



- leverage our superior technology to offer differentiated products with greater value than those of our competitors; and
- offer lowest delivered cost for manufactured product.

Major achievements towards our strategy

During the year we:

- Continued to roll-out an integrated growth program including our Business Builder Program in all Australian states to help generate primary demand for our products.
- Began to regain momentum in the commercial construction sector that we lost through product bans and boycotts imposed by various parties in connection with the asbestos compensation issue during the past year and a half, particularly in Victoria.
- Achieved strong sales of our Linea® weatherboards, which were launched in Queensland, Australia, during the first half of this fiscal year.
- Launched AquaTec™ wet area flooring in Victoria, Australia, during the third quarter of the fiscal year.
- Maintained the growth momentum of Linea® weatherboards in New Zealand, helping to generate increased primary demand for our products in a weakened market. Linea® weatherboards have become our number one selling product in New Zealand.

- Upgraded equipment at our factories in Rosehill, Australia, and Penrose, New Zealand.

Outlook

We expect:

- A further softening of the Australia and New Zealand new housing and renovations markets over the short to medium-term.
- Sales volumes to increase through initiatives designed to grow primary demand for our products.
- Increased sales volumes of new products and cost savings to improve profitability.
- Difficult conditions to remain in the Philippines due to some continuing political and economic uncertainty, high levels of inflation, and the business' market share being aggressively pursued by competitors.
- Continued aggressive pricing efforts across the Asia Pacific region by other fibre cement as well as other building product technology producers.

We are facing increased competition in the Philippines' building boards market, and are focussed on improving our positive EBIT performance.

Trading conditions

- New housing activity continued to weaken in both Australia and New Zealand; the renovation market slowed in the second half of the year.
- Raw material and freight costs increased in Australia and New Zealand.
- Activity in the Australian commercial construction sector remained at buoyant levels.
- In the Philippines, demand was adversely affected by weaker domestic construction activity that resulted from uncertainty associated with increased domestic political and economic instability, and increased competition in the business' domestic and export markets.

Our strategy

Our strategy in Asia Pacific is consistent with our strategy for the USA Fibre Cement business. We aim to:

- grow primary demand for fibre cement;

Other

USA Hardie Pipe

Our business

Hardie Pipe manufactures fibre reinforced concrete pipes at a custom-built facility in Plant City, Florida. The pipes are used for below-ground stormwater drainage in civil and commercial construction projects and in the development of residential sub-divisions.

Our strategy

Our strategy is to establish Hardie™ Pipe as the preferred solution for stormwater applications that use pipes with diameters from 12" to 36".

- We believe Hardie™ Pipe offers this market significant installation and performance benefits because the product features span those offered by traditional concrete pipes and newer flexible pipes.
- We provide the initial crush strength of rigid pipes, combined with the lighter-weight, longer-lengths and ease of installation of flexible pipes.

Trading conditions

- The business benefited from an overall improvement in market prices.

Market position & opportunity

We participate in the Florida storm drainage pipe market in our size range and are focussed on growing sales to our core markets and customers.

Major achievements

- We re-set the business during the year.
- We increased prices to more accurately reflect the differentiated position of our products.
- We redefined and focussed on the preferred customers for our products.

Europe Fibre Cement

Highlights

- We continued to grow demand for our Hardibacker® backer board 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 growth in sales and market share in our USA Hardie Pipe and emerging Europe Fibre Cement businesses.