



media release

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1st Quarter Net Operating Profit US\$23.0 million Strong Growth Momentum in Major Businesses

James Hardie today announced a net operating profit for continuing operations for the three months ended 30 June, 2002 of US\$23.0 million.

The result represents a substantial improvement on the US\$3.6 million profit in the same quarter last year and the US\$12.9 million profit in the previous quarter.

Sales revenue increased 35%, gross profit was up 55% and EBIT more than trebled, to US\$35.9 million. There were no restructuring or other operating expenses.

The substantial improvements in operating performance reflected strong growth momentum in the company's major businesses.

The USA Fibre Cement business generated a 39% increase in sales volume and a 60% increase in EBIT.

In Asia Pacific, EBIT increased 100% in Australia, 80% in New Zealand and the Philippines business recorded its second consecutive quarterly profit.

The bottom line profit, which includes results from discontinued operations, increased from a loss of US\$0.9 million to a profit of US\$75.9 million due to the inclusion of the profit on the sale of the Gypsum operations which was completed in April 2002.

1st Quarter at a Glance

US\$ Million	Q1 FY03	Q1 FY02	%+/-
Sales Revenue	200.2	148.6	35
Gross Profit	71.1	45.8	55
EBIT before restructuring and other operating expenses	35.9	13.3	170
Restructuring and other operating expenses	-	(2.0)	(100)
EBIT	35.9	11.3	218
Net Operating Profit from continuing operations	23.0	3.6	539
Net Operating Profit/(Loss) including discontinued operations	75.9	(0.9)	-

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Commentary

James Hardie's CEO, Mr Peter Macdonald said: "The first quarter results were unambiguously positive. Strong growth, margin expansion and a substantial improvement in key performance ratios were among the highlights."

"Growth rates in our USA and Asia Pacific businesses continued to accelerate and resulted in strong returns during the quarter."

"In the USA we continued to penetrate the southern region as well as the vinyl markets of the north and increased our share of the siding, backer and trim segments across the country."

"Our Asia Pacific businesses took advantage of better trading conditions and most importantly, delivered gains that were envisaged from recent restructuring initiatives. New products also contributed to higher sales and margins," Mr Macdonald said.

USA Fibre Cement – Continued Strong Growth and Performance

Sales revenue increased 37% to US\$152.5 million in the first quarter due to a 39% increase in sales volume to 340 million square feet. The increase was due to strong growth in demand for fibre cement buoyed by a robust housing sector; increased awareness of the product's attributes among builders, distributors and homeowners; and the inclusion of sales from the Cemplank operations, acquired in December 2001.

Stronger demand was evident in most markets and for most products and led to increased penetration of the siding, backer and trim market segments, and in both the southern and northern regions of the country.

The average selling price fell 2% to US\$449 per thousand square feet due to the inclusion of product sales from the Cemplank operations, which have historically occurred at prices below those achieved by James Hardie.

The strong volume growth and lower cost of sales lifted EBIT 60% to US\$38.8 million for the quarter. The EBIT margin for the quarter improved to 25.4%.

The newly acquired Cemplank facilities in Summerville, South Carolina and Blandon, Pennsylvania, as well as the new production line at the Waxahachie, Texas plant, continued to ramp up during the quarter. Today, the company announced plans to further expand the plant at Waxahachie to help meet growing demand.

Australia – Higher Sales, Volumes and EBIT

Sales revenue increased 24% to US\$28.7 million for the quarter buoyed by a 17% lift in sales volume, partly offset by a slightly lower average selling price. EBIT was up 100% to US\$6.4 million for the quarter due to the increase in volumes and cost savings from supply chain improvements. The EBIT margin improved to 22.3%.

New Zealand – Higher Sales, Volumes and EBIT

Sales revenue was up 42% for the quarter due to a 22% increase in sales volumes and slightly higher selling prices. The increase in revenue together with lower overhead and SG&A costs lifted EBIT 80% to US\$1.8 million for the quarter. The EBIT margin rose to 14.0%.

Philippines – Stronger Domestic Demand

The business recorded another small profit at the EBIT line after recording its inaugural EBIT profit in the quarter ended 31 March 2002. Stronger domestic demand helped lift sales revenue 12% and volumes 15%.

Chile – Product Range Expanded

The business has continued to penetrate its targeted market segments following the start-up of the business in March 2001. New proprietary technology was installed at the plant during the quarter and the manufacture of textured panels and planks for the Chilean market commenced.

USA FRC Pipes – New Products Fuel Sales Growth

The business continued to penetrate the southeast market supported by the launch during the quarter of 36" drainage pipes. The expanded product range has enabled the business to bid on a larger number of construction projects in its target markets. Demand from the public construction sector remained at high levels.

Outlook

The buoyant economic conditions experienced in the first quarter are continuing.

Robust conditions are forecast to continue in the US housing market due to low mortgage rates, the low inventory level of new homes for sale and generally positive sentiment with respect to the housing market. Notwithstanding these robust conditions, the recent slide in value in US equities has given rise to some uncertainty.

However, fibre cement is continuing to grow by taking market share from competing products in the USA and this growth should continue following the recent 2% increase in housing starts which will flow through in the second quarter.

The company expects to continue to grow primary demand for fibre cement and further penetrate its key markets in the southern and northern regions of the United States supported by specific growth strategies for the repair and remodel and vinyl siding segments.

In Australia, the housing sector is expected to remain buoyant over the near term with the economy and consumer confidence remaining relatively strong. The introduction of new, differentiated products will help to increase sales and market share.

In New Zealand, new residential building activity is expected to grow strongly with housing approvals up significantly on the previous year. Revenue and profitability is expected to lift due to the increased housing activity and the growth in sales of higher margin products.

In the Philippines, building and construction activity is expected to be slower in the second quarter due to seasonal factors. Further efficiency gains and growing demand for new products such as HardiFlex Lite® should offset most of the impact of the seasonal slowdown on profitability.

In Chile, further market penetration and share growth is expected as new products are introduced and as awareness of the company's existing product range continues to grow.

The US-based FRC Pipes business is continuing to increase production to meet growing demand, and further growth in sales and improvements in operating efficiency are expected.

The company believes the strong growth momentum evident in the first quarter will continue during the second quarter.

Ends.

Notes

1. *Unless otherwise stated, results are for continuing operations only and comparisons are of the 1st quarter of the current fiscal year versus the 1st quarter of the prior fiscal year.*
2. *This media release forms part of a package of information about the company's results. It should be read in conjunction with the other parts of this package, including Management's Discussion and Analysis (MD&A), a Management Presentation and a Finance Report.*

Disclaimer

This press release contains forward-looking statements. 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, which are further discussed in our periodic reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: 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; dependence on cyclical construction markets; 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 or other legal proceedings; and risks of conducting business internationally. 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 contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.