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13 November 2006

2nd quarter and half year net operating profit up 43% and 27% to US$68.3 million and US$131.0 million, respectively – excluding asbestos provision

James Hardie today announced that for the three months ended 30 September 2006, net operating profit, excluding adjustments to the asbestos provision, increased 43% compared to the same quarter last year, to US$68.3 million from US$47.6 million.

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 (KPMG Actuaries) and to adjust for payments made to claimants during the half year. Additionally, the provision was adjusted for the effect of foreign exchange leading to a charge of US$5.4 million for the quarter. These adjustments (with no current cash impact) reduced net operating profit to US$21.1 million, down 56% compared to the same quarter last year.

For the half year, net operating profit excluding adjustments to the asbestos provision increased 27% to US$131.0 million from US$103.5 million. Including the adjustments to the asbestos provision of US$74.4 million (of which US$32.6 million related to the effect of foreign exchange for the half year), net operating profit decreased 45% to US$56.6 million.

The asbestos provision is based on an estimate of future Australian asbestos-related liabilities in accordance with the Final Funding Agreement (FFA) that was signed with the New South Wales (NSW) Government on 1 December 2005.

Operating performance

The 2nd quarter highlights include a 9% lift in net sales to US$411.4 million and a 13% increase in gross profit to US$155.2 million. EBIT 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 adjustments to the asbestos provision. EBIT excluding adjustments to asbestos provision increased by 15% to US$88.2 million.

The USA Fibre Cement business was again the standout performer, lifting 2nd quarter net sales 10% and EBIT 14% compared to the same period last year, in a softer US housing market and a period of higher input costs. For the half year, net sales increased 16% and EBIT was up 12% compared to the same period last year.

In this Media Release, James Hardie may present the financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 9. 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 the adjustments to asbestos provision and write-back of tax provision", "Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back" and "EBITDA"). Unless otherwise stated, results are for comparisons are of the 2nd quarter and 1st half of the current fiscal year versus the 2nd quarter and 1st half of the prior fiscal year.

The 2nd quarter saw no improvement in market conditions for the Asia Pacific Fibre Cement businesses. Sales volumes increased in the Australia and New Zealand and the Philippines businesses, but the impact of lower prices in Australia and unfavourable foreign exchange movements resulted in EBIT for the second quarter being 4% lower, compared to the same period last year. For the half year, net sales and EBIT were down 2% and 11%, respectively.

Diluted earnings per share for the quarter decreased to US4.5 cents in the second quarter from US10.2 cents, and to US12.1 cents from US22.3 cents for the half year, compared to the same periods last year.

Diluted earnings per share excluding adjustments to the asbestos provision and a tax provision write-back of US$7.4 million increased by 28% from US10.2 cents to US13.1 cents for the quarter and by 19% from US22.3 cents to US26.5 cents for the half year.

2nd Quarter and First Half at a Glance

US$ Million	**Q2 FY07**	**Q2 FY06**	**%+\(-)**	**HY FY07**	**HY FY06**	**%+\(-)**
Net sales	$411.4	$376.6	9	$826.9	$736.0	12
Gross profit	155.2	137.3	13	312.9	282.6	11
SCI and other related expenses	(3.2)	(4.7)	(32)	(5.6)	(9.9)	(43)
EBIT excluding adjustments to asbestos provision	88.2	76.4	15	184.3	163.3	13
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)
Income tax expense	(20.9)	(27.8)	(25)	(53.2)	(58.1)	(8)
Net operating profit	21.1	47.6	(56)	56.6	103.5	(45)

The results include Special Commission of Inquiry (SCI) and other related expenses of US$3.2 million for the quarter and US$5.6 million for the half year (US$3.0 million and US$5.2 million after tax, respectively), a tax provision write-back of US$7.4 million for the quarter and half year, and for the half year only, a make-whole payment of US$6.0 million (US$5.6 million after tax) resulting from the prepayment of US$-denominated debt in May 2006.

Net operating profit excluding adjustment to the asbestos provision, SCI and other related expenses, the make-whole payment and the tax provision write-back, increased 23% for the quarter to US$63.9 million and 19% to US$134.4 million for the half year as shown in the following table:

US$ Million	Q2 FY07	Q2 FY06	% Change	HY FY07	HY FY06	% Change
Net operating profit	$ 21.1	$ 47.6	(56)	$ 56.6	$103.5	(45)
Adjustments to asbestos provision	47.2	-	-	74.4	-	-
Net operating profit excluding adjustments to asbestos provision	68.3	47.6	43	131.0	103.5	27
SCI and other related expenses (net of tax)	3.0	4.4	(32)	5.2	9.3	(44)
Debt 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

Commentary

James Hardie's Chief Executive Officer, Louis Gries said: "Our USA Fibre Cement business continued to perform strongly in a much softer US housing market, delivering good top-line and bottom-line growth for the 2nd quarter and half year.

"We expect US housing conditions to soften further and remain challenging, at least in the short-term, although the fundamental drivers of housing demand suggest the longer-term outlook is encouraging.

"We remain well positioned to continue outperforming the market overall and generate good returns through our ability to grow market share and maintain attractive margins.

"An important milestone in the implementation of our voluntary asbestos compensation funding proposal was passed late last week with the receipt of favourable taxation rulings from the Australian Taxation Office. We are now seeking to finalise an amended FFA and related agreements with the NSW Government and hope to hold a shareholder meeting in February 2007 when we will ask shareholders to consider the proposal." said Mr Gries.

Dividend

The company today announced an interim dividend of US5.0 cents a share. The dividend was declared in United States currency and will be paid on 8 January 2007, with a record date of 15 December 2006. The Australian currency equivalent of the dividend to be paid to CUFS holders will also be announced to the ASX on that date. ADR holders will receive their dividend in United States currency.

USA Fibre Cement

Despite a much softer US housing market, further penetration of our targeted markets helped increase net sales 10% compared to the same quarter last year to US$339.0 million. Sales volume increased 3% to 573.4 million square feet, and the average net sales price was 7% higher at US$591 per thousand square feet.

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

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

The increase in net sales was partly offset by higher raw material costs, including pulp which was at its highest level for many years, and higher SG&A expenses. EBIT for the quarter was up 14% to US$97.8 million. The EBIT margin was 28.8%.

For the half year, net sales increased by 16% to US$687.9 million driven by a 9% increase in sales volumes, to 1,179.1 million square feet, and a 6% increase in the average net selling price to US$583 per thousand square feet. EBIT for the six months increased by 12% to US$201.1 million and the EBIT margin was 29.2%.

Australia and New Zealand (ANZ) Fibre Cement

Despite sales volumes increasing 4% for the quarter compared to the same period last year, net sales 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 were 1% lower due to the impact of competition on the average net sales price.

The new housing and renovations markets remained soft during the quarter but the business lifted demand through market initiatives designed to grow primary demand for its products, including providing more value-added, differentiated products. A new premium-branded Scyon™ suite of value-added, differentiated products was launched during the quarter including proprietary Scyon™ Wet Area Flooring; Scyon™ Trim; Scyon™ Cavity Trim; Scyon™ Axon™ cladding; and Scyon™ Matrix cladding. These products are expected to help demand continue to grow faster than the market overall.

EBIT was 2% lower for the quarter at US$11.1 million due to lower net sales, increased manufacturing costs, partially offset by a reduction in SG&A costs. The EBIT margin was 19.5%.

For the half year, sales fell 3% to US$110.2 million compared to US$113.9 million in the same period last year. EBIT was down 11% to US$20.0 million. The EBIT margin for the half year was 18.1%.

Philippines – EBIT positive

Net sales increased for the quarter and half year compared to the same periods last year as the business improved its market penetration in the new residential and commercial segments. The business recorded a small positive EBIT for the quarter and half year.

USA Hardie Pipe – Progress continuing

Net sales for the quarter and half year increased compared to the same periods last year. The business is continuing to focus on growing sales in its core markets and improving profitability and recorded a small positive EBIT for the quarter and the half year.

Europe Fibre Cement – Sales increasing

The business is continuing to grow sales and is building awareness of its backer and siding products among distributors, builders and contractors.

Income tax

The company's effective tax rate of 49.8% for the quarter and 48.9% for the half year were affected by adjustments to the asbestos provision and the write-back of a tax provision of US$7.4 million that is no longer required. The effective tax rate excluding adjustments to the asbestos provision and the tax provision write-back was 31.7% for the quarter and 33.1% for the half year.

Disputed Amended Australian 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 Australian Taxation Office (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 was 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 in the event the appeal is unsuccessful and to pay general interest charges accruing on the unpaid balance of the amended assessment in arrears on a quarterly basis. 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 financial statements and it intends to treat any future payments as a deposit pending resolution of this matter.

Asbestos Compensation Funding Agreement

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

On 23 June 2006, the 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, 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. Negotiations to settle the commercial terms of such funding have been held, and it is expected that James Hardie will enter into interim funding documentation during November.

Readers are referred to 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 other related matters.

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 and for payments made to claimants by the Medical Research and Compensation Foundation 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

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.

Outlook

In North America, a further softening in demand for new residential housing is expected in the short-term with the US-based National Association of Home Builders reporting that the heavy supply of houses for sale points toward further declines in new starts in the months ahead.

The current weakened market conditions reflect lower housing affordability, a large inventory of unsold homes and investors leaving the market. However, regional variances in the impact are expected to continue.

Repair and remodelling activity is expected to remain ahead of activity levels in new residential construction in the short-term.

Volume growth is likely to be affected further in the 3rd quarter, but the business expects to continue outperforming the market overall by taking more market share from alternative materials and by increasing the proportion of value-added differentiated products in its sales mix.

Input costs are expected to remain high in the short-term with the cost of raw materials, particularly pulp, at very high levels. Attractive margins are expected to be maintained in the short-term despite the higher costs.

In the Australia and New Zealand business, market conditions are expected to remain challenging with no near-term improvement in sight. Further volume growth is expected due to initiatives to grow primary demand, but the average selling price is expected to remain under pressure due to price competition in Australia.

In the Philippines, the building and construction market is expected to remain under pressure for the remainder of the year, but a small improvement in net sales is expected.

In addition, as discussed in Note 7 of the company's 30 September 2006 Financial Report, the asbestos provision will be updated annually, based on the most recent actuarial determinations and claims experience, and quarterly, to reflect changes in foreign exchange rates. Such updates may have a material impact on James Hardie's consolidated financial statements.

The current range of analyst earnings estimates[1] for the fiscal year ending 31 March 2007 is for net profit from continuing operations excluding all asbestos related expenses to be US$206 million to US$237 million. While uncertainty surrounding the short to medium-term strength of the US housing market remains at its highest level in recent years, the company's current projection for fiscal year 2007 is for net profit from continuing operations excluding asbestos related expenses to fall within this range.

END

[1] Includes: ABN Amro, Credit Suisse, Deutsche Bank, Goldman Sachs JB Were, Macquarie Research, Merill Lynch, UBS and JPMorgan

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

These documents, along with a webcast of the management presentation on 13 November 2006, are available from the Investor Relations section of James Hardie's 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.

Disclaimer

This Media Release 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.