

Asia Pacific Fibre Cement

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(Millions of US dollars)	2004	2003	2002	2001	2000
Net sales	219.8	174.3	141.7	152.0	185.5
EBIT ¹	37.6	27.3	20.9	3.6	18.1
Total identifiable assets	175.9	147.9	141.4	135.0	173.1
Volumes (mmsf ¹)	402.1	368.3	320.7	318.9	333.8
Average selling price (per msf ¹)	A\$ 788	A\$ 843	A\$ 861	A\$ 857	A\$ 879
EBIT margin ¹ %	17.1	15.7	14.7	2.4	9.8
Employees	955	931	977	1,109	1,235

Our business

We manufacture fibre cement products in Australia, New Zealand and the Philippines and sell these throughout the Asia Pacific region. Our products are used for external cladding and internal lining in residential and commercial construction.

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

Our strategy

Our strategy is to grow the market for fibre cement and secure our position as market leader, while defending our existing share.

We will use our superior technology to offer differentiated products and systems that offer our customers superior value.

We will deliver exceptional value by recruiting, retaining and developing the right people in a performance-driven culture.

Trading conditions

In Australia, new residential housing activity slowed during the current fiscal year, but was better than industry forecasts. The impact of this was partly offset by strong residential renovation and commercial activity. Market conditions for pipes remained solid, with both non-residential and engineering construction sectors experiencing marginal increases in activity.

In New Zealand, new residential housing activity remained at healthy levels and demand was strong for soffits and weatherboards, including our Linea® range of weatherboards.

While domestic construction activity in the Philippines was adversely affected by political uncertainty surrounding the Presidential election scheduled for May 2004, export demand was generally stable, and some markets - such as China - experienced strong growth due to favourable investment trends.



Market position & opportunity

We are well-positioned for growth 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 developing strategies to increase demand for our products. We are continuing to increase our share of the Philippines' building boards market, and we are working to build our position in the region.

Major achievements

- In Australia, we launched the ExoTec™ Facade Panel for commercial applications.
- We updated the Artista™ Columns range to include lightweight Classic columns with overall weights between 20 - 30% lighter than those in the original range.
- We were named Supplier of the Year by Mitre 10 National Trade Division, for the third year in a row.

- We launched a new magazine-style website and interactive communications program for the popular New Zealand TV Showhomes commercials.
- In the Philippines, we launched a shorter and lighter version of our HardiSenepa® fascia board that is easier for hardware stores to stock, and easier to install.
- We completed the Innovations design competition, increasing awareness of our HardiPlank® Siding amongst Philippines' architects.
- FRC™ Pipes continued to penetrate its targeted market and increased sales volumes compared to the prior year.
- In August 2003, a new Australian standard for FRC™ pipes was released, recognising the exceptional performance of FRC™ pipes. We expect the revised standard to assist both end-users and the business.

- FRC™ Pipes launched two new products: the FlexiPit™ pre-cast stormwater pit system; and the Swale Pit.

Outlook

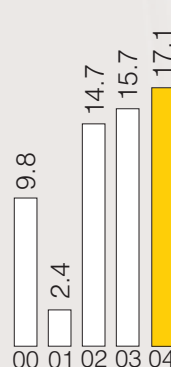
In Australia and New Zealand, the renovations and commercial segments are expected to remain buoyant over the short-term, but new housing activity in Australia is expected to soften further. We expect increased sales and improved plant operating efficiencies. Market conditions for pipes are expected to remain strong.

In the Philippines, we are optimistic that more favourable economic conditions in the region will increase construction activity and strengthen domestic and export demand. Increased demand and more cost savings should further improve operating performance.

Asia Pacific EBIT¹
(Millions of US dollars)



Asia Pacific EBIT Margin¹
(%)



¹ See **Definitions** in Management's Discussion and Analysis on page 47