

## Operational performance summary

### USA Fibre Cement

#### Results

- Net sales increased 35% from US\$444.8 million to US\$599.7 million.
- Sales volume increased 29% from 988.5 million square feet to 1,273.6 million square feet.
- Average selling price increased 5%, from US\$450 per thousand square feet to US\$471 per thousand square feet.
- Gross profit increased 49% and the gross profit margin increased 3.8 percentage points.
- EBIT\* increased 58% from US\$98.4 million to US\$155.1 million.
- EBIT\* margin increased 3.7 percentage points to 25.9%.

### Australia Fibre Cement

#### Results

- Net sales increased 24% from US\$100.7 million to US\$124.7 million. In local currency, the increase was 13%.
- The growth in net sales was due to a 16% increase in sales volume, from 219.5 million square feet to 254.4 million square feet, partly offset by a 2% decrease in the average selling price due to pricing pressure from competitors.
- Australia Fibre Cement EBIT increased 29% from US\$18.4 million to US\$23.8 million. In local currency, the increase was 18%. The EBIT margin increased 0.8 of a percentage point to 19.1%.

### New Zealand Fibre Cement

#### Results

- Net sales increased 36% from US\$38.0 million to US\$51.7 million due to an increase in sales volume, partly offset by a small decrease in the average selling price. In local currency, net sales increased 16%.
- Sales volume increased 22% from 36.4 million square feet to 44.3 million square feet due to stronger demand arising from increased residential building activity.
- New Zealand Fibre Cement EBIT increased 17% from US\$5.2 million to US\$6.1 million. In local currency, the increase was 3%.



HARDIPLANK® SMOOTH SIDING, USA



D3-1000™ FACADE SYSTEM, AUSTRALIA



LINEA® WEATHERBOARDS, NEW ZEALAND

## OPERATING PERFORMANCE IMPROVED SUBSTANTIALLY, VALIDATING THE DECISION TO

### Highlights

- In the north, we continued to take market share from vinyl; in the south, we increased demand with a greater focus on the repair and remodel segment and increased sales in rural areas.
- Strong growth in sales of higher-priced, differentiated exterior products.
- Sales of our interior Hardibacker 500™ continued to grow strongly.
- Increased capacity through major upgrades (completed or underway) at Waxahachie, Texas; Peru, Illinois; and Blandon, Pennsylvania.

### Outlook

Short-term outlook for USA housing construction remains positive, with new housing approvals at high levels, inventory of new homes for sale at low levels and a 3-6 month backlog of orders for new homes. New and existing home prices remain at high levels and the outlook for low inflation and interest rates is encouraging.

### Highlights

- We moved our corrugate production line, which manufactures HardiFence™ Sheet, from Perth to Brisbane.
- We launched two new internal lining products to strengthen our share of the internal lining segment: HardiRock™, a wet area lining board that is flexible and is easy to cut and nail, and Ezi-Grid™ Tilebacker, another wet area lining sheet designed to make tile installation easier for internal liners.

### Outlook

- Strong growth in renovations and in commercial applications is forecast to continue, although the new housing sector is expected to slow.
- The business is expected to perform satisfactorily as it implements a range of initiatives to increase demand and reduce costs.

### Highlights

- The new Linea® Weatherboard range launched in March 2002 continued to penetrate its targeted markets, taking market share from alternative products such as brick.
- Sales of panel products such as Hardipanel™ Titan and Hardipanel™ Compressed sheet were up strongly.
- The business gained several key customers during the year and increased its share of fibre cement sales.

### Outlook

- Demand is expected to remain relatively solid in the short-term, but some softening is expected later in the year.

### Philippines Fibre Cement

#### Results

- Net sales decreased 1% from US\$18.2 million to US\$18.0 million. In local currency, sales revenue was flat.
- Sales volume increased 8% compared to the prior fiscal year, from 64.8 million square feet to 69.7 million square feet.
- The average selling price decreased 7% compared to the previous year due to a decrease in sales of higher-priced exports.
- The business recorded a small operating profit for the year, compared to a small operating loss for the previous year.



HARDIPLANK™, PHILIPPINES

### Chile Fibre Cement

#### Results

- Net sales revenue and volumes were significantly higher than last year, increasing 153% and 120%, respectively.
- Selling prices continued to be negatively affected by aggressive pricing by competitors as they continued to try to maintain market positions.
- The business incurred an operating loss for the year as it continued to ramp up.

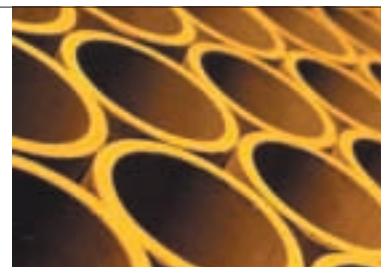


HARDIBACKER®, CHILE

### Hardie® Pipe

#### Results

- Net sales more than doubled compared to the prior year.
- The business incurred an operating loss for the year as it continued to ramp up.
- Our average net selling price was lower compared to the previous fiscal year due to aggressive pricing implemented by the competition in reaction to our market entry.
- Sales volumes have continued to grow since the business began operating early in calendar year 2001, as awareness among construction contractors has increased and as the product range has been progressively expanded.



HARDIE® PIPE, USA

## CONCENTRATE SOLELY ON FIBRE CEMENT

#### Highlights

- We continued to penetrate the domestic building boards market, taking further share from the main competing material, plywood.
- There was continued strong demand for HardiFlex® lite, a thinner, lighter sheet designed for ceiling applications, and HardiFlex®, used in ceiling and internal wall applications.
- We launched our first plank product, HardiPlank™ Select Cedarmill and expect this to increase sales to large residential projects.
- Export sales were weaker compared to the previous year, due primarily to supply issues and lower export demand.

#### Outlook

- We expect the business will continue to grow share domestically, although regional economic uncertainty continues to cloud the outlook for both domestic and export demand.
- The business has in place a number of initiatives to further reduce manufacturing costs.

#### Highlights

- Our Chilean operation began commercial production in March 2001 and is penetrating the market at its targeted rate, despite the negative effect that economic instability in the neighbouring countries of Argentina and Brazil continues to have on the Chilean economy.
- During the year, the business moved to the next stage of its market penetration strategy with the launch of new interior and exterior products. These include Hardibacker® for interior applications, and textured panels and planks, for exterior cladding.

#### Outlook

- We expect further market penetration and share growth as awareness of our expanded product range continues to grow.

#### Highlights

- Increased sales have resulted in a doubling of our share of our targeted large diameter drainage pipe market in Florida compared to the prior year.
- Unit production costs have continued to decline during the year as we achieve significant improvements in manufacturing efficiencies.

#### Outlook

- The business continues to increase production to meet growing demand, and further improvements in operating efficiency are expected.
- The Florida civil construction market remains buoyant. Activity is increasing due to the start of projects funded by TEA-21 and the Florida State Mobility Act, both of which involve significant increases in government spending on highway construction.