



James Hardie

2005 Annual Information Meeting

19 August 2005

Louis Gries, CEO



Results FY05

Unless otherwise stated, results are for continuing operations only and comparisons are of the 4th quarter of the current fiscal year versus the 4th quarter of the prior fiscal year.

Highlights – FY05

Full Year

- USA Fibre Cement – EBIT up 24%
- Australia and New Zealand Fibre Cement – EBIT up 20%
- Philippines Fibre Cement – EBIT more than doubled
- Chile Fibre Cement – positive EBIT in all quarters
- Hardie Pipe – significant reduction in EBIT loss

Exceeding targets

	FY'05 Actual	Long Term Target p.a.
Revenue Growth	23%	>15%
EBIT ¹ /Sales	16%*	>15%
ROA (EBIT ¹ /GCE)	23%	>15%

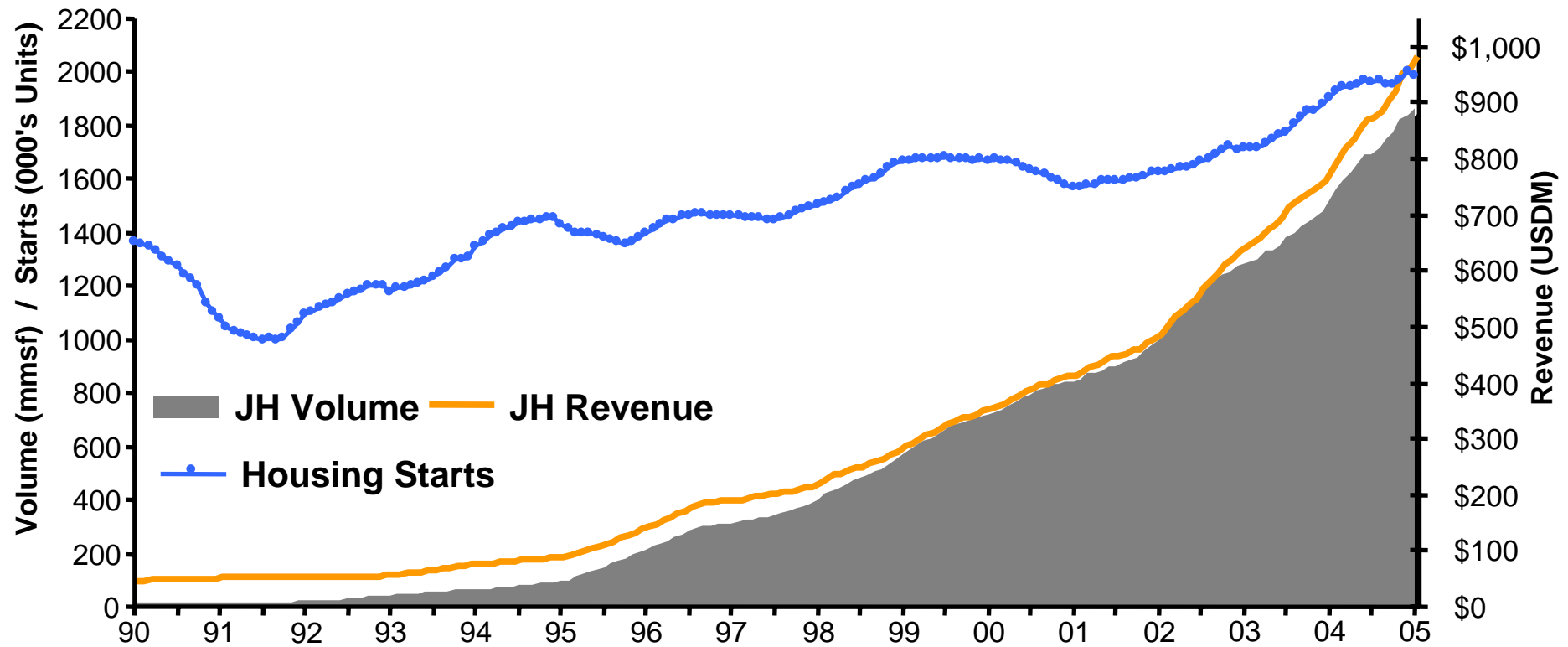
USA Fibre Cement – FY05

Full Year Result

Net Sales	up	27% to US\$939.2 million
Sales Volume	up	22% to 1855.1 mmsf ¹
Average Price	up	4% to US\$506 per msf ¹
EBIT ¹	up	24% to US\$241.5 million
EBIT Margin ¹	down	0.8 pt to 25.7%

USA Fibre Cement

Top Line Growth



Asia Pacific Fibre Cement – FY05

Full Year Result

Net Sales	up	7% to US\$236.1 million
Sales Volume	up	4% to 376.9 mmsf ¹
EBIT ¹	up	25% to US\$46.8 million
EBIT Margin ¹	up	2.7 pts to 19.8%



Results Q1 FY06

Unless otherwise stated, results are for continuing operations only and comparisons are of the 4th quarter of the current fiscal year versus the 4th quarter of the prior fiscal year.

Overview – Q1 FY06

Strong 1st Quarter results

- Strong top-line growth within our targeted range
- Sales volumes in US below targeted range
- Very strong EBIT growth

Overview – Q1 FY06

1st Quarter

		<u>Q1'06%</u>
Net Sales	up	17
Gross Profit	up	31
EBIT	up	49
Operating Profit from Continuing Operations	up	51
Net Operating Profit Including Discontinued Operations	up	54

Highlights – Q1 FY06

1st Quarter

- USA Fibre Cement – EBIT up 49%
- Australia and New Zealand Fibre Cement – EBIT flat
- Philippines Fibre Cement – EBIT growth
- Hardie Pipe – EBIT loss reduced
- Chilean Fibre Cement – sold July
- New Debt facilities



Future Strategy

Unique technology and scale

Sustainable Competitive Advantage

- Unique plant engineering and proprietary process technology and product formulations
- Superior capital cost efficiency – plant capital cost less than ½ that of competitors
- Largest, lowest cost manufacturer – plant operating cost 20-30% lower than competitors
- Only national producer in each key market
- Superior economies of scale – plants 2-3 times larger than competitors
- Unique differentiated products, widest range and strongest brand

R & D is a key driver of growth



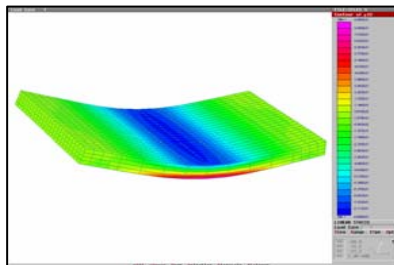
Capabilities and resources

- 131 scientists, engineers and technicians
- US\$27 million spend – 2.2% of net sales



Core projects

- new proprietary engineered raw materials
- New proprietary product formulations
- New engineering and proprietary process technologies
- Lightweight and durable products all climates



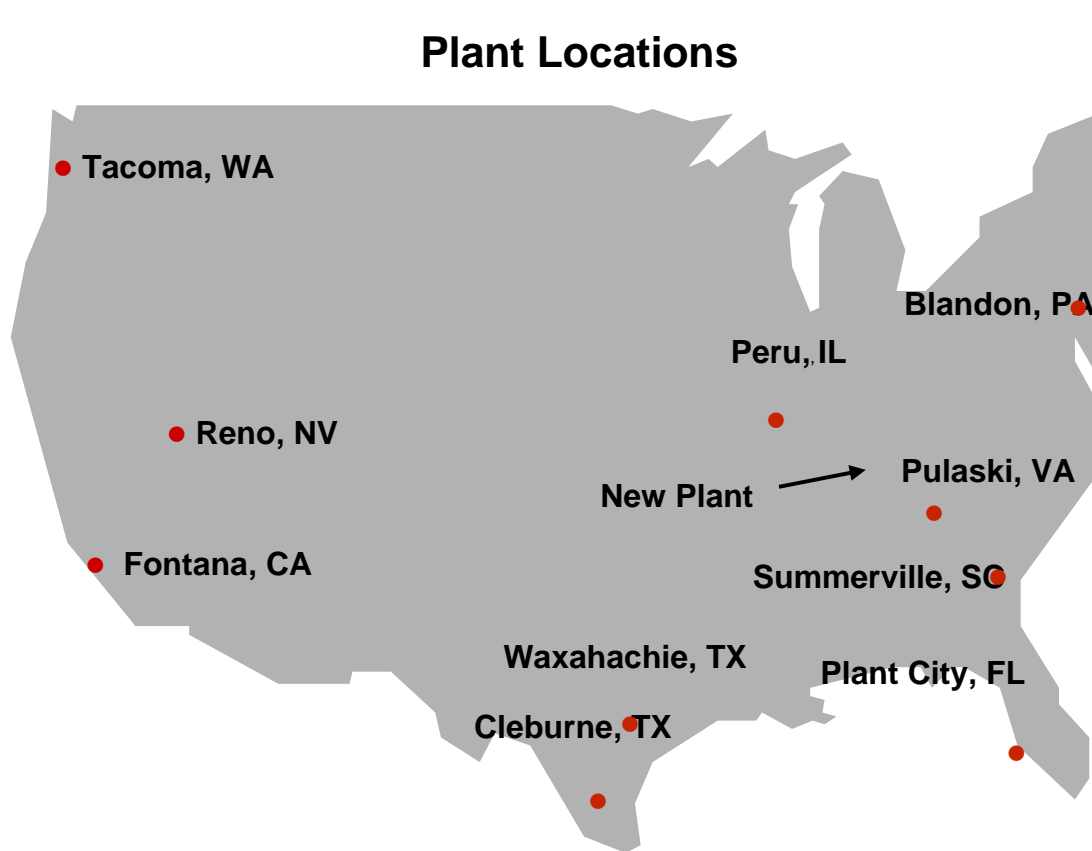
USA Fibre Cement Strategy

Strategy

- Aggressively grow market for fibre cement
- Grow our overall market position while defending our share in existing market segments
- Offer products with superior value to that of our competitors, introducing differentiated products to reduce direct price competition

USA Fibre Cement

James Hardie is the largest lowest cost producer of fibre cement in North America



JH Plant Design Capacity

Flat Sheet Plants	Capacity (mmsf ¹)
Fontana, California	180
Plant City, Florida	300
Cleburne, Texas	500
Tacoma, Washington	200
Peru, Illinois^b	560*
Waxahachie, Texas	360
Blandon, Pennsylvania	200
Summerville, South Carolina	190
Reno, Nevada^a	300*
Pulaski, Virginia^c	600*
Flat Sheet Total	3,390
FRC Pipe Plant	
Plant City, Florida	100,000 tons

*Upgrade or new plant in progress – include capacity being added.

a. Completion Q4 FY05 – Ramp-up in progress

b. Includes 160 mmsf XLD Trim Line – Being commissioned

c. Construction to commenced in Q4 FY05

Asia Pacific Fibre Cement

Strategy

- Grow primary demand for fibre cement
- Vigorously protect and grow category share in existing market segments
- Leverage our superior technology to offer differentiated products and systems with superior value to those of competitors

Australia and New Zealand



- Higher value differentiated products
- Lower delivered cost
- Shift to growth model

Conclusion

- We have a strong, well established, high growth and return business
- We have sustainable competitive advantage
- Our model for continued strong growth is based on:
 - Large market opportunity
 - Superior value proposition
 - Proprietary and/or protected technology
 - Large upsides due to current R&D investments
 - Significant organisational advantages
 - Focussed strategy and organisational effort
 - Scale and market position

Disclaimer

This Presentation contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with the Securities and Exchange Commission on Forms 20-F and 6-K, in our annual reports to shareholders, in offering circulars and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of such forward-looking statements include:

- *projections of our operating results or financial condition;*
- *statements of our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;*
- *statements about our future economic performance or that of the United States, Australia or other countries in which we operate; and*
- *statements about product or environmental liabilities.*

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should,” “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: all matters relating to or arising out of the prior manufacture of asbestos by ABN 60 and certain former subsidiaries; competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with and possible changes in environmental and health and safety laws; the successful transition of new senior management; the success of our research and development efforts; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; risks of conducting business internationally; compliance with and changes in tax laws and treatments; and foreign exchange risks. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.

Notes

EBIT and EBIT Margin - EBIT is defined as operating income. EBIT margin is defined as EBIT as a percentage of our net sales. We believe EBIT and EBIT margin to be relevant and useful information as these are the primary measures used by our management to measure the operating profit or loss of our business. EBIT is one of several metrics used by our management to measure the cash generated from our operations, excluding interest and income tax expenses. Additionally, EBIT is believed to be a primary measure and terminology used by our Australian investors. EBIT and EBIT margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America. EBIT and EBIT margin, as we have defined them, may not be comparable to similarly titled measures reported by other companies.

EBIT and EBIT margin, as used in this document, are equivalent to the US GAAP measures of operating income and operating income margin.

Operating profit from continuing operations before income taxes - is equivalent to the US GAAP measure of income from continuing operations before income taxes.

Operating profit from continuing operations - is equivalent to the US GAAP measure of income from continuing operations.

Gearing Ratio – is borrowings less cash (net debt) divided by net debt plus shareholders' equity.

mmsf – million standard feet

msf – thousand standard feet