

Financial Review

This year we achieved strong operating results. These are described in detail in Management's Discussion & Analysis on pages 38 - 43 of this report.

We also completed the sale of our gypsum assets, with the sale of land in Las Vegas. The land sale provided an after-tax gain of US\$30 million.

This brought net proceeds from the divestment of all gypsum assets to US\$382.8 million. These assets had a total book value of US\$252.3 million and resulted in a pre-tax gain of US\$130.6 million, and an after-tax gain of US\$85.3 million.

The company's like-for-like corporate costs increased year-on-year, although this masked a reducing trend in the second half which is being sustained.

The company also expenses the costs associated with stock options using the fair value method under Statement of Financial Accounting Standards No.123.

Separately disclosed are bonuses paid to executives for economic profit that exceeds a target in excess of the cost of capital.

Our interest expense this year was US\$19.9 million. This included US\$9.9 million related to a make-whole payment when we retired US\$60 million of long-term debt.

Our full year tax expense rate of 24% was slightly below our long-term target of between 25% and 30%.

Adjusted EBITDA for the full year was up 121% to \$158.2 million.

Capital expenditure for the year was US\$89.9 million, and about 88% of this was spent on growth projects. The major growth items included the second production line at Waxahachie, Texas (US\$21.6 million); the second production line in Peru, Illinois (\$12.5 million); upgrades to the Cemplant plants in Blandon, Pennsylvania and Summerville, South Carolina (US\$7.7 million); and the new pilot roofing plant in California (US\$9.9 million).

OUR AIM IS TO HAVE A CONSERVATIVELY-GEARED BALANCE SHEET, FUND GROWTH FROM

Capital Expenditure

| (Millions of US dollars) | 2003 | 2002 |
|---------------------------|-------------|------|
| USA Fibre Cement | 81.0 | 39.3 |
| Asia Pacific Fibre Cement | 6.6 | 8.1 |
| Other Fibre Cement | 2.5 | 3.3 |
| Corporate | 0.1 | 0.1 |
| Continuing Operations | 90.2 | 50.8 |
| Discontinued Operations | - | 1.6 |
| Worldwide total | 90.2 | 52.4 |

Exchange Rates (US\$1=A\$)

| Weighted Average | 2003 | 2002 |
|---------------------|---------------|--------|
| AUD | 1.7809 | 1.9483 |
| NZD | 2.0316 | 2.3889 |
| Closing Spot | | |
| AUD | 1.6559 | 1.8808 |
| NZD | 1.8060 | 2.2717 |

Gross Capital Employed

| (Millions of US dollars) | 2003 | 2002 |
|--------------------------|---------------|--------|
| Fixed assets | 521.3 | 451.0 |
| Inventories | 75.2 | 65.4 |
| Receivables/prepayments | 101.7 | 93.1 |
| Investments | 6.0 | 6.7 |
| Mineral reserve/Other | 3.5 | 12.6 |
| Creditors | (82.6) | (63.4) |
| Gross capital employed | | |
| continuing operations | 625.1 | 565.4 |

Depreciation and Amortisation (Millions of US dollars)

| | |
|----|------|
| 99 | 16.6 |
| 00 | 21.3 |
| 01 | 20.8 |
| 02 | 23.7 |
| 03 | 27.6 |

Key performance ratios included:

- A rise in basic EPS from continuing operations from US 6.4c to US 18.7 cents per share (US 37c per share including discontinued operations)
- An increase in Return on Shareholders' Funds from 8.9% to 42.3%
- A rise in Return on Capital Employed from 8.6% to 21.2%
- A rise in EBIT/Sales margins from 8.0% to 16.4%
- Gearing ratio decreased from 44.7% to 21.4%
- Net interest cover improvement from 3.0 times to 6.6 times



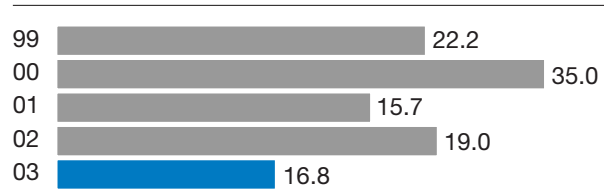
Phillip Morley
Chief Financial Officer

| Currency of Borrowings (Millions of US dollars) | As of 31 March | |
|--|----------------|-------|
| | 2003 | 2002 |
| Borrowings | | |
| USD | 165.0 | 325.0 |
| Other | 8.8 | 4.9 |
| Total Borrowings | 173.8 | 329.9 |
| Deposits | | |
| AUD | 1.4 | 1.5 |
| USD | 49.3 | 25.1 |
| NZD | 0.7 | 0.6 |
| PHP | 2.7 | 3.3 |
| Other | 1.0 | 0.6 |
| Total Deposits | 55.1 | 31.1 |
| Net Borrowings | 118.7 | 298.8 |

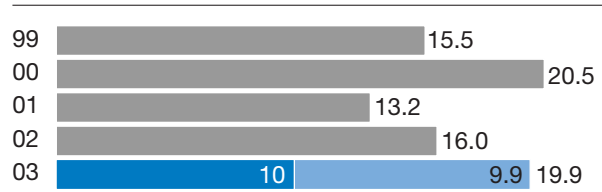
| Debt Maturity Profile (Millions of US dollars) | 2003 | | 2002 | |
|---|--------------------|-----|-------|-----|
| | Less than one year | 8.8 | | 4.9 |
| 1-2 years | 17.6 | | - | |
| 2-3 years | 25.7 | | 124.0 | |
| 3-4 years | 27.1 | | 35.0 | |
| 4-5 years | 8.1 | | 37.0 | |
| Greater than 5 years | 86.5 | | 129.0 | |
| Total Borrowings | 173.8 | | 329.9 | |

OPERATING CASH FLOW AND, AT THE SAME TIME, PROVIDE INCOME FOR SHAREHOLDERS

Working Capital to Net Sales (%)

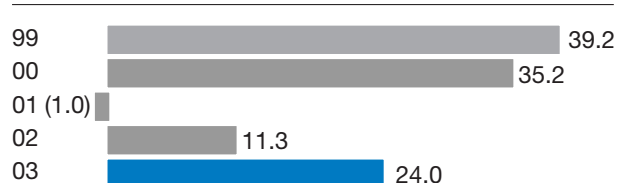


Net Interest Expense (Millions of US dollars)



■ One-time make-whole payment

Effective Income Tax Rate (%)



Tax Expense (Benefit) (Millions of US dollars)

