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ABN 90 000 001 276

8 November 2005

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

Report for the half year ended 30 September 2005

Attached is CSR Limited's half year results information required by ASX Listing Rule 4.2A. It should be read in conjunction with the company's financial report for the year ended 31 March 2005. Also attached are the slides for CSR's results presentation. The results presentation will be available via an audio webcast from CSR's website www.csr.com.au, commencing at 10am today.

The attachments comprise:

Yours sincerely

Graham Hughes
Company Secretary

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CSR half yearly report 2005

CSR Limited

ABN 90 000 001 276

For the half year ended 30 September 2005

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

Results for announcement to the market

				$ million
Revenues from ordinary activities	up	8.5%	to	1,393.0
Profit from ordinary activities after tax attributable to members (excluding significant items)	down	14.9%	to	114.6
Net profit for the period attributable to members (including significant items)	down	50.4%	to	114.6

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

Record date for determining entitlements to interim dividend 18 November 2005

Brief explanation of % changes:

- Revenue includes $245.1 million of trading revenue from refined sugar joint ventures. Full consolidation commenced on 1 October 2004 and therefore this revenue is not included in the previous half year.
- Ordinary profit: sugar milling earnings shifted from first half to second half of the year due to unseasonable wet weather in August.
- No significant items during the half year, compared to $96.5 million significant profit (adjusted for A-IFRS) in the previous half year.

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CSR announces net profit of $114.6 million for the half year ended 30 September 2005

CSR Limited (CSR) today announced a net profit after tax of $114.6 million for the half year ended 30 September 2005, down 14.9% on the prior period. As already advised, CSR's profit for this half year has been affected by unseasonable wet weather in August which has shifted a significant portion of sugar milling earnings from the first half into the second half of the financial year ending 31 March 2006.

Building Products' results were in line with last year, as operational performance improvements reduced the impact of a significant slowdown in the residential building market. Aluminium profits were down as a result of lower hedged metal prices, however this was more than offset by a strong improvement in Property profits.

Earnings per share before significant items were 12.6 cents, compared with 14.7 cents last year.

Total revenue rose 8.5% to $1,393.0 million due principally to the inclusion of $245.1 million of trading revenue from refined sugar. Full consolidation of the refined sugar businesses commenced from 1 October 2004 and therefore this additional revenue was not included in the previous half year.

There were no significant items during the half year ended 30 September 2005, compared to a profit of $96.5 million from significant items in the same period last year.

Financial results summary

Half year ended 30 September [$ million unless stated]	**2005**	2004	% change
Total revenue	**1,393.0**	1,283.7	8.5
Earnings before interest, tax, depreciation and amortisation	**244.3**	266.0	-8.2
Earnings before interest and tax – EBIT	**187.7**	217.7	-13.8
Net profit before significant items	**114.6**	134.6	-14.9
Earnings per share before significant items [cents]	**12.6**	14.7	-14.3
Key measures			
Return on shareholders' funds [%]	**11.3**	12.3	
As at	**30 Sep 2005**	31 Mar 2005	
Gearing – net debt / net debt + equity [%]	**32.9**	17.7	

Note: Results for the half year ended 30 September 2005 are reported under Australian equivalents to international reporting standards ("A-IFRS"). The comparative results for the previous half year are restated to comply with A-IFRS requirements.

Overview

"CSR's results for the half year have been significantly impacted by the delays in sugar milling returns as a result of wet weather," said CSR Managing Director and CEO Alec Brennan.

"This is a timing issue and we expect CSR's full year result to be about 10% ahead of last year.

"CSR's diversified operations have mitigated the impact of the lower sugar milling returns. The result for Building Products is particularly pleasing given the 9% decline in housing approvals during 2005 and reflects the real progress being made in our operational improvement programmes.

"Aluminium is performing within expectations and Property will benefit from growing demand for industrial land at CSR's site at Erskine Park in Western Sydney.

"In the last six months, CSR has returned $249 million to shareholders by way of dividends, a share buyback and a capital return. We also utilised the company's strong balance sheet to pursue over $100 million in growth initiatives.

"We see continuing opportunities to grow while improving the long-term operations of our businesses," Mr Brennan said.

Financial review

CSR's net debt and gearing increased during the half year following completion of the $182 million capital return announced in May 2005. Gearing (measured as net debt/net debt + equity) is 32.9%, up from 17.7% with net debt rising to $573.1 million.

CSR continues to pay a significant proportion of sustainable profit as dividends, subject to available franking credits. The interim dividend to be paid on 9 December will be 6 cents a share, fully franked.

Review of results by segment

Earnings before interest and tax (EBIT) by segment

Half year ended 30 September [$ million unless stated]	**2005**	2004	**% change**
Building Products	**60.6**	60.5	0.2
Aluminium	**65.0**	72.9	-10.8
Sugar	**43.6**	79.4	-45.1
Property	**30.9**	17.0	81.8
Business segment total	**200.1**	229.8	-12.9
Corporate costs	**-8.5**	-9.3	
Restructure and provisions [1]	**-3.9**	-2.8	
Total EBIT	**187.7**	217.7	-13.8

1. Includes product liability and superannuation.

Building Products Trading revenue of $496.3 million rose by 1.3%, primarily due to growth in Asia and new products. Revenue in the Australian businesses fell due to the sharp slowdown in residential building construction in New South Wales and Queensland. Operational improvement initiatives drove a significant reduction in costs, resulting in a steady EBIT result of $60.6 million on significantly weaker volumes.

Aluminium Trading revenue from aluminium sales, including hedging, fell 2.5% to $234.0 million. EBIT of $65.0 million was 10.8% down due to the impact of a higher A$/US$ exchange rate and increased aluminium production costs.

Sugar Trading revenue rose from $468.1 million to $632.5 million which includes $245.1 million of additional trading revenue from the sugar refining businesses. EBIT was $43.6 million, down from $79.4 million due to the shift in sugar milling earnings to the second half of the year.

The world sugar price has risen over 40% in recent months and, with around 75% of the raw sugar crop priced, an average price in excess of $280 per tonne is forecast to be paid this year, compared to $255 per tonne last year. Following the strong increase in the sugar price, hedging is now in place for approximately 28% of CSR's net exposure for the 2006 season (financial year ending 31 March 2007). CSR is also hedging returns in future years.

Property EBIT improved from $17.0 million to $30.9 million which includes profit from the August 2005 sale of the garden products joint venture, Envirogreen Pty Limited (50% CSR) and a final receipt arising from an adjustment to the July 1996 agreement regarding sale of CSR's former Pyrmont site in Sydney.

Significant growth projects underway

Building Products Progress continues on the expansion of CSR's low cost **PGH**™ brick plant at Oxley, south of Brisbane. The $34 million project, due for completion in July 2006, is proceeding on time and on budget and will increase the capacity at Oxley by 35 million bricks a year. When completed, higher cost brick capacity at the company's Strathpine, Queensland site will be mothballed, but will remain available for additional production if there is sufficient demand in the Queensland housing market in the future.

A $28 million expansion project to increase glasswool insulation capacity by about 50% to 28,000 tonnes a year at the **Bradford Insulation**™ factory at Ingleburn, Sydney is targeted for completion in April 2006. This project will provide additional capacity to meet growing demand driven by improved housing energy efficiency standards.

CSR is also expanding its product and service offerings by investing in businesses aligned to existing operations, such as **Top Cat Safety Rail**. Acquired in May 2005, this business supplies edge protection equipment required during roof installations for the residential and commercial markets.

The **Paroc Panel**™ non combustible wall and ceiling panel system is increasing sales to the commercial building market, with distribution networks established throughout Australia and in New Zealand and Asia. To meet growing demand, CSR is proceeding with construction of a Paroc Panel™ manufacturing facility in southern China. The $20 million project is targeted for completion in January 2007.

Sugar The new 63 megawatt renewable electricity plant at Pioneer raw sugar mill, North Queensland commenced operations in August. Construction delays and significant rainfall postponed completion of the project, originally targeted for June 2005. Fuelled by sugarcane waste fibre, the project will increase CSR's total renewable energy production by almost 80% to 620,000 megawatt hours per year, which is enough electricity to supply the requirements of 100,000 households.

The total capital cost of the project has increased from $140 million to approximately $150-$170 million, subject to the resolution of contractor claims. Plans are being developed to extend the operations of the plant to boost returns.

CSR supports efforts by the Australian and Queensland Governments, major oil companies and automobile manufacturers to promote the use of biofuels in the Australian market. One of the two largest ethanol producers in the country, CSR is currently supplying over 130 petrol stations with fuel grade ethanol. Detailed engineering work is nearing completion for a capital project to expand fuel ethanol production at CSR's Sarina, Queensland distillery with final approval of the project expected in the near future.

Property CSR is in the final stages of site preparation and road construction on the Erskine Park, Sydney, former quarry site. The sale of 17 hectares of land at Erskine Park to BlueScope Steel Limited was announced in July 2004 and the transaction is expected to be completed by March 2006.

CSR has today entered into a conditional agreement with Australand Property Group for the sale of 16.7 hectares of land at Erskine Park. CSR expects to receive a net return of approximately $23 million after development costs from the sale of this property, to be realised this financial year.

CSR has now secured sale or lease transactions for 40.3 hectares of the 100 hectare Erskine Park site. Discussions continue with local and state development authorities to generate further value for the remaining 60 hectares of land at Erskine Park capable of development.

Outlook for the year ahead

Commenting on the outlook for the year ending 31 March 2006, Mr Brennan noted that the commercial environment for CSR is subject to a number of influences, including movements in currency exchange rates, interest rates, commodity prices and levels of building activity.

Building Products “The residential construction market is slower than we anticipated earlier this year, particularly in New South Wales and Queensland. This should be partly offset by demand from the commercial building sector. The total number of new dwellings is now expected to fall by around 8% this year. Based on this revised estimate, we are still working towards a Building Products’ result broadly in line with last year, supported by continuing operational improvement initiatives.

Aluminium “Lower A$ returns will reduce Aluminium EBIT by between 5% to 10%. The near-term outlook for US$ prices is favourable but will remain sensitive to the rate of aluminium production growth in China. The strong A$ will depress the aluminium price when expressed in A$, however earnings will continue to be supported by our current hedging position.

Sugar “Due to the unseasonable wet weather in August, sugar harvesting will need to extend to mid-December when there is risk of the traditional wet season weather restricting the size of the final crop. However, at this stage, we are forecasting Sugar EBIT to be at least 10% ahead of last year.

Property “Results are expected to be around $75 million following completion of several property transactions including further sale and lease of industrial land at the Erskine Park site in Western Sydney.

“As a result of these factors, CSR now expects to achieve an overall EBIT result about 10% higher than last year, excluding significant items,” Mr Brennan said.

8 November 2005

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CSR Group

Summary of operations by business

Results for the half year ended 30 September 2005

Building Products

Half year ended 30 September [$ million unless stated]	2005	2004	% change
Trading revenue	**496.3**	489.9	1.3
EBITDA	**81.4**	78.9	3.2
EBIT	**60.6**	60.5	0.2
Funds employed	**660.2**	573.2	15.2
EBITDA/trading revenue [%]	**16.4**	16.1	
EBIT/trading revenue [%]	**12.2**	12.3	
Safety – LTIFR [1]	**3.3**	6.8	

1. Lost time injuries per million work hours.

Residential building activity has slowed markedly since the beginning of the 2005 calendar year, with dwelling approvals in the first six months of 2005 down 9% when compared with the corresponding period for 2004. Although detached housing approvals are down by 7%, activity in other residential dwellings, including medium and high density apartment construction, is down by 14%. The slowdown in approvals was reflected in the June 2005 quarter dwelling commencements which were also down 6% on 2004.

In the other segments, alterations and additions to dwellings was down 2.4% for the June 2005 quarter, compared to the corresponding period in 2004 (measured by the value of work done) reflecting the general downturn in housing, whilst, on a positive note, commercial building activity was up 9%.

Dwelling approvals highlight the contrasting activity levels among the states, with New South Wales down by 22% for the first six months of 2005 compared to 2004, Queensland down by 11% and Victoria down by only 2%. Western Australia's dwelling approvals grew by 4%.

CSR Building Products has significant exposure to the east coast markets of New South Wales and Queensland where it derives approximately 55% of revenue. In bricks and pavers the exposure is significantly higher, as PGH™ does not operate a manufacturing facility in Victoria or Western Australia.

Results in line with previous year despite softer market conditions

Despite softer market conditions, trading revenue of $496.3 million rose 1.3% due to growth in Asia and new products. Earnings before interest and tax (EBIT) increased slightly by 0.2% to $60.6 million with operational performance improvements cutting costs by $15 million.

CSR is now half way toward reaching its operational improvement target of delivering $75 million in savings over three years. The program aims to reduce overheads, strengthen operations and logistics performance, improve systems and deliver targeted marketing initiatives.

Gyprock™ **and Cemintel**™ **Fibre Cement** revenue rose 0.8% to $203.0 million. In the **Gyprock**™ plasterboard business, CSR delivered planned cost reductions whilst maintaining margins in an increasingly competitive market. CSR is currently exploring a range of options to maintain its low cost manufacturing position in the Australian market. **Cemintel**™ fibre cement sales volumes were steady despite a slowdown in some key markets.

Monier™ and **Wunderlich**™ roofing revenue declined 2.5% to $92.8 million, due to reduced volumes as the housing market slowed. Following the final commissioning of the concrete tile plant at Rosehill in Sydney and the introduction of a new product range, market share is recovering to historical levels.

CSR Bricks and Pavers revenue fell 14.3% to $72.6 million. Returns from **PGH™** bricks and pavers were impacted by the significant slowdown in the New South Wales and Queensland residential markets.

CSR Insulation and Panel Systems revenue (including Asia insulation, Hebel™ and Paroc Panel™) increased by 16.3% to $120.6 million. In Australia, **Bradford Insulation™** profitability increased, with higher prices and cost improvements. Underlying demand for insulation products is growing due to improved housing energy efficiency standards.

The Asian insulation business performed strongly with volumes increasing, following completion of two expansion projects in southern China.

A successful trial of a recycling project to reduce waste rockwool insulation was completed at the Clayton, Victoria plant. By compressing the waste product into dense briquettes for use in the furnace, up to 85% of previously waste product will be recycled back into the production process.

Hebel™ aerated lightweight concrete products' returns were lower as the Australian multi-residential building market fell, particularly in New South Wales. This was partly offset by an increase in the use of Hebel™ panels in other residential walling and flooring applications.

Aluminium

Half year ended 30 September [$ million unless stated]	**2005**	2004	% change
Trading revenue	**234.0**	240.1	-2.5
EBITDA	**78.4**	86.9	-9.8
EBIT	**65.0**	72.9	-10.8
Funds employed	**297.0**	206.3	44.0
EBITDA/trading revenue [%]	**33.5**	36.2	
EBIT/trading revenue [%]	**27.8**	30.4	

Gove Aluminium Finance (GAF – 70% CSR) trading revenue fell 2.5% to $234.0 million due to marginally lower shipments in the half year to 30 September 2005. Aluminium output continued to increase following expansion of capacity at Tomago smelter, New South Wales. The average revenue per tonne after hedging of A$2,792 was up from A$2,706.

The average world aluminium price increased 7.1% to US$1,821 a tonne, although the price when expressed in A$ terms fell slightly due to the strengthening A$. GAF selectively hedged forward aluminium price exposure when attractive prices were available. Overall hedging levels fell as the relatively high A$ exchange rate impacted market prices.

EBIT fell 10.8% to $65.0 million due to the impact of a higher A$/US$ exchange rate and increased aluminium production costs. Sales of value added billet and slab aluminium were lower due to a period of softer market demand.

The world aluminium price improved substantially as the market continued in production deficit. The near-term outlook for US$ prices is favourable but will remain sensitive to the rate of aluminium production growth in China. If the A$ remains strong it will continue to depress the aluminium price when expressed in A$.

Sugar

Half year ended 30 September [$ million unless stated]	2005	2004	% change
Trading revenue	**632.5**	468.1	35.1
EBITDA	**64.2**	93.3	-31.2
EBIT	**43.6**	79.4	-45.1
Funds employed	**892.0**	657.8	35.6
EBITDA/trading revenue [%]	**10.2**	19.9	
EBIT/trading revenue [%]	**6.9**	17.0	
Safety – LTIFR [1]	**5.8**	6.0	

1. Lost time injuries per million work hours.

Trading revenue rose 35.1% to $632.5 million which includes reporting of $245.1 million of additional trading revenue from the sugar refining businesses. Earnings before interest and tax (EBIT) were $43.6 million, compared with $79.4 million last year as unseasonable wet weather throughout North Queensland has resulted in more of the sugarcane crop being crushed in the second half of CSR's financial year.

CSR is working with other sugar industry participants and the Queensland Government in the final stage of deregulation to establish a voluntary marketing organisation for Australia's raw sugar exports to replace the existing statutory selling arrangements. CSR supports this initiative as it will increase the flexibility and competitiveness of the Queensland sugar industry in the competitive world market.

Raw sugar

EBIT of $30.9 million was down from $64.2 million last year due to the wet weather delays. The outlook for the sugarcane crop remains at levels similar to last year, dependent on weather conditions at the end of the harvesting season. The result includes the second tranche of the sustainability grant to CSR under the Australian Government's sugar reform program (announced in April 2004).

CSR is playing a leading role in the sugar industry's successful productivity initiative to increase farm crop yields. CSR is also investing in a major research project with the University of Queensland to investigate ways to substantially increase the sugar content of sugarcane plants.

Refined sugar

EBIT of $13.7 million was down from $15.2 million due to lower demand from food and beverage customers and reduced exports. The business has a renewed focus on key strategies for operational improvement as a means of lifting returns. Several new product initiatives were launched to boost demand in the retail market.

Ethanol

EBIT of $1.4 million was reduced from $2.9 million last year, resulting from the higher cost of molasses (raw material used by CSR to produce ethanol) and lower prices in the Australian market and in the early part of the year, in export markets, due to increased competition.

Property

Half year ended 30 September [$ million unless stated]	2005	2004	% change
Total revenue	**24.5**	15.3	60.1
EBIT	**30.9**	17.0	81.8
Capital investment	**12.1**	9.5	27.4

Revenue rose to $24.5 million from $15.3 million. Earnings before interest and tax (EBIT) were $30.9 million, up from $17.0 million. This includes profit arising from the August 2005 sale of the garden products joint venture, Envirogreen Pty Limited (50% CSR) and a final receipt arising from an adjustment to the July 1996 agreement regarding sale of CSR's former Pyrmont site in Sydney.

Major projects under way

Erskine Park, Sydney The sale of 17 hectares of land at Erskine Park to BlueScope Steel Limited was announced in July 2004. CSR is in the final stages of site preparation and road construction with this transaction expected to be completed by March 2006.

In addition, two other parties have agreed to acquire a total of 3.7 hectares of land for $9.6 million. These sales are conditional on obtaining registration for subdivision of the land and development approvals which are expected by March 2006.

Consistent with CSR's strategy to also pursue lease opportunities at Erskine Park, CSR and another party have entered a long-term lease for 2.9 hectares. CSR will develop the industrial property for this tenant while receiving ongoing lease revenue. The asset is forecast to have an end value of $15.8 million producing an initial yield of 7.75%.

CSR has today entered into a conditional agreement with Australand Property Group for the sale of 16.7 hectares of land at Erskine Park. CSR expects to receive a net return of approximately $23 million after development costs from the sale of this property, to be realised this financial year.

Ferntree Gully, Melbourne Road construction is planned to commence in late 2005 with sales of the 75 residential lots at this former quarry targeted to begin in mid 2006.

Other sites Development plans are under review for land at Narangba, Brisbane, which would support 400 residential lots. In addition, following the acquisition of the Karreman in January 2005, CSR will be consolidating the Brisbane roof tile operations into the recently upgraded Karreman facility. As a result, the 20 hectare Darra roof tile factory has been designated as a surplus industrial site for development.

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8 November 2005

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Directors of CSR Limited

Directors of CSR Limited at any time during the half year ended 30 September 2005, or since that date, are as follows:

From 1 April 2005 up to and including the date of this report:

Ian Blackburne
Alec Brennan
Kathleen Conlon
Carolyn Hewson (retired 14 July 2005)
Barry Jackson
Richard Lee (appointed 17 May 2005)
John Story

Signed in accordance with a resolution of the directors.

Alec Brennan
Managing Director and CEO

Sydney, 8 November 2005

Income statement (1)

Half year ended 30 September ($ million)	Note	2005	2004
Trading revenue - sale of goods		**1,363.2**	1,198.6
Cost of sales		**(1,017.2)**	(851.6)
Warehouse and distribution costs		**(78.6)**	(65.0)
Selling costs		**(73.9)**	(69.7)
Administration and other operating costs		**(41.0)**	(29.1)
Share of net profit of associates	9	**12.4**	22.2
Operating profit		**164.9**	205.4
Other income from ordinary activities		**27.9**	83.2
Other expenses from ordinary activities		**(6.1)**	(22.2)
Dividend income		**1.0**	-
Profit from ordinary activities before finance and income tax		**187.7**	266.4
Interest income	2	**0.9**	1.9
Finance costs	2	**(21.0)**	(21.4)
Profit from ordinary activities before income tax		**167.6**	246.9
Income tax expense relating to ordinary activities	3	**(37.2)**	(0.5)
Net profit		**130.4**	246.4
Net profit attributable to minority interests		**15.8**	15.3
Net profit attributable to shareholders of CSR Limited		**114.6**	231.1
Reconciliation of retained profits			
Retained profits at the beginning of the financial year		**264.2**	202.0
Adjustments on adoption of A-IFRS		**3.5**	(166.4)
Net profit attributable to shareholders of CSR Limited		**114.6**	231.1
Net income recognised directly in retained earnings		**2.3**	9.8
Total available for appropriation		**384.6**	276.5
Dividends paid	8	**(54.6)**	(54.9)
Retained profits at the end of the financial half year		**330.0**	221.6
(cents)			
Basic earnings per share based on net profit attributable to shareholders of CSR Limited (2)		**12.6**	25.2
Diluted earnings per share based on net profit attributable to shareholders of CSR Limited (2)		**12.6**	25.2
Basic and diluted earnings per share based on net profit before significant items attributable to shareholders of CSR Limited (2)		**12.6**	14.7

Notes to the financial statements are annexed

(1) Income statement for six months ended 30 September 2004 was re-stated for A-IFRS as described in note 11.

(2) Based on a weighted average number of shares of 910.9 million (2004: 915.6 million).

Balance sheet (1)

($ million)	Note	As at 30 September 2005	As at 31 March 2005
Current assets			
Cash		**61.3**	53.0
Receivables		**530.2**	391.3
Inventories		**289.8**	257.2
Other current assets		**18.3**	18.6
Total current assets		**899.6**	720.1
Non-current assets			
Receivables		**71.2**	37.1
Inventories		**35.4**	25.9
Investments accounted for using the equity method		**30.0**	25.0
Other financial assets		**28.3**	22.4
Property, plant and equipment		**1,503.8**	1,432.8
Intangibles		**61.2**	53.1
Deferred income tax assets		**165.7**	179.0
Other non-current assets		**31.3**	26.8
Total non-current assets		**1,926.9**	1,802.1
Total assets		**2,826.5**	2,522.2
Current liabilities			
Payables		**365.8**	293.0
Borrowings		**6.3**	10.2
Tax payable		**8.2**	12.5
Provisions		**100.9**	105.5
Total current liabilities		**481.2**	421.2
Non-current liabilities			
Payables		**24.9**	10.9
Borrowings		**628.1**	312.9
Deferred income tax liabilities		**150.0**	142.1
Provisions		**373.0**	379.0
Total non-current liabilities		**1,176.0**	844.9
Total liabilities		**1,657.2**	1,266.1
Net assets		**1,169.3**	1,256.1
Equity			
Issued capital	5	**671.9**	863.7
Reserves		**15.4**	2.0
Retained profits		**330.0**	264.2
Equity attributable to members of CSR Limited		**1,017.3**	1,129.9
Minority interests in controlled entities		**152.0**	126.2
Total equity		**1,169.3**	1,256.1

Notes to the financial statements are annexed

(1) Balance sheet as at 31 March 2005 was re-stated for A-IFRS as described in note 11.

Recognised income and expense statement

Half year ended 30 September	($ million)	Note	**2005**	2004
Actuarial profit on defined benefit plans			**-**	14.0
Income tax on actuarial profit			**-**	(4.2)
Fair value adjustment for Sugar Terminals Ltd			**2.3**	-
Net income recognised directly in retained earnings			**2.3**	9.8
Cash flow hedge gain taken to other equity [a]			**(19.4)**	-
Income tax on cash flow hedges			**5.8**	-
Translation of foreign operations taken to other equity			**-**	4.4
Net income recognised directly in other equity			**(13.6)**	4.4
Total income recognised directly in equity			**(11.3)**	14.2
Profit for the half year			**130.4**	246.4
Total recognised income and expense for the half year			**119.1**	260.6
Attributable to:				
CSR Limited shareholders			**105.6**	245.6
Minority interests			**13.5**	15.0
Total recognised income and expense for the half year			**119.1**	260.6

Opening equity balance			**1,256.1**	1,144.9
Total recognised income and expense for the half year			**119.1**	260.6
Adjustments on adoption of A-IFRS taken to CSR group retained earnings [a]			**3.5**	(166.4)
Adjustments on adoption of A-IFRS taken to other CSR group equity [a]			**22.2**	1.2
Adjustments on adoption of A-IFRS taken to minority interests [a]			**9.1**	(0.2)
CSR Limited capital return		8	**(182.1)**	-
CSR Limited employee shares issued for cash taken to capital		5	**2.6**	2.2
CSR Limited free employee shares issued taken to reserve			**2.6**	2.1
CSR Limited share buyback		5	**(12.3)**	(6.7)
CSR Limited dividend		8	**(54.6)**	(54.9)
Minority interests contributions			**3.1**	-
Closing balance of equity			**1,169.3**	1,182.8

a. The main adjustments necessary that would make the comparative statement comply with AASB 132 and AASB 139 are listed below. Similar adjustments were made at 1 April 2005 to restate the opening balance sheet of the CSR group to a position consistent with the annexed accounting policies:

(i) the measurement of financial assets designated as available-for-sale at fair value, with changes in fair value recognised in equity, rather than at cost in accordance with the superseded policy

(ii) the recognition and measurement of all derivatives (including any embedded derivatives) at fair value

(iii) the recognition in profit and loss of the movement in the fair value of derivatives which did not qualify for hedge accounting or were not designated as hedging instruments

(iv) the transfer of deferred hedging gains and losses recognised as assets and liabilities arising from a cash flow hedge of a forecast transaction to the hedging reserve

(v) the deferral in equity of the effective portion of the movement in fair value of derivatives accounted for as a cash flow hedge

(vi) the recognition in profit or loss of the ineffective portion of the movement in fair value of hedging instruments accounted for as a cash flow hedge

(vii) the recognition in profit or loss of the movement in fair value of derivatives accounted for as a fair value hedge and the fair valuing of hedged items

(viii) the recognition of any current or deferred income taxes in relation to the adjustments described above

Notes to the financial statements are annexed

Cash flow statement

Half year ended 30 September ($ million)	2005	2004
Cash flows from operating activities		
Receipts from customers	**1,419.4**	1,171.6
Payments to suppliers and employees	**(1,311.7)**	(1,039.4)
Dividends and distributions	**8.4**	25.9
Proceeds from legal settlement with insurers	**-**	41.0
Interest received	**0.9**	1.8
Income tax paid	**(28.1)**	(33.6)
Net cash from operating activities	**88.9**	167.3
Cash flows from investing activities		
Purchase of property, plant, equipment and other non-current assets	**(137.8)**	(53.3)
Proceeds from sale of property, plant, equipment and other non-current assets	**4.7**	36.8
Purchase of controlled entities and businesses net of cash acquired	**-**	(58.2)
Loans and receivables repaid	**0.1**	1.0
Net cash used in investing activities	**(133.0)**	(73.7)
Cash flows from financing activities		
Proceeds from issue of shares to CSR shareholders	**2.6**	2.1
Share buyback	**(12.3)**	(6.7)
Capital return to CSR shareholders	**(181.6)**	-
Net proceeds from (repayment of) borrowings	**308.5**	(13.6)
Dividends paid	**(54.4)**	(54.7)
Interest and other finance costs paid	**(14.2)**	(10.0)
Net cash from (used in) financing activities	**48.6**	(82.9)
Net increase in cash held	**4.5**	10.7
Net cash at beginning of the financial period	**53.0**	57.2
Effects of exchange rate changes	**0.5**	(1.3)
Net cash at 30 September	**58.0**	66.6

Reconciliation of net cash

Reconciliation of net cash at the end of the financial period (as shown in the cash flow statement) to the related items in the balance sheet is as follows:

Cash at banks and on hand	**24.3**	43.0
Short-term loans and deposits	**37.0**	25.8
Cash	**61.3**	68.8
Bank overdrafts	**(3.3)**	(2.2)
Net cash at 30 September	**58.0**	66.6

Effect of A-IFRS on the cash flow statement
There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies for the half year ended 30 September 2004 or the full year ended 31 March 2005.

Notes to the financial statements are annexed

Notes to the financial statements for the half year ended 30 September 2005

i. Basis of Preparation. This half yearly report for CSR Limited and its controlled entities ("CSR group") is a general purpose financial report prepared in accordance with the accounting standard AASB 134 “Interim Financial Reporting”, the requirements of the Corporations Act 2001, other applicable accounting standards and urgent issues group interpretations, and complies with other requirements of the law and the Listing Rules of the Australian Stock Exchange Limited. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”. The financial report is based on historical cost, except for certain assets which are at deemed cost. It should be read in conjunction with the last CSR Annual Report and announcements to the market made during the half year in accordance with the CSR group’s continuous disclosure obligations arising under the Corporations Act 2001 and Listing Rule 3.1. This report does not include all the notes of the type normally included in an annual report.

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

iii. Significant accounting policies. The CSR group changed its accounting policies on 1 April 2005 to comply with Australian equivalents to International Financial Reporting Standards (“A-IFRS”). The transition to A-IFRS is accounted for in accordance with AASB 1 “First-time Adoption of Australian Equivalents to International Financial Reporting Standards”, with 1 April 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the CSR group's balance sheet and income statement is discussed in note 11.

The accounting policies set out below have been applied in preparing the financial statements for the half year ended 30 September 2005, and in the preparation of the comparative income statement for the half year ended 30 September 2004 and the comparative balance sheet as at 31 March 2005 (refer note 11), except for the accounting policies in respect of financial instruments. The CSR group has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted in the 2005 annual report. The impact of changes in these accounting policies on 1 April 2005, the date of transition for financial instruments, is discussed in note 11.

The accounting standards, policies, estimation methods and measurement bases used in this report are the same as those used in the last CSR Annual Report except for the following:

Deferred costs. Certain legal costs associated with insurance litigation and start up costs are expensed as incurred. Under superseded policy these costs were capitalised to the extent that they provided future economic benefits and were amortised over the period those benefits were expected to arise. These costs were written off against retained profits as at 1 April 2004, the date of transition to A-IFRS.

Intangibles. Certain trade names determined as being indefinite life are not amortised. Under superseded policy they were amortised over the period in which the benefits were expected to arise up to a maximum of 40 years. Internal costs relating to acquired intangible assets are expensed. Under superseded policy certain internal costs were capitalised into the value of acquired intangible assets. The balance of the internal costs capitalised were written off against retained profits as at 1 April 2004.

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 profit or loss 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 gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in the fair value recognised in profit or loss.

Changes to accounting policy for financial instruments under A-IFRS are discussed in Note 11(i).

iii. Significant accounting policies. (continued)

Impairment of assets. At each reporting date, the CSR group reviews the carrying amounts of its tangible and intangible assets 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, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in profit or loss.

Employee benefits. The directors have elected under s.334(5) of the Corporations Act 2001 to apply Accounting standard AASB 119 “Employee Benefits” and AASB 2004-3 “Amendments to Australian Accounting Standards”, even though these standards are not required to be applied until annual reporting periods beginning on or after 1 January 2006. For defined benefit superannuation plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and are presented in the statement of recognised income and expense. 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 balance sheet 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.

Financial assets. Financial assets are classified into the following specified categories: held to maturity investments (stated at amortised cost less impairment), available-for-sale financial assets (stated at fair value less impairment), and 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.

Goodwill. Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Income tax. 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.

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, for those shares issued after 7 November 2002, that were unvested at 1 January 2005.

Borrowing costs. Unwinding of the interest component of discounted assets and liabilities is treated as interest (finance cost) under A-IFRS, rather than as general expense/income under previous Australian standards.

Provision for rehabilitation. The net present value of estimated costs of rehabilitation for land is taken up as a provision. The estimate is revised annually and the provision is adjusted accordingly.

iv. Seasonality of results. The CSR group's sugar mills only operate for approximately five months of the year generally from July to November. The results of this business are generally more favourable in the first half of the financial year than the second half. Due to delays as a result of wet weather, the current crushing season is likely to extend until December and hence the profit from the Sugar Milling business is likely to be evenly distributed between the first and second half of the year.

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

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

vii. Significant items.

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

Insurance litigation. During the half year ended 30 September 2004, the CSR group reached a settlement with Lloyd’s Underwriters of litigation commenced by the CSR group in New Jersey in 1995. Under the settlement, Lloyd’s Underwriters paid $41.0 million to the CSR group on 24 September 2004. Lloyd’s Underwriters were among a number of insurers that the CSR group has sued in the New Jersey litigation seeking indemnity for asbestos claims under policies issued to the CSR group from approximately 1978 to 1989 together with damages and other relief. The CSR group incurred legal costs in respect of the litigation of $17.7 million which were expensed as a significant item during the half year ended 30 September 2004.

Tax consolidation. Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The directors have approved for those entities within the CSR group that are wholly owned Australian resident entities to be taxed as a single entity from 1 April 2004. The financial effect of the adoption of the tax consolidation system of a tax benefit of $47.8 million was recorded as a significant item in the half year ended 30 September 2004.

There were no other significant items in the half years ended 30 September 2005 or 2004.

1. Segment information

Half year ended 30 September

($ million)	Total revenue[a b] 2005	Total revenue[a b] 2004	Depreciation & amortisation[c] 2005	Depreciation & amortisation[c] 2004
Business segments				
Building Products	**496.1**	489.8	**20.8**	18.4
Aluminium	**235.6**	241.2	**13.4**	14.0
Sugar - milling[f]	**359.0**	438.7	**14.0**	13.1
Sugar - ethanol and refining[g]	**274.9**	29.7	**6.6**	0.8
Property	**24.5**	15.3	**-**	-
Segment totals	**1,390.1**	1,214.7	**54.8**	46.3
Corporate, restructuring and provisions[d]	**2.0**	0.7	**1.8**	2.0
Revenue from significant items	**-**	66.4	**-**	-
Interest revenue	**0.9**	1.9	**-**	-
Group total	**1,393.0**	1,283.7	**56.6**	48.3

($ million)	Profit from ordinary activities before income tax 2005	Profit from ordinary activities before income tax 2004	Income tax 2005	Income tax 2004	Minority interests 2005	Minority interests 2004	Net profit 2005	Net profit 2004
Business segments								
Building Products	**60.6**	60.5	**16.1**	15.2	**0.6**	0.5	**43.9**	44.8
Aluminium	**65.0**	72.9	**19.7**	21.9	**13.3**	15.1	**32.0**	35.9
Sugar - milling[f]	**30.9**	64.2	**8.9**	19.2	**-**	-	**22.0**	45.0
Sugar - ethanol and refining[g]	**12.7**	15.2	**2.9**	2.8	**2.5**	-	**7.3**	12.4
Property	**30.9**	17.0	**(0.3)**	(1.1)	**-**	-	**31.2**	18.1
Segment totals	**200.1**	229.8	**47.3**	58.0	**16.4**	15.6	**136.4**	156.2
Corporate costs[e]	**(8.5)**	(9.3)	**(2.6)**	(2.9)	**-**	-	**(5.9)**	(6.4)
Restructuring and provisions[d]	**(3.9)**	(2.8)	**(1.6)**	(0.7)	**-**	-	**(2.3)**	(2.1)
	187.7	217.7	**43.1**	54.4	**16.4**	15.6	**128.2**	147.7
Net finance	**(20.1)**	(19.5)	**(5.9)**	(6.1)	**(0.6)**	(0.3)	**(13.6)**	(13.1)
Group total before significant items	**167.6**	198.2	**37.2**	48.3	**15.8**	15.3	**114.6**	134.6
Significant items (refer note 4)	**-**	48.7	**-**	(47.8)	**-**	-	**-**	96.5
Group total after significant items	**167.6**	246.9	**37.2**	0.5	**15.8**	15.3	**114.6**	231.1

a Excludes net profit from associates.

b Internal revenue between segments is nil.

c Total depreciation includes $3.8 million (2004: $3.7 million) amortisation of intangibles.

d Includes product liability, defined benefit superannuation expense and certain rationalisation costs.

e Represents unallocated overhead costs.

f The 2005 amount includes $10.1 million which is the CSR group's allocation of a "sustainability grant" provided by the federal government to the sugar industry (2004 $10.1 million).

g The refining business was fully consolidated from 1 October 2004. Prior to that date results were equity accounted.

Half year ended 30 September	($ million)	2005	2004

2. Net finance expense

Interest paid or payable on long-term debt	**14.0**	7.4
Interest paid or payable on short-term debt	**0.4**	1.8
Total interest expense	**14.4**	9.2
Less amounts capitalised	**(4.3)**	(1.1)
Add		
- funding costs	**0.7**	0.7
- discounting of non-current provisions and debtors	**10.4**	10.6
- foreign exchange (gain) loss	**(0.2)**	2.0
Finance costs	**21.0**	21.4
Less interest income	**(0.9)**	(1.9)
Net finance expense	**20.1**	19.5

3. Income tax

Income tax expense

Reconciliation of income tax expense charged to the income statement with income tax calculated on profit from ordinary activities before income tax

Profit from ordinary activities before income tax	**167.6**	246.9
Income tax expense calculated at 30%	**50.3**	74.1
Increase (decrease) in income tax expense due to		
Asset disposals and write downs	**(7.3)**	(6.1)
Asian trading profits not recognised	**(0.5)**	(0.5)
Equity accounted associates' profit/dividends received	**(4.0)**	(3.4)
Income tax over provided in prior years	**(0.7)**	(1.7)
Significant item - tax consolidation	**-**	(47.8)
Significant items - non assessable revenue/expenses	**-**	(14.6)
Other items	**(0.6)**	0.5
Total income tax expense on profit from ordinary activities	**37.2**	0.5

4. Significant items

Gove Aluminium Limited litigation		
Receipt from Alcan	**-**	21.6
Settlement provisions no longer required	**-**	3.8
	-	25.4
Insurance litigation		
Receipt from certain insurers	**-**	41.0
Write off legal costs	**-**	(17.7)
	-	23.3
Tax consolidation		
Restatement of deferred tax balances on adoption of tax consolidation	**-**	47.8
Total significant items after tax	**-**	96.5

5. Issued capital

	Number shares[a]	Price $	Contributed equity $ million
Particulars of shares issued during the half year by CSR Limited			
On issue 31 March 2005	915,584,749		863.7
Share buyback[b]	(5,212,234)	2.37	(12.3)
Universal Share/Option Plan[c]	1,996,000	1.31	2.6
Return of capital		0.20	(182.1)
On issue 30 September 2005	**912,368,515**		**671.9**

a The shares are fully paid ordinary shares, are listed on the Australian Stock Exchange and carry one vote per share and the right to dividends.
b In May 2004, CSR announced a twelve month share buyback of up to 5% of its fully paid shares would commence from 11 June 2004. In the period 1 April 2005 to 10 June 2005, 5,212,234 shares were repurchased and cancelled under the buyback.
c Fully paid ordinary shares were issued in September 2005 under the employee Universal Share/Option Plan. For tax reasons, shares cannot be sold by participants within three years of allotment, unless they finish their employment with the company. Offers of fully paid shares were made to all eligible employees (4,017). 2,496 accepted the offer prior to 30 September 2005, subscribing for up to 400 shares at $2.62 each and receiving an equivalent number of shares at no cost. The issue of 998,000 shares purchased by employees was taken to equity. The additional 998,000 shares issued at no cost were recorded as an expense in the financial report.

6. Net tangible assets per share

	30 September 2005 $	31 March 2005 $
Net tangible assets per share	**1.05**	1.18

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

Control gained over entities

No controlled entities were acquired during the period which would materially affect net profit.

Control lost over entities

No controlled entities were disposed of during the period which would materially affect net profit

8. Details relating to dividends and return of capital

	Financial year ending 31 March	**Franking percentage**	**Date dividend paid/payable**	**Amount per share cents**	**Total amount $ million**
Final dividend	2004	70	1 July 2004	6	54.9
Interim dividend	2005	100	3 December 2004	6	55.0
Final dividend	2005	100	4 July 2005	6	54.6
Return of capital			4 August 2005	20	182.1
Interim dividend	2006	100	9 December 2005	6	54.7

The interim dividend in respect of ordinary shares for the half year ended 30 September 2005 has not been recognised in this half year report because the interim dividend was declared subsequent to 30 September 2005.

Dividend reinvestment plans

The dividend reinvestment plan remains suspended until further notice.

9. Details of associates

Share of net profit of associates

	Half year ended 30 September	
	2005 **$ million**	2004 $ million
Profit from ordinary activities before income tax	**17.7**	28.8
Income tax expense	**5.3**	6.6
Profit from ordinary activities after income tax	**12.4**	22.2
Extraordinary items after tax	**-**	-
Net profit	**12.4**	22.2
Minority interests	**-**	-
Total share of net profit	**12.4**	22.2

	Ownership interest		Share of profit	
	As at 30 September		Half year ended 30 September	
Name	**2005** **%**	2004 %	**2005** **$ million**	2004 $ million
Associate companies				
New Zealand Sugar Company Limited[a]	**75.0**	75.0	**-**	4.7
Enviroguard Pty Ltd[c]	**50.0**	50.0	**6.9**	2.2
Rondo Pty Ltd	**50.0**	50.0	**4.3**	4.1
Other immaterial associate companies			**1.2**	0.4
Joint venture entities				
Sugar Australia joint venture[a b]	**75.0**	75.0	**-**	10.8
Total share of net profit			**12.4**	22.2

a The CSR group increased its interest in these associate entities on 2 April 2004 to 75%. The CSR group gained control of these entities on 1 October 2004 and has fully consolidated the income statements and balance sheets of the entities from that date. The above associate details only reflect their financial performance up to the date that they were fully consolidated.

b The CSR group as a joint venturer incurred a tax expense in 2004 of $3.0 million as a result of this profit. This tax expense is included within the CSR group's tax expense rather than the share of associated entities' net profit.

c In 2005 this includes profit from the sale of Enviroguard's garden products business.

The CSR group does not have any other material interests.

10. Contingent liabilities and assets

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

In Australia, claims for asbestos induced injury have been made by employees and ex-employees of CSR, by others such as contractors and transporters and by users of products containing asbestos. As at 30 September 2005, there were 552 such claims pending.

In the United States, claims for damages are being made by people who allege exposure to asbestos fibre liberated either during the manufacture of products containing asbestos or in the installation or use of those products. As at 30 September 2005, there were 3,487 such claims pending.

CSR has been settling claims since 1989. As at 30 September 2005, CSR had resolved 1,804 claims in Australia and approximately 129,000 claims in the United States, including resolution of approximately 103,000 claims in mass settlements in West Virginia, Texas, Mississippi and Ohio.

There are uncertainties surrounding litigation in each of the United States and Australia. The incidence of asbestos related disease, the propensity of claimants to make formal demands on CSR, the amount of those demands, the presence of other defendants in litigation involving CSR, the impact of the US litigation environment of recent asbestos bankruptcies, the possible passage of legislation relating to asbestos claims in the United States legal system, and recent changes to the system for compensating asbestos claims in New South Wales impact the numbers and valu of claims made against CSR.

CSR has recognised as a provision for product liability the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. In determining the provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in each of the United States and Australia. Those assessments have projected CSR's claims experience into the future using various modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities. The provision includes an appropriate prudential margin.

In 1995, CSR Limited commenced proceedings in United States District Court for the District of New Jersey against various Australian, European and American insurers that issued policies to CSR from approximately 1978 to 1989 (the "Policies"). In those proceedings CSR seeks, among other things, (1) compensatory damages for breach of contract for failure to defend and indemnify CSR in US asbestos litigation; (2) a declaratory judgment that CSR is entitled to coverage under the Policies for future US asbestos claims; (3) punitive damages for defendants' bad faith; and (4) treble damages under US antitrust laws. The insurers deny liability for CSR's claims and have raised various defences in the proceedings.

To date, CSR has settled its disputes with certain of the defendants for a total of more than A$53 million. That amount includes a settlement with certain Underwriters at Lloyd's (reinsured by Equitas) in 2004 for A$41 million. CSR asserts that the remaining insurers have the major liability for CSR's claims. CSR is pursuing the litigation against the remaining defendants vigorously. The potential benefit from this litigation, net of any associated legal fees and costs, is not included in the CSR group's financial statements as the outcome is uncertain.

At 30 September 2005, a provision of $315.8 million (31 March 2005: $318.4 million) has been made for all known claims and probable future claims but not for such claims as cannot presently be reliably measured. CSR cannot determine with certainty the amount of its ultimate liability with respect to asbestos related claims or the future impact on its financial condition. However, taking into account the provision already include in CSR's financial statements and current claims management experience, the directors are of the opinion that asbestos litigation in the United States and Australia will not have a material adverse impact on CSR's financial condition.

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

11. IFRS adjustments - income statement 2004 half year

The CSR group changed its accounting policies on 1 April 2005 to comply with A-IFRS. An explanation of how the transition from superseded policies to A-IFRS has affected the CSR group's balance sheet and income statement is set out in the following tables and the notes that accompany the tables.

The following table reconciles the 2004 income statement as reported in the 2004 half yearly report to the income statement shown as a comparative in the current financial report.

Half year ended 30 September	($ million)	2004 As reported	A-IFRS adjustments	2004 A-IFRS
Trading revenue - sale of goods		1,198.6		1,198.6
Cost of sales	(1)	(856.1)	4.5	(851.6)
Warehouse and distribution costs		(65.0)		(65.0)
Selling costs	(2)	(70.4)	0.7	(69.7)
Administration and other operating costs	(3)	(31.7)	2.6	(29.1)
Share of net profit of associates	(4)	21.3	0.9	22.2
Operating profit		196.7	8.7	205.4
Other revenue from ordinary activities	(5)	105.6	(22.4)	83.2
Other expenses from ordinary activities	(6)	(71.8)	49.6	(22.2)
Profit from ordinary activities before finance and income tax		230.5	35.9	266.4
Interest income		1.9		1.9
Finance costs	(7)	(11.7)	(9.7)	(21.4)
Profit from ordinary activities before income tax		220.7	26.2	246.9
Income tax benefit (expense) relating to ordinary activities	(8)	1.1	(1.6)	(0.5)
Net profit		221.8	24.6	246.4
Net profit attributable to minority interests		15.3		15.3
Net profit attributable to shareholders of CSR Limited		206.5	24.6	231.1

(1) Reduced depreciation due to adjustment to carrying value of Sugar Mills ($3.1 million), Building Products ($1.1 million), Fibre Cement start up costs ($0.3 million).

(2) Reduced amortisation due to adjustment in carrying values of Fibre Cement start up costs ($0.1 million), trade name amortisation ($0.3 million), internally capitalised marketing costs ($0.1 million), write back Building Products goodwill amortisation (0.2 million).

(3) Expense employee free shares issued ($(2.2) million), provision discounting transferred to borrowing costs ($1.1 million), trade name amortisation ($0.1 million), Sugar Mill goodwill amortisation write back ($0.6 million), Superannuation defined benefits plan adjustment ($3.0 million).

(4) Increased profit from Sugar Australia JV due to reversal of profit on formation.

(5) Transfer discount on land sale proceeds to finance costs ($(0.7) million), profit on sale of property, plant and equipment adjusted to net basis ($(21.7) million). Under superseded policies, the CSR group recognised the gain or loss on disposal of property, plant and equipment on a gross basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a net basis. Accordingly, the gross amounts have been reclassified within the income staement for A-IFRS reporting purposes.

(6) Deferred litigation costs ($18.6 million) expensed in 2004 were written off to retained earnings on adoption of A-IFRS. Discount on product liability provision transferred to finance costs ($9.3 million), profit on sale of property plant and equipment adjusted to net basis ($21.7 million).

(7) Transfer discount on non-current provisions and debtors to borrowing costs.

(8) Income tax expense on reduced amortisation for Fibre Cement start up costs ($(0.1) million), tax benefit on employee free shares issued ($0.7 million), tax expense on reduced depreciation of Sugar assets ($(1.1) million), Building Products assets ($(0.3) million), tax expense on superannuation defined benefits plan adjustment ($(0.9) million), tax benefit adjustment re deferred tax on Building Products non tax deductible revaluations ($0.1 million).

11. IFRS adjustments (continued) - income statement 2005 full year

The following table reconciles the 2005 income statement as reported in the 2005 full year report to the income statement to be shown as a comparative in the 2006 financial report.

Year ended 31 March	($ million)	2005 As reported	A-IFRS adjustments	2005 A-IFRS
Trading revenue - sale of goods		2,367.5		2,367.5
Cost of sales	(1)	(1,734.7)	9.8	(1,724.9)
Warehouse and distribution costs		(135.1)		(135.1)
Selling costs	(2)	(140.5)	1.4	(139.1)
Administration and other operating costs	(3)	(74.9)	7.4	(67.5)
Share of net profit of associates	(4)	28.6	0.9	29.5
Operating profit		310.9	19.5	330.4
Other revenue from ordinary activities	(5)	138.3	(35.9)	102.4
Other expenses from ordinary activities	(6)	(96.9)	71.6	(25.3)
Dividend income		1.0		1.0
Profit from ordinary activities before finance and income tax		353.3	55.2	408.5
Interest income		4.1		4.1
Finance costs	(7)	(23.0)	(19.4)	(42.4)
Profit from ordinary activities before income tax		334.4	35.8	370.2
Income tax expense relating to ordinary activities	(8)	(13.8)	(4.0)	(17.8)
Net profit		320.6	31.8	352.4
Net profit attributable to minority interests		33.5		33.5
Net profit attributable to shareholders of CSR Limited		287.1	31.8	318.9

(1) Reduced depreciation due to adjustment to carrying value of Sugar Mills ($6.2 million), Building Products ($2.2 million), Fibre Cement start up costs ($0.5 million), reduced depreciation due to adjustment in carrying values of Sugar Australia ($0.9 million).

(2) Reduced amortisation due to adjustment in carrying values of Fibre Cement start up costs ($0.1 million), trade name amortisation ($0.6 million), internally capitalised marketing costs ($0.2 million), write back Building Products goodwill amortisation (0.5 million).

(3) Expense employee free shares issued ($(2.2) million), provision discounting transferred to borrowing costs ($2.4 million), trade name amortisation ($0.1 million), write back Building Products goodwill amortisation (0.1 million), Sugar Mill goodwill amortisation write back ($1.1 million), Superannuation defined benefits plan adjustment ($5.9 million).

(4) Increased profit from Sugar Australia JV due to reversal of profit on formation.

(5) Transfer discount on land sale proceeds to finance costs ($(1.5) million), profit on sale of property, plant and equipment adjusted to net basis ($(34.4) million). Under superseded policies, the CSR group recognised the gain or loss on disposal of property, plant and equipment on a gross basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a net basis. Accordingly, the gross amounts have been reclassified within the income statement for A-IFRS reporting purposes.

(6) Deferred litigation costs ($18.6 million) expensed in 2004 were written off to retained earnings on adoption of A-IFRS. Discount on product liability provision transferred to finance costs ($18.6 million), profit on sale of property, plant and equipment adjusted to net basis ($34.4 million).

(7) Transfer discount on non-current provisions and debtors to borrowing costs.

(8) Income tax expense on reduced amortisation for Fibre Cement start up costs ($(0.2) million), tax benefit on employee free shares issued ($0.7 million), tax expense on reduced depreciation of Sugar assets ($(2.2) million), Building Products assets ($(0.7) million), tax expense on superannuation defined benefits plan adjustment ($(1.8) million), tax benefit adjustment re deferred tax on Building Products non tax deductible revaluations ($0.2 million).

11. IFRS adjustments (continued) - balance sheet as at 31 March 2005

The CSR group has not elected to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement", as permitted on the first time adoption of A-IFRS. The effect of changes in accounting policies for financial instruments on the balance sheet at 1 April 2005 is shown below.

The following table reconciles the balance sheet as reported in the 2005 annual report to the balance sheet shown as a comparative in the current financial report.

($ million)		As previously reported	Adjustments on adoption of IFRS on 1 April 2004	Changes due to revised IFRS Income statement	A-IFRS 31 March 2005	Changes due to AASB 139 Financial instruments	A-IFRS 1 April 2005
Current assets							
Cash		53.0	-	-	53.0	-	53.0
Receivables	(1)	391.3	-	-	391.3	88.4	479.7
Inventories		257.2	-	-	257.2	-	257.2
Other current assets		18.6	-	-	18.6	-	18.6
Total current assets		720.1	-	-	720.1	88.4	808.5
Non-current assets							
Receivables	(2)	37.1	-	-	37.1	37.0	74.1
Inventories		25.9	-	-	25.9	-	25.9
Equity accounted investments	(3)	25.0	(0.9)	0.9	25.0	-	25.0
Other financial assets	(4)	22.4	-	-	22.4	3.5	25.9
Property, plant and equipment	(5)	1,567.9	(144.3)	9.2	1,432.8	-	1,432.8
Intangibles	(6)	38.0	12.5	2.6	53.1	-	53.1
Deferred income tax assets	(7)	178.6	0.4	-	179.0	-	179.0
Other non-current assets	(8)	40.2	(40.2)	26.8	26.8	-	26.8
Total non-current assets		1,935.1	(172.5)	39.5	1,802.1	40.5	1,842.6
Total assets		2,655.2	(172.5)	39.5	2,522.2	128.9	2,651.1
Current liabilities							
Payables	(9)	293.0	-	-	293.0	63.2	356.2
Borrowings		10.2	-	-	10.2	-	10.2
Tax payable		12.5	-	-	12.5	-	12.5
Provisions		105.5	-	-	105.5	-	105.5
Total current liabilities		421.2	-	-	421.2	63.2	484.4
Non-current liabilities							
Payables	(10)	7.0	30.2	(26.3)	10.9	17.4	28.3
Borrowings		312.9	-	-	312.9	-	312.9
Deferred income tax liabilities	(11)	168.5	(38.7)	12.3	142.1	13.5	155.6
Provisions	(12)	377.7	1.4	(0.1)	379.0	-	379.0
Total non-current liabilities		866.1	(7.1)	(14.1)	844.9	30.9	875.8
Total liabilities		1,287.3	(7.1)	(14.1)	1,266.1	94.1	1,360.2
Net assets		1,367.9	(165.4)	53.6	1,256.1	34.8	1,290.9
Equity							
Issued capital		863.7	-	-	863.7	-	863.7
Foreign currency translation reserve	(13)	(1.4)	1.2	-	(0.2)	-	(0.2)
Employee settled benefits reserve	(14)	-	-	2.2	2.2	-	2.2
Other reserves	(15)	-	-	-	-	22.2	22.2
Retained profits	(16)	379.2	(166.4)	51.4	264.2	3.5	267.7
Equity attributable to members of CSR Limited		1,241.5	(165.2)	53.6	1,129.9	25.7	1,155.6
Minority interests in controlled entities		126.4	(0.2)	-	126.2	9.1	135.3
Total equity		1,367.9	(165.4)	53.6	1,256.1	34.8	1,290.9

11. IFRS adjustments (continued) - balance sheet as at 31 March 2005

	($ million)	Adjustments on adoption of IFRS on 1 April 2004	Changes due to revised IFRS Income statement	A-IFRS 31 March 2005	Changes due to AASB 139 Financial instruments
(1)	Fair value of cash flow hedges	-	-	-	88.4
(2)	Fair value of cash flow hedges	-	-	-	37.0
(3)	Sugar Australia JV reversal of profit on formation.	(0.9)	0.9	-	-
(4)	Available-for-sale financial assets	-	-	-	3.5
(5)	Sugar Mills write down	(97.7)	6.2	(91.5)	-
	Sugar Australia write down	(16.9)	0.9	(16.0)	-
	Building Products write down	(31.1)	2.2	(28.9)	-
	Rehabilitation assets	1.4	(0.1)	1.3	-
(6)	Building Products trade names	(6.3)	0.9	(5.4)	-
	Building Products goodwill	-	0.6	0.6	-
	Sugar goodwill	-	1.1	1.1	-
	Reclassify software and system development costs from other assets	18.8	-	18.8	-
(7)	Deferred tax adjustment on rehabilitation provisions	0.4	-	0.4	-
(8)	Insurance litigation deferred legal costs	(18.6)	18.6	-	-
	Fibre Cement start up costs	(6.6)	0.6	(6.0)	-
	Superannuation profit or loss	-	0.9	0.9	-
	Superannuation through retained profits	3.8	6.7	10.5	-
	Reclassify software and systems development costs to intangibles	(18.8)	-	(18.8)	-
(9)	Fair value of cash flow hedges	-	-	-	63.2
(10)	Superannuation through retained profits	30.2	(21.3)	8.9	-
	Superannuation profit and loss	-	(5.0)	(5.0)	-
	Fair value of cash flow hedges	-	-	-	17.4
(11)	Tax effect of Fibre Cement start up costs	(2.0)	0.2	(1.8)	-
	Take up of deferred tax liability on brand names	6.0	-	6.0	-
	Deferred tax on Sugar Mills write down	(29.3)	1.8	(27.5)	-
	Deferred tax on Sugar Australia write down	(5.3)	0.5	(4.8)	-
	Deferred tax on Building Products write down	(9.3)	0.7	(8.6)	-
	Deferred tax on Sugar Mills revaluations	2.7	(0.2)	2.5	-
	Deferred tax on Building Products revaluations	5.2	(0.2)	5.0	-
	Deferred tax on Aluminium revaluations	0.8	-	0.8	-
	Deferred tax adjustment on rehabilitation assets	0.4	-	0.4	-
	Deferred tax on employee free shares issued	-	(0.7)	(0.7)	-
	Deferred tax on superannuation through profit or loss	-	1.8	1.8	-
	Deferred tax on superannuation through retained profits	(7.9)	8.4	0.5	-
	Deferred tax on fair value of cash flow hedges	-	-	-	13.5
(12)	Rehabilitation provisions	1.4	(0.1)	1.3	-
(13)	Foreign exchange balance transfer to retained profits	1.2	-	1.2	-
(14)	Employee free shares issued	-	2.2	2.2	-
(15)	Fair value of cash flow hedges after tax	-	-	-	22.2

11. IFRS adjustments (continued) - balance sheet as at 31 March 2005

(16) The effect of the above adjustments on retained profits is as follows:

($ million)	Note	Adjustments on adoption of IFRS on 1 April 2004	Changes due to revised IFRS Income statement	A-IFRS 31 March 2005	Changes due to AASB 139 Financial instruments
Tfr from foreign currency translation reserve	a	(1.2)	-	(1.2)	
Defined benefit obligation	b	(26.4)	33.9	7.5	
Write down of assets	c d	(146.6)	10.2	(136.4)	
Internally generated intangibles	e	(6.3)	0.9	(5.4)	
Goodwill no longer amortised	f	-	1.7	1.7	
Deferred costs recognition adjustment	g	(25.2)	19.2	(6.0)	
Expensing share-based payments	h	-	(2.2)	(2.2)	
Available-for-sale financial assets	i	-	-	-	3.5
Adjustments to tax balances	j	39.1	(12.3)	26.8	
Less attributable to minority interests		0.2	-	0.2	
Attributable to members of CSR Limited		(166.4)	51.4	(115.0)	3.5
Change in net profit for year ended 31 March 2005			31.8		
Retained profits movement for year ended 31 March 2005			19.6		

Notes to the reconciliation of income and equity

a. Cumulative exchange differences
At the date of transition the CSR group elected to reset the foreign currency translation reserve to zero. An amount of $1.2 million (loss) was transferred from foreign currency translation reserve to retained profits.

b. Defined benefit superannuation plans
A net defined benefit obligation of $26.4 million was recognised on 1 April 2004 on transition to A-IFRS. Under superseded policies, contributions to defined benefit superannuation plans were expensed when due and payable and no liabilities were recognised in relation to the plans.

c. Impairment of assets
A write down is required under A-IFRS at the date of transition as a result of the establishment of cash generating units for Sugar Mills and Building Products at a lower level than required under the superseded standards.

d. Formation of joint ventures
Profits recognised on the formation of joint ventures are not permitted under A-IFRS when similar non-monetary assets are contributed by the venturers in forming the joint venture. The unamortised balance of the profit recognised by the CSR group on formation of the Sugar Australia joint venture is adjusted against opening retained profits as at the date of transition to A-IFRS. This adjustment was made against the carrying value of the investment.

e. Intangible assets
Under superseded standards certain internal costs were capitalised into the value of acquired intangible assets. These costs cannot be capitalised under A-IFRS and consequently the balance remaining at 1 April 2004 was adjusted against opening retained profits at that date.

f. Goodwill
The CSR group has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed. Goodwill, which was amortised under the superseded policies, is not amortised under A-IFRS from the date of transition.

g. Deferred costs
Certain legal costs associated with insurance litigation were deferred under superseded standards. These costs cannot be carried under A-IFRS and were written off against retained profits as at 1 April 2004. In future these costs will be expensed as incurred.
Start up costs capitalised under superseded standards were written off against retained profits at the transition date to A-IFRS. In future these costs will be expensed as incurred.

11. IFRS adjustments (continued) - balance sheet as at 31 March 2005

h. Share-based payments
Free shares issued under the employee Universal Share/Option Plan were not recognised as an expense under superseded standards. On adoption of A-IFRS the CSR group will recognise an expense for all share based remuneration. Restatement of year ended 31 March 2005 income statement includes expensing of free shares issued in September/October 2004.

i. Financial instruments
The CSR group has elected not to restate comparative information for financial statements within the scope of Accounting Standards AASB 132 “Financial Instruments: Disclosure and Presentation” and AASB 139 “Financial Instruments: Recognition and Measurement”, as permitted on first time adoption of A-IFRS. The effect of changes in accounting policies for financial instruments on the balance sheet at 1 April 2005 is shown below.

The following assets were designated as available-for-sale on adoption of AASB 139. These financial assets were previously measured at cost:

	Fair value at 31/3/05	Carrying amount at 31/3/05
Non-current financial assets		
Shares in Sugar Terminals Ltd	25.9	22.4

The following transitional provisions have an effect on future periods:
(i) the effectiveness of hedging relationships are assessed from 1 April 2005; no adjustment is made in relation to hedges under the superseded policies.

The main adjustments necessary that would make the comparative financial statements comply with AASB 132 and AASB 139 are listed below. Similar adjustments were made at 1 April 2005 to restate the opening financial position of the CSR group to a position consistent with the accounting policies specified previously:
(i) the measurement of financial assets designated as available-for-sale at fair value, with changes in fair value recognised in equity, rather than at cost in accordance with the superseded policy
(ii) the recognition and measurement of all derivatives (including any embedded derivatives) at fair value
(iii) the recognition in profit and loss of the movement in the fair value of derivatives which did not qualify for hedge accounting or were not designated as hedging instruments
(iv) the transfer of deferred hedging gains and losses recognised as assets and liabilities arising from a cash flow hedge of a forecast transaction to the hedging reserve
(v) the deferral in equity of the effective portion of the movement in fair value of derivatives accounted for as a cash flow hedge
(vi) the recognition in profit or loss of the ineffective portion of the movement in fair value of hedging instruments accounted for as a cash flow hedge
(vii) the recognition in profit or loss of the movement in fair value of derivatives accounted for as a fair value hedge and the fair valuing of hedged items
(viii) the recognition of any current or deferred taxes in relation to the adjustments described above

j. Income tax
Under superseded policies, the CSR group adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable. Under A-IFRS, deferred tax is determined using the 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 their corresponding tax bases.
The effect of the above adjustments on the deferred tax balances are as follows:

	Adjustments on adoption of IFRS on 1 April 2004	Changes due to revised IFRS Income statement	A-IFRS 31 March 2005	Changes due to AASB 139 Financial instruments
Deferred costs	2.0	(0.2)	1.8	-
Deferred tax not recognised under previous GAAP	(14.7)	0.4	(14.3)	-
Asset write downs	43.9	(3.0)	40.9	-
Share based payments	-	0.7	0.7	-
Defined benefit obligation	7.9	(10.2)	(2.3)	-
Fair value of cash flow hedges	-	-	-	(13.5)
Net decrease/(increase) in deferred tax balances	39.1	(12.3)	26.8	(13.5)

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

Declaration by directors on the financial statements and notes thereto set out on pages 1, and 11 to 28

The directors declare that the financial statements and notes thereto:

(a) comply with Accounting Standards;

(b) give a true and fair view of the financial position and performance of the consolidated entity;

(c) are, in the directors' opinion, in accordance with the Corporations Act 2001.

In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001 on behalf of the directors.

Alec Brennan
Managing Director

Sydney, 8 November 2005

Deloitte.

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Independent review report to the members of CSR Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, accompanying notes to the financial statements and the directors' declaration for the consolidated entity for the half year ended 30 September 2005 as set out on pages 1 and 11 to 29. The consolidated entity comprises both CSR Limited (the company) and the entities it controlled at the end of the half year or from time to time during the half year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the CSR group's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

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

Statement

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

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2005 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants
Sydney, 8 November 2005

Member of
Deloitte Touche Tohmatsu

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The Board of Directors
CSR Limited
9 Help Street
Chatswood NSW 2067

8 November 2005

Dear Board Members

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 review of the financial statements of CSR Limited for the half year ended 30 September 2005, 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 review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants