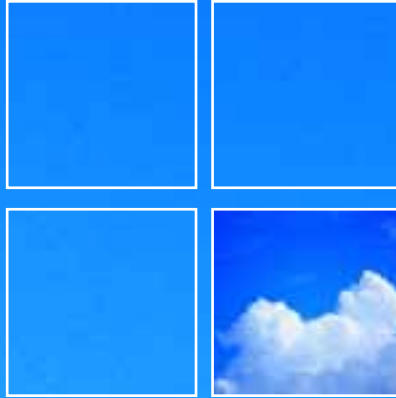


# Air

James Hardie fibre cement building materials are resistant to wind-borne salt or pollution and require minimal maintenance.

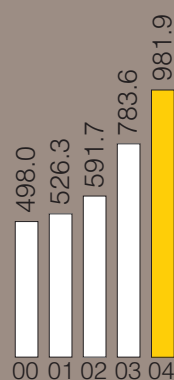


Demand for our products in the United States continues to grow strongly, significantly outpacing the rate of housing construction growth.

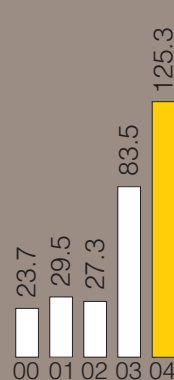
# Highlights

(Millions of US dollars)	2004	2003	% Change
Net sales			
USA Fibre Cement	\$ 738.6	\$ 599.7	23
Asia Pacific Fibre Cement	219.8	174.3	26
Other Fibre Cement	23.5	9.6	145
Total net sales	981.9	783.6	25
Net sales	\$ 981.9	\$ 783.6	25
Cost of goods sold	(623.0)	(492.8)	26
Gross profit	358.9	290.8	23
Selling, general and administrative expenses	(162.0)	(144.9)	12
Research and development expenses	(22.6)	(18.1)	25
Other operating (expenses) income	(2.1)	1.0	-
EBIT <sup>1</sup>	172.2	128.8	34
Net interest expense	(10.0)	(19.9)	(50)
Other income, net	3.5	0.7	-
Operating profit from continuing operations before income taxes <sup>1</sup>	165.7	109.6	51
Income tax expense	(40.4)	(26.1)	55
Operating profit from continuing operations <sup>1</sup>	\$ 125.3	\$ 83.5	50
Net operating profit including discontinued operations <sup>1</sup>	\$ 129.6	\$ 170.5	(24)
Effective tax rate from continuing operations	24.4%	23.8%	
Volume (mmsf <sup>1</sup> )			
USA Fibre Cement	1,519.9	1,273.6	19
Asia Pacific Fibre Cement	402.1	368.3	9
Average net sales price per unit (per msf <sup>1</sup> )			
USA Fibre Cement	US\$ 486	US\$ 471	3
Asia Pacific Fibre Cement	A\$ 788	A\$ 843	(7)

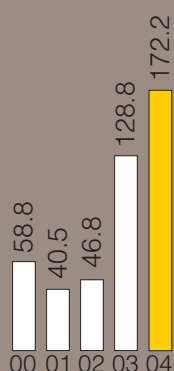
**Net Sales**  
(Millions of US dollars)



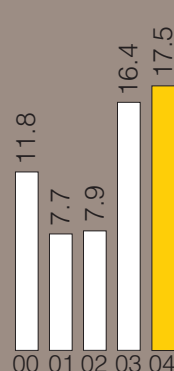
**Operating Profit**  
(Millions of US dollars)



**EBIT<sup>1</sup>**  
(Millions of US dollars)



**EBIT Margin<sup>1</sup> (%)**





# Water

James Hardie fibre cement building materials are resistant to permanent water damage, to rotting and to warping.

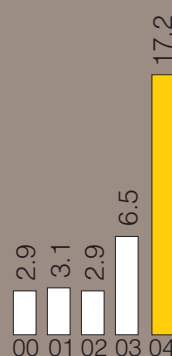
The increased dividend reflects our confidence in the strong growth potential of our fibre cement business.

- Total net sales increased 25%, from US\$783.6 million to US\$981.9 million.
- Gross profit increased 23% from US\$290.8 million to US\$358.9 million due to improvements in all our major businesses.
- The gross profit margin decreased 0.5 of a percentage point to 36.6%.
- EBIT<sup>1</sup> increased 34% from US\$128.8 million to US\$172.2 million.
- The EBIT margin<sup>1</sup> increased 1.1 percentage points to 17.5%.
- Operating profit from continuing operations<sup>1</sup> increased by 50% or US\$41.8 million, to US\$125.3 million for the year ended 31 March 2004.
- Net operating profit including discontinued operations<sup>1</sup> was down in the full year because the prior year number included a profit of US\$84.0 million related primarily to the sale of our former Gypsum business assets.
- Basic earnings per share from continuing operations increased 50% for the full year, from US 18.3 cents to US 27.4 cents.
- The Board has declared a dividend of US 3.0 cents per share, an increase of US 0.5 cents on last year's dividend.
- Shareholders received a capital return of US 15.0 cents per share in November 2003.

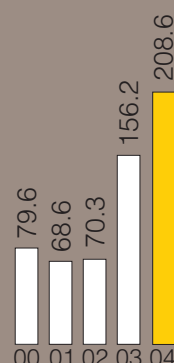
**Gearing<sup>2</sup> (%)**



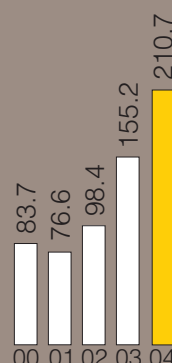
**Net Interest Cover (times)**



**Adjusted EBITDA<sup>1</sup>**  
(Millions of US dollars)



**Adjusted EBITDA before restructuring and other operating expenses (income)<sup>1</sup>**  
(Millions of US dollars)



<sup>1</sup> See **Definitions** in Management's Discussion and Analysis on page 47

<sup>2</sup> Borrowings less cash (net debt) divided by net debt plus shareholders' equity



# Fire

James Hardie fibre cement building materials are rated as non-combustible and are used as components of fire rated walling systems.

Our Asia Pacific businesses in Australia, New Zealand and the Philippines continued to increase sales volume.



## USA

- Net sales increased 23% from US\$599.7 million to US\$738.6 million.
- Sales volume increased 19% from 1,273.6 million square feet to 1,519.9 million square feet.
- Gross profit increased 24% and the gross profit margin increased 0.2 of a percentage point.
- EBIT<sup>1</sup> increased 26% from US\$155.1 million to US\$195.6 million.
- EBIT margin<sup>1</sup> increased 0.6 of a percentage point to 26.5%.
- Average net selling price increased 3%, from US\$471 per thousand square feet to US\$486 per thousand square feet.

*For more information about USA Fibre Cement, see pages 16–19.*

## Asia Pacific

- Sales volume increased 9% from 368.3 million square feet to 402.1 million square feet.
- Gross profit increased 19% and the gross profit margin decreased 2.1 percentage points.
- EBIT<sup>1</sup> increased 38% from US\$27.3 million to US\$37.6 million.
- EBIT margin<sup>1</sup> increased 1.4 percentage points to 17.1%.
- Net sales increased 2% in A\$.
- We upgraded the manufacturing plant at Rosehill, Sydney.

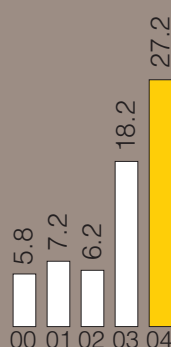
*For more information about Asia Pacific Fibre Cement, see pages 20–21.*

## Other businesses

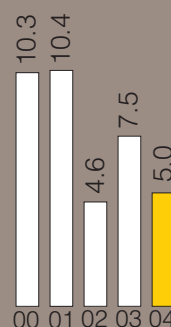
- Net sales increased 145% from US\$9.6 million to US\$23.5 million.
- In Chile, net sales increased 167% over the prior year, due to a 103% increase in sales volume and a higher average net selling price.
- Our USA Hardie<sup>®</sup> Pipe business increased net sales by 95% compared to the prior year.
- Our Europe Fibre Cement business commenced operations during the year in the United Kingdom and France.
- In June 2003, we commissioned our pilot roofing plant at Fontana, California. The first commercial sales of our Artisan<sup>®</sup> Roofing product were made in Southern California in the second half of the current fiscal year.

*For more information about our Other Fibre Cement businesses, see pages 22–24.*

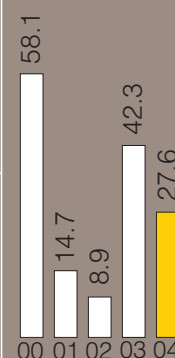
**Diluted Earnings Per Share**  
(US cents)



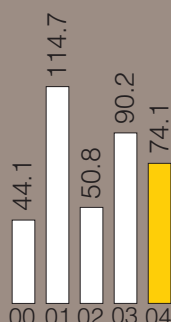
**Dividends Paid Per Share**  
(US cents)



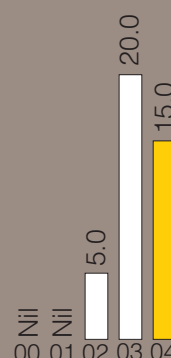
**Return on Shareholders Funds (%)**



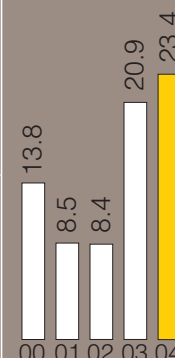
**Capital Expenditure<sup>2</sup>**  
(Millions of US dollars)



**Capital Returns Paid Per Share**  
(US cents)



**Return on Capital Employed (%)**



<sup>1</sup> See **Definitions** in Management's Discussion and Analysis on page 47

<sup>2</sup> Capital expenditure includes both cash and credit purchases and therefore differs from the Consolidated Statements of Cash Flows. See Note 20 to Consolidated Financial Statements on page 98