CSR Limited
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www.csr.com.au
ABN 90 000 001 276

11 May 2011

Manager, Companies

Company Announcements Office

Australian Securities Exchange Limited

Stock Exchange Centre

20 Bridge Street

Sydney NSW 2000

Preliminary final report for the year ended 31 March 2011

Attached is CSR Limited's full year results information required by ASX Listing Rule 4.3A, comprising:

The slides for CSR's results presentation will be filed separately.

The results presentation will be available via an audio webcast from CSR's website www.csr.com.au, commencing at 10am today.

Yours sincerely

Debbie Schroeder

Debbie Schroeder

Company Secretary

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CSR preliminary final report 2011

Details of the reporting period and previous corresponding reporting period

Current period: 1 April 2010 to 31 March 2011

Prior corresponding period 1 April 2009 to 31 March 2010

Results for announcement to the market

(All comparisons are to the full year ended 31 March 2010)

CSR reports net profit after tax of $503.4 million
Net profit after tax from continuing operations[1] up 13 per cent to $90.2 million

- Reported group net profit after tax (including continued and discontinued operations) after significant items of $503.4 million
- Reported group net profit includes profit on sales of Sucrogen of $497.1m and Asian insulation business of $45m
- Group net profit after tax from continuing operations (excluding Sucrogen and Asian insulation) pre significant items up 13% to $90.2m
- EBITDA (pre significant items) from continuing operations down 1% to $308.0m
- EBIT (pre significant items) from continuing operations of $212.0m compared to $218.0m
    - Building Products EBIT (including Viridian) up 3% to $107.4m, in line with guidance despite impacts of wet weather and termination of insulation rebate scheme. Building Products EBIT (ex insulation) up 28%
    - Aluminium EBIT down 9% to $111.9m but ahead of guidance on higher US$ metal price after hedging in last quarter
    - Property EBIT up 14% to $14.6m – QLD floods delayed sale at Brendale to current year
- Final dividend of 5.3 cents per share, fully-franked to be paid on 5 July 2011
- Final dividend is in addition to $800m returned to shareholders from proceeds of sales of Sucrogen and Asian Insulation businesses - total amount distributed to shareholders for the year of $1.72 per share (adjusted for 3:1 share consolidation)
- Strong financial position maintained – Standard & Poor's BBB+ long-term corporate credit rating
- After tax significant items (continuing operations) of $168.2m include insulation inventory write-down, product liability charge and non cash impairment to Viridian and Bricks businesses

[1] *CSR Ltd sold its Sucrogen and Asian Insulation businesses on 22 December 2010. These businesses have been classified as 'discontinued operations' for the purpose of this document. Financial results for discontinued operations for the year ended 31 March 2011 are up to 22 December 2010. 'Continuing operations' refers to CSR's operations excluding the Sucrogen and Asian Insulation businesses*.

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Financial Results Summary

For the year ended 31 March 2011			A$m
Trading revenue from continuing operations	*down 1%*	*to*	*1,913.6*
Trading revenue from discontinued operations	*down 22%*	*to*	*1,420.9*
Group trading revenue	down 11 %	to	3,334.5
EBIT (pre significant items) from continuing operations	*down 3%*	*to*	*212.0*
EBIT (pre significant items) from discontinued operations	*down 48%*	*to*	*76.4*
Group EBIT (pre significant items)	down 21%	to	288.4
Net profit after tax (pre significant items) from continuing operations	**up 13%**	**to**	**90.2**
Net profit after tax (pre significant items) from discontinued operations	*down 58%*	*to*	*39.3*
Group net profit after tax attributable to shareholders (pre significant items)	down 25%	to	129.5
Net profit/(loss) after tax (after significant items) from continuing operations	*up 58%*	*to*	*(78.0)*
Net profit after tax (after significant items) from discontinued operations	*up 677%*	*to*	*581.4*
Group net profit after tax attributable to shareholders (after significant items)	**up 555%**	**to**	**503.4**

	31 March 2011	31 March 2010
Net tangible assets per share	$2.35*	$3.12**

Dividends	Amount per security	Franking	Franked amount per security at 30% tax
Current Period			
Final*	5.3 cents	100%	5.3 cents
Interim***	3 cents	100%	3 cents
Previous corresponding period			
Final***	6 cents	100%	6 cents
Interim***	2.5 cents	100%	2.5 cents

Record date for determining entitlements to final dividend	14 June 2011
Dividend payment date	5 July 2011

** Post 3:1 share consolidation*

***Re-stated for the 3:1 share consolidation*

****Pre 3:1 share consolidation*

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CSR Limited
Full year report for the year ended 31 March 2011

Contents

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11 May 2011

Financial results summary

A$m unless stated	31 March 2011			31 March 2010		
	Continuing operations	*Discontinued operations up to 22/12/1010*	**Group Total**	*Continuing operations*	*Discontinued operations*	**Group Total**
Trading Revenue	*1,913.6*	*1,420.9*	**3,334.5**	*1,936.3*	*1,818.6*	3,754.9
EBITDA	*308.0*	*122.2*	430.2	*311.4*	*210.7*	522.1
EBIT	***212.0***	*76.4*	288.4	***218.0***	*146.1*	364.1
Net Finance Expense	*(57.0)*	*(2.3)*	(59.3)	*(94.4)*	*(6.7)*	(101.1)
Tax Expense	*(41.8)*	*(27.2)*	(69.0)	*(21.2)*	*(32.0)*	(53.2)
Non-controlling Interests	*(23.0)*	*(7.6)*	(30.6)	*(22.4)*	*(14.0)*	(36.4)
Net Profit after tax (before significant items)	***90.2***	*39.3*	129.5	***80.0***	*93.4*	173.4
Net Profit/(loss) after tax (after significant items)	*(78.0)*	*581.4*	**503.4**	*(186.5)*	*74.8*	**(111.7)**
Earnings Per Share before significant items (EPS) [cents]	*17.8*	*7.8*	25.6	*17.5**	*20.5**	38.0*

**restated for the 3:1 share consolidation (weighted average number of shares on issue in 2010 - 456.2 million)*

Overview

CSR Limited ("CSR") today announced group net profit after tax (before significant items) for its continuing operations of $90.2 million for the year ended 31 March 2011, an increase of 13 per cent on the previous year.

Continuing operations do not include results from the Sucrogen business and the Asian insulation business which were both sold on 22 December 2010.

Despite the impacts of significant wet weather in the last quarter and the sudden termination of the insulation rebate scheme, Building Products earnings (including Viridian) of $107.4 million were 3 per cent higher than last year and in line with guidance provided at the half year result.

Earnings continued to improve across all Building Products businesses with the exception of the insulation business where the prior year's result included a significant contribution from the insulation rebate scheme. Building Products EBIT (ex insulation) increased by 28 per cent.

Aluminium EBIT of $111.9 million was 9 per cent lower than last year but above market guidance as a result of an increase in the US$ metal price after hedging towards the end of the financial year.

Notwithstanding the Queensland floods, which delayed the completion of a property sale at Brendale, Property EBIT of $14.6 million for the year was 14 per cent higher than the previous year. The Brendale sale is expected to be completed in the first half of this financial year.

“In a challenging year, which also included the complex and company-transforming sale of Sucrogen, it’s pleasing to see CSR improving its underlying performance,” said CSR’s managing director, Rob Sindel.

“CSR continues to deliver strong profitability and generate good cashflows at the bottom of the construction cycle.

“Meanwhile, we have now created a solid platform for a focused Building Products business with a very strong balance sheet to leverage our leading market positions across Australia and New Zealand.

“Our strategic focus in the short term is centred on further improving our manufacturing efficiencies and investing in product innovation across lightweight construction, energy efficiency and multi-residential solutions.

“Additionally, CSR maintains strong operating leverage to the building cycle supported by a robust financial position.

“We are currently assessing a number of bolt-on opportunities which complement our Building Products portfolio to further strengthen our position across our key markets.”

Financial review

CSR’s reported group net profit after tax (including continued and discontinued operations) after significant items was $503.4 million. This amount includes the profit on sales of the Sucrogen business of $497.1 million, the Asian insulation business of $45 million and also the part-year earnings contribution from these businesses.

Net proceeds from the sales of these businesses of approximately $1.8 billion were used to return funds to shareholders and repay debt.

On 8 February 2011, CSR shareholders approved a $661.4 million return of capital to shareholders (paid on 3 March 2011) which followed a special dividend payment of $138.6 million (paid on 2 February 2011).

Following this $800 million return of funds to shareholders, together with repayment of all outstanding debt, CSR had net cash as at 31 March 2011 of $139.1 million.

Group net finance costs reduced by 41 per cent to $59.3 million, reflecting the repayment of debt at the end of December 2010.

While CSR currently has no net debt, an annual charge related to restating CSR’s discounted asbestos provision to nominal dollars (asbestos unwind) is treated as a finance cost. For YEM11 this charge amounted to $18.9 million.

As a result of CSR’s strong financial position, Standard & Poor's affirmed its BBB+ long-term corporate credit rating on CSR and removed the rating from CreditWatch with negative implications on 8 February 2011.

The Board has resolved to pay a final dividend of 5.3 cents per share, fully-franked to be paid on 5 July 2011. This brings the total dividend for the year to 14.3 cents per share (adjusted for the 3:1 share consolidation). The final dividend represents an 80 per cent payout ratio of net profit after tax (before significant items) from continuing operations in line with CSR’s current dividend policy.

The final dividend payment is in addition to the special dividend and capital return payments made to shareholders, bringing the total amount distributed to shareholders for the year to $1.72 per share (adjusted for the 3:1 share consolidation).

The company's dividend reinvestment plan (DRP) will operate for the final dividend payable on 5 July 2011. The last date for receipt of the election notice for participation in the DRP is the day before the dividend record date of 14 June 2011. For the final dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP. DRP shares will be allocated at the arithmetic average of the daily volume weighted average market prices of shares in CSR sold on ASX's trading platform (including the closing single price auction but excluding all off-market trades) ("VWAP") on each day over a period of 10 trading days commencing on the second trading day after the dividend record date. No discount will apply to shares issued under the DRP. For further details of the DRP please refer to the DRP Terms and Conditions available on CSR's website (www.csr.com.au)

Capital expenditure for the continuing Building Products business in YEM11 was $58.7 million compared to $110.0 million in the prior year, representing the final stages of CSR's major reinvestment programme.

Of this total, $31.4 million was for stay-in-business capital projects, and $27.3 million represented new growth and development initiatives.

CSR has identified a number of new projects to improve its manufacturing productivity and operational efficiencies. These are expected to take 1-2 years to complete to deliver approximately $10 million in annualised savings.

As a result, capital expenditure is expected to increase in the current financial year. Total capital expenditure (ex property) for YEM12 is expected to be in the order of $100 million, of which approximately $50 million is development capital expenditure.

Reducing overhead costs remains a priority across the business. The move to a more simplified corporate structure has resulted in significant corporate costs being removed towards the end of YEM11 which will be reflected in results from the current financial year.

Significant Items from continuing operations

During a year of significant corporate restructuring, including the landmark sale of Sucrogen, CSR incurred a number of one-off costs which have been classified as significant items for the full year result.

As advised at the half year result, the abrupt termination of the Federal Government's Energy Efficient Homes Package has resulted in one-off costs in Bradford Insulation for stock obsolescence and disposal and associated inventory management costs. For the full year this amounted to $23.6 million (pre-tax).

CSR has updated provisions relating to land remediation obligations for some legacy factory sites and ongoing legal disputes as these matters have been advanced towards settlement. Together these costs amounted to $25.3 million (pre-tax).

A charge to CSR's product liability provision, reflecting an increase in the routine estimate of future asbestos related claims in the US, after cash payments and adjustments for the present value of future claims, has resulted in $12.6 million being treated as a significant item (pre-tax).

CSR reviews the carrying value of its assets across all of its businesses in respect of the current and anticipated trading environment and the macro-economic impacts on the business.

Despite an improvement in both the operating and underlying financial performance of Viridian in the last 12 months, a structural change to the outlook for the Australian dollar (which recently recorded its highest level against the US dollar since floating in 1983) and the ongoing deterioration in commercial construction activity (which is around 33 per cent lower than 2009) continue to impact negatively on the value of Viridian as measured on a discounted cash flow basis.

Together with other factors, this has resulted in a non-cash, pre-tax impairment charge of $121 million to reduce the carrying value of Viridian to $402 million.

CSR has reforecast future cashflows to reflect the current outlook for housing starts in the Bricks business. CSR has also decided to reallocate land which is surplus to the Bricks business to the Property division and exclude surplus land from the funds employed in the Bricks business. This has resulted in a non-cash, pre-tax impairment charge of $29.1 million being allocated against property plant and equipment in the Bricks business.

YEM11 Significant Items from continuing operations	$m
Costs associated with termination of Insulation rebate scheme	(23.6)
Increased provision for legal disputes and warranties	(25.3)
Charge to product liability provision	(12.6)
Asset write downs and restructuring	(158.0)
Total significant items before tax	**(219.5)**
Income tax benefit	51.3
Total significant items after tax	**(168.2)**

Product Liability

CSR continues to manage its asbestos liabilities responsibly and professionally. For the year ended 31 March 2011, CSR paid asbestos related claims of $37.9 million, slightly less than the previous year's total of $38.4 million.

CSR includes in its financial statements a product liability provision covering all known asbestos-related claims and reasonably foreseeable future claims. This provision is reviewed every six months based on independent expert advice in relation to the future incidence and value of asbestos related claims in the United States and Australia.

The provision also includes a prudential margin above the aggregate of the most likely estimate of CSR's total future asbestos liabilities. The prudential margin is determined by CSR Directors, having regard to the prevailing litigation environment, any material uncertainties that may affect future liabilities and consideration of the long term Australian dollar to United States dollar exchange rate.

As at 31 March 2011, a product liability provision of $448.9 million has been reported (YEM10: $455.3 million). This provision includes a prudential margin of $82.9 million or 23 per cent above the most likely estimate of future liabilities. Over the past five years, the prudential margin has ranged between 10 per cent and 34 per cent above the central estimate of future liabilities.

Earnings before interest and tax (EBIT) by segment from continuing operations

Year ended 31 March [A$ million unless stated] Pre significant items	2011	2010	change
Building Products (ex Viridian)	**103.8**	106.2	(2%)
Viridian	**3.6**	(1.6)	+325%
Aluminium	**111.9**	123.5	(9%)
Property	**14.6**	12.8	+14%
Business segment total	**233.9**	240.9	(3%)
Corporate costs	**(19.0)**	(18.6)	
Restructure and provisions	**(2.9)**	(4.3)	
Total EBIT (pre significant items) from continuing operations	**212.0**	218.0	(3%)

Review of continuing operations by segment

Building Products (ex Viridian)

- **Continued earnings improvement across all businesses (ex Insulation)**
- **EBIT (ex Insulation) up 20 per cent**
- **Focus on tight cost control and margin improvement**

Year ended 31 March [A$ million unless stated] Pre significant items	2011	2010	change
Trading revenue	**1,049.3**	1,045.6	--
EBITDA	**145.5**	146.7	(1%)
EBIT	**103.8**	106.2	(2%)
Funds employed	**766.7***	804.2	
EBIT/trading revenue	**9.9%**	10.2%	
Return on funds employed	**13.5%***	13.2%	

*After asset write-down of $30.6m

Total dwelling commencements in Australia to 31 March (on a one quarter lag basis) increased by 21 per cent for the year. However, this increase was due primarily to a significant increase (of around 160 per cent) in the proportion of social housing which generates less demand for CSR building products.

Private detached housing activity in Australia improved by 5 per cent for the full year but declined in the second half, further impacted by significant wet weather across the east coast of Australia.

Commercial construction activity continued to remain weak, down a further 12 per cent on the prior year. The key commercial category for CSR's portfolio which includes shops, offices and factories declined by a further 13 per cent on the previous year.

New Zealand residential construction activity deteriorated with the total number of new houses and apartments authorised declining by 26 per cent since April 2010.

In this environment, CSR continued its focus on strong operational cost control and margin improvement to maintain earnings growth across its portfolio.

Trading revenue from continuing operations (not including the Asian insulation business) of $1,049.3 million was steady from $1,045.6 million on the previous corresponding period, with EBIT of $103.8 million down slightly from $106.2 million. EBIT margin was 9.9 per cent compared to 10.2 per cent the previous year.

The result for the prior year included earnings in Bradford Insulation from the Federal Government's insulation rebate scheme which was terminated at short notice in February 2010.

Building Products EBIT on a like for like basis (excluding Bradford Insulation) improved by 20 per cent on the previous year.

Lightweight Systems

Lightweight Systems' trading revenue (which includes Bradford™ insulation, Gyprock™ plasterboard, Cemintel™ fibre cement, Fricker™ ceiling systems, Hebel® lightweight concrete products, Edmonds™ ventilation systems and the Asian panels business in Malaysia) of $762.7 million was in line with the previous year's total of $764.3 million.

Earnings in the Gyprock plasterboard business improved through a combination of price increases and overhead cost control. The improved result also reflects the strong operational performance across the business.

Volumes in QLD were impacted by floods in the last quarter while commercial volumes remained weak. However, Gyprock is well positioned to participate in flood rebuilding and repair work and is working actively with local councils and authorities on the rebuild program.

Gyprock continues to focus on margins and recovery of input cost inflation with announced average price increases of 3-4 per cent which came into effect from 1 March 2011.

The major capital program to upgrade the Gyprock plasterboard factory at Yarraville is now virtually complete. The new boardline and cornice lines have been successfully commissioned and the expanded warehouse and distribution facility is now complete. The distribution centre at Sunshine has been closed with staff relocated to the Yarraville site to generate further efficiencies.

The plasterboard and fibre cement facility at Wetherill Park in Sydney has also been upgraded including a 3,000 square metre addition to the existing 10,000 square metre warehouse.

Margins and earnings in the Cemintel Fibre Cement business continued to improve with the business pursuing a more differentiated strategy, including the launch of new products.

Customer and market response to the new internal linings, wet area product, CeminSeal™ continues to be positive, while Cemintel is also launching a new, pre-finished lightweight walling solution, the Designer Series.

The Hebel business increased revenue and EBIT from improved sales of Powerpanel™ and wall Panel products and also from improved pricing. Hebel continues to gain wider market recognition for its lightweight and thermal qualities with a number of builders now building and marketing Hebel® homes.

In Bradford Insulation, revenue and EBIT were significantly lower than last year, impacted by the sudden termination of the insulation rebate scheme which increased earnings in the prior year.

The scheme's sudden termination caused a significant over-supply of insulation product which impacted pricing and operational efficiencies.

While Bradford recovered some earnings through the first phase of the Federal Government's Home Insulation Safety Program, this was not sufficient to compensate for the withdrawal of the original scheme.

Outside of the residential retro-fit insulation market, Bradford continues to build its market position for new home and commercial applications, gaining additional market share in these core markets.

Bricks and Roofing

The result for the PGH™ bricks and Monier™, MonierPrime™ and Wunderlich™ roofing business improved significantly on the prior year.

Trading revenue of $286.6 million was up 2 per cent from $281.3 million, in line with generally improved conditions in Australia, particularly in the first half and also partly in response to government stimulus measures. However, EBIT increased significantly in both the bricks and rooftile businesses due to a continued focus on reducing operating costs and increasing margins.

Volumes and margins were impacted in the last quarter by excessive wet weather across the eastern states and the QLD floods, where the Oxley factory was closed for a period due to a clay shortage caused by flooding.

Price increases were achieved in all markets, with brick prices up an average 4 per cent and rooftile prices up an average 3 per cent on the previous year.

Brick manufacturing facilities operated below capacity, particularly in Queensland and NSW where demand has been sluggish. The Cooroy brick plant was mothballed with production transferred to the more efficient and larger capacity facility at Oxley in Brisbane.

Meanwhile, market response to the launch of new, higher margin products has been positive. During the year, Monier launched its new Horizon flat concrete rooftile while PGH launched a new ceramic glazed and colour range of house bricks.

Viridian

- **EBITDA of $29.7m vs $22.0m up 35% despite lower revenue**
- **EBIT of $3.6m vs $1.6m loss in previous year**
- **Continued improvement in operational performance (safety, customer service)**

Year ended 31 March [A$ million unless stated] **Pre significant items**	**2011**	2010	change
Trading revenue	**348.8**	379.7	(8%)
EBITDA	**29.7**	22.0	+35%
EBIT	**3.6**	(1.6)	+325%
Funds employed	**402.0***	514.1	
EBIT/trading revenue	**1.0%**	--	
Return on funds employed	**1.0%***	--	

*After asset write-down of $121m (pre-tax)

While the performance of Viridian improved on the previous year, earnings continue to be impacted by the record high A$/US$ exchange rate and the ongoing deterioration in commercial construction markets in Australia and New Zealand.

Viridian has the highest fixed cost component in CSR's Building Products portfolio and is also the most exposed to the commercial construction sector, with approximately 40 per cent of revenue exposed to this segment.

Excluding revenue associated with the discontinued automotive glass business, underlying revenue was largely flat year on year. Reported trading revenue declined 8 per cent to $448.8 million, however, EBITDA increased by 35 per cent to $29.7 million.

Viridian reported EBIT of $3.6 million compared to a loss of $1.6 million the previous year. The previous year's result included an earnings contribution from the automotive glass business which was sold in 2010 and therefore YEM11 earnings do not include EBIT from this business.

EBIT in the Primary Products (Upstream) business improved on the prior year, despite lower revenue. While margins have improved, they continue to be impacted by the high Australian dollar which makes the price of imported glass cheaper.

During the year Viridian launched an anti-dumping application with the Department of Customs. Initially Customs concluded that dumping had occurred but could not establish material injury. Viridian has since successfully appealed this decision to the Trade Measures Review Office and Customs is re-examining the application.

Operationally, the two float glass facilities performed well at an average capacity of around 80 per cent.

In the current financial year, CSR expects to spend around $15 million on routine capital maintenance on the furnace at Ingleburn which will extend the life of the facility for a minimum period of 4 years.

Viridian's floatliner delivery system, which significantly reduces the requirement for manual handling of glass, continues to be a major positive differentiator for Viridian in the glass market. Viridian expects to spend $7 million this year to further upgrade the fleet.

Losses in the Glass Processing (Downstream) business have been reduced from the previous year through a focus on overhead cost reduction and operational improvements.

The business made improvements in safety and customer service, where Delivery in Full On-Time (DIFOT) is tracking at over 90 per cent at most sites.

Annualised costs of over $9 million have been removed from the business with further consolidation of distribution sites to improve efficiencies.

An additional 40 positions were removed at the Clayton facility in February 2011 as the business generated further operational efficiencies.

In Victoria, which is moving to adopt the six star rating for newly built houses, sales of energy efficient glass as a proportion of total glass sales continues to improve.

Viridian is also launching a new energy efficient glass product range, SmartGlass™. SmartGlass is an affordable range of single glazed, hard coated, energy efficient glass offering a choice of solar control as a direct replacement for ordinary glass in new homes. Marketing of the new range commences next month.

Aluminium

- **EBIT down on previous year but ahead of guidance on improving US$ metal price**
- **Earnings benefit from previous hedging but to lower extent than last year**
- **Continued sound operational performance at Tomago smelter**

Year ended 31 March [A$ million unless stated]	**2011**	2010	change
Trading revenue	**515.5**	510.7	+1%
EBITDA	**139.4**	152.1	(8%)
EBIT	**111.9**	123.5	(9%)
Funds employed*	**272.6**	320.7	(15%)
EBIT/trading revenue	**21.7%**	24.2%	
Return on funds employed	**41.0%**	38.5%	

*excludes cash and tax

Earnings for Gove Aluminium Finance Limited (GAF) - which is owned 70% by CSR - were ahead of market guidance as a result of lower than budgeted operating costs at the Tomago smelter and the increased US$ aluminium price after hedging in the second half of the year.

Trading revenue was $515.5 million compared to $510.7 million the previous year on sales volume of 188,246 tonnes compared to the previous year's sales of 190,981 tonnes.

The business continued to benefit from its net hedged position built in previous years, however to a lesser extent than the prior year, given the lower proportion of metal hedged in response to lower relative aluminium prices over the past two years.

EBIT was $111.9 million, down 9 per cent on the previous year, impacted by higher contracted alumina costs. Higher alumina costs also impacted the EBIT margin which was 21.7 per cent compared to 24.2 per cent in the previous year.

The average realised aluminium price after hedging was A$2,738 per tonne, compared to A$2,674 for the previous year. The average world aluminium price was US$2,281 per tonne for the year compared to US$1,898 the previous corresponding period.

During the year the Tomago smelter announced it had secured an 11 year long term base load power supply contract with Macquarie Generation.

This contract will replace the existing power supply agreements with Macquarie Generation which expires in 2017, securing Tomago's power supply requirements up until 2028.

The contract provides significant certainty to Tomago in terms of its long term investment at the smelter.

Tomago has also signed a long-term hot metal supply agreement with Midal Cables International (Midal), a venture of Bahrain-based Midal Cables with an Australian based partner.

Midal plans to build a $30 million aluminium products manufacturing facility close to the Tomago smelter and use molten aluminium as feedstock to make aluminium alloy rods, wires and conductors.

GAF remains focused on developing its customer base and improving the volume of value added products such as billet and slab.

GAF also has a long term alumina supply contract.

US$ spot metal prices have generally improved since the start of this calendar year, however the high Australian dollar limits the benefit of this increase.

The ongoing weakness in the US dollar puts additional pressure on all aluminium producers that have non-US dollar costs, however the weaker US$ is generally supportive for US$ aluminium prices.

Property

- **EBIT increased on sale of Narangba residential site**
- **QLD floods delay Brendale sale into YEM12**
- **Strong medium term development pipeline remains**

Year ended 31 March [A$ million unless stated]	**2011**	2010	change
EBIT	**14.6**	12.8	+14%

CSR's Property division reported EBIT of $14.6m, which was 14 per cent ahead of the prior year.

The main contributor to earnings was the sale of a 606 lot, 47 hectare residential development at Narangba to Stockland for $25.3 million. Having received strong expressions of interest from a number of committed buyers, the sale to an external party as opposed to internally developing the site reduced development risk and provided an immediate return to maximise value. Cash proceeds from the sale were received in YEM11.

During the year, the Property division also successfully sold the 2.6 hectare former Viridian glass factory site at Alexandria, Sydney to Bunnings. As part of the transaction Bunnings has announced plans to build a flagship 20,000 square metre store on the site. Building demolition at the site, is almost complete and subject to further site remediation, the transaction is expected to be completed in mid 2011.

The Property division had expected to complete the sale of a 535 lot residential property development site at Brendale, north of Brisbane by the end of YEM11. However, the Queensland floods resulted in a backlog of council development approvals which resulted in the transaction being delayed to the current financial year. CSR expects to receive development approval and complete the sale in the first half of YEM12.

CSR owns an adjacent 65 hectare industrial development at Brendale which is currently being marketed. Marketing of the 11 hectare industrial site at Erskine Park, western Sydney continues with an increased level of interest recently. Sales are expected to contribute to earnings in YEM12.

The change of Government in Victoria has resulted in further delays in obtaining statutory approvals for a 552 lot residential development at Chirnside Park, Melbourne.

Meanwhile, eight light industrial lots at Darra, Brisbane remain to be sold out of a total of 40 lots. Subject to market conditions, CSR expects to complete these sales during YEM12.

Group Outlook

Leading indicators (finance and housing approvals) point to a moderation of housing construction activity in the year ending 31 March 2012 ("YEM12"). Successive interest rate rises towards the end of 2010 and the withdrawal of government stimulus indicate that the total number of housing starts in Australia will decline year on year.

CSR estimates that total housing starts in Australia (on a one quarter lag basis) will be around 150,000 for the year ended 31 March.

However, within that total, CSR expects the social housing segment (which has less demand for CSR's products) to decline as a proportion of overall housing starts, leaving private commencements largely flat year on year.

While there are some tentative signs of recovery in commercial and industrial markets, particularly in Victoria and NSW, conditions are expected to remain flat in the near term.

Dwelling starts in New Zealand (ex Christchurch) are expected to be generally flat.

CSR expects continued earnings improvement in its Bricks and Viridian business, together with an increased contribution from its Hebel, Cemintel and commercial ceilings businesses which are already benefiting from a more focused business structure.

A targeted efficiency program and bolt-on acquisition opportunities provide CSR with solid earnings growth potential and strongly positions the business for a recovery in housing construction.

Longer term housing demand in Australia remains estimated at around 180,000 dwellings per year with a current housing shortfall of over 200,000 dwellings, according to BIS Shrapnel estimates. Notwithstanding supply-side constraints and affordability issues, CSR remains well placed to capitalise on this demand to drive further earnings growth.

In Aluminium, US$ spot metal prices have generally improved since the start of this calendar year, however the continuing high Australian dollar limits the benefit of this increase.

For YEM12 Gove Aluminium Finance (GAF) has contracts in place for approximately 93 per cent of its share of expected production.

Meanwhile, GAF has continued to rebuild its hedge book following a period of historically low metal prices and as at 30 April had approximately 50 per cent of net aluminium exposure for YEM 12 hedged at A$3,092 per tonne.

Property markets have started a slow recovery following a period of extended weakness, with increased interest in CSR's industrial and wholesale residential development sites. CSR expects to complete the delayed sale of the residential development site at Brendale in the first half of this financial year. For the full year, earnings will continue to be subject to the timing of specific transactions.

At a group level, in the short term, CSR should continue to benefit from its low debt profile and resulting savings in finance costs.

CSR expects to be able to give further guidance with the benefit of first quarter trading information at the Annual General Meeting on 7 July.

Media/analyst enquiries:

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CSR Limited Investor Relations
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CSR Limited

ABN 90 000 001 276

Directors of CSR Limited

Directors of CSR Limited at any time during the year ended 31 March 2011 are as follows (each of them was a director from 1 April 2010 up to and including the date of this report).

Ian Blackburne

Nick Burton Taylor[1]

Kathleen Conlon

Shane Gannon[2]

Ray Horsburgh

Richard Lee[3]

Rob Sindel[4]

John Story

Jeremy Sutcliffe[5]

1 - Resigned on 11 May 2011

2 - Resigned on 15 December 2010

3 - Resigned on 11 May 2011

4 - Appointed to the Board on 15 December 2010 and as Managing Director on 1 January 2011

5 - Appointed Managing Director for fixed term from 1 April 2010 – 31 December 2010

Signed in accordance with a resolution of the directors.

Rob Sindel

Managing Director

Sydney, 11 May 2011

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Directors
CSR Limited
Triniti 3
39 Delhi Road
NORTH RYDE NSW 2113

11 May 2011

Dear Directors,

CSR Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CSR Limited.

As lead audit partner for the audit of the financial statements of CSR Limited for the financial year ended 31 March 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants

CSR group statement of financial performance

Year ended 31 March ($ million unless indicated)	Note	2011	2010
Continuing operations			
Trading revenue - sale of goods		**1,913.6**	1,936.3
Cost of sales		**(1,323.0)**	(1,341.8)
Gross margin from continuing operations		**590.6**	594.5
Warehouse and distribution costs		**(184.2)**	(187.9)
Selling costs		**(159.9)**	(155.8)
Administration and other operating costs		**(62.1)**	(72.1)
Share of net profit of associates	14	**10.5**	10.8
Operating profit from continuing operations		**194.9**	189.5
Other income	8	**19.9**	34.4
Other expenses	8	**(222.3)**	(279.5)
Loss from continuing operations before finance and income tax		**(7.5)**	(55.6)
Interest income	4	**11.2**	1.4
Finance cost	4	**(68.2)**	(95.8)
Loss from continuing operations before income tax		**(64.5)**	(150.0)
Income tax benefit (expense) relating to continuing operations	5	**9.5**	(14.1)
Net loss from continuing operations		**(55.0)**	(164.1)
Net profit from discontinued operations [a]		**589.0**	88.8
Net profit (loss)		**534.0**	(75.3)
Net profit from continuing operations attributable to non-controlling interests		**23.0**	22.4
Net profit from discontinued operations attributable to non-controlling interests		**7.6**	14.0
Net profit attributable to non-controlling interests		**30.6**	36.4
Net loss from continuing operations attributable to shareholders of CSR Limited		**(78.0)**	(186.5)
Net profit from discontinued operations attributable to shareholders of CSR Limited	17	**581.4**	74.8
Net profit (loss) attributable to shareholders of CSR Limited		**503.4**	(111.7)
Net profit before significant items from continuing operations attributable to shareholders of CSR Limited	9	**90.2**	80.0
Net profit before significant items from discontinued operations attributable to shareholders of CSR Limited	17	**39.3**	93.4
Net profit before significant items attributable to shareholders of CSR Limited		**129.5**	173.4

(cents)	2011	2010
From continuing and discontinued operations		
Basic earnings per share-based on net profit (loss) attributable to shareholders of CSR Limited [b]	**99.6**	(24.5)
Diluted earnings per share-based on net profit (loss) attributable to shareholders of CSR Limited [b]	**99.6**	(24.5)
From continuing operations		
Basic earnings per share-based on net loss attributable to shareholders of CSR Limited [b]	**(15.4)**	(40.9)
Diluted earnings per share-based on net loss attributable to shareholders of CSR Limited [b]	**(15.4)**	(40.9)

a Discontinued operations relate to Sucrogen and Asian insulation businesses sold prior to 31 March 2011.

b Weighted number of ordinary shares on issue used in the calculation of earnings per share is 505.6 million (2010: 456.2 million). The 2010 amount has been restated for the 3:1 share consolidation completed on 3 March 2011.

Notes to the financial statements are annexed

CSR group statement of financial position

($ million)	Note	As at 31 March 2011	As at 31 March 2010
Current assets			
Cash and cash equivalents		**143.6**	43.9
Receivables		**302.4**	491.9
Inventories		**281.9**	455.9
Other financial assets		**25.9**	82.9
Income tax assets		**-**	44.0
Other current assets		**8.5**	30.9
Total current assets		**762.3**	1,149.5
Non-current assets			
Receivables		**27.0**	29.1
Inventories		**17.6**	32.1
Investments accounted for using the equity method		**14.5**	33.4
Other financial assets		**5.8**	97.4
Property, plant and equipment		**1,134.5**	2,246.4
Goodwill		**13.8**	69.8
Other intangible assets		**32.1**	36.3
Deferred income tax assets		**194.7**	164.8
Other non-current assets		**13.7**	15.8
Total non-current assets		**1,453.7**	2,725.1
Total assets		**2,216.0**	3,874.6
Current liabilities			
Payables		**201.6**	408.0
Borrowings		**3.1**	25.6
Other financial liabilities		**7.1**	53.1
Tax payable		**19.7**	21.7
Provisions		**199.1**	229.3
Total current liabilities		**430.6**	737.7
Non-current liabilities			
Payables		**2.5**	0.6
Borrowings		**1.4**	785.2
Other financial liabilities		**1.8**	15.9
Provisions		**462.0**	471.2
Other non-current liabilities		**36.4**	45.8
Total non-current liabilities		**504.1**	1,318.7
Total liabilities		**934.7**	2,056.4
Net assets		**1,281.3**	1,818.2
Equity			
Issued capital	6	**1,042.2**	1,700.9
Reserves	10	**21.2**	31.5
Retained profits (losses)		**170.3**	(49.8)
Equity attributable to shareholders of CSR Limited		**1,233.7**	1,682.6
Non-controlling interests in controlled entities		**47.6**	135.6
Total equity		**1,281.3**	1,818.2

Notes to the financial statements are annexed

CSR group statement of comprehensive income

Year ended 31 March ($ million)	**2011**	2010
Net loss from continuing operations	**(55.0)**	(164.1)
Net profit from discontinued operations	**589.0**	88.8
Net profit (loss)	**534.0**	(75.3)
Other comprehensive (expense) income from continuing operations		
Exchange differences arising on translation of foreign operations	**(3.5)**	(1.0)
Hedge profit recognised in equity	**2.3**	4.8
Hedge loss transferred to statement of financial performance	**(20.5)**	(67.4)
Actuarial (loss) gain on superannuation defined benefit plans	**(11.8)**	51.9
Income tax relating to components of other comprehensive income	**9.1**	3.2
Other comprehensive expense for the period (net of tax) from continuing operations	**(24.4)**	(8.5)
Other comprehensive (expense) income from discontinued operations		
Exchange differences arising on translation of foreign operations	**(2.4)**	(32.1)
Fair value adjustment for Sugar Terminals Ltd	**-**	4.1
Reclassification adjustments relating to foreign currency translation and hedge reserves	**93.5**	-
Hedge profit (loss) recognised in equity	**(108.2)**	36.3
Hedge (loss) profit transferred to statement of financial performance	**(9.3)**	32.1
Income tax relating to components of other comprehensive income	**35.2**	(20.6)
Other comprehensive income for the period (net of tax) from discontinued operations	**8.8**	19.8
Total comprehensive expense from continuing operations	**(79.4)**	(172.6)
Total comprehensive income from discontinued operations	**597.8**	108.6
Total comprehensive income (expense)	**518.4**	(64.0)
Total comprehensive income (expense) attributable to:		
Shareholders of CSR Limited	**480.5**	(75.8)
Non-controlling interests	**37.9**	11.8
Total comprehensive income (expense)	**518.4**	(64.0)
Shareholders of CSR Limited from continuing operations	**(98.4)**	(180.6)
Non-controlling interests from continuing operations	**19.0**	8.0
Total comprehensive expense from continuing operations	**(79.4)**	(172.6)
Shareholders of CSR Limited from discontinued operations	**578.9**	104.8
Non-controlling interests from discontinued operations	**18.9**	3.8
Total comprehensive income from discontinued operations	**597.8**	108.6
Total comprehensive income (expense)	**518.4**	(64.0)

Notes to the financial statements are annexed

CSR group statement of changes in equity

Year ended 31 March ($ million)	Issued Capital	Hedge Reserve	Foreign currency translation reserve	Employee Share reserve	Other reserves	Retained (losses)/ profits	Attributable to CSR Ltd shareholders	Non-controlling interests	**Total**
Balance at 1 April 2010	**1,700.9**	**32.3**	**(18.7)**	**12.6**	**5.3**	**(49.8)**	**1,682.6**	**135.6**	**1,818.2**
Net profit	**-**	**-**	**-**	**-**	**-**	**503.4**	**503.4**	**30.6**	**534.0**
Exchange differences arising on translation of foreign operations	**-**	**-**	**(6.3)**	**-**	**-**	**-**	**(6.3)**	**0.4**	**(5.9)**
Reclassification adjustments relating to foreign currency translation and hedge reserves on discontinued operations	**-**	**81.1**	**12.4**	**-**	**-**	**-**	**93.5**	**-**	**93.5**
Hedge profit (loss) recognised in equity	**-**	**(119.6)**	**-**	**-**	**-**	**-**	**(119.6)**	**13.7**	**(105.9)**
Hedge loss transferred to statement of financial performance	**-**	**(25.9)**	**-**	**-**	**-**	**-**	**(25.9)**	**(3.9)**	**(29.8)**
Actuarial loss on superannuaton defined benefit plans	**-**	**-**	**-**	**-**	**-**	**(11.8)**	**(11.8)**	**-**	**(11.8)**
Income tax relating to components of other comprehensive income	**-**	**43.7**	**-**	**-**	**-**	**3.5**	**47.2**	**(2.9)**	**44.3**
Total comprehensive (expense) income	**-**	**(20.7)**	**6.1**	**-**	**-**	**495.1**	**480.5**	**37.9**	**518.4**
Shares issued	**2.6**	**-**	**-**	**2.6**	**-**	**-**	**5.2**	**-**	**5.2**
Payment of ordinary dividends	**-**	**-**	**-**	**-**	**-**	**(136.4)**	**(136.4)**	**(32.2)**	**(168.6)**
Payment of special dividend	**-**	**-**	**-**	**-**	**-**	**(138.6)**	**(138.6)**	**-**	**(138.6)**
Capital return	**(661.3)**	**-**	**-**	**-**	**-**	**-**	**(661.3)**	**-**	**(661.3)**
Recognition of share based payments	**-**	**-**	**-**	**1.7**	**-**	**-**	**1.7**	**-**	**1.7**
Net contribution from joint venture partner	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.7)**	**(4.7)**
Disposal of non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(89.0)**	**(89.0)**
Balance at 31 March 2011	**1,042.2**	**11.6**	**(12.6)**	**16.9**	**5.3**	**170.3**	**1,233.7**	**47.6**	**1,281.3**
Balance at 1 April 2009	1,329.2	3.9	14.2	12.6	-	73.0	1,432.9	153.6	1,586.5
Net (loss) profit	-	-	-	-	-	(111.7)	(111.7)	36.4	(75.3)
Exchange differences arising on translation of foreign operations	-	-	(32.9)	-	-	-	(32.9)	(0.2)	(33.1)
Fair value adjustment for Sugar Terminals Ltd	-	-	-	-	-	4.1	4.1	-	4.1
Hedge profit (loss) recognised in equity	-	52.4	-	-	-	-	52.4	(11.3)	41.1
Hedge loss transferred to statement of financial performance	-	(11.7)	-	-	-	-	(11.7)	(23.6)	(35.3)
Actuarial gain on superannuation defined benefit plans	-	-	-	-	-	51.9	51.9	-	51.9
Income tax relating to components of other comprehensive income	-	(12.3)	-	-	-	(15.6)	(27.9)	10.5	(17.4)
Total comprehensive income (expense)	-	28.4	(32.9)	-	-	(71.3)	(75.8)	11.8	(64.0)
Shares issued	371.7	-	-	-	-	-	371.7	-	371.7
Payment of dividends	-	-	-	-	-	(51.5)	(51.5)	(19.2)	(70.7)
Net contribution from joint venture partner								5.6	5.6
Purchase of non-controlling interests	-	-	-	-	5.3	-	5.3	(16.2)	(10.9)
Balance at 31 March 2010	1,700.9	32.3	(18.7)	12.6	5.3	(49.8)	1,682.6	135.6	1,818.2

Notes to the financial statements are annexed

CSR group statement of cash flows

Year ended 31 March ($ million)	Note	2011	2010
Cash flows from operating activities			
Receipts from customers		**3,400.2**	4,101.7
Payments to suppliers and employees		**(3,141.6)**	(3,687.1)
Dividends and distributions received		**7.3**	19.5
Interest received		**13.3**	1.4
Income tax paid		**(64.6)**	(39.2)
Net cash from operating activities before derivative margin calls		**214.6**	396.3
Derivative margin calls paid		**(29.3)**	(18.1)
Net cash from operating activities	3	**185.3**	378.2
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		**(143.1)**	(239.7)
Proceeds from sale of property, plant and equipment and other non-current assets		**48.8**	45.2
Net cash from disposal of discontinued operations (net of payments for transaction costs)	17	**1,873.7**	-
Tax instalment paid on disposal of discontinued operations		**(60.1)**	-
Purchase of controlled entities and businesses, net of cash acquired	12	**(2.4)**	-
Purchase of non-controlling interests		**-**	(10.9)
Loans and receivables advanced		**2.3**	(2.0)
Net cash from (used in) investing activities		**1,719.2**	(207.4)
Cash flows from financing activities			
Proceeds from issue of shares to CSR shareholders		**2.6**	363.7
Net repayment of borrowings		**(794.5)**	(383.7)
Dividends paid		**(307.2)**	(65.7)
Capital return to CSR shareholders		**(661.3)**	-
Interest and other finance costs paid		**(41.4)**	(59.0)
Net cash used in financing activities		**(1,801.8)**	(144.7)
Net increase in cash held		**102.7**	26.1
Net cash at beginning of the financial year		**43.9**	14.3
Effects of exchange rate changes		**(4.3)**	3.5
Net cash at the end of the financial year		**142.3**	43.9

Reconciliation of net cash

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

Cash at banks and on hand	**34.2**	43.9
Short term loans and deposits	**109.4**	-
Total cash	**143.6**	43.9
Bank overdraft	**(1.3)**	-
Net cash at the end of the financial year	**142.3**	43.9

Notes to the financial statements are annexed

Notes to the consolidated financial report for the year ended 31 March 2011

ADDITIONAL CASH FLOW INFORMATION

Non-cash financing and investing activities. During the financial year ended 31 March 2011, CSR Limited issued 2,988,700 shares to employees of the CSR group under the terms of the Universal Share/Option Plan (2010: nil shares). During the financial year ended 31 March 2011, $nil million (2010: $4.9 million) of CSR Limited dividends were reinvested in CSR shares.

Credit standby facilities. The CSR group has a total of $1,160 million (2010: $1,522 million) committed standby facilities. These facilities have fixed maturity dates as follows: $580 million in financial year 2012, with the balance $580 million in financial year 2013. As at 31 March 2011, $1,160 million of the standby facilities were undrawn.

OTHER NOTES

i. Basis of Preparation. This report is prepared in accordance with the ASX listing rule 4.3A, the requirements of the Corporations Act 2001, applicable accounting standards and interpretations, and complies with other requirements of the law and the listing rules of Australian Stock Exchange Limited. The financial report is based on historical cost, except for certain assets which are at deemed cost and the revalued amount of certain assets. It should be read in conjunction with announcements to the market made by the CSR group during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rule 3.1. This report does not include all the notes of the type normally included in an annual financial report.

ii. Subsequent events.

Dividends

For dividends declared after 31 March 2011, refer to Note 13.

iii. Significant accounting policies.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2011, and are consistent with those of the previous year, unless otherwise stated.

Critical accounting judgements and key sources of estimation uncertainty

The following are critical judgements and key assumptions that management has made in the process of applying the CSR group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Product Liability: CSR Limited and/or certain subsidiaries were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States. At 31 March 2011, a provision of $448.9 million (2010: $455.3 million) has been made for all known claims and reasonably foreseeable future claims. Refer to Note 16 for further details of the key assumptions and uncertainties in estimating this liability.

Asset Impairment: Assets are reviewed for impairment at each reporting date in accordance with the accounting policy. Valuations are determined using discounted cash flows. Management judgement is required in these valuations in determining future cash flows and a suitable discount rate in order to calculate the present value. Future cashflows take into consideration forecast changes in the building cycle, aluminium prices and exchange rates.

Intangibles. Certain trade names determined as having an indefinite life are not amortised.

Financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in income depends on the nature of the hedge relationship. The CSR group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges).

Fair value hedges. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in income immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Embedded derivatives. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts.

iii. Significant accounting policies. (continued)

New and amended accounting standards and interpretations. The group has adoped the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 April 2010 as they are applicable for financial periods commencing on or after 1 July 2010.

- AASB 3 (revised) "Business Combinations"
- AASB 127 (revised) "Consolidated and Separate Financial Statements"

Where the adoption of the Standard or Interpretation is deemed to have a material impact on the financial statements or performance of the Group, its impact is described below:

AASB 3 (revised) "Business Combinations"
The revised standard results in a number of changes to accounting for business combinations. The changes include treatment of contingent consideration and subsequent adjustments on acquisition, measurement of non-controlling interests and acquisition related costs.

AASB 127 (revised) "Consolidated and Separate Financial Statements"
The revised standard principally affects the accounting for transactions or events that result in a change in the CSR group's interest in its subsidiaries.

Impairment of assets. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.
Other assets are reviewed for impairment at each reporting date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in profit or loss.

Employee benefits. For defined benefit superannuation plans, the cost of providing benefits is determined using the aggregate funding method (Harwood Superannuation Fund) and the projected unit credit method (Pilkington (Australia) Superannuation Scheme), with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained profits, in the period in which they occur, and are presented in the statement of comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.
Contributions to defined contribution superannuation plans are expensed when incurred and the CSR group's legal or constructive obligation is limited to these contributions.

Financial assets. Financial assets are classified as available for sale financial assets, or loans and receivables (stated at amortised cost less impairment). The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. Certain shares held by the CSR group (as part of the discontinued operations) are classified as being available for sale and are stated at fair value. Fair value is determined in accordance with a discounted cash flow analysis. Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period.

Income tax. Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable income for the financial year. It is calculated using tax rates and tax laws that have been enacted or substantially enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).
Deferred income tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax assets or liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the CSR group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis.
No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.
Current and deferred tax is recognised as an expense in the statement of financial performance except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from an initial accounting for a business acquisition, in which case it is taken into account in the determination of goodwill.

Share based payments. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the CSR group's estimate of shares that will eventually vest.

Borrowing costs. Unwinding of the interest component of discounted assets and liabilities is treated as interest (finance cost).

iii. Significant accounting policies. (continued)

Provision for rehabilitation. The net present value of estimated costs of environmental rehabilitation of commercial sites which require remediation of existing conditions resulting from present and past operations is taken up as a provision. The liability is immediately recognised when the environmental exposure is identified and the rehabilitation costs can be reliably estimated. The estimate is revised annually and the provision is adjusted accordingly.

Revenue recognition.
Sales revenue is measured at the fair value of the consideration receivable, and is recognised when each of the following conditions is met:
• Persuasive evidence of an arrangement exists, which is usually in the form of a contractual arrangement,
• The significant risks and rewards of ownership of the goods have transferred from the CSR group to the buyer,
• The seller's price to the buyer is fixed or determinable, and
• Collectibility is reasonably assured.
Other than raw sugar sales, other products and services are sold on normal trade terms and conditions. In the case of raw sugar sold by the CSR group, revenue was recognised on a provisional basis at the time of title transfer to the centralised marketing authority, based on prevailing prices, and was subject to final adjustment when the final price was advised by the centralised marketing authority. In the current and prior years, this financial adjustment was not material.

Operating segments. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers - being the Board of Directors, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments that meet the qualitative criteria as prescribed by AASB 8 are reported separately.

Accounting standards and Interpretations not yet effective. The following Australian accounting standards and interpretations have not yet been adopted by the CSR group:

- AASB 124 (revised) Related Party Disclosures applicable to the CSR Group for the financial year ending 31 March 2012.
- AASB 2009-12 Amendments to Australian Accounting Standards applicable to the CSR Group for the financial year ending 31 March 2012.
- AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement applicable to the CSR Group for the financial year ending 31 March 2012.
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project applicable to the CSR Group for the financial year ending 31 March 2012.
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project applicable to the CSR Group for the financial year ending 31 March 2012.
- AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets applicable to the CSR Group for the financial year ending 31 March 2013.
- AASB 9 "Financial instruments" applicable to the CSR Group for the financial year ending 31 March 2014.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 applicable to the CSR Group for the financial year ending 31 March 2014.

The CSR group does not anticipate that the adoption of these standards will have a material effect on its financial statements. There will be no effect on reported income or net assets, however presentation of financial statements and notes may be different when the accounting standards are adopted.

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

v. Rounding. Unless otherwise stated, amounts have been rounded to the nearest tenth of a million dollars and are shown by $ million. CSR Limited is a company of the kind referred to in the ASIC Class Order 98/100 issued 10 July 1998.

1. Segment information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments are identifed by management and the Board of Directors based on the nature of the product sold and production processes involved. The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold as these are the sources of the group's major risks and have the most effect on the rates of return. Each of the business units disclosed below have been determined as both an operating segment and reportable segment.

Types of products and services

Building products

The group's building products segment encompasses:

- Lightweight systems (Gyprock plasterboard, Hebel aerated autoclaved concrete products, Cemintel fibre cement, Fricker Ceiling Systems, and Rondo rollformed steel products) and Insulation (Bradford Insulation and Edmonds ventilation systems); and
- Bricks and roofing (PGH bricks, Monier and Wunderlich roofing, MySteel roofing solutions and Topcat Safety Rail).

Glass

The glass business includes the operations of Viridian, Australia's leading glass provider and the only manufacturer of float glass and hardcoated performance products in Australia. It operates two main businesses - manufacturing clear float and coated glass from float lines in Victoria and NSW and downstream value-added processing of glass from a number of facilities across Australia and New Zealand.

Aluminium

The aluminium business unit relates to the group's effective 25.24% interest in the Tomago aluminium smelter joint venture via a 70% interest in Gove Aluminium Finance Limited. Products from the aluminium business include aluminium ingots, billets and slabs.

Property

The property business unit generates returns from the sale of industrial sites by advancing the sites through various stages of the development cycle. In addition this business is currently involved in a small number of large-scale developments in New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land within otherwise built up areas) located in metropolitan regions.

Sucrogen (discontinued operations)

The group's sucrogen segment encompasses three main businesses being cane products, sweeteners and bio-ethanol. The cane products business mills sugarcane to produce raw sugar. It also produces by-products such as molasses (which is distilled and fermented to produce ethanol and is used as a livestock feed additive). The mills generate their own electricity, with excess electricity sold into the Queensland electricity grid. The sweetener business refines raw sugar to produce food-grade products. The bio-ethanol business produces ethanol which is used in fuels and also in pharmaceuticals, food and beverages, cosmetics, printing, aerosols and paint, this business also produces agricultural fertiliser. This segment was sold on 22 December 2010 and was included as a discontinued operation for the financial year.

Accounting policies and inter-segment transactions

The accounting policies used by the group in reporting segments internally are the same as those disclosed in the Significant Accounting Policies included within this report.

Asset transfers

Transfers of assets between segments are recognised at cost.

Inter-segment sales

From time to time, Renewable Energy Certificates (RECs) produced by the Sucrogen segment were sold to the Building Products and Aluminium segments. Sales of RECs between segments are recorded at fair value.

It is the group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent. Reporting provided to the Board of Directors in respect of earnings is primarily measured based on Earnings Before Interest and Taxes (EBIT).

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

- Corporate overheads
- Restructuring and provisions
- Net finance costs
- Significant items

1. Segment information (continued)

($ million)	Profit (loss) before income tax 2011	2010	Income tax 2011	2010	Non-controlling interests 2011	2010	Net profit (loss) 2011	2010
Business segments from continuing operations								
Building Products	**103.8**	106.2	**27.7**	28.1	**0.3**	1.2	**75.8**	76.9
Glass	**3.6**	(1.6)	**1.0**	(0.5)	**-**	-	**2.6**	(1.1)
Aluminium	**111.9**	123.5	**31.1**	36.4	**23.6**	25.6	**57.2**	61.5
Property	**14.6**	12.8	**4.4**	2.1	**-**	-	**10.2**	10.7
Segment total for continuing operations	**233.9**	240.9	**64.2**	66.1	**23.9**	26.8	**145.8**	148.0
Corporate [a]	**(19.0)**	(18.6)	**(5.7)**	(5.0)	**-**	-	**(13.3)**	(13.6)
Restructuring and provisions [b]	**(2.9)**	(4.3)	**(0.3)**	(10.5)	**-**	-	**(2.6)**	6.2
Earnings before interest and significant items	**212.0**	218.0	**58.2**	50.6	**23.9**	26.8	**129.9**	140.6
Net finance cost	**(57.0)**	(94.4)	**(16.4)**	(29.4)	**(0.9)**	(4.4)	**(39.7)**	(60.6)
Continuing operations total before significant items	**155.0**	123.6	**41.8**	21.2	**23.0**	22.4	**90.2**	80.0
Significant items (note 9)	**(219.5)**	(273.6)	**(51.3)**	(7.1)	**-**	-	**(168.2)**	(266.5)
Continuing operations total after significant items	**(64.5)**	(150.0)	**(9.5)**	14.1	**23.0**	22.4	**(78.0)**	(186.5)
Business segments from discontinued operations								
Sucrogen	**69.4**	135.7	**25.2**	32.4	**7.6**	10.5	**36.6**	92.8
Asian insulation business	**7.0**	10.4	**2.1**	1.5	**-**	0.5	**4.9**	8.4
Net finance cost	**(2.3)**	(6.7)	**(0.1)**	(1.9)	**-**	3.0	**(2.2)**	(7.8)
Significant items (note 17)	**692.1**	(26.6)	**150.0**	(8.0)	**-**	-	**542.1**	(18.6)
Segment total for discontinued operations	**766.2**	112.8	**177.2**	24.0	**7.6**	14.0	**581.4**	74.8
Group total after significant items	**701.7**	(37.2)	**167.7**	38.1	**30.6**	36.4	**503.4**	(111.7)

	Total revenue [c] 2011	2010	Share of net profit of associates 2011	2010	Depreciation and amortisation [d] 2011	2010	Additions to non-current assets [e] 2011	2010
Business segments from continuing operations								
Building Products	**1,048.7**	1,053.1	**10.5**	10.8	**41.7**	40.5	**38.2**	62.9
Glass	**348.8**	379.7	**-**	-	**26.1**	23.6	**20.1**	33.9
Aluminium	**519.6**	513.6	**-**	-	**27.5**	28.6	**7.9**	8.5
Property	**16.4**	14.1	**-**	-	**-**	0.3	**15.6**	14.8
Segment total for continuing operations	**1,933.5**	1,960.5	**10.5**	10.8	**95.3**	93.0	**81.8**	120.1
Corporate [a]	**-**	-	**-**	-	**0.7**	0.4	**-**	14.1
Restructuring and provisions [b]	**-**	10.2	**-**	-	**-**	-	**-**	-
Interest revenue	**11.2**	1.4						
Continuing operations total before significant items	**1,944.7**	1,972.1	**10.5**	10.8	**96.0**	93.4	**81.8**	134.2
Significant items (note 9)	**-**	-	**-**	-	**-**	-	**-**	-
Continuing operations total after significant items	**1,944.7**	1,972.1	**10.5**	10.8	**96.0**	93.4	**81.8**	134.2
Business segments from discontinued operations								
Sucrogen	**1,368.5**	1,758.4	**3.0**	4.6	**43.4**	61.2	**62.4**	89.0
Asian insulation business	**60.2**	81.8	**-**	-	**2.4**	3.4	**0.3**	13.3
Interest revenue	**0.2**	-	**-**	-	**-**	-	**-**	-
Significant items (note 17)	**692.1**	-	**-**	-	**-**	-	**-**	-
Segment total for discontinued operations	**2,121.0**	1,840.2	**3.0**	4.6	**45.8**	64.6	**62.7**	102.3
Group total after significant items	**4,065.7**	3,812.3	**13.5**	15.4	**141.8**	158.0	**144.5**	236.5

1. Segment information (continued)

($ million)	Assets [f] 2011	Assets [f] 2010	Liabilities 2011	Liabilities 2010	Investments accounted for using the equity method 2011	Investments accounted for using the equity method 2010	Impairment of assets [g] 2011	Impairment of assets [g] 2010
Building Products	**927.1**	979.4	**160.5**	175.2	**14.5**	9.6	**30.6**	1.0
Glass	**462.9**	585.8	**60.5**	71.7	**-**	-	**121.0**	250.0
Aluminium	**362.7**	408.8	**73.8**	57.1	**-**	-	**-**	-
Property	**81.3**	84.7	**18.6**	12.2	**-**	-	**-**	-
Segment total	**1,834.0**	2,058.7	**313.4**	316.2	**14.5**	9.6	**151.6**	251.0
Sucrogen (now discontinued)	**-**	1,444.9	**-**	300.3	**-**	23.8	**-**	2.3
Asian insulation business (now discontinued)	**-**	77.9	**-**	10.3	**-**	-	**-**	-
Unallocated [b]	**43.7**	40.4	**597.1**	597.1	**-**	-	**-**	-
	1,877.7	3,621.9	**910.5**	1,223.9	**14.5**	33.4	**151.6**	253.3
Cash / borrowings	**143.6**	43.9	**4.5**	810.8				
Tax assets/liabilities	**194.7**	208.8	**19.7**	21.7				
Group total	**2,216.0**	3,874.6	**934.7**	2,056.4	**14.5**	33.4	**151.6**	253.3

a Represents unallocated overhead and other revenues.

b Includes product liability, certain defined benefit superannuation liabilities and expenses, other payables, non-operating revenue and other costs (excluding those categorised as significant items).

c Intersegment sales are negligible. Total revenue includes trading revenue, other income, interest revenue, dividend income and excludes net profit from associates.

d Depreciation and amortisation from continuing operations includes $5.3 million (2010: $5.5 million) amortisation of intangible assets. Other significant non-cash expenses such as asset write downs, movements in provisions and other rationalisation expenses which are significant items are disclosed in Note 9. Other non-cash expenses are immaterial.

e Includes additions for non-current assets other than deferred tax assets, purchase of non-controlling interests, loans and other financial instruments.

f All acquisitions of controlled entities and businesses in 2011 were in the Building Products segment. No acquisitions of controlled entities or businesses occurred during the financial year ended 31 March 2010.

g Includes $100 million impairment of property, plant and equipment relating to the Glass and Bricks businesses for the year ended 31 March 2011. Goodwill of $48.2 million has been impaired relating to Glass ($46.7 million) and Roofing ($1.5 million) for the year ended 31 March 2011 (2010: Glass - $250.0 million). In addition, $3.4 million of inventory relating to Glass has been impaired (2010: $nil).

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2011, the CSR group's trading revenue from continuing operations from external customers in Australia amounted to $1,805.0 million (2010: $1,844.5 million), with $108.6 million (2010: $91.8 million) of revenues related to other geographical areas. The CSR group's non-current assets excluding investments in associates, deferred tax assets and other financial assets from continuing operations in Australia amounted to $1,191.6 million at 31 March 2011 (2010: $1,402.6 million), with $47.1 million (2010: $44.6 million) related to other geographical areas.

2. Reconciliation of retained profits

($ million)	Note	CSR group 2011	CSR group 2010
Retained profits at the beginning of the financial year		**(49.8)**	73.0
Net profit (loss) attributable to shareholders of CSR Limited		**503.4**	(111.7)
Net profit (loss) recognised directly in retained profits		**(8.3)**	40.4
Total available for appropriation		**445.3**	1.7
Dividends provided for or paid	13	**(275.0)**	(51.5)
Retained profits at the end of the financial year		**170.3**	(49.8)

Year ended 31 March	**2011** **$ million**	2010 $ million

3. Cash flow reconciliation

Reconciliation of net profit (loss) attributable to shareholders of CSR Limited to net cash from operating activities

Net profit (loss) attributable to shareholders of CSR Limited	**503.4**	(111.7)
Net profit attributable to non-controlling interests	**30.6**	36.4
Depreciation and amortisation	**141.8**	158.0
Net change in provisions	**(33.2)**	(6.4)
Profit on disposal of discontinued operations	**(542.1)**	-
Significant items from continuing operations (non-cash)	**149.6**	250.0
Interest expense	**38.4**	57.5
Profit on disposal of assets, asset write downs and associated costs	**(15.7)**	(15.8)
Net change in trade receivables	**(87.7)**	28.7
Net change in current inventories	**(7.1)**	(18.7)
Net change in trade payables	**36.5**	(7.7)
Derivative margin calls paid	**(29.3)**	(18.1)
Other	**0.1**	26.0
Net cash from operating activities	**185.3**	378.2

4. Net finance cost - continuing operations

Interest paid or payable on short term debt	**8.4**	0.6
Interest paid or payable on long term debt	**28.1**	54.9
Total interest expense	**36.5**	55.5
Unwinding discount on non-current provisions	**21.3**	23.5
Funding costs	**8.1**	8.5
Foreign exchange loss	**2.3**	8.3
Finance cost	**68.2**	95.8
Interest income	**11.2**	1.4
Net finance cost	**57.0**	94.4

Year ended 31 March	2011 $ million	2010 $ million

5. Income tax - continuing operations

Income tax expense

Reconciliation of income tax (benefit) expense charged to the statement of financial performance with income tax calculated on loss from continuing operations before income tax:

Loss from continuing operations before income tax	**(64.5)**	(150.0)
Income tax benefit calculated at 30%	**(19.4)**	(45.0)
Increase (decrease) in income tax (benefit) expense due to		
Utilisation of losses in asset disposals	**-**	(8.4)
Asset write downs	**14.6**	75.0
Asian trading profits tax rate differential	**(0.3)**	(0.5)
Equity accounted associates' net profit and rebates on dividends received	**(3.6)**	(3.2)
Research and development	**(0.3)**	(1.7)
Income tax (over) under provided in prior years	**(0.4)**	(4.6)
Other items	**(0.1)**	2.5
Total income tax (benefit) expense on profit from continuing operations	**(9.5)**	14.1

6. Issued capital [a]

	Ordinary shares fully paid	Price $	Share capital $ million
Particulars of shares issued during the year by CSR Limited			
On issue 31 March 2010	1,514,920,814		1,700.9
Universal Share/Option Plan [b]	2,988,700	0.87	2.6
Capital return [c]	-	0.44	(661.3)
Share consolidation [d]	(1,011,909,199)	-	-
On issue 31 March 2011	**506,000,315**		**1,042.2**

a The shares are fully paid ordinary shares listed on the ASX and carry one vote per ordinary share and the right to dividends.
b 2,986,500 fully paid ordinary shares were issued on 31 August 2010 and 2,200 fully paid ordinary shares were issued on 2 November 2010 under the employee Universal Share/Option Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the CSR group. Offers of fully paid shares were made to 5,352 eligible employees: and 2,717 accepted the offer, subscribing for 550 shares at the market price of $1.74 each and receiving an equivalent number of shares at no cost. The issue of 1,494,350 shares purchased by employees was taken to equity. The additional 1,494,350 shares issued at no cost were recorded as an expense in the financial report with an offsetting entry to the employee share reserve.
c CSR shareholders received a capital return of 43.57 cents per share on 3 March 2011.
d Shares were consolidated in a ratio of 3:1 on 3 March 2011.

Year ended 31 March	2011 $ million	2010 $ million

7. Expenses - continuing operations

Profit from continuing operations before income tax and significant items includes the following items of expenditure:

Depreciation of non-current assets	**90.7**	87.9
Amortisation of non-current assets	**5.3**	5.5
Other sundry write down of property, plant and equipment	**-**	(3.3)
Increase in allowance for bad debts	**1.9**	1.9

8. Other income and expenses from continuing operations

Income		
Profit on disposal of property, plant and equipment and other assets	**15.7**	19.1
Other	**4.2**	15.3
Total other income from continuing operations	**19.9**	34.4
Expenses		
Significant items (refer note 9)	**(219.5)**	(273.6)
Other sundry asset write downs	**-**	(3.3)
Other	**(2.8)**	(2.6)
Total other expenses from continuing operations	**(222.3)**	(279.5)

Year ended 31 March	**2011**	2010
	$ million	$ million

9. Significant items from continuing operations

Termination of Federal Government's Energy Efficient Homes Package [a]		
Stock obsolescence and inventory management costs	**(23.6)**	-
Income tax benefit	**7.1**	-
	(16.5)	-
Asset write downs and restructuring [b]		
Goodwill	**(48.2)**	(250.0)
Property, plant and equipment	**(100.0)**	-
Other [c]	**(9.8)**	(6.4)
Total asset write downs	**(158.0)**	(256.4)
Income tax benefit	**32.8**	1.9
	(125.2)	(254.5)
Expense relating to product liability provision [d]		
Charge to provision	**(12.6)**	(17.2)
Income tax benefit	**3.8**	5.2
	(8.8)	(12.0)
Legal disputes and warranties and land remediation [e]		
Charge to provision	**(25.3)**	-
Income tax benefit	**7.6**	-
	(17.7)	-
Total significant items from continuing operations		
Significant items before income tax	**(219.5)**	(273.6)
Income tax benefit on significant items	**51.3**	7.1
Total significant items from continuing operations after income tax	**(168.2)**	(266.5)
Net profit before significant items from continuing operations attributable to shareholders of CSR Limited	**90.2**	80.0
Net loss from continuing operations attributable to shareholders of CSR Limited	**(78.0)**	(186.5)

a Costs of $23.6 million were incurred as a result of the abrupt termination of the Federal Government's Energy Efficient Homes Package including stock obsolescence, disposal and inventory management costs.

b CSR reviews the carrying value of its assets as required under Australian Accounting Standards. Cash flows are reforecast annually, covering the next ten years and a valuation was calculated using a post-tax discount rate of 10.2%. Discounted cashflows over a ten year period are appropriate given the cyclical nature of the respective industries in which CSR operates. The first five years represent financial plans approved by management, based on CSR's view of the respective cycle, with years six to ten applying averaging assumptions to ensure cash flows in year 10 are sufficiently stable to apply the terminal value. A terminal value was included from year eleven onwards including an annual growth rate of 2.5%.

Viridian

Despite an improvement in the financial performance of the Viridian business (reported as the "Glass" segment) over the last 12 months, CSR has reforecast future cashfows from this business to reflect current macro factors affecting this business, including the change in outlook for the Australian dollar, the deterioration in commercial construction activity and a mixed commitment by government to drive energy efficient building code changes.

In relation to the valuation model prepared, the key assumptions relate to the Australian dollar versus US exchange rate, commercial building activity levels, average sale prices, the take up of energy efficient glass, housing starts and market share. These assumptions were determined with reference to current performance and expected changes taking into account external forecast information where available. This valuation resulted in an impairment to the Viridian business of $121.0 million, of which $46.7million was allocated against goodwill balances, $3.4 million to inventory and the remainder to plant and equipment. In the prior financial year an impairment of $250.0 million was recorded.

Bricks

CSR has undertaken a review of the Bricks business (reported as part of the "Building Products" segment) and has reforecast future cashflows to reflect the current outlook for housing starts and the strategic decision to reallocate land which is surplus to the Bricks operations (and the associated forecast cashflows) to the Property segment.

In relation to the valuation model prepared, the key assumptions relate to housing starts, market share and average sale price. These assumptions were determined with reference to current performance and expected changes taking into account external forecast information where available. This valuation has resulted in an impairment being recorded against the Bricks business of $29.1 million and has been allocated against property, plant and equipment.

c Other items mainly relates to redundancy costs associated with the continued restructuring of the Building Products and Viridian businesses to secure ongoing efficiencies to better align the business with the current market, along with some corporate restructure (2010: $6.4 million).

d In the year ended 31 March 2011, CSR recorded a charge of $12.6 million in relation to its product liability provision, reflecting an increase in the routine estimate of future asbestos-related claims in the US (after cash payments and adjustments for the present value of future claims), (2010: $17.2 million).

e During YEM11 CSR remeasured provisions in relation to land remediation obligations for some legacy factory sites and ongoing legal disputes as these matters have been advanced towards settlement.

10. Reserves

Foreign currency translation reserve	**(12.6)**	(18.7)
Employee share reserve	**16.9**	12.6
Hedge reserve	**11.6**	32.3
Other reserves	**5.3**	5.3
Total reserves	**21.2**	31.5

11. Net tangible assets per share [a]

	$	$
Net tangible assets per share	**2.35**	3.12

a Calculated as net assets attributable to CSR Ltd shareholders ($1,233.7 million) less intangible assets ($45.9 million) divided by the number of shares (506.0 million). The 2010 amount has been restated for the 3:1 share consolidation completed on 3 March 2011.

12. Details of entities over which control has been gained or lost [a]

Control gained over entities

Businesses acquired during the year

On 14 May 2010 CSR Limited acquired the assets of commercial ceiling and educational products businesses, Comprador Pacific (based in Australia) and Potters Interior Systems (based in New Zealand). The acquired businesses contributed revenues of $26.8 million and earnings before interest and tax (EBIT) of $0.3 million and net profit of $0.2 million for the period from 14 May 2010 to 31 March 2011. If the acquisition had occurred on 1 April 2010, revenues, EBIT and net profit for the year ended 31 March 2011 would have been approximately $31.1 million, $0.4 million and $0.3 million respectively including the estimated benefits from synergies before interest expense. These amounts have been estimated using a consistent basis to the period since acquisition. The primary reason for the acquisition was to continue CSR's growth in commercial ceiling tiles and related products.
The acquisition related costs expensed were $0.3 million.

The initial accounting for the acquisition has been fully determined at 31 March 2011. At the date of finalisation of this report, the necessary market valuations and other calculations have been finalised and the fair value of the plant and equipment, associated deferred tax liabilities and goodwill noted below have been determined based on the directors' best estimate of the likely fair value of the plant and equipment.

Details of the purchase consideration and the fair value of assets and liabilities acquired are given below.
No acquisitions were made during the year ended 31 March 2010.

Year ended 31 March ($ million)	**2011**	2010
Purchase consideration	**2.1**	-
Fair value of net identifiable assets acquired (refer below)	**2.1**	-
Goodwill (refer below)	**-**	-

Value of assets and liabilities acquired are as follows:

($ million)	Fair value	
Inventories	**6.1**	-
Other current assets	**0.3**	-
Property, plant and equipment	**1.0**	-
Intangible assets	**0.9**	-
Deferred income tax assets	**0.3**	-
Other non-current assets	**0.1**	-
Trade payables	**(5.9)**	-
Borrowings	**(0.1)**	-
Provisions	**(0.6)**	-
Net identifiable assets	**2.1**	-
Goodwill acquired	**-**	-
Total consideration	**2.1**	-
Cash balances acquired	**-**	-
Acquisition expenses paid	**0.3**	
Total flow of cash	**2.4**	-

a. Refer to Note 17 for details of entities over which control has been lost.

13. Details relating to dividends

	Financial year ending 31 March	Franking percentage	Date dividend paid/payable	Amount per share cents	Total amount $ million
Interim dividend	2010	100	23 December 2009	2.5	32.2
Final dividend	2010	100	6 July 2010	6.0	90.9
Interim dividend	2011	100	10 December 2010	3.0	45.5
Special dividend	2011	100	2 February 2011	9.1	138.6
Final dividend	2011	100	5 July 2011	5.3	26.8

The final dividend in respect of ordinary shares for the financial year ended 31 March 2011 has not been recognised in this report because the final dividend was declared subsequent to 31 March 2011.

Dividend reinvestment plan

CSR Limited established a dividend reinvestment plan (DRP) under which the holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares rather than be paid in cash. The company's DRP will operate for the final dividend payable on 5 July 2011. For the the final dividend, shares will be acquired on-market and transferred to participants to satisfy any shares issued under the DRP.

14. Details of associates and joint venture entities

Aggregate share of income of associates - continuing operations

	Year ended 31 March	
	2011 $ million	2010 $ million
Profit from ordinary activities before income tax	**15.1**	15.4
Income tax expense	**4.6**	4.6
Profit from ordinary activities after income tax	**10.5**	10.8
Significant items net of tax	**-**	-
Net profit	**10.5**	10.8
Minority interests	**-**	-
Total share of net profit	**10.5**	10.8

	Ownership interest As at 31 March		Contribution to net income continuing operations - Year ended 31 March	
Name of entity	**2011 %**	2010 %	**2011 $ million**	2010 $ million
Associate companies				
C. Czarnikow Limited - discontinued operations	**-**	43	**-**	-
Rondo Pty Limited	**50**	50	**8.8**	9.8
Other non-material associates			**1.7**	1.0
Total share of net profit - continuing operations			**10.5**	10.8

The CSR group does not have any other material interests.

Year ended 31 March	**2011** **$ million**	2010 $ million

15. Contingent liabilities

Contingent liabilities, capable of estimation, arise in respect of the following categories:		
Performance guarantees provided to third parties and other contingent liabilities	**39.4**	56.9
Total contingent liabilities	**39.4**	56.9

Contingent liabilities/assets
Claims and possible claims (other than product liability which is discussed in note 16) have arisen in the course of business against entities in the CSR group and made by entities in the CSR group. Based on legal advice obtained, the directors believe that any resultant liability or asset will not materially affect the financial position of the CSR group.

The parent entity has undertaken to provide financial support, as and when required, to certain wholly-owned controlled entities so as to enable those entities to pay their debts as and when such debts become due and payable.

Hornsby Shire Council has brought a claim for damages against the CSR group and others in relation to the Council's compulsory acquisition of land from CSR group in 2003. CSR group is defending the claim and is of the view that the claim will not be material to the CSR group's financial results.

Workers' compensation
CSR Limited is a licensed self insurer in New South Wales, Queensland, Victoria, South Australia (to 10 April 2003), Western Australia and the Australian Capital Territory for workers' compensation insurance. Adequate provision has been made for all known claims and reasonably foreseeable future claims.

16. Product liability

CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the disposition of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.
In Australia, asbestos related personal injury claims have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos. As at 31 March 2011, there were 627 such claims pending.

In the United States, claims are made by people who allege exposure to asbestos fibre used in the manufacture of products containing asbestos or in the installation or use of those products. As at 31 March 2011, there were 990 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2011, CSR had resolved 3,005 claims in Australia and approximately 135,600 claims in the United States.

CSR's recent claims experience can be summarised as follows:

Year ended 31 March	**2011**	**2010**	**2009**	**2008**	**2007**
Number of claims received	412	514	553	546	1,489
Number of claims resolved	634	986	1,246	575	2,680
Amount spent on settlements (A$ million) [a]	32.5	33.4	41.6	28.2	23.5
Average cost per resolved claim (A$)	51,300	33,916	33,371	49,128	8,767

[a] Excludes external legal costs

The annual amounts paid by CSR in respect of asbestos related claims vary year on year depending on the number and types of claims received and resolved during each year, the litigation or other determination of particular claims or issues and any determination by management to resolve claims that may have been received in earlier years.

Basis of provision
CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos-related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers' compensation payments from available workers' compensation insurers. CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

16. Product liability (continued)

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in each of the United States and Australia. CSR has appointed Taylor Fry Pty Limited, consulting actuaries, as the independent expert to estimate the Australian liabilities. CSR has appointed Navigant Consulting, Inc as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities.

Many factors are relevant to the independent experts' estimates of future asbestos liabilities, including:

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation; and
- the discount rate applied to future payments.

There are a number of assumptions and limitations that impact on the assessments made by CSR's experts, including the following:

- assumptions used in the modelling are based on the various considerations referred to above;
- the future cost of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by various academic material on the epidemiology of asbestos related diseases that is considered by the experts to be authoritative;
- the analysis is limited to liability in the respective jurisdictions of Australia and the United States that are the subject of the analysis of that expert and to the asbestos related diseases that are currently compensated in those jurisdictions; and
- the effect of possible events that have not yet occurred which are currently impossible to quantify, such as medical and epidemiological developments in the future in treating asbestos diseases, future court and jury decisions on asbestos liabilities, and legislative changes affecting liability for asbestos diseases.

In Australia the methodology used by Taylor Fry Pty Limited produces a range of potential outcomes, including a central estimate, or most likely outcome. At 31 March 2011 the central estimate was A$180.1 million calculated using a discount rate of 6%. On an undiscounted and inflated basis that central estimate would be A$366.4 million over the period to 2060, being the period that the Australian independent expert advises CSR is relevant for the estimation of CSR's future Australian asbestos liabilities.

In the United States the methodology used by Navigant Consulting, Inc produces a base case estimate or most likely outcome. At 31 March 2011 the base case estimate was US$191.8 million calculated using a discount rate of 4.2%. On an undiscounted and inflated basis that base case estimate would be US$283.0 million over the anticipated further life of the United States liability (45 years).

The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential margin is determined by the CSR Directors at the balance date, having regard to the prevailing litigation environment, any material uncertainties that may affect future liabilities and the applicable long term Australian dollar to United States dollar exchange rate. As evidenced by the analysis below, due, in particular, to the fluctuations in exchange rate, the prudential margin has been variable over the past five years. The Directors anticipate that the prudential margin will continue to fluctuate within a range approximating 10% to 30% depending on the prevailing circumstances at each balance date.

The table below shows CSR's asbestos provision from 2007 to 2011.

Year ended 31 March ($ million)	**2011**	**2010**	**2009**	**2008**	**2007**
United States base case estimate $US	191.8	159.5	153.6	120.6	111.2
United States base case estimate A$	185.9	173.7	225.9	131.7	137.7
Australian central estimate A$	180.1	184.8	187.8	172.9	152.1
Sub total A$	**366.0**	**358.5**	**413.7**	**304.6**	**289.8**
Prudential Margin A$	82.9	96.8	41.4	66.9	98.2
Prudential Margin %	*22.7%*	*27.0%*	*10.0%*	*22.0%*	*33.9%*
Total product liability provision A$	**448.9**	**455.3**	**455.1**	**371.5**	**388.0**

At 31 March 2011, a provision of $448.9 million (2010: $455.3 million) has been made for all known claims and reasonably foreseeable future claims and includes a prudential margin of $82.9 million above the aggregate most likely estimate of the future asbestos liabilities in Australia and the United States, as determined by Taylor Fry and Navigant Consulting respectively.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 31 March 2011 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially under or over state CSR's asbestos liability.

However, taking into account the provision already included in CSR's financial statements and current claims management experience, CSR is of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on the CSR group's financial condition.

16. Product liability (continued)

Process agreed with Foreign Investment Review Board (FIRB)
On 22 December 2010, CSR sold its Sugar business, “Sucrogen” to Wilmar International Limited “Wilmar”. The sale of Sucrogen to Wilmar required approval from the Commonwealth Treasurer (via the Foreign Investment Review Board).

As part of the approval process, and as further evidence of CSR’s commitment to responsibly managing its asbestos related liabilities, CSR has put in place a process for the external oversight of any repatriation of capital by CSR to its shareholders during the period of 7 years following the sale of Sucrogen (subject to limited earlier termination provisions).

As part of this process, CSR has entered into an agreement with an independent body, The Trust Company (TTC), pursuant to which CSR must demonstrate that CSR has fulfilled certain requirements prior to any repatriation of funds to its shareholders other than half yearly or annual dividends paid by CSR in accordance with its usual practice and its dividend policy in force from time to time.

These requirements include:
- that CSR’s asbestos liabilities have been reviewed by an additional independent expert;
- that CSR intends to retain its ‘investment grade’ credit rating following any repatriation; and
- that an approved accounting firm has expressed an opinion that the decision of CSR’s directors that a particular repatriation of capital would not materially prejudice creditors, including current and reasonably foreseeable future asbestos claimants, was formed on a reasonable basis.

In accordance with the agreement with TTC, documentation was provided by CSR to TTC to demonstrate that the above requirements were fulfilled in relation to the special dividend and the capital return which were paid to CSR shareholders on 2 February and 3 March 2011 respectively.

17. Discontinued operations

17.1 Disposal of the Sucrogen business

On 5 July 2010, CSR Limited announced that it had agreed to sell its Sugar and Renewable Energy business, Sucrogen, to Wilmar International Limited for an enterprise value of $1.75 billion. The sale was completed on 22 December 2010, due to settlement adjustments, Wilmar paid a total of $1.84 billion on completion.

17.2 Disposal of the Asian insulation business

On 6 July 2010, CSR Limited announced that it had agreed to sell its Asian insulation business to the Rockwool Group for consideration of $128.0 million. The transaction was completed on 22 December 2010 and due to final working capital adjustments the final consideration was $126.8 million.

17.3 Analysis of profit from discontinued operations

The combined results of the discontinued operations (i.e. Sucrogen and Asian insulation business) included as discontinued operations in the statement of financial performance are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

($ million)	**2011**	2010
Profit from discontinued operations		
Trading revenue	**1,420.9**	1,818.6
Other income from operating activities	**8.0**	21.6
	1,428.9	1,840.2
Expenses	**(1,354.8)**	(1,700.8)
Profit before tax	**74.1**	139.4
Attributable income tax expense	**(27.2)**	(32.0)
Net profit	**46.9**	107.4
Net profit attributable to non-controlling interests	**7.6**	14.0
Net profit before significant items from discontinued operations attributable to shareholders of CSR Limited	**39.3**	93.4
Significant items from discontinued operations:		
Gain (loss) on disposal of operations	**692.1**	(26.6)
Attributable income tax (expense) benefit	**(150.0)**	8.0
Total significant items after income tax [a]	**542.1**	(18.6)
Net profit from discontinued operations attributable to shareholders of CSR Limited [b]	**581.4**	74.8

[a] Significant items for the year ended 31 March 2010 include transaction costs related to separation of the Sucrogen business. For the year ended 31 March 2011, these costs have been included in the gain on disposal of operations.

[b] Net profit from discontinued operations attributable to shareholders of CSR Limited of $581.4 million excludes non-controlling interests of $7.6 million. Net profit from discontinued operations including non-controlling interests is $589.0 million.

Cash flows from discontinued operations		
Net cash flows from operating activities	**13.7**	195.3
Net cash flows from investing activities	**1,752.3**	(100.7)
Net cash flows from financing activities	**(22.0)**	(12.6)
Net cash inflows (outflows)	**1,744.0**	82.0

17.4 Controlled entities disposed during the year

On 22 December 2010, the CSR group disposed of all the controlled entities comprising the Sucrogen and Asian Insulation businesses.

Gain on disposal of controlled entities	**2011**		
($ million)	**Sucrogen**	**Asian insulation**	**Total**
Equity consideration	**1,347.0**	**126.8**	**1,473.8**
Settlement of intergroup debt balances	**493.8**	**-**	**493.8**
Total consideration	**1,840.8**	**126.8**	**1,967.6**
Indemnities in relation to continuing liabilities	**22.8**	**-**	**22.8**
Net assets disposed of	**(1,169.7)**	**(69.7)**	**(1,239.4)**
Non-controlling interests	**89.0**	**-**	**89.0**
Hedge and foreign currency reserves reclassified from equity on loss of control of subsidiary	**(92.8)**	**(0.7)**	**(93.5)**
Divestment expenses	**(44.1)**	**(10.3)**	**(54.4)**
Gain on disposal before tax expense	**646.0**	**46.1**	**692.1**
Tax expense	**(148.9)**	**(1.1)**	**(150.0)**
Gain on disposal of controlled entities	**497.1**	**45.0**	**542.1**

17. Discontinued operations (continued)

17.4 Controlled entities disposed during the year (continued)

Carrying value of net assets of controlled entities and businesses disposed

($ million)	**2011**
Cash	**48.5**
Receivables	**320.1**
Inventories	**186.9**
Other current assets	**131.7**
Property, plant and equipment	**985.5**
Goodwill	**7.7**
Other intangible assets	**10.6**
Deferred income tax assets	**18.8**
Other non-current assets	**119.9**
Payables and other financial liabilities	**(520.6)**
Current tax payable	**(2.4)**
Borrowings	**(11.0)**
Provisions	**(56.3)**
Net assets disposed	**1,239.4**

Reconciliation of total consideration to net cash flows

Equity consideration	**1,473.8**
Settlement of intergroup debt balances	**493.8**
Total consideration	**1,967.6**
Cash balances disposed	**(48.5)**
Transaction costs paid during the year ended 31 March 2011	**(47.4)**
Sale adjustments - not yet settled in cash	**2.0**
Total flow of cash	**1,873.7**

DIRECTORS' DECLARATION IN RELATION TO FINANCIAL STATEMENTS AND AUDIT

Deloitte has audited the financial statements contained within the CSR 2011 Annual Financial Report and has issued an unqualified audit report. A copy of their report will be available with the Annual Financial Report. This year end profit announcement has not been subject to audit. The preceding financial information contained in the Financial Report includes financial information extracted from the audited financial statements.

Managing Director
11 May 2011