6 March 2007

James Hardie Industries N.V.
Results for the 3rd Quarter and Nine Months Ended 31 December 2006

US GAAP - US$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY07	Q3 FY06	% Change	9 Mths FY07	9 Mths FY06	% Change
Net Sales						
USA Fibre Cement	$ 284.5	$297.9	(4)	$ 972.4	$ 892.8	9
Asia Pacific Fibre Cement	64.4	59.4	8	187.4	184.6	2
Other	6.2	5.4	15	22.2	21.3	4
Total Net Sales	$ 355.1	$362.7	(2)	$1,182.0	$1,098.7	8
Cost of goods sold	(228.8)	(234.0)	2	(742.8)	(687.4)	(8)
Gross profit	126.3	128.7	(2)	439.2	411.3	7
Selling, general & administrative expense	(53.4)	(51.2)	(4)	(162.3)	(146.4)	(11)
Research & development expense	(6.2)	(8.3)	25	(20.3)	(21.7)	6
Special Commission of Inquiry (SCI) & other related expenses	(2.6)	(4.8)	46	(8.2)	(14.7)	44
Other operating expense	-	-	-	-	(0.8)	-
Adjustments to asbestos provision	(44.8)	-	-	(119.2)	-	-
EBIT	19.3	64.4	(70)	129.2	227.7	(43)
Net interest (expense) income	(1.3)	0.8	-	(2.3)	(0.9)	-
Operating profit before income taxes	18.0	65.2	(72)	126.9	226.8	(44)
Income tax expense	(26.0)	(24.5)	(6)	(79.2)	(82.6)	4
Operating (loss) profit before cumulative effect of change in accounting principle	(8.0)	40.7	-	47.7	144.2	(67)
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 (loss) profit	$ (8.0)	$40.7	-	$ 48.6	$144.2	(66)
(Loss) Earnings per share – diluted (US cents)	(1.7)	8.7	-	10.5	31.0	(66)
Tax rate	144.4%	37.6%		62.4%	36.4%	
Volume (mmsf)						
USA Fibre Cement	484.0	527.5	(8)	1,663.1	1,607.7	3
Asia Pacific Fibre Cement	100.1	92.3	8	292.6	278.0	5
Average net sales price per unit (per msf)						
USA Fibre Cement	US$588	US$565	4	US$585	US$555	5
Asia Pacific Fibre Cement	A$836	A$865	(3)	A$845	A$877	(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 page 13. 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 3rd quarter and 1st nine months of the current fiscal year versus the 3rd quarter and 1st nine months of the prior fiscal year.

Total Net Sales

Total net sales for the quarter decreased 2% compared to the same quarter of the previous year, from US$362.7 million to US$355.1 million. For the nine months, total net sales increased 8% from US$1,098.7 million to US$1,182.0 million.

Net sales from USA Fibre Cement for the quarter decreased 4% from US$297.9 million to US$284.5 million, due to decreased sales volume which was partially offset by an increased average net sales price. For the nine months, net sales from USA Fibre Cement increased 9%, from US$892.8 million to US$972.4 million, due to increased sales volume and a higher average net sales price.

Net sales from Asia Pacific Fibre Cement for the quarter increased by 8% from US$59.4 million to US$64.4 million and 2% for the nine months from US$184.6 million to US$187.4 million, due to an increase in sales volume and a favourable movement in the foreign exchange rate, partially offset by a decrease in the average net sales price.

Other net sales for the quarter increased 15% from US$5.4 million to US$6.2 million and 4% for the nine months from US$21.3 million to US$22.2 million, due to the improved performance of the USA Hardie Pipe and European businesses.

USA Fibre Cement

Quarter

Net sales for the quarter decreased 4% from US$297.9 million in the third quarter of the prior fiscal year, to US$284.5 million due to decreased sales volume which was partially offset by an increased average net sales price.

Sales volume decreased 8% from 527.5 million square feet to 484.0 million square feet for the quarter, as primary demand for the company's products decreased amidst a weakening residential housing market.

The average net sales price increased 4% from US$565 per thousand square feet to US$588 per thousand square feet.

Nine months

Net sales increased 9% from US$892.8 million to US$972.4 million due to increased sales volume and a higher average net sales price.

Sales volume increased 3% from 1,607.7 million square feet to 1,663.1 million square feet due mainly to growth in primary demand for fibre cement during the first half of the year, despite a weaker residential housing market.

The average net sales price increased 5% compared to the same period last year, from US$555 per thousand square feet to US$585 per thousand square feet.

Discussion

The new housing construction market continued to weaken during the quarter with the U.S. Census Bureau reporting that new single family housing starts for the quarter were down 29.4% compared to the same period last year, and 14.7% for the calendar year ended 31 December 2006.

Interest rates have remained relatively low, but supply of new residential housing remains greater than demand and the large home builders have focussed on cost savings, clearing inventory and adjusting production volumes.

Despite continuing to perform better than the new housing market overall due to market penetration against alternative materials such as wood and vinyl siding, demand in our exterior products category in the quarter was strongly affected by the decline in housing starts. Lower exterior product sales were recorded across all divisions. Sales of higher-priced, differentiated products such as XLD® and HLD® Trim, and ColorPlus® pre-painted siding continued to grow, but growth in these exterior products was more than offset by lower sales volumes for other core products.

The weaker housing market conditions resulted in reduced production to help balance supply with demand, and the business increasing its focus on minimising cash production costs. The business is continuing to invest in key growth initiatives.

The repair and remodel market remained relatively healthy during the quarter and sales for the interior products category continued to grow strongly. Sales growth in this category is being driven largely by the acceptance of Hardibacker 500® as a wet area wall solution. The interior products category represents around 20% of the USA Fibre Cement business' total sales volume.

The increase in the average net sales price for the quarter and nine months 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 net sales growth for the nine months largely reflects further market penetration against alternative materials across the northern, southern and western divisions 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 8% from US$59.4 million to US$64.4 million. Net sales increased 5% in Australian dollars due to an 8% increase in sales volume, partially offset by a 3% decrease in the average A$ net sales price.

Net sales for the nine months increased 2% from US$184.6 million to US$187.4 million. Net sales increased 1% in Australian dollars, due to a 5% improvement in sales volume from 278.0 million square feet to 292.6 million square feet, partially offset by a 4% decrease in the average A$ net sales price.

Australia and New Zealand Fibre Cement

Quarter

Net sales for the quarter increased 7% from US$53.1 million to US$56.8 million. Net sales increased 3% in Australian dollars due to an 8% increase in sales volume, partially offset by a 4% decrease in the average net sales price.

Nine months

Net sales for the nine months were flat at US$167.0 million. In Australian dollars, net sales remained flat due to a 4% increase in sales volume offset by a 4% decrease in average net sales price.

Discussion

In the Australia and New Zealand business, both the new housing and renovation markets remained weak during the quarter, but sales volume increased 8% through market initiatives designed to grow primary demand, including providing more value-added differentiated products. Selling prices for non-differentiated products continue to be subject to strong competitive pressures, leading to a lower average net sales price for the quarter.

For the nine months, sales volume was 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 increased sales of value-added, differentiated products. The average net sales price was also lower for the nine months due to competitive pressures.

Philippines Fibre Cement

Net sales for the quarter increased compared to the same quarter last year due to higher sales volumes. The increase in sales volume was due to stronger domestic building and construction activity and increased export demand. For the nine months, net sales increased due to market penetration, partially offset by a lower average net sales price.

Other

USA Hardie Pipe

Net sales for the quarter and nine month period increased compared to the same periods last year due to an increase in the average net sales price for the quarter, and increase in sales volumes and the average net sales price for the nine months. The business continued to focus on building sales volume in core markets and expanding into other strategic markets.

Europe Fibre Cement

Sales continued to grow steadily, albeit from a low base.

Gross Profit

Quarter

Gross profit decreased 2% from US$128.7 million to US$126.3 million. The gross profit margin increased slightly from 35.5% to 35.6%.

USA Fibre Cement gross profit decreased 3% compared to the same quarter last year due to lower sales volumes and higher unit costs, partially offset by a higher average net sales price and lower freight costs. The gross profit margin increased 0.5 percentage points.

Asia Pacific Fibre Cement gross profit increased 8% compared to the same period last year due to increased net sales. The gross profit margin decreased 0.2 percentage points.

Nine months

Gross profit increased 7% from US$411.3 million to US$439.2 million due mainly to a strong improvement in net sales for the USA Fibre Cement business in the first half of the year. The gross profit margin decreased 0.2 percentage points to 37.2%.

USA Fibre Cement gross profit increased 9% compared to the same period last year due to increased net sales, partially offset by higher unit costs. The gross profit margin decreased 0.1 percentage points.

Asia Pacific Fibre Cement gross profit decreased 6% primarily due to reduced profitability in the Australian Fibre Cement business. 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 profit margin decreased 2.5 percentage points.

Selling, General and Administrative (SG&A) Expense

SG&A expense increased 4% for the quarter, from US$51.2 million to US$53.4 million. As a percentage of sales, SG&A expense increased 0.9 of a percentage point to 15.0%.

For the nine months, SG&A expenses increased 11% from US$146.4 million to US$162.3 million due to an increase in sales, marketing and administrative expenditure in the USA Fibre Cement business reflecting expenditures on business initiatives including a build up of organisational infrastructure to drive growth strategies. This was partially 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 0.4 of a percentage point to 13.7%.

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$3.6 million and 3% higher for the nine months at US$10.0 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 45% lower at US$2.6 million for the quarter and14% lower at US$10.3 million for the nine months.

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. On 1 December 2005, James Hardie, a wholly owned subsidiary of James Hardie (the “Performing Subsidiary”) and the NSW Government signed the Final Funding Agreement (Original FFA). An amended version of that agreement (Amended FFA) was executed on 21 November 2006.

Costs incurred during the quarter associated with the SCI and other related expenses totalled US$2.6 million, bringing the total for the nine months to US$8.2 million, compared with US$14.7 million incurred in the same nine months of the prior fiscal year.

Further information on the SCI and other related expenses can be found in Note 7 of James Hardie’s 31 December 2006 Financial Report.

ASIC Proceedings and Investigation

On 14 February 2007, the Australian Securities & Investments Commission (ASIC) advised the company that it had commenced civil proceedings against JHI NV, a former subsidiary and 10 present or former officers and directors of the James Hardie group. The civil proceedings concern alleged contraventions of certain provisions of the Corporations Law and/or the Corporations Act connected with the affairs of the Company and certain subsidiaries during the period February 2001 to June 2003.

On 20 February 2007, the company announced that the three serving directors named in the ASIC proceedings had resigned from the Board and Board Committees.

The Company has considered the impact of the ASIC proceedings upon its current financial statements and believes that these proceedings will have no material impact. However, there remains considerable uncertainty surrounding the likely outcome of the ASIC proceedings in the longer term and there is a possibility that the related costs to the company could become material. However, at this stage it is not possible to determine the amount of any such liability.

Readers are referred to Note 7 of the company’s 31 December 2006 Financial Report for further information on the ASIC Investigation.

Asbestos Compensation Funding Arrangement

As of 31 December 2006, all substantive conditions precedent to the Amended FFA were satisfied except the requirement for the approval of the company's security holders.

In the third quarter of fiscal year 2007, the following conditions precedent were satisfied: receipt of an independent expert's report confirming that the funding proposal is in the best interests of the company and its enterprise as a whole; approval of the company's lenders; and confirmation satisfactory to the company's Board of Directors, acting reasonably, that the contributions to be made by JHI NV and the Performing Subsidiary under the Amended FFA will be tax deductible; and confirmation as to the expected tax consequences arising to the SPF and others from implementing the arrangements.

An Explanatory Memorandum was forwarded to security holders for consideration in December 2006. At the company's Extraordinary General Meeting held on 7 February 2007, security holders voted overwhelmingly in favour of approving the proposed funding arrangement, as amended. In accordance with the Amended FFA, James Hardie made an initial contribution of A$184.3 million to the Asbestos Injuries Compensation Fund (AICF) on 9 February 2007. The new asbestos compensation funding arrangement is now operational.

Readers are referred to "SCI and Other Related Expenses" above and Note 7 of the company's 31 December 2006 Financial Report for further information on the voluntary funding proposal, and for information on the SCI and 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 Pty Ltd and for payments made to claimants by the Medical Research and Compensation Foundation during the half year.

In order to continue to meet asbestos-related claims prior to the implementation of the Amended FFA and receipt of the initial funding, an interim funding payment of A$9.0 million (US$7.1 million) was made in December 2006. This amount was repaid out of part of the proceeds of the initial funding paid on 9 February 2007 and has been treated as a reduction in the value of the provision at 31 December 2006.

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 nine months	-		77.4
Other adjustments	55.9	1.3365 to 1	41.8
Interim funding payment	(9.0)	1.2648 to 1	(7.1)
At 31 December 2006	A$ 1,046.9	1.2648 to 1	US$ 827.7
At 30 September 2006	A$ 1,055.9	1.3365 to 1	US$ 790.0
Effect of foreign exchange for the third quarter	-		44.8
Interim funding payment	(9.0)	1.2648 to 1	(7.1)
At 31 December 2006	A$ 1,046.9	1.2648 to 1	US$ 827.7

EBIT

EBIT for the quarter decreased 70% from US$64.4 million to US$19.3 million. EBIT for the quarter includes an expense of US$44.8 million related to the adjustments to the asbestos provision arising from foreign exchange rate movements and SCI and other related expenses of US$2.6 million, as shown in the table below. The EBIT margin was 12.4 percentage points lower at 5.4%.

For the nine months, EBIT decreased 43% from US$227.7 million to US$129.2 million. The EBIT margin decreased 9.8 percentage points to 10.9%. EBIT for the nine months includes an expense of US$119.2 million related to adjustments to the asbestos provision and SCI and other related expenses of US$8.2 million as shown in the table below.

EBIT - US$ millions

	Three Months and Nine Months Ended 31 December					
	Q3 FY07	Q3 FY06	% Change	9 Mths FY07	9 Mths FY06	% Change
USA Fibre Cement	$76.7	$79.7	(4)	$277.8	$259.9	7
Asia Pacific Fibre Cement	8.8	8.0	10	30.6	32.4	(6)
Research & Development	(4.9)	(4.6)	(7)	(13.6)	(11.8)	(15)
Other	(2.4)	(3.2)	25	(6.6)	(9.3)	29
General Corporate	(14.1)	(15.5)	9	(39.8)	(43.5)	9
Adjustments to asbestos provision	(44.8)	-	-	(119.2)	-	-
EBIT	19.3	64.4	(70)	129.2	227.7	(43)
Excluding:						
Adjustments to asbestos provision	44.8	-	-	119.2	-	-
SCI and other related expenses	2.6	4.8	(46)	8.2	14.7	(44)
EBIT excluding adjustments to asbestos provision, and SCI and other related expenses	$ 66.7	$ 69.2	(4)	$ 256.6	$ 242.4	6
Net sales	$ 355.1	$ 362.7	(2)	$ 1,182.0	$ 1,098.7	8
EBIT margin excluding adjustments to asbestos provision and SCI and other related expenses	18.8%	19.1%		21.7%	22.1%	

USA Fibre Cement EBIT

USA Fibre Cement EBIT for the quarter decreased 4% from US$79.7 million to US$76.7 million, primarily due to decreased sales volume. The decrease was also due to increased unit costs being only partially offset by a higher average net sales price and lower freight costs. For the nine months, EBIT increased 7% from US$259.9 million to US$277.8 million. The increase was due to increased sales volume, a higher average net sales price and lower unit freight costs, partially offset by higher unit costs and SG&A expenses. The USA Fibre Cement EBIT margin was 0.2 percentage points higher at 27.0% for the quarter and fell 0.5 percentage points to 28.6% for the nine months.

Asia Pacific Fibre Cement EBIT

Asia Pacific Fibre Cement EBIT for the quarter increased 10% from US$8.0 million to US$8.8 million, due to improved EBIT performance in each of the Asia Pacific businesses. For the nine months, EBIT decreased 6% from US$32.4 million to US$30.6 million, due to a reduced EBIT performance in the Australian and New Zealand Fibre Cement businesses, partially offset by improved EBIT performance in the Philippines Fibre Cement business. The EBIT margin increased 0.2 percentage points to 13.7% for the quarter and decreased 1.3 percentage points to 16.3% for the nine months.

Australia and New Zealand Fibre Cement EBIT for the quarter increased 7% from US$7.3 million to US$7.8 million. In Australian dollars, EBIT increased 2% due primarily to higher sales volumes partially offset by a lower average net sales price and increased manufacturing costs, including costs associated with the temporary closure of the Rosehill plant in December for asbestos-related inspections and assessment. The EBIT margin remained flat at 13.7%.

For the nine months, EBIT for the Australia and New Zealand Fibre Cement business fell by 6% from US$29.7 million to US$27.8 million due to competitive pressures on pricing combined with increased costs. The EBIT margin decreased by 1.2 percentage points to 16.6%.

The Philippines Fibre Cement business recorded an increase in EBIT for the quarter and the nine months due to increases in volume and average net sales price and improved operating efficiencies, partially offset by increased SG&A costs.

Other EBIT

The USA Hardie Pipe business recorded a small negative EBIT for the quarter and a small positive EBIT for the nine months compared to small EBIT losses in the same periods last year.

The Europe Fibre cement business incurred an EBIT loss for the quarter and the nine months as it continued to build 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 nine months of fiscal 2007, this business incurred closure costs of US$1.2 million.

General Corporate Costs

General corporate costs for the quarter decreased by US$1.4 million from US$15.5 million to US$14.1 million. The decrease was primarily due to a decrease of US$2.2 million in SCI and other related expenses, partially offset by an increase of US$0.8 million in other corporate costs.

For the nine months, general corporate costs decreased by US$3.7 million from US$43.5 million to US$39.8 million. The reduction was caused by a decrease of US$6.5 million in SCI and other related expenses partially offset by an increase of US$1.9 million in defined benefit pension costs and an increase of US$0.9 million in other corporate costs.

Net Interest (Expense) Income

Net interest expense for the quarter increased US$2.1 million from net interest income of US$0.8 million to net interest expense of US$1.3 million. For the nine months, net interest expense increased from US$0.9 million to US$2.3 million. The increase in net interest expense was due to the higher average level of net debt outstanding compared to the same periods in the prior year.

Income Tax Expense

Income tax expense for the quarter increased US$1.5 million from US$24.5 million to US$26.0 million. The increase was due to the shift in the geographical mix of earnings. No income tax benefit was recorded for the adjustments to the asbestos provision.

The company's effective tax rate of 144.4% for the quarter was significantly affected by the US$44.8 million adjustments to the asbestos provision. The effective tax rate excluding the adjustments to the asbestos provision was 41.4%.

For the nine months, the income tax expense decreased US$3.4 million from US$82.6 million to US$79.2 million. The decrease was due to a tax provision write-back of US$7.4 million, partially offset by the increase in taxable income for the nine months and shift in the geographical mix of earnings. The effective tax rate excluding the adjustments to the asbestos provision and the write-back of a tax provision was 35.2%.

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 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 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 subsequent remissions of general interest charges by the ATO, the total was changed to A$368.0 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$153.0 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 31 December 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 all payments as a deposit in the condensed consolidated financial statements and the company currently intends to treat any future payments as a deposit pending resolution of this matter.

Readers are referred to Note 9 of the 31 December 2006 Financial Report for further information on the ATO amended assessment.

Net Operating (Loss) Profit

Net operating profit (loss) for the quarter decreased from a net operating profit of US$40.7 million to a net operating loss of US$8.0 million. Net operating profit for the current period includes a US$44.8 million charge relating to adjustments to the asbestos provision and SCI and other related expenses of US$2.6 million (US$2.4 million after tax). For the quarter, net operating profit excluding adjustments to the asbestos provision and SCI and other related expenses decreased 13% from US$45.1 million to US$39.2 million as shown in the table below.

For the nine months, net operating profit decreased from US$144.2 million to US$48.6 million including adjustments to the asbestos provision for the nine months of US$119.2 million. Also included in net operating profit for the nine months are SCI and other related expenses of US$8.2 million (US$7.6 million after tax), the make-whole payment on the prepayment of the US$ 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 nine months, 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 10% to US$173.6 million as shown in the table below.

Net Operating (Loss) Profit - US$ millions

	Three Months and Nine Months Ended 31 December					
	Q3 FY07	Q3 FY06	% Change	9 Mths FY07	9 Mths FY06	% Change
Net operating (loss) profit	$(8.0)	$ 40.7	-	$ 48.6	$144.2	(66)
Excluding:						
Adjustments to asbestos provision	44.8	-	-	119.2	-	-
SCI and other related expenses (net of tax)	2.4	4.4	45	7.6	14.1	46
Make-whole payment (net of tax)	-	-	-	5.6	-	-
Tax provision write-back	-	-	-	(7.4)	-	-
Net operating profit excluding adjustments to asbestos provision, SCI and other related expenses, make-whole payment and tax provision write-back	$39.2	$ 45.1	(13)	$173.6	$158.3	10

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 Amended 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$65.3 million as of 31 December 2006. At that date it also had credit facilities totalling US$355.0 million, of which US$88.0 million was drawn. The credit facilities are all uncollateralised and consist of the following:

	At 31 December 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%	$ 110.0	$ 43.0
US$ term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until March 2007 *	5.85%	$ 245.0	$ 45.0
Total		$ 355.0	$ 88.0

* Upon satisfaction of the conditions precedent to the full implementation of the Amended FFA, which occurred on 7 February 2007, the maturity date of the US$245.0 million facilities was automatically extended until June 2010.

At 31 December 2006, the company had net debt of US$22.7 million, compared with net cash of US$12.4 million at 31 March 2006.

At 31 December 2006, the company had US$ 364-day facilities in the amount of US$110.0 million, which expire in December 2007 and term facilities in the amount of US$245.0 million, which expire in March 2007. At 31 December 2006, there was US$88.0 million drawn under the combined facilities and US$267.0 million was available, but unutilised.

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 of the assessment. 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 "Disputed Amended Australian Income Tax Assessment" 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. 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 nine months fell from US$215.8 million to US$44.7 million primarily due to the A$189.0 million (US$141.4 million) ATO deposit payment and an increase in working capital.

Capital expenditures for the purchase of property, plant and equipment decreased from US$123.8 million to US$79.4 million for the nine months.

Net debt peaked after the ATO payment in the second quarter at US$140 million and has since been reduced to US$22.7 million at 31 December 2006.

Asbestos Compensation Funding Arrangement

In late 2006, the Board of JHI NV approved amendments to the Original 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 Amended FFA on 21 November 2006.

The Amended FFA was consistent in all material respects 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 provide compensation to Australian asbestos-related personal injury claimants with proven claims against the Former James Hardie Companies;
- initial funding of approximately A$184.3 million provided by the Performing Subsidiary to the SPF, calculated on the basis of an actuarial report prepared by KPMG Actuaries Pty Ltd ("KPMG Actuaries") as of 30 September 2006. That report provided an estimate of the discounted net present value of all present and future Australian asbestos-related personal injury claims against the Former James Hardie Companies of A$1.52 billion (US$1.14 billion);
- subject to the cap described below, an annual contribution in advance to top up the funds in the SPF to equal the actuarially calculated estimate of expected Australian asbestos-related personal injury claims against the Former James Hardie Companies for the following three years, to be revised annually (so as to create a rolling cash "buffer" in the SPF);

- a cap on the annual payments made by the Performing Subsidiary to the SPF, initially set at 35% of the company's free cash flow (defined as cash from operations in accordance with US GAAP in force at the date of the Original FFA) for the immediately preceding financial year, with provisions for the percentage to decline over time depending upon the Company's financial performance (and therefore the contributions already made to the SPF) and the claims outlook;
- an initial term to 31 March 2045, at the end of which time the parties may either agree upon a final payment to be made by the company in satisfaction of any further funding obligations, or have the term automatically extended for further periods of 10 years until such agreement is reached or the relevant asbestos-related liabilities cease to arise;
- the entry by the parties and/or others into agreements ancillary to or connected with the Amended FFA (the "Related Agreements");
- no cap on individual payments to asbestos claimants;
- the Performing Subsidiary's payment obligations are guaranteed by James Hardie Industries N.V.;
- the SPF's claims to the funding payments required under the Amended FFA will be subordinated to the claims of the Company's lenders;
- the compensation arrangements will extend to members of the Baryulgil community for asbestos-related claims arising from the activities of a former subsidiary of ABN 60; and
- James Hardie Industries N.V. will, for 10 years, provide an annual sum of A$500,000 for the purpose of medical research into the prevention, treatment and cure of asbestos disease and contribute an annual sum of A$75,000 towards an education campaign for the benefit of the Australian public on the dangers of asbestos.

The Amended FFA is subject to a number of conditions precedent. As of 31 December 2006, all substantive conditions to the Amended FFA had been satisfied, except the requirement for the approval of the company's security holders. Such approval was obtained at an Extraordinary General Meeting of security holders held on 7 February 2007.

Readers are referred to "SCI and Other Related Expenses" above and Note 7 of the company's 31 December 2006 Financial Report for further information on the voluntary funding proposal, and for information on the SCI and related matters.

END

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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 an audiocast of the presentation on 6 March 2007, are available from the Investor Relations area of the James Hardie website at www.jameshardie.com

The company lodged its annual filing with the SEC on 29 September 2006.

All holders of the company's securities may receive, on request, a hard copy of our complete audited financial statements, free of charge. Requests can be made via the company website or by contacting one of the company's corporate offices – contact details are made available on the company's website.

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	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
EBIT	$ 19.3	$ 64.4	$ 129.2	$ 227.7
Adjustments to asbestos provision	44.8	-	119.2	-
EBIT excluding adjustments to asbestos provision	64.1	64.4	248.4	227.7
Net Sales	$ 355.1	$ 362.7	$ 1,182.0	$ 1,098.7
EBIT margin excluding adjustments to asbestos provision	18.1%	17.8%	21.0%	20.7%

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	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
EBIT	$ 19.3	$ 64.4	$ 129.2	$ 227.7
Adjustments to asbestos provision	44.8	-	119.2	-
SCI and other related expenses	2.6	4.8	8.2	14.7
EBIT excluding adjustments to asbestos provision and SCI and other related expenses	$ 66.7	$ 69.2	$ 256.6	$ 242.4

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	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
Net operating (loss) profit	$ (8.0)	$ 40.7	$ 48.6	$ 144.2
Adjustments to asbestos provision	44.8	-	119.2	-
Net operating profit excluding adjustments to asbestos provision	$ 36.8	$ 40.7	$ 167.8	$ 144.2

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	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
Net operating (loss) profit	$ (8.0)	$ 40.7	$ 48.6	$ 144.2
Adjustments to asbestos provision	44.8	-	119.2	-
Tax provision write-back	-	-	(7.4)	-
Net operating profit excluding adjustments to asbestos provision and tax provision write-back	$ 36.8	$ 40.7	$ 160.4	$144.2
Weighted average common shares outstanding - Diluted (millions)	464.7	466.8	464.6	465.6
Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back (US cents)	7.9	8.7	34.5	31.0

<u>Effective tax rate excluding adjustments to asbestos provision and tax provision write-back</u> – 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	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
Operating profit before income taxes	$ 18.0	$ 65.2	$ 126.9	$ 226.8
Adjustments to asbestos provision	44.8	-	119.2	-
Operating profit before income taxes excluding adjustments to asbestos provision before income taxes	$ 62.8	$ 65.2	$ 246.1	$ 226.8
Income tax expense	26.0	24.5	79.2	82.6
Tax provision write-back	-	-	7.4	-
Income tax expense excluding tax provision write-back	$ 26.0	$ 24.5	$ 86.6	$ 82.6
Effective tax rate excluding adjustments to asbestos provision and tax provision write-back	41.4%	37.6%	35.2%	36.4%

<u>EBITDA</u> – 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 security holders will do the same.

As set forth in Note 7 of the 31 December 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 31 December 2006 Financial Report.

James Hardie Industries N.V.
Consolidated Balance Sheet
31 December 2006
(Unaudited)

US$ Million	Total Fibre Cement Operations - excluding effect of asbestos	Asbestos Provision	As Reported
ASSETS			
Current assets:			
Cash and cash equivalents	$ 72.4	$ (7.1)	$ 65.3
Restricted cash	5.0		5.0
Accounts and notes receivable, net of allowance for doubtful accounts of $1.3 million	123.3	-	123.3
Inventories	152.8	-	152.8
Prepaid expenses and other current assets	50.3	-	50.3
Deferred income taxes	24.2	-	24.2
Total current assets	428.0	(7.1)	420.9
Property, plant and equipment, net	825.5	-	825.5
Deferred income taxes	5.5	-	5.5
Deposit with Australian Taxation Office	151.7	-	151.7
Other assets	6.6	-	6.6
Total assets	$ 1,417.3	$ (7.1)	$ 1,410.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	$ 96.2	$ -	$ 96.2
Short-term debt	88.0	-	88.0
Dividends Payable	23.4	-	23.4
Accrued payroll and employee benefits	40.4	-	40.4
Accrued product warranties	8.2	-	8.2
Income taxes payable	22.2	-	22.2
Other liabilities	6.4	-	6.4
Total current liabilities	284.8	-	284.8
Deferred income taxes	93.9	-	93.9
Accrued product warranties	6.9	-	6.9
Asbestos provision	-	827.7	827.7
Other liabilities	58.1	-	58.1
Total liabilities	443.7	827.7	1,271.4
Commitments and contingencies			
Shareholders' equity			
Common stock, Euro 0.59 par value, 2.0 billion shares authorised; 466,633,529 shares issued and outstanding	255.7	-	255.7
Additional paid-in capital	176.2	-	176.2
Retained earnings (deficit)	553.0	(834.8)	(281.8)
Employee loans	(0.3)	-	(0.3)
Accumulated other comprehensive loss	(11.0)	-	(11.0)
Total shareholders' equity	973.6	(834.8)	138.8
Total liabilities and shareholders' equity	$ 1,417.3	$ (7.1)	$ 1,410.2

James Hardie Industries N.V.
Consolidated Statement of Operations
For the nine months ended 31 December 2006
(Unaudited)

US$ Million	Total Fibre Cement Operations - excluding effect of asbestos	Asbestos Provision	As Reported
Net Sales			
USA Fibre Cement	$ 972.4	$ -	$ 972.4
Asia Pacific Fibre Cement	187.4	-	187.4
Other	22.2	-	22.2
Total Net Sales	1,182.0	-	1,182.0
Cost of goods sold	(742.8)	-	(742.8)
Gross profit	439.2	-	439.2
Selling, general and administrative expenses	(162.3)	-	(162.3)
Research and development expenses	(20.3)	-	(20.3)
SCI and other related expenses	(8.2)	-	(8.2)
Adjustments to asbestos provision	-	(119.2)	(119.2)
EBIT	248.4	(119.2)	129.2
Net interest expense	(2.3)	-	(2.3)
Operating profit before income taxes	246.1	(119.2)	126.9
Income tax expense	(79.2)	-	(79.2)
Operating Profit Before Cumulative Effect of Change in Accounting Principle	166.9	(119.2)	47.7
Cumulative effect of change in accounting principle for stock-based compensation (net of $0.4 million tax)	0.9	-	0.9
Net Operating Profit	$ 167.8	$ (119.2)	$ 48.6
Effective Tax Rate	32.2%	-	62.4%
Volume (mmsf)			
USA Fibre Cement	1,663.1	-	1,663.1
Asia Pacific Fibre Cement	292.6	-	292.6
Average net sales price per unit (per msf)		-	
USA Fibre Cement	US$585	-	US$585
Asia Pacific Fibre Cement	A$845	-	A$845

James Hardie Industries N.V.
Consolidated Statement of Cash Flows
For the nine months ended 31 December 2006
(Unaudited)

US $ Million	Total Fibre Cement Operations - excluding effect of asbestos	Asbestos Provision	As Reported
Cash Flows From Operating Activities			
Net income (loss)	$ 167.8	$ (119.2)	$ 48.6
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortisation	37.0	-	37.0
Deferred income taxes	20.2	-	20.2
Prepaid pension cost	2.3	-	2.3
Stock-based compensation	2.9	-	2.9
Adjustments to asbestos provision	-	119.2	119.2
Interim payment to Special Purpose Fund		(7.1)	(7.1)
Cumulative effect of change in accounting principle	(0.9)	-	(0.9)
Deposit with Australian Taxation Office	(151.7)		(151.7)
Other	0.3		0.3
Changes in operating assets and liabilities:			
Restricted cash	(5.0)	-	(5.0)
Accounts and notes receivable	35.6	-	35.6
Inventories	(25.4)	-	(25.4)
Prepaid expenses and other current assets	(17.2)	-	(17.2)
Accounts payable and accrued liabilities	(23.2)	-	(23.2)
Other accrued liabilities and other liabilities	9.1	-	9.1
Net cash provided by (used in) operating activities	51.8	(7.1)	44.7
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	(79.4)	-	(79.4)
Net cash used in investing activities	(79.4)	-	(79.4)
Cash Flows From Financing Activities			
Repayments of long-term debt	(121.7)	-	(121.7)
Repayments of short-term debt	(93.0)	-	(93.0)
Proceeds from issuance of shares	15.4	-	15.4
Windfall income tax benefit from stock option expense	1.6	-	1.6
Dividends paid	(18.7)	-	(18.7)
Collections of loans receivable	0.1		0.1
Net cash used in financing activities	(216.3)	-	(216.3)
Effects of exchange rate changes on cash	1.2	-	1.2
Net decrease in cash and cash equivalents	(242.7)	(7.1)	(249.8)
Cash and cash equivalents at beginning of period	315.1	-	315.1
Cash and cash equivalents at end of period	$ 72.4	$ (7.1)	$ 65.3
Components of Cash and Cash Equivalents			
Cash at bank and on hand	$ 46.7	$ (7.1)	$ 39.6
Short-term deposits	25.7	-	25.7
Cash and cash equivalents at end of period	$ 72.4	$ (7.1)	$ 65.3

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 about the timing and amount of payments to the Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;*
- *expectations with respect to the effect on our financial statements of those payments;*
- *statements as to the possible consequences of proceedings brought against us and certain of our former directors and officers by the Australian Securities & Investments Commission;*
- *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; required contributions to the AICF and the effect of foreign exchange on the amount recorded in our financial statements as an asbestos provision; 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.