

Unique Technology Driving High Growth in Products

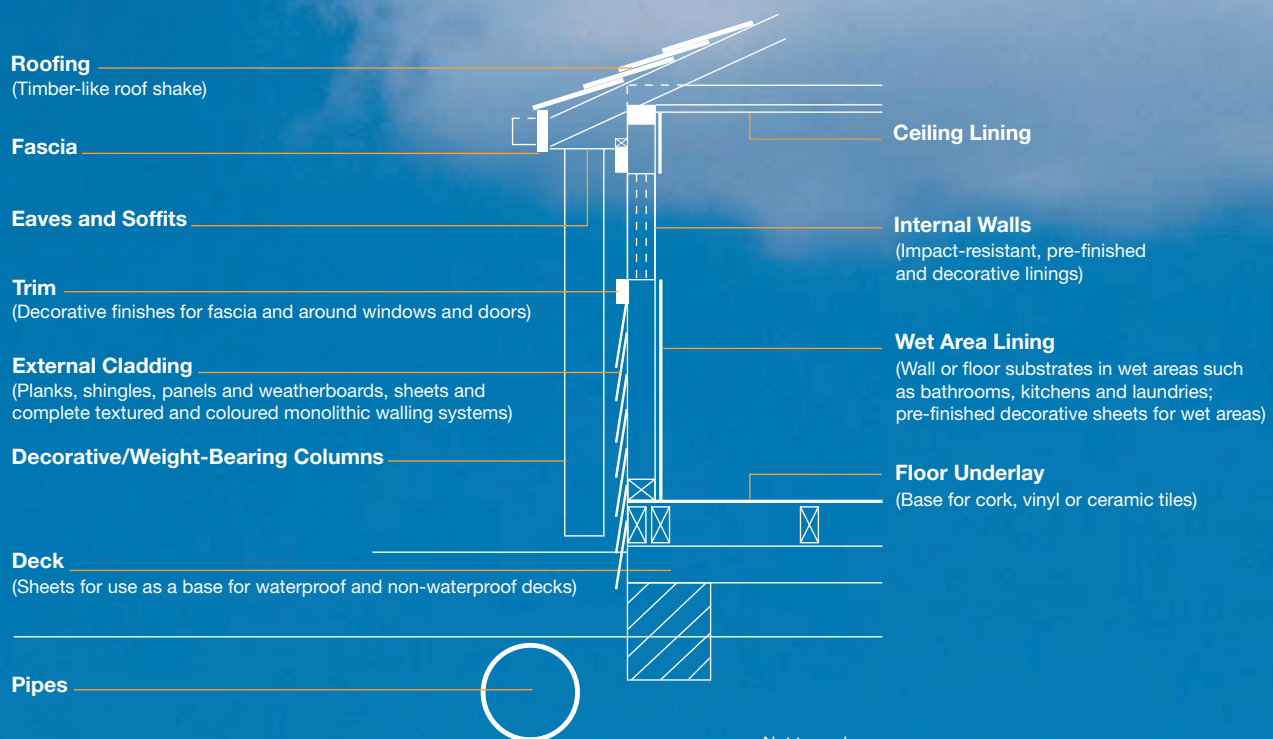
James Hardie wants to develop lightweight and durable products for all climates, and for all parts of a building, from external walls, to trims, soffits and roofs to internal walls, floors and ceilings.

In the early 1980s, we pioneered the development of cellulose fibre reinforced cement technology. Since then, we have found many new and innovative ways for fibre cement to replace traditional materials, expanding both the market for fibre cement products, and our share of the market.

Our products offer a range of advantages - from appearance to durability - over traditional building materials. They are easy to cut, nail and paint; require minimal maintenance; and can be used to create a wide range of shapes and profiles as well as textured and coloured finishes.

SHOWN BELOW: WHERE OUR PRODUCTS ARE USED IN RESIDENTIAL CONSTRUCTION

JAMES HARDIE IS RE-SHAPING A TRADITIONAL INDUSTRY USING UNIQUE, PROPRIETARY



This makes James Hardie products ideal for a wide range of residential and commercial applications, including:

- as external cladding, in the form of planks, panels, shingles, facades and substrates;
- to line eaves, soffits and breezeways;
- as a wall or floor substrate for ceramic tiles in wet areas such as kitchens, bathrooms and laundries;
- as a ceiling lining or floor underlay;
- for external and internal wall systems, including bracing and fire and acoustically-rated walls;
- as decorative and structural columns;
- for trim, fascia and other decorative applications;
- for fencing; and
- as underground drainage pipes.

Our growth depends on our ability to keep delivering products that more and more customers will prefer to alternatives such as: masonry, concrete, wood and wood composites and vinyl. There are many examples of the success of this approach, including:

- the ColorPlus™ Collection of pre-painted siding, which was recognised with a 2002 Building Products Award by the American HOME Magazine;
- a thicker and lighter weight Harditrim® product being sold as a replacement for wood in the USA and in New Zealand;
- a thicker and lighter weatherboard known as Linea® which was launched in New Zealand last year and which quickly exceeded sales targets;
- the thinner, lighter HardiFlex® lite ceiling sheet developed for the Philippines as a substitute for plywood. This product was named Top Building Board Brand of the Year at the Philippines Consumers Awards in December 2002;
- more dimensionally precise fibre cement sheets used to create new commercial facade systems in Australia, including ExoTec™;
- the new production technology and product formulation that is being used to trial the manufacturing of a new fibre cement roofing shake for the large USA market.

Our goal is to increase our product performance and lower the density of our fibre cement, to achieve the optimum balance between durability and ease of use.

To that end, our product development will continue to focus on:

- formulation, to create products that are fit for use;
- design, to give our customers a choice of shapes and textures;
- finish, from sealer, to primer and topcoats;
- installation, through systems, components and tools; and
- durability.

Product leadership, in the form of differentiated products, sets us apart from our competition. Differentiated products will enable us to continue to penetrate markets, sustain a price premium over competing products, reduce the impact of price competition and enable customers to recognise and value the James Hardie brand.

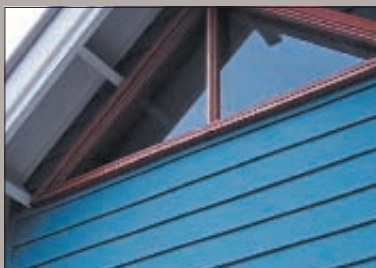
TECHNOLOGY THAT ALLOWS IT TO SUSTAIN A DIFFERENTIATED, COMPETITIVE ADVANTAGE



HARDIPLANK®
LAP SIDING, USA



HARDIBACKER
500™ WITH G2
TECHNOLOGY, USA



LINEA®
WEATHERBOARDS,
NEW ZEALAND



EZI-GRID™
TILEBACKER,
AUSTRALIA