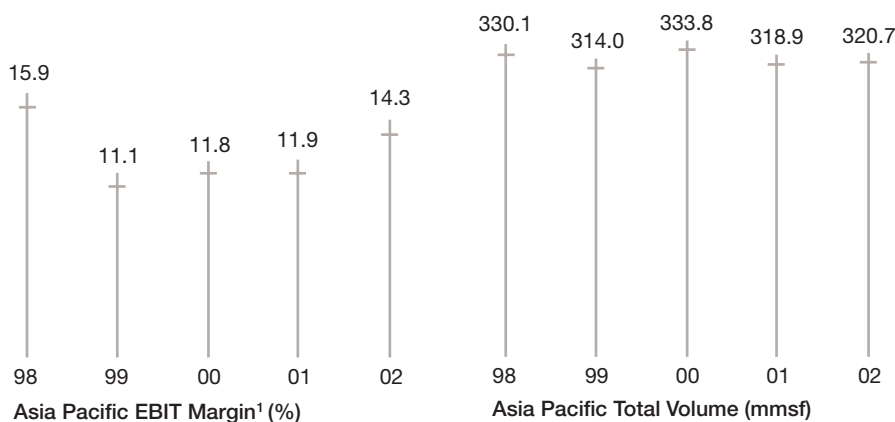


Asia Pacific Fibre Cement

Continued

“With our new and differentiated products, and continued strong customer focus, we will strengthen our position of market leadership.”

BOB MARKHAM, GENERAL MANAGER, NEW ZEALAND



NEW ZEALAND

Strategy

- Grow the market for fibre cement.
- Defend our market share by offering differentiated products in new and existing segments.
- Continue to reduce manufacturing costs.
- Retain key distributors.

Results

- Sales revenue remained unchanged at US\$38.0 million
- Sales volumes decreased 1% to 36.4 million square feet
- Selling price increased 3%
- EBIT increased 30% to US\$5.2 million

Trading conditions

- New residential construction activity was soft due to low economic and consumer confidence and over-supply of new houses following strong building activity in 1999.
- Demand increased in the non-residential and commercial building segments.

Highlights

- Monotek[®], a monolithic exterior cladding system, was launched. Monotek[®] generated progressively higher sales in each quarter after its launch early in the year.
- A new marketing program, James Hardie Show Homes was launched, presenting a series of prime-time television segments featuring builders, designers and homeowners talking about their use of James Hardie building products. Good sales growth has already been achieved.
- Linea[®], a new weatherboard system, was developed using the company's proprietary low density technology to create a thicker, lighter board that lets homeowners re-create the thick profile and commanding shadow-line of traditional New Zealand weatherboards.
- Increased sales to the commercial construction market were achieved with Harditex[™] Premium, Hardipanel[™] Titan and Hardipanel[™] Compressed fibre cement sheets for use in facades.
- Good sales growth was also achieved for premium HardiGlaze[®] Sheet products which feature a square tile pattern and a high gloss coating for use in wet areas such as kitchens, bathrooms and laundries.

Outlook

- Good growth in residential building activity is expected.
- Profit is expected to increase through growth in sales of higher margin products and through manufacturing efficiencies.