Management's Analysis of Results

22 November 2004

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James Hardie Industries N.V.
Results for the First Half Ended 30 September 2004

USGAAP - US$ Millions	**First Half Ended 30 September**		
	FY 2005	FY 2004	% Change
Net Sales			
USA Fibre Cement	$ 471.7	$ 378.2	25
Asia Pacific Fibre Cement	119.8	104.9	14
Other Fibre Cement	15.5	10.0	55
Total Net Sales	607.0	493.1	23
Net Sales	$ 607.0	$ 493.1	23
Cost of goods sold	(398.6)	(311.4)	28
Gross profit	208.4	181.7	15
Selling general & administrative expenses	(90.6)	(75.1)	21
Research and development expenses	(10.3)	(10.4)	(1)
Special Commission of Inquiry related expenses	(8.5)	-	-
Other operating expenses	(0.7)	-	-
EBIT [1]	98.3	96.2	2
Net interest expense	(3.8)	(4.7)	(19)
Other expenses, net	(1.9)	(3.3)	(42)
Operating profit from continuing operations before income taxes [1]	92.6	88.2	5
Income tax expense	(30.8)	(22.5)	37
Operating Profit From Continuing Operations [1]	$ 61.8	$ 65.7	(6)
Net Operating Profit Including Discontinued Operations [1]	$ 61.1	$ 67.5	(9)
Tax rate	33.3%	25.5%	
Volume (mmsf[1])			
USA Fibre Cement	950.1	778.0	22
Asia Pacific Fibre Cement*	196.8	181.0	9
Average sales price per unit (per msf[1])			
USA Fibre Cement	US$ 496	US$ 486	2
Asia Pacific Fibre Cement*	A$ 850	A$ 869	(2)

***See Endnotes**

Unless otherwise stated, results are for continuing operations only and comparisons are of the 1st half of the current fiscal year versus the 1st half of the prior fiscal year.

Total Net Sales

Total net sales increased 23% compared to the same period of the previous year, from US$493.1 million to US$607.0 million.

Net sales from USA Fibre Cement increased 25% from US$378.2 million to US$471.7 million due to continued strong growth in sales volumes and a higher average net selling price.

Net sales from Asia Pacific Fibre Cement increased 14% from US$104.9 million to US$119.8 million due to increased sales volumes and favourable foreign currency movements.

Net sales from Other Fibre Cement increased 55% from US$10.0 million to US$15.5 million as the Chilean flat sheet business, the USA-based Hardie® Pipe business and European Fibre Cement business continued to grow.

USA Fibre Cement

Net sales increased 25% from US$378.2 million to US$471.7 million due to increased sales volumes and a higher average net selling price.

Sales volume increased 22% from 778.0 million square feet to 950.1 million square feet, primarily due to continued strong growth in primary demand for fibre cement and a favourable housing construction market. Sales volume for the half year was partly affected by supply issues relating to a temporary reduction in manufacturing efficiencies at some plants.

New residential housing construction remained buoyant during the period due to strong consumer demand and low inventories of houses for sale, fuelled by low interest rates, solid house prices and a strengthening domestic economy.

We continued to grow sales in both our emerging and established geographic markets and in our exterior and interior product markets.

Further market share was gained in our emerging geographic markets as our exterior products continued to penetrate against alternative materials, primarily wood-based and vinyl siding. There continued to be growth in sales of higher-priced, differentiated products such as vented soffits, Heritage® panels, the ColorPlus™ Collection of pre-painted siding and Harditrim® XLD™.

There were further market share gains in the interior products market, with sales of Hardibacker 500® half-inch backerboard up strongly compared to the same period last year.

The average net selling price increased 2% from US$486 per thousand square feet to US$496 per thousand square feet. The increase was due to proportionally stronger growth of differentiated, higher priced products, including Harditrim®, vented soffit and the ColorPlus™ Collection, and a price increase for some products that became effective on 1 July 2004.

During the period, we continued construction of our new green-field fibre cement plant in Reno, Nevada and our new 160 million square foot trim line in Peru, Illinois. Construction of both the new Reno plant and the Peru trim line are expected to be completed by the end of this fiscal year.

Asia Pacific Fibre Cement (See Endnotes)

Net sales increased 14% from US$104.9 million to US$119.8 million. Net sales increased 4% in Australian dollars. Sales volume increased 9% from 181.0 million square feet to 196.8 million square feet.

Australia and New Zealand Fibre Cement

Net sales increased 17% from US$91.7 million to US$107.4 million due to increased sales volume, a higher average net selling price and favourable foreign currency movements. In Australian dollars, net sales increased 6%.

Sales volumes increased 5% from 143.1 million square feet to 150.7 million square feet due to growth in sales of building products in both Australia and New Zealand. Despite the overall increase, we believe sales volumes were affected to some extent as a result of negative sentiment among some customers in Australia associated with the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation and the release of the report of the Inquiry.

In Australia, new residential housing activity improved in the first quarter led by buoyant activity in Queensland, and the renovation and commercial segments remained strong, but both new residential housing and renovations activity softened in the second quarter.

In New Zealand, new residential housing activity was robust and there was increased demand for weatherboards, eaves and soffits. Sales of our Linea® range of weatherboards continued to grow strongly.

The average net selling price increased 1% in Australian dollars due to a change in sales mix.

During the period, we launched Eclipsa™, a new pre-painted eave product, across Australia. Eclipsa™ offers cost benefits and construction advantages over non-painted eave products and we expect that it will be received favourably by builders.

Philippines Fibre Cement

Net sales increased 17% from US$10.6 million to US$12.4 million. In local currency, net sales increased 22%. This increase was due to a 21% increase in sales volume and a small increase in the average net selling price.

The increase in the net selling price was due to a change in sales mix between domestic and export sales.

Improved construction activity in the Philippines, increased market penetration and regional exports resulted in stronger demand during the first half of the year.

Other Fibre Cement

Chile Fibre Cement

Our Chilean business continued to increase its penetration of the domestic flat sheet market and increased sales of higher-priced, differentiated products and build regional exports.

Net sales increased compared to the first half last year due to strong growth in sales volume, partly offset by a lower average net selling price. The lower average net selling price was due to an increased proportion of domestic sales and the impact of a weaker US dollar on export sales.

Construction activity in Chile was weaker during the half year due to the slower winter season, but continued to show signs of improvement.

During the period, a small plant upgrade was completed, allowing the plant to manufacture 12-foot planks. These products are expected to open new markets and growth opportunities. Initial customer response has been positive.

Hardie® Pipe

Our USA Hardie® Pipe business continued to penetrate the Florida market of the United States and to improve its manufacturing efficiency.

Despite net sales being adversely affected by severe weather in Florida, net sales for the first half of the year increased strongly compared to the same period last year due to an increase in sales volume and a higher average net selling price. The increase in sales volume was due to market share gains and buoyant construction activity in Florida.

The average net selling price increased compared to the same period last year, but prices in Florida remain well below the national averages for concrete pipe.

The manufacturing performance of the plant improved further during the half year, but operating costs are still above our targets.

Europe Fibre Cement

Our European business continued to grow demand by building awareness of our products among distributors, builders and contractors, and by adding further distribution outlets in both the UK and French markets.

Sales have continued to build steadily since commencement of operations in the first quarter of the previous fiscal year. Net sales this period increased significantly compared to the same period last year, due to stronger demand across the range of interior and exterior products.

Artisan® Roofing

In June 2003, we began to commission and trial our pilot roofing plant in Fontana, California. The pilot plant, which has a design capacity of 25 million square feet, was built to test our proprietary manufacturing technology and to provide product for market testing in Southern California.

During the first half of the year, the business completed production trials and commissioning work and continued to refine manufacturing operation and improve productivity. We expect volumes to ramp up throughout the remainder of the fiscal year.

Initial pricing of our Artisan® Roofing product is positioned to be competitive with wood shake roofing products in Southern California.

Preliminary interest in Artisan® Roofing within our targeted customer group remains strong.

There were no commercial sales in the first half year, but sales began in October 2004 and are expected to ramp up through the end of the fiscal year.

Gross Profit

Gross profit increased 15% from US$181.7 million to US$208.4 million due to improvements in our major businesses. The gross profit margin decreased 2.5 percentage points to 34.3%.

USA Fibre Cement gross profit increased 10% due to higher net sales, partly offset by an increase in unit cost of sales and increased freight costs. The higher unit cost of sales resulted primarily from increased sales of higher-priced, differentiated products, higher pulp and cement costs, maintenance expenses and a temporary reduction in manufacturing efficiency at some plants. Higher freight costs were primarily related to an increase in length of haul of some products due to supply issues associated with the temporary reduction in plant manufacturing efficiency, and higher fuel costs and general liability insurance. The gross profit margin decreased 4.6 percentage points.

Asia Pacific Fibre Cement gross profit increased 27% following significant improvements from Australia and New Zealand Fibre Cement and Philippines Fibre Cement, which increased 25% and 54%, respectively. The improved result for Australia and New Zealand was due to increased sales revenue and manufacturing efficiency improvements. In the Philippines, lower costs and increased margins accounted for the stronger gross profit performance. The Asia Pacific Fibre Cement gross profit margin increased 3.5 percentage points.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 21% compared to the same period last year, from US$75.1 million to US$90.6 million. The increase in SG&A expenses was due mainly to increased sales and marketing, information technology and other expenses associated with growth initiatives in the United States. As a percentage of sales, SG&A expenses were 0.3 of a percentage point lower at 14.9%.

Research and Development Expenses

Research and development expenses include costs associated with “core” research projects that are designed to benefit all fibre cement business units. These costs are recorded in the Research and Development segment rather than being attributed to individual business units. These costs decreased 6% for the period, at US$5.9 million.

Other research and development costs associated with commercialisation projects in business units are included in the business related unit segment results. In total, these costs increased 7% to US$4.4 million.

Special Commission of Inquiry Related Costs

Costs incurred during the half year associated with the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation and related matters, totalled US$8.5 million.

Other Operating Expense

Other operating expense of US$0.7 million relates to a loss on the sale of land in Sacramento, California.

EBIT[1]

EBIT increased 2% from US$96.2 million to US$98.3 million. The EBIT margin decreased 3.3 percentage points to 16.2%. Excluding costs associated with the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation, EBIT increased 11% and the EBIT margin is 17.6% for the half year.

USA Fibre Cement EBIT increased 4% from US$107.8 million to US$112.1 million. The increase was due to strong growth in net sales, partly offset by an increase in both unit cost of sales and unit freight cost, and SG&A expenses. The increase in unit cost of sales was due to increased sales of higher cost differentiated products, higher pulp and cement costs, increased maintenance expenses and a temporary reduction in manufacturing efficiency at some plants. Higher freight costs were primarily related to an increase in length of haul of some products due to supply issues associated with the temporary reduction in plant manufacturing efficiency and higher fuel costs. The EBIT margin decreased 4.7 percentage points to 23.8%.

Asia Pacific Fibre Cement EBIT increased 35% from US$18.0 million to US$24.3 million. The EBIT margin increased 3.1 percentage points to 20.3%.

Australia and New Zealand Fibre Cement EBIT increased 30% from US$17.0 million to US$22.1 million. In Australian dollars, EBIT increased 18%. The increase in EBIT in Australian dollars was due to increased net sales compared to the first half last year and manufacturing efficiencies. The EBIT margin increased 2.1 percentage points to 20.6%.

Philippines Fibre Cement business increased its positive EBIT performance compared to the same half last year due to increased net sales and cost savings.

The Chile Fibre Cement business recorded a small positive EBIT for the half year.

Our USA Hardie® Pipe business reduced its EBIT loss compared to the first half last year due to increased sales volumes, higher selling prices and manufacturing cost savings.

Our European Fibre Cement business incurred an EBIT loss for the half year.

General corporate costs increased US$8.9 million from US$14.2 million to US$23.1 million. This increase was primarily due to US$8.5m of expenses related to the Special Commission of Inquiry into the Medical Research and Compensation Foundation and other associated developments, a US$1.4 million increase in professional service fees, a US$0.7 million loss on sale of land owned in Sacramento, California, a US$0.5 million increase in employee bonus plan expense and a net increase in other general corporate costs, partially offset by a US$2.7 million decrease in employee share based compensation expense from stock appreciation rights primarily caused by a decrease in the company's share price.

Net Interest Expense

Net interest expense decreased by US$0.9 million from US$4.7 million to US$3.8 million primarily due to a higher amount of interest expense capitalised on construction projects in the current year than in the prior year and higher interest income due to higher average cash balances.

Other Expenses, Net

Other operating expense consists of a US$1.9 million impairment charge that we recorded on an investment in a company that filed a voluntary petition for reorganisation under Chapter 11 of the US bankruptcy code. In the prior year, we incurred an expense of US$3.2 million primarily due to a capital duty fee paid in conjunction with our Dutch legal structure, incurred to extend the scope of our international finance subsidiary to lend to our global operations.

Income Tax Expense

Income tax expense increased by US$8.3 million from US$22.5 million to US$30.8 million due to the increase in profit and estimated income tax contingencies recorded during the period. Reviews by taxing jurisdiction authorities of various tax matters are ongoing.

Operating Profit from Continuing Operations[1]

Despite strong performance from our major businesses, operating profit from continuing operations decreased by 6% from US$65.7 million to US$61.8 million, due primarily to costs associated with the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation. Excluding these costs, operating profit from continuing operations for the half year would have increased 7% to US$70.3 million.

Discontinued Operations

Net expense of US$0.7 million relates primarily to additional costs associated with the sale of New Zealand land in March 2004.

Liquidity and Capital Resources

We have historically met our working capital needs and capital expenditure requirements through a combination of cash flow from operations, proceeds from the divestiture of businesses, credit facilities and other borrowings, proceeds from the sale of property, plant and equipment and proceeds from the redemption of investments. Seasonal fluctuations in working capital generally have not had a significant impact on our short-term or long-term liquidity. We believe that we can meet our present working capital requirements for at least the next 12 months based on our current capital resources.

We had cash and cash equivalents of US$114.8 million as of 30 September 2004. At that date we also had credit facilities totalling US$440.6 million of which US$176.0 million was outstanding. Our credit facilities are all uncollateralised and consist of the following:

Description	**Effective Interest Rate at 30 Sept 2004**	**Total Facility at 30 Sept 2004** (US$ millions)	**Principal Outstanding at 30 Sept 2004**
US$ notes, fixed interest, repayable annually in varying tranches from November 2004 through November 2013	7.09%	$ 165.0	$ 165.0
A$ revolving loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin, can be repaid and redrawn until maturity in November 2006	N/A	143.1	-
US$ stand-by loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin until maturity in April 2005	N/A	117.5	-
US$ line of credit, can be drawn down in Chilean Pesos, variable interest based on Chilean Tasa Activa Bancaria rate plus margin until maturity in December 2004	3.24%	15.0	11.0
Total		$ 440.6	$ 176.0

We currently plan to extend the US$15.0 million line of credit upon its maturity in December 2004, under substantially similar terms.

Cash Flow

Net operating cash inflows increased by US$45.9 million from US$91.0 to US$136.9 million for the half year ended 30 September 2004 compared to the same period in the prior year, primarily due to changes in our operating assets and liabilities.

Net investing activities produced a cash outflow of US$81.0 million for the half year ended 30 September 2004 compared to US$38.5 million for the same period in the prior year. The increase in the cash outflow was primarily due to additional capital expenditures of US$37.0 million for the half year ended 30 September 2004 and US$5.0 million cash received in the prior year from the sale of our New Zealand Building Systems in May 2003 that did not recur in the current period.

Net financing activities resulted in an outflow of US$13.0 million for the half year ended 30 September 2004 compared to US$8.8 million in the same period in the prior year. The increase was primarily due to a US$2.3 million increase in dividend payments compared to the payments made in the same period of the prior year, a decrease of US$0.6 million in proceeds from borrowings and a decrease in proceeds from the issuance of shares of US$1.3 million. The proceeds from the issuance of shares represent stock options exercised during the period.

Interim Dividend

The Board has decided to defer consideration of declaring an interim dividend until it is in a position to better assess the potential financial impact of the likely outcome of negotiations with the ACTU, Labor Council of NSW and representatives of asbestos diseases groups in relation to the future funding of legitimate asbestos diseases claims against former subsidiary companies.

Special Commission of Inquiry and Subsequent Developments

The Special Commission of Inquiry (the "SCI") into the Medical Research and Compensation Foundation (MRCF) reported its findings to the NSW Governor on 21 September 2004. It indicated that the establishment of the MRCF and the establishment of ABN 60 Foundation were legally effective and that, accordingly, although any liabilities in relation to asbestos victims' claims remained with Amaca, Amaba or ABN 60 (as the case may be), no significant liabilities for those claims could likely be assessed directly against James Hardie Industries NV or any other James Hardie entities.

In relation to the assertions by the MRCF concerning the circumstances of its establishment, the SCI examined these in detail. Although the SCI made adverse findings against Mr. Macdonald (former CEO) and Mr. Shafron (former CFO), it did not find that their conduct caused any material loss to the MRCF or the asbestos victims which would create a valuable cause of action against, and therefore a material liability of, any James Hardie entity or would lead to any of the restructuring arrangements being reversed. Indeed, the SCI specifically noted that there were significant hurdles, which might be insuperable, to establishing any liability in respect of these claims against the Company, ABN 60 or their respective directors and that, even if liability were established, there were further hurdles which might prove to be insuperable against any substantial recovery or remedy by such potential claimants in respect of them.

On 14 July 2004, the company lodged a submission with the SCI stating that the company would recommend that shareholders approve the provision of additional funding to enable an effective statutory scheme to compensate all future claimants for asbestos-related injuries caused by former James Hardie subsidiary companies. The company proposed that the statutory scheme include the following elements:

- speedy, fair and equitable compensation for all existing and future claimants, including objective criteria to reduce superimposed (judicial) inflation;
- contributions to be made in a manner which provides certainty to claimants as to their entitlements, the scheme administrator as to the amount available for distribution, and the contributors as to the ultimate amount of the contribution to the scheme;
- significant reduction in legal costs via the removal of requirements for litigation; and
- limitation of legal avenues outside of the scheme.

The submission stated that the proposal was made without any admission of liability or prejudice to the company's rights or defences.

When the SCI reported in September 2004, it found that there was a significant funding shortfall in the MRCF. The SCI found that the net assets of the MRCF were not sufficient to meet the prospective liabilities and were likely to be exhausted in the first half of 2007. In relation to the company's proposal, it indicated that although there were several issues which needed to be refined quite significantly, the proposal was an appropriate starting point for negotiation with affected persons.

The NSW Government indicated that it was not prepared to negotiate with the company and would only consider implementing a proposal brought to it by James Hardie after it had been endorsed by the Australian Council of Trade Unions (ACTU), the Labour Council of New South Wales (LCNSW) and various groups representing asbestos claimants (Representatives).

The ACTU/LCNSW and the Representatives indicated that they were not prepared to recommend a statutory scheme along the lines of the one they assumed was being proposed by James Hardie to the SCI and that it was unacceptable to them.

The company has taken a pragmatic approach and, acting on the early statements of the NSW Premier, is engaged in discussions with the ACTU/LCNSW and the Representatives.

On 10 September 2004, the company announced that the Audit Committee of the Board had commissioned an internal investigation to be conducted by independent legal advisers, consistent with US Securities regulations to investigate allegations of illegal conduct raised during the SCI and any potential impacts on the financial statements. The investigation has now been completed and there was found to be no impact on the company's current financial statements.

On 22 September 2004, the Australian Securities and Investment Commission (ASIC) announced that it had commenced investigations into the circumstances surrounding the creation of the MRCF. The investigation is to include the conduct of certain directors and officers of the James Hardie group of companies and associated parties, and market disclosures made by the companies and individuals. The company is co-operating with ASIC in relation to all aspects of its investigation.

The company has incurred substantial costs associated with the SCI and may incur material costs in the future related to the SCI, the ASIC investigation or subsequent and other legal proceedings and in relation to discussions with the ACTU/LCNSW and the Representatives. These costs may include those of current and former officers of the James Hardie Group to the extent that those costs are covered by indemnity arrangements granted by the James Hardie Group to those persons. To date, no claims have been received by any current or former officers in relation to the ASIC investigation and if they do, the company may be reimbursed under directors and officers insurance policies taken out by the company.

Readers are also referred to the contingent liability discussion in note 8 of the company's financial statements for the half year ended 30 September 2004 concerning claims against former subsidiaries.

On 16 November 2004 the Company announced that it had offered an indemnity to the directors of ABN 60 in order to facilitate the release of funding by ABN 60 to the MRCF. The proposed indemnity would require the Company to pay for any legal costs incurred by the ABN 60 directors in connection with the release of funding by ABN 60 to the MRCF. Additionally, the Company has offered to provide funding to the MRCF on an interim basis for a period of up to six months, commencing on 16 November 2004.. The proposed interim funding by the Company would only be provided once existing MRCF funds have been exhausted.

On 18 November 2004, the NSW Government announced its intention to conduct a review of current asbestos compensation arrangements in NSW. The intention of this review is primarily to determine ways to reduce legal and administrative costs, and to consider the current processes for handling and resolving dust diseases compensation claims. The review is expected to report to the NSW Government early in 2005.

The company will lodge its annual report on Form 20-F for the year ended 31 March 2004 with the US Securities and Exchange Commission on 22 November 2004.

End.

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The Management's Analysis of Results and accompanying release and management presentation, along with an audio webcast of the presentation, will be available from the Investor Relations website at www.jameshardie.com

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

Endnotes:

Volume and Average Net Selling Price - Asia Pacific Fibre Cement - Adjusted:

In fiscal 2003 and 2004, our Asia Pacific Fibre Cement segment reported incorrect volume figures due to errors when converting to our standard square feet metric and due to our Philippines Fibre Cement business including intercompany volume during fiscal 2004. The following table presents adjusted volume and average net selling price for our Asia Pacific Fibre Cement business segment. This Management's Analysis of Results uses these revised volume and average net selling price. These adjustments did not have a material impact on total net sales or EBIT.

Fiscal 2003 **Quarter**	**30 June 2002**	**30 September 2002**	**31 December 2002**	**31 March 2003**
Volume (mmsf[1])	83.1	90.6	88.7	87.5
Average net sales price per unit (per msf[1])	A$888	A$905	A$898	A$857
Year-to-date				
Volume (mmsf[1])	83.1	173.7	262.4	349.9
Average net sales price per unit (per msf[1])	A$888	A$897	A$897	A$887

Fiscal 2004 **Quarter**	**30 June 2003**	**30 September 2003**	**31 December 2003**	**31 March 2004**
Volume (mmsf[1])	87.0	94.0	92.1	89.0
Average net sales price per unit (per msf[1])	A$874	A$865	A$854	A$854
Year-to-date				
Volume (mmsf[1])	87.0	181.0	273.1	362.1
Average net sales price per unit (per msf[1])	A$874	A$869	A$864	A$862

Net Sales - Philippines Fibre Cement - Adjusted:

In fiscal 2004, our Philippines business incorrectly reported intercompany transfers as external net sales and cost of sales. Adjustment to the Philippines Fibre Cement discussion is necessary to provide an accurate quarter-to-quarter discussion of Philippines Fibre Cement net sales. Therefore, for discussion purposes only, for the Philippines Fibre Cement business, we adjusted the prior year Philippines Fibre Cement net sales. We have not restated the Asia Pacific Fibre Cement business segment results or the consolidated financial statements since these adjustments are not material to our Asia Pacific Fibre Cement segment or to the consolidated financial statements taken as a whole. The following table presents the adjustment to Philippines Fibre Cement net sales for each quarter and year-to-date periods in fiscal 2004:

	30 June 2003	**30 September 2003**	**31 December 2003**	**31 March 2004**
Quarters:				
Previously Reported	US$6.2	US$6.9	US$5.2	US$5.9
Adjustment	(1.4)	(1.2)	-	(0.8)
Adjusted Net Sales	US$4.8	US$5.7	US$5.2	US$5.1
Year to date:				
Previously Reported	US$6.2	US$13.1	US$18.3	US$24.2
Adjustment	(1.4)	(2.6)	(2.6)	(3.4)
Adjusted Net Sales	US$4.8	US$10.5	US$15.7	US$20.8

[1]Definitions

EBIT and EBIT Margin *- EBIT is defined as operating income. EBIT margin is defined as EBIT as a percentage of our net sales. We believe EBIT and EBIT margin to be relevant and useful information as these are the primary measures used by our management to measure the operating profit or loss of our business. EBIT is one of several metrics used by our management to measure the earnings generated by our operations, excluding interest and income tax expenses. Additionally, EBIT is believed to be a primary measure and terminology used by our 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 we have defined them, may not be comparable to similarly titled measures reported by other companies.*

EBIT and EBIT margin, as used in this document, are equivalent to the US GAAP measures of operating income and operating income margin.

Operating profit from continuing operations before income taxes *- is equivalent to the US GAAP measure of income from continuing operations before income taxes.*

Operating profit from continuing operations *- is equivalent to the US GAAP measure of income from continuing operations.*

Net operating profit including discontinued operations *- is equivalent to the US GAAP measure of net income.*

mmsf *– million square feet*

msf *– thousand square feet*

Disclaimer

This Management's Analysis of Results contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with the 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 such forward-looking statements include:

- *projections of our operating results or financial condition;*
- *statements of our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;*
- *statements about our future economic performance or that of the United States, Australia or other countries in which we operate; 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 include but are not limited to: all matters relating to or arising out of the prior manufacture of asbestos by ABN 60 and certain former subsidiaries; competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with and possible changes in environmental and health and safety laws; the successful transition of new senior management; the success of our research and development efforts; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; risks of conducting business internationally; compliance with and changes in tax laws and treatments; and foreign exchange risks. We caution you that the foregoing list of factors is not exclusive 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.