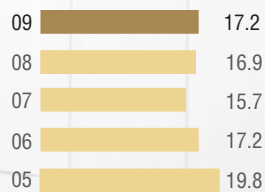


Asia Pacific EBIT
(Millions of US dollars)



Asia Pacific EBIT Margin
(%)



ASIA PACIFIC FIBRE CEMENT



ASIA PACIFIC FIBRE CEMENT

	2009	2008	2007	2006	2005
Net sales US\$m	273.3	298.3	251.7	241.8	236.1
EBIT US\$m	47.1	50.3	39.4	41.7	46.8
Total identifiable assets US\$m	167.9	218.3	199.3	170.4	181.4
Volumes (mmsf)*	390.6	398.2	390.8	368.3	376.9
Average net sales price (per msf)* A\$	879	862	842	872	846
EBIT Margin %	17.2	16.9	15.7	17.2	19.8
Number of employees	784	834	835	854	892

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.

In Australia and New Zealand, fibre cement building products are used in both the residential and commercial building industries, as external siding, internal walls, ceilings, floors, soffits and fences.

Our products are typically sold as planks or flat sheets with a variety of patterned profiles and finishes. Planks are used for external siding while flat sheets are used for internal and external wall linings and floor and tile underlayments. We also manufacture fibre cement products for use in other applications such as building facades, lattice, fencing, flooring, soffit lining and ceiling applications.

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

In Australia and New Zealand, products for both new construction and renovations are generally sold directly to distributor/hardware stores and timber yards. In the Philippines, a network of thousands of small to medium size dealer outlets sells our fibre cement products to consumers, builders and real estate developers.

We manufacture our 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 second plant in Queensland.

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

Market position and opportunity

- + We see opportunities for our products in both new home construction and in renovation activity.
- + According to the Australian Bureau of Statistics (ABS), renovation activity, as measured in local currency expenditures by the ABS, has increased approximately 15.5% from calendar year 2005 to calendar year 2008.
- + According to Statistics New Zealand, residential renovation activity in New Zealand has increased approximately 10% from calendar year 2005 to calendar year 2008.
- + Compared to masonry construction, fibre cement is lightweight, physically flexible and can be cut using readily available tools. This makes fibre cement suitable for lightweight construction across a range of architectural styles. Fibre cement is well suited to both timber and steel-framed construction.
- + In internal lining applications where exposure to moisture and impact damage are significant concerns, our products provide superior moisture resistance and impact resistance than traditional gypsum wet area wallboard and other competing products.

Our strategy

Our strategy in Asia Pacific is consistent with our global strategy to:

- + aggressively grow demand for our products in targeted market segments;
- + grow our overall market position while defending our share in existing market segments;
- + offer products with superior value to that of our competitors; and
- + introduce differentiated products to support value pricing strategy.

Steps taken towards achieving our strategy

- + In Australia, the Scyon™ product range continued to build momentum with full year sales volumes up 47% on the prior year. Scyon differentiated products now represent 10.7% of sales, up from 7.5% in the prior year. Scyon Stria™ cladding and Scyon Secura™ exterior flooring were released during fiscal year 2009.
- + We increased our share of the residential market by increasing the volume of differentiated James Hardie products used in individual homes. Core products also regained volume in the face of increased competition, although revenue was affected by low-priced imports.
- + The New Zealand business continued to out-perform the market by growing sales of its differentiated range of products, including Linea™ weatherboards, Horizon™ wall lining and HomeRAB™ preclad lining which was launched during fiscal year 2009. Sales of these differentiated products now account for almost half of sales volume.
- + The Philippines business continued to seek avenues for volume growth and to establish a lower cost base.