13 November 2006

James Hardie Industries N.V.
Results for the 2nd Quarter and Half Year Ended 30 September 2006

US GAAP - US$ Millions	Three Months and First Half Ended 30 September					
	Q2 FY07	Q2 FY06	% Change	HY FY07	HY FY06	% Change
Net Sales						
USA Fibre Cement	$339.0	$307.4	10	$687.9	$594.9	16
Asia Pacific Fibre Cement	63.8	63.5	-	123.0	125.2	(2)
Other	8.6	5.7	51	16.0	15.9	1
Total Net Sales	$411.4	$376.6	9	$826.9	$736.0	12
Cost of goods sold	(256.2)	(239.3)	7	(514.0)	(453.4)	13
Gross profit	155.2	137.3	13	312.9	282.6	11
Selling, general & administrative expense	(57.2)	(49.7)	15	(108.9)	(95.2)	14
Research & development expense	(6.6)	(7.1)	(7)	(14.1)	(13.4)	5
Special Commission of Inquiry (SCI) & other related expenses	(3.2)	(4.7)	(32)	(5.6)	(9.9)	(43)
Other operating income (expense)	-	0.6	-	-	(0.8)	-
Adjustments to asbestos provision	(47.2)	-	-	(74.4)	-	-
EBIT	41.0	76.4	(46)	109.9	163.3	(33)
Net interest income (expense)	1.0	(1.0)	-	(1.0)	(1.7)	(41)
Operating profit before income taxes	42.0	75.4	(44)	108.9	161.6	(33)
Income tax expense	(20.9)	(27.8)	(25)	(53.2)	(58.1)	(8)
Operating Profit before cumulative effect of change in accounting principle	21.1	47.6	(56)	55.7	103.5	(46)
Cumulative effect of change in accounting principle for stock-based compensation, net of income tax benefit of US$0.4 million	-	-	-	0.9	-	-
Net Operating Profit	$21.1	$47.6	(56)	$56.6	$103.5	(45)
Earnings per share – diluted (US cents)	4.5	10.2	(56)	12.1	22.3	(46)
Tax rate	49.8%	36.9%		48.9%	36.0%	
Volume (mmsf)						
USA Fibre Cement	573.4	556.8	3	1,179.1	1,080.2	9
Asia Pacific Fibre Cement	100.7	93.7	7	192.5	185.7	4
Average net sales price per unit (per msf)						
USA Fibre Cement	US$591	US$ 552	7	US$583	US$551	6
Asia Pacific Fibre Cement	A$837	A$ 891	(6)	A$849	A$ 882	(4)

In this Management's Analysis of Results, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page14. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures include "EBIT", "EBIT margin", "Operating profit" and "Net operating profit". The company may also present other terms for measuring its sales volumes ("million square feet (mmsf)" and "thousand square feet (msf)"); financial ratios ("Gearing ratio", "Net interest expense cover", "Net interest paid cover", "Net debt payback", "Net debt/cash"); and Non-US GAAP financial measures ("EBIT" and "EBIT margin excluding adjustments to asbestos provision", "EBIT and EBIT margin excluding adjustments to asbestos provision, and SCI and other related expenses", "Net operating profit excluding adjustments to asbestos provision", "Net operating profit excluding adjustments to asbestos provision, SCI and other related expenses and make-whole payment", "Effective tax rate excluding adjustments to asbestos provision and tax provision write-back", "Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back" and "EBITDA"). Unless otherwise stated, results are for the 2nd quarter and 1st half of the current fiscal year versus the 2nd quarter and 1st half of the prior fiscal year.

Total Net Sales

Total net sales for the quarter increased 9% compared to the same quarter of the previous year, from US$376.6 million to US$411.4 million. For the half year, total net sales increased 12% from US$736.0 million to US$826.9 million.

Net sales from USA Fibre Cement for the quarter increased 10% from US$307.4 million to US$339.0 million and 16% for the half year from US$594.9 million to US$687.9 million, due to continued growth in sales volumes and a higher average net sales price.

Net sales from Asia Pacific Fibre Cement for the quarter increased by US$0.3 million from US$63.5 million to US$63.8 million, but were 2% lower for the half year from US$125.2 million to US$123.0 million due primarily to a decrease in the average net sales price, in both A$ and US$.

Other net sales for the quarter increased 51% from US$5.7 million to US$8.6 million and 1% for the half year from US$15.9 million to US$16.0 million. The increase in Other net sales in the quarter was due to the improved performance of the USA Hardie Pipe and European businesses.

USA Fibre Cement

Quarter

Net sales for the quarter increased 10% from US$307.4 million to US$339.0 million due to both increased sales volume and a higher average net sales price.

Sales volume increased 3% from 556.8 million square feet to 573.4 million square feet for the quarter, as primary demand for the company's products continued to grow.

The average net sales price increased 7% from US$552 per thousand square feet to US$591 per thousand square feet.

Half year

Net sales increased 16% from US$594.9 million to US$687.9 million due to increased sales volumes and a higher average net sales price.

Sales volume increased 9% from 1,080.2 million square feet to 1,179.1 million square feet due mainly to growth in primary demand for fibre cement despite a weaker residential housing market.

The average net sales price increased 6% compared to the same period last year, from US$551 per thousand square feet to US$583 per thousand square feet.

Discussion

Although demand in the quarter was affected by a softer new housing market, net sales continued to grow through further market penetration and price improvement.

Interest rates, while still relatively low, have experienced a sustained period of modest increases that have lowered housing affordability and resulted in reduced demand for new homes and an increase in the inventories of new homes for sale. It appears many builders have chosen to reduce their inventories rather than build new homes, resulting in what the company believes is a more pronounced short-term slow-down in the demand for building products, including fibre cement. The new residential sector accounts for approximately 70% of the business' total sales.

In the exterior products category, sales volumes were flat in both the emerging and established geographic markets compared to the same quarter last year, with further market penetration against alternative siding materials, such as wood and vinyl, buffering the impact of the softer housing market.

Sales of all value-added, differentiated products including Heritage® panels, ColorPlus® pre-painted siding, Hardibacker 500® and XLD® trim continued to grow strongly during the quarter.

Sales of the ColorPlus® range of products continued to grow as a percentage of emerging market sales and were close to double the percentage recorded for the same quarter last year. As implementation of the emerging markets strategy is continuing to progress well and drive market share growth against vinyl siding, the business is stepping up its marketing of the ColorPlus® range of products in the Pacific Northwest and Southeast regions of its established markets. On the manufacturing front, there are now a total of seven ColorPlus® pre-painting lines situated across the following manufacturing facilities: Peru, Illinois; Blandon, Pennsylvania; Reno, Nevada; and Pulaski, Virginia. These lines continued to be ramped up during the quarter.

Sales for the interior products category grew strongly during the quarter and continued its trend of growing faster than the exterior products category. Much of this growth is due to the acceptance of Hardibacker 500® as a wet area wall solution and its success as a replacement for greenboard.

The increase in the average sales price for the quarter and half year reflects the impact of price increases implemented since the equivalent periods last year, as well as an increased proportion of higher-priced, differentiated products in the sales mix.

The strong net sales growth for the half year largely reflects further market penetration against alternative materials across both the emerging and established geographic markets and in the exterior and interior product categories, and an increase in the average net sales price.

Asia Pacific Fibre Cement

Net sales for the quarter increased by US$0.3 million from US$63.5 million to US$63.8 million. Net sales increased 1% in Australian dollars due to a 7% increase in sales volume, partially offset by a 6% decrease in the average net sales price.

Net sales for the half year decreased 2% from US$125.2 million to US$123.0 million. Net sales were flat in Australian dollars, due to a 4% decrease in the average net sales price, offsetting a 4% improvement in sales volume from 185.7 million square feet to 192.5 million square feet.

Australia and New Zealand Fibre Cement

Quarter

Net sales for the quarter were down by 2% to US$56.8 million compared to US$57.8 million in the same period last year. In Australian dollars, net sales decreased 1% due to the impact of competition, which led to a drop in the average net sales price.

Half year

Net sales decreased 3% from US$113.9 million to US$110.2 million due to a 4% fall in average sales price, partially offset by a 2% increase in sales volumes. In Australian dollars, net sales decreased 2%.

Discussion

Despite a further softening in the new housing and renovation markets in the Australia and New Zealand business during the quarter, sales volumes increased 4% through market initiatives designed to grow primary demand for the products and by the company providing more value-added differentiated products. In Australia, sales of Linea™ cladding and Wet Area Flooring continued to increase as awareness among builders, contractors and architects grew. Sales of Linea™ weatherboards also continued to grow strongly in New Zealand.

The market launch of the premium-branded Scyon™ suite of value-added, differentiated products commenced during the quarter including: Scyon™ Wet Area Flooring; Scyon™ Trim; Scyon™ Cavity Trim; Scyon™ Axon™ cladding; Scyon™ Matrix cladding; and Scyon™ Linea™ cladding. The launch of these proprietary premium products reflects the business' focus on increasing the proportion of value-added, differentiated products in its sales mix.

For the half year, sales volumes were also higher in a softer market compared to the same period last year due to market initiatives designed to grow primary demand for fibre cement and by increased sales of value-added, differentiated products. Competitive pressures resulted in a lower average net sales price for the half year.

Philippines Fibre Cement

Despite domestic market conditions remaining relatively weak during the six months, net sales increased for the quarter and half year due to increased sales volumes from further penetration of the new residential and commercial construction segments. An increase in the proportion of lower-priced product in the export sales mix led to a lower average net sales price.

Other

USA Hardie Pipe

Non-residential construction activity in Florida softened slightly in the second quarter, but net sales and the average sales price increased for both the quarter and half year as the business continued to focus on building sales volumes in core markets and expanding into other strategic markets.

Europe Fibre Cement

Net sales continued to grow steadily as awareness of the business' products increased among builders and contractors.

Gross Profit

Quarter

Gross profit increased 13% from US$137.3 million to US$155.2 million. The gross profit margin increased 1.2 percentage points to 37.7%.

USA Fibre Cement gross profit increased 15% compared to the same quarter last year due to higher sales volumes and a higher average net sales price, partially offset by an increase in the cost of sales due mainly to higher raw material costs, including pulp costs which are at their highest levels for many years, and increased energy costs. Despite higher fuel costs, freight was lower than in the same period last year when premiums for carrier availability drove up costs. The gross margin increased 1.6 percentage points.

Asia Pacific Fibre Cement gross profit decreased 5% primarily due to reduced profitability in the Australia and New Zealand Fibre Cement business due to a lower average net sales price, increased freight and raw material costs and costs associated with the start-up of the manufacture of new products at the Rosehill, New South Wales plant. The gross margin decreased 1.9 percentage points.

Half year

Gross profit increased 11% from US$282.6 million to US$312.9 million due mainly to a strong improvement in net sales of the USA Fibre Cement business. The gross profit margin decreased 0.6 percentage points to 37.8%.

USA Fibre Cement gross profit increased 15% compared to the same period last year due to increased net sales, partially offset by higher cost of sales and freight costs. The gross profit margin decreased 0.4 percentage points.

Asia Pacific Fibre Cement gross profit decreased 11% due to reduced profitability in all the Asia Pacific businesses. The decrease was due mainly to a lower average net sales price, increased freight and raw material costs in Australia and costs associated with the start-up of the manufacture of new products at the Rosehill, New South Wales plant. The gross margin decreased 3.4 percentage points.

Selling, General and Administrative (SG&A) Expense

SG&A expense increased 15% for the quarter, from US$49.7 million to US$57.2 million, primarily from higher costs in the USA Fibre Cement business resulting from increased spending on growth initiatives and organisational infrastructure to accommodate the company's continued growth. As a percentage of sales, SG&A expense increased 0.7 of a percentage point to 13.9%.

For the half year, SG&A expenses increased 14% from US$95.2 million to US$108.9 million due to an increase in sales, marketing and administrative expenditure in the USA Fibre Cement business reflecting a build up of organisational infrastructure to drive growth strategies. This was partly offset by reductions in the Australia and New Zealand Fibre Cement business resulting from an increased focus on reducing costs. As a percentage of sales, SG&A expense increased 0.3 of a percentage point to 13.2%.

Research and Development Expense

Research and development expense includes costs associated with "core" research projects that are designed to benefit all business units. These costs are recorded in the Research and Development segment rather than being attributed to individual business units. These costs were flat for the quarter at US$3.1 million and 5% higher for the half year at US$6.4 million.

Other research and development costs associated with commercialisation projects in business units are included in the business unit segment results. In total, these costs were 15% lower at US$3.5 million for the quarter but increased 5% to US$7.7 million for the half year.

SCI and Other Related Expenses

In February 2004, the Government of New South Wales (NSW) in Australia established a Special Commission of Inquiry (SCI) to investigate, among other matters, the circumstances in which the Medical Research and Compensation Foundation was established. Shortly after release of the SCI report on 21 September 2004, the company commenced negotiations with the NSW Government, the Australian Council of Trade Unions (ACTU), UnionsNSW and a representative of asbestos claimants in relation to its offer to the SCI on 14 July 2004 to provide funds voluntarily for proven Australia-based asbestos-related injury and death claims against certain former James Hardie Australian subsidiary companies. On 21 December 2004, James Hardie entered into a Heads of Agreement with the above parties to establish and fund a Special Purpose Fund (SPF) to provide funding for these claims on a long-term basis. The company subsequently entered negotiations with the NSW Government on a binding agreement that it intends, in modified form, to put to shareholders for approval. On 1 December 2005, James Hardie and the NSW Government signed the Final Funding Agreement (FFA).

Costs incurred during the quarter associated with the SCI and other related expenses totalled US$3.2 million, bringing the total for the half year to US$5.6 million, compared with US$9.9 million incurred in the first half of the prior fiscal year.

Further information on the SCI and other related expenses can be found in Note 7 of James Hardie's 30 September 2006 Financial Report.

Asbestos Compensation Funding Arrangement

The FFA is subject to a number of as yet unfulfilled conditions precedent. The company considers that the principal outstanding conditions to be fulfilled before the FFA becomes effective is receiving the approval of James Hardie's lenders and shareholders.

On 23 June 2006, the Australian Taxation Office (ATO) advised the company that it declined to endorse the SPF as a tax concession charity, arguing that, in its opinion, the scope of its activities under the Trust Deed and the FFA did not meet current legislative requirements for such an endorsement.

On 29 June 2006, the ATO issued a ruling to the company to the effect that James Hardie's contributions to the SPF would be tax deductible over the anticipated life of the arrangements in accordance with "black hole expenditure" Federal Legislation enacted in April 2006.

In mid-October James Hardie submitted to the ATO a revised draft FFA and other draft transaction documents, together with private ruling applications relating to the tax treatment of the proposed revised arrangements.

On 9 November 2006, James Hardie announced that it, the SPF and others had received private binding rulings that the company believes will deliver an acceptable outcome for the proposed SPF. The rulings have also been welcomed by the New South Wales Government and the Australian Council of Trade Unions (ACTU), with whom James Hardie settled the terms of the FFA and related agreements.

The company is now seeking to finalise an amended FFA and related agreements with the NSW Government so that all relevant documents can be signed as soon as possible and lender and shareholder approval sought. In order to do so, James Hardie and the NSW Government need to execute an amended FFA in a form which reflects the changes which were the subject of the ruling applications. In recent weeks the NSW Government and James Hardie have worked together to obtain these rulings. Throughout this process, James Hardie has provided the NSW Government with copies of submissions provided to the ATO, including relevant draft agreements, and copies of the private rulings.

In order to implement the amended FFA, certain conditions precedent will need to be satisfied, including the NSW Parliament passing facilitating legislation. The resolution of these issues involves uncertainty and there can be no assurance that the obtaining of the ATO rulings will lead to a finalisation of the amended FFA that is required to resolve the position, or that the NSW Parliament will pass such facilitating legislation. It is possible that further amendments to the FFA and related agreements or to such facilitating legislation may be sought or necessary in order to achieve an arrangement which is fully acceptable to the NSW Government as well as James Hardie. However, James Hardie believes (and understands that the NSW Government agrees) that the obtaining of the ATO rulings is an important milestone towards implementing the funding proposal.

It is anticipated that an extraordinary general meeting of shareholders to approve the implementation of the amended FFA could be convened within 10 weeks of James Hardie and the NSW Government executing the amended FFA. Given the close proximity to the Christmas and New Year holiday period and the difficulty of convening shareholder meetings during this period, the company expects this meeting could be held in February 2007.

James Hardie and other relevant parties are well advanced in their work to secure lender approval, obtain an independent experts' report and prepare the Explanatory Memorandum for shareholders.

James Hardie has offered to provide interim funding to Amaca in the event that Amaca's finances are otherwise exhausted before the FFA is implemented in full. The commercial terms of such funding have been settled and it is expected that James Hardie will enter into interim funding documentation during November.

Adjustments to Asbestos Provision

At 30 September 2006, the asbestos provision was increased by A$55.9 million (US$41.8 million) to reflect the results of the most recent actuarial estimate prepared by KPMG Actuaries Pty Ltd and for payments made to claimants by the Medical Research and Compensation Fund during the half year.

The asbestos provision is denominated in Australian dollars. The reported value of this liability in the company's condensed consolidated balance sheets in US dollars is therefore subject to adjustment depending on the closing exchange rate between the two currencies at the balance sheet date.

The effect of these adjustments is shown in the following table:

	A$ millions	**A$ to US$ rate**	**US$ millions**
At 31 March 2006	A$ 1,000.0	1.3975 to 1	US$ 715.6
Effect of foreign exchange for the half year	-		32.6
Other adjustments	55.9	1.3365 to 1	41.8
At 30 September 2006	A$ 1,055.9	1.3365 to 1	US$ 790.0
At 30 June 2006	A$ 1,000.0	1.3463 to 1	US$ 742.8
Effect of foreign exchange for the second quarter	-		5.4
Other adjustments	55.9	1.3365 to 1	41.8
At 30 September 2006	A$ 1,055.9	1.3365 to 1	US$ 790.0

EBIT

EBIT for the quarter decreased 46% from US$76.4 million to US$41.0 million. EBIT for the quarter includes an expense of US$47.2 million related to the adjustments to the asbestos provision, and SCI and other related expenses of US$3.2 million, as shown in the table below. The EBIT margin was 10.3 percentage points lower at 10.0%.

For the half year, EBIT decreased 33% from US$163.3 million to US$109.9 million. The EBIT margin decreased 8.9 percentage points to 13.3%. EBIT for the half year includes an expense of US$74.4 million related to adjustments to the asbestos provision and SCI and other related expenses of US$5.6 million as shown in the table below.

EBIT for the Quarter - US$ millions

	Three Months and First Half Ended 30 September					
	Q2 FY07	Q2 FY06	% Change	HY FY07	HY FY06	% Change
USA Fibre Cement	$97.8	$86.1	14	$201.1	$180.2	12
Asia Pacific Fibre Cement	11.5	12.0	(4)	21.8	24.4	(11)
Research & Development	(4.1)	(4.0)	3	(8.7)	(7.2)	21
Other	(1.5)	(2.6)	(42)	(4.2)	(6.1)	(31)
General Corporate	(15.5)	(15.1)	3	(25.7)	(28.0)	(8)
Adjustments to asbestos provision	(47.2)	-	-	(74.4)	-	-
EBIT	41.0	76.4	(46)	109.9	163.3	(33)
Excluding:						
Asbestos provision	47.2	-	-	74.4	-	-
SCI and other related expenses	3.2	4.7	(32)	5.6	9.9	(43)
EBIT excluding asbestos provision, and SCI and other related expenses	$ 91.4	$ 81.1	13	$ 189.9	$ 173.2	10
Net sales	$ 411.4	$ 376.6	9	$ 826.9	$ 736.0	12
EBIT margin excluding adjustments to asbestos provision and SCI and other related expenses	22.2%	21.5%		23.0%	23.5%	

USA Fibre Cement EBIT

USA Fibre Cement EBIT for the quarter increased 14% from US$86.1 million to US$97.8 million. For the half year, EBIT increased 12% from US$180.2 million to US$201.1 million. The increase was due to increased sales volumes and a higher average net sales price, partially offset by higher raw materials costs and SG&A expenses. The USA Fibre Cement EBIT margin was 0.8 percentage points higher at 28.8% for the quarter and fell 1.1 percentage points to 29.2% for the half year.

Asia Pacific Fibre Cement EBIT

Asia Pacific Fibre Cement EBIT for the quarter decreased 4% from US$12.0 million to US$11.5 million. For the half year, EBIT decreased 11% from US$24.4 million to US$21.8 million, due to a reduced EBIT performance in each of the Asia Pacific businesses. The EBIT margin decreased 0.9 of a percentage point to 18.0% for the quarter and 1.8 percentage points to 17.7% for the half year.

Australia and New Zealand Fibre Cement EBIT for the quarter decreased slightly from US$11.3 million to US$11.1 million. In Australian dollars, EBIT fell by 1% due primarily to a lower average net sales price and increased manufacturing costs. The EBIT margin decreased slightly to 19.5%.

For the half year, EBIT for the Australia and New Zealand Fibre Cement business fell by 11% from US$22.4 million to US$20.0 million due to competitive pressures on pricing combined with increased costs. The EBIT margin decreased by 1.6 percentage points to 18.1%.

The Philippines Fibre Cement business recorded a decrease in EBIT for the quarter and the half year due to higher raw material and manufacturing costs, but remained EBIT positive.

Other EBIT

The USA Hardie Pipe business recorded a small positive EBIT for the quarter and the half year compared to a small EBIT loss in the same periods last year. This is the first EBIT positive six month period for this business since its inception.

The Europe Fibre Cement business incurred an EBIT loss for the quarter and the half year as it continued to build net sales.

Following a review of the results of its roofing product trials in California, the company closed its roofing pilot plant in April 2006. During the first half of fiscal 2007, this business incurred closure costs of US$1.1 million.

General Corporate Costs

General corporate costs for the quarter increased by US$0.4 million from US$15.1 million to US$15.5 million. The increase was due to a US$0.7 million increase in employee performance-related compensation expense; an increase of US$0.7 million in defined benefit pension costs; and an increase of US$1.8 million in tax-related advice. This was partially offset by a decrease of US$1.5 million in SCI and other related expenses and a US$1.3 million decrease in other general corporate costs.

For the half year, general corporate costs decreased by US$2.3 million from US$28.0 million to US$25.7 million. The reduction was caused by a decrease of US$4.3 million in SCI and other related expenses partially offset by an increase of US$1.1 million in defined benefit pension costs and an increase of US$0.9 million in tax-related advice.

Net Interest Income (Expense)

Net interest expense for the quarter decreased by US$2.0 million, from an expense of US$1.0 million to income of US$1.0 million.

For the half year, net interest expense decreased from US$1.7 million to US$1.0 million. The decrease in interest expense was due to an increase in interest capitalised on construction projects, offset by the US$6.0 million make-whole payment incurred in the prepayment of US$ notes in May 2006.

Income Tax Expense

Income tax expense for the quarter decreased US$6.9 million from US$27.8 million to US$20.9 million. The decrease was due to a tax provision write-back of US$7.4 million that is no longer required. This was partially offset by the increase in taxable income for the quarter. No income tax benefit was recorded for the adjustments to the asbestos provision.

In addition to the write-back of the tax provision, the company's effective tax rate for the quarter of 49.8% was also affected by the US$47.2 million adjustments to the asbestos provision. The effective tax rate excluding the adjustments to the asbestos provision and the write-back of the tax provision was 31.7%.

For the half year, the income tax expense decreased US$4.9 million from US$58.1 million to US$53.2 million. The decrease was due to the tax provision write-back of US$7.4, million partially offset by the increase in taxable income for the half year. The effective tax rate excluding the adjustments to the asbestos provision and the write-back of the tax provision was 33.1%.

Disputed Amended Australian Income Tax Assessment

As announced on 22 March 2006, RCI Pty Ltd (RCI), a wholly owned subsidiary of the company, received an amended assessment from the ATO in respect of RCI's income tax return for the year ended 31 March 1999. The amended assessment relates to the amount of net capital gains arising as a result of an internal corporate restructure carried out in 1998 and has been issued pursuant to the discretion granted to the Commissioner of Taxation under Part IVA of the Income Tax Assessment Act 1936. The original amended assessment issued to RCI was for a total of A$412.0 million. However, after a subsequent remission of general interest charges by the ATO, the total was changed to A$378.0 million, comprising A$172.0 million of primary tax after allowable credits, A$43.0 million of penalties (representing 25% of primary tax) and A$163.0 million of general interest charges.

RCI is appealing the amended assessment. On 5 July 2006, pursuant to the agreement negotiated with the ATO and in accordance with the ATO Receivable Policy, the company made a payment of A$189.0 million (US$141.4 million). The company also agreed to guarantee the payment of the remaining 50% of the amended assessment should its appeal not be successful and to pay general interest charges accruing on the unpaid balance of the amended assessment in arrears on a quarterly basis. The first payment of accrued general interest charges of A$2.9 million (US$2.2 million) was paid on 16 October 2006. However, the company has not recorded any liability at 30 September 2006 for the remainder of the amended assessment because, at this time, the company believes RCI's view of its tax position will be upheld on appeal; therefore no such liability is probable in accordance with US accounting standards.

The company has treated the payment on 5 July 2006 as a deposit in the condensed consolidated financial statements and the company intends to treat any future payments as a deposit pending resolution of this matter.

Readers are referred to Note 9 of the 30 September 2006 Financial Report for further information on the ATO amended assessment.

Net Operating Profit

Net operating profit for the quarter decreased from US$47.6 million to US$21.1 million. Net operating profit includes a US$47.2 million charge relating to adjustments to the asbestos provision, SCI and other related expenses of US$3.2 million (US$3.0 million after tax) and a tax provision write-back of US$7.4 million. For the quarter, net operating profit excluding adjustments to the asbestos provision, SCI and other related expenses and the tax provision write-back increased 23% from US$52.0 million to US$63.9 million as shown in the table below.

For the half year, net operating profit decreased from US$103.5 million to US$56.6 million including adjustments to the asbestos provision for the half year of US$74.4 million. Also included in net operating profit for the half year are SCI and other related expenses of US$5.6 million (US$5.2 million after tax), the make-whole payment on the prepayment of the US$ notes of US$6.0 million (US$5.6 million after tax) and a tax provision write-back of US$7.4 million. For the half year, net operating profit excluding the adjustments to the asbestos provision, SCI and other related expenses, the make-whole payment and the tax provision write-back increased 19% to US$134.4 million as shown in the table below.

Net Operating Profit - US$ millions

	Three Months and First Half Ended 30 September					
	Q2 FY07	Q2 FY06	% Change	HY FY07	HY FY06	% Change
Net operating profit	$21.1	$ 47.6	(56)	$ 56.6	$103.5	(45)
Excluding:						
Adjustments to asbestos provision	47.2	-	-	74.4	-	-
SCI and other related expenses (net of tax)	3.0	4.4	(32)	5.2	9.3	(44)
Make-whole payment (net of tax)	-	-	-	5.6	-	-
Tax provision write-back	(7.4)	-	-	(7.4)	-	-
Net operating profit excluding adjustments to asbestos provision, SCI and other related expenses, make-whole payment and tax provision write-back	$63.9	$ 52.0	23	$134.4	$112.8	19

The company has included the above financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations excluding asbestos-related charges, the make-whole payment and the tax provision write-back.

Liquidity and Capital Resources

The company has historically met its working capital needs and capital expenditure requirements through a combination of cash flow from operations, proceeds from the divestiture of businesses, credit facilities and other borrowings, proceeds from the sale of property, plant and equipment, and proceeds from the redemption of investments. Seasonal fluctuations in working capital generally have not had a significant impact on its short-term or long-term liquidity. The company believes that it can meet its present working capital requirements for at least the next 12 months based on its current capital resources. Any cash commitments arising from the FFA will be met either from cash generated by operating activities or, should this prove insufficient, from borrowings under existing credit facilities.

The company had cash and cash equivalents of US$47.3 million as of 30 September 2006. At that date it also had credit facilities totalling US$355.0 million, of which US$135.0 million was drawn. The credit facilities are all uncollateralised and consist of the following:

		At 30 September 2006	
Description	**Effective Interest Rate**	**Total Facility**	**Principal Drawn**
(US$ millions)			
US$ 364-day facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until December 2007	5.78%	$ 55.0	$ 25.0
US$ 364-day facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until June 2007	5.78%	55.0	45.0
US$ term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until March 2007	5.90%	135.0	-
US$ term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until December 2006	5.90%	110.0	65.0
Total		$ 355.0	$ 135.0

At 30 September 2006, the company had net debt of US$87.7 million, compared with net cash of US$12.4 million at 31 March 2006.

The company has US$ 364-day facilities in the amount of US$110.0 million, some of which expire in December 2007 and others which expire in June 2007 (extensions to December 2007 have been requested in relation to the facilities which expire in June 2007), and term facilities in the amount of US$245.0 million, some of which expire in March 2007 and others which expire in December 2006 (extensions to March 2007 have been requested in relation to the facilities which expire in December 2006). At 30 September 2006, there was US$135.0 million drawn under the combined facilities and US$220.0 million was available, but unutilised.

Upon satisfaction of the conditions precedent to the full implementation of the FFA, including lender approval, the maturity date of the US$245.0 million facilities will be automatically extended until June 2010 (assuming the remaining banks agree to the March 2007 extension). However, if the conditions precedent to the full implementation of the FFA are not satisfied, the company may not be able to renew its credit facilities on substantially similar terms, or at all; it may have to pay additional fees and expenses that it might not have to pay under normal circumstances; and it may have to agree to terms that could increase the cost of its debt structure.

Additionally, pursuant to an agreement negotiated with the ATO and in accordance with the ATO Receivable Policy, the company made a payment of A$189.0 million (US$141.4 million) along with the provision of a guarantee from JHI NV in favour of the ATO for the unpaid balance. The company has also agreed to pay general interest charges accruing on the unpaid balance of the assessment in arrears on a quarterly basis. Even if the company is ultimately successful in its appeal and the cash deposit is refunded, this procedural requirement to post a cash deposit materially and adversely affects the company's financial position and liquidity in the intervening period. See "Income Tax Expense" above for further information on the ATO amended assessment.

If the company is unable to extend its credit facilities, or is unable to renew its credit facilities on terms that are substantially similar to the ones it presently has, it may experience liquidity issues and will have to reduce its levels of planned capital expenditures, reduce or eliminate dividend payments or take other measures to conserve cash in order to meet its future cash flow requirements. Nevertheless, the company believes it will have sufficient funds to meet its planned working capital and other cash requirements for the next 12 months based on its existing cash balances and anticipated operating cash flows arising during the year.

Cash flow

Operating cash flow for the half year fell from US$147.8 million to a utilisation of US$22.3 million primarily due to the A$189.0 million (US$141.4 million) ATO deposit payment. Operating cash flow also decreased as a result of an increase of US$5.7 million in investment in working capital and US$7.8 million higher income tax payments.

Capital expenditure for the purchase of property, plant and equipment decreased from US$75.0 million to US$61.4 million for the half year.

Asbestos Compensation Funding Arrangement

In late 2005, the Board of JHI NV approved the FFA to provide long-term funding for proven Australian-based asbestos-related personal injury claims that result from exposure to products made by former James Hardie Australian subsidiaries. Representatives of the company and the NSW Government signed the FFA on 1 December 2005.

The FFA was negotiated in accordance with the terms of the Heads of Agreement signed on 21 December 2004. It is a legally-binding agreement and sets out the basis on which James Hardie will provide funding to the SPF. The arrangements include:

- the establishment of the SPF to compensate Australian asbestos-related personal injury claimants with proven claims against the former James Hardie Group subsidiaries (Amaca Pty Ltd, Amaba Pty Ltd or ABN 60 Pty Ltd);
- initial funding of the SPF by James Hardie calculated at that time at approximately A$154 million;
- a two-year rolling cash 'buffer' in the SPF and, subject to the cap described below, an annual contribution in advance to top up those funds to equal the actuarially calculated estimate of expected Australian asbestos-related personal injury claims against the former James Hardie Group subsidiaries for the following three years, to be revised annually;
- a cap on the annual James Hardie payments to the SPF in all years, except the first year, initially set at 35% of James Hardie's free cash flow (defined as cash from operations in accordance with US accounting standards in force at the date of the FFA) for the immediately preceding financial year, with provisions for the percentage to decline over time, depending on James Hardie's financial performance (and therefore the contributions already made to the SPF) and the claims outlook;
- an initial term of approximately 40 years;
- no cap on individual payments to proven claimants; and

- special compensation arrangements for members of the Baryulgil community for asbestos-related claims arising from the activities of Marlew Mining Pty Ltd.

The FFA remains subject to a number of conditions precedent, the most notable being approval by James Hardie's lenders and shareholders. Also, as described above under "SCI and Other Related Expenses", James Hardie is now seeking to finalise amendments to the FFA and related agreements necessary to reflect the amendments which were the subject of the favourable rulings described above.

Readers are referred to "SCI and Other Related Expenses" above and Note 7 of the company's 30 September 2006 Financial Report for further information on the voluntary funding proposal, and for information on the SCI and related matters.

END

Media/Analyst Enquiries:

Steve Ashe
Vice President Investor Relations

Telephone: 61 2 8274 5246
Mobile: 61 408 164 011
Email: steve.ashe@jameshardie.com.au
Facsimile: 61 2 8274 5218

This Management's Analysis of Results forms part of a package of information about James Hardie's results. It should be read in conjunction with the other parts of this package, including a Media Release, a Management Presentation and a Financial Report.

These documents, along with a webcast of the presentation on 13 November 2006, are available from the Investor Relations area of the James Hardie website at www.jameshardie.com

Definitions

Financial Measures – US GAAP equivalents

EBIT and EBIT margin – EBIT is equivalent to the US GAAP measure of operating income. EBIT margin is defined as EBIT as a percentage of net sales. James Hardie believes EBIT and EBIT margin to be relevant and useful information as these are the primary measures used by management to measure the operating profit or loss of its business. EBIT is one of several metrics used by management to measure the earnings generated by the company's operations, excluding interest and income tax expenses. Additionally, EBIT is believed to be a primary measure and terminology used by its Australian investors. EBIT and EBIT margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America. EBIT and EBIT margin, as the company has defined them, may not be comparable to similarly titled measures reported by other companies.

Operating profit – is equivalent to the US GAAP measure of income.

Net operating profit – is equivalent to the US GAAP measure of net income.

Sales Volumes

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

Financial Ratios

Gearing Ratio – Net debt/cash divided by net debt/cash plus shareholders' equity.

Net interest expense cover – EBIT divided by net interest expense.

Net interest paid cover – EBIT divided by cash paid during the period for interest, net of amounts capitalised.

Net debt payback – Net debt/cash divided by cash flow from operations.

Net debt/cash – short-term and long-term debt less cash and cash equivalents.

Non-US GAAP Financial Measures

EBIT and EBIT margin excluding adjustments to asbestos provision – EBIT and EBIT margin excluding adjustments to asbestos provision are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT margin. James Hardie has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. The company uses these non-US GAAP measures for the same purposes.

US$ Million	Q2 FY07	Q2 FY06	HY FY07	HY FY06
EBIT	$ 41.0	$ 76.4	$109.9	$ 163.3
Adjustments to asbestos provision	47.2	-	74.4	-
EBIT excluding adjustments to asbestos provision	88.2	76.4	184.3	163.3
Net Sales	$ 411.4	$ 376.6	$826.9	$ 736.0
EBIT margin excluding adjustments to asbestos provision	21.4%	20.3%	22.3%	22.2%

EBIT excluding adjustments to asbestos provision and SCI and other related expenses – EBIT excluding adjustments to asbestos provision, and SCI and other related expenses is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than EBIT. James Hardie has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. The company uses this non-US GAAP measure for the same purposes.

US$ Million	**Q2 FY07**	**Q2 FY06**	**HY FY07**	**HY FY06**
EBIT	$ 41.0	$ 76.4	$109.9	$ 163.3
Adjustments to asbestos provision	47.2	-	74.4	-
SCI and other related expenses	3.2	4.7	5.6	9.9
EBIT excluding adjustments to asbestos provision and SCI and other related expenses	$ 91.4	$ 81.1	$ 189.9	$ 173.2

Net operating profit excluding adjustments to asbestos provision – Net operating profit excluding adjustments to asbestos provision is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than net income. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company uses this non-US GAAP measure for the same purposes.

US$ Million	**Q2 FY07**	**Q2 FY06**	**HY FY07**	**HY FY06**
Net operating profit	$ 21.1	$ 47.6	$ 56.6	$ 103.5
Adjustments to asbestos provision	47.2	-	74.4	-
Net operating profit excluding adjustments to asbestos provision	$ 68.3	$ 47.6	$ 131.0	$ 103.5

Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back – Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than diluted earnings per share. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company's management uses this non-US GAAP measure for the same purposes.

US$ Million	**Q2 FY07**	**Q2 FY06**	**HY FY07**	**HY FY06**
Net operating profit	$ 21.1	$ 47.6	$ 56.6	$ 103.5
Adjustments to asbestos provision	47.2	-	74.4	-
Tax provision write-back	(7.4)	-	(7.4)	-
Net operating profit excluding adjustments to asbestos provision and tax provision write-back	$ 60.9	$ 47.6	$123.6	$103.5
Weighted average common shares outstanding - Diluted (millions)	465.1	466.8	466.0	465.0
Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back (US cents)	13.1	10.2	26.5	22.3

Effective tax rate excluding adjustments to asbestos provision and tax provision write-back – Effective tax rate excluding adjustments to asbestos provision and tax provision write-back is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than effective tax rate. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company's management uses this non-US GAAP measure for the same purposes.

US$ Million	Q2 FY07	Q2 FY06	HY FY07	HY FY06
Operating profit before income taxes	$ 42.0	$ 75.4	$ 108.9	$ 161.6
Adjustments to asbestos provision	47.2	-	74.4	-
Operating profit excluding adjustments to asbestos provision before income taxes	$ 89.2	$ 75.4	$ 183.3	$ 161.6
Income tax expense	20.9	27.8	53.2	58.1
Tax provision write-back	7.4	-	7.4	-
Income tax expense excluding tax provision write-back	$ 28.3	$ 27.8	$ 60.6	$ 58.1
Effective tax rate excluding adjustments to asbestos provision and tax provision write-back	31.7%	36.9%	33.1%	36.0%

EBITDA – is not a measure of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP or as a measure of profitability or liquidity. Not all companies calculate EBITDA in the same manner as James Hardie has and, accordingly, EBITDA may not be comparable with other companies. The company has included information concerning EBITDA because it believes that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements.

Supplemental Financial Information

James Hardie's management measures its operating performance and analyses year-over-year changes in operating results with and without the effect of the asbestos provision initially recorded in the fourth quarter of fiscal year 2006 and believes that shareholders will do the same.

As set forth in Note 7 of the 30 September 2006 Financial Report, the asbestos provision, while recurring, is based on periodic actuarial determinations, claims experience and currency fluctuations. It has no relation to the results of the company's operations. Accordingly, management believes that the following information is useful to it and investors in evaluating ongoing operating financial performance.

The following tables are considered non-GAAP and are not intended to be used or viewed in any respect as substitutes for the company's GAAP consolidated financial statements. These non-GAAP measures should only be viewed as a supplement to reported GAAP financials statements, and, in all cases, the corresponding GAAP amounts are shown on the same line as the non-GAAP measure, to avoid any possible confusion.

The following tables should be read in conjunction with JHI NV's financial statements and related notes contained in the 30 September 2006 Financial Report.

James Hardie Industries N.V.
Consolidated Balance Sheet
30 September 2006
(Unaudited)

US$ Million	Total Fibre Cement Operations - excluding effect of asbestos	Asbestos Provision	As Reported
ASSETS			
Current assets:			
Cash and cash equivalents	$ 47.3	$ -	$ 47.3
Restricted cash	5.0		5.0
Accounts and notes receivable, net of allowance for doubtful accounts of $1.5 million	157.6	-	157.6
Inventories	142.2	-	142.2
Prepaid expenses and other current assets	49.3	-	49.3
Deferred income taxes	24.8	-	24.8
Total current assets	426.2	-	426.2
Property, plant and equipment, net	816.1	-	816.1
Deferred income taxes	5.3	-	5.3
Deposit with Australian Taxation Office	141.4		141.4
Other assets	7.3	-	7.3
Total assets	$ 1,396.3	$ -	$ 1,396.3
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	$ 116.5	$ -	$ 116.5
Short-term debt	135.0	-	135.0
Accrued payroll and employee benefits	38.5	-	38.5
Accrued product warranties	8.1	-	8.1
Income taxes payable	16.4	-	16.4
Other liabilities	3.1	-	3.1
Total current liabilities	317.6	-	317.6
Deferred income taxes	91.6	-	91.6
Accrued product warranties	7.3	-	7.3
Asbestos provision	-	790.0	790.0
Other liabilities	49.1	-	49.1
Total liabilities	465.6	790.0	1,255.6
Commitments and contingencies			
Shareholders' equity			
Common stock, Euro 0.59 par value, 2.0 billion shares authorised; 463,735,445 shares issued and outstanding	253.2	-	253.2
Additional paid-in capital	161.8	-	161.8
Retained earnings (deficit)	539.6	(790.0)	(250.4)
Employee loans	(0.3)	-	(0.3)
Accumulated other comprehensive loss	(23.6)	-	(23.6)
Total shareholders' equity	930.7	(790.0)	140.7
Total liabilities and shareholders' equity	$ 1,396.3	$ -	$ 1,396.3

James Hardie Industries N.V.
Consolidated Statement of Income
For the six months ended 30 September 2006
(Unaudited)

US$ Million	Total Fibre Cement Operations - excluding effect of asbestos	Asbestos Provision	As Reported
Net Sales			
USA Fibre Cement	$ 687.9	$ -	$ 687.9
Asia Pacific Fibre Cement	123.0	-	123.0
Other	16.0	-	16.0
Total Net Sales	826.9	-	826.9
Cost of goods sold	(514.0)	-	(514.0)
Gross profit	312.9	-	312.9
Selling, general and administrative expenses	(108.9)	-	(108.9)
Research and development expenses	(14.1)	-	(14.1)
SCI and other related expenses	(5.6)	-	(5.6)
Adjustments to asbestos provision	-	(74.4)	(74.4)
EBIT	184.3	(74.4)	109.9
Net interest expense	(1.0)	-	(1.0)
Operating profit before income taxes	183.3	(74.4)	108.9
Income tax expense	(53.2)	-	(53.2)
Operating Profit Before Cumulative Effect of Change in Accounting Principle	130.1	(74.4)	55.7
Cumulative effect of change in accounting principle for stock-based compensation (net of $0.4 million tax)	0.9	-	0.9
Net Operating Profit	$ 131.0	$ (74.4)	$ 56.6
Effective Tax Rate	29.0%	-	48.9%
Volume (mmsf)			
USA Fibre Cement	1,179.1	-	1,179.1
Asia Pacific Fibre Cement	192.5	-	192.5
Average net sales price per unit (per msf)		-	
USA Fibre Cement	US$583	-	US$583
Asia Pacific Fibre Cement	A$849	-	A$849

James Hardie Industries N.V.
Consolidated Statement of Cash Flows
For the six months ended 30 September 2006
(Unaudited)

US $ Million	Total Fibre Cement Operations - excluding effect of asbestos	Asbestos Provision	As Reported
Cash Flows From Operating Activities			
Net income (loss)	$ 131.0	$ (74.4)	$ 56.6
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortisation	24.2	-	24.2
Deferred income taxes	17.4	-	17.4
Prepaid pension cost	1.5	-	1.5
Stock-based compensation	1.4	-	1.4
Asbestos provision	-	74.4	74.4
Cumulative effect of change in accounting principle	(0.9)	-	(0.9)
Deposit with Australian Taxation Office	(141.4)		(141.4)
Changes in operating assets and liabilities:			
Restricted cash	(5.0)	-	(5.0)
Accounts and notes receivable	(1.9)	-	(1.9)
Inventories	(16.8)	-	(16.8)
Prepaid expenses and other current assets	(16.6)	-	(16.6)
Accounts payable and accrued liabilities	(1.9)	-	(1.9)
Other accrued liabilities and other liabilities	(13.3)	-	(13.3)
Net cash used in operating activities	(22.3)	-	(22.3)
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	(61.4)	-	(61.4)
Net cash used in investing activities	(61.4)	-	(61.4)
Cash Flows From Financing Activities			
Repayments of long-term debt	(121.7)	-	(121.7)
Repayments of short-term debt	(46.0)	-	(46.0)
Proceeds from issuance of shares	1.5	-	1.5
Winfall income tax benefit from stock option expense	0.1	-	0.1
Dividends paid	(18.7)	-	(18.7)
Collections of loans receivable	0.1		0.1
Net cash used in financing activities	(184.7)	-	(184.7)
Effects of exchange rate changes on cash	0.6	-	0.6
Net decrease in cash and cash equivalents	(267.8)	-	(267.8)
Cash and cash equivalents at beginning of period	315.1	-	315.1
Cash and cash equivalents at end of period	$ 47.3	$ -	$ 47.3
Components of Cash and Cash Equivalents			
Cash at bank and on hand	$ 27.0	$ -	$ 27.0
Short-term deposits	20.3	-	20.3
Cash and cash equivalents at end of period	$ 47.3	$ -	$ 47.3

Disclaimer

This Management's Analysis of Results contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with or furnished to the United States Securities and Exchange Commission on Forms 20-F and 6-K, in our annual reports to shareholders, in offering circulars and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of forward-looking statements include:

- *expectations that the conditions precedent to the Final Funding Agreement will be satisfied;*
- *expectations about payments to a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;*
- *expectations concerning the Australian Tax Office amended assessment;*
- *expectations that our credit facilities will be extended or renewed;*
- *projections of our operating results or financial condition;*
- *statements regarding our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;*
- *statements about our future performance; and*
- *statements about product or environmental liabilities.*

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "should," "aim" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under "Risk Factors" beginning on page 5 of our Form 20-F filed on 29 September 2006 with the Securities and Exchange Commission, include but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; the success of our research and development efforts; our reliance on a small number of product distributors; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; foreign exchange risks; the successful implementation of new software systems; and the successful implementation of the internal control over financial reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as codified by Item 308 of regulation S-K. We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.