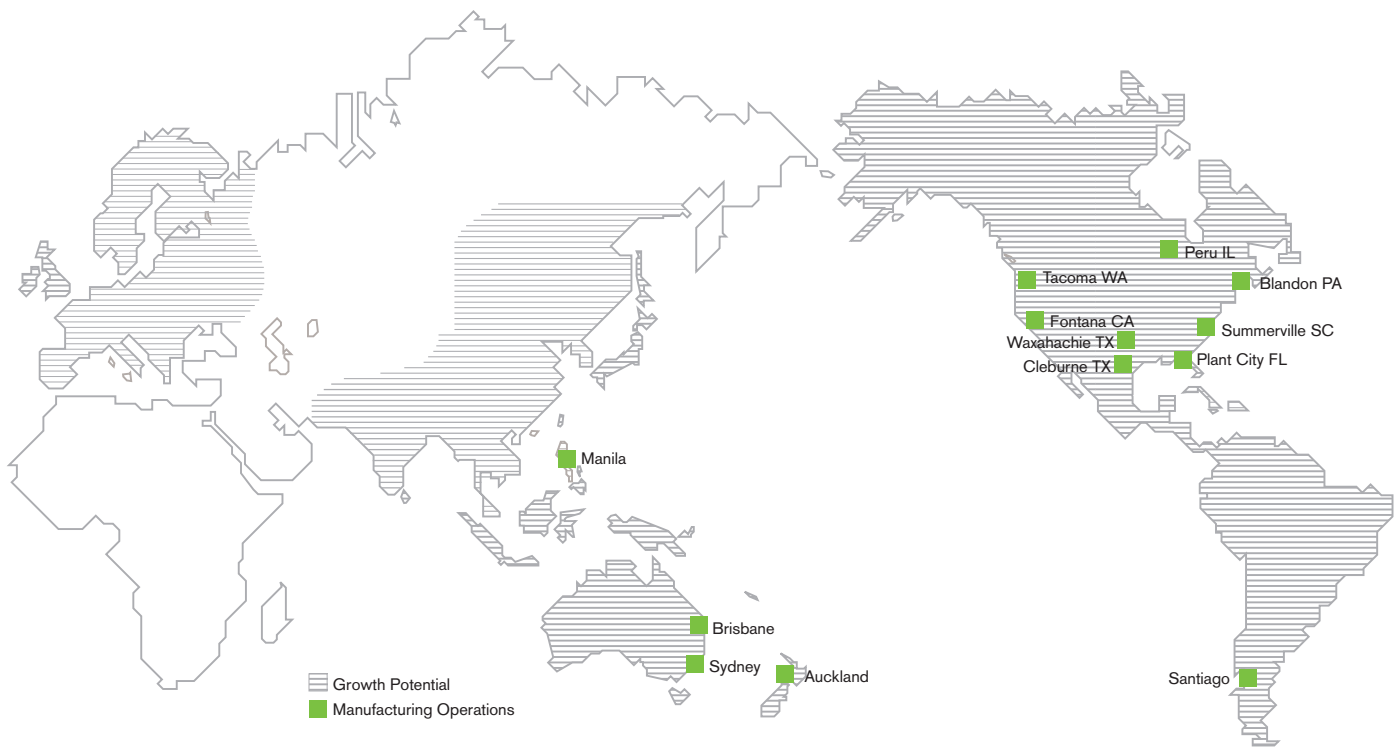


Global Potential

GROW





James Hardie's strategy is based on achieving high rates of growth and attractive returns on invested capital.

We aim to grow by developing differentiated products and making them for the lowest cost. Larger numbers of customers will choose our products if they offer better value than products offered by competitors.

Our rapid growth over the past 10 years in the United States has arisen because we have developed products for large market segments in which fibre cement has become a superior alternative to traditional materials.

We are starting commercial trials of a new roofing product in the USA, with the aim of eventually winning a large share of that country's roofing products market, which has annual sales of around 11 billion square feet.

Our new roofing products technology may also enable us to compete in markets in Europe, Asia Pacific and South America.

We see substantial potential for fibre cement drainage pipes in the United States, and our emerging business is pursuing a significant share of the US\$2 billion market for these types of products.

Our Florida pipe plant is now producing a range of pipes and local engineers and civic authorities are recognising that our product offers equivalent performance for a significantly lower installed cost. Long term, our goal is a national pipe business with a network of manufacturing plants.

In the Philippines we have secured about 20% of applications that were once dominated by plywood, because fibre cement is significantly more durable than plywood in hot, humid and wet climates where termites are also prevalent.

Some years ago, we identified an efficient and low-cost regional manufacturing hub as the best way of exporting products in Asia. Our Philippines plant is now fulfilling this role.

Our target in Chile and South America is market leadership. The potential market here for our types of products is already about twice the size of the USA market and we believe we can succeed by making better quality products at lower cost than competitors.

We also expect to achieve growth from two other significant trends. The first is lightweight framed construction, which allows for faster, lower-cost construction, better quality finishes, greater design flexibility and superior durability.

The second is the worldwide move away from building materials that contain asbestos. In Asia alone, asbestos containing products command almost 90% of the 8-billion square feet a year market for cement boards. In South America, asbestos containing products have 80% of a market of almost 2 billion square feet a year.

James Hardie pioneered the development of asbestos-free fibre cement technology in the 1980s and our goal is a large share of markets in which fibre cement can offer advantages over traditional materials.