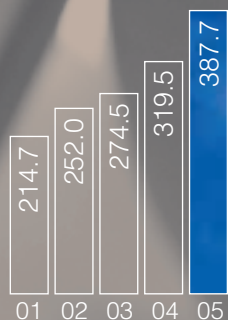
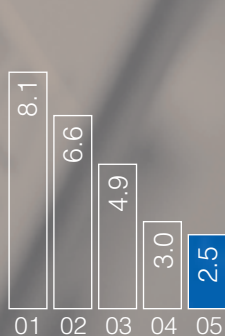


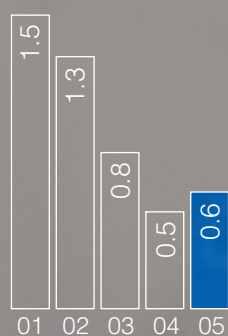
EBIT/Employee
(Thousands of US dollars)



Net Sales/Employee
(Thousands of US dollars)



James Hardie Safety Performance
(Recordable Case Frequency Rate)
Frequency per 200,000 hours worked

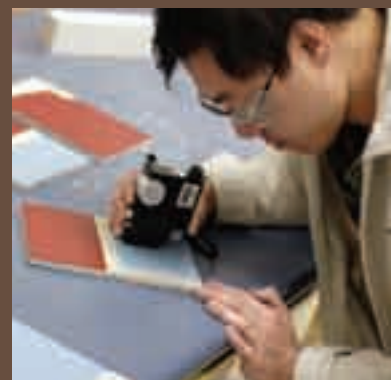


James Hardie Safety Performance
(Lost Workday Case Frequency Rate)
Frequency per 200,000 hours worked

Working at James Hardie



Reduction in
recordable case
frequency rate



Commitment to safety

James Hardie has a Health & Safety Policy that states:

- Employee health, safety and protection of the environment are critical to the way we do business and are a priority for the company.
- Our goal is zero injuries, occupational illnesses and environmental incidents.
- All employees have a responsibility to themselves and to others to act in a way that contributes to a safer, healthier and improved environment at work, at home and in the community.

Environmental, Health and Safety (EH&S) is part of the company's Business and Operating Planning Review process, reflecting the fact that safety is a business element and it needs to be managed as are production, quality and cost. This approach makes it easier for us to introduce the additional programs, process and tools we need to achieve a strong safety culture. It also makes it easier to share effective communication, resources and activities so we can align our safety strategy throughout the company.

We use our EH&S improvement plan to define and measure specific safety activities, and reward for performance. The plan clearly defines roles, responsibilities and accountability systems for all management and supervisory staff.

We collect leading indicators as well as historical statistics so we can effectively measure and encourage activities that are known to prevent incidents.

Our major efforts focus on the incident rate and employee behaviour. Key Performance Indicators ensure we measure employee and management activities, and allow managers at every level to hold their people accountable. The accountability processes we have in place will ensure that the safety improvements we achieve will be sustainable.

Improvements in safety performance

In the year ended 31 March 2005, the company reduced its Recordable Case Frequency Rate by 16%.

USA Fibre Cement achieved an 11% reduction in incidents, by:

- implementing a self auditing tool

which enables the plants to identify gaps in behavioural performance so they can be corrected;

- developing a best practice program so that work practices and corrective actions developed in response to incidents are circulated throughout the organisation. This provides the highest level of employee protection by ensuring that all facilities benefit from each other's experiences and ingenuity;
- continuing to refine the current programs to ensure that all components are being completed with a high degree of quality so we are moving towards our goal of developing a safety culture.

Asia Pacific Fibre Cement reduced both the Lost Workday Case Frequency Rate and the Recordable Case Frequency Rate by 27%. The improvements were the result of an increase in accountability for safety, communication, awareness and specific safety leading indicators and training.

We are committed to further improvements

The businesses have now made a commitment to further reduce both the Lost Work Day Case Frequency Rate and the Recordable Case Frequency Rate by a further 20% for fiscal year 2006.

To achieve this result, our US plants have developed a new set of EH&S initiatives that include:

- implementing a Continuous Improvement Methodology initiative to close the gaps on those EH&S programs which have the highest potential to influence serious incidents; and
- developing and implementing a company-wide auditing program to confirm system function, and to manage performance proactively.

Asia Pacific businesses will focus on:

- improving the quality of current initiatives;
- improving ownership and accountability for safety at all supervisory levels;
- developing specific work instructions to identify hazards for high risk tasks; and

- improving the communication processes, including team briefs, pre-shift safety talks and training.

We will continue to learn how to best integrate our existing EH&S system into the business, gain a better understanding of the efforts required to achieve EH&S success on a day-to-day basis, and apply lessons learned through our experiences to ensure continuous improvement.

We offer our employees assistance

To assist employees beyond the workplace, we offer employees and members of their immediate families confidential access to professional counsellors at any time for help with work concerns, stress or family issues, drug and alcohol problems, bereavement and other life challenges.

We develop our people

We have formal programs to train and develop employees who have the potential to help us build new businesses, launch new products and expand the company.

At James Hardie, bright people who work effectively enjoy success that is based on their performance. To reinforce our values, we reward individual and team performance and achievement, and appropriate behaviour and competence. We pay competitive salaries, supplemented by a range of performance and skill-based bonus and remuneration schemes.

Key managers' goals are closely aligned with the company's performance through an Economic Profit Incentive Plan that provides competitive year-end bonus payments to participants when the company achieves a profit target in excess of the cost of capital.

Superannuation and share plans

James Hardie employees have access to superannuation or individual retirement savings plans. Many employees participate in our share and option plans, which encourage them to become shareholders and think and act like owners of James Hardie.