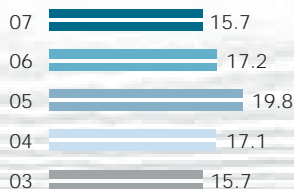


Asia Pacific EBIT
(Millions of US dollars)



Asia Pacific EBIT Margin
(%)

ASIA PACIFIC FIBRE CEMENT

	2007	2006	2005	2004	2003
Net sales US\$m	251.7	241.8	236.1	219.8	174.3
EBIT US\$m	39.4	41.7	46.8	37.6	27.3
Total identifiable assets US\$m	199.3	170.4	181.4	175.9	147.9
Volumes (mmsf)*	390.8	368.3	376.9	362.1	349.9
Average net sales price (per msf)* A\$	842	872	846	862	887
EBIT Margin %	15.7	17.2	19.8	17.1	15.7
Number of employees	835	854	892	955	931

Our business

We manufacture a wide range of fibre cement products in Australia, New Zealand and the Philippines and sell these throughout the Asia Pacific region. Our products are used for exterior cladding, interior lining and flooring in both residential and commercial construction.

In Australia, we also manufacture fibre reinforced concrete (FRC) pipes for civil and commercial use, and fibre cement columns for decorative use.

We manufacture our internal and external fibre cement products at two plants in Australia, in New South Wales and in Queensland, and at plants in the Philippines and New Zealand. Our FRC pipes and decorative columns are manufactured at a plant in Queensland.

We also have a Research and Development Centre at our New South Wales plant.

Market position and opportunity

We see growth opportunities in Australia, New Zealand and the Philippines.

Fibre cement has a small share of a large building materials market in Australia and New Zealand, and we are implementing strategies to increase demand for our products.

We are facing increased competition in the Philippines' and Australian building boards markets, but are focussed on improving our EBIT.

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;
- leverage our superior technology to offer differentiated products with greater value than those of our competitors;
- promote a smarter way to build composite construction houses using our products; and

ASIA PACIFIC FIBRE CEMENT



- vigorously defend our position in existing market segments.

Steps taken towards achieving our strategy

During the year:

- we gained market share in the fibre cement segment in both Australia and New Zealand through market initiatives designed to grow primary demand for fibre cement and increase sales of value-added differentiated products;
- we launched Axon™ panel for external cladding applications in New Zealand;
- we launched the Scyon™ product range which includes Matrix™ cladding, Axon™ panel, Wet Area Flooring and Trim, and we achieved strong sales growth for these and Linea® weatherboards in Australia;
- we continued with our differentiation and value-add strategy in the Philippines, targeted at the new commercial and new residential sectors; and
- we grew export markets for the Philippines business.

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" (300mm-900mm).

We believe that Hardie® pipe offers this market significant installation and performance benefits. Hardie® pipe provides the initial crush strength of rigid pipes, combined with the lighter weight, longer lengths and ease of installation of flexible pipes.

Market position and 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.

Steps taken towards achieving our strategy

During the year:

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

Europe Fibre Cement

Highlights

We continued to grow demand for our HardieBacker™ product 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.