly Paid Shares to be paid in certain circumstances. Usually, such a call was made when the executive's employment with CSR came to an end. When the issue price of the Partly Paid Shares exceeded the market price of Ordinary Shares at the time the unpaid balance became payable, CSR's share premium account was used to meet the excess.

At CSR's Annual General Meeting on July 26, 1993, shareholders approved amendments to the ES/OP, which became known as the Executive Option Plan ("EOP"). The amendments had the effect of discontinuing the issue of Partly Paid Shares. Partly Paid Shares still on issue will continue to be subject to the former ES/OP rules.

Executive Option Plan

EOP operated between 1993 and May 17, 1999. Under the plan selected executives were granted Options in 1993, 1994, 1995 and 1996. The main features of EOP were:

- eligibility to participate in EOP was decided by CSR's board of directors;
- Options were offered, payable to A$0.01 each and convertible into fully-paid Ordinary Shares, at the rate of one Option for one Ordinary Share (adjusted for bonus issues);
- the number of Options offered to each eligible executive was decided by the board of directors;
- Options lapse not later than five years from the date on which they are granted;
- although Options became eligible for exercise on a given date, the conversion of those Options into ordinary Shares was conditional on CSR's diluted earnings per share, before Abnormal Items and extraordinary items, for the relevant financial year, exceeding a prescribed earnings per share threshold;
- if any earnings per share threshold was not met, the corresponding proportion of Options (which were eligible for exercise at that time) lapsed. Options which were eligible for exercise in each of 1996 , 1997, 1998, and 1999 lapsed because the relevant threshold was not met;

- the relevant threshold was met for those Options eligible for exercise in mid 1995, thus executives were able to convert those Options into Ordinary Shares. The price payable by an executive on the conversion of an Option into an Ordinary Share was the average weighted price of Ordinary Shares traded on the ASX on three consecutive trading days shortly before the Option was granted, less the A$0.01 option price (adjusted for pro rata share issues); and
- Ordinary Shares issued on conversion of Options qualified for the same entitlements as fully-paid Ordinary Shares.

  As of May 15, 2000 all Options issued pursuant to EOP had lapsed.

Executive Share Option Plan

At CSR's Annual General Meeting on July 13, 1998 shareholders approved a new Option plan for executives, the Executive Share Option Plan ("ESOP"). The main features of ESOP are:

- eligibility to participate in ESOP is decided by CSR's board of directors;
- the number of Options offered to each eligible executive is decided by the board of directors;
- Options are offered, at the market price of fully-paid Ordinary Shares and convertible into fully-paid Ordinary Shares, at the rate of one option for one Ordinary Share (adjusted for bonus issues);
- cash payment for Options by the executive may be deferred until the Options are exercised;
- Options lapse not later than five years from the date on which they are granted;
- Options have been issued in 1998 and 1999 and will become eligible for exercise after nominated minimum holding periods, as from mid 2000 to 2004 when those Options will lapse;
- although Options will become eligible for exercise on a given date, the conversion of those Options into Ordinary Shares will be conditional on the growth in the cumulative value of a notional investment in CSR Ordinary Shares (share price growth and dividends reinvested) exceeding the growth of an equivalent investment in the All Industrials Index on the ASX from the date of offer through to the minimum holding period for those options;
- if any performance hurdle is not met at the end of any of the minimum holding periods, the relevant Options may be exercised later if the performance hurdle is subsequently met at any time before the Options lapse five years from the date on which they were granted;
- the cash payment to be made by an executive on the conversion of an Option into an Ordinary Share is the average weighted price of Ordinary Shares traded on the ASX on five consecutive trading days up to and including the day on which the Option was granted (adjusted for pro rata share issues);
- Ordinary Shares issued on conversion of Options will qualify for the same entitlements as fully-paid Ordinary Shares; and
- although Options will not be quoted on the ASX, application will be made for quotation of Ordinary Shares issued on the conversion of options.
- At the request of CSR America Inc., selected executives of CSR America Inc. were offered Options in ESOP in December 1998. The conditions on which these Options were offered were the same as those outlined above except that:
  - Options were offered, payable to A$0.01 each and convertible into fully-paid Ordinary Shares, at the rate of one Option for one Ordinary Share (adjusted for bonus issues); and
  - the price payable by an executive of CSR America Inc. on the conversion of an Option into an Ordinary Share will be the average weighted price of Ordinary Shares traded on the ASX on five consecutive trading days up to and including the day on which the Option was granted, less the A$0.01 option price (adjusted for pro rata share issues).

The following table shows, as of May 15, 2000, the number of Ordinary Shares called for by Options held by directors and Executive Officers pursuant to ESOP:

Director/Executive Officer	Title	Options
Peter Maxwell Kirby	Executive Director and Managing Director	500,000
Alexander Norman Brennan	Executive Director and Deputy Managing Director	400,000
James Gregory Osborne	Executive Director Finance	400,000
David Vincent Clarke	Executive Director CSR America, Inc.	400,000
Graeme Francis Pettigrew	Chief Executive Officer Building Materials	300,000
Christopher John Barry	Chief Executive Officer Construction Materials	300,000
Ian McMaster	Chief Executive Officer Sugar	300,000
Total number of unissued Ordinary Shares relating to the Options on issue and held by Executive Directors and Executive Officers as a group		2,600,000

ITEM 13. INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

As at March 31, 2000, total interest free loans to the directors and Executive Officers of CSR were A$0.4 million. During Fiscal Year 2000, no directors of CSR or any of its subsidiaries and their director-related entities have received or are entitled to receive any additional benefit, other than a benefit shown in the accompanying Consolidated Financial Statements (specifically, Note 26 "Directors' and executives' remuneration", Note 13 "Receivables" and Note 29 "Related party information") by reason of a contract made by CSR or a related party with the Directors, or with a firm of which they are a member, or with a company in which they have a substantial financial interest.

PART II

ITEM 14.

DESCRIPTION OF SECURITIES TO BE REGISTERED

None

PART III

ITEM 15.

DEFAULT UPON SENIOR SECURITIES

(a) None
(b) None

ITEM 16. CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

(a) None
(b) None
(c) Not applicable
(d) No changes

PART IV

ITEM 17.

FINANCIAL STATEMENTS

Not included as Item 18 complied with.

ITEM 18.

FINANCIAL STATEMENTS

See pages F-2 through F-49, which are incorporated herein by reference.

ITEM 19.

FINANCIAL STATEMENTS AND EXHIBITS

The following financial statements, together with the Report of Independent Auditors thereon, and exhibits, are filed as part of this Annual Report.

a.

CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2000

b. EXHIBITS

NONE

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CSR LIMITED
(Registrant)

By: ....
Peter Maxwell Kirby
MANAGING DIRECTOR

Dated: May 15, 2000