



28 May 2007

Analyst and Media enquiries about results,  
please contact Steve Ashe on  
Tel: 61 2 8274 5246; Mob: 61 408 164 011

## Full year net operating profit up 6% to US\$222.2m 4<sup>th</sup> Quarter net operating profit US\$54.4m, down 16% (excluding asbestos adjustments and related tax benefit)

James Hardie today announced a US\$222.2 million net operating profit, excluding asbestos adjustments and related tax benefit, for the full year ended 31 March 2007, an increase of 6% compared to the prior full year.

The fourth quarter net operating profit, excluding asbestos adjustments and related tax benefit, fell 16% compared to the same period last year, from US\$64.7 million to US\$54.4 million.

Including these asbestos adjustments for both fiscal years, net operating profit for the year was US\$151.7 million compared to a net operating loss of US\$506.7 million in fiscal year 2006. For the fourth quarter, net operating profit including these asbestos adjustments was US\$103.1 million compared to a net operating loss of US\$650.9 million for the same quarter last year, when the company established an initial provision of US\$715.6 million in respect of likely asbestos compensation payments in Australia.

The asbestos adjustments are derived from an estimate of future Australian asbestos-related liabilities in accordance with the Amended Final Funding Agreement (Amended FFA) that was signed with the New South Wales (NSW) Government on 21 November 2006 and approved by the company's security holders on 7 February 2007. The adjustments include the "grossing-up" effect of recognising the anticipated tax benefit and other assets and liabilities arising from the asbestos-related payments.

### Operating Performance

Despite residential housing construction activity in the company's main markets continuing to weaken, fourth quarter EBIT excluding asbestos adjustments increased 33%, up from US\$53.0 million to US\$70.5 million. Net sales and gross profit were down 7% and 4%, respectively, to US\$360.9 million and US\$133.8 million, respectively.

For the full year, net sales and gross profit were each up by 4%, to US\$1,542.9 million and US\$573.0 million, respectively. EBIT excluding asbestos adjustments increased by 14% to US\$318.9 million compared to US\$280.7 million for the prior year.

*In this Media Release, 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 8. 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 asbestos adjustments", "EBIT and EBIT margin excluding asbestos adjustments, impairment charge and SCI and other related expenses", "Net operating profit excluding asbestos adjustments and tax benefit related to asbestos adjustments", "Net operating profit excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, make-whole payment and tax provision write-back", "Diluted earnings per share excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, make-whole payment and tax provision write-back", "Operating profit before income taxes excluding asbestos adjustments", "Income tax benefit/(expense) excluding tax benefit related to asbestos adjustments and tax provision write-back", "Effective tax rate excluding asbestos adjustments, tax benefit related to asbestos adjustments and tax provision write-back", and "EBITDA"). Unless otherwise stated, results and comparisons are of the current 4<sup>th</sup> quarter and current full year versus the 4<sup>th</sup> quarter and full year of the prior fiscal year.*

USA Fibre Cement net sales were down 11% for the quarter, as the new housing market continued to deteriorate and affect sales volumes. However, EBIT increased by 2% compared to the corresponding period last year. For the full year, net sales increased 4% and EBIT was up 6% compared to the prior year.

Asia Pacific Fibre Cement net sales were up 12% for the quarter despite weaker market conditions. EBIT for the fourth quarter decreased 5% to US\$8.8 million due to reduced EBIT performance in the Australia and New Zealand Fibre Cement business, partially offset by improved EBIT performance in the Philippines Fibre Cement business and favourable currency movements. For the full year, net sales increased 4%, but EBIT was 6% lower compared to the prior year.

Diluted earnings per share for the quarter increased to US22.0 cents per share in the fourth quarter from a loss per share of US\$1.41 in the same period last year. Diluted earnings per share for fiscal year 2007 increased to US32.5 cents per share from a loss per share of US\$1.10 for fiscal year 2006.

Diluted earnings per share excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, Special Commission of Inquiry (SCI) and other related expenses, make-whole payment and tax provision write-backs, increased by 3% from US11.7 cents to US12.0 cents for the quarter and increased by 8% from US45.7 cents to US49.3 cents for fiscal 2007.

#### 4<sup>th</sup> Quarter and Full Year at a Glance

US\$ Million	Q4 FY07	Q4 FY06	% Change	FY07	FY06	% Change
Net sales	\$360.9	\$389.8	(7)	\$1,542.9	\$1,488.5	4
Gross profit	133.8	139.5	(4)	573.0	550.8	4
SCI and other related expenses	(5.4)	(2.7)	(100)	(13.6)	(17.4)	22
EBIT excluding asbestos adjustments	70.5	53.0	33	318.9	280.7	14
Asbestos adjustments	(286.3)	(715.6)	60	(405.5)	(715.6)	43
EBIT	(215.8)	(662.6)	67	(86.6)	(434.9)	80
Net interest (expense) income	(4.2)	0.7	-	(6.5)	(0.2)	-
Income tax benefit (expense)	323.1	11.0	-	243.9	(71.6)	-
Net operating profit (loss)	103.1	(650.9)	-	151.7	(506.7)	-

The results include SCI and other related expenses of US\$5.4 million for the quarter and US\$13.6 million for the full year (US\$5.0 million and US\$12.6 million after tax, respectively), a tax provision write-back of US\$3.0 million for the quarter and US\$10.4 million for the full year and, for the full year only, a make-whole payment of US\$6.0 million (US\$5.6 million after tax) resulting from the prepayment of US\$-denominated notes in May 2006.

Net operating profit excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, the make-whole payment and the tax provision write-backs, increased 3% for the quarter to US\$56.4 million and increased 8% to US\$230.0 million for the full year, as shown in the following table:

US\$ Million	% Change			% Change		
	Q4 FY07	Q4 FY06		FY07	FY06	
Net operating profit (loss)	\$ 103.1	\$ (650.9)	-	\$ 151.7	\$(506.7)	-
Asbestos adjustments	286.3	715.6	60	405.5	715.6	43
Tax benefit related to asbestos adjustments	(335.0)	-	-	(335.0)	-	-
Net operating profit excluding asbestos adjustments and tax benefit related to asbestos adjustments	54.4	64.7	(16)	222.2	208.9	6
Impairment of roofing plant (net of tax)	-	8.0	-	-	8.0	-
SCI and other related expenses (net of tax)	5.0	2.5	(100)	12.6	16.5	24
Make-whole payment (net of tax)	-	-	-	5.6	-	-
Tax provision write-back	(3.0)	(20.7)	-	(10.4)	(20.7)	(50)
Net operating profit excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, make-whole payment and tax provision write-back	\$ 56.4	\$ 54.5	3	\$ 230.0	\$ 212.7	8

## Commentary

James Hardie's Chief Executive Officer, Louis Gries said: "A strong bottom line operating performance in USA Fibre Cement, our largest business, helped cap off a very solid set of full year results amidst difficult and challenging market conditions.

"Compared with last year, both revenue and earnings, excluding asbestos adjustments, were stronger despite housing construction activity being considerably weaker in the US and, to a lesser extent, in Australia and New Zealand.

"We have seen some improvement in demand in our US business so far this first quarter, but the outlook for the US housing market continues to carry significant uncertainty," said Mr Gries.

"The adjustments made to our US business in late 2006 and early 2007 have positioned us well for addressing the weaker market conditions. We are well placed to quickly 'flex up' should the market improve.

"The business is continuing to focus on growing demand for fibre cement, on taking market share from alternative materials and on cost management. The underlying fundamentals of the business remain strong.

"In February, shareholders voted overwhelmingly in favour of our voluntary asbestos compensation proposal and the company made its initial payment of A\$184.3 million to the Asbestos Injuries Compensation Fund, which is now up and running," Mr Gries said.

## Dividend

The company today announced plans for a final dividend of US15 cents a share, an increase of US11 cents on last year's final dividend. The dividend will be paid on 10 July 2007 to shareholders registered on 14 June 2007.

As a consequence, the full year dividend for FY07 will be US20 cents a share; an increase of US12 cents on last year's full year dividend of US8 cents a share.

It is anticipated that the company's future dividend payout ratio will be between 50% and 75% (excluding asbestos adjustments), subject to financing requirements.

#### USA Fibre Cement

Fourth quarter net sales were down 11% compared to the same quarter last year, to US\$289.9 million. Sales volume decreased 16% to 484.9 million square feet, and the average net sales price was 6% higher at US\$598 per thousand square feet.

The US housing construction market continued to weaken, with the US Census Bureau reporting that new housing starts were down 25% and 30% respectively for the three months ended 31 December 2006 and 31 March 2007, compared to the corresponding quarters of last year.

The weaker housing market had a significant adverse effect on sales for the quarter, felt mainly in our exterior products category where demand was lower across nearly all regions. Compared to the same period last year, net sales were lower for all products in the exteriors category other than the premium-priced, differentiated products, XLD® trim and the ColorPlus® collection. Sales of our interior products were close to flat compared to the same period last year.

For the full year, net sales increased by 4% to US\$1,262.3 million, driven by a 5% increase in the average net selling price to US\$588 per thousand square feet, partially offset by a 2% decrease in sales volumes to 2,148.0 million square feet.

EBIT for the quarter was 2% higher at US\$84.6 million, helped by the improved average sales price, cost efficiencies and a lower accrual for employee bonuses compared to the same quarter last year, and was 6% higher for the full year at US\$362.4 million. The EBIT margin was 29.2% for the quarter and 28.7% for the full year, compared with 25.4% and 28.1%, respectively, for the prior year.

#### Australia and New Zealand Fibre Cement

Net sales increased 10% to US\$56.4 million for the quarter, compared to US\$51.1 million in the same period last year. Sales volumes were up by 6% but the average net sales price in Australian dollars was down 2%.

Both the new housing and renovation markets continued to weaken during the quarter, but sales volumes increased as a result of market share gains in the fibre cement segment in both Australia and New Zealand. These gains were achieved through initiatives designed to grow primary demand for fibre cement and increase sales of value-added, differentiated products. Selling prices for non-differentiated products continued to be subject to strong competition, leading to a lower average net sales price.

EBIT was 14% lower for the quarter at US\$7.9 million due to increased manufacturing costs, including inefficiencies associated with the rebuild of inventory following the temporary closure of the Rosehill, NSW plant in December 2006 for asbestos-related reasons and SG&A costs, partially offset by increased sales volume. The EBIT margin was 14.0%.

For the full year, sales increased 2% to US\$223.4 million, compared to US\$218.1 million in the same period last year. EBIT was down 8% to US\$35.7 million. The EBIT margin for the full year was 16.0% compared with 17.8% for the prior year.

#### Philippines Fibre Cement

Net sales increased for the quarter and full 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 full year.

## USA Hardie Pipe

Net sales for the quarter decreased, but increased for the full year, compared to the same periods last year. The business is continuing to focus on growing sales in its core markets and improving profitability. A small negative EBIT for the quarter was recorded, but a small positive EBIT for the full year was achieved.

## Europe Fibre Cement

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

## Asbestos Compensation Funding Arrangement

As of 31 March 2007, all conditions precedent to the Amended FFA were satisfied and the new compensation funding arrangement was operational.

Readers are referred to Note 12 of the company's 31 March 2007 Financial Report for further information on the voluntary funding proposal, and for information on the SCI and other related matters.

### *Asbestos adjustments*

The asbestos provision recorded at 31 March 2006 was made up of a number of components, chiefly the valuation provided by KPMG Actuaries. In line with the terms of the Amended FFA, the actuarial valuation has been updated following an actuarial assessment by KPMG Actuaries at 31 March 2007.

The asbestos adjustments to EBIT comprise the following components for the three months and full year ended 31 March:

<b>US\$ Million</b>	<b>Q4 FY07</b>	<b>Q4 FY06</b>	<b>FY07</b>	<b>FY06</b>
Effect of foreign exchange	(17.1)	-	(94.5)	-
Adjustments to net Amended FFA liability at 30 September 2006	-	-	(41.8)	-
Adjustments to net Amended FFA liability at 31 March 2007	70.3	-	70.3	-
Contributions to asbestos research and education	(4.5)	-	(4.5)	-
Impact of tax-effecting the net Amended FFA liability	(335.0)	-	(335.0)	-
Initial recording of provision at 31 March 2006	-	(715.6)	-	(715.6)
Asbestos adjustments to EBIT	(286.3)	(715.6)	(405.5)	(715.6)

## **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 ten then-serving 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. At this stage it is not possible to determine the amount of any such liability.

Readers are referred to Note 12 of the company's 31 March 2007 Financial Report for further information on the ASIC Investigation.

## Cash Flow

Operating cash flow for the full year fell from cash provided by operating activities of US\$240.6 million to cash used in operating activities of US\$67.1 million. The decrease was primarily due to the A\$191.9 million (US\$154.8 million) ATO deposit payment and the A\$184.3 (US\$148.7 million) initial funding payment made to the AICF. As a result, at 31 March 2007, the company had net debt of US\$153.9 million compared to net cash of US\$12.4 million at 31 March 2006.

Capital expenditures for the purchase of property, plant and equipment decreased from US\$162.0 million to US\$92.6 million for the full year.

## Outlook

In North America, there is still considerable uncertainty over the outlook for new residential housing construction activity. Recently released housing data shows a continued deterioration in the new housing market, with April 2007 annualised housing starts at an estimated 1,528,000, up slightly (2.5%) from March 2007 but down 16.1% from April 2006. Building permits, an indicator of future activity, deteriorated in April and are running significantly below the pace of a year ago.

Despite the recent slight improvement in new housing starts, the supply of new homes for sale appears to still be greater than demand, and builder confidence levels remain low.

While interest rates continue to be relatively low, tightening of lending standards related to problems of the sub-prime mortgage sector is causing increased uncertainty over the short to medium-term outlook for credit availability and demand for new housing.

The National Association of Home Builders Chief Economist, David Seiders, made the following statement on 16 May 2007: "The pattern of building permits clearly shows that the dramatic downward correction in housing production is still underway. Home buyer demand has been sent into another down leg by the abrupt tightening of mortgage lending standards, and there is an increasingly heavy supply of vacant housing units on the market. Under these conditions, builders are cutting back on new construction and intensifying their efforts to bolster sales and limit cancellations". The NAHB is now projecting that housing production will not begin improving until late this year, and that the early stages of the subsequent recovery will be quite sluggish.

James Hardie's USA Fibre Cement business underwent some re-setting in late 2006, early 2007 to address the weaker market conditions and remains well positioned to "flex-up" in response to higher-than- anticipated demand.

Sales volumes for the first quarter of fiscal 2008 are expected to be adversely affected by the weaker new housing market, but the business remains focussed on, and has strategies in place to grow, primary demand for fibre cement and take further market share from alternative materials including wood and vinyl siding. It is also continuing to focus on cost management.

The repair and remodelling market is anticipated to remain relatively stable in the short-term and further market share gains for our interior products category are expected.

In the Australia and New Zealand Fibre Cement business, weak market conditions are forecast to continue, but further volume growth is expected from market initiatives aimed at driving primary demand for fibre cement. Prices for non-differentiated products are expected to remain under pressure due to price competition in Australia. Manufacturing and other cost efficiencies are targeted.

In the Philippines, healthy building and construction activity is expected to help domestic demand in the short-term. Competitive pricing pressure is continuing in both the Philippines domestic and export markets.

Changes to the net Amended FFA liability to reflect changes in foreign exchange rates or updates to the actuarial estimate may have a material impact on the company's consolidated financial statements. Refer to note 12 of the company's Financial Report as at 31 March 2007 for more information.

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](mailto:steve.ashe@jameshardie.com.au)  
Facsimile: 61 2 8274 5218

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 an audiocast of the management presentation on 28 May 2007, are available from the Investor Relations section of James Hardie's website at: [www.jameshardie.com](http://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 asbestos adjustments** – EBIT and EBIT margin excluding asbestos adjustments 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	Q4 FY07	Q4 FY06	FY07	FY06
EBIT	\$ (215.8)	\$ (662.6)	\$ (86.6)	\$ (434.9)
Asbestos adjustments	286.3	715.6	405.5	715.6
EBIT excluding asbestos adjustments	70.5	53.0	318.9	280.7
Net Sales	\$ 360.9	\$ 389.8	\$ 1,542.9	\$ 1,488.5
EBIT margin excluding asbestos adjustments	19.5%	13.6%	20.7%	18.9%

**EBIT excluding asbestos adjustments, impairment charge and SCI and other related expenses** – EBIT excluding asbestos adjustments, impairment charge 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	Q4 FY07	Q4 FY06	FY07	FY06
EBIT	\$ (215.8)	\$ (662.6)	\$ (86.6)	\$ (434.9)
Asbestos adjustments	286.3	715.6	405.5	715.6
Impairment of roofing plant	-	13.4	-	13.4
SCI and other related expenses	5.4	2.7	13.6	17.4
EBIT excluding asbestos adjustments, impairment charge and SCI and other related expenses	\$ 75.9	\$ 69.1	\$ 332.5	\$ 311.5

**Net operating profit excluding asbestos adjustments and tax benefit related to asbestos adjustments** – Net operating profit excluding asbestos adjustments and tax benefit related to asbestos adjustments 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	Q4 FY07	Q4 FY06	FY07	FY06
Net operating profit (loss)	\$ 103.1	\$ (650.9)	\$ 151.7	\$ (506.7)
Asbestos adjustments	286.3	715.6	405.5	715.6
Tax benefit related to asbestos adjustments	(335.0)	-	(335.0)	-
Net operating profit excluding asbestos adjustments and tax benefit related to asbestos adjustments	\$ 54.4	\$ 64.7	\$ 222.2	\$ 208.9

**Diluted earnings per share excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, make-whole payment and tax provision write-back –**

Diluted earnings per share excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, make-whole payment 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.

<b>US\$ Million</b>	<b>Q4 FY07</b>	<b>Q4 FY06</b>	<b>FY07</b>	<b>FY06</b>
Net operating (loss) profit	\$ 103.1	\$ (650.9)	\$ 151.7	\$ (506.7)
Asbestos adjustments	286.3	715.6	405.5	715.6
Tax benefit related to asbestos adjustments	(335.0)	-	(335.0)	-
Impairment of roofing plant (net of tax)	-	8.0	-	8.0
SCI and other related expenses (net of tax)	5.0	2.5	12.6	16.5
Make-whole payment (net of tax)	-	-	5.6	-
Tax provision write-back	(3.0)	(20.7)	(10.4)	(20.7)
Net operating profit excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, make-whole payment and tax provision write-back	\$ 56.4	\$ 54.5	\$ 230.0	\$212.7
Weighted average common shares outstanding - Diluted (millions)	469.0	467.0	466.4	465.0
Diluted earnings per share excluding asbestos adjustments, tax benefit related to asbestos adjustments, impairment charge, SCI and other related expenses, make-whole payment and tax provision write-back (US cents)	12.0	11.7	49.3	45.7

**Effective tax rate excluding asbestos adjustments, tax benefit related to asbestos adjustments and tax provision write-back –**

Effective tax rate excluding asbestos adjustments, tax benefit related to asbestos adjustments 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.

<b>US\$ Million</b>	<b>Q4 FY07</b>	<b>Q4 FY06</b>	<b>FY07</b>	<b>FY06</b>
Operating (loss) profit before income taxes	\$ (220.0)	\$ (661.9)	\$ (93.1)	\$ (435.1)
Asbestos adjustments	286.3	715.6	405.5	715.6
Operating profit before income taxes excluding asbestos adjustments	\$ 66.3	\$ 53.7	\$312.4	\$ 280.5
Income tax benefit / (expense)	\$ 323.1	\$ 11.0	\$ 243.9	\$ (71.6)
Tax benefit related to asbestos adjustments	(335.0)	-	(335.0)	-
Tax provision write-back	(3.0)	(20.7)	(10.4)	(20.7)
Income tax benefit / (expense) excluding tax benefit related to asbestos adjustments and tax provision write-back	\$ (14.9)	\$ (9.7)	\$ (101.5)	\$ (92.3)
Effective tax rate excluding asbestos adjustments, tax benefit related to asbestos adjustments and tax provision write-back	22.5%	18.1%	32.5%	32.9%

**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 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 liability; 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.