

Knowledge you  
can build on

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## Financial performance<sup>1</sup>

YEAR ENDED 31 MARCH (\$ MILLION)	2012	2011
Trading revenue	1,801.9	1,913.6
<b>Earnings before interest and tax (EBIT)</b>		
Building Products	86.9	103.8
Viridian	(19.3)	3.6
Aluminium	80.5	111.9
Property	24.4	14.6
Segment total	172.5	233.9
Corporate	(15.3)	(19.0)
Restructuring and provisions	(0.5)	(2.9)
CSR EBIT	156.7	212.0
<b>Net profit (before significant items)<sup>2</sup></b>	90.7	90.2
Net profit (loss) from continuing operations attributable to shareholders of CSR Limited	76.3	(78.0)
Net profit attributable to shareholders of CSR Limited	76.3	503.4 <sup>3</sup>

<sup>1</sup> From continuing operations unless stated. Continuing operations exclude the Sucrogen and Asian insulation businesses sold on 22 December 2010.

<sup>2</sup> Net profit before significant items is a non-IFRS measure and is used internally to assess the performance of the business and has been extracted or derived from CSR's audited financial statements for the year ended 31 March 2012.

<sup>3</sup> Includes discontinued operations of Sucrogen and Asian insulation businesses sold on 22 December 2010.

## Financial position

AS AT 31 MARCH (\$ MILLION)	2012	2011
Current assets	693.1	762.3
Non-current assets	1,554.7	1,495.9
<b>Total assets</b>	2,247.8	2,258.2
Current liabilities	419.4	430.6
Non-current liabilities	549.7	546.3
<b>Total liabilities</b>	969.1	976.9
Net assets	1,278.7	1,281.3
<b>Equity attributable to shareholders of CSR Limited</b>	1,230.4	1,233.7
Non-controlling interests	48.3	47.6
<b>Total equity</b>	1,278.7	1,281.3

# Financial highlights

## TRADING REVENUE<sup>1</sup>

YEAR ENDED 31 MARCH (\$ MILLION)

**\$1,801.9m**

Weaker residential and construction markets and lower A\$ aluminium prices resulted in a 6 per cent decline in trading revenue across the group compared to the prior year.



## EBIT BEFORE SIGNIFICANT ITEMS<sup>1</sup>

YEAR ENDED 31 MARCH (\$ MILLION)

**\$156.7m**

The ongoing high Australian dollar and weak construction markets impacted earnings in Building Products, Viridian and Aluminium. Despite an increased contribution from the Property division, group EBIT (before significant items) declined by 26 per cent on the previous year to \$156.7 million.



## NET PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS<sup>1,2</sup>

YEAR ENDED 31 MARCH (\$ MILLION)

**\$90.7m**

Despite lower earnings, net profit after tax (before significant items) increased slightly to \$90.7 million from the previous year's total of \$90.2 million.

The result was assisted by significantly reduced net finance costs following the repayment of debt after the sale of Sucrogen in the prior year and a lower effective tax rate.



## FULL YEAR DIVIDEND PER SHARE

YEAR ENDED 31 MARCH (CENTS)

**13.0 cents**

The board has resolved to pay a final dividend of 7.0 cents per share, fully franked. This brings the full year dividend to 13.0 cents per share, fully franked.



<sup>1</sup> From continuing operations unless stated. Continuing operations exclude the Sucrogen and Asian insulation businesses sold on 22 December 2010.

<sup>2</sup> Net profit before significant items is a non-IFRS measure and is used internally to assess the performance of the business and has been extracted or derived from CSR's audited financial statements for the year ended 31 March 2012.

<sup>3</sup> Interim dividend in 2011 restated for 3:1 share consolidation which completed on 3 March 2011.

## Chairman's Review

Having no debt and such a strong balance sheet is a big plus as we face such a challenging economic environment.



“I believe our strategy provides a sound platform for sustainable earnings growth as markets recover.”

JEREMY SUTCLIFFE, CHAIRMAN

This has been an extremely tough year. Residential and commercial construction activity declined in Australia from already very low levels so much so, that in some states, it is now at the lowest it has been for over 10 years.

CSR, like other Australian manufacturing companies, was also adversely impacted by the record high Australian dollar. This, combined with declining LME aluminium prices, resulted in lower earnings in our other important division, our investment in Tomago Aluminium.

Primarily as a result of these external factors, CSR's earnings before interest and tax (EBIT) before significant items declined by 26 per cent to \$156.7 million for the year. Our net profit after tax from continuing operations (before significant items) of \$90.7 million was, however, slightly ahead of last year.

Our statutory net profit of \$76.3 million was a significant improvement on the loss recorded in the previous year.

Your board's decision to use the proceeds of the sale of the Sucrogen business in 2010, to repay CSR's debt, (in addition to returning \$800 million to shareholders), resulted in significantly lower interest costs during the year. Having no debt and such a strong balance sheet is a big plus as we face such a challenging economic environment.

Our strong financial position also assists CSR in continuing to pay dividends to our shareholders. We understand the importance of this and it remains a key focus of the board.

As a result, the board resolved to pay a final dividend of 7 cents per share fully franked which brings the total dividend for the financial year to 13 cents per share, fully franked.

### MEETING THE CHALLENGES

While the high Australian dollar and low levels of construction activity make for very difficult market conditions, we remain focused on the things we can control. CSR continues to make progress on improving our underlying businesses which will stand the company in good stead as market conditions improve.

Viridian remains a problem for us. Our current management, although not responsible for the Viridian acquisition, is determined to extract value from the business. We announced a restructure in the Viridian Primary Products business which will result in around \$10 million in annualised cost savings. We also established a joint venture of Viridian's Glass Processing & Services business in New Zealand. This will result in a significantly more cost efficient structure through site rationalisation and other savings.

While Viridian's current performance remains very disappointing, it is important to note that the business was positive at the EBITDA line for the year. It is pleasing to note that within our Lightweight Systems division, Gyprock, Cemintel and Hebel all performed strongly. We have also been reducing costs throughout our operations and aligning manufacturing capacity to the current weaker market conditions.

### INVESTING FOR GROWTH

In addition to focusing on overall cost efficiencies to meet the current market, we also need to continue our investment strategy to build sustainable businesses for the medium to longer term.

During the year, we added to our trade distribution network in plasterboard, extended our product range in glass, fibre cement and bricks and also broadened our customer offering in insulation to include energy efficiency services such as solar energy.

I believe our strategy provides a sound platform for sustainable earnings growth as markets recover. CSR's strong financial position also gives us the leverage to complement this organic growth with sensible acquisition and other business development opportunities.

I would like to thank shareholders for your continued support of the company.

## Review of Operations

Our key focus over the past year has been to ensure our businesses are equipped to meet the very challenging markets in construction without compromising our ability to improve our position as markets recover.

### BUILDING PRODUCTS

**\$86.9m**  
EBIT

Construction markets in Australia and New Zealand were significantly weaker than the previous year, with the majority of government stimulus programmes having concluded by the start of the financial year.

In Australia, total residential dwelling commencements declined by 12 per cent (on a one quarter lag basis) to 148,300 for the year ended 31 March 2012.

In New Zealand, residential consents declined by 17 per cent on the previous year. In this very challenging market environment, Building Products trading revenue was \$991.4 million, 6 per cent lower than the prior year. EBIT declined by 16 per cent to \$86.9 million.

Lightweight Systems trading revenue was \$735.7 million compared to \$762.7 million in the prior year.

While the insulation business was impacted by the continuing high Australian dollar and the overhang of the sudden termination of the ceiling insulation rebate scheme, the remainder of the Lightweight Systems business delivered a strong performance in a difficult market.

This improvement demonstrates our leading market position in plasterboard which we have strengthened further with some prudent acquisitions to our trade and distribution network and a continued focus on pricing.

Meanwhile, our smaller businesses in fibre cement, lightweight concrete and commercial interiors are also benefiting from our new more focused business structure.

Earnings in Bradford Insulation were lower than last year with pricing continuing to be impacted by the overhang of the sudden termination of the Federal Government's ceiling insulation rebate scheme and the high Australian dollar which makes imported product more price competitive.

Bricks and Roofing trading revenue declined by 11 per cent on the prior year to \$255.7 million. While the key market of detached housing declined by 13 per cent for the year, trading revenue declined by less than this amount as a result of price increases.

In the Bricks business, lower volumes reflected the decline in detached residential housing markets, particularly in Queensland, NSW and South Australia where CSR has greatest market penetration.

Trading revenue in Roofing declined due to lower volumes; however, the decline was less than the market as a result of higher average selling prices of around 2 per cent.



“Despite difficult market conditions over the past year, CSR continued to make steady progress on a number of fronts.”

ROB SINDEL, MANAGING DIRECTOR



The cover showcases the CSR house which has been built to an 8 star energy efficient rating to provide a tangible experience for a range of stakeholders of how CSR products and systems can be used to provide greater energy efficiency in building. For further information visit [www.csr.com.au](http://www.csr.com.au)

### VIRIDIAN

**\$(19.3)m**  
EBIT

Viridian The result in Viridian was disappointing and reflects the business' sensitivity to changes in volume and currency.

Viridian's revenue declined by 12 per cent to \$306.1 million from \$348.8 million the prior year.

While EBITDA remained positive at \$5.3 million, high levels of depreciation in the business resulted in a loss of \$19.3 million (pre significant items) compared to the previous year's EBIT of \$3.6 million.

CSR has moved decisively to implement additional initiatives to reduce the fixed cost base further and improve operational efficiency.

### ALUMINIUM

**\$80.5m**  
EBIT

Aluminium Earnings were impacted by lower revenue as a result of the lower A\$ aluminium price and higher production costs at the Tomago smelter.

Despite higher sales volume, the lower average realised aluminium price after hedging resulted in trading revenue of \$504.4 million, 2 per cent lower than last year's total of \$515.5 million.

EBIT was \$80.5 million, 28 per cent lower than last year, impacted by the lower A\$ realised aluminium price, increased input costs at the Tomago smelter and slightly higher contracted alumina costs.

### PROPERTY

**\$24.4m**  
EBIT

Property EBIT was \$24.4 million, an increase of 67 per cent from the previous year.

The primary contributor to earnings was the sale of the 535 lot, residential development at Brendale, north of Brisbane, to Defence Housing Australia for \$35 million.

A further sale of 7.5 hectares of industrial land at Brendale also contributed to EBIT for the year.

CSR owns an adjacent 38.5 hectares of industrial land where infrastructure works have now commenced.

## CSR's Trusted Brands

This is a concise review of CSR's annual results. The full CSR Annual Report can be found online at [www.csr.com.au](http://www.csr.com.au)

**GYPROCK™**  
Everything else is just plasterboard

**Bradford™**  
for smarter environments

**cemintel™**  
fibre cement systems

**WUNDERLICH™**  
The lasting beauty of terracotta

**MONIER™**  
Living in style.

**Viridian™**  
New World Glass

**EDMONDS**  
Technologies for a Sustainable Future

**hebel**  
The better way to build

**PGH BRICKS & PAVERS**

**Ceilector™**  
Ceiling Solutions



### ANNUAL GENERAL MEETING

Annual General Meeting  
10:00 am  
Thursday 12 July 2012  
Civic Pavilion, The Concourse,  
409 Victoria Avenue,  
Chatswood NSW 2067

### CORPORATE REPORTS

The CSR Annual Report and Sustainability Report are available to view online or download, visit [www.csr.com.au](http://www.csr.com.au)

### REGISTRY INFORMATION

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry: Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street  
Sydney NSW 2000 Australia  
GPO Box 2975, Melbourne VIC 3001 Australia  
Telephone 1800 676 061  
International +61 3 9415 4033  
Facsimile (03) 9473 2500  
International +61 3 9473 2500  
E-mail [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
[www.computershare.com.au](http://www.computershare.com.au)

### CSR LIMITED

ABN 90 000 001 276  
Trinity 3, Level 5, 39 Delhi Road  
North Ryde NSW 2113 Australia  
Locked Bag 1345, North Ryde BC 1670  
Telephone (02) 9235 8000  
International +61 2 9235 8000  
Facsimile (02) 8362 9013  
International +61 2 8362 9013  
E-mail [investorrelations@csr.com.au](mailto:investorrelations@csr.com.au)



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