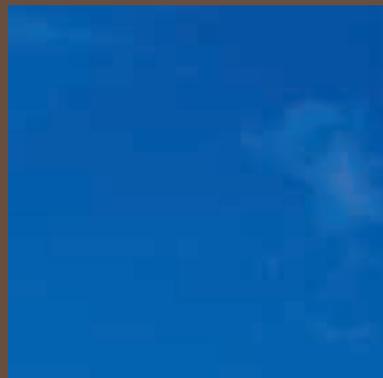




## Other Fibre Cement



## Chile Fibre Cement

### Our business

We manufacture fibre cement products for use as interior and exterior walls in houses and multi-family housing developments. Initially, we concentrated on core flat sheet products. We have since expanded our range to offer builders and architects more specialised products.

### Our strategy

We are focussed on increasing awareness and sales of our thicker and speciality products across all segments in order to increase average net selling prices and confirm our position as the market leader in product quality and innovation.

### Trading conditions

Construction activity in Chile continued to show signs of improvement during the year.

### Market position & opportunity

We estimate that we have already achieved over 20% share of the flat sheet market and see considerable potential to grow sales and capture share with our high-value speciality products.

### Major achievements

- We continued to increase our penetration of the domestic flat sheet market.
- We increased sales of higher-priced, differentiated products.
- We built regional exports.

## USA Hardie Pipe

### Our business

We manufacture fibre reinforced concrete pipes at our facility in Plant City, Florida. Our pipes are used for drainage in civil and commercial construction and in the development of residential sub-divisions.

### Our strategy

Our strategy is to establish Hardie® Pipe as the preferred products for stormwater applications that use diameters from 12 inches to 36 inches.

We believe Hardie® Pipe continues to offer advantages to the mid-size drainage pipe market because our product features span both traditional concrete pipes and newer flexible pipes. We offer the initial crush strength of rigid pipes, combined with the lighter weight, longer lengths and ease of installation of flexible pipes. The result is productivity gains over rigid pipes and less installation and service risk than with flexible pipes.

### Trading conditions

Severe weather in Florida adversely affected sales in the first half of the year. Later in the year, we benefited from buoyant construction activity.

### Market position & opportunity

We participate in the Florida storm drainage pipe market in our size range and plan to grow sales in Florida and neighbouring states.

### Major achievements

- We significantly improved manufacturing performance.
- We gained market share.

## Europe Fibre Cement

### Highlights

- We continued to grow demand for our Hardibacker® range of interior products and our proprietary pre-painted siding products in the United Kingdom and France by building awareness amongst distributors, builders and contractors.
- We continued to work to convert tile applications from drywall and wood to fibre cement products.
- We added further distribution outlets in both the UK and French markets.

### Outlook

We expect further sales growth and market share in our emerging Europe Fibre Cement and our USA Hardie Pipe businesses, as awareness of our products increases among builders, contractors and distributors.

## Artisan™ Roofing

### Our business

We have established a pilot roofing plant at Fontana, California, to test our proprietary manufacturing technology and to provide product for market testing in California. The plant has a design capacity of 25 million square feet per annum of manufactured product, or 11.6 million square feet of roofing coverage.

### Our strategy

Our pilot plant enables us to undertake a low-risk evaluation of what we believe is a strong opportunity for a lightweight concrete product that can compete with wood shakes and natural slate.

### Market position & opportunity

Over 16 billion square feet of roofing systems were installed on residential dwellings in 2003. We see a significant annual market opportunity for Artisan™ Roofing. We estimate that the initial markets we are targeting (wood shakes, natural slate and other high-end products) use around 5.2 billion square feet of manufactured product annually.

### Major achievements

Our Artisan™ Roofing product, made from a new lightweight concrete roofing technology, has now been launched.