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ABN 90 000 001 276

18 May 2005

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

Preliminary final report for the year ended 31 March 2005

Attached is CSR Limited's full year results information required by ASX Listing Rule 4.3A. Also attached are the slides for the 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:

- Slides for results presentation

Yours sincerely

Graham Hughes
Company Secretary

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CSR preliminary final report 2005

CSR Limited

ABN 90 000 001 276

For the year ended 31 March 2005

This preliminary final report is provided to the ASX under ASX Listing Rule 4.3A

Results for announcement to the market

				$ million
Revenues from ordinary activities	up	22.6%	to	2,510.9
Profit from ordinary activities after tax attributable to members (excluding significant items)	up	25.3%	to	200.8
Net profit for the period attributable to members (including significant items)	up	79.2%	to	287.1

Dividends	Amount per security	Franking	Franked amount per security at 30% tax
Final dividend	6 cents	100%	6 cents
Previous corresponding period	6 cents	70%	4.2 cents

Record date for determining entitlements to final dividend 14 June 2005

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CSR net profit increases 25.3% to $200.8 million

Highlights

- Net profit before significant items up 25.3% to $200.8 million
- $400 million of announced growth initiatives underway
- Final dividend declared of 6 cents per share with franking lifted to 100%
- Capital return of 20 cents per share or $182 million, subject to shareholders' approval

CSR Limited today announced a 25.3% increase in net profit before significant items to $200.8 million for the year ended 31 March 2005. CSR's Sugar and Property operations improved strongly while Building Products and Aluminium were down on the previous year. Earnings per share before significant items were up 28.1% to 21.9 cents compared with 17.1 cents last year.

CSR's total net profit after tax was $287.1 million which includes significant items relating to settlements paid to CSR following resolution of some longstanding litigation issues and the one-off tax benefit of $55 million as a result of entry during the year into tax consolidation.

Trading revenue rose 20.1% to $2,367.5 million due principally to the inclusion of $261.8 million in revenue from Sugar refineries following full consolidation from 1 October 2004. Earnings before interest, tax and significant items (EBIT) were up 22.6% to $322.0 million. Profitability improved with the EBIT margin (EBIT/trading revenue) increasing to 13.6% from 13.3%. Return on shareholders' funds lifted to 16.2% – the highest level in three years.

Financial results summary

Full year ended 31 March [$ million unless stated]	**2005**	2004	% change
Trading revenue	**2,367.5**	1,970.8	20.1
Earnings before interest, tax, depreciation and amortisation – EBITDA	**438.0**	369.6	18.5
Earnings before interest and tax – EBIT	**322.0**	262.7	22.6
Net profit before significant items	**200.8**	160.2	25.3
Significant items	**86.3**	–	
Net profit after significant items	**287.1**	160.2	79.2
Earnings per share before significant items [cents]	**21.9**	17.1	28.1
Earnings per share after significant items [cents]	**31.3**	17.1	83.0
Net operating cash flow	**320.7**	290.1	10.5
Key measures			
EBIT/trading revenue [%]	**13.6**	13.3	
Return on shareholders' funds [%]	**16.2**	14.9	
As at 31 March	**2005**	2004	
Gearing – net debt / net debt + equity [%]	**16.5**	12.5	

Overview

"CSR has delivered a 25% increase in net profit before significant items, a higher total dividend and full franking, and a proposed capital return of 20 cents a share," said Managing Director and CEO Alec Brennan.

"We are also starting to see benefit from over $400 million in growth initiatives announced over the past two years and our efforts to improve operational performance are reflected in this year's results."

"CSR's strong performance this year is a powerful testament to the continuing vigour of this company after 150 years of operation," Mr Brennan said.

Review of significant items

CSR made good progress resolving a number of major issues this year – accounted for in the profit result as significant items totalling $86.3 million.

CSR reached settlements with various insurers under which CSR was paid $45.3 million. As a result of the settlement, $39.4 million of deferred legal costs were written off. CSR is continuing its proceedings against a number of other insurers and currently expects the trial to commence in or about October 2005.

CSR received $21.6 million from Alcan Northern Territory Alumina Pty Limited and wrote back provisions of $3.8 million in settlement of a dispute that arose following sale of our interest in the bauxite and alumina joint venture at the Gove Peninsula in the Northern Territory in January 2001.

Also, CSR's entry into the tax consolidation system provided a one-off tax benefit of $55.0 million.

Financial review

CSR's net debt and gearing increased during the year as a result of spending on a number of growth projects but both remain low. Gearing (measured as net debt/net debt + equity) ended the year at 16.5% with net debt rising to $270.1 million.

As announced in May 2004, the on-market buyback that commenced in 2003 was extended for a further 12 months ending on 10 June 2005. During the year ended 31 March 2005, 4.8 million shares were purchased at an average price of $2.03 a share. The directors have decided that no further shares will be purchased under this buyback.

CSR continues to pay a significant proportion of sustainable profit as dividends, subject to available franking credits. The final dividend to be paid on 4 July will be 6 cents a share, bringing total dividends for the year to 12 cents a share, up from 11 cents, with franking increased from 70% to 100%.

Proposed capital return of 20 cents per share or $182 million

CSR proposes to make a return of capital of 20 cents per share or $182 million. This proposal is part of the company's ongoing strategy of actively managing the balance sheet to create value for shareholders.

The directors believe that return of capital will give the company a more efficient capital structure appropriate to CSR's range of businesses and liabilities, while retaining flexibility for future growth.

The company understands that the Australian Taxation Office will issue a class ruling for CSR shareholders confirming that receipt of the return of capital will not be subject to tax.

If the capital return is approved by shareholders, CSR's gearing is expected to increase to approximately 30% from 16.5%. Interest expense after tax will increase by approximately $8 million per year ($5 million in the financial year ending 31 March 2006). Interest cover (EBITDA / net interest expense) is expected to remain within conservative levels.

Review of results by segment

Earnings before interest, tax and significant items (EBIT) by segment

Full year ended 31 March [$ million unless stated]	**2005**	% total segment EBIT	2004	% total segment EBIT	**% change**
Building Products	**108.0**	29.3	112.6	36.3	-4.1
Aluminium	**141.9**	38.5	144.2	46.5	-1.6
Sugar	**89.8**	24.4	37.6	12.1	138.8
Property	**28.6**	7.8	15.9	5.1	79.9
Business segment total	**368.3**	100.0	310.3	100.0	18.7
Corporate costs	**-16.9**		-18.6		
Restructure and provisions [1]	**-29.4**		-29.0		
Total EBIT	**322.0**		262.7		22.6

1. Includes product liability and superannuation top-up payments.

Building Products Trading revenue of $932.3 million rose slightly by 1.6% with new marketing initiatives offsetting a sharp slowdown in residential building construction in New South Wales and Victoria. EBIT of $108.0 million fell by 4.1% as additional costs were incurred for initiatives to enhance customer service and reduce longer term factory and distribution costs. These changes are expected to support the acceleration of our operational improvement program this year.

Aluminium Trading revenue from aluminium sales, including hedging, rose 5.4% to $473.6 million. EBIT of $141.9 million was 1.6% down on the previous year as higher aluminium prices and production were offset by a higher A$/US$ exchange rate and lower prices from hedged sales. Tomago completed construction of its 15% expansion project on time and on budget.

Sugar Trading revenue rose to $960.5 million from the previous year's low level of $600.2 million. This increase includes $261.8 million of additional revenue from the sugar refining businesses. The financial results for Sugar Australia and New Zealand Sugar Company were consolidated into CSR's accounts from 1 October 2004 following the acquisition of an additional 25% stake in the joint ventures.

EBIT was $89.8 million, up from $37.6 million. The improvement followed a recovery of world raw sugar prices. The sugarcane crop was above that of the previous season, due to the success of industry productivity initiatives and improved weather during the growing season. The result was also boosted by the acquisition of the additional share in the refined sugar businesses and a payment to CSR under the first part of the Australian Government's sugar reform program (announced in April 2004).

Property EBIT improved to $28.6 million from $15.9 million, following the hand over of land for a major residential development in Woodcroft, Sydney.

$400 million of announced growth projects under way

Over the past two years, over $400 million has been committed for growth projects and acquisitions.

Building Products CSR initiated expansions at brick plants in Oxley, south of Brisbane, and in New Lynn, Auckland. In Insulation, the Ingleburn glasswool factory in Sydney's south will increase capacity by 50%.

In January 2005, the company acquired the Karreman concrete roof tile business in Brisbane for $12.5 million, enabling CSR to expand in the growing south east Queensland market.

In Asia, growth continues in the China insulation business to meet growing demand in the Asian region. Commissioning of the new leased Nanning glasswool insulation plant was completed in August 2004. The expanded Dongguan rockwool plant began production in March 2005.

Aluminium CSR invested $75 million as its share in a project to expand capacity at Tomago aluminium smelter, near Newcastle, NSW.

Sugar A 63 megawatt renewable electricity plant under construction at the Pioneer raw sugar mill in the Burdekin River District, North Queensland, is to be operating during this year's sugarcane harvesting and milling season. This will expand CSR's commercial generation of renewable electricity – fuelled by sugarcane waste fibre.

The project is expected to generate returns above the cost of capital notwithstanding that the project will now cost approximately $140 million, up from the initial estimate of $100 million. This increase is due to changes in the scope of the project and escalation in the cost of labour and materials. The renewable energy plant was originally approved on the basis of operating for about eight months each year, primarily during the sugarcane milling season. To boost returns further, plans are being developed to operate the plant all year round.

In April 2004, CSR increased its stake in the Sugar Australia joint venture and New Zealand Sugar Company Limited by 25% to 75% with the acquisition of Man Group plc's interest for $61 million.

Property This year $32 million was approved for infrastructure and road construction on the Erskine Park, Sydney, former quarry site. The 100 hectare site will be sold or developed and leased as industrial zoned land over the next two or three years.

Outlook for the year ahead

Commenting on the outlook for the year ahead, Mr Brennan noted that CSR's profit performance is subject to a number of influences, including movements in exchange and interest rates, commodity prices (including fluctuations in the raw sugar market) and levels of building activity. "At this early stage in the year, we would expect a result broadly in line with last year."

Building Products "Our plans for this year are based on the expectation that the number of new dwellings will fall by around 5%. This should be partly offset by demand from the commercial building sector. With the benefit of operational improvement initiatives across the businesses, the Building Products' result is expected to be broadly in line with last year."

Aluminium "Lower A$ returns will reduce Aluminium EBIT by between 5% to 10%. The rate of growth in aluminium demand is expected to slow. However, earnings will continue to be supported by the current hedging position."

Sugar "Reasonably good growing conditions are expected this season, but the sugarcane crop should be slightly below that of last season. Assuming that world raw sugar prices remain at current levels, combined with additional revenue from the renewable energy plant at Pioneer mill, the Sugar result should be broadly in line with last year."

Property "Results are expected to be at least in line with last year following the completion of the first sale of land at Erskine Park and further development of the Ferntree Gully, Melbourne, properties."

The result will also be impacted by CSR's adoption of International Financial Reporting Standards from 1 April 2005, which is likely to increase profit after tax for the year by approximately 3% to 5%.

18 May 2005

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CSR Group

Summary of operations by business

Results for the full year ended 31 March 2005

Building Products

Full year ended 31 March [$ million unless stated]	**2005**	2004	% change
Trading revenue	**932.3**	918.0	1.6
EBITDA	**150.4**	155.5	-3.3
EBIT	**108.0**	112.6	-4.1
Funds employed	**652.9**	580.4	12.5
EBITDA/trading revenue [%]	**16.1**	16.9	
EBIT/trading revenue [%]	**11.6**	12.3	
Return on funds employed [%]	**16.5**	19.4	
Safety – TRFR [1]	**14.8**	22.2	

1. Total recordable injury frequency rate – the number of lost time, medical treatment and restricted work injuries per million work hours.

Trading revenue of $932.3 million rose 1.6% due to continued pricing improvement in some products. Sales volumes fell in core markets of New South Wales by 7.1% and Victoria by 6.5% while the overall market for new dwellings fell 4.5%, buoyed by stronger activity in Queensland and Western Australia.

Alterations and additions activity was down 4.1% as demand for renovations slowed. The commercial market increased 3.3%.

Earnings before interest and tax (EBIT) reduced by 4.1% to $108.0 million and the profit margin of 11.6% was also down. EBIT was impacted by $5 million invested in initiatives that will enhance customer service and resolve factory cost issues.

Operational performance improvements cut costs by $16.8 million. An operational improvement program was launched to deliver $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.

Over $100 million targeted for growth projects

In Australia, CSR is investing $28 million to expand glasswool insulation capacity by about 50% to 28,000 tonnes a year, at the Bradford Insulation factory at Ingleburn, Sydney, by early 2006. This is to meet growing demand caused by improved housing energy efficiency standards.

In Asia, in August 2004, commissioning of the new, leased glasswool insulation plant in Nanning, China, was completed which will produce 6,000 tonnes yearly. In March 2005, expansion of the Dongguan rockwool insulation factory came on stream, increasing capacity by 20% to 24,000 tonnes yearly. This is to meet demand in China and elsewhere in Asia, enhancing CSR’s position as the largest insulation producer in the region.

In January 2005, CSR acquired the Brisbane based concrete roof tile business, Karreman Roof Tiles, for $12.5 million – increasing capacity in the increasingly important south east Queensland region.

In bricks and pavers, increased production capacity at the Auckland factory of 15 million bricks a year recently came on stream. Expansion of the Oxley plant, Brisbane, is under way for completion in mid 2006. CSR invested $4.5 million to develop an in-house distribution network. A fleet of new trucks started servicing the NSW metropolitan market in April 2005.

CSR Gyprock™ and Fibre Cement Revenue rose 2.6% to $388.3 million. In the **Gyprock™** plasterboard business, CSR delivered planned cost reductions whilst maintaining margins in an increasingly competitive market. Sales and marketing were restructured to provide more focus on the needs of specific market segments and to develop and promote higher value products and services, such as *high performance walls and ceilings*.

CSR Fibre Cement sales volumes were steady despite a slowdown in some key markets and reduced exports due to the stronger A$. Sales of CSR's new ExpressWall™ continued to increase in the commercial building market.

CSR Roofing Monier™ and **Wunderlich™** roof tiles and other revenue declined 1.2% to $170.9 million, with higher prices offset by reduced volumes as the housing market slowed in some regions. Production from the modern Rosehill, Sydney, concrete tile plant is now fully meeting demand. A new packaging system became operational at Rosehill in January 2005.

CSR Bricks and Pavers Revenue in the **PGH™** bricks and related businesses fell 7.1% to $156.1 million. Returns were impacted by the significant slowdown in the NSW residential market.

CSR Insulation Systems Revenue increased by 1.5% to $203.7 million. In Australia, **Bradford Insulation** profitability increased significantly with higher prices and a 7% increase in volumes. Improved packaging equipment reduced distribution costs at the Ingleburn factory.

The Asian insulation business performed strongly in China, although overall returns were reduced by the strong A$ and lower prices in Malaysia.

Hebel™ aerated lightweight concrete products' pricing improved while sales volumes were lower as the Australian multi-residential building market fell. Profit increased through tighter cost control and the focus on more profitable new commercial and industrial market segments.

The **Paroc Panel™** non combustible wall and ceiling panel system is increasing sales to the commercial building market. We have established distribution networks in New Zealand and Asia and are looking into manufacturing the product in China.

Aluminium

Full year ended 31 March [$ million unless stated]	**2005**	2004	% change
Trading revenue	**473.6**	449.4	5.4
EBITDA	**169.1**	167.3	1.1
EBIT	**141.9**	144.2	-1.6
Funds employed	**278.4**	212.5	31.0
EBITDA/trading revenue [%]	**35.7**	37.2	
EBIT/trading revenue [%]	**30.0**	32.1	
Return on funds employed [%]	**51.0**	67.9	

Gove Aluminium Finance (GAF) trading revenue rose to $473.6 million. Aluminium output increased following expansion of capacity at Tomago smelter, New South Wales. The average revenue per tonne of A$2,737 was up from A$2,696.

CSR's 70% share of GAF's net profit before finance costs fell 2.6% to $70.3 million due to the impact of a higher A$/US$ exchange rate and lower prices from hedged sales. Also, affecting net profit were alumina costs and higher depreciation.

The average world aluminium price increased 18.6% to US$1,776 a tonne, although the price when expressed in A$ terms rose by only 11.5%, due to the strengthening A$. GAF selectively hedged forward aluminium price exposure consistent with future production, but hedged less currency in a year of high exchange rates.

Tomago completed construction of its 15% expansion project on time and on budget. GAF's sales grew 3.8% to a record 173,060 tonnes as production increased. The expansion project will continue to increase production over the next two years.

Sales of value added billet and slab aluminium rose 6.4% to 42,974 tonnes (25% of sales), constrained by Tomago's current production capacity. There was high demand for these products in the Asia/Pacific region into which GAF sells.

Global aluminium consumption grew by approximately 9% in the 2004 calendar year, following strong growth in the US and Asia, particularly in China. World aluminium prices improved substantially as the market moved into a production deficit after three years of surplus.

In China, aluminium production continued to grow strongly and, for a third successive year, accounted for over half the world's growth in production capacity. However, the growth rate is expected to slow with increasing competition for power from other Chinese industries.

Sugar

Full year ended 31 March [$ million unless stated]	**2005**	2004	% change
Trading revenue	**960.5**	600.2	60.0
EBITDA	**132.4**	72.8	81.9
EBIT	**89.8**	37.6	138.8
Funds employed	**877.3**	655.1	33.9
EBITDA/trading revenue [%]	**13.8**	12.1	
EBIT/trading revenue [%]	**9.3**	6.3	
Return on funds employed [%]	**10.2**	5.7	
Safety – TRFR [1]	**18.3**	21.1	

1. Total recordable injury frequency rate – the number of lost time, medical treatment and restricted work injuries per million work hours.

Trading revenue rose 60.0% to $960.5 million which includes $261.8 million of additional revenue from the sugar refining businesses. Earnings before interest and tax (EBIT) were $89.8 million, compared with $37.6 million last year

Raw sugar milled and the price for raw sugar and molasses all rose significantly. Total returns benefited from an increased share of the refined sugar businesses. Operational improvements cut costs by $4.8 million.

Also contributing was the Australian Government's payment to CSR of $10 million as the first part of the sustainability grant under the government's sugar reform program announced in April 2004.

The reform program is supporting restructuring at all levels of the sugar industry – critically important to improve international competitiveness. With its sugar industry partners, CSR is playing a leading role in the industry's successful productivity initiative to increase farm crop yields. CSR is also investing in a research project with the University of Queensland which is investigating ways to increase substantially the sugar content of sugarcane plants.

Raw sugar

EBIT of $55.0 million was up from $15.6 million last year.

Raw sugar produced rose 4.6% to 2.2 million tonnes. Productivity initiatives and improved growing conditions helped lift 2004 sugarcane crop 5.2% in CSR's milling areas to 14.95 million tonnes.

World market raw sugar prices rose, resulting in an estimated price paid to millers of $255 a tonne, a significant improvement from $229 a tonne the previous year.

Refined sugar

EBIT of $37.0 million was up from $17.1 million, reflecting consolidation of results following the purchase of the additional 25% share in the refined sugar businesses and increased sales to food and beverage producers. Sugar Australia is improving profit margins in highly competitive refined sugar industrial markets.

Ethanol

EBIT reduced from $9.1 million to $4.5 million, resulting from the higher cost of molasses (ethanol's raw material) and lower prices in both Australian and export markets due to increased competition. The company is vigorously defending its market position and seeking higher value export markets.

CSR has been offered a grant of $4.2 million by the Australian Government and another of $250,000 by the Queensland Government, to support installation of additional manufacturing facilities to increase supply of ethanol from our Sarina, Queensland, distillery for the fuel market.

Property

Year ended 31 March [$ million unless stated]	**2005**	2004	% change
Total revenue	**45.8**	17.6	160.2
EBIT	**28.6**	15.9	79.9
Capital investment	**14.0**	15.3	-8.5

Revenue rose to $45.8 million from $17.6 million. Earnings before interest and tax (EBIT) were $28.6 million, up from $15.9 million.

Major projects under way

Woodcroft, Sydney The sale to Mirvac of the 20 hectare site of a former brick plant for up to 400 houses generated most of the year's profit. The marketing of home and land packages is now adding returns to CSR.

Erskine Park, Sydney The 100 hectare site will be sold or developed and leased as industrially zoned land over the next two or three years. The conditional sale of 17 hectares to BlueScope Steel Limited in July 2004 accelerated the infrastructure development of the site. The sale is expected to become unconditional by late 2005.

Ferntree Gully, Melbourne Sales of the 75 residential lots at this former quarry will begin in mid 2005.

Penrith Lakes Scheme, west of Sydney (CSR 20%) With a potential 5,000 homesites, the quarry site development is expected to go on public exhibition later this year. Returns to CSR should begin in year ending March 2007.

Other sites A number of industrial sites are under review for sale or development opportunities. Land at Narangba, Brisbane, has recently been designated as surplus, and may be subject to sale or development. Potentially this property would support 400 residential lots.

18 May 2005

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CSR group statement of financial performance

Year ended 31 March ($ million unless indicated)	Note	**2005**	2004
Trading revenue - sale of goods		**2,367.5**	1,970.8
Cost of sales		**(1,734.7)**	(1,401.3)
Warehouse and distribution costs		**(135.1)**	(123.0)
Selling costs		**(140.5)**	(137.3)
Administration and other operating costs		**(74.9)**	(72.5)
Share of associate entities' net profit	11	**28.6**	28.8
Operating profit		**310.9**	265.5
Other revenue from ordinary activities		**138.3**	69.9
Other expenses from ordinary activities		**(96.9)**	(74.6)
Dividend income from others		**1.0**	1.9
Profit from ordinary activities before finance and income tax		**353.3**	262.7
Interest income	3	**4.1**	5.8
Borrowing costs	3	**(23.0)**	(18.8)
Profit from ordinary activities before income tax		**334.4**	249.7
Income tax expense relating to ordinary activities	4	**(13.8)**	(60.6)
Net profit		**320.6**	189.1
Net profit attributable to outside equity interests		**33.5**	28.9
Net profit attributable to members of CSR Limited		**287.1**	160.2
Decrease in foreign currency translation reserve arising on translation of self-sustaining foreign operations		**(0.2)**	(13.1)
Adjustment to opening retained profits on adoption of revised AASB 1028		**-**	(2.3)
Total revenue, expense and valuation adjustments attributable to members of CSR Limited recognised directly in equity		**(0.2)**	(15.4)
Total changes in equity not resulting from transactions with owners as owners		**286.9**	144.8

Reconciliation of retained profits			
Retained profits at the beginning of the financial year		**202.0**	147.3
Net profit attributable to members of CSR Limited		**287.1**	160.2
Adjustment to opening retained profits on adoption of revised AASB 1028		**-**	(2.3)
Aggregate of amounts transferred from reserves		**-**	0.7
Total available for appropriation		**489.1**	305.9
Dividends paid	9	**109.9**	103.9
Retained profits at the end of the financial year		**379.2**	202.0

(cents per share)		
Basic earnings per share based on net profit attributable to members of CSR Limited[a]	**31.3**	17.1
Diluted earnings per share based on net profit attributable to members of CSR Limited[a]	**31.3**	17.1
Basic earnings per share based on net profit before significant items attributable to members of CSR Limited[a]	**21.9**	17.1

a Weighted number of ordinary shares on issue used in the calculation of earnings per share is 916.1 million (2004: 938.4 million)

CSR group statement of financial position

($ million)	Note	**As at 31 March 2005**	As at 31 March 2004
Current assets			
Cash		**53.0**	60.3
Receivables		**391.3**	253.6
Inventories		**257.2**	164.5
Other current assets		**18.6**	2.9
Total current assets		**720.1**	481.3
Non-current assets			
Receivables		**37.1**	31.4
Inventories		**25.9**	40.6
Investments accounted for using the equity method		**25.0**	139.0
Other financial assets		**22.4**	22.4
Property, plant and equipment (net)		**1,567.9**	1,340.1
Intangibles (net)		**38.0**	34.7
Deferred income tax assets		**178.6**	195.0
Other non-current assets		**40.2**	65.4
Total non-current assets		**1,935.1**	1,868.6
Total assets		**2,655.2**	2,349.9
Current liabilities			
Payables		**293.0**	261.3
Interest-bearing liabilities		**10.2**	24.3
Income tax liabilities		**12.5**	17.0
Provisions		**105.5**	107.9
Total current liabilities		**421.2**	410.5
Non-current liabilities			
Payables		**7.0**	3.9
Interest-bearing liabilities		**312.9**	200.1
Deferred income tax liabilities		**168.5**	214.6
Provisions		**377.7**	375.9
Total non-current liabilities		**866.1**	794.5
Total liabilities		**1,287.3**	1,205.0
Net assets		**1,367.9**	1,144.9
Equity			
Contributed equity	5	**863.7**	871.3
Reserves		**(1.4)**	(1.2)
Retained profits		**379.2**	202.0
Equity attributable to members of CSR Limited		**1,241.5**	1,072.1
Outside equity interests in controlled entities		**126.4**	72.8
Total equity		**1,367.9**	1,144.9

CSR group statement of cash flows

Year ended 31 March ($ million)	Note	2005	2004
Cash flows from operating activities			
Receipts from customers		**2,537.2**	2,206.0
Payments to suppliers and employees		**(2,200.9)**	(1,905.8)
Dividends and distributions from associate entities		**32.6**	30.6
Interest received		**4.2**	5.0
Income tax paid		**(52.4)**	(45.7)
Net cash from operating activities	2	**320.7**	290.1
Cash flows from investing activities			
Purchase of property, plant and equipment and other non-current assets		**(228.6)**	(110.7)
Proceeds from sale of property, plant and equipment and other non-current assets		**59.2**	64.1
Purchase of controlled entities and businesses net of cash acquired		**(74.4)**	-
Loans and receivables advanced		**-**	(0.1)
Loans and receivables repaid		**2.5**	16.1
Net cash used in investing activities		**(241.3)**	(30.6)
Cash flows from financing activities			
Proceeds from issue of CSR Limited shares		**2.2**	1.7
Share buyback		**(9.8)**	(50.1)
Cash paid to Rinker group as a consequence of the demerger		**-**	(315.5)
Net proceeds from (repayment of) borrowings		**94.7**	(53.6)
Dividends paid		**(148.5)**	(131.0)
Interest and other finance costs paid		**(19.3)**	(16.5)
Net cash used in financing activities		**(80.7)**	(565.0)
Net decrease in cash held		**(1.3)**	(305.5)
Cash at the beginning of the financial year		**57.2**	50.6
Cash held at beginning of the financial year to settle Rinker group debt		**-**	315.5
Effects of exchange rate changes		**(2.9)**	(3.4)
Net cash at the end of the financial year		**53.0**	57.2

Reconciliation of net cash

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

	2005	2004
Cash at banks and on hand	**44.7**	30.1
Short-term loans and deposits	**8.3**	30.2
Total cash	**53.0**	60.3
Bank overdraft	**-**	(3.1)
Net cash at the end of the financial year	**53.0**	57.2

Notes to the financial statements for the year ended 31 March 2005

ADDITIONAL CASH FLOW INFORMATION

Non-cash financing and investing activities During the financial year ended 31 March 2005, CSR Limited issued 1,925,600 shares to employees of the CSR group under the terms of the Universal Share/Option Plan (2004: 1,696,000 shares).
During the financial year ended 31 March 2004, the CSR group invested $64.2 million in the Aluminium smelter at Tomago, however the cash contribution in relation to this expenditure was not paid until November 2004.
Commercial paper The CSR group has a commercial paper program based in Australia. This program, which totals $600 million (2004: $600 million), is an evergreen facility. Drawings on the program are backed by the credit standby facilities referred to below. As at 31 March 2005, no commercial paper was on issue.
Credit standby facilities The CSR group has a total of $481 million (2004: $481 million) committed standby facilities. These facilities have fixed maturity dates ranging from June 2005 to April 2009. As at 31 March 2005, $456 million of the standby facilities were undrawn.

OTHER NOTES

Basis of preparation This report is prepared in accordance with the ASX listing rule 4.3A, the requirements of the Corporations Act 2001, other applicable accounting standards and urgent issues group consensus views, and complies with other requirements of the law and the listing rules of Australian Stock Exchange Limited. The financial report is based on historical cost, except for certain assets which are at deemed cost. It should be read in conjunction with announcements to the market made by the company during the year in accordance with the company'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 financial report.
Subsequent events There have been no changes in events since 31 March 2005 that would materially impact any information disclosed in this financial report except for the capital return announced on 18 May 2005. The effect of the capital return of twenty cents per share, to be paid on 4 August 2005 if approved by the shareholders at the annual general meeting, is a reduction of shareholders funds and an increase in net debt of about $182 million. The financial effect of this transaction has not been reflected in this financial report.
Significant accounting policies The accounting policies adopted are consistent to those used in previous financial years except for the policy on the recognition of revenue from Renewable Energy Certificates (RECs). Previously the CSR group recognised revenue in relation to RECs when the RECs were sold. This year the policy was changed to recognition when the RECs are generated. In the year ended 31 March 2005 this change in policy increased net profit by $5.0 million.
Rounding of amounts to nearest $0.1 million Unless otherwise shown, amounts have been rounded to the nearest tenth of a million dollars and are shown by "$ 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.
Currency All amounts are in Australian dollars unless stated otherwise.

SIGNIFICANT ITEMS

During the year ended 31 March 2005 the CSR group settled a longstanding dispute that arose following the sale of its interest in Gove Aluminium Limited to Alcan Northern Territory Alumina Pty Limited in January 2001. Gove Aluminium Limited held a 30% share in 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 the CSR group released $3.8 million of provisions held with respect to this dispute. These have been treated as a significant item in the financial year ended 31 March 2005.

The CSR group has reached a settlement with certain underwriters of Lloyd's of London, reinsured by Equitas Limited, of litigation commenced by CSR in New Jersey in 1995. Under the settlement Lloyd's Underwriters paid $41.0 million to the CSR group on 16 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 other damages and relief. Subsequent to this settlement the CSR group has settled with certain other insurers for amounts totalling $4.3 million.
The CSR group has incurred legal costs in respect of the litigation of $39.4 million to 31 March 2005. These costs have been written off during the year. At 31 March 2005 the CSR group has no deferred legal costs in relation to the ongoing insurance litigation (31 March 2004: $18.6 million).
The settlement with Lloyds Underwriters and other insurers, and the write off of the legal expenses have been treated as a significant item in the financial year ended 31 March 2005.

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 was a tax benefit of $55.0 million. This benefit has been treated as a significant item in the financial year ended 31 March 2005.

There were no other significant items in the years ended 31 March 2004 or 2005.

International Financial Reporting Standards

The current status of the CSR group's review of the effect of the adoption of International Financial Reporting Standards on the CSR group's statements of financial performance and position is discussed below.

In accordance with the Financial Reporting Council's strategic directive, the CSR group will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) for annual reporting periods beginning on or after 1 January 2005. Accordingly, the CSR group's first half year report prepared under A-IFRS will be for the half year reporting period ending 30 September 2005, and its first annual financial report prepared under A-IFRS will be for the year ending 31 March 2006. A-IFRS were issued in final form by the Australian Accounting Standards Board in July 2004.

During 2003, the CSR group established a project team to monitor and plan for the transition to A-IFRS. The project team is managing the transition to A-IFRS in 3 phases. Phase 1 - Scoping and impact analysis was completed in late 2003. Phase 2 - Managing the changes to controls, processes and systems that will enable sufficient information to be collected in order to be A-IFRS compliant is also largely completed. Phase 3 - Implementation and review (including audit of opening balance sheet adjustments) is now progressing. At this time it is expected that financial statements that are fully compliant with A-IFRS will be able to be prepared.

On first-time adoption of A-IFRS, the CSR group will be required to restate its comparative financial statements such that the comparative balances presented comply with the requirements specified in A-IFRS. That is, the balances that will be presented in the financial report for the year ended 31 March 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS. As most adjustments on first-time adoption are to be made against opening retained profits, the amount of retained profits available to be paid out as dividends at 31 March 2004 presented in the 2006 A-IFRS financial report may differ significantly from the amount previously reported under current Australian accounting standards.

Various voluntary and mandatory exemptions are available to the CSR group on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate past business combinations, expense share based payments granted before 7 November 2002, and permits the identification of a deemed cost for property, plant and equipment. The CSR group has evaluated the effect of the options available on first-time adoption of A-IFRS and determined the best outcome. These decisions are subject to confirmation by the CSR group's external auditors of the financial consequences.

While no final decision has yet been made as to the policy alternatives to be applied, the directors have identified the following as being the key accounting policy differences expected to arise on transitioning to A-IFRS. This does not represent an exhaustive list of the differences that will arise.

Deferred costs *Initial decrease in retained profits at 1 April 2004* *Lower amortisation expense* *Volatility in results*	The CSR group currently defers certain legal costs associated with insurance litigation. Under A-IFRS, these costs will be required to be written off against retained profits as at 1 April 2004. In future, it is expected that these costs will be expensed as incurred. Capitalised start up costs of $6.6 million at 31 March 2004 will also be required to be written off against retained profits on adoption of A-IFRS as at 1 April 2004. In future, start up costs will be expensed as incurred.
Goodwill *No amortisation* *Volatility in results in event of impairment*	Goodwill will not be amortised under A-IFRS (CSR group amortisation charge was $2.0 million for the year ended 31 March 2005), but instead the goodwill will be subject to annual impairment testing. If there is any impairment, the goodwill will be written down in the income statement in the period in which the impairment is identified.
Derivative instruments *Initial impact on equity reserves at 1 April 2005* *Volatility in net assets* *New assets/liabilities recognised* *Comparative information not restated as application date is 1 April 2005*	Under A-IFRS, all derivatives contracts will be carried at fair value on CSR group's balance sheet with an offset to shareholder equity when hedge accounting is achieved. The deferred profit and loss on these derivatives may only be carried in equity and ultimately matched to the underlying transactions being hedged provided specific documentation and procedures are maintained and that the derivative is and remains effective in reducing the underlying business risk. The CSR group has implemented such procedures and expects that its derivatives will be effective and hence there will be minimal impact on its net profit. The requirement to fair value the hedges will however result in additional volatility to the CSR group's net assets and shareholders' funds.
Intangible assets *Initial decrease in retained profits at 1 April 2004* *Lower amortisation expense* *Assets reduced*	The CSR group previously capitalised certain internal costs into the value of acquired intangible assets. These costs cannot be capitalised under A-IFRS and consequently the balance remaining at 1 April 2004 ($5.8 million) will be required to be adjusted against the opening retained profits at that date. The derecognition of these costs will reduce future amortisation charges.

International Financial Reporting Standards (continued)

Borrowing costs *Higher borrowing costs* *Lower expenses* *No change in net profit*	Unwinding of the interest component of discounted assets and liabilities is treated as interest (borrowing costs) under A-IFRS, rather than as general expense/income under current Australian standards. This is particularly relevant to unwinding the discount in respect of the CSR group's product liability provision which will result in earnings before finance and income tax being approximately $17 million higher under A-IFRS. There will be a corresponding increase in the CSR group's net borrowing costs. Net profit will be unchanged. The CSR group has negotiated appropriate changes to its debt covenants.
Investment in associate entity *Initial reduction in retained profits at 1 April 2004* *Increased future profits* *Assets reduced*	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 CSR group formed the Sugar Australia joint venture by contributing assets and recognised the difference between the book value and the fair value of those assets as a profit. The unamortised balance of this profit at 1 April 2004 will be adjusted against opening retained profits on adoption of A-IFRS. The carrying value of the relevant assets will be reduced and ongoing profit after tax will increase as a result of decreased depreciation.
Post employment benefits *Initial decrease in retained profits at 1 April 2004* *Possible volatility in future actuarial gains/losses taken to equity*	The CSR group sponsors two defined benefit superannuation plans. Contributions to the plans are expensed when due and payable and no assets or liabilities are recognised in relation to these plans in the financial report of the CSR group. On adoption of A-IFRS, the CSR group will be required to recognise the net position of each plan on the balance sheet, with a corresponding adjustment to retained profits. After the transitional adjustment, it is expected that offsets for the change in liability will be to profit for the regular assumed plan performance and to equity for the more volatile actuarial gains/losses.
Impairment of assets *Initial decrease in retained profits at 1 April 2004* *Lower depreciation*	Under A-IFRS, the CSR group expects that the recoverable amount testing of non-current assets will be carried out at a lower level than required under existing Australian standards. Detailed guidance in relation to the methodology for performing recoverable amounts tests is provided by AASB 136 'Impairment of Assets', consequently the CSR group will be required to change the methodology used to identify asset impairments. As a result of these changes, it is possible that the carrying value of certain businesses' assets may be impaired and will require adjustment against opening retained profits on adoption of A-IFRS. The CSR group has not yet determined the impact of any impairment that may be required, but it is likely that some write down of sugar milling assets will be required. Subsequent to any impairment adjustment there will be a reduced depreciation charge. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.
Share-based payment *Initial increase in retained profits at 1 April 2004* *Impact on share capital* *Higher expenses*	The CSR group currently recognises an expense over three years for the cost of all deferred shares issued as part of long-term incentive arrangements. The shares vest over three to five years, and may be forfeited under certain conditions. The CSR group does not currently recognise an expense for free shares issued under the employee Universal Share/Option Plan. On adoption of A-IFRS, the CSR group will recognise an expense for all share based remuneration, including deferred shares, the expense being recognised over the relevant vesting periods.
Income tax *Initial decrease in retained profits at 1 April 2004* *New liabilities recognised* *Increased future profits*	The CSR group currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to permanent and timing differences. Under A-IFRS deferred taxes are measured by reference to temporary differences determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet. Because A-IFRS has a wider scope than the CSR group's current accounting policies, it is likely that the amount of deferred taxes recognised in the balance sheet will increase. In particular, significant increases in deferred tax liabilities are anticipated in relation to deferred taxes associated with fair value adjustments relating to pre-transition business combinations and revaluations of land and buildings. The adoption of A-IFRS will result in an increase in deferred tax liabilities which will be taken to retained profits at 1 April 2004. Subsequent CSR group profits will increase as this liability reverses in the income statement and these assets are depreciated. Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS.

1. Segment information

($ million)	Total revenue[a b] 2005	Total revenue[a b] 2004	Depreciation and amortisation[c] 2005	Depreciation and amortisation[c] 2004
Business segments				
Building Products	**948.5**	924.8	**42.4**	42.9
Aluminium	**476.3**	451.7	**27.2**	23.1
Sugar - milling	**637.2**	538.3	**33.5**	33.5
Sugar - ethanol and refining	**326.1**	64.5	**9.1**	1.7
Property	**45.8**	17.6	-	-
Segment total	**2,433.9**	1,996.9	**112.2**	101.2
Corporate	**2.2**	45.7	**3.8**	5.7
Interest revenue	**4.1**	5.8		
Group total before significant items	**2,440.2**	2,048.4	**116.0**	106.9
Significant items	**70.7**	-	**-**	-
Group total after significant items	**2,510.9**	2,048.4	**116.0**	106.9

($ million)	Profit from ordinary activities before income tax 2005	Profit from ordinary activities before income tax 2004	Income tax 2005	Income tax 2004	Outside equity interests 2005	Outside equity interests 2004	Net profit 2005	Net profit 2004
Business segments								
Building Products	**108.0**	112.6	**27.2**	30.8	**0.5**	0.5	**80.3**	81.3
Aluminium	**141.9**	144.2	**42.6**	43.5	**29.0**	28.5	**70.3**	72.2
Sugar - milling	**55.0**	15.6	**19.0**	4.7	**-**	-	**36.0**	10.9
Sugar - ethanol and refining	**34.8**	22.0	**7.9**	4.4	**4.6**	-	**22.3**	17.6
Property	**28.6**	15.9	**(6.7)**	0.3	**-**	-	**35.3**	15.6
Segment total	**368.3**	310.3	**90.0**	83.7	**34.1**	29.0	**244.2**	197.6
Corporate	**(16.9)**	(18.6)	**(5.1)**	(5.6)	**-**	-	**(11.8)**	(13.0)
Restructuring and provisions[d]	**(29.4)**	(29.0)	**(10.5)**	(13.2)	**-**	-	**(18.9)**	(15.8)
	322.0	262.7	**74.4**	64.9	**34.1**	29.0	**213.5**	168.8
Net finance continuing operations	**(18.9)**	(13.0)	**(5.6)**	(4.3)	**(0.6)**	(0.1)	**(12.7)**	(8.6)
Group total before significant items	**303.1**	249.7	**68.8**	60.6	**33.5**	28.9	**200.8**	160.2
Significant items	**31.3**	-	**(55.0)**	-	**-**	-	**86.3**	-
Group total after significant items	**334.4**	249.7	**13.8**	60.6	**33.5**	28.9	**287.1**	160.2

a Excludes net profit from associates.

b Intersegment sales are negligible.

c Total depreciation and amortisation includes $2.9 million (2004: $2.6 million) amortisation of intangibles. Other than an asset write down in 2004 for Building Products ($8.0 million), non-cash expenses are immaterial.

d Includes product liability, defined benefit superannuation top up payments and certain rationalisation costs.

1. Segment information (continued)

($ million)	Assets 2005	Assets 2004	Liabilities 2005	Liabilities 2004	Investments accounted for using the equity method 2005	Investments accounted for using the equity method 2004
Business segments						
Building Products	**778.9**	738.4	**128.7**	139.1	**7.1**	5.7
Aluminium	**407.6**	404.4	**59.7**	113.4	**-**	-
Sugar - milling	**791.8**	670.7	**121.1**	73.9	**-**	-
Sugar - ethanol and refining	**350.1**	166.4	**62.2**	8.2	**11.9**	127.8
Property	**59.2**	44.3	**5.9**	3.5	**6.0**	5.5
Segment total	**2,387.6**	2,024.2	**377.6**	338.1	**25.0**	139.0
Unallocated[a]	**36.0**	70.4	**405.6**	410.9	**-**	-
	2,423.6	2,094.6	**783.2**	749.0	**25.0**	139.0
Finance assets/liabilities	**53.0**	60.3	**323.1**	224.4	**-**	
Tax assets/liabilities	**178.6**	195.0	**181.0**	231.6	**-**	
Group total	**2,655.2**	2,349.9	**1,287.3**	1,205.0	**25.0**	139.0

Geographic segments ($ million)	Total revenue[b] 2005	Total revenue[b] 2004	Segment assets 2005	Segment assets 2004	Capital expenditure 2005	Capital expenditure 2004
Australia	**2,312.1**	1,945.9	**2,449.6**	2,227.5	**218.4**	168.3
New Zealand	**130.0**	41.3	**127.9**	47.2	**39.3**	-
Asia	**68.8**	61.2	**77.7**	75.2	**3.3**	1.5
Group total	**2,510.9**	2,048.4	**2,655.2**	2,349.9	**261.0**	169.8

a Includes product liability, defined benefit superannuation top up payments and certain rationalisation costs.

b After significant items. Intersegment sales are negligible. Excludes net profit from associates.

2. Cash flow reconciliation

Reconciliation of net profit attributable to members of CSR Limited to net cash from operating activities ($ million)	2005	2004
Net profit attributable to members of CSR Limited	**287.1**	160.2
Significant item - Gove Aluminium litigation	**(25.4)**	-
Significant item - Tax consolidation	**(55.0)**	-
Depreciation and amortisation	**116.0**	106.9
Transfer from provisions	**(3.0)**	(47.1)
Interest expensed	**18.7**	15.7
(Profit) loss on asset sales and write downs	**(30.9)**	1.8
Net profit attributable to outside equity interests	**33.5**	28.9
Net change in trade receivables and other current assets	**(49.4)**	34.4
Net change in current inventories	**(48.4)**	(9.1)
Net change in trade payables	**56.3**	(18.4)
Net change in tax balances	**15.7**	14.9
Other	**5.5**	1.9
Net cash from operating activities	**320.7**	290.1

Year ended 31 March	($ million)	2005	2004

3. Net finance expense

	2005	2004
Interest paid or payable on long-term debt	**18.7**	13.6
Interest paid or payable on short-term debt	**2.4**	2.5
Total interest expense	**21.1**	16.1
Less capitalised interest	**2.4**	0.4
Add - funding costs	**1.5**	1.7
- foreign exchange loss	**2.8**	1.4
Borrowing costs	**23.0**	18.8
Less interest income	**4.1**	5.8
Net finance expense	**18.9**	13.0

4. Income tax

Income tax expense

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

	2005	2004
Profit from ordinary activities before income tax	**334.4**	249.7
Income tax expense calculated at 30%	**100.3**	74.9
Increase (decrease) in income tax expense due to		
Non-tax deductible depreciation and amortisation	**2.1**	2.4
Non-tax deductible other expenditure	**0.7**	0.6
Asset disposals and write downs	**(16.4)**	(4.5)
Asian trading profits not recognised	**(0.4)**	(0.8)
Equity accounted associates' profit	**(5.9)**	(6.2)
Income tax over provided in prior years	**(1.1)**	(1.6)
Significant items - tax consolidations	**(55.0)**	-
Significant items - other	**(9.4)**	-
Other items	**(1.1)**	(4.2)
Total income tax expense on profit from ordinary activities	**13.8**	60.6

5. Contributed equity

	Ordinary shares[a] fully paid	Price $	Share capital $ million
Particulars of shares issued during the year by CSR Limited			
On issue 31 March 2004	918,508,701		871.3
Share buyback[b]	(4,849,552)	2.03	(9.8)
Universal Share/Option Plan[c]	1,925,600	1.15	2.2
On issue 31 March 2005	**915,584,749**		**863.7**

a Fully paid ordinary shares are quoted on the Australian Stock Exchange. Fully paid ordinary shares carry one vote per share and the right to dividends.

b In May 2003, CSR Limited announced a 12 month on-market share buyback of up to 5% of its fully paid shares. In May 2004 CSR announced a further twelve month share buyback of up to 5% of its fully paid shares would commence from 11 June 2004. During the financial year ended 31 March 2005 a total of 3,571,552 shares were repurchased and cancelled under the original buyback and 1,278,000 shares under the further buyback.

c Fully paid ordinary shares were issued in September and October 2004 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 (4,147). 2,407 employees accepted the offer, subscribing for 400 shares for a consideration of $2.30 per share and receiving a further 400 shares at no cost. The issue of 962,800 shares purchased by employees was taken to equity. The issue of a further 962,800 shares at no cost was not recorded as a financial transaction.

6. Expenses

Profit from ordinary activities before income tax includes the following items of expenditure	**31 March 2005 $ million**	31 March 2004 $ million
Depreciation of non-current assets	**113.1**	104.3
Amortisation of non-current assets	**2.9**	2.6
Write down of property, plant and equipment	**-**	8.0
(Decrease) increase in allowance for bad debts	**(0.9)**	1.0

7. Significant items

Gove Aluminium Limited litigation		
Receipt from Alcan Northern Territory Alumina Pty Ltd	**21.6**	
Settlement provisions no longer required	**3.8**	
	25.4	
Insurance litigation settlement		
Receipts from certain insurers	**45.3**	
Write off legal costs	**(39.4)**	
	5.9	
Tax consolidation		
Restatement of deferred tax balances on adoption of tax consolidation	**55.0**	
Total significant items after tax	**86.3**	-

8. Net tangible assets per share

	$	$
Net tangible assets per share	**1.31**	1.13

9. Details relating to dividends

		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 Dec 2004	6	55.0
Final dividend	2005	100	4 July 2005	6	54.6

The final dividend in respect of ordinary shares for the financial year ended 31 March 2005 has not been recognised in this report because the final dividend was declared subsequent to 31 March 2005.

Dividend reinvestment plans

The dividend reinvestment plan remains suspended until further notice.

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

Control gained over entities

No controlled entities were acquired during the financial year which affected net profit by more than 5% compared with the previous corresponding financial year.

Control lost over entities

No controlled entities were disposed of during the financial year which affected net profit by more than 5% compared with the previous corresponding financial year.

11. Details of associates and joint venture entities

Aggregate share of profits of associate entities

	Year ended 31 March	
	2005 $ million	2004 $ million
Profit from ordinary activities before income tax	**37.2**	40.0
Income tax expense	**8.6**	11.2
Profit from ordinary activities after income tax	**28.6**	28.8
Extraordinary items net of tax	**-**	-
Net profit	**28.6**	28.8
Outside equity interests	**-**	-
Aggregate share of profit	**28.6**	28.8

	Ownership interest As at 31 March		Contribution to net profit Year ended 31 March	
Name of entity	**2005 %**	2004 %	**2005 $ million**	2004 $ million
Associate companies				
New Zealand Sugar Company Limited[a]	**75**	50	**4.6**	7.0
Rondo Pty Ltd	**50**	50	**8.1**	5.5
Enviroguard Pty Ltd	**50**	50	**4.8**	4.3
Other immaterial associate companies			**1.2**	1.9
Joint venture entities				
Sugar Australia joint venture[a b]	**75**	50	**9.9**	10.1
Aggregate share of profit			**28.6**	28.8

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 financial performance and financial position 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 of $3.0 million (2004: $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.

The CSR group does not have any other material interests.

12. 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 31 March 2005, there were 684 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 31 March 2005, there were 3,268 such claims pending.

CSR has been settling claims since 1989. As at 31 March 2005, CSR had resolved 1,577 claims in Australia and approximately 128,000 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 proposed changes to the system for compensating asbestos claims in New South Wales impact the numbers and value 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, and currently expects trial to commence in or about October 2005, although this timing is uncertain. CSR has incurred legal costs in respect of the litigation of A$39.4 million to 31 March 2005. These costs have been written off during the year. At 31 March 2005 the CSR group has no deferred legal costs in relation to the insurance litigation. The potential benefit from this litigation is not included in the CSR group’s financial statements as the outcome is uncertain.

At 31 March 2005, a provision of $318.4 million (2004: $324.0 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 included 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 and potential future claims that can be reliably measured.

COMPLIANCE STATEMENT

1. This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act 2001.

2. This report and the financial statements prepared under the Corporations Act 2001 use the same accounting policies.

3. This report does give a true and fair view of the matters disclosed.

4. This report is based on financial statements, which have been audited.

5. The audit report on the financial statements does not contain any qualifications.

6. The entity has a formally constituted audit committee.

Alec Brennan
Managing Director
18 May 2005