

Directors' Report

Remuneration Report

Remuneration Report

This remuneration report forms part of the Directors' Report.

It explains James Hardie's remuneration policies and arrangements, including the relationship between the company's performance and rewards.

The report also provides detailed information about the remuneration of the company's Supervisory Board Directors, Managing Board Directors and Specified Executives. The Managing Board Directors and Specified Executives are those who are responsible for planning, directing and controlling the company's activities and those who were the five highest paid executives of James Hardie Industries NV and its subsidiaries in the fiscal year ended 31 March 2006. The individuals covered in this report are listed below:

Supervisory Board Directors

Current

Chairman

Meredith Hellicar Chairman; member Nominating and Governance Committee, Audit Committee and Remuneration Committee

John Barr Deputy Chairman; Chairman Remuneration Committee

Michael Brown Director; Chairman of the Audit Committee

Michael Gillfillan Director; member Audit Committee and Nominating and Governance Committee

James Loudon Director; member Audit Committee and Remuneration Committee

Donald McGauchie Director; Chairman of the Nominating and Governance Committee

Former

Peter Cameron Director; member Nominating and Governance Committee (1 April 2005–19 January 2006)

Gregory Clark Director; member Audit Committee and Nominating and Governance Committee (1 April 2005–8 May 2006)

Managing Board Directors

Current

Louis Gries Chief Executive Officer

Benjamin Butterfield Company Secretary and General Counsel

Russell Chenu Chief Financial Officer

Former

W (Pim) Vlot Company Secretary (1 April 2005–30 June 2005)

Specified Executives

Current

James Chilcoff Vice President – International

Mark Fisher Vice President – Research and Development

Dave Merkley Executive Vice President – Engineering and Process Development

Nigel Rigby Vice President – Emerging Markets

Robert Russell Vice President – Established Markets

Former

Don Merkley Executive Vice President – Research and Development (1 April 2005–19 December 2005)

In preparing this remuneration report, James Hardie has chosen to comply on a voluntary basis with the Australian Corporations Act 2001 requirements in respect of remuneration reports.

Remuneration Committee

James Hardie has a Remuneration Committee that oversees the company's overall remuneration structure, policies and programs, assesses whether the company's remuneration structure establishes appropriate incentives for management and employees, and approves any significant changes in the company's remuneration structure, policies and programs. It also:

- administers and makes recommendations on the company's incentive compensation and equity-based remuneration plans (2001 JHI NV Equity Incentive Plan; JHI NV Stock Appreciation Rights Incentive Plan; 2005 Managing Board Transitional Stock Option Plan (MBTSOP));
- reviews the remuneration of Supervisory Board Directors for service on the Supervisory Board and Board Committees;
- reviews the remuneration policy for members of the Managing Board Directors; and
- makes recommendations to the Supervisory Board on the company's recruitment, retention and termination policies and procedures for senior management.

The role, responsibilities and Charter of the Remuneration Committee are set out in detail on pages 80 – 81 of the Corporate Governance Report within this annual report.

The Remuneration Committee has the authority to seek advice from outside counsel, experts, remuneration consultants and other advisors as it deems appropriate to assist it in the full performance of its functions. During fiscal year 2006, the committee retained the following advisors:

Advisor	Services provided
Egan Associates	Australian Non-Executive Directors' compensation and benchmarking
	Australian executives' compensation and benchmarking
FW Cook Associates	US Non-Executive Directors' compensation and benchmarking
Hewitt Associates	Long-term incentive plan design and target study
Huron Consulting Group	Reviewed Economic Profit Incentive Plan and assisted in setting targets for FY07–FY09.

At the date of this report, the members of the Remuneration Committee are Mr John Barr (Chairman), Mr James Loudon and Ms Meredith Hellicar.

1. Remuneration for CEO and Key Executives

1.1 Objectives

James Hardie aims to provide market-competitive total compensation by offering a package of fixed pay and benefits and variable performance pay, based on both long and short-term incentives which link executive remuneration with the interests of shareholders and attract and retain high-performing executives to ensure the success of the business.

1.2 Policy

The company's executive compensation program is based on a pay-for-performance policy that differentiates compensation amounts based on an evaluation of performance in two basic areas: the business and the individual.

1.3 Setting remuneration packages

The CEO's remuneration package is approved by the Remuneration Committee, which recommends it to the Supervisory Board for final approval. The CEO makes recommendations to the Remuneration Committee on the compensation of the company's key executives, based on performance, as well as assessments and advice from independent compensation consultants regarding the compensation practices of the company, and other practices specific to the markets and countries in which the company operates and the executives are based.

The Remuneration Committee makes the final compensation decisions concerning these executives.

1.4 Structure

Remuneration for the CEO and senior executives is divided into Not at Risk and At Risk components, in the proportions shown in the following table and as described, below:

1.4.1 Remuneration components

	Remuneration Not At Risk		Remuneration At Risk ¹						Total at Risk	
	Salary, non-cash benefits, superannuation, 401(k) etc		Short-Term Cash Incentive		Long-Term Cash Incentive		Equity (stock options or stock appreciation rights)		US\$	%
	US\$	%	US\$	%	US\$	%	US\$	%	US\$	%
Managing Board Directors										
L Gries	904,294	22	750,000	19	215,210	5	2,152,500	54	3,117,710	78
Russell Chenu	704,367	65	186,300	17	0	0	193,725	18	380,025	35
Benjamin Butterfield	567,290	45	204,750	16	0	0	495,075	39	699,825	55
Former Managing Board Director										
W (Pim) Vlot	78,130	100	–	–	–	–	–	–	–	–
Current Specified Executives										
Dave Merkley	369,819	32	297,023	26	103,924	9	386,137	33	787,084	68
James Chilcoff	430,591	42	165,000	16	50,691	5	386,137	37	601,828	58
Mark Fisher	305,243	35	145,750	16	43,448	5	386,137	44	575,335	65
Robert Russell	320,592	36	145,750	16	49,394	5	386,137	43	581,281	64
Nigel Rigby	295,138	34	145,750	17	31,412	4	386,137	45	563,299	66
Former Specified Executive										
Don Merkley	354,391	32	268,780	24	114,473	10	386,137	34	769,390	68

¹ See section 1.4.3 At Risk Remuneration of this Annual Report on page 60.

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Remuneration Report (continued)

1.4.2 Not at Risk remuneration

"Not at risk" remuneration comprises base salary, non-cash benefits and superannuation.

- (a) *Base salaries* – James Hardie provides base salaries to attract and retain executives who are critical to the company's long-term success. The base salary provides a guaranteed level of income that recognises the market value of the position as well as internal equities between roles, and the individual's capability, experience and performance. Base pay for executives typically approximates or is slightly above the median salary for positions of similar responsibility in peer groups. Base salaries are reviewed each year, although increases to them are not automatic.
- (b) *Non-cash benefits* – James Hardie's executives may receive non-cash benefits such as medical and life insurance benefits, car and airfare allowances, membership of executive wellness programs, long service leave, and tax services to prepare their income tax returns if they are required to lodge returns in multiple countries.
- (c) *Superannuation* – In every country in which it operates, the company offers employees access to superannuation or individual retirement savings plans.

In the US, the company sponsors a retirement plan, the James Hardie Retirement and Profit Sharing Plan, for its employees. The US plan is a tax-qualified defined contribution retirement and savings plan covering all US employees, subject to certain eligibility requirements and matches employee contributions (subject to limitations) dollar for dollar up to 6% of their salary or base compensation.

Employees in Australia participate in the James Hardie Australia Superannuation Plan, which is funded based on statutory requirement. In Europe, employees contribute 4% of their salary or base compensation to a defined benefits pension plan, and the company matches their contributions. All employees in New Zealand are eligible to become members of the Mercer Super Trust-James Hardie New Zealand Superannuation Plan, wherein they must contribute at least 2% of their base salary, and the company contributes 8.25% of their base salary. In the Philippines, the company contributes 12.5% of an employees' annual base salary to a Retirement Benefit Fund.

1.4.3 At Risk remuneration

"At risk" remuneration consists of short-term incentives and long-term incentives.

(a) Short-term incentives

James Hardie operates two short-term incentive plans:

- an Economic Profit (EP) Incentive Plan and
- an Individual Performance (IP) Incentive Plan

The plans

The **EP Incentive Plan** is designed to provide nominated executives and employees with incentive compensation which directly relates their financial reward to an increase in shareholder value. It has both short-term and long-term components which support the company's primary objective to create long-term value and rewards consistent value creation over a long-term horizon.

Economic Profit is defined as Net Operating Profit After Tax (NOPAT) minus Capital Charge. The philosophy behind the EP Plan is that economic value must continue to be created in successive years in order for the full potential incentive to be paid. This plan also has an Individual Performance component that is paid when the executive achieves specific personal objectives.

The **IP Incentive Plan** provides incentive compensation for nominated employees who have less direct influence on the company's economic performance. The IP Plan relates participants' financial rewards to their achieving specific individual objectives that benefit the company and indirectly increase EP and shareholder value.

Participation in the plans

Nominated executives and key employees within the company are eligible to participate in one of these bonus plans.

Eligibility of executives and key employees for inclusion in a plan does not guarantee their participation in any future year. Participation of any division/business unit in the plan is at the discretion of the Chief Executive Officer. Currently, approximately 170 employees throughout the group participate in the EP Incentive Plan and 810 in the IP Incentive Plan.

Calculating bonuses

Everyone who participates in a bonus plan has a Target Bonus which specifies their potential bonus as a percentage of their base salary. This percentage is approved annually by the Remuneration Committee for senior executives; the Board for the CEO; and the CEO on the recommendation of the Vice President – Global Human Resources for other employees.

Depending on which plan they participate in, an individual's Target Bonus can comprise a percentage based on the company's Economic Profit (EP) achievement and a percentage based on Individual Performance (IP) achievement, or be based on the IP achievement alone.

IP Bonus:

The IP bonus component of both plans is based on an individual's performance rating at the end of the Plan Year (year ending 31 March) and/or when he or she changes roles during the year. Individuals are given a rating which is determined by reviewing which of their individual objectives they achieved and how the objectives were achieved.

EP Bonus:

The EP Bonus component of the company's EP incentive plan is based entirely on the value created by the company's economic profit. Every three years, with the assistance of independent advisors, the Remuneration Committee recommends to the Board the amount the company's Economic Profit must increase in each of the following three years to achieve the target incentive and the amount by which the company must exceed the target to pay greater than target incentives.

At the start of each Plan Year, the Board confirms the company's global "Expected Improvement", the amount the company's Economic Profit needs to improve over the previous year in order to attain the Target EP. This figure is added to the actual Economic Profit for the prior Plan Year (adjusted for the change in the company's Weighted Average Cost of Capital rate) to arrive at the Target EP.

When the company's EP performance exceeds the target by the predetermined annual amount, the percentage by which

the performance target is exceeded is taken into consideration when calculating the incentive payment for that year for the plan participants.

The performance potential of the Plan's EP component has unlimited upside and downside limited to zero, or loss of bank. In other words, the EP Bonus Multiple can be significantly greater than one or can be a negative number.

EP bonus banking mechanism

The EP bonus includes a banking mechanism that keeps participants focused on sustaining EP performance over a three year term. This banking mechanism creates a long-term incentive component.

For any bonus amounts realised in any one year in excess of the employee's EP Target Bonus:

- 1/3 of the excess will be considered earned and paid in that year; and
- the remaining 2/3 will be credited to the Bonus Bank of the employee and be subject to being paid out equally in the following two years, provided that company performance target is met and the employee continues to meet the eligibility standards for additional payments.

If the company misses its Target EP in any given year, resulting in an EP Bonus Multiple of less than 1.0, funds are subtracted from the employee's Bonus Bank (if any) to fund his or her EP Target Bonus for that year.

The amounts in an employee's Bonus Bank represent nothing

more than *potential* payments to the participant in the future. These amounts are neither earned nor vested until actual Bonus Bank payments are made.

Payment of bonuses

All bonus payments, less applicable withholdings, are made on or before the end of the third month following the end of the relevant Plan Year. Except in certain circumstances, participants must be employed at the end of the Plan Year in order to receive any bonus.

(b) Long-term incentives

To reinforce executives' alignment with the financial interest of shareholders, James Hardie provides equity-based long-term incentives in the form of share options and stock appreciation rights. Award levels are determined based on market standards and the individual's responsibility, performance and potential to enhance shareholder value.

The details of these plans are set out in section 1.6 on page 63.

The Remuneration Committee shifted from the dilution-based methodology towards a shareholder-value transfer (SVT) approach in 2004. The SVT approach converts all awards of our peer benchmark companies on a fair-value basis and is expressed as a percentage of company market-capitalisation. Fair-value is defined as the FAS 123 expense for stock options and the actual share price on the date of grant for all whole shares. The resulting pool is then allocated using the peer benchmark data to determine the appropriate number of options to grant each year and to allocate the shares appropriately to the executives.

Details of the "at risk" compensation for Managing Board Directors and Specified Executives are set out below:

	Short-term incentive (includes long term component of bonus) ¹		Long-term incentives (estimates of the maximum remuneration amounts which could be received under the 2006 equity grants in future years) ² (US dollars)				
	Awarded	Forfeited	2007	2008	2009	2010	2011
Managing Board Directors³							
Louis Gries	196%		613,912	615,594	489,409	171,861	44,777
Benjamin Butterfield	220%		141,200	141,587	112,564	39,528	10,299
Russell Chenu	86%		55,252	55,404	44,047	15,468	4,030
Former Managing Board Directors							
W (Pim) Vlot		100%	–	–	–	–	–
Specified Executives							
James Chilcoff	194%		172,463	100,713	46,140	–	–
Mark Fisher	199%		172,463	100,713	46,140	–	–
Dave Merkley	190%		172,463	100,713	46,140	–	–
Nigel Rigby	201%		172,463	100,713	46,140	–	–
Robert Russell	192%		172,463	100,713	46,140	–	–
Former Specified Executives							
Don Merkley	41%	96%	–	–	–	–	–

¹ Percentage of target actually paid in fiscal year 2006 includes previous bonus realised and allocated in notional Bonus Bank for payment in future years with sustained performance.

² Represents annual SG&A expense for the aggregate fiscal year 2005 stock option award fair market value estimated using the Black-Scholes option-pricing model.

³ The Managing Board Directors received performance options in fiscal year 2006 (calendar year 2005) which are referred to here. Since these are expensed whether or not they ever vest, they are recorded here.

Awarded = % of target actually paid in fiscal year 2006, includes previous bonus bank payments.

Forfeited = % of target lost.

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Remuneration Report (continued)

1.5 Link between remuneration policy and company performance

As shown in the table at 1.4.1 on page 59, a significant proportion of the remuneration for the CEO and senior executives is "at risk" remuneration. Both the EP Incentive Plan, including the banking mechanism, and the Long Term Equity Plans ensure a direct link between the performance of the company and bonuses paid and equity awarded.

In fiscal year 2006, the material improvement in the company's underlying financial performance (prior to booking the provision for payment of estimated future asbestos claims) resulted in the Economic Profit bonus target being exceeded. Approximately half of the bonus expense accrued for fiscal year 2006 has therefore been paid to participating eligible employees and the balance is in a notional bonus bank and will only be paid out in years two and three if the Earnings Performance targets for those years are met or exceeded.

1.5.1 Managing Board long-term incentives and company performance

Managing Board Directors have an added link between long-term incentives and the performance of the company. Options granted under the Managing Board Transitional Stock Option Plan (described on page 63) vest on the third anniversary of the issue date subject to a Total Shareholder Return (TSR) hurdle.

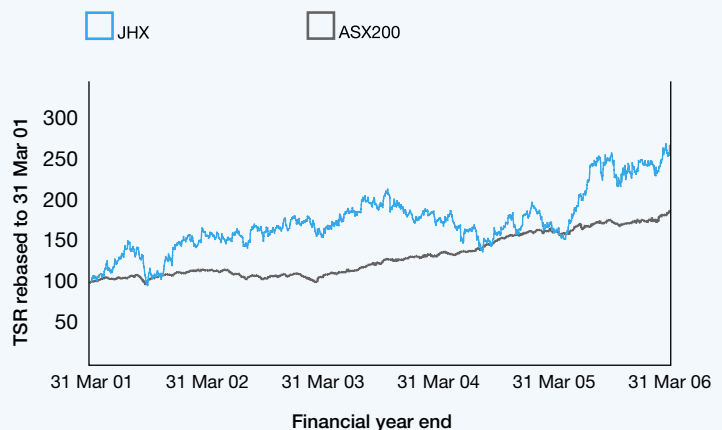
Under the hurdle, 50% of the options issued to a member of the Managing Board vest if the company's TSR since the issue date is equal to or higher than the median TSR for the company's peer group (Median TSR) over that period. The company's peer group is those companies listed in the S&P ASX 200 Index on the issue date. For each 1% that the company's TSR is above the Median TSR, a further 2% of options will vest.

The MBTSOP was designed to reflect the company's aim to transition from the option arrangements that were adopted for the company's former CEO, to arrangements which represent the best balance between:

- the approach to executive long term incentive arrangements (LTIs) in the United States, where the company conducts most of its business and sources the majority of its senior executives; and
- the company's commitment to good corporate governance practices which, in the context of the Australian market, requires appropriate performance hurdles for executive LTIs.

As foreshadowed to shareholders in 2005, the company has reviewed the terms and conditions of the MBTSOP over the year since it was approved by shareholders, with a view to further enhancing the role of the company's LTIs in providing rewards based on materially improved company performance in terms of medium to long term growth of the company and resulting shareholder value.

It is planned to present a new Long Term Incentive Plan (LTIP) to the 2006 General Meeting of Shareholders for approval. In anticipation of this, no options have been issued under the MBTSOP since the initial grant on 22 November 2005. The new LTIP will be designed to reconcile the expectations of the company's largely Australia-based shareholders and the competitive market for US and Netherlands-based executives.



5 Year Total returns for JHX and ASX200

Source: Mercer Finance and Risk Consulting

Note: Before 15 October 2001, JHX was HAH, the former group listed company

1.6 The key terms of outstanding equity grants are outlined below:

2001 JHI NV Equity Incentive Plan	Granted on 19 October 2001 in exchange for the termination of shadow stock awards, previously granted in November 1999 and 2000.
Offered to	Key US executives, not members of the Managing Board.
Vesting schedule	20% of options vest each year on the anniversary of the original grant date in November. The original US shadow stock grant did not involve performance hurdles; this grant maintains these conditions.
Exercise period	November 2009 and November 2010.
2001 JHI NV Equity Incentive Plan	Annual grants made in December 2001, 2002, 2003, 2004, and 2005. Off-cycle grant made to new employees in February 2005 and March 2006.
Offered to	Key executives, not members of the Managing Board.
Vesting schedule	25% of options vest on the 1st anniversary of the grant; 25% vest on the 2nd anniversary date and 50% vest on the 3rd anniversary date. As the majority of participants are US employees, this plan follows normal and customary US grant guidelines and has no performance hurdles.
Expiration date	10th anniversary of each grant.
JHI NV Stock Appreciation Rights Incentive Plan	14 December 2004.
Offered to	Interim Managing Board Directors. (CEO and former Company Secretary in the period between their appointments and the 2005 Annual Meeting at which shareholders elected them to the Managing Board).
Vesting schedule	50% on 14 December 2006; 50% on 14 December 2007.
Expiration date	Gain in share price between grant and vesting date is paid in cash on vesting date, no shares are issued.
2005 Managing Board Transitional Stock Option Plan	Granted on 22 November 2005.
Offered to	Managing Board Directors (ie CEO, CFO and Company Secretary and General Counsel).
Performance period	22 November 2005 to 22 November 2008.
Retesting	Yes, on the last Business Day of each six month period following the Third Anniversary and before the Fifth Anniversary.
Exercise period	Until November 2015.
Performance condition	TSR performance hurdle compared to S&P/ASX 200 Index excluding the companies listed in the 200 Financials and 200 Property Trust indices. While less usual in the USA, this condition is a normal hurdle from an Australian market perspective to align the Managing Board Directors' interests with shareholders.
Vesting criteria	<ul style="list-style-type: none"> - 0% of performance rights vest if JHX's TSR is below the 50th percentile of the market comparator group. - 50% of performance rights vest if JHX's TSR is at the 50th percentile of the market comparator group. - Between 50th and 75th percentile, vesting is on a straight line basis with JHX's ranking against the market comparator group (+2% for each percentile over the 50th percentile of the comparator group). - 100% of performance rights vest if JHX's TSR is in at least the 75th percentile of the market comparator group.

Details of equity grant plans that expired during fiscal year 2005 are provided in Note 15 to the consolidated financial statements.

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Remuneration Report (continued)

2. Remuneration tables for Managing Board Directors and Specified Executives

2.1 Total remuneration for Managing Board Directors for the years ended 31 March 2006 and 2005

Details of the remuneration of each Managing Board Director of James Hardie is set out below:

	Primary	Post-employment	Equity	Other	Total			
	Base Pay	Bonuses ¹	Non Cash Benefits ²	Superannuation and 401(k) Benefits	Shadow Share and Options ³	Relocation and Expatriate Benefits	Severance	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Managing Board Directors								
Louis Gries								
FY 2006	740,385	1,890,363	42,657	10,478	717,218	110,774	–	3,511,875
FY 2005	576,654	1,160,452	136,012	13,000	233,155	–	–	2,119,273
Benjamin Butterfield								
FY 2006	311,250	450,450	30,410	9,913	128,369	215,717	–	1,146,109
FY 2005 ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell Chenu								
FY 2006	564,546	159,832	18,558	50,809	62,736	70,454	–	926,935
FY 2005 ⁵	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Former Managing Board Director								
W (Pim) Vlot ⁶								
FY 2006	17,250	–	–	–	–	–	60,880	78,130
FY 2005	136,436	–	–	3,619	–	–	–	140,055
Total remuneration for Managing Board Directors								
FY 2006	1,633,431	2,500,645	91,625	71,200	908,323	396,945	60,880	5,663,049
FY 2005	713,090	1,160,452	136,012	16,619	233,155	–	–	2,259,328

¹ Includes all incentive amounts paid in the year indicated, including the portion of any incentive awarded for performance in the indicated year that was paid in that year, as well as any performance incentive amounts realised as a result of prior years' performance and paid in the applicable year as a result of the company achieving its predetermined financial targets pursuant to the terms of its Economic Profit Incentive Plan, described in more detail on pages 60 – 61.

² Includes the aggregate amount of all non-cash benefits received by the executive in the year indicated. Examples of non-cash benefits that may be received by our executives include medical and life insurance benefits, car and airfare allowances, membership of executive wellness programs, long service leave, and tax services.

³ Options are valued using the Black-Scholes option-pricing model and the fair value of options granted are included in compensation during the period in which the options vest. The weighted average assumptions and weighted average fair value used for grants in fiscal year 2006 were as follows: 1.2% dividend yield; 27.4% expected volatility; 4.8% risk free interest rate; 3.3 years of expected life; and A\$1.35 weighted fair value at grant date.

The company's Shadow Stock Plan and non-US based Employee Stock Plan were terminated at the end of February 2005 and the value on that day of all the outstanding shares of these plans was paid to participants.

⁴ Mr Butterfield only became a Managing Board Director in fiscal year 2006, following his election by shareholders at the annual meeting held on 22 August 2005.

⁵ Mr Chenu only became a Managing Board Director in fiscal year 2006, following his election by shareholders at the annual meeting held on 22 August 2005.

⁶ On 30 June 2005, Mr Vlot's temporary employment agreement expired by its terms.

2.2 Total remuneration for other Specified Executives for the years ended 31 March 2006 and 2005

Details of the remuneration of each Specified Executive of James Hardie is set out below:

	Primary		Post-employment	Equity	Other	Total	
	Base Pay US\$	Bonuses ¹ US\$	Non Cash Benefits ² US\$	Super- annuation or 401(k) Benefits US\$	Options ³ US\$	Relocation Allowances and Other Non- recurring ⁴ US\$	US\$
Specified Executives							
James Chilcoff							
FY 2006	290,385	418,231	13,899	13,269	157,409	113,038	1,006,231
FY 2005	234,231	259,688	31,956	12,000	27,172	104,971	670,018
Mark Fisher							
FY 2006	260,962	376,467	30,039	14,242	191,791	–	873,501
FY 2005	215,770	262,062	50,301	12,946	107,084	17,438	665,601
Dave Merkley							
FY 2006	323,826	761,679	24,315	14,372	258,299	7,306	1,389,797
FY 2005	303,769	475,573	87,978	13,000	192,269	–	1,072,589
Nigel Rigby ⁵							
FY 2006	260,962	356,419	32,919	–	159,020	1,257	810,577
FY 2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robert Russell							
FY 2006	260,962	374,403	35,100	14,338	195,253	10,192	890,248
FY 2005	233,751	234,542	32,366	12,833	111,733	–	625,225
Former Specified Executive							
Don Merkley ⁶							
FY 2006	254,800	16,515	15,222	8,540	708,790	75,829	1,079,696
FY 2005	334,000	521,656	65,245	13,000	195,177	–	1,129,078
Total remuneration for Specified Executives							
FY 2006	1,651,897	2,303,714	151,494	64,761	1,670,562	207,622	6,050,050
FY 2005	1,321,521	1,753,521	267,846	63,779	633,435	122,409	4,162,511

¹ Includes all incentive amounts paid in the year indicated, including the portion of any incentive awarded for performance in the indicated year that was paid in that year, as well as any performance incentive amounts realised as a result of prior years' performance and paid in the applicable year as a result of the company achieving its predetermined financial targets pursuant to the terms of its Economic Profit Incentive Plan described in more detail on pages 60 – 61.

² Includes the aggregate amount of all non-cash benefits received by the executive in the year indicated. Examples of non-cash benefits that may be received by our executives include medical and life insurance benefits, car and airfare allowances, membership of executive wellness programs, long service leave, and tax services.

In February 2005, James Hardie Building Products discontinued its Non-qualified Deferred Compensation Plan for executives. As a result, interest accrued under this program for participating executives is no longer accrued and disclosed in Non-cash benefits. This benefit was not replaced by any other benefit.

³ Options are valued using the Black-Scholes option-pricing model and the fair value of options granted are included in compensation during the period in which the options vest. The weighted average assumptions and weighted average fair value used for grants in fiscal year 2006 were as follows: 1.2% dividend yield; 27.4% expected volatility; 4.8% risk free interest rate; 3.3 years of expected life; and A\$1.35 weighted fair value at grant date.

⁴ Other non-recurring includes cash paid in lieu of vacation accrued, as permitted under the company's US vacation policy and California law.

⁵ Mr Rigby's fiscal year 2005 remuneration did not place him among the company's most highly remunerated executives.

⁶ Mr Don Merkley resigned from the company effective 19 December 2005. Beginning in calendar 2006 he will receive as severance payment 18 monthly payments equal in total to his most recent annual salary and average bonus over the last three years. He will continue vesting in his stock options until the end of his post-employment consulting agreement with the company. All of the expense associated with his stock options was recorded in fiscal 2006. Mr Merkley received cash of US\$75,829 as payment for his accrued vacation time and this is recorded as Other Non-Recurring in this table.

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Remuneration Report (continued)

2.3 Equity holdings

2.3.1 Options granted to Managing Board Directors

Name	Grant Date	Exercise Price per right (A\$)	Holding at 1 April 2005	Granted	Total Value at Grant ¹ (US\$)	Vested	Exercised	Value at Exercise per right ² (US\$)	Lapsed	Value at Lapse per right ³ (US\$)	Holding at 31 March 2006	Weighted Average Fair Value per right ⁴ (US\$)
Managing Board Directors												
Louis Gries	19 Oct 01	3.1321	40,174	200,874	71,732	200,874	160,700	1.98	–	–	40,174	0.3571
	19 Oct 01	3.0921	175,023	437,539	168,321	437,539	262,516	2.11	–	–	175,023	0.3847
	17 Dec 01	5.0586	324,347	324,347	137,296	324,347	–	–	–	–	324,347	0.4233
	3 Dec 02	6.4490	325,000	325,000	210,633	325,000	–	–	–	–	325,000	0.6481
	5 Dec 03	7.0500	325,000	325,000	338,975	162,500	–	–	–	–	325,000	1.0430
	22 Nov 05	8.5300	–	1,000,000	2,152,500	–	–	–	–	–	1,000,000	2.1525
Benjamin	22 Feb 05	6.3000	180,000	180,000	208,980	45,000	–	–	–	–	180,000	1.1610
Butterfield	22 Nov 05	8.5300	–	230,000	495,075	–	–	–	–	–	230,000	2.1525
Russell	22 Feb 05	6.3000	93,000	93,000	107,973	23,250	–	–	–	–	93,000	1.1610
Chenu	22 Nov 05	8.5300	–	90,000	193,725	–	–	–	–	–	90,000	2.1525
Former Managing Board Director												
W (Pim) Vlot	–	–	–	–	–	–	–	–	–	–	–	–

¹ Total Value at grant = Weighted Average Fair Value per right multiplied by number of rights granted.

² Value at Exercise/share = Value Market Value of a share of the company's stock at Exercise less the Exercise price per right.

³ Value at Lapse/share = Fair Market Value of a share of the company's stock at Lapse less the Exercise price per right.

⁴ Weighted Average Fair Value per right is estimated on the date of grant using the Black-Scholes option-pricing model.

2.3.2 Options granted to other Specified Executives

Name	Grant Date	Exercise Price per right (A\$)	Holding at 1 April 2005	Granted	Total Value at Grant ¹ (US\$)	Vested	Exercised	Value at Exercise per right ² (US\$)	Lapsed	Value at Lapse per right ³ (US\$)	Holding at 31 March 2006	Weighted Average Fair Value per right ⁴ (US\$)
Current Specified Executives												
James Chilcoff	19 Oct 01	3.1321	40,174	40,174	14,346	40,174	–	–	–	–	40,174	0.3571
	19 Oct 01	3.0921	92,113	92,113	35,436	92,113	–	–	–	–	92,113	0.3847
	17 Dec 01	5.0586	68,283	68,283	28,904	68,283	–	–	–	–	68,283	0.4233
	3 Dec 02	6.4490	111,000	111,000	71,939	111,000	–	–	–	–	111,000	0.6481
	14 Dec 04	5.9900	180,000	180,000	183,276	45,000	–	–	–	–	180,000	1.0182
	1 Dec 05	8.9000	–	190,000	386,137	–	–	–	–	–	190,000	2.0323
Mark Fisher	19 Oct 01	3.1321	40,174	40,174	14,346	40,174	40,174	2.11	–	–	–	0.3571
	19 Oct 01	3.0921	92,113	92,113	35,436	92,113	–	–	–	–	92,113	0.3847
	17 Dec 01	5.0586	68,283	68,283	28,904	68,283	–	–	–	–	68,283	0.4233
	3 Dec 02	6.4490	74,000	74,000	47,959	74,000	–	–	–	–	74,000	0.6481
	5 Dec 03	7.0500	132,000	132,000	137,676	66,000	–	–	–	–	132,000	1.0430
	14 Dec 04	5.9900	180,000	180,000	183,276	45,000	–	–	–	–	180,000	1.0182
	1 Dec 05	8.9000	–	190,000	386,137	–	–	–	–	–	190,000	2.0323
Dave Merkley	19 Oct 01	3.1321	48,209	120,524	43,039	120,524	120,524	2.75	–	–	–	0.3571
	19 Oct 01	3.0921	82,902	138,170	53,154	138,170	138,170	3.32	–	–	–	0.3847
	17 Dec 01	5.0586	102,425	102,425	43,357	102,425	102,425	3.00	–	–	–	0.4233
	3 Dec 02	6.4490	200,000	200,000	129,620	200,000	–	–	–	–	200,000	0.6481
	5 Dec 03	7.0500	250,000	250,000	260,750	125,000	–	–	–	–	250,000	1.0430
	14 Dec 04	5.9900	230,000	230,000	234,186	57,500	57,500	2.34	–	–	172,500	1.0182
	1 Dec 05	8.9000	–	190,000	386,137	–	–	–	–	–	190,000	2.0323
Nigel Rigby	17 Dec 01	5.0586	20,003	20,003	8,467	20,003	–	–	–	–	20,003	0.4233
	3 Dec 02	6.4490	27,000	27,000	17,499	27,000	–	–	–	–	27,000	0.6481
	5 Dec 03	7.0500	33,000	33,000	34,419	16,500	–	–	–	–	33,000	1.0430
	14 Dec 04	5.9900	180,000	180,000	183,276	45,000	–	–	–	–	180,000	1.0182
	1 Dec 05	8.9000	–	190,000	386,137	–	–	–	–	–	190,000	2.0323
Robert Russell	19 Oct 01	3.1321	8,034	40,174	14,346	40,174	40,174	2.82	–	–	–	0.3571
	19 Oct 01	3.0921	55,268	138,170	53,154	138,170	110,536	2.83	–	–	27,634	0.3847
	17 Dec 01	5.0586	68,283	68,283	28,904	68,283	68,283	0.99	–	–	–	0.4233
	3 Dec 02	6.4490	111,000	111,000	71,939	111,000	–	–	–	–	111,000	0.6481
	5 Dec 03	7.0500	132,000	132,000	137,676	66,000	–	–	–	–	132,000	1.0430
	14 Dec 04	5.9900	180,000	180,000	183,276	45,000	–	–	–	–	180,000	1.0182
	1 Dec 05	8.9000	–	190,000	386,137	–	–	–	–	–	190,000	2.0323
Former Specified Executives												
Don Merkley	19 Oct 01	3.1321	48,209	120,524	43,039	120,524	72,315	1.67	–	–	48,209	0.3571
	19 Oct 01	3.0921	138,170	230,284	88,590	230,284	92,114	1.69	–	–	138,170	0.3847
	17 Dec 01	5.0586	170,709	170,709	72,261	170,709	–	–	–	–	170,709	0.4233
	3 Dec 02	6.4490	200,000	200,000	129,620	200,000	–	–	–	–	200,000	0.6481
	5 Dec 03	7.0500	250,000	250,000	260,750	125,000	–	–	–	–	250,000	1.0430
	14 Dec 04	5.9900	230,000	230,000	234,186	57,500	–	–	–	–	230,000	1.0182
	1 Dec 05	8.9000	–	190,000	386,137	–	–	–	–	–	190,000	2.0323

¹ Total Value at grant = Weighted Average Fair Value per right multiplied by number of rights granted.

² Value at Exercise/share = Value Market Value of a share of the company's stock at Exercise less the Exercise price per right.

³ Value at Lapse/share = Fair Market Value of a share of the company's stock at Lapse less the Exercise price per right.

⁴ Weighted Average Fair Value per right is estimated on the date of grant using the Black-Scholes option-pricing model.

Directors' Report

Remuneration Report (continued)

2.3.3 Managing Board Directors' relevant interests in JHI NV

Changes in current and former Managing Board Directors' relevant interests in JHI NV securities between 1 April 2005 and 31 March 2006 are set out below:

Managing Board Directors	CUFS at 1 April 2005	CUFS at 31 March 2006	Options at 1 April 2005	Options granted 22 November 2005	Options at 31 March 2006
Louis Gries	127,675	127,675	1,189,544	1,000,000	2,189,544
Benjamin Butterfield	–	–	180,000	230,000	410,000
Russell Chenu ¹	10,000	10,000	93,000	90,000	183,000

Former Managing Board Director	CUFS at 1 April 2005	CUFS at date of resignation/ retirement	Options at 1 April 2005	Options at date of resignation
W (Pim) Vlot	–	–	–	–

¹ Subsequent to the end of fiscal year 2006, Mr Chenu bought 5,000 CUFS on 6 July 2006 on market.

2.4 Loans

The company did not grant loans to Managing Board Directors or Specified Executives during fiscal year 2006.

There are no loans outstanding to Managing Board Directors or Specified Executives.

3. Employment contracts

Remuneration and other terms of employment for the Chief Executive Officer, Company Secretary and General Counsel, Chief Financial Officer and certain other senior executives are formalised in service agreements. The main elements of these agreements are set out below.

3.1 Chief Executive Officer's employment contract

Details of the terms of the CEO's employment contract are as follows:

Components	Details
Length of contract	Three year term, commencing 10 February 2005. Term is automatically extended on 9th day of each February for an additional one year unless either party notifies the other, 90 days in advance of the automatic renew date, that it does not want the term to renew.
Base salary	US\$750,000 per year. Salary will be reviewed annually by the JHI NV Board in April.
Short-term incentive	Annual incentive target is 100% of annual base salary: <ul style="list-style-type: none"> – 80% of this incentive target is based on the company meeting or exceeding aggressive performance objectives; – 20% of this incentive target is based on the CEO meeting or exceeding personal performance objectives. <p>The Remuneration Committee recommends the company's and CEO's performance objectives, and the performance against these objectives, to the JHI NV Supervisory Board for approval. If the company's performance exceeds the annual objective, the CEO realises an incentive greater than his target incentive, but only one-third of the excess incentive is paid to the participant at the end of the fiscal year. The remaining two-thirds is then deposited with a notional bank and is paid to the CEO over the following two years if the company's objectives are met in these years, or is reduced if the company's objectives are not met.</p>
Long-term Incentive	The banking mechanism of the annual incentive plan is considered a long-term incentive. Upon the approval of the shareholders, stock options with performance hurdles will be granted each year. The recommended number of options to be granted will be appropriate for this level of executive in the US.
Defined Contribution Plan	The CEO may participate in the US 401(k) defined contribution plan up to the annual IRS limit. The company will match his contributions into the plan up to the annual IRS limit.
Resignation	The CEO may cease his employment with the company by providing written notice.
Termination by James Hardie	The company may terminate the CEO's employment for cause or not for cause. If the company terminates the employment, not for cause, or the CEO terminates his employment "for good reason" the company will pay the following: <ul style="list-style-type: none"> a. amount equivalent to 1.5 times the annual base salary at the time of termination; or b. amount equivalent to 1.5 times the executive's Average Annual Incentive actually paid in up to the previous three fiscal years as CEO.

Post-termination Consulting	The company will request the CEO, and the CEO will agree, to consult to the company upon termination for a minimum of two years, as long as he maintains the company's non-compete and confidentiality agreements, and he will receive his annual base salary and annual target incentive in exchange for this consulting and non-compete.
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3.2 Chief Financial Officer's employment contract

Details of the CFO's employment contract are as follows:

Length of contract	Fixed period of two and a half (2.5) years concluding 5 October 2007.
Base salary	A\$750,000 per year.
Short-term incentive	Annual incentive target is 33% of annual base salary based on the CFO meeting or exceeding personal performance objectives.
Long-term Incentive	Upon the approval of the shareholders, stock options with performance hurdles will be granted each year. The recommended number of options to be granted will equal one-third of the executive's base salary.
Superannuation	The company will contribute 9% of gross salary to Superannuation in the executive's name.
Resignation or Termination	The company or CFO may cease the CFO's employment with the company by providing three months' notice in writing.
Redundancy or material change in role	If the position of CFO is determined to be redundant or subject to a material adverse change the company or the CFO may terminate the CFO's employment. The company will pay the CFO a severance payment equal to the greater of 12 months' pay or the remaining proportion of the term of the contract.

3.3 Company Secretary and General Counsel's employment contract

Details of the Company Secretary and General Counsel's employment contract are as follows:

Components	Details
Length of contract	Indefinite.
Base salary	US\$315,000 per year.
Short term incentive	<p>Annual incentive target is 65% of annual base salary:</p> <ul style="list-style-type: none"> – 80% of this incentive target is based on the company meeting or exceeding aggressive performance objectives; – 20% of this incentive target is based on the General Counsel and Company Secretary meeting or exceeding personal performance objectives. <p>The CEO recommends the General Counsel and Company Secretary's performance objectives and the performance against these objectives, to the Remuneration Committee and JHI NV Supervisory Board for approval. The company's objectives are set by the Remuneration Committee's recommendation to the JHI NV Supervisory Board. If the company's performance exceeds the annual objective, the executive realises a incentive greater than his target incentive, but only one-third of the excess incentive is paid to the participant at the end of the fiscal year. The remaining two-thirds is then deposited with a notional bank and is paid to the General Counsel and Company Secretary over the following two years if the company's objectives are met in these years, or is reduced if the company's objectives are not met.</p>
Long-term Incentive	The banking mechanism of the annual incentive plan is considered a long-term incentive. Upon the approval of the shareholders, stock options with performance hurdles will be granted each year. The recommended number of options to be granted will be appropriate for this level of executive in the US.
Defined Contribution Plan	Since the General Counsel and Company Secretary may not participate in the US 401(k) defined contribution plan up to the annual IRS limit while he is on assignment to The Netherlands, the company will provide a payment up to the annual IRS limit directly to the executive.
Resignation or Termination	The General Counsel and Company Secretary may cease his employment with the company by providing written notice.
Termination by James Hardie	The company may terminate the General Counsel and Company Secretary's employment for Cause or not for Cause.
Post-termination Consulting	The company will request the General Counsel and Company Secretary, and he will agree, to consult to the company upon termination for a minimum of two years, as long as he maintains the company's non-compete and confidentiality agreements, and he will receive his annual base salary in exchange for this consulting and non-compete.

Directors' Report

Remuneration Report (continued)

3.4 Benefits contained in contracts for CEO, CFO and Company Secretary and General Counsel

Employment contracts for each of the CEO, CFO and General Counsel and Company Secretary also specify the following benefits:

International Assignment	The executives receive additional benefits due to international assignment: housing allowance, expatriate Goods and Services allowance, moving and storage.
Other	<p>Tax Equalisation: The company covers the extra personal tax burden for Managing Board Directors based in The Netherlands.</p> <p>Tax Advice: The company will pay the costs of filing the executives' income tax returns to the required countries.</p> <p>Health, Welfare and Vacation Benefits: The executives are eligible to receive all health, welfare and vacation benefits offered to all US employees. They are also eligible to participate in the company's Executive Health and Wellness program.</p> <p>Business Expenses: The executives are is entitled to receive reimbursement for all reasonable and necessary travel and other business expenses they incur or pay for in connection with the performance of their services under this Agreement</p> <p>Automobile: The company will either purchase or lease an automobile for business and personal use by the executives, or, in the alternative, the executives will be entitled to an automobile lease allowance not to exceed Seven Hundred Fifty Dollars (US\$750) per month. Unused allowance or part thereof will be paid to the executives.</p>

3.5 Specified Executives' employment contracts

Details of the employment contracts for Specified Executives are as follows:

Components	Details
Length of contract	Indefinite.
Base salary	Base salary is subject to Remuneration Committee approval and reviewed annually in May for increase effective 1 July.
Short-term incentive	<p>An annual incentive target is set at a percentage of the executive's salary. Targets typically range from 55–90%; 80% of this incentive target is based on the company meeting or exceeding aggressive performance objectives; 20% of this incentive target is based on the executive meeting or exceeding personal performance objectives.</p> <p>The CEO recommends the executive's performance objectives and the performance against these objectives, to the Remuneration Committee and JHI NV Supervisory Board for approval. The company's objectives are set by the Remuneration Committee's recommendation to the JHI NV Supervisory Board. If the company's performance exceeds the annual objective, the executive realises a incentive greater than his target incentive, but only one-third of the excess incentive is paid to the participant at the end of the fiscal year. The remaining two-thirds is then deposited with a notional bank and is paid to the executive over the following two years if the company's objectives are met in these years, or is reduced if the company's objectives are not met.</p>
Long-term incentive	The banking mechanism of the annual incentive plan is considered a long term incentive. Upon the approval of JHINV Supervisory Board, stock options have been granted each year under the JHI NV 2001 Equity Incentive Plan. It is anticipated that upon the approval of the JHI NV Supervisory Board, equity will be granted under a new plan in the future.
Defined Contribution Plan	The executive may participate in the US 401k defined contribution plan up to the annual IRS limit. The company will match the executive's contributions into the plan up to the annual IRS limit.
Resignation	The executive may cease his employment with the company by providing written notice.
Termination by James Hardie	<p>The company may terminate the executive's employment for cause or not for cause. In the case of one executive, if the company terminates the employment, not for cause, or the executive terminates his employment "for good reason" then the company may pay up to:</p> <ol style="list-style-type: none">an amount equivalent to 1.5 times the annual base salary at the time of termination; oramount equivalent to 1.5 times the executive's Average Annual Incentive actually paid in the previous three fiscal years.

Post-termination Consulting	Depending on the executive's individual contract, the company may, or may be required to, request the executive, and the executive will agree, to consult to the company for two years upon termination in exchange for the payment as designated in the individual's contract, as long as the executive maintains the company's non-compete and confidentiality agreements. The payment amount ranges from the executive's annual base salary to the annual base salary plus annual target incentive as of the termination date.
Other	<p>Health, Welfare and Vacation Benefits: The executive is eligible to receive all health, welfare and vacation benefits offered to all US employees. The executive is also eligible to participate in the company's Executive Health and Wellness program.</p> <p>Business Expenses: The executive is entitled to receive reimbursement for all reasonable and necessary travel and other business expenses he or she incurs or pays in connection with the performance of his or her services under this Agreement</p> <p>Automobile: The company will either lease an automobile for business and personal use by the executive, or, in the alternative, the executive will be entitled to an automobile lease allowance not to exceed Seven Hundred Fifty Dollars (US\$750) per month. Unused allowance or part of this will be paid to the executive.</p>
International Assignment	Executives who are on assignment in countries other than their own receive additional benefits which may include tax equalisation payment and tax advice, a car in the country they are assigned to, and financial assistance with housing, moving and storage.

4. Remuneration for Supervisory Board Directors for the year ended 31 March 2006

Fees paid to the Supervisory Board Directors of James Hardie are determined by the Joint Board, with the advice of external remuneration advisors, within the maximum total amount approved by the shareholders from time to time. The current aggregate fee pool of US\$650,000 was approved by shareholders in 2002.

Independent experts in Australia and the USA benchmark directors' remuneration against peer companies, taking into consideration the level of fees paid to board members of companies with similar size, complexity of operations and responsibilities and workload requirements of board members.

Board fees are not paid to Managing Board Directors since the responsibilities of board membership are considered in determining the remuneration provided as part of their normal employment conditions.

4.1. Remuneration Structure

During fiscal year 2006, Supervisory Board Directors were paid a base fee for service on the James Hardie Boards. Additional fees were paid to the position of Chairman.

As the focus of the Board is on the long-term direction and well-being of James Hardie, there is no direct link between Supervisory Board Directors' remuneration and the short-term results of the company.

4.2 Supervisory Board Share Plan

At the 2002 JHI NV Annual General Meeting, shareholders approved, in accordance with ASX Listing Rule 10.14, the Supervisory Board Share Plan (SBSP) effective for a three-year period. This plan was renewed for another three years at the 2005 Annual General Meeting. Under the SBSP, members of the Supervisory Board are required to accept at least US\$10,000 of their annual fees in ordinary shares/CUFS in JHI NV which are subject to a two-year restricted trading period. Under the SBSP, members of the Supervisory Board will also be entitled to receive a greater proportion of their remuneration in JHI NV shares if they so elect. The issue price is the average of the market closing prices at which CUFS were quoted on the ASX during the five business days preceding the day of issue.

Directors' Report

Remuneration Report (continued)

4.3 Director Retirement Benefits

In July 2002 the company discontinued a retirement plan that entitled Supervisory Board Directors to receive, upon their termination for any reason other than misconduct, an amount equal to a multiple of up to five times their average annual fees for the three year period prior to their retirement.

The applicable multiple was based on the director's years of service on the Supervisory Board, including service on the JHIL Supervisory Board.

Two directors, Ms Hellicar and Mr Brown, retained some benefits that had accrued as of 2002 under the retirement plan and they may therefore be entitled to benefits pursuant to this plan upon retirement from the Supervisory Board. In the event Ms Hellicar retires from the Supervisory Board for any reason other than misconduct, she will be entitled to four times her average director's fees for the previous three years prior to her retirement. In the event Mr Brown retires from the Supervisory Board for any reason other than misconduct, he will be entitled to four times his average director's fees for the previous three years prior to his retirement.

No Supervisory Board Director has been granted options or performance rights.

4.4 Total remuneration for each Supervisory Board Director

	Primary	Equity	Post-Employment	Other	Total
	Directors' Fees US\$	JHI NV Stock ¹ US\$	Superannuation ² US\$	Retirement Benefits US\$	US\$
Supervisory Board Directors					
Meredith Hellicar					
FY 2006	178,777	20,000	17,890	–	216,667
FY 2005	128,750	20,000	13,388	–	162,138
John Barr					
FY 2006	51,100	10,000	–	–	61,100
FY 2005	60,000	10,000	–	–	70,000
Michael Brown					
FY 2006	50,598	10,000	5,454	–	66,052
FY 2005	60,000	10,000	6,300	–	76,300
Michael Gillfillan					
FY 2006	51,100	10,000	–	–	61,100
FY 2005	55,000	10,000	–	–	65,000
James Loudon					
FY 2006	47,767	10,000	–	–	57,767
FY 2005	40,000	20,000	–	–	60,000
Donald McGauchie					
FY 2006	50,598	10,000	5,454	–	66,052
FY 2005	55,000	10,000	5,850	–	70,850
Former Supervisory Board Directors					
Peter Cameron ³					
FY 2006	30,000	25,000	4,950	–	59,950
FY 2005	40,000	20,000	5,400	–	65,400
Gregory Clark ⁴					
FY 2006	51,100	10,000	–	–	61,100
FY 2005	50,000	10,000	–	–	60,000
Total remuneration for Supervisory Board Directors					
FY 2006	511,040	105,000	33,748	–	649,788
FY 2005	488,750	110,000	30,938	–	629,688

¹ The annual allocation to Supervisory Board Directors of JHI NV stock to the value of US\$10,000 was approved by shareholders at the Annual General Meeting held on 19 July 2002. The Supervisory Board Directors can elect to take additional stock in lieu of fees.

² The superannuation benefits include Australian mandated 9% superannuation guarantee contributions on the Australian directors' total fees.

³ On 19 January 2006, Mr Cameron resigned from the Joint and Supervisory Boards and from the Nominating and Governance Committee due to ill health.

⁴ On 9 May 2006, Mr Clark resigned from the Joint Supervisory Boards, Audit Committee and Nominating and Governance Committee.

4.5 Supervisory Board Directors' Relevant Interests in JHI NV

Changes in Supervisory Board Directors' relevant interests in JHI NV securities between 1 April 2005 and 31 March 2006 are set out below:

	Number of Shares/CUFS at 1 April 2005	SBSP ¹ 22 Nov 2005 issue at A\$8.64 per CUFS	Shares/CUFS at date of resignation	Market Purchase 24 March 2006	Number of Shares/CUFS at 31 March 2006
Supervisory Board Directors					
Meredith Hellicar	10,051	1,515	–	–	11,566
John Barr	22,068	758	–	–	22,826
Michael Brown	13,969	758	–	–	14,727
Michael Gillfillan	53,969	758	–	–	54,727
James Loudon	5,597	758	–	–	6,355
Donald McGauchie ²	5,811	758	–	3,000	9,569
Former Supervisory Board Directors					
Gregory Clark	13,358	758	–	–	14,116
Peter Cameron ³	13,719	1,894	15,613	–	–

¹ After approval of the Supervisory Board Share Plan (SBSP) at the 2002 Annual General Meeting, four general allotments have been made to participants. Details of these are set out at 4.6 below. The 22 November allotment followed the renewal of the SBSP at the 2005 Annual General Meeting.

² Mr McGauchie holds 6,000 shares/CUFS as Trustee of a superannuation fund.

³ The Managing Board decided to release Mr Cameron's shares from the two year escrow period following his death.

4.6 Shares/CUFS allotted to Supervisory Board Directors under the SBSP

Name	22 Nov 2005 ¹	3 Dec 2004 ²	22 Aug 2003 ³	27 Aug 2002 ⁴
Meredith Hellicar	1,515	2,117	2,225	2,948
John Barr	758	1,068	–	–
Michael Brown	758	1,068	1,260	1,641
Michael Gillfillan	758	1,068	1,260	1,641
James Loudon	758	2,117	1,839	1,641
Donald McGauchie	758	1,068	1,743	–
Former Supervisory Board Directors				
Gregory Clark	758	1,068	5,620	6,688
Peter Cameron	1,894	2,117	5,602	–
Alan McGregor	Nil	Nil	1,260	1,641

¹ The acquisition price was A\$8.64 per share/CUFS. Each participant's 22 November 2005 mandatory participation of 758 JHI NV shares/CUFS is subject to a voluntary escrow period ending on 22 November 2007.

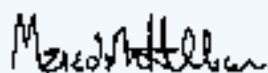
² The acquisition price was A\$5.94 per share/CUFS. Each participant's 3 December 2004 mandatory participation of 1,068 JHINV shares/CUFS is subject to voluntary escrow period ending on 4 December 2006.

³ The acquisition price was A\$7.52 per share/CUFS. Each participant's 22 August 2003 mandatory participation of 1,260 JHI NV shares/CUFS was subject to voluntary escrow period which ended on 22 August 2005.

⁴ The acquisition price was A\$6.71 per share/CUFS. Each participant's 27 August 2002 mandatory participation of 1,641 JHI NV shares/CUFS was subject to a voluntary escrow period which ended on 27 August 2004.

Only members of the Supervisory Board are entitled to participate in the SBSP. The participation of any new member(s) must be approved by shareholder under ASX Listing Rule 10.14. The company will not make any loans in relation to the grant of shares under the SBSP. Shareholders approved all 22 November 2005 SBSP issues at the Annual General Meeting held on 22 August 2005.

This report is made in accordance with a resolution of the members of the Joint Board.



M Hellicar
Chairman
Supervisory and Joint Boards



L Gries
Chief Executive Officer and
Chairman Managing Board

Signed Amsterdam, The Netherlands, 21 June 2006