Annual Report 2010

WE CONTINUED TO STRENGTHEN OUR BUSINESSES DURING THE YEAR

CSR HAS AUSTRALIA/ NEW ZEALAND'S LEADING PORTFOLIO OF BUILDING PRODUCTS BRANDS AND AN INVESTMENT IN A GLOBALLY COST COMPETITIVE ALUMINIUM SMELTER

SUCROGEN IS AUSTRALIA/NEW ZEALAND'S LEADING SUGAR AND RENEWABLE ENERGY COMPANY

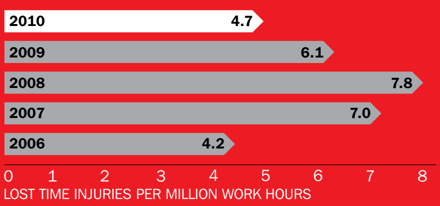
CONTENTS

It's been a busy year for CSR

CSR reported a quality underlying result with return on funds employed improving across core businesses.

LOST TIME INJURY FREQUENCY RATE

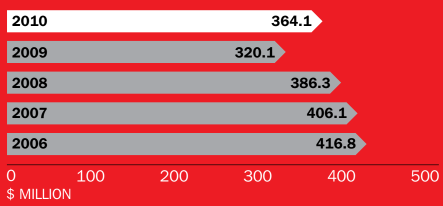
Year ended 31 March



Safety of our people across all our sites remains paramount. The number of lost time injuries and number of recorded injuries across our businesses continued to decline.

GROUP EBIT BEFORE SIGNIFICANT ITEMS

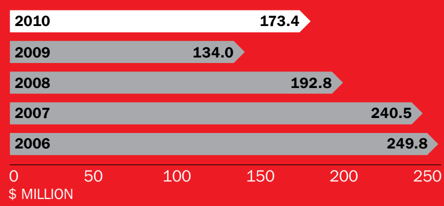
Year ended 31 March



CSR's group earnings before interest and tax (EBIT) pre significant items were $364.1 million for the year ended 31 March 2010, an increase of 14 per cent on the previous year.

NET PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS

Year ended 31 March

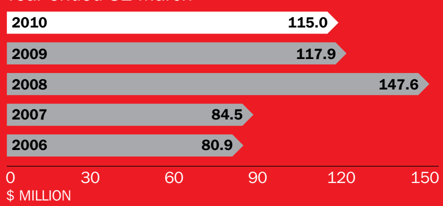


Improved EBIT and lower interest costs resulted in net profit after tax (pre significant items) increasing by 29 per cent to $173.4 million.

EBIT BY DIVISION

BUILDING PRODUCTS

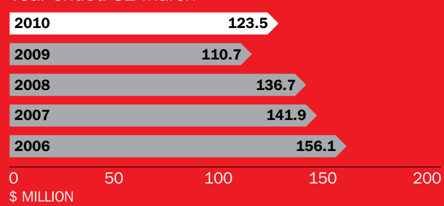
Year ended 31 March



Earnings in Building Products were $115.0 million, in line with the previous year ($117.9 million) despite generally weaker conditions for most of the year, particularly in commercial construction.

ALUMINIUM

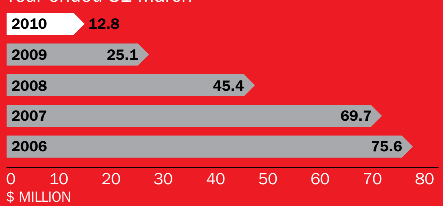
Year ended 31 March



Aluminium EBIT was up 12 per cent to $123.5 million, due to higher unhedged aluminium prices towards the end of the year and lower input and operating costs.

PROPERTY

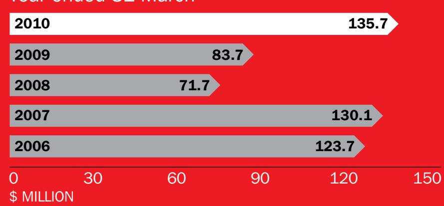
Year ended 31 March



Market conditions for commercial and industrial property continued to remain challenging, with EBIT reduced to $12.8 million compared to $25.1 million last year.

SUCROGEN

Year ended 31 March



CSR's Sugar business, Sucrogen, delivered an exceptionally strong result with significant growth in earnings from its Cane Products division and continued growth in Sweeteners. EBIT increased by 62 per cent to $135.7 million.

We are taking a new direction

In a busy year for CSR, I am pleased to report that good progress has been made on a number of important fronts.

CSR's underlying financial performance improved for the year ended 31 March 2010.

Our Sugar business, which has adopted the new brand of Sucrogen, had a very good year on the strength of higher raw sugar prices, while earnings in our Building Products business were steady despite generally weaker housing construction markets for most of the year. Our Aluminium profits were up due to an increase in the aluminium price towards the end of the year; however, earnings in our Property division were impacted by weak market conditions.

Group earnings before interest and tax (EBIT) (before significant items) increased by 14 per cent to $364.1 million, while net profit after tax (before significant items) increased by 29 per cent to $173.4 million. Earnings per share (before significant items) increased to 12.7 cents per share from 12.2 cents last year.

Your board declared a final dividend of 6 cents per share, bringing the full year dividend to 8.5 cents per share compared to 7.5 cents paid last year. This is in line with our policy to pay out as dividends approximately 60-80 per cent of net profit after tax before significant items.

Our reported result was a net loss of $111.7 million after significant items which amounted to $300.2 million. They included a $250 million write-down of goodwill in the Viridian glass business, costs associated with the proposed demerger and a charge to maintain the prudent level of the product liability provision.

The benefits of our recent large capital reinvestment program contributed to the improved performance, including improved reliability in the sugar mills and expanded production capacity in building products with an eye to meeting growing demand. The balance sheet of CSR remains strong, having raised new equity of $375 million during the year.

STRATEGIES TO CREATE ADDITIONAL SHAREHOLDER VALUE

After an extensive 12-18 month due diligence period, we announced in June 2009 that we would pursue a demerger of our Sucrogen business. The demerger creates two separately listed companies on the Australian Securities Exchange: CSR, incorporating our Building Products, Aluminium and Property businesses, and Sucrogen. Your board believes that a demerger will facilitate better realisation of the value of these businesses for shareholders over time. Many shareholders of course would be familiar with a demerger process, given the successful Rinker demerger we conducted in 2003. The due diligence process included extensive work and independent assessment to enable the board to conclude that following the demerger, CSR would continue to be able to meet our asbestos liabilities in the same responsible manner we have done for over the past 20 years. The approvals process for a demerger requires Federal Court approval for CSR to convene a meeting of shareholders to vote on the demerger proposal. Given the significant degree of due diligence we had completed, we were extremely disappointed that the Court initially denied our application.

We appealed on the basis that the decision contained errors in law and the Full Federal Court has since set aside the judgement at the first Court hearing and ordered that CSR can convene a meeting of shareholders to consider the demerger proposal. Shareholders will receive further information about this process in due course.

On 1 April 2010, CSR received a conditional offer of A$1.75 billion from a Chinese entity, Bright Food, to acquire the Sucrogen business. The offer also included further information regarding regulatory approvals in both China and Australia and certain undertakings regarding future Sucrogen operations in Australia.

While there is no certainty that any such transaction with Bright Food will be completed, CSR has entered into discussions with Bright Food to explore this offer further.

Your board will continue to progress these two options of either a demerger or a sale of Sucrogen, and will advise shareholders of developments as they occur.

INDEPENDENT AND FOCUSED BUSINESSES

In the meantime, CSR has made changes to the operating structure to give our two main businesses greater autonomy to operate as distinct entities. While still part of the CSR group, we believe our businesses can deliver greater returns by being more focused and managed independently. To support this structure, we have streamlined and simplified our centralised corporate functions and transferred those responsibilities directly to the businesses to make them more efficient and accountable.

Jerry Maycock retired as managing director at the end of the financial year and, consistent with our new operating structure, the board invited non-executive director Jeremy Sutcliffe to assume the position of managing director for an interim period of up to 12 months from 1 April 2010.

We were in a fortunate position to have an executive of Jeremy's experience and calibre available to accept this responsibility. His appointment enables CSR to manage strategic issues, such as the demerger proposal, at a group corporate level while ensuring that our two businesses remain focused on their day-to-day operations.

I would like to thank Jerry and acknowledge his contribution to CSR during a challenging period and wish him well in his future endeavours. I also thank CSR's management team and employees for their contribution over the past year.

It has been a busy year for CSR. While there were a lot of strategic issues to manage, the pleasing aspect is that our businesses performed well despite these distractions and remain well positioned to capitalise on market improvements as the economy strengthens.

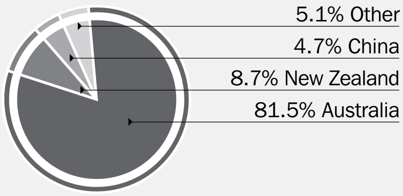
Ian Blackburne

IAN BLACKBURNE
CHAIRMAN

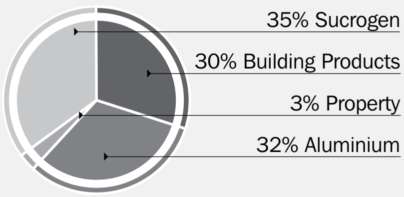
We are building two stronger companies

We have established our two businesses, Building Products and Sucrogen, as more independent entities to pursue their specific strategies.

CSR PEOPLE
At 31 March 2010



EBIT BY BUSINESS
Year ended 31 March 2010



YOU HAVE BEEN IN THE JOB FOR ABOUT TWO MONTHS NOW – WHAT ARE YOUR FIRST IMPRESSIONS?

I'm impressed by the respective management teams in our two businesses, Building Products and Sucrogen. I think the operational structure we've adopted to allow the respective CEOs (Rob Sindel and Ian Glasson) more autonomy to run their businesses more independently is the correct approach and I think that is already being reflected in the good underlying results the businesses have reported this year.

Operationally, our manufacturing assets are also in good shape as a result of the capital reinvestment program we've implemented in the past couple of years. That's really important to ensure we can capitalise on improving trends in building construction, but it's also crucial in maintaining a globally cost competitive position in sugar.

As the new managing director, it's also really pleasing to see the dedication of our employees across our various manufacturing sites. Safety has to remain our number one priority and I am impressed by the improvements we are making in this area, while recognising that we still have a long way to go to achieve our stated objectives.

WHAT ARE YOUR IMMEDIATE PRIORITIES?

The board has given me a specific mandate to progress the separation of our two key businesses. We believe we can generate additional shareholder value over time by a structural separation of these two quite different businesses and that's my immediate agenda.

We have options on how to achieve this and my goal is to work through these options and deliver the best outcome for shareholders and our other key stakeholders in the business. Beyond that, my responsibility is to work with our respective senior management teams to ensure CSR continues to perform well and operates in a sustainable manner across the group.

WHY DO YOU THINK SEPARATING THE BUSINESS CREATES VALUE? WHAT'S WRONG WITH THE CURRENT STRUCTURE?

While there is nothing inherently wrong with the current structure, as a board, we have a responsibility to identify opportunities to create additional value for our shareholders where possible.

We currently have a mix of businesses that are very different and appeal to distinct types of investors. By separating our businesses and having them more focused with their own board and management, we believe we can facilitate better realisation of their value over time.

Additionally, having separate businesses provides shareholders with greater investment choice, which should also enhance the investor and market awareness of each company.

THE PERFORMANCE OF THE VIRIDIAN GLASS BUSINESS SINCE ACQUISITION HAS BEEN VERY DISAPPOINTING – WHAT ARE YOU DOING TO TURN THAT BUSINESS AROUND?

Let me acknowledge this straight away: the performance of Viridian has not been satisfactory. CSR bought the glass businesses at a time (in 2007) when market valuations were much higher and business conditions were much better than they have been over the past two years. But it's a simple fact that CSR paid too much and we have had to write down the value of Viridian to reflect its current carrying value.

Further, the integration of the businesses within CSR was poor and that has impacted performance.

There are essentially two businesses within Viridian – Upstream, which is the manufacture of float glass; and Downstream, which involves the value-adding processing of glass. In the past year the performance of the Upstream business has improved, with both revenue and EBIT increasing; however, weaker market conditions together with a loss of market share have impacted the performance of the Downstream business.

Rob Sindel is working hard to turn this business around, including a restructure of the Viridian management team, and we are starting to see some progress. However, it will take time. Fundamentally, it is a good business with a team of dedicated people determined to make it successful and I am confident we will get there.

WHY DID CSR HAVE TO RAISE EQUITY AGAIN IN 2009?

Part of our due diligence in recommending a demerger proposal to shareholders was to ensure that the two separate companies would be appropriately capitalised with the right levels of debt.

We undertook the capital raising to ensure that both CSR and Sucrogen would have the financial flexibility to pursue their stand-alone strategies to create value for their respective shareholders after the demerger.

In the interim, the funds raised have been used to repay debt within CSR, which has strengthened our financial position. We were also pleased that in conducting the equity raising we were able to introduce the concept of a simultaneous renounceable entitlement offer, which provided the same outcome for retail and institutional shareholders for their entitlements. A number of other Australian companies have subsequently adopted this approach to raising equity.

IN PURSUING THE DEMERGER PROPOSAL, CSR'S FUTURE ASBESTOS LIABILITIES BECAME AN ISSUE. WHAT IS THE SITUATION WITH THESE LIABILITIES AND HOW ARE THEY FUNDED?

For more than 20 years, CSR has consistently and responsibly met asbestos liabilities. We pay claims where we have a demonstrated liability and we maintain a provision on our balance sheet to cover all known claims and reasonably foreseeable future claims. We have never shirked our responsibility, nor have we ever attempted to ring-fence claims or limit the amount which is available to meet claims. I think it's fair to say that the community in general recognises that CSR has followed a responsible approach to this issue for over 20 years.

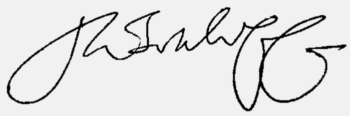
In recommending the demerger proposal, the board undertook a significant amount of due diligence to conclude that post demerger, CSR would continue to be in a position to meet its responsibilities. I personally chaired this due diligence committee, so I know firsthand just how much work went into this area. Quite simply, we would not even contemplate a proposal where we did not have confidence in CSR's ability to meet ongoing claims, and that is a continuing commitment by the board in developing any future proposals.

WHAT IS THE OUTLOOK FOR CSR'S BUSINESSES IN THE CURRENT FINANCIAL YEAR?

For our Building Products business, we have seen improved lead indicators in the residential building environment in Australia and that should translate into increased housing commencements, particularly in the first half of this financial year. However, the sustainability of this increase remains unclear due to a number of factors. So we are cautiously optimistic in Building Products.

In Aluminium, we have a lower proportion of our net aluminum exposure hedged this year. This means that our earnings will be more linked to spot aluminium prices than in previous years. The metal price will be influenced by the commissioning of new smelting capacity in the Middle East and China, and also the restoration of demand as global economic growth recovers. Conditions in the commercial and industrial property sectors are expected to remain weak.

In our Sucrogen business, an earlier finish to the crush last season, coupled with good rain in the early part of this year, should see the sugar crop return towards an average size this season. Raw sugar prices have fallen recently, but they remain at levels higher than the long run average price and Sucrogen continues its active hedging program to lock in attractive prices for this year and beyond.



JEREMY SUTCLIFFE
MANAGING DIRECTOR

DEMAND FOR BRICKS IS EXPECTED TO INCREASE IN THE COMING YEAR ON FORECAST IMPROVEMENT IN RESIDENTIAL HOUSING STARTS.

Board

IAN BLACKBURNE (1)
BSC (HONS), PHD, MBA, AGE 64.

Chairman, and is a member of the Audit Committee, Safety, Health and Environment Committee and Remuneration Committee. He joined the board in 1999 and was last re-elected in 2007. An independent director, Ian is a former managing director of Caltex Australia Limited. He has been a director of Suncorp-Metway Limited and Teekay Corporation for eight years, and in December 2009 was appointed as a director-elect of Aristocrat Leisure Limited. In April 2008, he ceased to be a director of Symbion Health Limited after three years.

JEREMY SUTCLIFFE (2)
LLB (HONS), MAICD, AGE 52.

Jeremy joined the board in 2008 as an independent director. He was appointed as an executive director and managing director on 1 April 2010. Jeremy was formerly an executive director of Sims Metal Management Limited, having held several positions, including Group CEO, from 2002 until 2008. He is a non–executive director of Amcor Limited and holds advisory roles with Scholz AG and Veolia Environmental Australia.

NICHOLAS BURTON TAYLOR AM (3)
BECON, FCA, FAICD, FFIN, AGE 60.

A member of the Audit Committee and the Safety, Health and Environment Committee, Nicholas joined the board in 2008 as an independent director. Nicholas is the past chairman of Airservices Australia. He has been a director of GrainCorp Limited, Rural Press Limited, Sydney Airport Corporation Limited and the Federal Airports Corporation. He is currently the chairman of Australian Agricultural Company Limited and in January 2010 was appointed chairman of Delta Agribusiness. He is a past president of the Institute of Chartered Accountants and current chairman of the Country Education Foundation of Australia and a member of the Rabo Bank Advisory Board.

KATHLEEN CONLON (4)
BA (ECON) (DIST), MBA, AGE 46.

A member of the Safety, Health and Environment Committee and Audit Committee. Kathleen joined the board in 2004 as an independent director after seven years as a partner and director of the Boston Consulting Group (BCG), where she led BCG's Asia Pacific Operational Effectiveness Practice Area and, previously, the Sydney office. She is a member of Chief Executive Women, a NSW council member of the Australian Institute of Company Directors, a member of the NSW Government's Better Services & Value Taskforce and a non-executive director of both DLA Phillips Fox and REA Group Limited.

SHANE GANNON (5)
BBUS(ACC), CPA, FAICD, AGE 50.

Joined CSR as chief financial officer in July 2008. Appointed to the CSR board in September 2009 as an executive director. Shane is a former chief financial officer of Dyno Nobel and chief executive of Novera Energy. He spent 10 years at the Lend Lease Group, undertaking senior CFO roles in the property and financial services sectors. He is a director of Tomago Aluminium, a joint venture with Gove Aluminium Finance Ltd (CSR and AMP), Rio Tinto Alcan and Hydro Aluminium.

RAY HORSBURGH AM (6)
BENG (CHEM), HON D UNIV, FAICD, FIE AUST, AGE 67.

Chairman of the Safety, Health and Environment Committee and is a member of the Remuneration Committee. Ray joined the board in October 2006 as an independent director. Ray has had a distinguished record of managing manufacturing businesses, including leading a number of mergers and acquisitions. He was managing director of Smorgon Steel Group Limited for nine years until its merger with OneSteel Limited in August 2007. This followed a 31 year career with the Australian Consolidated Industries group, primarily in senior roles in the glass and packaging businesses. In September 2007, he was appointed chairman of Toll Holdings Limited, where he has served as a director for four years. Ray is also chairman of Traffic Technologies Limited and a director of National Can Industries Limited and Essendon Football Club.

RICHARD LEE (7)
BENG (CHEM) (HONS), MA (OXON), AGE 60.

Chair of the Remuneration Committee and is a member of the Audit Committee. Richard joined the board in 2005 as an independent director. He has had 19 years' experience in investment banking and the finance industry. Richard is a former chief executive officer of N M Rothschild Australia group. Prior to his investment banking career, he held a number of senior roles in CSR's Sugar division. Richard has been chairman of Salmat Limited for eight years and is deputy chairman of Ridley Corporation Limited, where he has been a director for nine years. He has been a director of Newcrest Mining Limited since August 2007. In June 2009, he was appointed as non-executive chairman of C. Czarnikow Limited. A Rhodes Scholar, he is a fellow of, and in November 2009 was appointed national chairman of, the Australian Institute of Company Directors.

JOHN STORY (8)
BA, LLB, FAICD, AGE 64.

Chairman of the Audit Committee and is a member of the Remuneration Committee. John joined the board in 2003. An independent director, he has a great depth of experience as a senior lawyer advising on corporate and commercial law. In 2007, he retired as non-executive chairman of the law firm Corrs Chambers Westgarth, where he was a partner for 36 years until his retirement as a partner in 2006. John is chairman of Suncorp-Metway Limited, where he has been a director for 13 years. In November 2007, he was appointed as chairman of Tabcorp Holdings Limited, where he has been a director since 2004. Previously, he had been a director of Jupiters Limited.

COMPANY SECRETARIES

CHRIS BERTUCH
BA, LLM

Company secretary since August 2007 and CSR's general counsel. Chris joined CSR as a corporate lawyer in 1993. Previously, he was a partner in the law firm Gadens Lawyers in Sydney. Chris has had extensive experience in corporate, commercial and trade practices law and dispute resolution. Chris has also completed the Advanced Management Program at Harvard Business School.

KEVIN KALINKO
BCOM, GDIP.APP.FIN

Company secretary since June 2009 and CSR's group business development manager. Kevin joined CSR in April 2009. Kevin has been primarily involved in the separation of Sucrogen – project managing the demerger process and subsequently the trade sale process. Kevin has a background in private equity and mergers and acquisitions and was previously the company secretary and group business development manager of Hastie Group Limited.

Corporate Governance

CSR's corporate governance is the system by which the company is directed and managed. It is the framework within which:

- **the CSR board of directors is accountable to shareholders for the operations, performance and growth of the company;**
- **the risks of business are identified and managed; and**
- **CSR's long-established values and behaviour underpin the way we do business.**

CSR actively reviews Australian and international developments in corporate governance and considers the views of shareholders, regulators and other stakeholders. The CSR board adopts those arrangements which it considers are in the best interests of CSR and its shareholders.

The directors of CSR are committed to ensuring that the company maintains an effective system of corporate governance and that good corporate governance is an integral part of the culture and business practices of the CSR group.

The CSR board fully supports the *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council (ASX CGC).

Throughout the reporting period, being the year ended 31 March 2010, CSR complied with the recommendations contained in the ASX CGC's revised *Corporate Governance Principles and Recommendations* (second edition) dated August 2007.

Charters and policies referred to in this corporate governance statement have been reviewed in light of the ASX CGC's revised principles and recommendations and are also available on CSR's internet site in the "Investors" section under "corporate governance" at www.csr.com.au/investorcentre/pages/CorpGovernance.aspx.

CSR's constitution (available on CSR's internet site), which sets out the provisions that govern the internal management of the company, can only be amended by special resolution of shareholders. Under the constitution, shareholders elect directors whose function is to represent shareholders by ensuring that the best interests of the company are protected.

This corporate governance statement is organised under headings reflecting the ASX CGC's current principles and recommendations, as updated in August 2007.

ROLES AND RESPONSIBILITIES: CSR has established and disclosed the respective roles and responsibilities of the board and management (ASX CGC Principle 1)
The board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded.

The roles of board and management
The board has adopted a formal Board Charter, (available on the company's internet site) which establishes those matters reserved for the board and authority delegated to management. The board's functions, as summarised in the Board Charter, include:

- appointing, evaluating, rewarding or removing the managing director and approving appointments, remuneration or removal of senior management;
- reviewing and approving group strategies, budgets, plans and policies;
- assessing performance against strategies to monitor the performance of management as well as the suitability of those strategies;
- reviewing executive and director succession planning and the balance of skills and experience available to the company;
- reviewing operating information to understand at all times the state of health of the company;
- considering management recommendations on key issues – including acquisitions and divestments, restructuring, funding and significant capital expenditure;
- approving policies on, and overseeing the management of, business and financial risks, safety and occupational health, and environmental issues; and
- ensuring that the company acts legally and responsibly on all matters and that the highest ethical standards are maintained.

Day-to-day management of the company's affairs and the implementation of strategy and policy initiatives are formally delegated by the board to the managing director and senior executives.

Letters of appointment
The managing director's responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the agreement is available on CSR's internet site.

Letters of appointment are prepared for non-executive directors and senior executives, covering duties, time commitments, induction and company polices and corporate governance.

Induction of senior executives
New executives undertake a structured induction program when they join the company.

This includes comprehensive briefings and information on the company's businesses, and its policies and procedures. Additionally, the program includes site visits and meetings with people in key internal and external roles in order to build the relationships necessary to meet the requirements of their role.

As discussed further below and in the Remuneration Report, key performance indicators are agreed with each executive to ensure goals and performance measures are fully and accurately understood and disclosed.

Performance evaluation of senior executives
CSR's high performance management framework requires the setting for all senior executives of a balanced scorecard of annual key performance indicators (including financial and non-financial measures). Every half year, each senior executive discusses their performance with their manager. At the end of the year, as part of a formal review process, each manager's performance is reviewed against compliance with the performance indicators. Also, each individual's performance and behaviour are compared and measured against the performance of their peers and measures adjusted.

The process for evaluating the performance of senior executives and the remuneration policy for senior executives are discussed in the Remuneration Report.

BOARD OF DIRECTORS: CSR has a board of effective composition, size and commitment to adequately discharge its responsibilities and duties (ASX CGC Principle 2)
The Board Charter prescribes the structure of the board and its committees, the framework for independence and some obligations of directors.

Size and composition of the board
The board considers that its membership should comprise directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the suite of CSR businesses and the environment in which CSR operates these businesses so as to be able to agree with management the objectives, goals and strategic direction which will maximise shareholder value; and
- assess the performance of management in meeting those objectives and goals.

The board currently comprises six non-executive directors and two executive directors – the managing director and chief financial officer. The chairman is appointed by the board and provides leadership to ensure that high standards of values, processes and constructive interaction are maintained. The chairman represents the views of the board to shareholders and conducts the annual general meeting to canvass properly the views of stakeholders.

Information about directors is on pages 4 and 5. The board keeps under review the balance of skills and experience of its members, their independence and access to advice and information.

Directors' independence
Each of the non-executive directors, including the chairman, is independent of CSR and its management, having no business or other relationships that could compromise his or her autonomy as a director.

The board's framework for determining director independence is included in the Board Charter. Any past or present relationship with the company is carefully examined to assess the likely impact on a director's ability to be objective and exercise independent judgement.

Dealing with conflict of interest
The board has in place a process to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest arises, the director concerned does not receive the relevant board papers and leaves the board meeting while the matter is considered. Directors must advise the board immediately of any interests that could potentially conflict with those of CSR.

Election of directors
The Remuneration Committee makes recommendations to the board on the appointment of new directors, criteria for new appointees and endorsement of retiring directors seeking re-election – based on the most recent performance review of the board.

The company aims to have a board which, as a whole, has the range of skills, knowledge and experience to govern CSR, made up of individuals of high integrity with sound commercial judgement and inquiring minds and able to work cohesively with other directors. CSR seeks a combination of former chief executives and individuals experienced in manufacturing, finance, the law and, ideally, the industries in which CSR participates.

External consultants are engaged, where appropriate, to advise on potential appointees. The reputation and ethical standards of appointees must be beyond question. Prospective directors confirm that they will have sufficient time to meet their obligations and that they will keep the company informed of their other commitments.

Non-executive directors are subject to re-election by rotation at least every three years and, under the company's constitution (except where this requirement is prohibited by law) must retire not later than their 70th birthday. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment. Non-executive directors appointed from 2001 shall not seek re-election after serving for 10 years.

Board committees
To increase its effectiveness, the board has three committees, being the Audit Committee, the Safety, Health and Environment Committee and the Remuneration Committee. It is the policy of the board that a majority of the members of each committee be independent directors, that all Audit Committee members be independent directors and that the Safety, Health and Environment Committee and the Remuneration Committee be chaired by independent directors. Each committee has a charter which includes a more detailed description of its duties and responsibilities. The charters are available on CSR's internet site. The Audit Committee and the Safety, Health and Environment Committee each comprise at least three non-executive directors and are chaired by directors other than the board chairman. The Remuneration Committee consists of five non-executive directors. The Remuneration Committee meets formally four times each year and when otherwise required. During the year ended 31 March 2010 (YEM10), the board constituted an additional committee, the Demerger Due Diligence Committee, for the purposes of overseeing the due diligence and Demerger process. This committee was chaired by a non-executive director and consisted of an additional three non-executive directors.

Prior to his retirement on 31 March 2010, the managing director, Jerry Maycock, attended meetings of board committees by invitation. He was not present if this could compromise the objectivity of proceedings. Shane Gannon, the chief financial officer, attends meetings of board committees by invitation. He is not present if this could compromise the objectivity of proceedings.

Committee papers are copied to all directors before the meetings. Minutes of committee meetings are included in the papers for the next board meeting and the director chairing the committee reports to the board on matters addressed by the committee. The membership of these committees, the number of meetings held and each director's attendance record last year are shown in the "Directors' meetings" table on page 10.

The work of directors
In addition to attending board and committee meetings, non-executive directors allocate time for strategy and budget sessions, preparation for meetings and inspections of operations.

The chairman commits additional time and meets regularly with the managing director to review business and strategic issues and to agree board meeting agendas. The non-executive directors usually meet with no managers present at the commencement of board meetings and on occasions meet separately.

Except where the directors need to meet privately, the general counsel and company secretary attend all board meetings.

In YEM10, the directors visited the Viridian glass and Bradford Insulation operations at Ingleburn, NSW to understand better the issues facing each of the businesses and their people; and the Safety, Health and Environment Committee visited the Gyprock operations at Wetherill Park. The latter visit is the first of a series of safety, health and environment focused visits that this committee has undertaken to carry out going forward.

Directors' access to information
The board strives to ensure that directors and key executives have the knowledge and information needed to operate effectively.

The chairman briefs new directors on their roles and responsibilities. They receive a comprehensive information pack and special briefings from management and visit key operating sites to assist them to understand rapidly CSR's businesses and issues.

Time is allocated at board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment.

To help directors maintain their understanding of the businesses and to assess the people managing them, directors are briefed regularly by each member of the senior management team. Directors also have access to a wide range of employees at all levels during inspections of operations and in other meetings.

Directors receive a comprehensive monthly performance report from the managing director – whether or not a board meeting is scheduled – and have unrestricted access to company records and information.

At specially organised functions, directors meet customers, business partners, suppliers and other stakeholders of the company.

Corporate Governance (continued)

Directors may obtain independent professional advice at CSR's expense on matters arising in the course of their board and committee duties, after obtaining the chairman's approval. The Board Charter requires that all directors be provided with a copy of such advice and be notified if the chairman's approval is withheld.

The board appoints and removes the company secretary. All directors have direct access to the company secretary, who is accountable to the managing director and, through the chairman, to the board on all governance matters.

Board evaluation
The performance of the board is regularly reviewed: the board undertakes a self assessment of both its collective performance and that of individual directors and seeks specific feedback from the senior management team on particular aspects of its performance. The Remuneration Committee establishes procedures and oversees this annual performance assessment program. The process may be assisted by an independent third party facilitator. The results and any action plans flowing from this annual assessment are documented, together with specific performance goals that are agreed for the coming year. The board undertook a review during YEM10.

In addition, each board committee undertakes an annual self assessment on the performance of the committee and achievement of committee objectives.

The performance of the managing director is reviewed at least annually, through a formal performance appraisal process conducted by the board.

CODE OF CONDUCT: CSR actively promotes ethical and responsible decision making (ASX CGC Principle 3)
CSR has a robust framework of policies, underpinned by its goals and values and Code of Conduct. CSR's Code of Conduct and policies discussed below set the standards for dealing with obligations to external stakeholders. A statement of CSR's community engagement is detailed in this Annual Report, which is available on CSR's internet site. A statement on CSR's approach to climate change is included in the Shareholder Review 2010 and this Annual Report. The underlying principle of the CSR Code of Conduct is that ethical behaviour is required of directors, executives and all other employees, as well as advisers, consultants and contractors.

Code of Business Conduct and Ethics
The board has endorsed a Code of Business Conduct and Ethics (available on the company's internet site) that formalises the longstanding obligation of all CSR people, including directors, to behave ethically, act within the law, avoid conflicts of interest and act honestly in all business activities.

CSR's Code of Business Conduct and Ethics reinforces the company's commitment to giving proper regard to the interests of people and organisations dealing with the company. Each CSR person is required to respect and abide by the company's obligations to employees, shareholders, customers, suppliers and the communities in which we operate.

In addition, the board has adopted specific policies in key areas, including trade practices; safety, health and the environment; fairness, respect and diversity in employment (formerly equal employment opportunity); capital investment; dealing with price sensitive and other confidential information; trading in CSR shares; privacy; indemnification of employees; and requirements for authorising and entering into business transactions on behalf of CSR.

CSR employees are required to sign a certificate of compliance signifying that they have read and complied with the Code of Business Conduct and Ethics.

CSR's Whistleblowers' Protection Policy promises that an employee will not be subject to retaliation by CSR for reporting in good faith a possible violation of the Code of Business Conduct and Ethics.

Trading in CSR shares
Directors' shareholdings at 12 May 2010 are shown in the table "Directors" interests in CSR shares' on page 10.

Under the company's Share Trading Policy (available on CSR's internet site), directors and senior managers may only buy or sell CSR shares, or give instructions to the trustee of CSR's Employee Share Acquisition Plan, during one month periods commencing 24 hours after the date of the yearly and half yearly results announcements and the annual general meeting. Also, they are prohibited from dealing in any financial products relating to CSR securities or entering into hedging arrangements in respect of CSR securities they hold, or which are held on their behalf. Under the policy, all directors and employees are prohibited from buying or selling CSR shares at any time if they are aware of any price sensitive information that has not been made public. All CSR share dealings by directors are notified to the ASX within the required time.

AUDIT: CSR has a structure to independently verify and safeguard the integrity of the company's financial reporting (ASX CGC Principle 4)

Audit Committee
The Audit Committee is chaired by John Story, the other members being Ian Blackburne, Nicholas Burton Taylor, Kathleen Conlon and Richard Lee, all of whom are independent directors. The external audit firm partner in charge of the CSR audit attends Audit Committee meetings by invitation, together with the internal audit manager and relevant senior executives.

The committee advises the board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, controls and financial reporting.

The committee's specific responsibilities include:

- review of the scope of the annual audit plans of the external auditor and internal auditor and oversight of the work performed by the auditors throughout the year;
- consideration and recommendations to the board on significant accounting policies and material estimates and judgements in financial reports;
- review and monitoring of internal controls and risk management across the group;
- review and recommendations to the board for the adoption of the company's half year and annual financial statements; and
- review of the effectiveness and performance of internal and external auditors.

The committee is a direct link for providing the views of internal and external auditors to the board, when necessary, independently of management influence. Time is allocated for detailed questioning of the material presented and separate sessions with each of the external auditor, internal auditor and chief financial officer.

The committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to CSR. Under the policy on auditor independence (which is available on CSR's internet site):

- the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise;
- significant permissible non-audit assignments awarded to the external auditors must be approved in advance by the committee or, between committee meetings, the committee chair; and
- the external audit engagement partner and review partner must be rotated every five years.

The external auditor annually confirms its independence within the meaning of applicable legislation and professional standards.

Financial report accountability
CSR's managing director and chief financial officer, who are present for board discussion of financial matters, are required to state to the board, in writing, that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

DISCLOSURE: CSR promotes timely and balanced disclosure of all material matters concerning the company (ASX CGC Principle 5)

Continuous disclosure
CSR believes that shareholders, regulators, ratings agencies and the investment community generally, should be informed of all major business events and risks that influence CSR in a factual, timely and widely available manner. CSR has a long-established practice of providing relevant and timely information to stakeholders, supported by its share market disclosure policy which details comprehensive procedures to ensure compliance with all legal obligations. It is CSR's policy that any price sensitive material for public announcement, including annual and interim profit announcements, release of financial reports, presentations to investors and analysts and other prepared investor briefings for CSR will be:

- lodged with the ASX as soon as practical and before external disclosure elsewhere; and
- posted on CSR's internet site.

The policy limits external briefings in the periods between the end of a financial year or half year and the release to the ASX of the relevant results. CSR's management Corporate Governance and Disclosure Committee meets as required to ensure compliance with disclosure requirements. Members of this committee are the chief financial officer, the general counsel, the company secretary, and the general manager investor relations and corporate communications.

The company secretary is responsible for communications with the ASX.

Commentary on financial results
CSR provides a review of operations and financial performance in the Shareholder Review 2010 and this Annual Report includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the chairman's and managing director's addresses at the company's annual general meeting are made available on the company's internet site.

SHAREHOLDERS: CSR respects the rights of shareholders and facilitates the effective exercise of those rights (ASX CGC Principle 6)
CSR strives to communicate effectively with shareholders about the company's performance, presenting the Shareholder Review 2010 and this Annual Report and other corporate information in clear language, supported by descriptive graphics and tables.

Where practicable, the company uses the latest widely available electronic technology to communicate openly and continually with shareholders – and the share market in general. Announcements to the ASX, significant briefings, notices of meetings and speeches at annual general meetings are promptly posted on the company's internet site and retained there for three years.

Shareholders and other interested parties can receive email advices of links to the newly posted Annual Report and can lodge Proxy Forms electronically for the annual general meeting.

The annual general meeting and results announcement briefings are available via a live webcast from the company's internet site, to allow access by all interested parties.

The company's policy on shareholder communication is available on the company's internet site.

Auditor attendance at the annual general meeting
The external audit firm partner in charge of the CSR audit is available to answer shareholder questions at the company's annual general meeting.

RISK MANAGEMENT: CSR has a sound system of risk oversight and management and internal control (ASX CGC Principle 7)
There are many risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR's control, can influence performance across CSR's businesses. In many of these businesses, CSR constantly and deliberately assumes certain levels of risk in a calculated and controlled manner. CSR has in place limits and a range of policies and procedures to monitor the risk in its activities and these are periodically reviewed by the board. CSR's Risk Management Policy, which sets out the framework for risk management, internal compliance and control systems, is available on CSR's internet site. There are several layers that assist the board in ensuring the appropriate focus is placed on the risk management framework:

- the Audit Committee – reviews and reports to the board in relation to the company's financial reporting, internal control structure, risk management systems and internal and external audit functions. The Audit Committee recommends to the board the appointment or dismissal of the internal auditor, who is independent of the external auditor;
- the Safety, Health and Environment Committee – reviews and reports to the board on the management of the company's safety, health and environment liabilities and legal responsibilities; and
- the senior management team – manages and reports to the board on business and financial risks and overall compliance.

Risk management is sponsored by the board, and is a top priority for senior managers, starting with the managing director. The board oversees the risk appetite and profile of CSR and ensures that business developments are consistent with the risk appetite and goals of CSR.

The risk management framework covering business risk, financial risk, financial integrity and legal compliance, including the establishment of policies for the control of these risks, is in place. The board, through the Audit Committee, receives recommendations in relation to the risk profile of CSR, breaches of the policy framework and external developments which may have some impact on the effectiveness of the risk management framework. It also approves significant changes to the risk management framework and related policies.

The Audit Committee has responsibility for monitoring compliance with the risk management framework approved by the board for internal control and compliance matters. In this role, the Audit Committee monitors and reviews the effectiveness of the internal audit and compliance functions. The management Corporate Governance and Disclosure Committee has responsibility for any governance matters. Committees exist at the executive management level to ensure the necessary elements of expertise are focused on specific risk areas. Beneath this level, other committees exist where senior specialists focus on specific risks as appropriate.

The risk management framework is designed to ensure policies and procedures are in place to manage the risk arising within each business unit. Application varies in detail from one part of CSR to another; however, the same risk management framework applies across all business activities without exception.

Risk management accountability
As part of the process of approving the financial statements, at each reporting date the managing director and other responsible senior executives provide statements in writing to the board on the quality and effectiveness of the company's risk management and internal compliance and control systems. The statements are substantiated in part by an annual review using applicable elements of the frameworks provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control and Enterprise Risk Management.

Corporate Governance (continued)

The board has also received statements from the managing director and the chief financial officer certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the group financial reports are founded on a sound system of risk management and internal compliance and control;
- the system of risk management in operation at 31 March 2010 implements the policies adopted and delegated by the board and of the other decision making bodies operating within the CSR group and was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

Further, the board received the relevant declarations required under Section 295A of the Corporations Act 2001 and the relevant assurances required under recommendation 7.3 of the revised ASX CGC principles.

REMUNERATION: CSR ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear (ASX CGC Principle 8)

CSR's policy is to reward executives with a combination of fixed remuneration and short and long term incentives structured to drive improvements in shareholder value. non-executive directors receive no incentive payments. Executives and directors may forgo part of their cash remuneration to acquire shares in CSR. Employees cannot approve their own remuneration, nor can they review that of their direct subordinates without their manager's approval.

Remuneration Committee

The Remuneration Committee during YEM10 comprised Richard Lee (chairman), Ian Blackburne, Ray Horsburgh, John Story and Jeremy Sutcliffe. From 1 April 2010, Jeremy Sutcliffe has been appointed as managing director and as such will not sit on this committee during his tenure as an executive of the company.

Together with an overview of people issues, particularly succession and development planning for senior managers, the committee advises the board on remuneration policies and practices, evaluates the performance of the managing director against pre-agreed goals and makes recommendations to the board on remuneration for the managing director and senior managers reporting to him. The committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

The committee also considers the board's size and composition, criteria for membership, candidates to fill vacancies, and the terms and conditions of their appointment.

The Remuneration Report includes further details on CSR's remuneration policy and its relationship to the company's performance last year (pages 11 to 26). It also includes details of the remuneration of directors and key managers last year. Shareholders are invited to vote on the adoption of the report at the company's annual general meeting.

Equity based executive remuneration

Key features of the employee share plans used by CSR, the company's policy on share ownership and details of CSR shares beneficially owned by directors and key managers appear in the Remuneration Report on pages 11 to 26.

SAFETY, HEALTH AND ENVIRONMENT RESPONSIBILITIES

An important part of CSR's governance commitments includes protection for its people's safety and occupational health, and for the environment (SHE). The board endorsed SHE policy (available on the CSR internet site) details the company's and individuals' obligations.

The board's Safety, Health and Environment Committee oversees and reports to the board on the management of the company's SHE responsibilities. During YEM10, the Safety, Health and Environment Committee comprised Ray Horsburgh (chairman), Ian Blackburne, Nicholas Burton Taylor, Kathleen Conlon and Jeremy Sutcliffe. From 1 April 2010, Jeremy Sutcliffe has been appointed as managing director and as such will not sit on this committee during his tenure as an executive of the company.

The committee receives regular reports from management, reviews the adequacy of SHE management systems and performance, and ensures appropriate improvement targets and benchmarks. It monitors potential liabilities, changes in legislation, community expectations, research findings and technological changes.

Enforceable undertaking: A reportable incident involving a turbine at one of the sugar mills occurred in October 2007. No one was injured. In December 2009, an enforceable undertaking was entered into with the Department of Justice and the Attorney General for QLD. This included implementing and maintaining a safety management program regarding the turbines and providing information about this to all sugar mills in QLD and NSW.

CORPORATE GOVERNANCE AND DISCLOSURE

CSR considers that the above corporate governance practices comply with the ASX CGC's Principles of Good Corporate Governance and Best Practice Recommendations.

The company's corporate governance framework is kept under review. A report is provided to the board by the company secretary at least annually, recommending any improvements necessary to respond to changes to the company's business or applicable legislation and standards.

Statement as at 12 May 2010.

DIRECTORS' INTERESTS IN CSR SHARES

AS AT 12 MAY	TOTAL 2010	TOTAL 2009
Ian Blackburne	**307,067**	241,333
Nicholas Burton Taylor	**108,100**	92,000
Kathleen Conlon	**85,113**	67,898
Shane Gannon [a]	**25,461**	–
Ray Horsburgh	**35,768**	32,228
Richard Lee	**174,009**	148,092
Jerry Maycock	**527,384**	523,299
John Story	**185,825**	143,606
Jeremy Sutcliffe	**74,312**	45,778

a Shane Gannon was appointed as an executive director on 24 September 2009.

DIRECTORS' MEETINGS

YEAR ENDED 31 MARCH 2010	CSR BOARD HELD	CSR BOARD ATTENDED	AUDIT COMMITTEE HELD	AUDIT COMMITTEE ATTENDED	SAFETY, HEALTH AND ENVIRONMENT COMMITTEE HELD	SAFETY, HEALTH AND ENVIRONMENT COMMITTEE ATTENDED	REMUNERATION COMMITTEE HELD	REMUNERATION COMMITTEE ATTENDED	DUE DILIGENCE COMMITTEE HELD	DUE DILIGENCE COMMITTEE ATTENDED
Ian Blackburne	22	22	5	5	6	5	5	5	18	18
Jerry Maycock	22	22								
Nicholas Burton Taylor	22	21	5	5	6	6				
Kathleen Conlon	22	22	5	5	6	6				
Shane Gannon [a]	22	21								
Ray Horsburgh	22	20			6	6	5	5		
Richard Lee	22	22	5	5			5	5	18	18
John Story	22	22	5	5			5	5	18	16
Jeremy Sutcliffe	22	20			6	6	5	5	18	16

a Shane Gannon was appointed as an executive director on 24 September 2009.

Remuneration Report

THIS REPORT FORMS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

INTRODUCTION

This Remuneration Report provides a summary of CSR's remuneration policy and practices during the past year as they apply to "Directors and key management personnel" as defined by the Accounting Standard AASB 124 (Related Party Disclosures).

For consistency in this report, the terms "executives" and "non-executive directors (NEDs)" are used. In some cases where aspects apply only to senior roles within the executive group, the term "senior executives" will also be used.

The disclosures set out in this report have been prepared in accordance with the requirements of Section 300A of the Corporations Act 2001 and Corporations Regulation 2M.3.03 and have been audited.

The sections covered in this Remuneration Report are:

A CSR's non-executive director and executive reward framework – summary;

B Remuneration committee's role;

C Executive remuneration policy;

D Executive remuneration framework;

E Link between remuneration and company performance;

F Executive contracts;

G Non-executive director remuneration; and

H Remuneration and shareholdings for year ended 31 March 2010 "YEM10" (and comparatives).

A – CSR'S EXECUTIVE AND NON-EXECUTIVE DIRECTOR REWARD FRAMEWORK – SUMMARY

Changes to executive remuneration

As outlined in the YEM09 Remuneration Report, CSR undertook a significant review of the executive remuneration framework. The review's focus was to improve reward alignment with business goals and shareholder expectations, and to make performance goals and outcomes clearer.

The majority of the changes flagged to shareholders in the YEM09 Remuneration Report have been implemented in YEM10. However, due to changes in the regulatory and commercial environment, several of the YEM10 changes were impacted. Specifically:

- **Long term incentive (LTI) grant timing:** The timing of the launch of the new LTI Plan was delayed due to the changes to the share scheme taxation rules and grants were finally made in March 2010;
- **LTI eligibility:** As a result of changes to CSR's management structure, the board determined that the executive group participating in the LTI should be expanded from managing director and direct reports only (as noted in the YEM09 disclosure) to include the managing director, chief executive officers (CEOs) of the Sucrogen and Building Products businesses and their direct reports. Nonetheless, the LTI participation group represented a significant reduction from the number of individuals participating in YEM09. This change was implemented to ensure that only those individuals with an influence on the share price of CSR should participate in the LTI Plan; and
- **Short term incentive (STI) deferral:** As a result of the changes to the taxation rules and the proposed Demerger of CSR's Sugar and Renewable Energy Business (Sucrogen), STI deferral into equity has not been implemented.

Consistent with sound business practices, CSR will continue to monitor and revise as needed its executive remuneration approach. CSR anticipates a further review of the remuneration approach by each business in the coming year to ensure that reward programs are appropriately aligned with the changing business structure of CSR. The review's objectives are to determine whether any elements of reward require to be customised to meet the respective strategies of the Sucrogen and CSR businesses as they operate increasingly autonomously.

Overview of executive remuneration approach and framework

The key features of CSR's executive remuneration framework are outlined below. Detail is provided in the body of the Remuneration Report.

- **Market positioning:** Fixed remuneration is positioned at the market median against the Hay Group Industrial and Services Index for roles of comparative size, or relative to their counterparts in related industries. Variable remuneration provides executives the opportunity to earn upper quartile total remuneration for superior performance.
- **Fixed pay/variable mix:** Total remuneration is comprised of fixed plus variable (or "at risk") remuneration. A significant portion of the total remuneration opportunity for senior executives is variable, and "at risk" based on performance.
- **STI Plan:** The STI Plan provides rewards for achievement of business financial performance goals (60% weighting) and individual performance goals which are focused on non-financial performance (40% weighting).

  Financial performance for YEM10 was measured by Return on Funds Employed (ROFE), focused at the organisational level which best reflects the role's influence. For instance, corporate roles were measured on CSR ROFE, while business roles were rewarded on a combination of their business' and CSR's ROFE outcome.

  Non-financial performance reflects an individual's objectives which are critical to business strategy implementation. Payment for the individual component is normally independent of the business' financial result. However, if the business' financial result is below expectations, there is discretion to reduce any incentive for individual performance.
- **LTI Plan:** The new LTI Plan introduced in YEM10 is the Performance Rights Plan (PRP), which replaces the Cash Award Share Plan (CASP). PRP grants vest based on CSR's three year Total Shareholder Return (TSR) relative to the TSR of the other S&P/ASX 200 Accumulation Index constituents (the peer group).

  Any performance rights which vest will be converted automatically into shares. The shares will be held in trust on the participant's behalf subject to restrictions until released under the terms of the PRP. The shares may be held in trust until up to the seventh anniversary of the date the performance rights were granted. Holders of performance rights are not entitled to dividends until the awards have vested and converted into shares.
- **Equity sacrifice:** Executives are eligible to elect to forgo a portion of their pre-tax fixed remuneration or STI to purchase restricted CSR shares, up to the $5,000 annual limit as provided under the tax legislation that applies from 1 July 2009.
- **Hedging prohibition:** CSR prohibits participants in any LTI Plan from hedging their exposure to unvested shares or reducing the risk associated with the performance hurdles applicable to those shares in any way.

Executive changes and remuneration outcomes in YEM10

- **Executive changes:** Several significant changes occurred to executive roles during YEM10 (and shortly after the financial year end). In summary:
  - Mr Rob Sindel was promoted into the role of chief executive officer, CSR Building Products, on 1 October 2009;
  - Mr John Hodgkinson was retrenched on 6 October 2009. His termination entitlement consisted of a redundancy payment equivalent to 12 months' salary and the payment of statutory entitlements (long service leave and accrued leave). No STI was paid for YEM10. No outstanding CASP grants vested at the time of termination (refer to footnote "b" on page 26 for more detail);
  - Mr Jerry Maycock, chief executive officer and managing director, retired effective 2 April 2010. His termination entitlement consisted of statutory entitlements (accrued annual leave), payment in lieu of notice and an STI payment based on financial and individual performance over the full financial year. No outstanding CASP grants vested at the time of termination (refer to footnote "g" on page 25 for more detail). His payments on retirement were consistent with his contractual arrangements as outlined in both the YEM09 and YEM10 Remuneration Reports; and
  - Mr Jeremy Sutcliffe was appointed as managing director of CSR on 1 April 2010. His remuneration details were disclosed to the market in the announcement dated 24 February 2010.
- **Overall disclosed remuneration:** The remuneration table in Section H shows a higher level of disclosed remuneration for the key management personnel (KMP) in YEM10 versus YEM09. The significant increases in the disclosed remuneration quantum are a result of (a) an increase to STI payments as a result of improved financial performance, (b) the chief financial officer's remuneration disclosure covering full year employment in YEM10, while the YEM09 disclosure reflects part year employment, and (c) the promotion of Rob Sindel with revised remuneration arrangements.
- **STI payments:** As a result of significantly improved CSR and business unit financial performance in YEM10 versus YEM09, the STI payments for the KMP (shown in Section H) have increased relative to YEM09. In YEM09, the CSR group and Building Products each failed to achieve threshold financial performance targets, while the Sugar business achieved financial performance between threshold and target. In YEM10, Building Products financial performance improved to between the target and stretch targets set by the board, while both Sucrogen and the CSR group achieved the stretch targets. The YEM10 STI payments are reflective of these performance outcomes.
- **LTI grants:** All LTI grants made in YEM10 were under the PRP, with the exception of Mr Jerry Maycock (former chief executive officer and managing director) who received a grant under the CASP as was contractually agreed (see Section D3 for CASP details). No further grants are contemplated under the CASP.
- **LTI vesting:** No existing CASP grants vested during YEM10. CSR's financial performance improved despite challenging markets; however, CSR's relative TSR performance did not reach the performance threshold necessary for vesting.

Overview of non-executive director remuneration

- **Market positioning:** CSR's NEDs are paid fees which are compared relative to companies of a similar size and complexity.
- **Voluntary fee sacrifice:** NEDs can elect to forgo up to $5,000 of pre-tax fees annually to purchase CSR shares.
- **Fee pool:** CSR has not increased its NED annual fee pool since 8 December 2008.
- **YEM10 additional Due Diligence Committee fee:** Additional fees totaling $101,000 were paid to the CSR directors for their participation in due diligence and additional board meetings in respect of the proposed demerger.

B – THE REMUNERATION COMMITTEE'S ROLE

The composition and functions of the Remuneration Committee, which oversees remuneration issues and human resources matters, are set out in the charter available from the CSR internet site at www.csr.com.au/investorcentre/.

As a high level overview, the role of the committee is to review and make recommendations to the board on (but not limited to):

- remuneration of non-executive directors;
- remuneration of the managing director and senior executives;
- remuneration incentive policies and guidelines for executives and senior managers;
- succession planning; and
- board performance.

Support for the committee was provided through CSR's executive general manager – people and performance, and external advisers.

C – EXECUTIVE REMUNERATION POLICY

C1 – Key principles

Table 1 below outlines the key principles on which CSR's executive remuneration policy is based:

Table 1: Key principles of executive remuneration policy

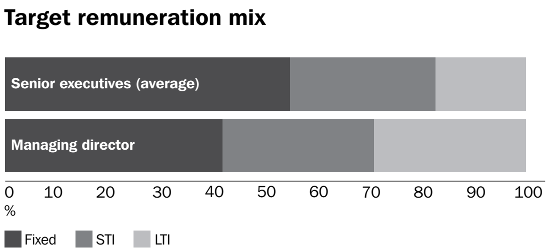
Performance driven	Remuneration should reward executives based on annual performance against business plans and longer term shareholder returns. A significant proportion of executive remuneration should be "at risk" and performance dependent. Performance measurement is mainly focused at the organisational level which best reflects the role's influence.
Alignment with shareholder interests	Incentive plans and performance measures are aligned with CSR's short and long term success. Employee ownership of CSR shares is encouraged through the ability to forgo part of fixed remuneration and short term incentives (STIs) to acquire shares.
Market competitive remuneration opportunities	Remuneration opportunities, which can be earned subject to performance, are set at competitive levels that will attract, motivate and retain high quality executives.

C2 – Ensuring executive remuneration is performance driven

The variable components of remuneration (short term and long term) are driven by challenging targets focused on both external and internal measures of financial and non-financial performance. Details of the performance measures used are set out in Sections D2 – Short Term Incentive Plans and D3 – Long Term Incentive Plan. Further detail on the link between performance and remuneration is set out in Section E.

A significant proportion of executive remuneration is "at risk". The following target remuneration mix chart sets out the remuneration mix as fixed remuneration, on-target STI and half of the LTI expense (representing target LTI) for the managing director and other senior executives.

Chart 1: Target remuneration mix for managing director and senior executives



C3 – Alignment with shareholder interests

Executives' remuneration is aligned with shareholder interests via a significant emphasis on variable (incentive) remuneration. These awards are linked to short term and long term performance benchmarks that support CSR's business strategy and future success.

In order to encourage executive share ownership and further increase the alignment with shareholder interests, executives can forgo salary or part of their STI payment to acquire shares in CSR.

Under the rules of CSR's executive LTI Plans (the PRP and CASP), any shares allocated to executives from vested awards are required to be transferred into a trust. While the executive remains employed by CSR, shares held in trust remain subject to disposal restrictions for a period of up to 10 years after the original grant (for grants made prior to 30 June 2009) or seven years (for grants made on or after 30 June 2009).

C4 – Ensuring market competitive remuneration

Executive remuneration is reviewed annually. CSR aims to provide market competitive remuneration against jobs of comparable size and responsibility (as measured by the Hay Group job evaluation system) as follows:

- fixed remuneration for executives is targeted at market median; and
- variable remuneration (through STI and LTI) provides the opportunity to earn total remuneration (fixed remuneration plus variable remuneration) for outstanding performance that reaches the top quartile of the market.

D – EXECUTIVE REMUNERATION FRAMEWORK

The executive remuneration framework consists of:

Fixed remuneration	• Base salary • Superannuation • Other short term benefits
Variable remuneration	• STI • LTI

D1 – Fixed remuneration

Fixed remuneration comprises salary, superannuation and other benefits provided by the company.

As discussed above, fixed remuneration is targeted at the median of the market for jobs of comparable size and responsibility. In some cases, superior performance or strong market demand for specific job categories may justify above median fixed remuneration.

Employees are able to forgo part of their fixed remuneration to acquire CSR shares under the Employee Share Acquisition Plan (ESAP) discussed in Section D4 – Other equity incentive plans, up to a maximum salary sacrifice of $5,000 annually.

D2 – Short Term Incentive Plans

CSR's executives all participate in an STI Plan which was revised as part of the review of the executive reward framework.

Specific changes to the STI implemented in YEM10 were:

- the weightings and measures in the YEM10 STI Plan were adjusted from previous years in order to focus participants to deliver their business unit objectives and to increase shareholder value; and
- Return on Funds Employed (ROFE) was the principal financial metric for the YEM10 STI Plan. This was intended to improve alignment of the outcomes for STI participants with those of shareholders, as ROFE focuses management on the most effective way to utilise shareholders' funds.

Table 2: Short Term Incentive Plans – summary

Purpose of the plans	To drive individual and team performance to deliver annual business plans and increase shareholder value.
Frequency and timing	Participation is on an annual basis with performance measured over the year to 31 March. Payment is normally made in July following the end of the performance year.
Financial measures used (and rationale)	A principal focus of CSR is ROFE, which assesses return generated with reference to the capital invested in the business. The measures used in the YEM10 STI Plans are: • for corporate roles: ROFE of CSR; • for divisional executive roles: divisional ROFE (primary weighting) and CSR ROFE; • for business unit executive roles: business unit ROFE (primary weighting), divisional ROFE and CSR ROFE; • for profit centre managers: EBIT and working capital (the most relevant and controllable components of ROFE); and • for managers with narrower responsibilities: sub-components of the profit centre managers' measures may be used as appropriate. The financial targets are set each year by the managing director, in consultation with the business unit and corporate leaders, and approved by the board. The managing director's targets are set each year by the board.
Individual objectives used (and rationale)	Individual objectives are constructed for each executive that are chosen because they are critical to CSR's short term and long term success, and are aligned to the business plan. These cover areas including: • safety, health and environment; • meeting customer needs and becoming supplier of choice; • leadership and development of people; • personal sales targets; • operational improvement; • restructuring and rationalisation; • production targets; • growth; and • other personally attributable budget goals.
Assessment of performance against measures	At the end of the CSR financial year, each executive's performance is assessed based on financial performance results for CSR and the respective businesses and a review by the executive's manager and, where appropriate, 360 degree feedback (i.e. feedback provided by the executive's immediate manager, peers and employees reporting to the executive). STI assessments and recommendations are made by an executive's immediate manager, as he or she is best placed to assess the individual's performance. The recommendations are then approved by the Remuneration Committee so as to ensure group-wide consistency. Payment for the individual component is normally independent of the business financial result. However, if the business financial result is below expectations, there is discretion to reduce the payout for performance against non-financial measures. The payout for performance is between the threshold of 0% and a maximum of 200% of target.
Discretionary override	The intention is to minimise adjustments to the plan outcomes. The board and the managing director do retain discretion in certain circumstances to alter payments having regard to: • CSR's overall financial performance; • occurrence of a fatality, regardless of fault; • maintenance and preservation of the company's assets; • development and attention to customer relationships; • any short term action which causes market share loss or other damage to CSR; and • other special circumstances (e.g. acquisitions and divestments).
Service condition	New starters with CSR or people promoted into eligible roles can participate with pro-rata entitlements if they have been in the role for more than three months of the year. For staff who retire, die or are retrenched during the performance period, the managing director and the board have discretion in awarding a payment. No payment will be made to participants who cease employment voluntarily, or have their employment terminated for inadequate performance or misconduct, before the end of the performance year.
Voluntary election into shares	Participants are able to elect to forgo part of the cash payment in favour of either purchasing CSR shares (held in the ESAP – see Section D4 – Other equity incentive plans) or funding additional superannuation contributions.

D3 – Long Term Incentive Plan

Purpose

During the financial year, eligible executives were invited to participate in CSR's LTI program, which aims to:

- provide executives with a financial interest in CSR shares or performance rights, aligning their interests more closely with those of CSR shareholders;
- attract, motivate and retain the necessary executive talent to deliver and sustain business performance and increase returns to shareholders; and
- provide greater incentive for relevant employees to focus on the company's longer term goals.

Outcome from review of executive reward

The LTI Plan was revised as part of the review of CSR's executive reward framework. As a result, a new simplified LTI Plan, the Performance Rights Plan (PRP) was introduced in YEM10, replacing the existing CASP. The intention of CSR is that no further grants will be made under the CASP, and all incentives will be granted under the PRP.

Under the PRP, participants are granted performance rights subject to a three year vesting period with an associated performance hurdle. 50% of the performance rights will vest if the TSR of CSR equals the median TSR of the constituents of the S&P/ASX 200 Accumulation Index (defined at date of grant), and 100% will vest for upper quartile performance. On vesting of performance rights, CSR shares will be provided at no cost to the participant. Shares allocated on the vesting of performance rights will be held in trust and subject to disposal restrictions. If there is no or partial vesting of the performance rights after the initial performance hurdle test, there will be opportunities for re-testing of performance over extended four and five year periods;

Particular features of the PRP are as follows:

- LTI participation eligibility is now restricted to the managing director, CEOs of the Sucrogen and Building Products businesses and their direct reports. For remaining senior managers who were previously eligible for LTI participation under the CASP, the STI opportunity was increased to provide these executives with increased exposure to the performance-reward linkage;
- under the PRP, participants are not entitled to dividends in respect of unvested performance rights; and
- performance hurdle testing is reduced from two performance condition tests (under the CASP) to one (under the PRP).
- the CSR board has adopted a policy that prohibits participants hedging their exposure to unvested shares or reducing the risk associated with the performance hurdles applicable to those shares in any way. Under the policy, participants are required to forfeit their interest in unvested shares (i.e. shares that have not met the performance hurdles) if they enter into any hedging transaction in relation to those shares.

LTI grants implemented in YEM10

While the outcome of the Federal Government tax legislation on employee share schemes was still uncertain, implementation of the company's new LTI Plan (the PRP) was placed on hold. In order to meet contractual obligations to the managing director for LTI entitlements, a grant was made under the existing CASP. Once the outcome of the new Federal Government tax legislation on employee share schemes was known, grants were made under the PRP to other LTI participants.

The operation of the LTI Plans for YEM10 is described in more detail as follows:

Table 3: Long term incentive plans – summary

	CASP	PRP
Participation	Executives were eligible subject to approval by the board.	Managing director, CEOs of the Sucrogen and Building Products businesses and their direct reports are eligible subject to approval by the board.
Grant frequency	Grants were typically made on an annual basis prior to YEM10; one individual grant only was made in YEM10 to the managing director.	Grants are typically made on an annual basis commencing from YEM10 onwards.
Type of award	Awards are grants of shares held in trust subject to service duration requirements and performance vesting criteria. If a further performance condition is met, additional shares are to be purchased and held on trust in the company's ESAP (described below). See "Performance conditions" below for more detail.	Awards are grants of performance rights subject to service duration requirements and performance vesting criteria. If performance conditions are met, CSR shares will be purchased and held in the company's PRP Trust (described below). See "Performance conditions" below for more detail.
Timing	Awards are subject to a three year minimum holding period. Immediately following the completion of the minimum holding period, from the third anniversary of grant to the fifth anniversary of grant, the performance conditions (detailed below) are tested to determine whether, and to what extent, awards vest. Due to the delay of the grant as a result of awaiting the outcome of the new Federal tax legislation on employee share schemes, the initial testing period for the YEM10 grant commences on 20 July 2009 (the originally intended grant date) and finishes on or around 20 July 2012, and can extend to 20 July 2014 or such other period as the board dictates.	YEM10 awards were granted on 31 March 2010. Under the PRP, awards are typically subject to a three year vesting period. Immediately following completion of the vesting period, the performance conditions (detailed below) are tested to determine whether, and to what extent, awards vest. Due to the delay of the YEM10 grant as a result of awaiting the outcome of the new Federal tax legislation on employee share schemes, the initial testing period for YEM10 awards commences on 24 July 2009 (the originally intended grant date) and finishes on or around 23 July 2012, and can extend to 23 July 2014 or such other period as the board dictates.

Remuneration Report (continued)

Table 3: Long term incentive plans – summary (continued)

<table>
<tr><th></th><th colspan="2">CASP</th><th>PRP</th></tr>
<tr><td rowspan="4">Performance conditions</td><td>Performance measure and rationale for selection</td><td>The performance conditions for the plan are based on CSR's total shareholder return relative to the S&P/ASX 200 Accumulation Index over a three to five year period from the date of grant (performance period). TSR is the percentage growth in shareholder value, taking into account share price growth, dividends and capital returns.

The performance period for grants made in YEM10 commences on the originally intended grant date of 20 July 2009, rather than the actual grant date (as noted under "Timing"). The performance conditions reflect the originally intended grant date.

The performance conditions for each grant under the LTI Plan were chosen to align the LTI component of executive remuneration with the relative returns generated for shareholders.</td><td>The performance conditions for the plan are based on CSR's total shareholder return relative to the constituents of the S&P/ASX 200 Accumulation Index over a three, four and five year period (as at the start of the relevant period) from the date of grant (performance period). TSR is the percentage growth in shareholder value, taking into account share price growth, dividends and capital returns.

The performance period for grants made in YEM10 commences on the originally intended grant date of 24 July 2009, rather than the actual grant date (as noted under "Timing"). The performance conditions reflect the originally intended grant date.

The performance conditions for each grant under the LTI Plan were chosen to align the LTI component of executive remuneration with the relative returns generated for shareholders.</td></tr>
<tr><td>Performance period and testing approach</td><td>CSR's TSR performance is measured from the date of grant up to the relevant testing date (or intended date of grant for YEM10). The testing dates fall within a two year period starting from the third anniversary of grant and ending on the fifth anniversary of grant (performance testing period).

CSR's TSR is measured over this period to ensure that the long term measurement of performance under the plan is not distorted by business and commodity cycles or capital investment decisions.

The performance conditions for the 2005, 2006 and 2007 grants were tested in six consecutive four month windows during the performance testing period.

The performance conditions for 2008 and 2009 grants were tested during the 20 trading days up to and including the last day of the three year performance period and, to the extent the grant has not vested, the fourth and fifth anniversaries of the date of grant.</td><td>The performance period is initially the three year period over which CSR's relative TSR performance is measured. To the extent any performance rights remain unvested at the end of the initial three year period, the performance period will be extended and performance will be re-tested at the end of the four and five year period to determine if any additional vesting is available.

CSR's TSR is measured over this period to ensure that the long term measurement of performance under the plan is not distorted by business and commodity cycles or capital investment decisions.

For the purposes of the TSR calculation, the start and end share prices will be calculated based on 10 trading day volume weighted average share prices.</td></tr>
<tr><td>Performance condition 1</td><td>If CSR's TSR exceeds the percentage increase in the S&P/ASX 200 Accumulation Index for a minimum of 20 trading days within any of the six four month windows (2005, 2006 and 2007 grants) or three windows of 20 trading days preceding the third, fourth or fifth anniversaries of the grant date (2008 and 2009 grants), the shares will vest at the end of the trading window in which the performance condition is met.

If the performance condition is not met by the fifth anniversary of the date of grant, participants will forfeit their interests in the unvested shares (and the opportunity to be granted additional shares).</td><td>If CSR's TSR equals the median TSR of the constituents of the S&P/ASX 200 Accumulation Index over the performance period, 50% of the grant of performance rights will vest.

If CSR's TSR equals the upper quartile TSR of the constituents of the S&P/ASX 200 Accumulation Index over the performance period, 100% of the grant of performance rights will vest.

For TSR performance between the median and the upper quartile TSR of the constituents of the S&P/ASX 200 Accumulation Index over the performance period, each percentile improvement will result in an additional 2% vesting (i.e. straight-line vesting between 50% and 100%).

To the extent that performance rights have not vested following the three and four year testing dates, the performance period will be extended as described above.

If the performance condition is not met by the fifth anniversary of the date of grant, participants will forfeit their interests in any unvested performance rights.</td></tr>
<tr><td>Performance condition 2</td><td>Based on CSR's performance against a second TSR hurdle, measured over the same trading windows as performance condition 1, an additional grant of shares may be purchased and held in the ESAP.</td><td></td></tr>
</table>

Table 3: Long term incentive plans – summary (continued)

	CASP		PRP
	Performance condition 2 (continued)	CSR's TSR is ranked against the companies in the S&P/ASX 200 Accumulation Index and, subject to performance, an additional grant of shares will be made as follows: • If CSR's TSR ranks equal to or above the 75th percentile of the peer group a grant of an additional number of shares equal to the original grant will be made • If CSR's TSR ranks between the median and 75th percentile of the peer group a pro-rata number of shares between 0% and 100% of the original grant will be made • If CSR's TSR ranks below the median of the peer group no additional shares will be granted The 75th percentile and median are adjusted to take into account the market capitalisation weighting of the ranked companies. The constituents of the S&P/ASX 200 Accumulation Index at the date of grant are used as the peer group. Any companies that are no longer in the S&P/ASX 200 Accumulation Index at the date of testing are removed from the peer group.	
	How is performance assessed and why is it assessed that way?	Performance against the performance conditions is assessed by CSR based on publicly available data. TSR performance compared to the S&P/ASX 200 Accumulation Index is considered appropriate given CSR's size and mix of businesses.	Performance against the performance conditions is assessed by CSR based on publicly available data. TSR performance compared to the constituents of the S&P/ASX 200 Accumulation Index is considered appropriate given CSR's size and mix of businesses.
Treatment of dividends	As shares are held on trust for participants during the vesting period, participants are entitled to dividends paid on these shares.		There is no entitlement to dividends on performance rights under the plan during the vesting period.
Sales restrictions post vesting	For grants prior to 30 June 2009, shares which satisfy the performance conditions remain in the CASP/ESAP for the balance of a period of 10 years from grant date or until the earlier cessation of the participant's employment, unless a notice of withdrawal is submitted by a participant and approved by the board. For grants made after 30 June 2009, grants which satisfy the performance conditions remain in the CASP/ESAP for the balance of a period of seven years from grant date or until the earlier cessation of the participant's employment.		Shares acquired by participants on the vesting of performance rights remain in the PRP trust subject to disposal restrictions until the earliest of the seventh anniversary of the grant date; the cessation of the participant's employment; the board determines that an event has occurred (such as change of control); or the board determines that the restriction period should end due to the participant's severe financial hardship.
Treatment of vested and unvested awards on cessation of employment	Unvested awards	Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interests in the unvested shares. However, if the cessation of employment is the result of retirement, redundancy, permanent disablement, death or any other special circumstances at the board's discretion, then the board can apply its discretion to enable awards to vest. Board policy is to consider the time elapsed and performance up to the date of cessation in determining the proportion (if any) of awards that vest.	Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interests in the unvested rights. However, if the cessation of employment is the result of retirement, redundancy, total or permanent disablement, death or any other special circumstances at the board's discretion, then the board can apply its discretion to enable awards to vest. Board policy is to consider the time elapsed and performance up to the date of cessation in determining the proportion (if any) of awards that vest.
	Vested awards	Awards that have vested to participants and are held in the CASP/ESAP will be released to participants upon cessation of employment.	Awards that have vested to participants and are held in the PRP will be released to participants upon cessation of employment.
Treatment of vested and unvested awards on change of control	Unvested awards	The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger).	The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger).
	Vested awards	Awards that have vested to participants and are being held in the CASP/ESAP will be released to participants on a change of control of CSR.	Shares allocated to participants from vested performance rights and held in the PRP trust will be released to participants upon cessation of employment.
Prohibition of hedging arrangements	Participants will forfeit their interest in unvested shares if they enter any hedging transaction in relation to those shares in breach of the board's policy outlined above. At 31 March 2010, relevant executives confirmed in writing their beneficial interest in CSR shares, including confirming that they had not entered into any hedging arrangements over vested or unvested CSR shares.		Participants will forfeit their interest in unvested performance rights if they enter into any hedging transaction in relation to related shares in breach of the board's policy outlined above. At 31 March 2010, relevant executives confirmed in writing their beneficial interest in CSR shares, including confirming that they had not entered into any hedging arrangements over related vested or unvested CSR shares.

The following table summarises the key dates and current status of the current outstanding LTI awards:

Table 4: Status and key dates – outstanding long term incentive awards

GRANT DATE	HOLDING PERIOD	PERFORMANCE TESTING WINDOW (PERFORMANCE TEST STARTS FROM DATE OF GRANT)	EXPIRY DATE (IF HURDLE NOT MET)	DATE AT WHICH SALES RESTRICTION LIFTED	PERFORMANCE STATUS
CASP					
25 July 2005	25 July 2005 to 24 July 2008	25 July 2008 to 24 July 2010	25 July 2010	25 July 2015	Performance tested but not yet exceeded the median of the S&P/ASX 200 Accumulation Index. No shares have vested.
24 July 2006	24 July 2006 to 23 July 2009	24 July 2009 to 23 July 2011	24 July 2011	24 July 2016	Performance tested but not yet exceeded the median of the S&P/ASX 200 Accumulation Index. No shares have vested.
16 July 2007	16 July 2007 to 15 July 2010	16 July 2010 to 15 July 2012	16 July 2012	16 July 2017	Performance testing window not yet commenced.
21 July 2008	21 July 2008 to 20 July 2011	21 July 2011 to 20 July 2013	21 July 2013	21 July 2018	Performance testing window not yet commenced.
21 July 2009	21 July 2009 to 20 July 2012	21 July 2012 to 20 July 2014	21 July 2014	21 July 2016	Performance testing window not yet commenced.
PRP					
24 July 2009	24 July 2009 to 23 July 2012	24 July 2012 to 23 July 2014	24 July 2014	24 July 2016	Performance testing window not yet commenced.

D4 – Other equity incentive plans

Employee Share Acquisition Plan (ESAP)

The ESAP currently serves the following primary purposes:

- **Forgo salary to purchase equity.** The ESAP allows directors and employees to forgo up to $5,000 of their cash remuneration to acquire shares in the company. The shares are purchased on-market by the ESAP trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy. Participants are entitled to dividends and other distributions on shares held by the trustee on their behalf and can instruct the trustee how to vote their shares at company annual general meetings. As participants forgo part of their salary to acquire the shares, no performance conditions apply to shares acquired under this part of the ESAP.

  The shares are held in trust while the participant is employed by CSR, unless company approval is granted to sell or transfer shares. Under current Australian tax law, the maximum period of income tax deferral on the shares purchased is seven years from the date of grant.
- **Elect to forgo STI payments into equity.** As discussed in Section D2 – Short Term Incentive Plans, executives may elect to forgo, or be required to forgo, part of their STI to purchase shares. These shares are held under the ESAP. As the participants have already earned the STI forgone to acquire the ESAP shares, no performance conditions apply to these shares.
- **To hold any additional shares granted under the company's LTI Plan.** As discussed above, if the second TSR hurdle in the CASP is achieved, an additional grant of shares is made and held in the ESAP until released in accordance with the LTI Plan rules. Note this provision does not apply to the PRP (see Section D3 for more information on the PRP).

Under the new Federal Government legislation governing employee share schemes, ESAP participants may purchase no more than a total of $5,000 per year of shares under the ESAP. Consequently, with the maximum a participant can purchase being $5,000, the ESAP is no longer a key tool to build minimum CSR shareholdings for senior executives and directors, which was formerly a feature of CSR remuneration policy.

Universal Share/Option Plan (USOP)

The USOP provides all CSR employees with the opportunity to link their interests more closely with those of other shareholders by buying company shares and working to improve their value. The current plan is summarised in the following USOP table:

Table 5: Universal Share/Option Plan

Purpose of the plan	To encourage share ownership through enabling executives and employees to benefit from a favourable Australian tax treatment ($1,000 tax exemption available where certain conditions met).
Participation	All executives and employees (except executive directors), who have the equivalent of at least one year's service.
Form and quantum of award	Each year, the board sets a maximum number of shares that can be issued to each eligible participant, up to a maximum of $1,000 (being the limit of the tax exemption). The award is structured such that participants buy shares which are then matched one-for-one by the company at no additional cost to participants.
Vesting period	Shares vest immediately upon acquisition by participants. The shares can only be sold three years after the date of grant, unless the participant's employment ceases before then.
Absence of a performance condition	The USOP grants are designed to encourage share ownership among the broad employee population and therefore do not have any performance conditions attached.
Dividends and voting rights	Participants are entitled to dividends and have full voting rights during the three year holding period.

In light of the very difficult trading conditions facing CSR's businesses and the focus on reducing costs, the CSR board did not make a USOP offer in YEM10. The CSR board has approved making an offer to staff under the USOP for YEM11.

E – LINK BETWEEN REMUNERATION AND COMPANY PERFORMANCE

As discussed earlier, a key underlying principle of the executive reward strategy is that remuneration should be linked to performance.

YEM09 was a challenging year for CSR due to the impact of difficult trading conditions experienced during the Global Financial Crisis. Building Products in particular was impacted by a variety of external factors and financial results in YEM09 were below budget. In response, the CSR board approved a salary freeze for Building Products staff in YEM09.

The salary freeze was lifted in YEM10 in reflection of stronger financial results.

STI payments are based on a variety of performance conditions, both financial and non-financial. The key financial measure, depending on role and seniority, in YEM09 was economic profit, and for YEM10 was replaced by ROFE. The key components of ROFE are EBIT and the capital employed in the business. Other performance measures used included working capital, safety, health and environment and other measures aligned to the relevant business plans. Significant items (both positive and negative) are excluded when measuring performance for STIs as significant items are either one-off items or not part of the ordinary trading results for CSR. CSR's earnings and other performance measures are affected by external economic factors, including sugar and aluminium prices and foreign exchange rates.

In YEM10, the performance of CSR's businesses improved on the prior year with group EBIT (pre significant items) increasing by 14% to $364.1 million and net profit after tax (pre significant items) increasing by 29% to $173.4 million. Return on Funds Employed also improved across CSR's core businesses.

As a result of significantly improved CSR and individual business financial performance in YEM10 versus YEM09, the STI payments for the KMP (shown in Section H) increased relative to YEM09. In YEM09, CSR and Building Products failed to achieve the threshold financial performance targets, while the Sugar business achieved financial performance between threshold and target. In YEM10, Building Products financial performance improved to between the target and stretch targets set by the board, while both Sucrogen and CSR achieved the stretch targets. The YEM10 STI payments are reflective of these improved outcomes.

The following table summarises financial performance over the past five years and share price information.

Table 6: Key financials

YEAR ENDED 31 MARCH	**2010**	2009	2008	2007	2006
Earnings before interest and tax (EBIT) ($ million) [a]	**364.1**	320.1	386.3	406.1	416.8
Earnings before interest, tax, depreciation and amortisation (EBITDA) ($ million) [a]	**522.1**	474.9	536.5	531.9	533.1
Shareholders' funds ($ million)	**1,818.2**	1,586.5	1,590.7	1,264.2	1,075.4
ROFE based on year end Funds Employed [b]	**14.1%**	11.3%	13.6%	23.4%	22.9%
Net profit before significant items ($ million)	**173.4**	134.0	192.8	240.5	249.8
Net (loss) profit after significant items ($ million)	**(111.7)**	(326.5)	177.4	273.3	305.0
Basic earnings per share before significant items (cents)	**12.7**	12.2	20.9	27.0	27.4
Dividend (cents)	**8.5**	7.5	15.0	15.0	15.0
Share price ($)	**1.66**	1.20	3.20	3.41	4.46

a Excludes significant items.

b ROFE is calculated as EBIT/Funds Employed (restated to exclude the fair value of hedges) as at 31 March of the respective year. STI payments for YEM10 were awarded taking into consideration to both the average Funds Employed balance throughout the financial year and the impact of significant items on Funds Employed.

LTIs have been linked to company performance as follows:

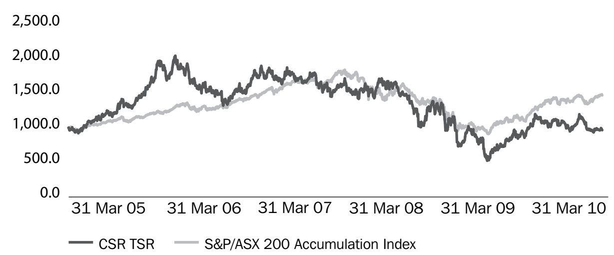
- awards comprise shares (under the CASP) or performance rights (under the PRP) whose value ultimately depends on share price performance; and
- awards vest subject to CSR's relative TSR performance compared against the constituents of the S&P/ASX 200 Accumulation Index.

The chart shows CSR's TSR performance over the past five years against the S&P/ASX 200 Accumulation Index.

Although CSR's TSR exceeded that of the S&P/ASX 200 Accumulation Index for the four years to 31 March 2008, CSR's TSR fell below that of the S&P/ASX 200 Accumulation Index for YEM09 and YEM10.

No existing CASP grants vested in YEM10, as CSR's relative TSR performance did not reach the performance threshold necessary for vesting.

Chart 2: TSR and S&P/ASX 200 Accumulation Index five year comparison



Remuneration Report (continued)

F – EXECUTIVE CONTRACTS

F1 – Executives

The details of the contracts of CSR's senior executives named in the remuneration tables (excluding the managing director) can be summarised as:

- all executives, other than the managing director, Jeremy Sutcliffe, have ongoing contracts of no fixed term. As discussed below, Mr Sutcliffe's contract expires on 31 March 2011;
- the contracts may be terminated by the individual giving between three to six months' notice or the company giving between 9 and 12 months' notice or payment in lieu of that notice;
- upon termination:
  - executives are entitled to payment of annual and long service leave;
  - at the discretion of the board, an STI payment may be awarded on a pro-rata basis reflective of the executive's achievement of financial and personal objectives during the year;
  - executives are entitled to LTI awards that have vested, as discussed under Section D3; and
  - at the discretion of the board, a proportion of unvested LTI may be awarded subject to achievement of performance hurdles at or after the individual's termination date. The quantum of the employee's award would be equivalent to one-third of unvested LTI awarded in the current financial year, two-thirds of unvested LTI awarded in the previous financial year and all unvested LTI from years prior to this. If performance hurdles are not achieved during the testing window(s) specified by the board, no payment will be made in relation to unvested LTI awards; and
- if an executive is retrenched, executives will receive payment in lieu of 12 months' notice, or (for those executives covered by the CSR Redundancy & Retrenchment Agreement) the executive will receive the greater of the entitlement to severance pay plus notice under the CSR Redundancy & Retrenchment Agreement or payment in lieu of 12 months' notice, and subject to board discretion, a pro-rata STI payment for the proportion of the financial year served.

Under the Federal Government's new executive termination benefits laws, a shareholder vote would be required in the event that key management personnel or directors in publicly listed companies appointed from November 2009 were to receive a termination payment in excess of one year's salary. From the effective date of the legislation (24 November 2009) to the end of YEM10, no CSR executives or directors were appointed or had their contracts varied, and hence were not covered by the new termination benefits legislation.

F2 – Former managing director

Mr Jerry Maycock was appointed as an executive director on 13 February 2007 and as managing director on 1 April 2007. Mr Maycock retired as managing director with effect from 2 April 2010.

Mr Maycock's remuneration package is summarised as follows:

Table 7: Former managing director's remuneration package

Fixed remuneration	The managing director received an annual fixed remuneration of $1,300,000 inclusive of superannuation contributions effective from 1 July 2008. Fixed remuneration was reviewed annually.
Short term incentive	An annual maximum STI opportunity of 100% of fixed remuneration. Achievement of target performance would result in 70% of the maximum STI being paid. If the managing director exceeded the targets or he exceeded the stretch targets set by the board, the managing director could earn up to his maximum opportunity. The STI was weighted 40% on financial performance by reference to financial measures, 40% on achievement of specific pre-agreed non-financial goals and 20% on an assessment of the general state of the company at the board's discretion. The performance of the managing director against these measures was assessed and the payment determined by the board, as the board would be best placed to assess this performance.
Long term incentive	An annual grant of CSR shares equivalent to a maximum of 140% of fixed remuneration subject to annual board approval and any required shareholder approval. Shares granted to the managing director were awarded at the beginning of the performance period. The vesting of these shares was based 50% each on the two performance conditions detailed in Section D3.
Sign-on incentive	The managing director's contract provided for a sign-on benefit of $350,000 to be paid in cash or provided as shares in the ESAP in two equal installments in February 2008 and February 2009. Mr Maycock elected to forgo the first tranche of this benefit into shares (which were allocated during the May 2008 trading window), and the second tranche of this benefit into cash.
Minimum shareholding requirement	The managing director was required to maintain vested holdings of CSR shares equal to the value of 12 months' base salary (calculated using the acquisition cost of the shares). The managing director was formerly required to forgo at least 25% of his STI payment into shares under the ESAP until his vested holdings met this requirement. This requirement was met during YEM09.

The contract was for an indefinite duration. Under his executive services contract, Mr Maycock's employment could be terminated by:

- the company giving him 12 months' notice of termination; and
- Mr Maycock giving six months' notice of resignation.

Under his executive services contract, Mr Maycock's incentives were to be treated in the event of termination, or a change of control, as follows:

Table 8: Treatment of the managing director's incentives on termination

				LONG TERM INCENTIVE	
CIRCUMSTANCE		SIGN-ON INCENTIVE	SHORT TERM INCENTIVE	UNVESTED SHARES	VESTED SHARES THAT REMAIN HELD IN TRUST
Cessation of employment	Notice by company	Any unvested tranche will lapse.	STI will be paid on a pro-rata basis.	Board discretion to allow awards to vest.	Released on termination.
	Death or permanent disability		STI will be paid on a pro-rata basis.	Board discretion to allow awards to vest.	Board discretion to release shares.
Change of control and subsequent material change to managing director's role		Not affected.	STI – refer to Note 1.	Board discretion to allow awards to vest.	Released on change of control.

Note 1: If the managing director resigned due to a material change in the managing director's status (including the company undergoing a change of control), there would be an entitlement to a payment equivalent to:

- one year's fixed remuneration; and
- 100% of fixed remuneration as the STI for the year.

F3 – Payments to departing executives
Two executives identified as key management personnel in the YEM10 Remuneration Report have ceased employment with CSR. Mr Jerry Maycock (managing director) retired on 2 April 2010, and John Hodgkinson (chief operating officer, Building Products) was made redundant on 6 October 2009.

Mr Hodgkinson's termination payment consisted of 12 months' redundancy payment and statutory entitlements on termination. The gross payments made at termination were as follows:

Table 9: Termination payment to chief operating officer, Building Products

PAYMENT ITEM	GROSS PAYMENT
Severance payment (equivalent to 12 months' salary)	$650,000
Statutory entitlements (accrued long service leave and annual leave)	$141,681
Total termination payment	$791,681

As noted above, Mr Jerry Maycock retired as managing director effective 2 April 2010. Mr Maycock's termination payments consisted of payment in lieu of notice, statutory entitlements and YEM10 STI payment, determined in accordance with CSR's contractual obligations:

Table 10: Termination payment to managing director

PAYMENT TYPE	PAYMENT ELEMENT	TREATMENT ON TERMINATION
Statutory entitlements	Annual leave	Payment of outstanding accrued annual leave balance earned but not yet paid.
Termination payment	Payment in lieu of notice	Mr Maycock terminated his employment in accordance with his contract by providing the company with six months' notice from 23 February 2010. His termination date agreed with the CSR board was 2 April 2010. A payment in lieu of notice was made for the outstanding unpaid component of his termination notice period.
Short term incentive	YEM10 STI	As Mr Maycock served the full financial year (YEM10), under the rules of the STI Plan he was eligible for a full YEM10 STI payment. A provisional STI payment of $1,097,169 was approved based on achievement of individual and financial objectives agreed at the commencement of YEM10. Of this provisional STI payment, $1,000,000 was paid as an interim payment at termination, while a further $97,169 related to achievement of financial STI objectives was held back as a deferred payment subject to audit of the YEM10 financial accounts and paid after final sign-off of the accounts.
Long term incentive	CASP shares	Mr Maycock had a total of 2,339,577 unvested CSR shares in the CASP trust at his termination date. In accordance with the CSR board policy and CASP rules, the board exercised its discretion and forfeited two-thirds of the shares purchased by the CASP trustee in 2009 on behalf of the managing director, and one-third of the shares purchased by the plan trustee in 2008. The remaining unqualified shares which have not been forfeited in these grants and all of the shares in the 2007 grant were forfeited at termination, but the cash value of these remaining forfeited shares may be paid if performance hurdles are met at subsequent testing dates designated by the board. The performance hurdles remain the same as those specified in the respective terms of offer.

Table 11: Termination payment to managing director

PAYMENT ITEM	GROSS PAYMENT
Leave payments – annual leave	$53,153.36
Termination payment – in lieu of notice	$513,078.70
Total termination payment	$566,232.06
Short term incentive	$1,000,000.00

Note: An additional deferred STI component of $97,169 was paid after final sign-off of the YEM10 accounts, as outlined above under "short term incentive"

F4 – Present managing director

On 24 February 2010, Mr Jeremy Sutcliffe was appointed as managing director with effect on 1 April 2010. Details of Mr Sutcliffe's contract is available on CSR's internet site.

Mr Jeremy Sutcliffe's remuneration package is summarised as follows:

Table 12: Present managing director's remuneration package

Fixed remuneration	Mr Sutcliffe is entitled to an annual fixed remuneration of $1,300,000 inclusive of superannuation contributions effective from 1 April 2010.
Short term incentive	Mr Sutcliffe may be entitled to a maximum STI opportunity of 100% of fixed remuneration for stretch performance. Achievement of target performance will result in 70% of the maximum STI being paid. If the targets are significantly outperformed or Mr Sutcliffe exceeds stretch targets set by the board, he can earn up to his maximum opportunity. Target key performance indicators relate primarily to the achievement of goals in connection with the separation of the Sucrogen and CSR businesses. The performance of Mr Sutcliffe against these measures is assessed and the payment determined by the board, as the board is best placed to assess this performance.
Long term incentive	Given the interim nature of his appointment, Mr Sutcliffe will not receive any long term incentive.

Mr Sutcliffe's other material terms of employment are summarised as follows:

Table 13: Present managing director's terms of employment

Duration	Mr Sutcliffe's employment is for a fixed term and will expire on 31 March 2011.
Termination by Mr Sutcliffe or CSR	Except in circumstances of summary dismissal, neither CSR nor Mr Sutcliffe may terminate his employment prior to 1 October 2010. After 1 October 2010, either party may terminate his employment by providing three months' notice.
Termination benefits	Mr Sutcliffe is not entitled to any termination benefit, other than payment in lieu of notice.

G – NON-EXECUTIVE DIRECTOR REMUNERATION

Approach to setting NED fees

In setting NED fees, the Remuneration Committee considers the level of remuneration required to attract and retain NEDs with the necessary skills and experience for the CSR board. This involves taking into account advice from independent external remuneration consultants who have regard to market data on the level of fees being paid to NEDs in companies of comparable size and complexity to CSR.

The maximum aggregate sum (or cap), approved by shareholders in 2008, for the remuneration of NEDs is $1,450,000 per annum. This cap covers fees and superannuation contributions.

From 8 December 2008, fees payable to board members have been as follows:

Table 14: NED board fees

ROLE	ANNUAL FEE
Chairman base fees	$317,500
Non-executive director base fees (including one committee membership)	$127,000
Chairman of the Audit Committee	An additional $17,000
Chairman of the Safety, Health and Environment Committee	An additional $8,000
Chairman of the Remuneration Committee	An additional $8,000
Additional committee membership	An additional $5,000 per additional committee (applies to directors other than the chairman)

All fees are exclusive of any superannuation guarantee contributions.

Additional fees totaling $101,000 were paid to the CSR directors as follows for their participation in due diligence and additional board meetings in respect of the proposed Demerger:

- Jeremy Sutcliffe, chairman of the Due Diligence Committee, $25,000;
- Richard Lee and John Story, members of the Due Diligence Committee, $20,000 each; and
- Nicholas Burton Taylor, Kathleen Conlon and Ray Horsburgh, $12,000 each.

Ian Blackburne is also a member of the Due Diligence Committee, but will not receive a fee as it is CSR's practice that the chairman is not paid fees over and above the standard chairman's fee for additional committee participation.

NEDs do not participate in the company's STI or LTI Plans or receive any variable remuneration, but are able to forgo fees for CSR shares under the ESAP.

To further align NEDs' interests with those of shareholders, the company expects all NEDs to acquire a beneficial interest in CSR shares.

No retirement allowances are payable to NEDs appointed after 1 April 2003. The chairman, Ian Blackburne, who joined the board before this date, remains entitled to a retirement allowance of $211,306, frozen as at 31 March 2004.

The board has resolved that there will be no increase in directors' fees for YEM11.

H – REMUNERATION AND SHAREHOLDINGS FOR YEM10 (AND COMPARATIVES)
Managing director and key managers' long term incentives
UNVESTED SHARES HELD IN TRUST UNDER THE CASH AWARD SHARE PLAN

		NUMBER OF CASP SHARES					
		BALANCE AT 1 APRIL	PURCHASED	VESTED	LAPSED	BALANCE AT 31 MARCH	INCLUDED IN REMUNERATION YEAR ENDED 31 MARCH [b]
Executive directors							
Jerry Maycock (managing director) [a]	2009	406,010	882,638			1,288,648	429,549
	2010	**1,288,648**	**1,050,929**			**2,339,577**	**779,859**
Shane Gannon (executive director)	2009		145,490			145,490	48,497
	2010	**145,490**				**145,490**	**48,497**
Senior executives							
Chris Bertuch	2009	118,255	87,294			205,549	55,915
	2010	**205,549**				**205,549**	**45,670**
Rob Sindel	2009		67,895			67,895	22,632
	2010	**67,895**				**67,895**	**22,632**
Ian Glasson	2009	204,245	184,287			388,532	129,511
	2010	**388,532**				**388,532**	**93,652**
John Hodgkinson (terminated employment in YEM10) [c]	2009	145,670	96,993			242,663	63,246
	2010	**242,663**			**32,331**	**210,332**	**48,903**

a On 2 April 2010, Mr Maycock's unvested CASP shares were forfeited, but the cash value of a pro-rata amount (i.e. related to the performance periods that have elapsed) may be paid if the performance hurdles are met on the prescribed testing dates.

b One-third of the CASP shares purchased during the year and each of the previous two years.

c All John Hodgkinson's unvested CASP shares were forfeited on termination, but the cash value of a pro-rata amount (i.e. related to the performance periods that have elapsed) may be paid if the performance hurdles are met on the prescribed testing dates.

UNVESTED RIGHTS GRANTED UNDER THE PERFORMANCE RIGHTS PLAN

		NUMBER OF PERFORMANCE RIGHTS					
		BALANCE AT 1 APRIL	PURCHASED	VESTED	LAPSED	BALANCE AT 31 MARCH	INCLUDED IN REMUNERATION YEAR ENDED 31 MARCH
Executive directors							
Jerry Maycock (managing director)	**2010**					**–**	
Shane Gannon (executive director)	**2010**					**–**	
Senior executives							
Chris Bertuch	**2010**		**243,460**			**243,460**	**55,590**
Rob Sindel	**2010**		**473,394**			**473,394**	**108,092**
Ian Glasson	**2010**		**473,394**			**473,394**	**108,092**
John Hodgkinson (terminated employment in YEM10)	**2010**					**–**	

Note: The number of performance rights granted under the PRP represents the maximum award for stretch performance, whereas under the CASP the number of shares granted represented the award for target level performance with an outperformance "top-up" granted at a later date if the second performance hurdle was achieved.

DIRECTORS' AND KEY MANAGERS' SHAREHOLDINGS [a]

		NUMBER OF CSR SHARES				
		BALANCE AT 1 APRIL	INCLUDED IN REMUNERATION	ACQUIRED	SOLD/ TRANSFERRED	BALANCE AT 31 MARCH
Directors						
Ian Blackburne (chairman)	2009	181,467	–	59,866	–	241,333
	2010	**241,333**	**–**	**65,734**	**–**	**307,067**
Jerry Maycock (managing director)	2009	310,917	57,757	154,625	–	523,299
	2010	**523,299**	**–**	**4,085**	**–**	**527,384**
Nicholas Burton Taylor	2009	–	–	92,000	–	92,000
	2010	**92,000**	**–**	**16,100**	**–**	**108,100**
Kathleen Conlon	2009	37,957	–	29,941	–	67,898
	2010	**67,898**	**–**	**17,215**	**–**	**85,113**
Ray Horsburgh	2009	21,523	–	10,705	–	32,228
	2010	**32,228**	**–**	**3,540**	**–**	**35,768**
Richard Lee	2009	71,794	–	76,298	–	148,092
	2010	**148,092**	**–**	**25,917**	**–**	**174,009**
John Story	2009	98,587	–	45,019	–	143,606
	2010	**143,606**	**–**	**42,219**	**–**	**185,825**
Jeremy Sutcliffe	2009	–	–	45,778	–	45,778
	2010	**45,778**	**–**	**28,534**	**–**	**74,312**
Shane Gannon	2009	–	–		–	–
	2010	**–**	**–**	**25,461**	**–**	**25,461**
Senior executives						
Chris Bertuch	2009	290,410	–	75,197	–	365,607
	2010	**365,607**	**–**	**100,296**	**–**	**465,903**
Rob Sindel	2009	–	–	4,228	–	4,228
	2010	**4,228**	**–**	**12,622**	**–**	**16,850**
Ian Glasson	2009	24,253	–	36,603	–	60,856
	2010	**60,856**	**–**	**40,952**	**–**	**101,808**
John Hodgkinson [b]	2009	107,557	–	36,664	–	144,221
(ceased employment 6 October 2009)	**2010**	**144,221**	**–**	**–**	**144,221**	**–**

a CSR shares in which the director or senior executive has a beneficial interest, including shares held under the ESAP and CASP trusts or via their related parties, but excluding shares held under the CASP which have not vested. Shares held under the CASP trust which have not vested are disclosed in the table "managing director and key managers' long term incentives" above

b 2010 data represents John Hodgkinson's shareholding at his termination date of 6 October 2009.

MANAGING DIRECTOR'S AND SENIOR EXECUTIVES' REMUNERATION

The remuneration table below shows a higher level of disclosed remuneration for the key management personnel in YEM10 versus YEM09. The significant increases in the disclosed remuneration quantum are a result of (a) an increase to STI payments as a result of improved financial performance, (b) the CFO's remuneration disclosure being based on full year employment in YEM10, while the YEM09 disclosure reflects part year employment, and (c) the promotion for Rob Sindel and his revised remuneration arrangements.

$ YEAR ENDED 31 MARCH		FIXED REMUNERATION [a]	SHORT TERM INCENTIVE [b]	USOP	LONG TERM INCENTIVE ACCRUAL [c]	OTHER BENEFITS [d]	TOTAL (INCL ACCRUED LTI)	AT RISK [e]	TOTAL (INCL ANY VESTED LTI) [f]
Managing director									
Jerry Maycock (managing director) [g]	2009	1,281,250	390,000		1,096,666	360,882	3,128,798	48%	2,032,132
	2010	**1,309,848**	**1,097,169**		**1,703,333**	**573,252**	**4,683,602**	**60%**	**2,980,269**
Senior executives									
Chris Bertuch (general counsel	2009	468,750	140,000	909	153,334	9,375	772,368	38%	619,034
& company secretary)	**2010**	**512,500**	**462,000**	**–**	**178,920**	**10,250**	**1,163,670**	**55%**	**984,750**
Shane Gannon	2009	541,630	150,000	–	100,001	2,510	794,141	31%	694,140
(chief financial officer) [h]	**2010**	**755,000**	**649,000**	**–**	**100,000**	**6,603**	**1,510,603**	**50%**	**1,410,603**
Rob Sindel (chief executive	2009	461,250	–	–	46,667	21,845	529,762	9%	483,095
officer, Building Products) [i]	**2010**	**650,000**	**576,000**	**–**	**161,233**	**3,900**	**1,391,133**	**53%**	**1,229,900**
Ian Glasson	2009	806,250	375,000	909	359,999	21,464	1,563,622	47%	1,203,623
(chief executive officer, Sucrogen)	**2010**	**815,000**	**701,000**	**–**	**357,899**	**13,302**	**1,887,201**	**56%**	**1,529,302**
Total senior executives	2009	2,277,880	665,000	1,818	660,001	55,194	3,659,893	36%	2,999,892
(excluding the managing director)	**2010**	**2,732,500**	**2,388,000**	**–**	**798,052**	**34,055**	**5,952,607**	**54%**	**5,154,555**

a Fixed remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative minimums), motor vehicles and certain other benefits.

b The minimum entitlement to a short term incentive is zero and the target entitlement as a % of fixed remuneration for YEM10 is 50% for senior executives. Short term incentives may be allocated at the executive's discretion to cash, the purchase of shares under the ESAP or additional superannuation contributions.

c For key managers, the "Long Term Incentive Accrual" represents one-third of the last three LTI offers participated in. This includes the expensed amount of any performance rights for YEM10, one-third of any CASP shares purchased on 21 July 2008 at $2.062 per share and one-third of any CASP shares purchased on 16 July 2007 at $3.62 per share. The 2007 shares vest if CSR's total shareholder return exceeds the percentage increase in the S&P/ASX 200 Accumulation Index during one of six specified periods between the third and fifth anniversary after purchase of the shares. The 2008 and 2009 shares vest if CSR's total shareholder return exceeds the percentage increase in the S&P/ASX 200 Accumulation Index on the third, fourth or fifth anniversary of the grant.

d In the years ended 31 March 2009 and 2010, other benefits included an allowance for long service leave for key managers. Other benefits for the year ended 31 March 2010 also included: for Shane Gannon, spouse travel; and for Ian Glasson, spouse travel.

e Short term incentive plus long term incentive, as a percentage of total remuneration.

f Represents the total of all remuneration package components excluding the long term incentive accrual amount. There was no vesting of long term incentive awards from previous years in the year ended 31 March 2010. This figure represents what was actually earned by the executive for the year ended 31 March 2010.

g "Fixed Remuneration" for Mr Maycock covers the period from 1 April 2009 to 2 April 2010, i.e. his termination date. The "Long Term Incentive Accrual" reflects one-third of last three CASP offers i.e. one-third of CASP shares granted on 14 December 2009 at $1.73 per share; one-third of CASP shares purchased on 21 July 2008 at $2.062 per share and one-third of CASP shares purchased on 16 July 2007 at $3.62 per share. "Other Benefits" includes a long service leave allowance for Mr Maycock for the year ended 31 March 2009. For year ended 31 March 2010, the figure for Mr Maycock included annual leave on termination ($53,153), pay in lieu of notice ($513,079) and spouse travel ($7,020). Under "Total (incl any vested LTI)", none of the CASP shares held by Mr Maycock vested at the time of his termination and were forfeited. However, one-third of the 2009 CASP offer, two-thirds of the 2008 CASP offer and the entire 2007 CASP offer will be tested as if Mr Maycock had remained in employment.

h Mr Gannon's fixed remuneration paid in 2009 is the period from July 2008 (date of hire) to YEM10. Mr Gannon has not received an increase to his Fixed Remuneration from YEM09 to YEM10. Mr Gannon did not participate in the YEM10 PRP as his grant remains subject to shareholder approval.

i Mr Sindel commenced on 29 April 2008 as executive general manager, Lightweight Systems. For YEM09, he received a sign on bonus of $20,000 (Other Benefits). Mr Sindel was promoted to chief executive officer Building Products on 1 October 2009.

Remuneration Report (continued)

FORMER SENIOR EXECUTIVE'S REMUNERATION

$ YEAR ENDED 31 MARCH		FIXED REMUNERATION [a]	SHORT TERM INCENTIVE	USOP	LONG TERM INCENTIVE ACCRUAL [b]	OTHER BENEFITS [c]	TOTAL (INCL ACCRUED LTI)	AT RISK [d]	TOTAL (INCL ANY VESTED LTI) [e]
Senior executive									
John Hodgkinson (former chief	2009	606,250	–	–	173,333	12,955	792,538	22%	619,205
operating officer, Building Products)	**2010**	**334,848**	**–**	**–**	**126,667**	**722,844**	**1,184,359**	**11%**	**1,057,692**

a Fixed remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative minimums), motor vehicles and certain other benefits. John Hodgkinson was retrenched on 6 October 2009.

b For John Hodgkinson one-third of last two CASP offers i.e. one-third of CASP shares purchased on 21 July 2008 at $2.062 per share, and one-third of CASP shares purchased on 16 July 2007 at $3.62 per share. No LTI was offered to Mr Hodgkinson in YEM10 prior to his retrenchment. None of the CASP offers in 2005, 2006, 2007 and 2008 vested at the time of termination. However, a cash equivalent, based on the volume weighted average price of CSR shares on Mr Hodgkinson's termination date will be paid for all the 2005, 2006 and 2007 CASP shares and two-thirds of the 2008 CASP shares granted if the relevant performance hurdles for each grant are met on or before 31 July 2010.

c In YEM09, Other Benefits included an allowance for long service leave and airfares. Other benefits for YEM10 included annual leave payout ($72,844) and redundancy pay ($650,000). Long service leave of $68,837 was paid on termination but not disclosed in the table as this was accrued for in previous years. The long service leave amount of $68,837 was included in the termination payment disclosure in Section F3.

d Short term incentive plus long term incentive, as a percentage of total remuneration.

e Represents the total of all remuneration package components excluding the long term incentive accrual amount. There was no vesting of long term incentive awards from previous years in YEM10. This figure represents what was actually earned by the executive for YEM10.

DIRECTORS' REMUNERATION

$ YEAR ENDED 31 MARCH	YEAR	DIRECTORS' FEES	SUPERANNUATION	TOTAL
Non-executive directors				
Ian Blackburne (chairman)	2009	317,500	28,575	346,075
	2010	**317,500**	**28,575**	**346,075**
Nick Burton Taylor	2009	88,425	7,909	96,334
	2010	**144,000**	**12,960**	**156,960**
Kathleen Conlon	2009	132,739	11,929	144,668
	2010	**144,000**	**12,960**	**156,960**
Ray Horsburgh	2009	98,091	54,787	152,878
	2010	**147,000**	**13,230**	**160,230**
Richard Lee	2009	132,946	12,903	145,849
	2010	**155,000**	**13,950**	**168,950**
John Story	2009	123,170	37,240	160,410
	2010	**164,000**	**14,760**	**178,760**
Jeremy Sutcliffe	2009	44,000	3,960	47,960
	2010	**157,000**	**14,130**	**171,130**
Total non-executive directors	2009	936,871	157,302	1,094,173
	2010	**1,228,500**	**110,565**	**1,339,065**
Executive directors				
(Details are in the managing director's and senior executives' remuneration table above)				
Jerry Maycock	2009			3,128,798
	2010			**4,683,602**
Shane Gannon	2009			794,141
	2010			**1,510,603**
Total executive directors	2009			3,922,939
	2010			**6,194,205**
Total directors	2009	936,871	157,302	5,017,113
	2010	**1,228,500**	**110,565**	**7,533,270**

Directors' Report

The directors of CSR Limited (CSR) present their report of the consolidated entity, being CSR and its controlled entities (CSR group), for the year ended 31 March 2010.

REVIEW OF OPERATIONS AND RESULTS

A review of CSR group operations and the results for the year ended 31 March 2010 are set out on the inside front cover to page 3 and pages 29 to 63 of the Annual Report. This includes information on the financial position, strategies and prospects of the CSR group for future years. This Annual Report omits information about strategies and prospects for future years that would unreasonably prejudice CSR.

SIGNIFICANT CHANGES

There were no significant changes in the state of affairs of the CSR group or in the nature of the CSR group's principal activities during the year.

PRINCIPAL ACTIVITIES

The principal activities of entities in the CSR group during the year included the manufacture and supply of building products in Australia, China, Malaysia, New Zealand, Singapore and Thailand. The CSR group mills raw sugar from sugarcane, as well as producing renewable electricity and ethanol in Australia, and manufactures and distributes refined sugar products in Australia and New Zealand. In Australia, the group has an interest in the smelting of aluminium. Also in Australia, CSR maximises returns from the sale of industrial land by advancing sites through stages of the development process.

EVENTS AFTER BALANCE DATE

On 1 April 2010, CSR announced that it had received a conditional offer from Bright Food (Group) Co. Ltd (Bright Food) to acquire CSR's Sugar and Renewable Energy business, Sucrogen. The offer remains subject to a number of conditions, including completion of due diligence, regulatory approvals and execution of transaction documentation. Accordingly, there is no certainty that any transaction will be completed with Bright Food.

On 23 April 2010, the Full Federal Court of Australia ordered that a meeting of CSR's shareholders be convened, at a date and time to be determined by a single judge of the Court, to allow shareholders to consider and vote on the proposed Demerger of CSR's Sugar and Renewable Energy business, Sucrogen. Completion of a Demerger is subject to remaining due diligence and shareholder, court and other approvals.

The CSR board continues to evaluate methods of separation of the Sugar business from the CSR group and will inform the market of further developments.

LIKELY DEVELOPMENTS

Likely developments in the operations of the CSR group in the future and the expected results are referred to on the inside front cover to page 3 and pages 29 to 63. This Annual Report omits information about likely developments and expected future results that would unreasonably prejudice CSR. Developments which have arisen by the time of the Annual General Meeting on Thursday 8 July 2010 will be reported to the meeting.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The board places a high priority on environmental issues and is satisfied that adequate systems are in place for the management of the CSR group's compliance with applicable environmental regulations under the laws of the Commonwealth, states and territories. CSR is not aware of any pending prosecutions relating to environmental issues last year. Nor are we aware of any environmental issues, not provided for, which would materially affect our business as a whole.

POLITICAL DONATIONS

CSR contributed $64,805 in direct and indirect donations to political parties in the year ended 31 March 2010. Our businesses are often involved in a degree of interaction with all levels of government. We assist all sides of politics in the development of policy in fields where CSR has specific expertise. All donations are disclosed in accordance with our obligations to the Australian Electoral Commission.

DIVIDENDS

A final dividend for the year ended 31 March 2010 of 6 cents per ordinary share, fully franked, will be paid on 6 July 2010. Dividends paid and declared during the year are in Note 26 to the financial statements on page 48.

DIRECTORS, SECRETARIES, DIRECTORS' MEETINGS AND DIRECTORS' SHAREHOLDINGS

The names of directors who held office between 1 April 2009 and the date of this report and details about current directors' period of appointment, qualifications, age, experience, special responsibilities, current directorships and directorships for the past three years of other listed companies are on pages 4 and 5. The qualifications and experience of each company secretary at 31 March 2010 are also on page 5. Details about meetings of the board and of board committees, including attendance, are on page 10 and the directors' relevant interests in shares in CSR Limited or a related body corporate as at the date of this report are on page 10. Other than as disclosed elsewhere in this report, no director:

- has any relevant interest in debentures of, or interests in a registered scheme made available by, CSR or a related body corporate;
- has any rights or options over shares in, debentures of or interests in a registered scheme made available by CSR or a related body corporate; or
- is a party to or entitled to a benefit under any contracts that confer a right to call for or deliver shares in, debentures of or interests in a registered scheme made available by CSR or a related body corporate.

AUDITOR INDEPENDENCE

There is no current or former partner or director of Deloitte Touche Tohmatsu, CSR's auditor, who is or was at any time during the year ended 31 March 2010 an officer of the CSR group. No auditor played a significant role in the CSR group audit for the year ended 31 March 2010 in reliance on a declaration made under Section 342A of the Corporations Act 2001 (i.e. the Australian Securities and Investments Commission (ASIC) relaxation of requirements to rotate persons who play a significant role in the audit every five years). The auditor's independence declaration (made under Section 307C of the Corporations Act 2001) is set out on page 63 and forms part of this report.

OPTIONS OVER SHARE CAPITAL

No CSR options were granted to executives or non-executive directors during the year. There were no unissued shares or interests in CSR subject to options at the date of this report and no CSR shares or interests issued pursuant to exercised options during or since the end of the year.

INDEMNITIES AND INSURANCE

Under clause 101 of CSR's constitution and (in the case of CSR's directors) a deed substantially in the form approved by shareholders in July 1999, each CSR director, each company secretary and every other person who is or has been a CSR officer is indemnified to the extent permitted by law, against:

- liability to third parties (other than related CSR companies) arising out of conduct undertaken in good faith in their capacity as a CSR officer; and
- the costs and expenses of defending legal proceedings arising out of conduct undertaken in their capacity as a current or former CSR officer, unless the defence is unsuccessful.

The company has a similar policy covering all employees. CSR's external auditor is not indemnified under clause 101. The company has insured against amounts that it is liable to pay under this clause. In accordance with normal commercial practice, the insurance contract prohibits disclosure of the nature of the liability covered by, or the premium payable under, the contract of insurance. No indemnities were paid to current or former officers or auditors during or since the end of the year.

Directors' Report (continued)

NON-AUDIT SERVICES
Details of the amounts paid or payable to the CSR group auditor, Deloitte Touche Tohmatsu, for non-audit services provided by that firm during the year are shown in Note 25 to the financial statements on page 48. In accordance with written advice provided by the Audit Committee, the directors are satisfied that the provision of non-audit services by Deloitte Touche Tohmatsu is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

PROCEEDINGS ON BEHALF OF CSR
No proceedings have been brought or intervened in on behalf of CSR, nor has any application for leave been made in respect of CSR under Section 237 of the Corporations Act 2001 (which allows members and other persons to bring proceedings on behalf of companies).

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES
The Remuneration Report on pages 11 to 26, which forms part of the Directors' Report, provides a summary of the board's remuneration policy and practices during the past year as they apply to directors, executives and the company secretary (including "key management personnel" as defined by the Accounting Standard AASB 124); the relationship between remuneration policy and the company's performance; a detailed summary of performance conditions, why they were chosen and how performance is measured against them; and the remuneration details for each director and key manager.

ROUNDING OF AMOUNTS
CSR is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that class order, amounts included in this Directors' Report and in the financial report are rounded to the nearest million dollars unless otherwise indicated.

The Directors' Report is signed in accordance with a resolution of directors of CSR Limited.

IAN BLACKBURNE
Chairman

JEREMY SUTCLIFFE
Managing Director

12 May 2010

Financial Report

Statement of financial performance

		CSR GROUP		CSR LIMITED	
($ MILLION)	NOTE	**2010**	2009	**2010**	2009
Trading revenue – sale of goods		**3,754.9**	3,492.8	**22.7**	22.6
Cost of sales		**(2,893.4)**	(2,679.0)	**–**	(0.1)
Gross margin		**861.5**	813.8	**22.7**	22.5
Warehouse and distribution costs		**(238.3)**	(245.5)	**–**	–
Selling costs		**(179.8)**	(172.3)	**–**	–
Administration and other operating costs		**(142.7)**	(140.6)	**(32.1)**	(18.3)
Share of net profit of associates		**15.4**	15.0	**–**	–
Operating profit (loss)		**316.1**	270.4	**(9.4)**	4.2
Other income from ordinary activities	2	**48.7**	52.7	**12.1**	30.1
Other expenses from ordinary activities	2	**(308.2)**	(540.1)	**(53.2)**	(143.3)
Dividend income from controlled entities				**9.7**	353.3
Dividend income from other entities		**7.3**	4.6	**5.5**	4.6
Profit (loss) from ordinary activities before finance and income tax		**63.9**	(212.4)	**(35.3)**	248.9
Interest income	6	**1.4**	3.3	**57.8**	45.5
Finance cost	4	**(102.5)**	(109.1)	**(91.6)**	(113.9)
(Loss) profit from ordinary activities before income tax		**(37.2)**	(318.2)	**(69.1)**	180.5
Income tax (expense) benefit relating to ordinary activities	8	**(38.1)**	24.5	**22.9**	49.7
Net (loss) profit		**(75.3)**	(293.7)	**(46.2)**	230.2
Net profit attributable to non-controlling interests		**36.4**	32.8		
Net (loss) profit attributable to shareholders of CSR Limited		**(111.7)**	(326.5)	**(46.2)**	230.2
Net profit (loss) before significant items attributable to shareholders of CSR Limited		**173.4**	134.0	**(11.1)**	326.0
Reconciliation of retained profits					
Retained profits at the beginning of the financial year		**73.0**	636.4	**368.5**	368.3
Net (loss) profit attributable to shareholders of CSR Limited		**(111.7)**	(326.5)	**(46.2)**	230.2
Net profit (loss) recognised directly in retained profits		**40.4**	(87.2)	**33.6**	(80.3)
Total available for appropriation		**1.7**	222.7	**355.9**	518.2
Dividends provided for or paid	26	**(51.5)**	(149.7)	**(51.5)**	(149.7)
Retained profits at the end of the financial year		**(49.8)**	73.0	**304.4**	368.5

(CENTS)					
Basic earnings per share–based on net loss attributable to shareholders of CSR Limited [a]		**(8.2)**	(29.7)		
Diluted earnings per share–based on net loss attributable to shareholders of CSR Limited [a]		**(8.2)**	(29.7)		

a Weighted number of ordinary shares on issue used in the calculation of earnings per share is 1,368.7 million (2009: 1,098.7 million).

Notes to the financial statements are annexed.

Statement of financial position

($ MILLION)	NOTE	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
Current assets					
Cash and cash equivalents	7	**43.9**	14.7	**2.3**	–
Receivables	10	**491.9**	562.1	**1,794.7**	1,801.2
Inventories	9	**455.9**	418.1	**37.4**	–
Other financial assets	11	**82.9**	120.2	**–**	0.1
Income tax assets	8	**44.0**	44.6	**44.0**	44.6
Other current assets	12	**30.9**	23.2	**2.6**	5.7
Total current assets		**1,149.5**	1,182.9	**1,881.0**	1,851.6
Non-current assets					
Receivables	10	**29.1**	27.4	**2,074.7**	2,650.0
Inventories	9	**32.1**	34.8	**11.9**	15.5
Investments accounted for using the equity method	31	**33.4**	30.2	**–**	–
Other financial assets	11	**97.4**	120.6	**1,325.1**	1,082.1
Property, plant and equipment	13	**2,246.4**	2,256.6	**21.7**	21.2
Goodwill	15	**69.8**	322.3	**–**	–
Other intangible assets	16	**36.3**	38.1	**1.2**	2.6
Deferred income tax assets	8	**164.8**	158.7	**236.1**	223.6
Other non-current assets	12	**15.8**	16.8	**3.0**	3.5
Total non-current assets		**2,725.1**	3,005.5	**3,673.7**	3,998.5
Total assets		**3,874.6**	4,188.4	**5,554.7**	5,850.1
Current liabilities					
Payables	17	**408.0**	416.6	**319.5**	531.3
Borrowings	18	**25.6**	17.2	**80.2**	16.8
Other financial liabilities	19	**53.1**	84.6	**1.0**	10.8
Income tax payable	8	**21.7**	4.1	**–**	–
Provisions	21	**229.3**	244.2	**116.6**	141.2
Total current liabilities		**737.7**	766.7	**517.3**	700.1
Non-current liabilities					
Payables	17	**0.6**	6.7	**0.2**	–
Borrowings	18	**785.2**	1,186.9	**2,509.3**	2,893.8
Other financial liabilities	19	**15.9**	75.1	**3.2**	7.1
Provisions	21	**471.2**	463.5	**470.0**	461.9
Other non-current liabilities	17	**45.8**	103.0	**38.4**	89.3
Total non-current liabilities		**1,318.7**	1,835.2	**3,021.1**	3,452.1
Total liabilities		**2,056.4**	2,601.9	**3,538.4**	4,152.2
Net assets		**1,818.2**	1,586.5	**2,016.3**	1,697.9
Equity					
Issued capital	22	**1,700.9**	1,329.2	**1,700.9**	1,329.2
Reserves	23	**31.5**	30.7	**11.0**	0.2
Retained (losses) profits		**(49.8)**	73.0	**304.4**	368.5
Equity attributable to shareholders of CSR Limited		**1,682.6**	1,432.9	**2,016.3**	1,697.9
Non-controlling interests in controlled entities	24	**135.6**	153.6		
Total equity		**1,818.2**	1,586.5	**2,016.3**	1,697.9

Notes to the financial statements are annexed.

Statement of comprehensive income

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
Net (loss) profit	**(75.3)**	(293.7)	**(46.2)**	230.2
Other comprehensive income				
Exchange differences arising on translation of foreign operations	**(33.1)**	24.2	**–**	–
Fair value adjustment for Sugar Terminals Limited	**4.1**	(2.9)	**–**	(2.9)
Profit (loss) on cash flow hedges taken to equity	**5.8**	111.3	**15.4**	(24.6)
Actuarial gain (loss) on superannuation defined benefit plans	**51.9**	(120.4)	**48.0**	(110.6)
Income tax relating to components of other comprehensive income	**(17.4)**	2.7	**(19.0)**	40.6
Other comprehensive income (expense) for the period (net of tax)	**11.3**	14.9	**44.4**	(97.5)
Total comprehensive (expense) income	**(64.0)**	(278.8)	**(1.8)**	132.7
Total comprehensive income attributable to:				
Shareholders of CSR Limited	**(75.8)**	(355.3)	**(1.8)**	132.7
Non-controlling interests	**11.8**	76.5		
Total comprehensive (expense) income	**(64.0)**	(278.8)	**(1.8)**	132.7

Notes to the financial statements are annexed.

Statement of changes in equity

CSR GROUP ($ MILLION)	ISSUED CAPITAL	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE RESERVE	OTHER RESERVES	RETAINED PROFITS (LOSSES)	ATTRIBUTABLE TO CSR LIMITED SHARE-HOLDERS	NON-CONTROLLING INTERESTS	TOTAL
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 Limited	**–**	**–**	**–**	**–**	**–**	**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**
Balance at 1 April 2008	879.2	(28.5)	(11.8)	9.5	–	636.4	1,484.8	105.9	1,590.7
Net (loss) profit	–	–	–	–	–	(326.5)	(326.5)	32.8	(293.7)
Exchange differences arising on translation of foreign operations	–	–	26.0	–	–	–	26.0	(1.8)	24.2
Fair value adjustment for Sugar Terminals Limited	–	–	–	–	–	(2.9)	(2.9)	–	(2.9)
Hedge profit recognised in equity	–	27.0	–	–	–	–	27.0	51.6	78.6
Hedge profit transferred to statement of financial performance	–	19.0	–	–	–	–	19.0	13.7	32.7
Actuarial loss on superannuation defined benefit plans	–	–	–	–	–	(120.4)	(120.4)	–	(120.4)
Income tax relating to components of other comprehensive income	–	(13.6)	–	–	–	36.1	22.5	(19.8)	2.7
Total comprehensive income (expense)	–	32.4	26.0	–	–	(413.7)	(355.3)	76.5	(278.8)
Shares issued	450.0	–	–	3.1	–	–	453.1	–	453.1
Payment of dividends	–	–	–	–	–	(149.7)	(149.7)	(28.8)	(178.5)
Balance at 31 March 2009	1,329.2	3.9	14.2	12.6	–	73.0	1,432.9	153.6	1,586.5

CSR LIMITED ($ MILLION)	ISSUED CAPITAL	HEDGE RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	EMPLOYEE SHARE RESERVE	OTHER RESERVES	RETAINED PROFITS (LOSSES)	ATTRIBUTABLE TO CSR LIMITED SHARE-HOLDERS
Balance at 1 April 2009	**1,329.2**	**(12.4)**	**–**	**12.6**	**–**	**368.5**	**1,697.9**
Net loss	**–**	**–**	**–**	**–**	**–**	**(46.2)**	**(46.2)**
Hedge profit recognised in equity	**–**	**4.7**	**–**	**–**	**–**	**–**	**4.7**
Hedge profit transferred to statement of financial performance	**–**	**10.7**	**–**	**–**	**–**	**–**	**10.7**
Actuarial profit on superannuation defined benefit plans	**–**	**–**	**–**	**–**	**–**	**48.0**	**48.0**
Income tax relating to components of other comprehensive income	**–**	**(4.6)**	**–**	**–**	**–**	**(14.4)**	**(19.0)**
Total comprehensive income (expense)	**–**	**10.8**	**–**	**–**	**–**	**(12.6)**	**(1.8)**
Shares issued	**371.7**	**–**	**–**	**–**	**–**	**–**	**371.7**
Payment of dividends	**–**	**–**	**–**	**–**	**–**	**(51.5)**	**(51.5)**
Balance at 31 March 2010	**1,700.9**	**(1.6)**	**–**	**12.6**	**–**	**304.4**	**2,016.3**
Balance at 1 April 2008	879.2	4.8	–	9.5	–	368.3	1,261.8
Net profit	–	–	–	–	–	230.2	230.2
Fair value adjustment for Sugar Terminals Limited	–	–	–	–	–	(2.9)	(2.9)
Hedge loss recognised in equity	–	(21.2)	–	–	–	–	(21.2)
Hedge loss transferred to statement of financial performance	–	(3.4)	–	–	–	–	(3.4)
Actuarial loss on superannuation defined benefit plans	–	–	–	–	–	(110.6)	(110.6)
Income tax relating to components of other comprehensive income	–	7.4	–	–	–	33.2	40.6
Total comprehensive (expense) income	–	(17.2)	–	–	–	149.9	132.7
Shares issued	450.0	–	–	3.1	–	–	453.1
Payment of dividends	–	–	–	–	–	(149.7)	(149.7)
Balance at 31 March 2009	1,329.2	(12.4)	–	12.6	–	368.5	1,697.9

Notes to the financial statements are annexed.

Statement of cash flows

($ MILLION)	NOTE	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
Cash flows from operating activities					
Receipts from customers		**4,101.7**	3,693.2	**36.2**	34.1
Payments to suppliers and employees		**(3,687.1)**	(3,485.0)	**(128.2)**	(110.9)
Dividends and distributions received		**19.5**	18.0	**15.2**	4.6
Interest received		**1.4**	3.3	**57.8**	45.5
Income tax paid		**(39.2)**	(64.1)	**(6.5)**	(35.5)
Net cash from (used in) operating activities before derivative margin calls		**396.3**	165.4	**(25.5)**	(62.2)
Derivative margin calls (paid) refunded		**(18.1)**	48.5	**–**	–
Net cash from (used in) operating activities		**378.2**	213.9	**(25.5)**	(62.2)
Cash flows from investing activities					
Purchase of property, plant and equipment and other non-current assets		**(239.7)**	(476.3)	**(13.5)**	(37.3)
Proceeds from sale of property, plant and equipment and other non-current assets		**45.2**	169.2	**15.2**	139.9
Purchase of controlled entities and businesses, net of cash acquired	37	**–**	(11.8)	**–**	–
Purchase of non-controlling interests		**(10.9)**	–		
Loans and receivables advanced		**(2.0)**	(11.0)	**(0.2)**	(3.8)
Loans and receivables repaid		**–**	0.1	**–**	–
Net cash (used in) from investing activities		**(207.4)**	(329.8)	**1.5**	98.8
Cash flows from financing activities					
Proceeds from issue of shares to CSR shareholders		**363.7**	343.1	**363.7**	343.1
Net repayment of borrowings		**(383.7)**	(72.3)	**(384.2)**	(101.4)
Net financing of controlled entities				**92.6**	(142.7)
Dividends paid		**(65.7)**	(71.1)	**(46.6)**	(42.8)
Interest and other finance costs paid		**(59.0)**	(97.3)	**(56.2)**	(95.2)
Net cash (used in) from financing activities		**(144.7)**	102.4	**(30.7)**	(39.0)
Net increase (decrease) in cash held		**26.1**	(13.5)	**(54.7)**	(2.4)
Net cash at beginning of the financial year		**14.3**	24.3	**(2.8)**	–
Effects of exchange rate changes		**3.5**	3.5	**2.4**	(0.4)
Net cash at the end of the financial year	7	**43.9**	14.3	**(55.1)**	(2.8)
Reconciliation of net (loss) profit attributable to shareholders of CSR Limited to net cash from (used in) operating activities					
Net (loss) profit attributable to shareholders of CSR Limited		**(111.7)**	(326.5)	**(46.2)**	230.2
Net profit attributable to non-controlling interests		**36.4**	32.8		
Depreciation and amortisation	5	**158.0**	154.8	**1.0**	5.8
Net change in provisions		**(6.4)**	(92.9)	**(16.5)**	(65.6)
Significant items (non-cash)	3	**250.0**	446.3	**–**	85.1
Interest expense	4	**57.5**	89.9	**54.7**	87.7
Profit on disposal of assets, asset write downs and associated costs	2	**(15.8)**	(28.5)	**(1.6)**	(30.1)
Net change in trade receivables		**28.7**	(73.2)	**–**	–
Net change in current inventories		**(18.7)**	(39.7)	**(10.7)**	–
Net change in trade payables		**(7.7)**	15.2	**5.9**	–
Derivative margin calls (paid) refunded		**(18.1)**	48.5	**–**	–
Dividend income from controlled entities				**–**	(340.0)
Other		**26.0**	(12.8)	**(12.1)**	(35.3)
Net cash from (used in) operating activities		**378.2**	213.9	**(25.5)**	(62.2)

Credit facilities are shown in Note 20.

Notes to the financial statements are annexed.

Significant accounting policies

BASIS OF ACCOUNTING

This general purpose financial report is prepared in accordance with the Corporations Act 2001, applicable accounting standards and interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the CSR group. Accounting standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the CSR group comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS.

The financial report is based on historical cost, except for certain assets which are at deemed cost and the revalued amount of certain assets. In preparing this financial report, the CSR group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies adopted are consistent with those of the previous year, unless otherwise stated. Details of the significant accounting policies adopted by the CSR group are given below.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the CSR group, being CSR Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date CSR Limited obtains control and until such time as it ceases to control an entity; and
- all inter-entity balances and transactions are eliminated.

Entities controlled by CSR Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

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 (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia, and exporting asbestos to the United States. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States. At 31 March 2010, a provision of $455.3 million (2009: $455.1 million) has been made for all known claims and reasonably foreseeable future claims. Refer to Note 36 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. Where a valuation is required, the valuation is determined using discounted cash flows. Management judgement is required in these valuations to forecast future cash flows and a suitable discount rate in order to calculate the present value. Future cash flows take into consideration the building cycle and expected changes, sugar price and crop, aluminium prices and exchange rates.

CASH FLOW STATEMENT

Net cash is defined as cash at banks and on hand and cash equivalents net of bank overdrafts. Cash equivalents include highly liquid investments which are readily convertible to cash, and loans which are not subject to a term facility.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The CSR group has adoped the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 April 2009 as they are applicable for financial periods commencing on or after 1 January 2009:

- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations;
- AASB 7 Financial Instruments: Disclosures;
- AASB 8 Operating Segments;
- AASB 101 (revised) Presentation of Financial Statements;
- AASB 123 (revised) Borrowings Costs;
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate; and
- AASB 2009-6 Amendments to Australian Accounting Standards.

Where the adoption of the standard or interpretation is deemed to have a material impact on the financial statements or performance of the CSR group, its impact is described below:

AASB 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 30. The liquidity risk disclosures are not significantly impacted by the amendments; and are also disclosed in Note 30.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The CSR group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in Note 1.

ACQUISITION OF ASSETS

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition. In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their value as at the date of acquisition.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the CSR group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received by the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

PAYABLES

Trade and other payables are recognised when the CSR group becomes obliged to make future payments resulting from the purchase of goods and services.

CURRENCY

Unless otherwise shown in the financial statements, amounts are in Australian currency.

DEPRECIATION

Depreciable assets are depreciated at rates based upon their expected economic life using the straight-line method. The economic lives of property, plant and equipment assets are detailed in Note 13.

RENEWABLE ENERGY CERTIFICATES

Renewable Energy Certificates are recognised as other assets when they have been generated and the CSR group has obtained the necessary government approvals to sell them. They are valued at fair value.

Significant accounting policies (continued)

INTANGIBLE ASSETS
Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised, but tested annually or whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the statement of financial performance and is not subsequently reversed. Certain trade names determined as having an indefinite life are not amortised but are assessed annually for impairment. Internal costs relating to acquired intangible assets are expensed.

The cost of developing new systems, including purchased software, is deferred and subsequently amortised over the period over which the benefits are expected to arise, in most cases this is five years.

BORROWINGS
Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

CAPITALISATION OF INTEREST
Interest is expensed as incurred except where it relates to the financing of major projects constructed for internal use, where it is capitalised up to the date of commissioning. Following commissioning, the total capitalised cost including interest is amortised over the expected useful life of the asset.

INVENTORIES
Inventories are valued at the lower of cost and net realisable value. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. The value of inventory is derived by the method most appropriate to each particular class of inventory. The major portion is valued on either a first-in-first-out or average cost basis.

SIGNIFICANT ITEMS
Significant items are those which by their size, nature or incidence are relevant in explaining the financial performance of the CSR group, and as such are disclosed separately.

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 is recognised on a provisional basis at the time of title transfer to the centralised marketing authority, based on prevailing prices, and is subject to final adjustment when the final price is advised by the centralised marketing authority. In the current and prior years, this financial adjustment was not material.

PROVISION FOR RESTORATION AND ENVIRONMENTAL 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.

EMPLOYEE BENEFITS
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations (based on wage rates expected at the time of settling the liability) when it is probable that settlement will be required and they are capable of being reliably measured.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the CSR group.

For superannuation defined benefit 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 superannuation defined contribution plans are expensed when incurred and the CSR group's legal or constructive obligation is limited to these contributions.

TAX CONSOLIDATION
Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

The CSR group has elected for those entities within the CSR group that are wholly owned Australian resident entities to be taxed as a single entity from 1 April 2004.

Prior to the adoption of the tax consolidation system, CSR Limited, as the head entity in the tax consolidated group, agreed to compensate or be compensated by its wholly owned controlled entities for the balance of their current tax liability/(asset) and any tax loss related deferred tax asset assumed by CSR Limited. Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by CSR Limited and each member of the group in relation to the tax contribution amounts paid or payable between CSR Limited and the other members of the tax consolidated group in accordance with the arrangement.

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 substantively 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 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 assets and liabilities 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.

PRODUCT LIABILITY
The CSR group's provision for product liability is determined using reports provided by independent experts in each of Australia and the United States. The CSR group has included within the provision an appropriate prudential margin. Refer to Note 36 for further information on the basis for determining the product liability provision.

JOINT VENTURE AND ASSOCIATE ENTITIES
Investments in joint venture and associate entities have been accounted for under the equity method in the CSR group financial statements.

JOINT VENTURE OPERATIONS
Interests in joint venture operations are recorded in the financial statements by including the entity's share of assets employed, the share of liabilities incurred, and the share of any expenses incurred in relation to joint venture operations in their respective categories.

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.

FOREIGN CURRENCY
All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in profit or loss in the period in which they arise except if designated as cash flow hedges.

On consolidation, the financial statements of the CSR group's overseas operations are translated at exchange rates prevailing at reporting date. Exchange differences are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the operation.

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 profit or loss 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 profit 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.

TRADE RECEIVABLES
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. An allowance for doubtful debts is raised based on a review of outstanding balances at balance date. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of financial performance.

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

ROUNDING
Unless otherwise shown in the financial statements, 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.

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 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.

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.

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.
The CSR group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in respect of the nature of products, production processes, type of customer and the methods used to distribute the product.
Operating segments that meet the qualitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Significant accounting policies (continued)

ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

- AASB 3 (revised) Business Combinations applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 127 (revised) Consolidated and Separate Financial Statements applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 2009-3 Amendments to Australian Accounting Standards – Embedded Derivatives applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project applicable to the CSR group for the financial year ending 31 March 2011;
- AASB 2009-7 Amendments to Australian Accounting Standards applicable to the CSR group for the financial year ending 31 March 2011; and
- AASB 9 Financial Instruments 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 as currently presented. 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. However, should any business combinations occur after 1 April 2010, the accounting for such transactions under AASB 3 (revised) is different to that applied to past combinations.

Notes to the financial statements

1 SEGMENT INFORMATION

Identification of reportable segments

The CSR 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 CSR 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 a reportable segment.

Types of products and services

Sugar

The CSR group's Sugar segment encompasses three main businesses, being Cane Products, Sweeteners and Bioethanol. The Cane Products business mills 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 Sweeteners business refines raw sugar to produce food-grade products. The Bioethanol 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.

Building Products

The CSR group's Building Products segment encompasses:

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

Aluminium

The Aluminium business unit relates to the CSR 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.

Accounting policies and inter-segment transactions

The accounting policies used by the CSR group in reporting segments internally are the same as those disclosed in the significant accounting policies included within these financial statements.

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 Sugar segment are sold to the Building Products segment and Aluminium segments. Sales of RECs between segments are recorded at fair value.

It is the CSR 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 believes would be inconsistent. Reporting provided to the board of directors in respect of earnings is primarily measured based on Earnings Before Interest and Tax (EBIT).

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

- corporate overheads;
- restructuring and provisions;
- net finance costs; and
- significant items.

Major customers

The CSR group has a number of customers to which it supplies products. The Sugar segment supplies a customer which accounts for 23.2% (2009: 17.5%) of total external revenues. There are no other customers which account for more than 10% of external revenue.

($ MILLION)	PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX 2010	2009	INCOME TAX 2010	2009	NON-CONTROLLING INTERESTS 2010	2009	NET PROFIT (LOSS) 2010	2009
1 SEGMENT INFORMATION (CONTINUED)								
Sugar	**135.7**	83.7	**32.4**	18.8	**10.5**	8.8	**92.8**	56.1
Building Products	**115.0**	117.9	**29.1**	32.9	**1.7**	0.6	**84.2**	84.4
Aluminium	**123.5**	110.7	**36.4**	31.5	**25.6**	23.1	**61.5**	56.1
Property	**12.8**	25.1	**2.1**	2.1	**–**	–	**10.7**	23.0
Segment total	**387.0**	337.4	**100.0**	85.3	**37.8**	32.5	**249.2**	219.6
Corporate [a]	**(18.6)**	(17.0)	**(5.0)**	(4.8)	**–**	–	**(13.6)**	(12.2)
Restructuring and provisions [b]	**(4.3)**	(0.3)	**(10.5)**	(1.0)	**–**	–	**6.2**	0.7
	364.1	320.1	**84.5**	79.5	**37.8**	32.5	**241.8**	208.1
Net finance cost	**(101.1)**	(105.8)	**(31.3)**	(32.0)	**(1.4)**	0.3	**(68.4)**	(74.1)
Group total before significant items	**263.0**	214.3	**53.2**	47.5	**36.4**	32.8	**173.4**	134.0
Significant items (Note 3)	**(300.2)**	(532.5)	**(15.1)**	(72.0)	**–**	–	**(285.1)**	(460.5)
Group total after significant items	**(37.2)**	(318.2)	**38.1**	(24.5)	**36.4**	32.8	**(111.7)**	(326.5)

	TOTAL REVENUE [c] 2010	2009	SHARE OF NET PROFIT OF ASSOCIATES 2010	2009	DEPRECIATION AND AMORTISATION [d] 2010	2009	ADDITIONS TO NON-CURRENT ASSETS [e] 2010	2009
Sugar	**1,758.4**	1,432.5	**4.6**	2.5	**61.2**	56.4	**89.0**	107.3
Building Products	**1,514.6**	1,538.5	**10.8**	12.5	**67.5**	65.2	**110.1**	310.9
Aluminium	**513.6**	549.5	**–**	–	**28.6**	27.7	**8.5**	26.2
Property	**14.1**	27.8	**–**	–	**0.3**	0.4	**14.8**	23.7
Segment total	**3,800.7**	3,548.3	**15.4**	15.0	**157.6**	149.7	**222.4**	468.1
Corporate [a]	**–**	–	**–**	–	**0.4**	5.1	**14.1**	8.6
Restructuring and provisions [b]	**10.2**	1.8	**–**	–	**–**	–	**–**	–
Interest income	**1.4**	3.3						
Group total before significant items	**3,812.3**	3,553.4	**15.4**	15.0	**158.0**	154.8	**236.5**	476.7
Significant items (Note 3)	**–**	–	**–**	–	**–**	–	**–**	–
Group total after significant items	**3,812.3**	3,553.4	**15.4**	15.0	**158.0**	154.8	**236.5**	476.7

	ASSETS [f] 2010	2009	LIABILITIES 2010	2009	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD 2010	2009	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS [g] 2010	2009
Sugar	**1,444.9**	1,378.8	**300.3**	342.4	**23.8**	19.2	**2.3**	0.3
Building Products	**1,643.1**	1,937.2	**268.7**	301.3	**9.6**	11.0	**251.0**	350.6
Aluminium	**408.8**	550.8	**57.1**	98.0	**–**	–	**–**	–
Property	**84.7**	62.8	**12.2**	10.9	**–**	–	**–**	–
Segment total	**3,581.5**	3,929.6	**638.3**	752.6	**33.4**	30.2	**253.3**	350.9
Unallocated [b]	**40.4**	40.8	**585.6**	641.1	**–**	–	**–**	–
	3,621.9	3,970.4	**1,223.9**	1,393.7	**33.4**	30.2	**253.3**	350.9
Cash/borrowings	**43.9**	14.7	**810.8**	1,204.1				
Tax assets/liabilities	**208.8**	203.3	**21.7**	4.1				
Group total	**3,874.6**	4,188.4	**2,056.4**	2,601.9	**33.4**	30.2	**253.3**	350.9

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 Inter-segment sales are negligible. Total revenue includes trading revenue, other income from ordinary activities, interest income and dividend income from other entities and excludes share of net profit of associates.

d Total depreciation and amortisation includes $8.8 million (2009: $11.1 million) amortisation of intangible assets. Asset write downs, movements in provisions and other rationalisation expenses which are significant items are disclosed in Note 3. 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 No acquisitions of controlled entities or businesses occurred during the financial year ended 31 March 2010. All acquisitions of controlled entities and businesses in 2009 were in the Building Products segment.

g Includes $250.0 million impairment of Viridian goodwill for the year ended 31 March 2010 (2009: $279.7 million). Other impairment losses relate to write downs of property, plant and equipment and other assets.

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2010, the CSR group's trading revenue from external customers in Australia amounted to $3,398.9 million (2009: $3,154.5 million), with $356.0 million (2009: $338.3 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 in Australia amounted to $2,279.8 million at 31 March 2010 (2009: $2,490.1 million), with $149.6 million (2009: $205.8 million) related to other geographical areas.

Notes to the financial statements (continued)

($ MILLION)	NOTE	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
2 OTHER INCOME AND EXPENSES FROM ORDINARY ACTIVITIES					
Income					
Profit on disposal of property, plant and equipment and other assets		**19.1**	30.9	**1.6**	30.1
Other		**29.6**	21.8	**10.5**	–
Total other income from ordinary activities		**48.7**	52.7	**12.1**	30.1
Expenses					
Significant items	3	**(300.2)**	(532.5)	**(50.2)**	(133.7)
Other sundry asset write downs		**(3.3)**	(2.4)	**–**	–
Increased allowance for controlled entities' doubtful debts				**–**	(4.9)
Other		**(4.7)**	(5.2)	**(3.0)**	(4.7)
Total other expenses from ordinary activities		**(308.2)**	(540.1)	**(53.2)**	(143.3)

During the financial year ended 31 March 2010, expenses incurred in relation to employee benefits amounted to $671.3 million (2009: $686.9 million).

($ MILLION)	NOTE	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
3 SIGNIFICANT ITEMS					
Separation costs [a]					
Costs associated with the proposed demerger of the Sugar business		**(26.6)**	–	**(26.6)**	–
Income tax benefit		**8.0**	–	**8.0**	–
		(18.6)	–	**(18.6)**	–
Asset write downs [b]					
Goodwill		**(250.0)**	(279.7)	**–**	–
Property, plant and equipment		**–**	(51.5)	**–**	–
Other intangible assets including software		**–**	(6.2)	**–**	–
Other		**–**	(18.3)	**–**	(9.3)
Total asset write downs		**(250.0)**	(355.7)	**–**	(9.3)
Income tax benefit		**–**	19.0	**–**	0.6
		(250.0)	(336.7)	**–**	(8.7)
Viridian integration and restructure costs [c]					
Integration and restructure costs		**–**	(52.4)	**–**	–
Income tax benefit		**–**	15.7	**–**	–
		–	(36.7)	**–**	–
Expense relating to product liability provision [d]					
Charge to provision		**(17.2)**	(113.4)	**(17.2)**	(113.4)
Income tax benefit		**5.2**	34.0	**5.2**	34.0
		(12.0)	(79.4)	**(12.0)**	(79.4)
Building Products (excluding Viridian) and corporate restructure costs [e]					
Redundancy expenses		**(6.4)**	(11.0)	**(6.4)**	(11.0)
Income tax benefit		**1.9**	3.3	**1.9**	3.3
		(4.5)	(7.7)	**(4.5)**	(7.7)
Total significant items					
Significant items before income tax		**(300.2)**	(532.5)	**(50.2)**	(133.7)
Income tax benefit on significant items		**15.1**	72.0	**15.1**	37.9
Total significant items after income tax		**(285.1)**	(460.5)	**(35.1)**	(95.8)

a Costs of $26.6 million associated with the proposed demerger of the Sugar business were incurred during the year.

b In September 2009, CSR group undertook a review of the Viridian business, given the ongoing decline in building activity, the strengthening of the Australian dollar and other operational issues which have impacted business performance over the past twelve months. Forecast cash flows covering the next ten years were prepared and a valuation was calculated using a post-tax discount rate of 9.8%. Discounted cash flows over a ten year period are appropriate given the cyclical nature of the industry. The first five years represent financial plans approved by management, based on the CSR group's view of the respective cycle, with years six to ten applying averaging assumptions to ensure cash flows in year ten are sufficiently stable to apply the terminal value. A terminal value was included from year eleven onwards, including an annual growth of 2.5%. The key assumptions relate to housing starts, market share and the take-up of energy efficient glass. The most sensitive assumptions are housing starts and market share. These assumptions have been determined with reference to current performance and expected changes taking into account external information. This valuation has resulted in Viridian goodwill being written down by $250.0 million (2009: $279.7 million).

In the year ended 31 March 2009, CSR group reviewed the carrying value of its assets in light of the current and anticipated trading environment, particularly in residential housing and commercial construction. As a result of this review, assets were written down by $355.7 million. The write down was primarily Viridian goodwill ($279.7 million) with the remainder mainly relating to Asian Panels ($14.0 million), Fibre Cement ($10.3 million) and Bricks and Roofing ($33.3 million) businesses and the Penrith Lakes Development ($7.2 million).

c In the year ended 31 March 2009, costs associated with the closure of the Viridian automotive glass facilities ($13.9 million), Alexandria factory closure ($5.9 million), and other costs (employee redundancies) associated with the integration and restructure of the Viridian glass business ($32.6 million) were incurred.

d In the year ended 31 March 2010, CSR group recorded a charge of $17.2 million in order to maintain its product liability provision. In the year ended 31 March 2009, the provision was increased by $113.4 million, reflecting the decrease in the A$/US$ exchange rate and the routine re-estimate of future liabilities.

e In Building Products, in response to market conditions, management action has continued on securing ongoing efficiencies to better align the business with the current market. This action has included extended shutdowns, temporary closures and further plant rationalisation. The continued costs associated with this along with some corporate restructure have been included as a significant item of $6.4 million (2009: $11.0 million).

($ MILLION)	NOTE	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
4 NET FINANCE COST					
Interest paid or payable on					
Short term debt to controlled entities				**0.1**	0.5
Short term debt to others		**2.6**	14.8	**0.6**	12.5
Long term debt to others		**54.9**	75.1	**54.0**	74.7
Total interest expense		**57.5**	89.9	**54.7**	87.7
Unwinding of discount on non-current provisions and debtors		**23.5**	18.4	**23.5**	18.4
Funding costs		**9.0**	6.2	**8.7**	5.8
Foreign exchange loss (gain)		**12.5**	(5.4)	**4.7**	2.0
Finance cost		**102.5**	109.1	**91.6**	113.9
Interest income	6	**1.4**	3.3	**57.8**	45.5
Net finance cost		**101.1**	105.8	**33.8**	68.4
5 DEPRECIATION AND AMORTISATION					
Amounts incurred for depreciation and amortisation of					
Property, plant and equipment		**149.2**	143.7	**0.8**	5.4
Intangible assets		**8.8**	11.1	**0.2**	0.4
Total depreciation and amortisation		**158.0**	154.8	**1.0**	5.8
6 INTEREST INCOME					
Interest income from					
Short term debt to controlled entities				**6.9**	4.3
Long term debt to controlled entities				**49.5**	38.9
Short term debt to others		**1.2**	3.3	**1.0**	2.3
Long term debt to others		**0.2**	–	**0.4**	–
Total interest income		**1.4**	3.3	**57.8**	45.5
7 CASH AND CASH EQUIVALENTS					
Cash at banks and on hand		**43.9**	14.7	**2.3**	–
Total cash		**43.9**	14.7	**2.3**	–
Bank overdrafts	18	**–**	(0.4)	**(57.4)**	(2.8)
Net cash		**43.9**	14.3	**(55.1)**	(2.8)
8 INCOME TAXES [a]					
Reconciliation of income tax expense (benefit) charged to the statement of financial performance with income tax calculated on (loss) profit from ordinary activities before income tax:					
(Loss) profit from ordinary activities before income tax		**(37.2)**	(318.2)	**(69.1)**	180.5
Income tax (benefit) expense calculated at 30%		**(11.2)**	(95.5)	**(20.7)**	54.2
Increase (decrease) in income tax expense (benefit) due to					
Utilisation of losses in asset disposals		**(8.4)**	(5.4)	**(3.9)**	(5.3)
Asset write downs		**75.0**	86.5	**–**	–
Asian trading profits tax rate differential		**(0.5)**	(0.3)	**–**	–
Share of net profit of associates and rebates on dividend income		**(8.7)**	(5.9)	**(1.6)**	(103.4)
Research and development		**(2.1)**	(6.8)	**–**	–
Income tax (over) under provided in prior years		**(5.9)**	0.7	**4.6**	–
Other items		**(0.1)**	2.2	**(1.3)**	4.8
Total income tax expense (benefit) on (loss) profit from ordinary activities		**38.1**	(24.5)	**(22.9)**	(49.7)
Total income tax expense (benefit) comprises					
Current tax expense (income)		**36.7**	17.6	**(16.2)**	(30.7)
Deferred tax expense (income) relating to the origination and reversal of temporary differences		**1.4**	(42.1)	**(6.7)**	(19.1)
Total income tax expense (benefit) on (loss) profit from ordinary activities		**38.1**	(24.5)	**(22.9)**	(49.7)

a Refer to significant accounting policies for details of tax consolidation.

Notes to the financial statements (continued)

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
8 INCOME TAXES (CONTINUED)				
Current income tax payable attributable to				
Entities in the tax consolidated group	**–**	–	**–**	–
Other entities	**21.7**	4.1	**–**	–
Total current income tax payable	**21.7**	4.1	**–**	–
Deferred income tax assets and liabilities comprise:				
Tax losses – revenue recorded as asset [a]	**59.2**	34.3	**56.8**	32.0
Temporary differences recorded as net asset [a]	**105.6**	124.4	**179.3**	191.6
Net deferred income tax assets and liabilities	**164.8**	158.7	**236.1**	223.6
Current income tax assets	**44.0**	44.6	**44.0**	44.6

a Prior year allocation of the deferred tax asset between tax losses and temporary differences has been changed to conform with the basis of presentation for the current year. This reclassification relates to disclosure only; there has been no change to the total deferred tax asset balance.

($ MILLION)	CSR GROUP OPENING BALANCE	CSR GROUP CHARGED TO PROFIT OR LOSS	CSR GROUP CHARGED TO EQUITY	CSR GROUP OTHER	CSR GROUP CLOSING BALANCE	CSR LIMITED OPENING BALANCE	CSR LIMITED CHARGED TO PROFIT OR LOSS	CSR LIMITED CHARGED TO EQUITY	CSR LIMITED OTHER	CSR LIMITED CLOSING BALANCE
2010										
Movement in net deferred income tax assets (liabilities) attributable to temporary differences										
Fair value of hedges	**(13.8)**	**(2.2)**	**(1.8)**	**–**	**(17.8)**	**5.3**	**(0.5)**	**(4.6)**	**–**	**0.2**
Property, plant and equipment	**(67.9)**	**(1.9)**	**–**	**–**	**(69.8)**	**(5.8)**	**5.4**	**–**	**–**	**(0.4)**
Intangible assets	**(6.2)**	**1.5**	**–**	**–**	**(4.7)**	**–**	**–**	**–**	**–**	**–**
Superannuation defined benefit plans	**31.3**	**(2.3)**	**(15.6)**	**–**	**13.4**	**26.8**	**(0.9)**	**(14.4)**	**–**	**11.5**
Prepayments	**(3.3)**	**–**	**–**	**–**	**(3.3)**	**–**	**–**	**–**	**–**	**–**
Product liability provision	**136.6**	**–**	**–**	**–**	**136.6**	**136.6**	**–**	**–**	**–**	**136.6**
Employee benefits provisions	**45.1**	**(2.2)**	**–**	**–**	**42.9**	**21.8**	**(5.6)**	**–**	**–**	**16.2**
Other provisions	**24.0**	**(2.0)**	**–**	**–**	**22.0**	**9.6**	**(0.4)**	**–**	**–**	**9.2**
Foreign currency monetary items	**1.1**	**0.7**	**–**	**–**	**1.8**	**1.7**	**(1.5)**	**–**	**–**	**0.2**
Spares and stores	**(23.0)**	**2.4**	**–**	**–**	**(20.6)**	**–**	**–**	**–**	**–**	**–**
Other	**0.5**	**4.6**	**–**	**–**	**5.1**	**(4.4)**	**10.2**	**–**	**–**	**5.8**
	124.4	**(1.4)**	**(17.4)**	**–**	**105.6**	**191.6**	**6.7**	**(19.0)**	**–**	**179.3**
2009										
Movement in net deferred income tax assets (liabilities) attributable to temporary differences										
Fair value of hedges	20.7	(1.1)	(33.4)	–	(13.8)	(2.1)	–	7.4	–	5.3
Property, plant and equipment	(86.1)	18.2	–	–	(67.9)	(6.1)	0.3	–	–	(5.8)
Intangible assets	(7.9)	1.7	–	–	(6.2)	–	–	–	–	–
Superannuation defined benefit plans	(3.3)	(1.9)	36.1	0.4	31.3	(4.2)	(2.2)	33.2	–	26.8
Prepayments	(3.3)	–	–	–	(3.3)	–	–	–	–	–
Product liability provision	111.5	25.1	–	–	136.6	111.5	25.1	–	–	136.6
Employee benefits provisions	39.8	5.3	–	–	45.1	23.7	(1.9)	–	–	21.8
Other provisions	22.6	1.4	–	–	24.0	6.6	3.0	–	–	9.6
Foreign currency monetary items	1.4	(0.3)	–	–	1.1	1.8	(0.1)	–	–	1.7
Spares and stores	(19.3)	(3.7)	–	–	(23.0)	–	–	–	–	–
Other	3.1	(2.6)	–	–	0.5	0.8	(5.2)	–	–	(4.4)
	79.2	42.1	2.7	0.4	124.4	132.0	19.1	40.6	–	191.6

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
Deferred income tax assets not taken to account [a]				
Balance at the beginning of the financial year	**18.0**	20.8	**9.3**	12.6
Assets now taken to account	**(5.8)**	(6.9)	**(3.9)**	(3.9)
Assets not recognised	**5.0**	4.1	**0.6**	0.6
Balance at the end of the financial year [b]	**17.2**	18.0	**6.0**	9.3

a Includes capital tax losses – CSR group $6.6 million (2009: $9.4 million).
b These benefits will only be obtained if the CSR group derives the necessary future assessable income and capital gains in the relevant jurisdiction, and there are no adverse changes in relevant income tax legislation.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
9 INVENTORIES				
Current				
Raw and process materials and stores	**97.0**	127.5	**–**	–
Work in progress	**17.6**	20.7	**–**	–
Finished goods	**303.9**	269.9	**–**	–
Land held for sale	**37.4**	–	**37.4**	–
Total current inventories	**455.9**	418.1	**37.4**	–
Non-current				
Raw and process materials and stores	**8.9**	8.2	**–**	–
Land held for sale	**23.2**	26.6	**11.9**	15.5
Total non-current inventories	**32.1**	34.8	**11.9**	15.5

($ MILLION)	CSR GROUP 2010	2009	CSR LIMITED 2010	2009
10 RECEIVABLES				
Current				
Trade receivables [a]	**435.8**	483.4	**0.2**	0.2
Allowance for doubtful debts	**(7.5)**	(9.0)	**–**	–
	428.3	474.4	**0.2**	0.2
Amounts owing by controlled entities			**1,802.1**	1,782.4
Allowance for doubtful debts			**(31.1)**	(31.1)
			1,771.0	1,751.3
Loans to and receivables from associates [b]	**13.5**	13.2	**13.5**	13.2
Divestment debtors [c]	**21.3**	32.6	**8.0**	32.6
Other loans and receivables	**28.8**	71.9	**2.0**	33.9
Allowance for doubtful debts [d]	**–**	(30.0)	**–**	(30.0)
	63.6	87.7	**23.5**	49.7
Total current receivables	**491.9**	562.1	**1,794.7**	1,801.2
Trade receivables – past due 0-60 days	**12.1**	29.1	**–**	–
Trade receivables – past due >60 days	**19.6**	28.2	**–**	–
Movement in allowance for doubtful debts – trade receivables				
Opening balance allowance for doubtful debts	**(9.0)**	(6.5)	**–**	–
Trade debts written off	**3.2**	2.1	**–**	–
Trade debts provided	**(1.9)**	(4.5)	**–**	–
Other	**0.2**	(0.1)	**–**	–
Closing balance allowance for doubtful debts	**(7.5)**	(9.0)	**–**	–
Movement in allowance for doubtful debts – amounts owing by controlled entities				
Opening balance allowance for doubtful debts			**(31.1)**	(26.2)
Controlled entities' debts provided			**–**	(4.9)
Closing balance allowance for doubtful debts			**(31.1)**	(31.1)
Movement in allowance for doubtful debts – other loans and receivables				
Opening balance allowance for doubtful debts	**(30.0)**	(30.0)	**(30.0)**	(30.0)
Other loans and receivables written off	**30.0**	–	**30.0**	–
Closing balance allowance for doubtful debts	**–**	(30.0)	**–**	(30.0)
Non-current				
Amounts owing by controlled entities			**2,074.7**	2,647.1
Loans to associates	**17.6**	15.6	**–**	–
Other loans and receivables	**11.5**	11.8	**–**	2.9
Total non-current receivables	**29.1**	27.4	**2,074.7**	2,650.0

a CSR group's policy requires all customers to pay in accordance with agreed payment terms. As at 31 March 2010, current trade receivables of $7.5 million (2009: $9.0 million) were impaired, all were past due >60 days and do not include any individually significant debtors.
b Includes no amounts past due.
c Includes $1.8 million past due (2009: $4.3 million).
d Balance relates to other loans and receivables.

($ MILLION)	CSR GROUP 2010	2009	CSR LIMITED 2010	2009
11 OTHER FINANCIAL ASSETS				
Current				
Fair value of derivatives recognised in equity	**82.9**	120.2	**–**	0.1
Total current financial assets	**82.9**	120.2	**–**	0.1
Non-current				
Investment in controlled entities at cost			**1,323.4**	1,039.4
Available for sale: shares at fair value [a b c]	**44.7**	42.8	**–**	42.7
Fair value of derivatives recognised in equity	**52.7**	77.8	**1.7**	–
Total non-current other financial assets	**97.4**	120.6	**1,325.1**	1,082.1

a Not quoted on stock exchanges. The valuation is determined using discounted cash flow projections.
b The CSR group holds 16.9% (2009: 16.9%) of the share capital of Sugar Terminals Limited, a company involved in storage of raw sugar. The CSR group does not believe that it is able to exert significant influence over Sugar Terminals Limited as it has only one director on the board comprised of a minimum of five directors.
c During the current year, the shares were transferred by CSR Limited to its wholly owned subsidiary, Sucrogen Holdings Pty Limited, at their carrying amount.

($ MILLION)	CSR GROUP 2010	2009	CSR LIMITED 2010	2009
12 OTHER ASSETS				
Current				
Prepayments (including derivative margin balances)	**23.4**	15.0	**1.0**	2.9
Renewable Energy Certificates at fair value	**5.2**	4.4	**–**	–
Deferred costs	**2.3**	3.8	**1.6**	2.8
Total other current assets	**30.9**	23.2	**2.6**	5.7
Non-current				
Prepayments	**12.9**	12.7	**–**	–
Deferred costs	**2.9**	4.1	**3.0**	3.5
Total other non-current assets	**15.8**	16.8	**3.0**	3.5

Notes to the financial statements (continued)

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
13 PROPERTY, PLANT AND EQUIPMENT [a]				
Land and buildings				
At cost	**654.4**	706.5	**12.3**	7.6
Accumulated depreciation	**(88.7)**	(105.9)	**(1.1)**	(0.9)
Total land and buildings	**565.7**	600.6	**11.2**	6.7
Plant and equipment				
At cost or written down value	**3,082.2**	3,224.2	**15.4**	32.5
Accumulated depreciation	**(1,401.5)**	(1,568.2)	**(4.9)**	(18.0)
Total plant and equipment	**1,680.7**	1,656.0	**10.5**	14.5
Total property, plant and equipment	**2,246.4**	2,256.6	**21.7**	21.2

a The economic life over which assets are depreciated is buildings – 10 to 40 years; and plant and equipment – 2 to 40 years. The weighted average life of buildings is 20 years; and plant and equipment is 11 years.

($ MILLION)	LAND AND BUILDINGS CSR GROUP	LAND AND BUILDINGS CSR LIMITED	PLANT AND EQUIPMENT CSR GROUP	PLANT AND EQUIPMENT CSR LIMITED
14 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT				
Balance at 1 April 2009	**600.6**	**6.7**	**1,656.0**	**14.5**
Capital expenditure	**59.8**	**6.5**	**151.4**	**6.9**
Disposed	**(17.0)**	**–**	**(0.6)**	**–**
Depreciation and amortisation	**(17.1)**	**(0.2)**	**(132.1)**	**(0.6)**
Write down	**(0.4)**	**–**	**(2.9)**	**–**
Transferred to controlled entities		**(0.2)**		**(10.3)**
Foreign currency translation	**(9.9)**	**–**	**(16.2)**	**–**
Reclassifications	**(48.8)**	**–**	**48.8**	**–**
Transferred to inventories	**(1.5)**	**(1.6)**	**(23.7)**	**–**
Balance at 31 March 2010	**565.7**	**11.2**	**1,680.7**	**10.5**
Balance at 1 April 2008	578.8	6.5	1,461.3	12.0
Capital expenditure	38.3	0.5	376.8	7.6
Disposed	(13.7)	–	(24.7)	–
Depreciation and amortisation	(14.5)	(0.3)	(129.2)	(5.1)
Write down [a]	(3.5)	–	(48.0)	–
Reversal of previous write down	6.6	–	–	–
Foreign currency translation	8.6	–	19.3	–
Transferred from inventories	–	–	0.5	–
Balance at 31 March 2009	600.6	6.7	1,656.0	14.5

a Refer to Note 3 for details of the asset write down.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
15 GOODWILL [a]				
Carrying amount				
Balance at the beginning of the financial year	**322.3**	585.0	**–**	–
Acquisitions	**–**	17.4	**–**	–
Write down	**(250.0)**	(279.7)	**–**	–
Foreign currency translation	**(2.5)**	(0.4)	**–**	–
Balance at the end of the financial year	**69.8**	322.3	**–**	–

a The carrying amount of goodwill is: Building Products $62.0 million (2009: $314.3 million); and Sugar $7.8 million (2009: $8.0 million). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections. The discount rate used is a post-tax rate of between 8% and 10% depending on the cash generating unit. Refer to Note 3 for key assumptions in assessing the material goodwill balance and in determining the write down.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
16 OTHER INTANGIBLE ASSETS				
Systems software				
Software and systems development	**79.0**	73.0	**2.1**	4.0
Accumulated amortisation	**(62.5)**	(55.2)	**(0.9)**	(1.4)
Total systems software	**16.5**	17.8	**1.2**	2.6
Movements in systems software				
Net book value at the beginning of the financial year	**17.8**	24.2	**2.6**	0.9
Capital expenditure	**2.2**	4.3	**0.1**	2.0
Write down	**–**	(1.9)	**–**	–
Transfers	**4.6**	–	**(1.3)**	–
Amortisation	**(8.1)**	(8.8)	**(0.2)**	(0.3)
Net book value at the end of the financial year	**16.5**	17.8	**1.2**	2.6

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
16 OTHER INTANGIBLE ASSETS (CONTINUED)				
Trade names and non-competition agreements [a]				
At cost	**31.6**	32.0	**–**	–
Accumulated amortisation	**(11.8)**	(11.7)	**–**	–
Total trade names and non-competition agreements	**19.8**	20.3	**–**	–
Movements in trade names and non-competition agreements				
Net book value at the beginning of the financial year	**20.3**	25.6	**–**	–
Capital expenditure	**0.2**	1.3	**–**	–
Write down	**–**	(4.3)	**–**	–
Amortisation	**(0.7)**	(2.3)	**–**	–
Net book value at the end of the financial year	**19.8**	20.3	**–**	–
Total other intangible assets	**36.3**	38.1	**1.2**	2.6

a Includes indefinite life Building Products' trade names of $16.9 million (2009: $17.0 million). The recoverable amounts of the cash generating units that include the trade names are determined using discounted cash flow projections. Discounted cash flow projections over a 10 year period are appropriate given the cyclical nature of the industry. The first five years represent financial plans approved by management, based on the CSR group's view of the respective cycle, with years six to 10 applying averaging assumptions to ensure cash flows in year 10 are sufficiently stable to apply the terminal value. A terminal value is used from year 11 onwards. These trade names currently have an indefinite life as the CSR group is continually spending money on marketing and developing the trade names and there are no contractual or other restrictions on the use of the trade names.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
17 PAYABLES AND OTHER LIABILITIES				
Current				
Trade payables	**329.7**	340.0	**15.5**	10.2
Amounts owing to controlled entities			**295.0**	511.4
Other payables	**78.3**	76.6	**9.0**	9.7
Total current payables	**408.0**	416.6	**319.5**	531.3
Non-current				
Superannuation defined benefit plan – fair value of deficit [a]	**45.8**	103.0	**38.4**	89.3
Other payables	**0.6**	6.7	**0.2**	–
Total non-current payables and other liabilities	**46.4**	109.7	**38.6**	89.3

a Refer to Note 29 for details on the basis for the liability for superannuation defined benefit plan – fair value of deficit.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
18 BORROWINGS				
Current				
Unsecured bank overdrafts [a]	**–**	0.4	**57.4**	2.8
Short term borrowings				
Secured				
Other facilities	**1.8**	1.1	**–**	–
Unsecured				
Bank loans	**16.0**	–	**15.0**	–
Other loans	**7.8**	15.7	**7.8**	14.0
	25.6	16.8	**22.8**	14.0
Total current borrowings	**25.6**	17.2	**80.2**	16.8
Non-current				
Long term borrowings				
Secured				
Other loans	**1.9**	1.8	**–**	–
Unsecured				
Loans from controlled entities			**1,772.3**	1,763.8
Bonds	**0.1**	0.2	**–**	–
Bank loans	**783.2**	1,184.9	**737.0**	1,130.0
Total non-current borrowings	**785.2**	1,186.9	**2,509.3**	2,893.8

a Bank overdrafts held by the parent entity are subject to set-off arrangements with other CSR group entities' cash balances.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
19 OTHER FINANCIAL LIABILITIES				
Current				
Fair value of derivatives	**53.1**	84.6	**1.0**	10.8
Total current other financial liabilities	**53.1**	84.6	**1.0**	10.8
Non-current				
Fair value of derivatives	**15.9**	75.1	**3.2**	7.1
Total non-current other financial liabilities	**15.9**	75.1	**3.2**	7.1

Notes to the financial statements (continued)

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	2010 AVERAGE RATE % PA	2010 FINANCIAL YEAR OF MATURITY
20 CREDIT FACILITIES AND MATURITY PROFILE				
Long term maturities of borrowings				
United States dollar debt				
Bonds	**0.1**	0.2	**7.7**	**2026**
Australian dollar debt				
Bank loans [a]	**737.0**	1,130.0	**4.7**	**2012–2013**
Other loans	**1.9**	1.8	**3.9**	**2012–2018**
New Zealand dollar debt				
Bank loans	**18.7**	24.2	**3.4**	**2012**
Thai baht debt				
Bank loans	**–**	5.6	**5.4**	**2011**
Chinese yuan debt				
Bank loans	**27.5**	25.0	**6.9**	**2012**
Malaysian ringgit debt				
Bank loans	**–**	0.1	**4.2**	**2012**
Total non-current borrowings	**785.2**	1,186.9		

a Bank loans' maturities are as follows: $397 million in financial year 2012 with the balance of $340 million in financial year 2013.

Credit standby facilities
The CSR group has a total of $1,522 million (2009: $1,719 million) committed standby facilities. These facilities have fixed maturity dates as follows: $339 million in financial year 2011, $603 million in financial year 2012, with the balance of $580 million in financial year 2013. As at 31 March 2010, $723 million of the standby facilities were undrawn.

($ MILLION)	31 MARCH 2009	RECOGNISED/ REMEASURED	SETTLED/ TRANSFERRED	UNWINDING OF DISCOUNT	DISPOSED/ OTHER	31 MARCH 2010
21 PROVISIONS						
CSR group						
Current						
Employee benefits	121.7	64.5	(46.2)	–	(0.5)	**139.5**
Fringe benefits tax	0.7	5.2	(4.1)	–	–	**1.9**
Restructure and rationalisation	44.6	11.0	(41.1)	–	–	**14.5**
Product liability [a]	33.8	33.6	(38.4)	–	–	**29.0**
Restoration and environmental rehabilitation	13.1	0.7	(2.8)	–	0.1	**11.1**
Uninsured losses and future claims [b]	5.3	9.0	(10.3)	–	–	**4.0**
Other [c]	25.0	11.0	(6.5)	–	(0.2)	**29.3**
Total CSR group current provisions	244.2	135.0	(149.4)	–	(0.6)	**229.3**
Non-current						
Product liability [a]	421.3	(16.4)	–	21.4	–	**426.3**
Restoration and environmental rehabilitation	1.9	(0.5)	–	–	–	**1.4**
Uninsured losses and future claims [b]	40.2	1.0	–	2.1	–	**43.3**
Other	0.1	0.1	–	–	–	**0.2**
Total CSR group non-current provisions	463.5	(15.8)	–	23.5	–	**471.2**
CSR Limited						
Current						
Employee benefits	69.0	44.5	(24.8)	–	(34.5)	**54.2**
Fringe benefits tax	–	3.0	(2.2)	–	(0.8)	**–**
Restructure and rationalisation	13.9	7.1	(12.2)	–	–	**8.8**
Product liability [a]	33.8	33.6	(38.4)	–	–	**29.0**
Restoration and environmental rehabilitation	12.6	0.8	(2.3)	–	–	**11.1**
Uninsured losses and future claims [b]	5.2	8.2	(10.3)	–	(0.3)	**2.8**
Other	6.7	4.0	(0.2)	–	0.2	**10.7**
Total CSR Limited current provisions	141.2	101.2	(90.4)	–	(35.4)	**116.6**
Non-current						
Product liability [a]	421.3	(16.4)	–	21.4	–	**426.3**
Restoration and environmental rehabilitation	0.3	–	–	–	0.1	**0.4**
Uninsured losses and future claims [b]	40.2	1.0	–	2.1	–	**43.3**
Other	0.1	–	–	–	(0.1)	**–**
Total CSR Limited non-current provisions	461.9	(15.4)	–	23.5	–	**470.0**

a Refer to Note 36 and the significant accounting policies note for details of the basis for the product liability provision.
b Uninsured losses and future claims mainly relate to the CSR group's self insurance for workers' compensation program.
c Includes provision for anticipated disposal costs of Tomago aluminium smelter's spent pot lining.

	2010			2009		
	ORDINARY SHARES FULLY PAID	PRICE $	SHARE CAPITAL $ MILLION	ORDINARY SHARES FULLY PAID	PRICE $	SHARE CAPITAL $ MILLION
22 ISSUED CAPITAL [a]						
CSR Limited						
On issue at the beginning of the financial year	**1,286,059,187**		**1,329.2**	982,726,635		879.2
Institutional placement [b]	**115,808,670**	**1.66**	**188.4**	225,358,467	1.40	307.1
Retail placement [c]	**62,320,865**	**1.66**	**101.2**	24,448,860	1.40	32.9
Retail shortfall bookbuild [d]	**47,526,211**	**1.66**	**77.2**	–	–	–
Universal Share/Option Plan [e]	**–**	**–**	**–**	3,035,700	1.01	3.1
Dividend reinvestment plan [f]	**3,205,881**	**1.53**	**4.9**	50,489,525	2.15	106.9
Total movements during the financial year	**228,861,627**		**371.7**	303,332,552		450.0
On issue at the end of the financial year	**1,514,920,814**		**1,700.9**	1,286,059,187		1,329.2

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 Fully paid ordinary shares were issued on 10 November 2009 and 28 November 2008. The purpose of the institutional placement on 10 November 2009 was to facilitate the proposed Demerger of CSR's sugar business and to strengthen CSR's financial position. The purpose of the institutional placement on 28 November 2008 was to repay borrowings. Proceeds are net of share placement costs of $3.8 million in 2010 (2009: $8.4 million).

c Fully paid ordinary shares were issued on 3 December 2009 and 17 December 2008. The purpose of the retail placement on 3 December 2009 was to facilitate the proposed Demerger of CSR's sugar business and to strengthen CSR's financial position. The purpose of the retail placement on 17 December 2008 was to repay borrowings. Proceeds are net of share placement costs of $2.3 million in 2010 (2009: $1.3 million).

d Fully paid ordinary shares were issued on 3 December 2009. The purpose of the retail shortfall bookbuild was to facilitate the proposed Demerger of CSR's sugar business and to strengthen CSR's financial position. Proceeds are net of share placement costs of $1.7 million.

e Fully paid ordinary shares were issued in September and December 2008 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 ordinary shares were made to all eligible employees in 2009: 5,692, and 3,373 accepted the offer, subscribing for up to 450 shares at the market price of $2.02 each and receiving an equivalent number of shares at no cost. The issue of 1,517,850 shares purchased by employees was taken to equity. The additional 1,517,850 shares issued at no cost were recorded as an expense in the financial report with an offsetting entry to the employee share reserve.

f Fully paid ordinary shares were issued on 3 July 2009, 3 July 2008 and 12 December 2008. Eligible shareholders were able to reinvest all or part of their dividends in additional fully paid ordinary shares at a market discount of 2.5%.

23 RESERVES

	CSR GROUP		CSR LIMITED	
($ MILLION)	**2010**	2009	**2010**	2009
Hedge reserve				
Value at the beginning of the financial year	**3.9**	(28.5)	**(12.4)**	4.8
Hedge profit (loss) recognised in equity	**52.4**	27.3	**4.7**	(21.2)
Income tax (expense) benefit	**(15.7)**	(8.1)	**(1.4)**	6.4
Transferred to statement of financial performance [a]	**(8.3)**	13.2	**7.5**	(2.4)
Value at the end of the financial year	**32.3**	3.9	**(1.6)**	(12.4)
Foreign currency translation reserve				
Value at the beginning of the financial year	**14.2**	(11.8)	**–**	–
Translation of foreign operations	**(32.9)**	26.0	**–**	–
Value at the end of the financial year	**(18.7)**	14.2	**–**	–
Employee share reserve				
Value at the beginning of the financial year	**12.6**	9.5	**12.6**	9.5
CSR Limited free employee shares issued	**–**	3.1	**–**	3.1
Value at the end of the financial year	**12.6**	12.6	**12.6**	12.6
Other reserves				
Value at the beginning of the financial year	**–**	–	**–**	–
Purchase of non-controlling interests	**5.3**	–	**–**	–
Value at the end of the financial year	**5.3**	–	**–**	–
Total reserves	**31.5**	30.7	**11.0**	0.2

a The 2010 amount transferred to the statement of financial performance of $(11.7) million before tax (2009: $19.0 million) and $(8.3) million after tax (2009: $13.2 million) was taken to revenue $(12.8) million (2009: $20.1 million), with the balance mainly taken to cost of sales and interest expense.

24 NON-CONTROLLING INTERESTS IN CONTROLLED ENTITIES

	CSR GROUP	
($ MILLION)	**2010**	2009
Issued capital	**38.4**	49.6
Hedge reserve	**2.2**	26.0
Other reserves	**13.4**	8.6
Retained profits	**81.6**	69.4
Total non-controlling interests in controlled entities	**135.6**	153.6

Notes to the financial statements (continued)

($ THOUSAND)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
25 AUDITOR'S REMUNERATION				
Auditing and reviewing the financial report of the CSR group				
Deloitte Touche Tohmatsu in Australia	**1,345**	1,565	**490**	490
Deloitte Touche Tohmatsu outside of Australia	**255**	139	**–**	–
	1,600	1,704	**490**	490
Other services				
Deloitte Touche Tohmatsu in Australia	**900**	65	**708**	65
Deloitte Touche Tohmatsu outside of Australia	**–**	51	**–**	–
	900	116	**708**	65
Total auditor's remuneration	**2,500**	1,820	**1,198**	555
Other services comprise				
Taxation strategy and compliance	**143**	51	**–**	–
Accounting advice	**–**	5	**–**	5
Services related to proposed demerger of the Sugar business	**663**	–	**663**	–
Other	**94**	60	**45**	60
	900	116	**708**	65

	2010 CENTS PER SHARE	2010 TOTAL $ MILLION	2009 CENTS PER SHARE	2009 TOTAL $ MILLION
26 DIVIDENDS AND FRANKING CREDITS				
Recognised amounts				
Fully paid ordinary shares				
Prior year final dividend – franked to 100% (2009: 100%)	**1.5**	**19.3**	9.0	88.4
Interim dividend – franked to 100% (2009: 100%)	**2.5**	**32.2**	6.0	61.3
	4.0	**51.5**	15.0	149.7
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend – franked to 100% (2009: 100%)	**6.0**	**90.9**	1.5	19.3

The final dividend for the financial year ended 31 March 2010 has not been recognised in this financial report because it was declared after 31 March 2010. The amounts disclosed as recognised are the final dividend in respect of the prior financial year, and the interim dividend in respect of the current financial year.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
Franking account balance (tax paid basis)	**2.2**	(7.2)	**2.2**	(7.2)
Impact on franking account balance of dividends not recognised	**(39.0)**	(8.3)	**(39.0)**	(8.3)

27 RELATED PARTY INFORMATION

Key management personnel remuneration

For the year ended 31 March 2010, total remuneration of $13,159,633 (2009: $9,309,252) was paid or payable to directors and key management personnel. Details of remuneration, and the CSR Limited equity holdings of directors and key management personnel, are shown in the Remuneration Report.

CSR Limited transactions with controlled entities

During the financial years ended 31 March 2010 and 2009, CSR Limited advanced and repaid loans, sold and purchased goods and services, and provided accounting and administrative assistance to its controlled entities.
Details of write downs of receivables from the controlled entities are disclosed in Note 2.
Amounts receivable from and payable to these related parties are disclosed in notes 10, 17 and 18.
All loans advanced to and payable to these related parties are unsecured and subordinate to other liabilities.
Loans between members of the Australian tax consolidated group are not on normal terms and conditions.
Details of interest paid to and received from controlled entities are shown in notes 4 and 6.
Details of dividends received by CSR Limited from controlled entities are shown in the statement of financial performance.

Other related parties

Other than transactions with associate entities disclosed in Note 31, no material amounts were receivable from, or payable to, other related parties as at 31 March 2010 or 2009, and no material transactions with other related parties occurred during those years.

Details of payments to superannuation defined benefit plans are shown in Note 29.

Employee share plan interest free loans to directors or key management personnel

No new loans, loan repayments or loan balances occurred between the CSR group and directors and key management personnel of the CSR group during the financial year ended 31 March 2010 or 2009.

Transactions entered into during the financial year with directors of CSR Limited and key management personnel of the CSR group and with their closely related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders including:

- acquisition of shares in CSR Limited under the employee share plans, share purchase plan and the Dividend Reinvestment Plan;
- dividends from shares in CSR Limited;
- sale and purchase of goods and services;
- contracts of employment and reimbursement of expenses; and
- contracts of employment with relatives of directors on either a full time or work experience basis.

($ MILLION)	CSR GROUP 2010	2009	CSR LIMITED 2010	2009
28 INTEREST IN JOINT VENTURE OPERATION				
Interest in the Tomago aluminium smelter joint venture operation [a b] is included in the financial statements in the following categories:				
Current assets				
Cash and receivables	**3.1**	3.7	**–**	–
Inventories	**28.4**	39.4	**–**	–
Other current assets	**1.8**	1.4	**–**	–
	33.3	44.5	**–**	–
Non-current assets				
Receivables	**0.6**	0.6	**–**	–
Property, plant and equipment	**260.2**	280.7	**–**	–
Other non-current assets	**13.2**	14.2	**–**	–
	274.0	295.5	**–**	–
Total assets	**307.3**	340.0	**–**	–
Current liabilities	**43.8**	49.5	**–**	–
Non-current liabilities	**75.0**	75.0	**–**	–
Total liabilities	**118.8**	124.5	**–**	–
Net assets	**188.5**	215.5	**–**	–
Contracted capital expenditure	**2.2**	5.1	**–**	–
Contingent liabilities	**–**	–	**–**	–

a The CSR group's joint venture interest of 36.05% (2009: 36.05%) is held through a controlled entity in which the CSR group has a 70% interest, resulting in an effective interest in the joint venture of 25.24%.

b Principal activity: aluminium production.

29 SUPERANNUATION COMMITMENTS

The CSR group participates in a number of superannuation funds (funds) in Australia, New Zealand and other countries where it operates. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees (and spouses) on retirement, resignation, disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian Superannuation Guarantee legislation.

Australian superannuation funds

In Australia, the CSR group participates in the Harwood Superannuation Fund and the Pilkington (Australia) Superannuation Scheme for those employees and pensioners who are currently members of these funds and any new employees who become members of these funds.

Retirement funds

The contributions to the funds were: CSR group: $39.2 million (2009: $37.1 million); and CSR Limited: $19.2 million (2009: $20.6 million).

Accumulation funds

The benefits provided by accumulation funds are based on the contributions and income thereon held by the funds on behalf of the members. Contributions are made by the members and the company based on a percentage of the members' salary, as specified by the rules of the fund. These contributions are expensed in the period they are incurred.

Defined benefit funds

The benefits provided by defined benefit divisions of funds (DBDs) are based on length of service or membership and salary of the member at or near retirement. Member contributions, based on a percentage of salary, are specified by the rules of the fund. Employer contributions generally vary based on actuarial advice and may be reduced or cease when a fund is in actuarial surplus. The accounting treatment of the defined benefit superannuation funds is discussed in the note on significant accounting policies.

Asset backing

The assets of the funds at 31 March 2010 were insufficient to satisfy all benefits which would have been vested in the event of termination of the funds, or in the event of the voluntary or compulsory termination of the employment of each employee. The funds have obligations of $45.8 million in excess of the fair value of assets. The CSR group is making contributions to the funds as follows:

Harwood Superannuation Fund	– DBD CSR	$457,000 per month from 1 April 2010
	– DBD Monier PGH Plan	15.8% of eligible salary plus $240,524 per month from 1 April 2010
Pilkington (Australia) Superannuation Scheme	– DBD	11.4% of eligible salary plus $165,000 per month from 1 April 2010
CSR Viridian (New Zealand) Limited Superannuation Scheme	– DBD	$17,500 per month from 1 April 2010.

The next actuarial assessment for Harwood Superannuation Fund and Pilkington (Australia) Superannuation Scheme will be completed as at 30 June 2010. The contribution rates will be reviewed post this actuarial assessment. The aggregate funding method was used to determine the contribution rates for the Harwood Superannuation Fund and the projected unit credit funding method for the Pilkington (Australia) Superannuation Scheme.

Expected rate of return on defined benefit funds assets

The expected return on assets is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class. The returns used for each asset class are net of investment fees and investment tax (if applicable).

Notes to the financial statements (continued)

29 SUPERANNUATION COMMITMENTS (CONTINUED)

Superannuation defined benefit plans sponsored by the CSR group

($ MILLION)		DEFINED BENEFIT OBLIGATION	FAIR VALUE OF FUND ASSETS	LIABILITY	CONTRIBUTIONS PAID
Harwood Superannuation Fund	– DBD CSR [a b]	198.8	164.4	(34.4)	0.4
	– DBD Monier PGH Plan [c]	50.4	46.4	(4.0)	2.4
Pilkington (Australia) Superannuation Scheme	– DBD [c]	54.9	48.6	(6.3)	5.5
CSR Viridian (New Zealand) Limited Superannuation Scheme	– DBD [d]	3.3	2.2	(1.1)	0.3

a Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2010. These amounts are calculated at 31 March 2010 based on the assumptions used for the last actuarial review, which was performed on 30 June 2009 by K Knapman FIAA.

b There is an obligation for CSR Limited to contribute such amounts so as to ensure that the assets attributable to the DBD CSR fund are not less than 120% of the amount required to meet the actuarial liabilities of the DBD CSR fund. CSR Limited currently has a funding position of 106% and has therefore made available to the trustee of the fund a bank guarantee of $26.0 million (2009: $12.0 million) to satisfy the balance of its commitment if assets fall below 120%. The bank guarantee has been disclosed in Note 35 as a contingent liability.

c These amounts are calculated at 31 March 2010 based on assumptions used in the last actuarial review performed on 30 June 2009.

d These amounts are calculated at 31 March 2010 based on assumptions used in the last actuarial review performed on 31 March 2009.

	CSR GROUP		CSR LIMITED	
($ MILLION)	**2010**	2009	**2010**	2009
Amounts recognised in the statement of financial performance (administration and other operating costs) in respect of the defined benefit plans				
Current service cost	**5.4**	5.6	**2.8**	2.1
Finance cost	**11.1**	15.6	**8.8**	11.7
Expected return on assets	**(14.2)**	(23.5)	**(11.7)**	(18.7)
Total expense (income) included in the statement of financial performance	**2.3**	(2.3)	**(0.1)**	(4.9)
Actuarial gains (losses) incurred during the financial year and recognised in the statement of comprehensive income	**51.9**	(120.4)	**48.0**	(110.6)
Cumulative actuarial losses recognised in the statement of comprehensive income	**(63.8)**	(115.7)	**(51.9)**	(99.9)
Net liability of superannuation defined benefit plans				
Present value of liabilities	**307.4**	329.0	**249.2**	265.0
Fair value of assets	**(261.6)**	(226.0)	**(210.8)**	(175.7)
Net liability	**45.8**	103.0	**38.4**	89.3
Included in the statement of financial position				
Payables and other non-current liabilities (Note 17)	**45.8**	103.0	**38.4**	89.3
Net liability	**45.8**	103.0	**38.4**	89.3
Movements in the present value of the defined benefit plan liabilities were as follows				
Liabilities at the beginning of the financial year	**329.0**	312.6	**265.0**	233.8
Acquisitions/transfers in	**3.5**	–	**–**	–
Current service cost	**5.4**	5.6	**2.8**	2.1
Interest cost	**11.1**	15.6	**8.8**	11.7
Contributions from participants	**1.3**	1.3	**0.1**	0.3
Actuarial losses (gains)	**2.9**	33.2	**(4.5)**	38.3
Benefits paid	**(45.8)**	(39.3)	**(23.0)**	(21.2)
Liabilities at the end of the financial year	**307.4**	329.0	**249.2**	265.0
Movements in the present value of the defined benefit plan assets were as follows				
Assets at the beginning of the financial year	**226.0**	323.6	**175.7**	247.9
Acquisitions/transfers in	**2.5**	–	**–**	–
Return on fund assets – expected	**14.2**	23.5	**11.7**	18.7
Return on fund assets – actuarial	**54.8**	(87.2)	**43.5**	(72.3)
Contributions from the employer	**8.6**	4.1	**2.8**	2.3
Contributions from participants	**1.3**	1.3	**0.1**	0.3
Benefits paid	**(45.8)**	(39.3)	**(23.0)**	(21.2)
Assets at the end of the financial year	**261.6**	226.0	**210.8**	175.7
The history of experience adjustments is as follows				
Experience loss on fund liabilities	**(24.8)**	6.5	**(14.4)**	(2.4)
Experience loss on fund assets	**54.8**	(87.2)	**43.5**	(72.3)

		CSR GROUP	
(%)		**2010**	2009
Key assumptions and parameters (expressed as weighted averages)			
Discount rate (after tax)		**5.5**	4.3
Expected return on fund assets (after tax)		**6.9**	6.7
Expected salary increase		**3.5**	3.0
Asset class allocation	– equity instruments	**51.1**	50.2
	– debt instruments	**37.4**	37.8
	– property	**8.1**	8.6
	– other	**3.4**	3.4

30 FINANCIAL RISK MANAGEMENT

The CSR group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including commodity risk, currency risk and interest rate risk). The CSR group uses a variety of derivative instruments to manage financial and commodity price risks. The CSR group does not use derivative or financial instruments for speculative or trading purposes.

CSR Treasury provides services to the businesses, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the CSR group through internal risk reports that analyse exposures by degree and magnitude of risks as detailed further in this note. The use of financial derivatives is governed by the policies approved by the board of directors. The policies provide specific principles in relation to foreign exchange risk, interest rate risk, credit risk, the use of derivatives and the investment of excess liquidity. Compliance with policies and procedures is reviewed by CSR Internal Audit on a routine basis.

Capital management

The CSR group manages its capital to ensure that entities in the CSR group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the CSR group consists of debt which includes the borrowings disclosed in Note 18, cash and cash equivalents disclosed in Note 7, issued capital and reserves disclosed in Notes 22 and 23, and retained profits. The CSR group reviews the capital structure regularly and balances its overall capital structure through the payment of dividends, new share issues and share buy-backs, as well as the issue of new debt or the redemption of existing debt.

Fair value

The fair values of financial assets and liabilities are determined as follows:

- the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair values of derivative instruments are calculated using quoted market prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates matching maturities of the contract. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The assumptions and methods used to estimate fair value for the following financial assets and financial liabilities were:

Commodity futures: The fair value is based on the closing price on the applicable futures exchange;

Foreign currency contracts, foreign exchange options, currency swaps and commodity swaps: The fair value is estimated using market quoted spot and forward exchange rates and commodity prices and applicable yield curves following market accepted formulae and practices;

Cash, short term loans and deposits, receivables, payables and short term borrowings: The carrying amounts of these financial instruments approximate fair value because of their short maturity;

Long term borrowings: The present value of expected cash flows has been used to determine fair value using interest rates derived from market parameters that accurately reflect their term structure. Certain estimates and judgements were required to develop the fair value amounts; and

Interest rate swaps: The present value of expected cash flows has been used to determine fair value using yield curves derived from market parameters that accurately reflect their term structure. Certain estimates and judgements were required to develop the fair value amounts.

The fair value amounts shown below are not necessarily indicative of the amounts that CSR group would realise upon disposition, nor do they indicate the CSR group's intent or ability to dispose of the financial instrument.

Credit risk

The CSR group is exposed to credit related losses in the event of non-performance by counterparties to these derivative and financial instruments. The counterparties as at both 31 March 2010 and 31 March 2009 were predominantly prime financial institutions, with the majority of them with a Standard & Poor's or Moody's rating of at least A– or A3 respectively.

The CSR group controls risk through the use of credit limits and monitoring procedures. The CSR group does not usually require collateral or other security to support financial instruments with credit risk.

Credit exposure of foreign currency and commodity price derivatives is represented by the fair value of the contracts. The carrying amounts of financial assets included in the CSR group's financial statements represent its exposure to credit risk in relation to these assets.

As at 31 March 2010, the CSR group had no significant concentration of credit risk for derivative instruments with any single counterparty or group of counterparties. Concentrations of credit risk with respect to receivables are limited due to the large number of clients and markets in which the CSR group does business, as well as the dispersion across many geographic areas. Refer to Note 10 for more information on credit risk on receivables.

Liquidity risk

Liquidity risk management requires maintaining sufficient cash, bank facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Details of credit facilities and the maturity profile are detailed in Note 20.

Notes to the financial statements (continued)

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the CSR group's financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to maturity date. The amounts are not discounted.

	CSR GROUP MATURITY GROUPING					CSR LIMITED MATURITY GROUPING				
LIQUIDITY RISK ($ MILLION)	1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
2010										
Current payables	408.0	–	–	–	408.0	319.5	–	–	–	319.5
Non-current other payables	–	0.6	–	–	0.6	–	0.2	–	–	0.2
Borrowings (including interest) [a]	66.4	827.0	–	2.1	895.5	61.2	780.3	–	1,772.4	2,613.9
Commodity financial instruments [b]	47.4	11.6	1.0	–	60.0	–	–	–	–	–
Foreign currency financial instruments [b]	4.8	–	–	–	4.8	–	–	–	–	–
Interest rate swaps	1.0	3.7	–	–	4.7	1.0	3.7	–	–	4.7
Total	**527.6**	**842.9**	**1.0**	**2.1**	**1,373.6**	**381.7**	**784.2**	**–**	**1,772.4**	**2,938.2**
2009										
Current payables	416.6	–	–	–	416.6	531.3	–	–	–	531.3
Non-current other payables	–	6.7	–	–	6.7	–	–	–	–	–
Borrowings (including interest) [a]	80.5	1,342.6	–	0.2	1,423.3	76.6	1,283.2	–	1,763.8	3,123.6
Commodity financial instruments [b]	19.3	4.0	0.4	–	23.7	–	–	–	–	–
Foreign currency financial instruments [b]	46.4	63.4	2.2	–	112.0	–	–	–	–	–
Interest rate swaps	3.3	6.6	10.1	–	20.0	3.3	6.6	10.1	–	20.0
Total	566.1	1,423.3	12.7	0.2	2,002.3	611.2	1,289.8	10.1	1,763.8	3,674.9

a Over five years includes repayment of borrowings in July 2025 – CSR group $0.2 million (2009: $0.2 million); and CSR Limited $nil (2009: $nil). Bank overdrafts are not included in this analysis as it is part of a set-off arrangement of cash balances with Commonwealth Bank of Australia.

b Settlement of commodity and foreign currency financial instruments will be offset by revenue from the sale of commodities.

Market risk

Commodity price and risk management

The CSR group has exposure to aluminium commodity prices. The aluminium price exposure arises from sales contracts that commit the CSR group to supply aluminium in future years. Prices for product supplied under these contracts are a function of the US dollar market price at the time of delivery. The CSR group has a policy of maintaining a minimum, but declining, level of hedging for up to the next five years at acceptable prices to manage its commodity price exposure, with the objective of ensuring more predictable revenue cash flows.

The CSR group also has exposure to sugar prices through its raw sugar milling activities. The CSR group undertakes longer term pricing in Australian dollar terms with the sugar and currency exposure closely matched. This pricing may be conducted in declining volumes for up to five years where an acceptable price outcome can be achieved. In addition, CSR undertakes sugar pricing during the season (in season pricing). The remainder of the sugar pricing, excluding CSR's long term and in season pricing, is undertaken by Queensland Sugar Limited (QSL). The CSR group receives its share of the Australian dollar pool price revenue derived by QSL based on QSL's sugar price and foreign exchange pricing activities. Sugar pricing is carried out by QSL for a maximum term usually of 18 months.

Sugar refining businesses seek to cover their exposure to raw sugar input costs against their refined sugar sales to industrial and retail customers on a back-to-back basis, thus eliminating market risk and locking in a refining margin. In this way, sugar commodity and currency price risk is minimised.

		PRINCIPAL/MATURITIES						
COMMODITY PRICE RISK EXPOSURE	AVERAGE						FAIR VALUE	
($ MILLION)	PRICE [a b]	1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	ASSET	LIABILITY
2010								
Aluminium								
London Metal Exchange aluminium futures sell contracts [c]	2,875.3	19.9	22.4	–	–	42.3	6.8	–
Aluminium commodity swaps [c]	2,431.2	66.9	32.4	–	–	99.3	5.0	3.0
Raw sugar								
New York Board of Trade Sugar No 11 futures buy contracts [c]	453.0	150.3	4.8	–	–	155.1	0.4	30.5
New York Board of Trade Sugar No 11 futures sell contracts [c]	419.1	170.8	0.2	–	–	171.0	27.3	0.7
Sugar commodity swaps [c]	339.2	160.5	191.1	11.1	–	362.7	8.5	25.8
Sugar commodity options [c]	407.9	9.5	–	–	–	9.5	1.5	–
Total							**49.5**	**60.0**
2009								
Aluminium								
London Metal Exchange aluminium futures sell contracts [c]	2,755.4	15.9	57.1	–	–	73.0	30.3	–
Aluminium commodity swaps [c]	2,308.9	240.0	89.5	–	–	329.5	116.2	–
Raw sugar								
New York Board of Trade Sugar No 11 futures buy contracts [c]	293.7	77.9	1.7	–	–	79.6	1.5	–
New York Board of Trade Sugar No 11 futures sell contracts [c]	294.9	133.0	3.0	–	–	136.0	0.6	–
Sugar commodity swaps [c]	224.4	136.7	240.1	34.3	–	411.1	–	8.4
Total							148.6	8.4

a Average prices for the individual periods do not materially differ from the overall average price disclosed.

b US dollars per metric tonne.

c $10.8 million of commodity contract losses (2009: $140.2 million gains) was deferred in 2010 as the losses relate to hedges of highly probable forecast transactions and fair value hedges. The expected timing of recognition based on the fair values at 31 March 2010 is one year or less: $8.2 million loss (2009: $70.1 million gain); one to three year(s): $1.6 million loss (2009: $69.3 million gain); and three to five years: $1.0 million loss (2009: $0.8 million gain). $0.3 million of commodity contract gains relating to fair value hedges was recognised in 2010 (2009: $3.2 million losses).

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the CSR group's sensitivity to an increase in the aluminium and sugar prices assuming a constant exchange rate. A decrease would have the opposite impact to the amounts shown in the table. The sensitivity analysis of the CSR group's exposure to aluminium and sugar price risk at the reporting date has been determined based on the balances as at reporting date.

PRICE CHANGE SENSITIVITY ($ MILLION)	ALUMINIUM PRICE – 10%				SUGAR PRICE – 30%			
	CSR GROUP		CSR LIMITED		CSR GROUP		CSR LIMITED	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Profit or loss – increase (decrease)	**–**	–	**–**	–	**–**	–	**–**	–
Other equity – (decrease)	**(13.1)**	(17.5)	**–**	–	**(110.6)**	(84.9)	**–**	–

The CSR group's sensitivity to sugar price risk at balance date is not representative of the sensitivity throughout the year, as the year end exposure does not reflect the exposure during the year due to in season sugar pricing undertaken.

Foreign exchange and risk management

The CSR group uses a variety of foreign exchange risk management instruments, including spot, forward and swap currency contracts and currency options, to hedge foreign currency denominated receipts resulting from revenue denominated in foreign currencies and payments for raw materials and capital equipment, with the key objective of achieving more predictable Australian dollar equivalent revenues.

The CSR group's major foreign currency exposure relates to its US dollar aluminium and sugar commodity price exposure and consequently it has a currency hedging policy which complements the commodity price hedging policy by providing minimum but declining levels of hedging for up to the next five years using forward exchange rate contracts.

Other foreign exchange exposures are relatively small, with the CSR group policy outlining guidelines for hedging for up to 18 months. The policy requires that material foreign currency denominated purchases of capital equipment be fully hedged to the domestic currency to eliminate currency exposure. Similarly, the policy also requires that all material foreign currency assets and liabilities are hedged to the relevant entity's domestic currency.

The table below provides information about the CSR group's significant exchange rate exposures:

FOREIGN EXCHANGE RISK EXPOSURE ($ MILLION)	AVERAGE EXCHANGE RATE [a]	PRINCIPAL/MATURITIES 1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	FAIR VALUE [c] ASSET	LIABILITY
2010								
Forward exchange rate agreements [b]								
US dollar								
Buy US dollar	**0.89**	**198.4**	**4.4**	**–**	**–**	**202.8**	**0.6**	**4.4**
Sell US dollar	**0.77**	**346.2**	**255.5**	**11.1**	**–**	**612.8**	**83.7**	**–**
New Zealand dollar								
Buy New Zealand dollar	**1.29**	**0.5**	**–**	**–**	**–**	**0.5**	**–**	**–**
Sell New Zealand dollar	**1.27**	**4.9**	**–**	**–**	**–**	**4.9**	**0.1**	**–**
Euro								
Buy euro	**0.66**	**6.3**	**–**	**–**	**–**	**6.3**	**–**	**0.2**
Sell euro	**0.68**	**0.1**	**–**	**–**	**–**	**0.1**	**–**	**–**
Great British pound								
Buy Great British pound	**0.52**	**0.6**	**–**	**–**	**–**	**0.6**	**–**	**0.1**
Japanese yen								
Buy Japanese yen	**82.66**	**4.7**	**–**	**–**	**–**	**4.7**	**–**	**–**
Sell Japanese yen	**81.36**	**0.6**	**–**	**–**	**–**	**0.6**	**–**	**–**
Singaporean dollar								
Buy Singaporean dollar	**1.37**	**0.2**	**–**	**–**	**–**	**0.2**	**–**	**–**
Sell Singaporean dollar	**1.37**	**0.1**	**–**	**–**	**–**	**0.1**	**–**	**–**
Total							**84.4**	**4.7**
2009								
Forward exchange rate agreements [b]								
US dollar								
Buy US dollar	0.70	180.6	1.0	–	–	181.6	6.8	–
Sell US dollar	0.74	462.3	390.5	49.4	–	902.2	–	93.1
New Zealand dollar								
Sell New Zealand dollar	1.24	17.9	–	–	–	17.9	–	0.8
Euro								
Buy euro	0.56	26.3	–	–	–	26.3	2.7	–
Japanese yen								
Buy Japanese yen	63.10	0.8	–	–	–	0.8	–	–
Sell Japanese yen	65.93	0.3	–	–	–	0.3	–	–
Swedish krona								
Buy Swedish krona	5.42	1.0	–	–	–	1.0	–	–
Canadian dollar								
Buy Canadian dollar	0.88	6.1	–	–	–	6.1	0.3	–
Singaporean dollar								
Buy Singaporean dollar	1.08	0.2	0.1	–	–	0.3	0.1	–
Total							9.9	93.9

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

b $79.1 million of net foreign exchange contract gains (2009: $84.1 million losses) have been deferred as the gains/losses relate to hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2010 are one year or less: $38.1 million gain (2009: $28.3 million loss); one to three year(s): $39.4 million gain (2009: $55.7 million loss); and three to five years: $1.6 million gain (2009: $0.1 million loss).

c As at reporting date, the aggregate amount of unrealised gains under forward foreign exchange contracts relating to anticipated future transactions is $79.1 million (2009: unrealised losses of $84.1 million). These unrealised gains/losses have been deferred in the hedge reserve to the extent the hedge is effective.

Notes to the financial statements (continued)

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 March 2010, had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies with all other variables held constant, the post-tax profit would have been materially unchanged, mainly as a result of the effectiveness of the hedging in place. Equity would have been $39.0 million higher/$47.7 million lower (2009: $55.6 million higher/$45.3 million lower) had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies, arising mainly from foreign forward exchange contracts designated as cash flow hedges. CSR Limited's position is not materially different from that of the CSR group.

Interest rate sensitivity and risk management

CSR group policy allows the CSR group to enter into a variety of derivative instruments to manage its interest rate exposure, with the objective of obtaining lower funding costs and a more stable and predictable interest expense. The CSR group has a policy to maintain the percentage of fixed and variable rate debt within controlled limits. CSR group policy allows interest rate swaps and options to be entered into to maintain the mix of fixed and variable rate debt. The table below provides information about the CSR group's interest rate exposure and should be read in conjunction with Note 18:

INTEREST RATE RISK EXPOSURE ($ MILLION)	NOTE	WEIGHTED AVERAGE TERM IN YEARS	WEIGHTED AVERAGE RATE % PA [a]	PRINCIPAL/MATURITIES 1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNT ASSET	CARRYING AMOUNT LIABILITY	FAIR VALUE ASSET	FAIR VALUE LIABILITY
2010												
Long term debt												
Fixed rate US dollar debt	**18**	**15.3**	**7.7**	**–**	**–**	**–**	**0.1**	**0.1**	**–**	**0.1**	**–**	**0.1**
Fixed rate Chinese yuan debt	**18**	**1.1**	**6.9**	**–**	**27.5**	**–**	**–**	**27.5**	**–**	**27.5**	**–**	**27.5**
Fixed rate Malaysian ringgit debt	**18**	**1.5**	**3.2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Floating rate Australian dollar debt [b]	**18**	**2.0**	**4.7**	**–**	**737.0**	**–**	**1.9**	**738.9**	**–**	**738.9**	**–**	**738.9**
Floating rate New Zealand dollar debt	**18**	**1.5**	**3.4**	**–**	**18.7**	**–**	**–**	**18.7**	**–**	**18.7**	**–**	**18.7**
Short term debt												
Fixed rate Thai baht debt	**18**	**0.7**	**5.4**	**0.8**	**–**	**–**	**–**	**0.8**	**–**	**0.8**	**–**	**0.8**
Floating rate Australian dollar debt [b]	**18**	**0.3**	**3.6**	**24.8**	**–**	**–**	**–**	**24.8**	**–**	**24.8**	**–**	**24.8**
Net cash [c]	**7**	**–**	**–**	**(43.9)**	**–**	**–**	**–**	**(43.9)**	**(43.9)**	**–**	**(43.9)**	**–**
Total				**(18.3)**	**783.2**	**–**	**2.0**	**766.9**	**(43.9)**	**810.8**	**(43.9)**	**810.8**
2009												
Long term debt												
Fixed rate US dollar debt	18	16.3	7.7	–	–	–	0.2	0.2	–	0.2	–	0.2
Fixed rate Thai baht debt	18	1.7	5.5	–	5.6	–	–	5.6	–	5.6	–	5.6
Fixed rate Chinese yuan debt	18	2.1	7.6	–	25.0	–	–	25.0	–	25.0	–	25.0
Fixed rate Malaysian ringgit debt	18	2.5	4.2	–	0.1	–	–	0.1	–	0.1	–	0.1
Floating rate Australian dollar debt [b]	18	3.0	6.8	–	1,130.0	–	1.8	1,131.8	–	1,131.8	–	1,131.8
Floating rate New Zealand dollar debt	18	2.1	6.9	–	24.2	–	–	24.2	–	24.2	–	24.2
Short term debt												
Floating rate Australian dollar debt [b]	18	–	3.4	15.1	–	–	–	15.1	–	15.1	–	15.1
Floating rate New Zealand dollar debt	18	–	3.9	1.7	–	–	–	1.7	–	1.7	–	1.7
Net cash [c]	7	–	–	(14.3)	–	–	–	(14.3)	(14.7)	0.4	(14.3)	–
Total				2.5	1,184.9	–	2.0	1,189.4	(14.7)	1,204.1	(14.3)	1,203.7

a Average rates for the individual periods do not materially differ from the overall average rates disclosed. Other financial assets and liabilities are not exposed to interest rate risk.
b Maturities based on the maturity date of the debt facilities, not the repricing date.
c Net of bank overdraft. Interest rates vary from nil to 4.0% per annum (2009: nil to 3.2% per annum).

At 31 March 2010, if interest rates had increased/decreased by one percentage point per annum from the year end rates with all other variables held constant, the post-tax profit for the year would have been $1.6 million lower/higher (2009: $3.9 million lower/higher), mainly as a result of higher interest cost on borrowings. CSR Limited's position is the same as the CSR group, except that CSR Limited has interest bearing receivables of $3,876.8 million (2009: $4,429.5 million) from controlled entities.

INTEREST RATE SWAPS OUTSTANDING AT YEAR END ARE AS FOLLOWS:

INTEREST RATE DERIVATIVES AUSTRALIAN DOLLAR INTEREST RATE SWAPS ($ MILLION)	WEIGHTED AVERAGE TERM IN YEARS	WEIGHTED AVERAGE RATE % PA [a]	PRINCIPAL/MATURITIES 1 YEAR OR LESS	1 TO 3 YEAR(S)	3 TO 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNT ASSET	CARRYING AMOUNT LIABILITY	FAIR VALUE ASSET	FAIR VALUE LIABILITY
2010											
Fixed rate payer against A$ bank bills	**1.7**	**5.6**	**150.0**	**334.3**	**20.0**	**–**	**504.3**	**–**	**–**	**1.7**	**4.3**
2009											
Fixed rate payer against A$ bank bills	1.7	6.4	130.0	156.8	100.0	–	386.8	–	–	–	17.9

a Average rates for the individual periods do not materially differ from the overall average rates disclosed. Other financial assets and liabilities are not exposed to interest rate risk.

At 31 March 2010, if interest rates had increased/decreased by one percentage point per annum from the year end rates with all other variables held constant, reserves at balance date would have been $7.2 million higher/$7.4 million lower (2009: $3.9 million higher/$4.0 million lower), mainly as a result of the change in value of the interest rate swaps. CSR Limited's position is not materially different from that of the CSR group.

OTHER FAIR VALUES ($ MILLION)	CARRYING AMOUNT ASSET 2010	CARRYING AMOUNT ASSET 2009	CARRYING AMOUNT LIABILITY 2010	CARRYING AMOUNT LIABILITY 2009	FAIR VALUE ASSET 2010	FAIR VALUE ASSET 2009	FAIR VALUE LIABILITY 2010	FAIR VALUE LIABILITY 2009
Current receivables	**491.9**	562.1			**491.9**	562.1		
Other financial assets	**180.3**	240.8			**180.3**	240.8		
Current payables and financial liabilities			**461.1**	501.2			**461.1**	501.2
Non-current payables, financial liabilities and other liabilities			**62.3**	184.8			**62.3**	184.8
Total	**672.2**	802.9	**523.4**	686.0	**672.2**	802.9	**523.4**	686.0

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level(s) 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

($ MILLION)	2010			
	Level 1	Level 2	Level 3	**Total**
Financial assets at fair value				
Aluminium				
London Metal Exchange aluminium futures sell contracts [a]	–	6.8	–	6.8
Aluminium commodity swaps	–	5.0	–	5.0
Raw sugar				
New York Board of Trade Sugar No 11 futures buy contracts	0.4	–	–	0.4
New York Board of Trade Sugar No 11 futures sell contracts	27.3	–	–	27.3
Sugar commodity swaps	–	8.5	–	8.5
Sugar commodity options	–	1.5	–	1.5
Other financial instruments				
Forward exchange rate agreements	–	84.4	–	84.4
Interest rate swaps and options	–	1.7	–	1.7
Available for sale: shares at fair value	–	–	44.7	44.7
Total	**27.7**	**107.9**	**44.7**	**180.3**

($ MILLION)	2010			
	Level 1	Level 2	Level 3	**Total**
Financial liabilities at fair value				
Aluminium				
Aluminium commodity swaps	–	3.0	–	3.0
Raw sugar				
New York Board of Trade Sugar No 11 futures buy contracts	30.5	–	–	30.5
New York Board of Trade Sugar No 11 futures sell contracts	0.7	–	–	0.7
Sugar commodity swaps	–	25.8	–	25.8
Other financial instruments				
Forward exchange rate agreements	–	4.7	–	4.7
Interest rate swaps and options	–	4.3	–	4.3
Total	**31.2**	**37.8**	**–**	**69.0**

a While aluminium futures transactions are conducted on a recognised futures exchange, the calculation of fair value involves the application of a discounted cash flow analysis.

There have been no movements of financial assets or liabilities between levels during the year.

Reconciliation of Level 3 fair value measurements

	AVAILABLE FOR SALE: SHARES AT FAIR VALUE	
($ MILLION)	CSR GROUP **2010**	CSR LIMITED **2010**
Opening balance	42.7	42.7
Disposal of interest	–	(42.7)
Capital return – reduction in carrying value of the investment	(2.1)	–
Revaluation gain in retained profits	4.1	–
Closing balance	44.7	–

The investment of shares in Sugar Terminals Limited classified as available for sale is measured at fair value. Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supported by observable market data. The key inputs used in determining the fair value include future rental income, capital expenditure and operating expenses, which are discounted at 9.7%. During the year CSR Limited transferred its interest in Sugar Terminals Limited to its wholly owned subsidiary, Sucrogen Holdings Pty Limited, at the carrying amount.

Management believes that capital expenditure is the only assumption to which there is a reasonably possible alternative. However, any significant capital expenditure above the estimated level would be factored into any future rental negotiations. Therefore, no sensitivity of changes in this input is undertaken.

Notes to the financial statements (continued)

		OWNERSHIP INTEREST		CARRYING AMOUNT	
		2010	2009	**2010**	2009
		%		$ MILLION	
31 EQUITY ACCOUNTING INFORMATION					
Name of entity	**Principal activity**				
C. Czarnikow Limited [a]	Sugar brokering	**43**	43	**23.8**	19.1
Rondo Pty Limited	Building products	**50**	50	**6.8**	9.1
Other non-material associates				**2.8**	2.0
Total investments accounted for using the equity method				**33.4**	30.2

a All incorporated in Australia except C. Czarnikow Limited, which was incorporated in England and Wales.

	CSR GROUP	
($ MILLION)	**2010**	2009
Equity accounted amount of investments at the beginning of the financial year	**30.2**	27.9
Share of associate entities' profit from ordinary activities before income tax	**21.8**	21.5
Share of income tax	**(6.4)**	(6.5)
Dividends and distributions received	**(12.5)**	(13.4)
Foreign currency translation and other	**0.3**	0.7
Equity accounted amount of investments at the end of the financial year	**33.4**	30.2
Share of revenue, reserves and retained profits attributable to associate entities		
Revenue	**153.4**	157.6
Retained profits [b]	**27.6**	24.7
Asset revaluation reserves [b]	**0.2**	0.3
Other reserves [b]	**3.8**	5.2
Summarised balance sheet of associate entities		
Assets		
– Cash and cash equivalents	**75.8**	27.3
– Other current assets	**406.1**	458.1
– Property, plant and equipment	**17.5**	23.0
– Other non-current assets	**7.0**	5.3
Liabilities		
– Current payables	**75.9**	127.6
– Current borrowings and other liabilities	**335.6**	275.1
– Non-current liabilities	**22.8**	43.4
Net assets	**72.1**	67.6

	CSR GROUP		CSR LIMITED	
($ MILLION)	**2010**	2009	**2010**	2009
Balances and transactions with associate entities [c]				
Current loans and receivables	**13.5**	13.2	**13.5**	13.2
Non-current loans and receivables	**17.6**	15.6	**–**	–
New loans and receivables	**11.0**	20.6	**9.0**	15.4
Loans and receivables repaid	**8.7**	11.9	**8.7**	11.9
Current payables	**5.6**	5.5	**–**	–
Purchases of goods and services	**37.6**	44.3	**–**	–
Sales of goods and services	**5.2**	3.4	**–**	–
Dividends and distributions received and receivable	**12.5**	13.4	**–**	–

a The reporting date is 31 December.
b The opening balances as at 1 April 2008 were asset revaluation reserves $0.4 million, other reserves $3.1 million and retained profits $19.8 million.
c Purchases and sales of goods and services are on normal terms and conditions.

32 PARTICULARS RELATING TO CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION/ FORMATION	% CSR OWNERSHIP 2010	2009
BI (Contracting) Pty Ltd	Australia	**100**	100
Bradford Insulation Industries Pty Ltd	Australia	**100**	100
Bradford Insulation (SA) Pty Ltd [a]	Australia	**100**	100
Buchanan Borehole Collieries Pty Ltd	Australia	**100**	100
Chelsea Estates NZ Pty Ltd	Australia	**100**	100
Chelsea Nominees Ltd	New Zealand	**100**	100
CSR Bradford Air (M) Sdn Bhd	Malaysia	**100**	70
CSR Building Materials (HK) Ltd	Hong Kong	**100**	100
CSR Building Materials (M) Sdn Bhd	Malaysia	**100**	70
CSR Building Materials Trading (Shanghai) Co., Ltd	China	**100**	100
CSR Building Products Ltd	Australia	**100**	100
CSR Building Products (NZ) Ltd	New Zealand	**100**	100
CSR Climate Control (M) Sdn Bhd	Malaysia	**100**	70
CSR Developments Pty Ltd	Australia	**100**	100
CSR Erskine Park Trust	Australia	**100**	100
CSR Finance Ltd	Australia	**100**	100
CSR Guangdong Glasswool Co., Ltd	China	**79**	79
CSR Industrial Property Nominees No 1 Pty Ltd	Australia	**100**	100
CSR Industrial Property Nominees No 2 Pty Ltd	Australia	**100**	100
CSR Industrial Property Trust	Australia	**100**	100
CSR Insulation (Thailand) Limited	Thailand	**100**	100
CSR Insurance Pte Limited	Singapore	**100**	100
CSR International Pty Ltd	Australia	**100**	100
CSR Investments Pty Ltd	Australia	**100**	100
CSR Investments (Asia) Pty Ltd	Australia	**100**	100
CSR Investments (Indonesia) Pty Ltd	Australia	**100**	100
CSR Investments (Thailand) Pty Ltd	Australia	**100**	100
CSR Refining Investments (NZ) Ltd	New Zealand	**100**	100
CSR Share Plan Pty Ltd	Australia	**100**	100
CSR South East Asia Pte Ltd	Singapore	**100**	100
CSR Viridian Finance Pty Limited	Australia	**100**	100
CSR Viridian Holdings Limited	Australia	**100**	100
CSR Viridian International Pty Limited	Australia	**100**	100
CSR Viridian Investment Company Pty Limited	Australia	**100**	100
CSR Viridian Limited	Australia	**100**	100
CSR Viridian Operations Pty Limited	Australia	**100**	100
CSR Viridian Properties Pty Limited	Australia	**100**	100
CSR Viridian (New Zealand) Holdings Limited	New Zealand	**100**	100
CSR Viridian (New Zealand) Limited	New Zealand	**100**	100
CSR (Guangdong) Rockwool Co., Ltd [a]	China	**100**	70
CSR (Guangzhou) Building Materials Co., Ltd	China	**100**	100
DMS Security Glass Pty Limited	Australia	**100**	100
Don Mathieson & Staff Glass Pty Limited	Australia	**100**	100
Farley & Lewers Pty Ltd	Australia	**100**	100
FEP Concrete Pty Ltd	Australia	**100**	100
Gove Aluminium Finance Ltd	Australia	**70**	70
Gyprock Holdings Pty Ltd	Australia	**100**	100
Midalco Pty Ltd	Australia	**100**	100
New Zealand Sugar Company Ltd	New Zealand	**75**	75
PASS Pty Limited	Australia	**100**	100
Pioneer Sugar Mills Pty Ltd	Australia	**100**	100
Premier Packers Ltd	New Zealand	**75**	75
PT Prima Karya Plasterboard	Indonesia	**100**	100
Rivarol Pty Ltd	Australia	**100**	100
SA Independent Glass Pty Limited	Australia	**100**	100
Seltsam Pty Ltd	Australia	**100**	100
Softwood Holdings Ltd [a]	Australia	**100**	100
Softwood Plantations Pty Ltd [a]	Australia	**100**	100
Softwoods Queensland Pty Ltd [a]	Australia	**100**	100
Sucrogen Australia Pty Ltd [c]	Australia	**100**	100
Sucrogen Bioethanol Pty Ltd [c]	Australia	**100**	100
Sucrogen Ethanol Pty Ltd [c]	Australia	**100**	100
Sucrogen Holdings Pty Ltd [b]	Australia	**100**	–
Sucrogen Investments Pty Ltd [c]	Australia	**100**	100
Sucrogen Limited [c]	Australia	**100**	100
Sucrogen Plane Creek Pty Ltd [c]	Australia	**100**	100
Sucrogen Refining Investments Pty Ltd [c]	Australia	**100**	100
Sucrogen (Herbert) Pty Ltd [c]	Australia	**100**	100
Sucrogen (Invicta) Pty Ltd [c]	Australia	**100**	100
Sucrogen (Kalamia) Pty Ltd [c]	Australia	**100**	100
Sucrogen (Pioneer) Pty Ltd [c]	Australia	**100**	100
Sugar Australia Joint Venture	Australia	**75**	75
Sugar Australia Pty Ltd	Australia	**75**	75
Tatefield Pty Ltd [a]	Australia	**75**	75
The Haughton Sugar Company Pty Ltd	Australia	**100**	100
Thiess Bros Pty Ltd	Australia	**100**	100
Thiess Holdings Pty Ltd	Australia	**100**	100
VEST Super Pty Limited	Australia	**100**	100

a In members' voluntary liquidation.
b Incorporated during the year.
c Certain CSR Sugar entities have been renamed to Sucrogen during the current year to reflect rebranding of the Sugar business.

Notes to the financial statements (continued)

33 CONTRACTED OPERATIONAL EXPENDITURE

LEASE AND HIRE EXPENDITURE [a] ($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
Contracted lease and hire expenditure commitments not otherwise provided for in the financial statements				
Land and buildings	**168.4**	137.1	**41.3**	45.1
Plant and equipment	**40.7**	54.1	**–**	0.1
	209.1	191.2	**41.3**	45.2
Contracted lease and hire expenditure comprises:				
Non-cancellable operating leases payable				
Within one year	**33.7**	35.3	**5.5**	3.5
Between one and two year(s)	**29.1**	23.3	**5.5**	5.5
Between two and five years	**64.0**	49.4	**17.1**	16.8
After five years	**45.0**	29.1	**13.2**	18.8
	171.8	137.1	**41.3**	44.6
Other payable				
Within one year	**16.0**	17.6	**–**	0.2
Between one and two year(s)	**16.7**	12.6	**–**	0.2
Between two and five years	**4.6**	21.0	**–**	0.2
After five years	**–**	2.9	**–**	–
	37.3	54.1	**–**	0.6
Total operating lease and hire expenditure	**209.1**	191.2	**41.3**	45.2

a The operating lease and rental payments were: CSR group $37.8 million (2009: $37.8 million); and CSR Limited $6.7 million (2008: $7.4 million).
The total of minimum rentals to be received in the future under non-cancellable sub-leases as at 31 March 2010 is not material. Contingent rentals for 2010 and 2009 financial years were not material. The leases on most of the CSR group's rental premises contain renewal options. The CSR group's decision to exercise renewal options is primarily dependent upon the profitability of business conducted at the location.

Other operating expenditure
On 1 December 2009, CSR Limited entered into an enforceable undertaking with the Chief Executive, Department of Justice and Attorney General pursuant to Section 42E of the Workplace Health and Safety Act 1995. The undertaking is for a minimum agreed spend of $0.4 million in respect of workplace, industry and community benefits.

($ MILLION)	CSR GROUP 2010	CSR GROUP 2009	CSR LIMITED 2010	CSR LIMITED 2009
34 CONTRACTED CAPITAL EXPENDITURE				
Estimated capital expenditure contracted for at year end but not provided for				
Payable within one year – CSR group	**42.9**	98.8	**0.2**	0.4
Payable within one year – associate entities	**–**	–	**–**	–
Total contracted capital expenditure	**42.9**	98.8	**0.2**	0.4
35 CONTINGENT LIABILITIES				
Contingent liabilities, capable of estimation, arise in respect of the following categories:				
Performance guarantees provided to third parties and other contingent liabilities	**56.9**	35.8	**–**	–
Guarantees given by CSR Limited in respect of amounts borrowed by CSR Finance Limited			**0.1**	0.1
Total contingent liabilities	**56.9**	35.8	**0.1**	0.1

Contingent liabilities/assets
Claims and possible claims (other than product liability, which is discussed in Note 36) 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 CSR group.

CSR Limited 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.

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.

36 PRODUCT LIABILITY

Background

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 2010, there were 692 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 2010, there were 1,147 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2010, CSR had resolved 2,762 claims in Australia and approximately 135,200 claims in the United States.

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

YEAR ENDED 31 MARCH	2010	2009	2008	2007	2006
Number of claims received	514	553	546	1,489	2,424
Number of claims resolved	986	1,246	575	2,680	2,168
Amount spent on settlements (A$ million) [a]	33.4	41.6	28.2	23.5	21.2
Average cost per resolved claim (A$)	33,916	33,371	49,128	8,767	9,790

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 source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

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 costs 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.

Notes to the financial statements (continued)

36 PRODUCT LIABILITY (CONTINUED)

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 2010, the central estimate was A$184.8 million calculated using a discount rate of 6%. On an undiscounted and inflated basis, that central estimate would be A$385.3 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 2010 the base case estimate was US$159.5 million calculated using a discount rate of 4.5%. On an undiscounted and inflated basis, that base case estimate would be US$240.5 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 product liability provision from 2006 to 2010:

YEAR ENDED 31 MARCH ($ MILLION)	2010	2009	2008	2007	2006
United States base case estimate US$	159.5	153.6	120.6	111.2	97.5
United States base case estimate A$	173.7	225.9	131.7	137.7	136.3
Australian central estimate A$	184.8	187.8	172.9	152.1	145.1
Sub total A$	**358.5**	**413.7**	**304.6**	**289.8**	**281.4**
Prudential margin A$	96.8	41.4	66.9	98.2	84.4
Prudential margin %	*27.0%*	*10.0%*	*22.0%*	*33.9%*	*30.0%*
Total product liability provision A$	**455.3**	**455.1**	**371.5**	**388.0**	**365.8**

At 31 March 2010, a provision of $455.3 million (2009: $455.1 million) has been made for all known claims and reasonably foreseeable future claims and includes a prudential margin of $96.8 million above the aggregate most likely estimate of the future asbestos liabilities in Australia and the United States, as determined by Taylor Fry Pty Limited and Navigant Consulting, Inc 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 2010 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 Australia and the United States will not have a material adverse impact on the CSR group financial condition.

37 ACQUISITIONS AND DISPOSALS OF CONTROLLED ENTITIES AND BUSINESSES

No acquisitions were made during the year ended 31 March 2010.

On 15 September 2008, CSR Limited acquired the assets of Ross Roofing. The acquired business contributed revenues of $4.3 million and Earnings Before Interest and Tax (EBIT) and net profit of $nil for the period from 15 September 2008 to 31 March 2009. If the acquisition had occurred on 1 April 2008, revenues, EBIT and net profit for the year ended 31 March 2009 would have been approximately $8.6 million, $0.9 million and $0.6 million respectively, including the estimated benefits from synergies before significant items and interest expense. These amounts have been estimated using a consistent basis to the period since acquisition.

Details of the purchase consideration and the fair value of assets and liabilities acquired are given below. No additional consideration was paid for the 2009 acquisition over that reported previously.

($ MILLION)	**2010**	2009
Purchase consideration:		
Cash paid – purchase price	–	11.4
Direct costs relating to the acquisition	–	0.4
Total purchase consideration	–	11.8
Fair value of net identifiable assets acquired (refer below)	–	3.4
Goodwill (refer below)	–	8.4

VALUE OF NET ASSETS OF CONTROLLED ENTITIES AND BUSINESSES ACQUIRED/DISPOSED	CSR GROUP ACQUISITIONS				CSR GROUP DISPOSALS	
	ACQUIREE'S CARRYING AMOUNT	FAIR VALUE	ACQUIREE'S CARRYING AMOUNT	FAIR VALUE		
($ MILLION)	**2010**		2009		**2010**	2009
Cash and cash equivalents	–	–	–	–	–	–
Inventories	–	–	1.6	1.4	–	–
Property, plant and equipment	–	–	2.0	2.0	–	–
Net identifiable assets	–	–	3.6	3.4	–	–
Goodwill acquired [a]		–		8.4	–	–
Acquisition/divestment expenses					–	–
Profit on disposal					–	–
Total consideration		–		11.8	–	–
Cash balances acquired/disposed		–		–	–	–
Total flow of cash		–		11.8	–	–

a The goodwill is attributable to the workforce and the profitability of the acquired businesses.

38 SUBSEQUENT EVENTS

Dividends

For dividends declared after 31 March 2010, refer to Note 26.

Proposed Demerger/disposal of Sugar

On 23 April 2010, the Full Federal Court of Australia ordered that a meeting of CSR's shareholders be convened, at a date and time to be determined by a single judge of the Court, to allow shareholders to consider and vote on the proposed Demerger of CSR's Sugar and Renewable Energy business, Sucrogen. Completion of a Demerger is subject to remaining due diligence and shareholder, court and other approvals.

On 1 April 2010, CSR announced that it had received a conditional offer from Bright Food (Group) Co. Ltd (Bright Food) to acquire CSR's Sugar and Renewable Energy business, Sucrogen. The offer remains subject to a number of conditions, including completion of due diligence, regulatory approvals and execution of transaction documentation. Accordingly, there is no certainty that any transaction will be completed with Bright Food.

The CSR board continues to evaluate methods of separation of the Sugar business from the CSR group and will inform the market of further developments.

DIRECTORS' DECLARATION

1. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 March 2010.
2. In the directors' opinion:
   (a) the financial statements and notes, set out on pages 29 to 61, are in accordance with the Corporations Act 2001, including:
      (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
      (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2010 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
   (b) there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board of directors pursuant to Section 295(5) of the Corporations Act 2001.

Ian Blackburne

IAN BLACKBURNE
Chairman
12 May 2010

JEREMY SUTCLIFFE
Managing Director
12 May 2010

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CSR LIMITED

Report on the Financial Report

We have audited the accompanying financial report of CSR Limited, which comprises the statement of financial position as at 31 March 2010, and the statement of financial performance, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 29 to 61.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of CSR Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2010 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in the significant accounting policies.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 26 of the directors' report for the year ended 31 March 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CSR Limited for the year ended 31 March 2010, complies with Section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants

Sydney, 12 May 2010

Liability limited by a scheme approved under Professional Standards Legislation.

Member of
Deloitte Touche Tohmatsu

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CSR LIMITED

The following declaration has been provided to the directors of 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 2010, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants

Sydney, 12 May 2010

Liability limited by a scheme approved under Professional Standards Legislation.

Member of
Deloitte Touche Tohmatsu

Share information

20 LARGEST HOLDERS OF ORDINARY SHARES

AS AT 17 MAY 2010

RANK	NAME	UNITS	% OF UNITS
1	National Nominees Limited	234,856,728	15.50
2	J.P. Morgan Nominees Australia Limited	199,289,161	13.16
3	HSBC Custody Nominees (Australia) Limited	157,527,224	10.40
4	ANZ Nominees Limited <Cash Income A/C>	57,347,700	3.79
5	Citicorp Nominees Pty Limited	40,546,745	2.68
6	Cogent Nominees Pty Limited	30,307,766	2.00
7	GPG Australia Nominees Ltd	28,215,813	1.86
8	AMP Life Limited	24,875,746	1.64
9	UBS Nominees Pty Ltd	19,288,349	1.27
10	Cogent Nominees Pty Limited <SMP A/Cs>	16,568,885	1.09
11	Merrill Lynch (Australia) Nominees Pty Limited <Berndale A/C>	15,423,668	1.02
12	HSBC Custody Nominees (Australia) Limited <A/C 2>	13,106,368	0.87
13	RBC Dexia Investor Services Australia Nominees Pty Limited	12,208,529	0.81
14	Australian Reward Investment Alliance	10,280,450	0.68
15	CSR Share Plan Pty Limited	9,559,087	0.63
16	The Senior Master of the Supreme Court <Common Fund No 3 A/C>	8,237,849	0.54
17	Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 1 A/C>	7,650,000	0.50
18	Queensland Investment Corporation	7,343,557	0.48
19	Australian Foundation Investment Company Limited	7,337,175	0.48
20	UBS Wealth Management Australia Nominees Pty Ltd	6,767,839	0.45
Total: Top 20 holders of issued capital		**906,738,639**	**59.85**
Total remaining holders balance		**608,182,175**	**40.15**

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

Maple-Brown Abbott Limited advised that, as at 24 February 2009, it and its associates had an interest in 80.5 million shares, which represented 6.26% of CSR Limited's issued capital at that time.

National Australia Bank Limited advised that, as at 13 April 2010, it and its associates had an interest in 76.0 million shares, which represented 5.02% of CSR Limited's issued capital.

DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDING

AS AT 17 MAY 2010	SHAREHOLDERS	%	SHARES	%
Australia	87,465	96.48	1,471,614,908	97.14
New Zealand	1,981	2.19	9,613,286	0.63
United States of America	192	0.21	377,145	0.02
United Kingdom	418	0.46	29,520,474	1.95
Other	599	0.66	3,795,001	0.26
Total	**90,655**	**100.00**	**1,514,920,814**	**100.00**

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	24,272	13,336,270	0.88
1,001 – 5,000	40,103	105,264,774	6.95
5,001 – 10,000	14,607	103,813,661	6.85
10,001 – 100,000	11,302	241,614,342	15.95
100,001 and over	371	1,050,891,767	69.37
Total	**90,655**	**1,514,920,814**	**100.00**
Unmarketable parcels (holdings of 294 or less shares)	4,273	557,859	

SHARE ISSUES

On 3 July 2009 the company issued 3,205,881 fully paid ordinary shares to participants in the Dividend Reinvestment Plan.

Following the completion of a simultaneous renounceable entitlement offer the company issued: 115,808,670 fully paid ordinary shares on 10 November 2009 pursuant to the institutional component of this offer; 62,320,865 fully paid ordinary shares on 3 December 2009 pursuant to the retail component of this offer; and 47,526,211 fully paid ordinary shares on 3 December 2009 under the shortfall bookbuild component of this offer.

RECENT CSR DIVIDENDS

DATE PAID	TYPE OF DIVIDEND	DIVIDEND PER SHARE	FRANKING	FRANKED AMOUNT PER SHARE AT 30% TAX
December 2005	Interim	6 cents	100%	6 cents
July 2006	Final	9 cents	100%	9 cents
December 2006	Interim	6 cents	100%	6 cents
July 2007	Final	9 cents	100%	9 cents
December 2007	Interim	6 cents	100%	6 cents
July 2008	Final	9 cents	100%	9 cents
December 2008	Interim	6 cents	100%	6 cents
July 2009	Final	1.5 cents	100%	1.5 cents
December 2009	Interim	2.5 cents	100%	2.5 cents

Shareholder Information

SHAREHOLDERS' TIMETABLE [a]	2010
CSR year end	31 March
Full year profit and final dividend announced	12 May
Annual Report, Notice of Meeting and Proxy Form released	7 June
Shares begin trading ex-dividend	9 June
Record date for final dividend	16 June
Final dividend paid	6 July
Proxy returns close 10.00 am Sydney	6 July
Annual General Meeting 10.00 am Sydney	8 July
CSR half year end	30 September
Half year profit and half year dividend announced	3 November

a Timing of events is subject to change.

ANNUAL GENERAL MEETING
Annual General Meeting 10.00 am Thursday 8 July 2010
The Four Seasons Hotel
199 George Street, Sydney NSW 2000

REGISTRY INFORMATION
All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

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ISO CERTIFICATION | RECYCLED CONTENT | ECO BLEACHING PROCESS | EMS ENVIRONMENTAL MANAGEMENT SYSTEMS | FOREST MANAGEMENT

The CSR Shareholder Review, Annual Report and Sustainability Report are all available to view online or download, visit **www.csr.com.au**

CSR