

CSR Limited

Results presentation

Year ended 31 March 2006



Highlights

**Net profit¹ of \$249.8m,
up 16.7%**

**25% increase in total
dividend to 15c**

**Progress with growth
projects continues**

**Commodity hedging
underpins future earnings**

**Stronger commodity prices
offsets slowdown in
residential housing**

**\$331m returned to
shareholders through capital
management and dividends**

**\$200+ million invested in
growth projects in the last year**

**Improved outlook for both
sugar and aluminium**

1. Net profit excluding significant items.

Diversity of portfolio helped increased returns

Year end 31 March EBIT \$ million	2006	2005	Change
Building Products	101.5	111.4	(8.9%)
Less one-off plant closure costs	(20.6)	--	
Building Products (after one-off costs)	80.9	111.4	(27.4%)
Aluminium	156.1	141.9	10.0%
Sugar	123.7	97.8	26.5%
Property	75.6	27.1	179.0%
Subtotal	436.3	378.2	15.4%
Corporate costs	(18.9)	(16.9)	
Restructure and provisions	(0.6)	(2.7)	
Total EBIT	416.8	358.6	16.2%

Note: Results for the year ended 31 March 2006 are reported under Australian equivalents to international financial reporting standards (A-IFRS). The comparative results for the previous year are restated to comply with A-IFRS requirements.

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Balance sheet still remains flexible for future growth

- ❑ \$182m capital return has shifted gearing back to a reasonable level
- ❑ Gearing now 30.5% - up from 17.7%
- ❑ Strong cash flow provides flexibility for future growth projects
- ❑ The NPAT after significant items includes
 - The net settlement with insurers — \$93m
 - Increased product liability provision — \$38m after tax

Year ending 31 March \$ million	2006	2005	% change
EBIT	416.8	358.6	16.2%
NPAT before significant items	249.8	214.0	16.7%
NPAT after significant items	305.0	318.9	(4.4%)
Cash flow from operating activities	317.1	320.7	(1.1%)
Net debt	558.5 ¹	270.1	
Gearing ² [%] (net debt: net debt + equity)	30.5% ¹	17.7%	

1. As at 31 March 2006

2. Restated to exclude fair value adjustments for hedges from equity.

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Strategy to maximise shareholder returns

- ❑ Explore growth opportunities that leverage off **Sugar's** strong strategic position in the global sugar market
 - Take advantage of hedging to lock in stronger raw sugar prices as opportunities arise
- ❑ Aggressively pursue operational performance improvement in **Building Products** and pursue sensible growth
- ❑ Increasing value of **Aluminium** by improving Tomago operational performance, creeping capacity and lifting value added production while maintaining ongoing hedging program
- ❑ Maintain **Property** as a sustainable earnings source

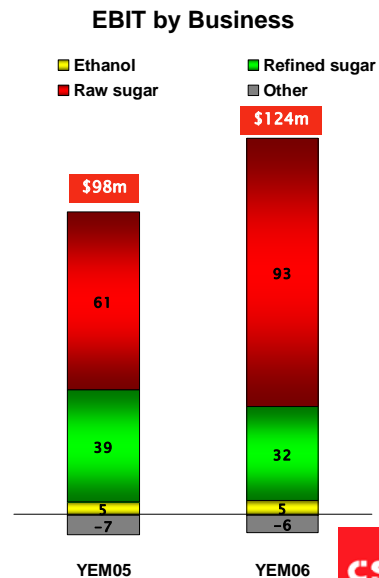
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Sugar EBIT higher with record crop and increased sugar prices

	2006	2005	%
Cane Crushed ('000t)	15,385	14,950	2.9
Raw Sugar Produced ('000t)	2,197	2,234	(1.7)
CCS (%)	14.05	14.43	
Trading Revenue (\$m)	1,367.8	960.5	42.4
EBIT (\$m)	123.7	97.8	26.5
EBIT Margin	9.0%	10.2%	

- ❑ Higher sugar prices partially offset by higher costs
- ❑ Refining result down due to lower food and beverage demand
- ❑ Ethanol result up marginally - higher molasses costs



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Building Products – returns down due to slowdown in east coast markets

\$m YEM	2006	2005	%
Trading revenue	974.2	932.3	4.5%
EBIT	101.5	111.4	(8.9%)
Less one-off plant closure costs	(20.6)		
EBIT (after one-off costs)	80.9	111.4	(27.4%)
EBIT margin (before one-off costs)	10.4%	11.9%	

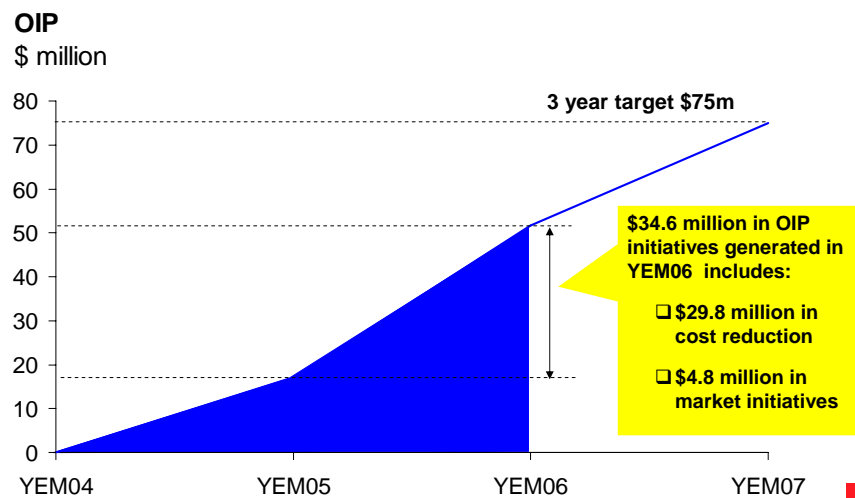
- ❑ Revenue up 4.5% due to increased sales volume in Insulation Asia and additional sales volume from new adjacent businesses
- ❑ EBIT down 8.9%¹ due to the sharp slowdown in east coast residential building activity and development of adjacent businesses
- ❑ Operational improvement more than offsets cost inflation
- ❑ Prices were relatively stable

1. Excludes \$20.6 million for one-off plant closure costs

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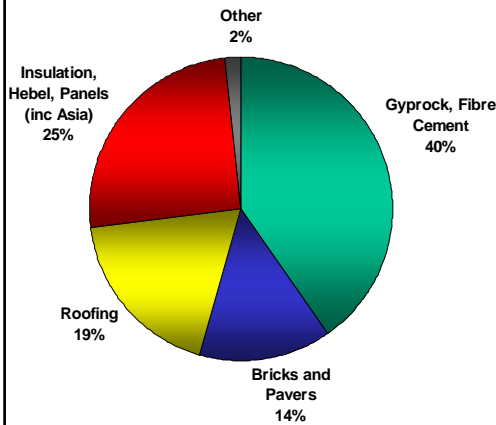
Operational improvement (OIP) on track to deliver \$75m over three years



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All Building Products businesses targeting new products and markets



YEM06 Trading Revenue - \$974.2 million

- **Gyprock™ and Cemintel™ Fibre Cement**
Revenue grew slightly for both Gyprock and Cemintel
- **Monier™ and Wunderlich™ Roofing.**
Revenues up 6% with growth in the guard rail and metal roofing
- **PGH™ and MonierBrick™**
Revenue and returns impacted by the significant slowdown in the NSW residential building market
- **Bradford Insulation™, Hebel™, Asia**
Revenue rose 21%. Profitability increased with higher prices and cost improvements
 - Asia – volumes increasing in China following completion of two expansion projects

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Aluminium EBIT up 10%

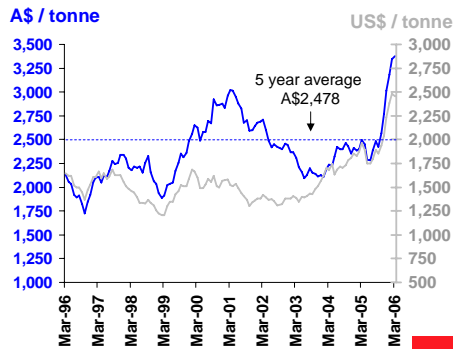
\$m YEM	2006	2005	%
GAF sales ('000 tonnes)	185.7	173.1	7.3%
Trading revenue	523.5	473.6	10.5%
EBIT	156.1	141.9	10.0%
EBIT margin	29.8%	30.0%	

Market data

YEM	2006	2005	2004
LME US\$/tonne	2,039	1,776	1,497
US\$/A\$ average rate	0.753	0.740	0.695
LME A\$/tonne	2,708	2,402	2,154

- Earnings growth underpinned by increased aluminium production and higher LME prices

10 year aluminium price



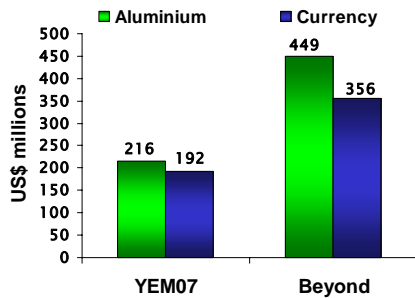
Source Bloomberg

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Longer-term prices hedged following recent price increase

Hedge Book in US\$ millions as at 31 March 2006



- 90% of net aluminium exposure now hedged for YEM07
- Significant hedging undertaken in last few months for YEM08 and beyond (hedged price is significantly above the 5 year average A\$2,478)

0.679	0.718	Average hedged currency rate in US cents
1,776	2,091	Average hedged aluminium price in US\$ per tonne
A\$2,614	A\$2,912	Average hedged aluminium price in A\$ per tonne

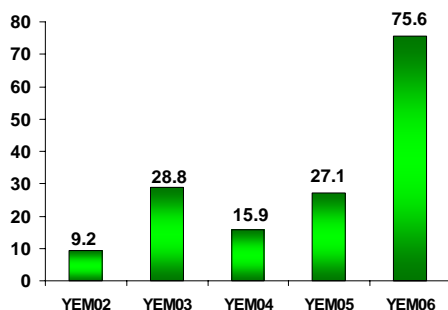
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Property ... early progress on Erskine Park boosted earnings

\$m YEM	2006	2005	%
Net revenue	69.7	23.7	194.1%
EBIT	75.6	27.1	179.0%
Capital investment	54.2	14.0	287.1%

Property EBIT - \$m



- Accelerated development of Erskine Park contributed to strong result
- EBIT includes settlement of two property related transactions (sale of Envirogreen (CSR 50%) and adjustment to 1996 Pyrmont sale)
- Several major projects underway to create a sustainable earnings stream for future years

Note: YEM05 and YEM06 are calculated under A-IFRS while previous years have not been re-stated.

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Building Market Outlook

Greg Rough

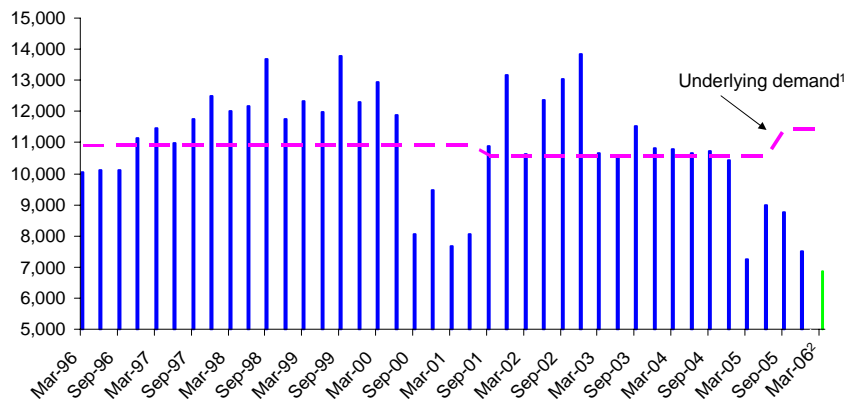
EGM Gyprock and Cemintel



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NSW experiencing the sharpest slowdown in residential building activity this year

NSW - Demand & Residential Building Activity
Commencements



Source ABS, BIS Shrapnel

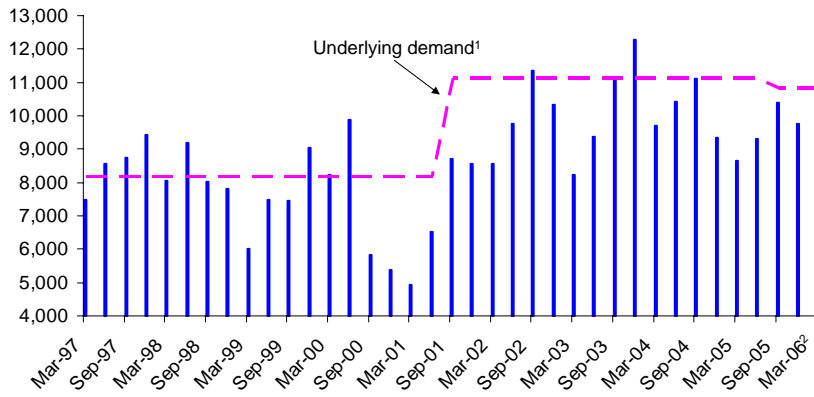
1. Underlying demand (source: BIS Shrapnel) is based on population growth and household formation
2. Mar-06 is a forecasted number (source: BIS Shrapnel)



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The Queensland market was also soft

QLD - Demand & Residential Building Activity
Commencements



Source ABS, BIS Shrapnel

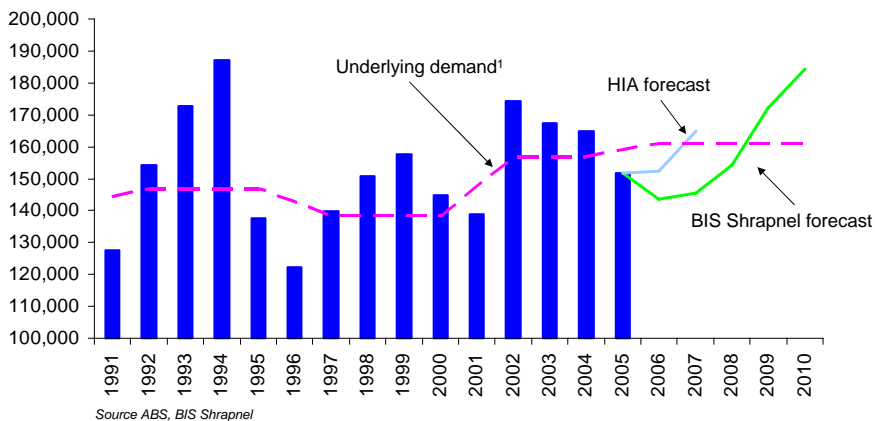
1. Underlying demand (source: BIS Shrapnel) is based on population growth and household formation
2. Mar-06 is a forecasted number (source: BIS Shrapnel)

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Medium term outlook for residential building is positive ... but the timing of the rebound is uncertain

Australia - Demand & Residential Building Activity
Commencements (calendar year)



Source ABS, BIS Shrapnel

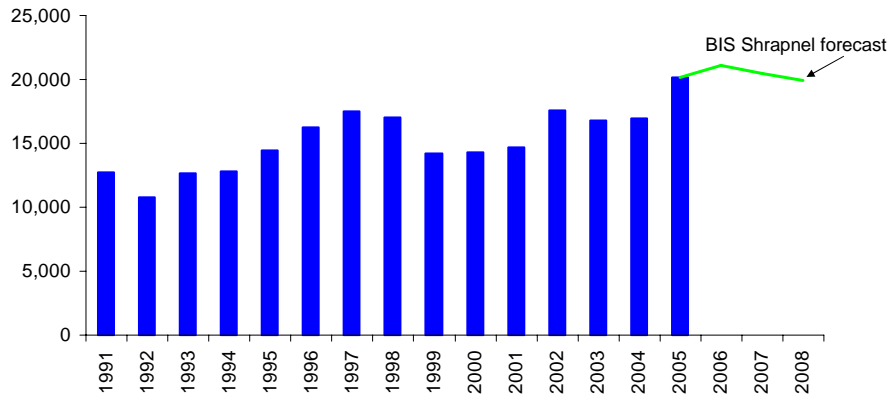
1. Underlying demand (source: BIS Shrapnel) is based on population growth and household formation

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Non-residential building activity is expected to continue growing in the near future

Australia - Non-residential Building Activity
Value of work commenced, \$ millions (calendar year)



Source ABS, BIS Shrapnel

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Operational improvement enhances performance

- ❑ Gyprock™ and Cemintel™ earnings in line with last year's result despite slow residential building activity
- ❑ Planned cost reductions delivered for 2006
- ❑ 3-year rolling Operational Improvement Plans developed
- ❑ Focussed on retaining our position as the lowest cost manufacturer
- ❑ Several new products to be launched in YEM07 focused on systems

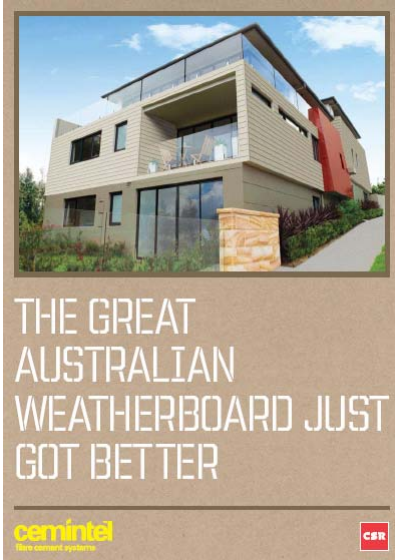
GYPROCK™
Everything else is just plasterboard

cemintel™
fibre cement systems

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Weatherboard product release



- ❑ Pre-primed – protects product and reduces time on site
- ❑ 10mm Weatherboards thicker than alternate offers
 - Improved impact strength
 - Tight fit to reduce rattle
- ❑ Overlap automatically set
- ❑ Fast installation
- ❑ Easy nailing section

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Sugar Performance

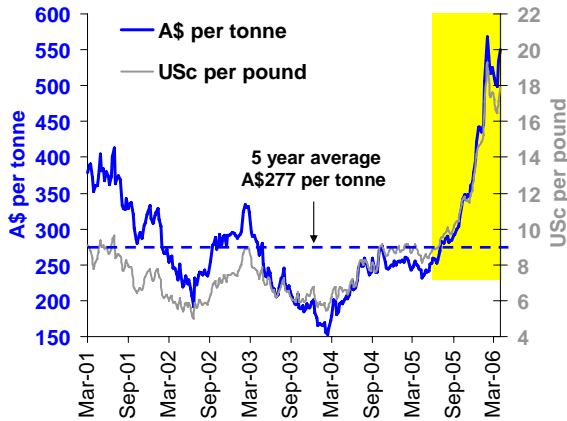
Ian Glasson
CEO CSR Sugar

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Higher than average sugar prices in the second half of YEM06

New York spot price



Source Bloomberg, NY11 sugar price

What has driven the recent trend?

Short term factors

- Poor crops in Thailand and India
- Smaller than expected growth in Brazil
- US import demand due to hurricane impact on crops
- Speculative interest and currency factors

Fundamentals

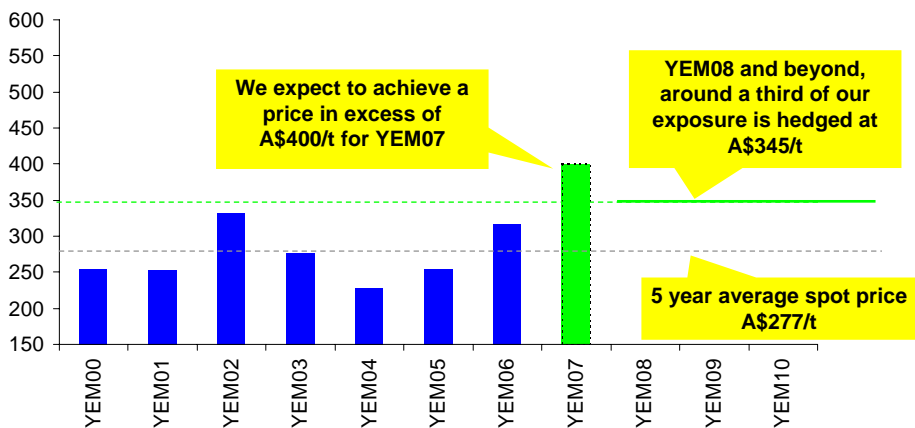
- Reform in the EU
- Recovery but no significant export changes outside Brazil
- Brazilian cost of expansion and ethanol demand dynamic

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Sugar hedging and price outlook

Sugar pool price A\$ per tonne



Source Queensland sugar, CSR

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Fuel ethanol market growing



- ❑ CSR is one of the two large ethanol producers in Australia and supplies over 140 petrol stations
- ❑ \$15m expansion of Sarina distillery underway
- ❑ Contract with BP for 23m litres of fuel ethanol for Queensland market
- ❑ Continuing to investigate other expansion opportunities

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CSR Sugar strategy

Leverage our strong global position in a relatively fragmented market

- Playing a leading role in industry restructuring post de-regulation
- Investigating growth and value adding opportunities in adjacent markets and other geographies
- Longer term, capitalising on biotechnology research to increase sugarcane yield and create new product opportunities
- Reducing earnings volatility by hedging sugar prices for future years

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Financial Results

Anne Brennan CFO

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Results for the year ended 31 March 2006

Year ending March 31 (\$ million unless stated)	2006	2005	% Change
Trading revenue	2,866.9	2,367.5	21.1%
EBIT	416.8	358.6	16.2%
Net finance expense	(50.8)	(38.3)	
Tax expense	(78.1)	(72.8)	
Outside equity interest	(38.1)	(33.5)	
Net profit ¹	249.8	214.0	16.7%
Effective tax rate	21.3%	22.7%	
Earnings per share (cents) ¹	27.4	23.4	17.1%
Dividend per share (cents)	15.0	12.0	25.0%
Dividend payout ratio	54.8%	51.2%	

¹ Excluding significant items

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Review of financing costs and funding position

Year ending March 31 (\$ million)	2006	2005
Net interest	31.0	17.0
Capitalised interest	(4.3)	(2.4)
Discounting of non-current provisions & debtors	22.2	19.4
Funding costs & Foreign exchange loss	1.9	4.3
Net finance costs	50.8	38.3
Net debt	558.5	270.1

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Review of significant items

Year ending March 31 (\$ million)	2006	2005
Net profit before significant items	249.8	214.0
Significant items	55.2	104.9
Net profit after tax	305.0	318.9
Significant items		
Increase asbestos provision	(37.8)	
Litigation settlement with insurers	93.0	24.5
Gove Aluminium Limited litigation		25.4
Tax consolidation		55.0
Total	55.2	104.9

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Impact of A-IFRS on hedging

- ❑ A-IFRS requires a 'mark to market' position to be included in recognised income and expense statement in YEM06 – does not impact profit (no corresponding entry to be made for YEM05)
- ❑ We continue to hedge our long term position to reduce earnings volatility
- ❑ Due to recent sharp increase in aluminium and sugar spot prices, the year end hedge book is out of the money by \$169m after tax

A\$ per tonne	Aluminium	Sugar
Average price hedged	A\$2,808	A\$340
Average price over last five years	A\$2,478	A\$277
Market price at 31 March 2006	A\$3,545	A\$554

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Outlook

Alec Brennan
Managing Director

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Outlook by business

Building Products

- ❑ We expect the slowdown in Australian housing construction to continue through the first half of this year with a possible recovery early in 2007
- ❑ EBIT is likely to fall short of last year (excluding last year's one-off costs)

Aluminium

- ❑ Lower A\$ returns to reduce EBIT by around 15%

Sugar

- ❑ Sugar price paid should be in excess of \$400 per tonne
- ❑ With normal seasonal weather we expect a significant improvement in Sugar EBIT

Property

- ❑ Returns are likely to be lower than last year

Overall

- ❑ At this early stage in the year, if sugar prices remain near current levels, EBIT result around 10% ahead of last year excluding significant items

The CSR logo consists of the letters 'CSR' in white, bold, sans-serif font, set against a red square background.