

MEDIA RELEASE

19 November 2007

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2nd quarter net operating profit US\$46.5m Half year net operating profit US\$115.1m (both excluding asbestos)

James Hardie today announced a US\$46.5 million net operating profit, excluding asbestos, for the quarter ended 30 September 2007, a decrease of 32% compared to the same period last year.

For the quarter, net operating profit including asbestos was US\$19.1 million compared to a net operating profit of US\$21.1 million for the same quarter last year.

For the half year, net operating profit excluding asbestos decreased 12% to US\$115.1 million from US\$131.0 million. Including asbestos, net operating profit increased 3% to US\$58.2 million.

Operating Performance

Second quarter net sales decreased 5% to US\$390.1 million, gross profit was down 11% to US\$138.8 million and EBIT excluding asbestos decreased 15% to US\$74.7 million. EBIT including asbestos increased 9% from US\$41.0 million to US\$44.7 million.

For the half year, net sales decreased 1% to US\$814.5 million, gross profit was down 2% to US\$305.7 million and EBIT excluding asbestos decreased 2% to US\$180.4 million. EBIT including asbestos increased 9% from US\$109.9 million to US\$119.7 million.

Housing construction activity in our major markets continued to weaken during the quarter, with new construction in the United States, our largest market, significantly below the level of activity in the same quarter last year. Our USA Fibre Cement business again partly offset the impact of the weaker market through market share gains and a higher average net sales price. Net sales fell 9% for the quarter and 5% for the half year. EBIT was down 14% to US\$84.3 million and 1% to US\$198.7 million for the quarter and half year respectively, due to lower volumes and higher costs in the second quarter.

Despite weaker market conditions in Australia, Asia Pacific Fibre Cement net sales were up 19% for the quarter due to increased demand for fibre cement, a higher average net sales price and the strength of the Australian dollar against the US dollar. Asia Pacific Fibre Cement EBIT increased 8% to US\$12.4 million for the quarter and 14% to US\$24.8 million for the half year due to improved operating performance in the Australia and New Zealand Fibre Cement businesses and favourable currency movements.

In this Media Release, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 7. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures, for which reconciliations to GAAP measures follow such definitions, include "EBIT", "EBIT margin", "Operating profit" and "Net operating profit". The company may also present other terms for measuring its sales volumes ("million square feet (mmsf)" and "thousand square feet (msf)"); financial ratios ("Gearing ratio", "Net interest expense cover", "Net interest paid cover", "Net debt payback", "Net debt/cash"); and Non-US GAAP financial measures ("EBIT and EBIT margin excluding asbestos", "Net operating profit excluding asbestos", "Diluted earnings per share excluding asbestos", "Operating profit before income taxes excluding asbestos", "Income tax expense excluding asbestos", "Effective tax rate excluding asbestos", and "EBITDA"). Unless otherwise stated, results and comparisons are of the 2nd quarter and 1st half of the current fiscal year versus the 2nd quarter and 1st half of the prior fiscal year.

Diluted earnings per share for the quarter fell to US4.1 cents per share from US4.5 cents in the same period last year and increased by 2% from US12.1 cents to US12.4 cents for the half year.

Diluted earnings per share excluding asbestos decreased by 32% from US14.7 cents to US10.0 cents for the quarter and decreased by 12% from US28.1 cents to US24.6 cents for the half year.

2nd Quarter and Half Year at a Glance

US\$ Million	Q2 FY 2008	Q2 FY 2007	% Change	HY FY 2008	HY FY 2007	% Change
Net sales	\$390.1	\$411.4	(5)	\$814.5	\$826.9	(1)
Gross profit	138.8	155.2	(11)	305.7	312.9	(2)
SCI and other related expenses	-	(3.2)	-	-	(5.6)	-
EBIT excluding asbestos	74.7	88.2	(15)	180.4	184.3	(2)
AICF SG&A expenses	(1.1)	-	-	(1.7)	-	-
Asbestos adjustments	(28.9)	(47.2)	39	(59.0)	(74.4)	21
EBIT	44.7	41.0	9	119.7	109.9	9
Net interest income (expense)	2.0	1.0	-	2.5	(1.0)	-
Income tax expense	(27.6)	(20.9)	(32)	(64.0)	(53.2)	(20)
Net operating profit	19.1	21.1	(9)	58.2	56.6	3

Net operating profit excluding asbestos decreased 32% for the quarter to US\$46.5 million and was 12% lower for the half year at US\$115.1 million, as shown in the following table:

US\$ Million	Q2 FY 2008	Q2 FY 2007	% Change	HY FY 2008	HY FY 2007	% Change
Net operating profit	\$ 19.1	\$ 21.1	(9)	\$ 58.2	\$ 56.6	3
Asbestos:						
Asbestos adjustments	28.9	47.2	(39)	59.0	74.4	(21)
AICF SG&A expenses	1.1	-	-	1.7	-	-
AICF interest income	(2.6)	-	-	(4.2)	-	-
Tax expense related to asbestos adjustments	-	-	-	0.4	-	-
Net operating profit excluding asbestos	\$ 46.5	\$ 68.3	(32)	\$ 115.1	\$ 131.0	(12)

Commentary

James Hardie's CEO, Mr Louis Gries said: "Our major businesses experienced a further deterioration in market conditions during the second quarter, but they continued to perform well and helped produce a solid half year operating result with EBIT down only 2%, excluding asbestos.

"Sales in our USA Fibre Cement business were again affected by the down-turn in US housing activity, but it continued to take market share from alternative materials and outperform the broader market.

“The outlook for North America is for further weakness in new housing activity at least through the remainder of this fiscal year. We recently announced the suspension of operations at our Blandon, Pennsylvania, facility and we believe that this, together with our earlier business reset, positions us well to address the weaker market conditions.

“Our Asia Pacific Fibre Cement business performed very well in the first half, also outperforming the broader market and growing both sales and EBIT. Its range of differentiated products is helping to grow demand for fibre cement in Australia and New Zealand,” Mr Gries said.

Dividend

The company today announced an interim dividend of US12 cents a share. The dividend was declared in US currency and will be paid on 18 December 2007, with a record date of 4 December 2007. The Australian currency equivalent of the dividend to be paid to CUFS holders will be announced to the ASX on that date. ADR holders will receive their dividend in US currency.

Share Repurchase Program

On 15 August 2007, the company announced a share repurchase program of up to 10% of the company's issued capital, approximately 46.8 million shares. The company had repurchased approximately 7.5 million shares of common stock having an aggregate cost of A\$54.0 million (US\$47.1 million) as at 30 September 2007. During the period between 1 October 2007 and 12 October 2007, the company repurchased approximately 4.2 million shares of common stock having an aggregate cost of A\$30.8 million (US\$27.1 million). The company plans to repurchase shares periodically, depending on market conditions.

USA Fibre Cement

Second quarter net sales were down 9% compared to the same quarter last year, to US\$308.0 million. Sales volume decreased 11% to 511.7 million square feet, and the average net sales price was 2% higher at US\$602 per thousand square feet.

For the half year, net sales were down 5% compared to the same period last year, to US\$654.1 million. Sales volume decreased 8% to 1,085.1 million square feet, and the average net sales price was 3% higher at US\$603 per thousand square feet.

The residential construction market weakened further during the quarter due to high inventory levels of new houses for sale and affordability issues associated with higher interest rates and tightened lending standards in the mortgage market. Repair and remodelling activity was slightly weaker compared to the same quarter last year.

Geographically, the Western Division continued to perform well, but sales were down for all divisions against the same quarter last year. Market penetration against alternative materials and a higher average net sales price again helped partly offset the impact of the weaker market. There was moderate sales growth in our ColorPlus® collection of products, XLD® trim and Hardiebacker™ 500 underlayment, but sales of other higher-priced, differentiated products decreased compared to the same period last year. Sales in our interior products category were slightly lower compared to the same quarter last year.

EBIT for the quarter was 14% lower at US\$84.3 million, primarily due to lower volume and higher manufacturing costs, partly offset by lower SG&A spending compared to the same quarter last year. The EBIT margin was 27.4%. For the half year, EBIT was 1% lower at US\$198.7 million and the EBIT margin was 30.4%.

Asia Pacific Fibre Cement

Net sales increased 19% to US\$76.1 million for the quarter. In Australian dollars, net sales increased 7% due to a 4% increase in sales volumes and a 3% increase in the average Australian dollar net sales price.

For the half year net sales increased 20% to US\$147.3 million. In Australian dollars, net sales increased 7% due to a 5% increase in sales volumes and a 2% increase in the average Australian dollar net sales price.

Residential construction activity was slightly weaker in Australia, flat in New Zealand and stronger in the Philippines compared to the same quarter last year. In Australia, the business continued to grow demand for fibre cement and increase market share through increased sales of its Scyon™ product range. In New Zealand, continuing strong growth in sales of Linea™ weatherboards helped the business increase market share. In the Philippines, net sales increased due mainly to higher domestic prices and an increased proportion of export sales in the sales mix.

EBIT was 8% higher for the quarter at US\$12.4 million and 14% higher at US\$24.8 million for the half year due to the improved sales performance together with the increase in the Australian dollar against the US dollar. The EBIT margin was 16.4% for the quarter and 16.8% for the half year.

USA Hardie Pipe

Net sales for the quarter and half year decreased compared to the same periods last year due to the impact of weaker residential and non-residential construction activity in Florida, partly offset by an increase in the average net sales price. The business is continuing to focus on growing sales in its core markets and expanding into other strategic markets. A small negative EBIT was recorded for the quarter and half year.

Europe Fibre Cement

Sales continued to grow steadily during the quarter. EBIT losses for the quarter and half year were materially reduced compared to the same periods last year.

Asbestos Adjustments

The effect of asbestos adjustments on EBIT for the quarter and half year ended 30 September 2007 are as follows:

US\$ Million	Q2 FY 2008	Q2 FY 2007	HY FY 2008	HY FY 2007
Effect of foreign exchange	\$ (27.0)	\$ (5.4)	\$ (60.2)	\$ (32.6)
Other adjustments	(1.9)	(41.8)	1.2	(41.8)
Asbestos adjustments to EBIT	\$ (28.9)	\$ (47.2)	\$ (59.0)	\$ (74.4)

Readers are referred to Note 6 of the company's 30 September 2007 Consolidated Financial Statements for further information on the asbestos adjustments.

ASIC Proceedings

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

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

Readers are referred to Note 7 of the company's 30 September 2007 Consolidated Financial Statements for further information on the ASIC Proceedings.

Cash Flow

Operating cash flow for the half year ended 30 September 2007 increased from a utilisation of US\$22.3 million to cash provided of US\$231.0 million. The increase was driven primarily by the payment of the initial ATO deposit during the six months ended 30 September 2006 totalling US\$141.4 million, compared to a US\$3.7 million payment in the current half year. In addition, the increase was driven by an increased focus on working capital management throughout the half year. Capital expenditures for the purchase of property, plant and equipment decreased from US\$61.4 million to US\$24.2 million.

Outlook

In North America, the outlook for residential construction activity is for some further weakness through to at least the end of this fiscal year. There is still a large backlog of new houses for sale and indicators of future activity such as housing permits and builder confidence all suggest that a recovery is not likely in the near-term.

Further adjustments are being made to the US business with the suspension of operations at our Blandon, Pennsylvania plant and this, together with the earlier business reset in late 2006 and early 2007, are expected to keep the company well-positioned for dealing with the weaker market conditions. The business is now being set on the basis that new housing starts will be at an annual rate of 1.1 million, down from the earlier assumption of 1.3 million starts.

The business is continuing to focus on increasing primary demand for fibre cement and growing its market share in both the exterior and interior product categories to help reduce the impact of weaker housing construction activity. Cost pressures, particularly from higher input material costs are expected to remain in the second half of this fiscal year.

In our Asia Pacific business, some further weakening in market conditions is expected in Australia and New Zealand over the short-term, but conditions in the Philippines are expected to remain healthy. The business is continuing to focus on market initiatives around its differentiated product range to grow primary demand. Further manufacturing efficiencies and cost savings are expected. Non-differentiated products are expected to remain subject to strong competitive pressures.

We note the range of analysts' forecasts for operating profit from continuing operations, excluding asbestos and the Blandon, Pennsylvania plant impairment cost, for the year ended 31 March 2008 of between US\$181 million and US\$207 million. The company is comfortable with the bottom end of this range, but notes there is still a significant amount of uncertainty over the outlook for US housing activity.

Changes to the Amended FFA liability to reflect changes in foreign exchange rates or updates to the actuarial estimate may have a material impact on the company's consolidated financial statements. Refer to Note 6 of the company's 30 September 2007 Consolidated Financial Statements for more information.

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

These documents, along with an audio-cast of the management presentation on 19 November 2007, are available from the Investor Relations area of James Hardie's website at: www.jameshardie.com

The company lodged its annual filing for the year ended 31 March 2007 with the SEC on 6 July 2007.

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

Definitions

Financial Measures – US GAAP equivalents

EBIT and EBIT margin – EBIT, as used in this document, is equivalent to the US GAAP measure of operating income. EBIT margin is defined as EBIT as a percentage of net sales. James Hardie believes EBIT and EBIT margin to be relevant and useful information as these are the primary measures used by management to measure the operating profit or loss of its business. EBIT is one of several metrics used by management to measure the earnings generated by the company's operations, excluding interest and income tax expenses. Additionally, EBIT is believed to be a primary measure and terminology used by its Australian investors. EBIT and EBIT margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America. EBIT and EBIT margin, as the company has defined them, may not be comparable to similarly titled measures reported by other companies.

Operating profit – is equivalent to the US GAAP measure of income.

Net operating profit – is equivalent to the US GAAP measure of net income.

Sales Volumes

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

Financial Ratios

Gearing Ratio – Net debt/cash divided by net debt/cash plus shareholders' equity.

Net interest expense cover – EBIT divided by net interest expense.

Net interest paid cover – EBIT divided by cash paid during the period for interest, net of amounts capitalised.

Net debt payback – Net debt/cash divided by cash flow from operations.

Net debt/cash – short-term and long-term debt less cash and cash equivalents.

Non-US GAAP Financial Measures

EBIT and EBIT margin excluding asbestos – EBIT and EBIT margin excluding asbestos are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT margin. James Hardie has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. The company uses these non-US GAAP measures for the same purposes.

US\$ Millions	Q2 FY08	Q2 FY07	HY FY08	HY FY07
EBIT	\$ 44.7	\$ 41.0	\$ 119.7	\$ 109.9
Asbestos:				
Asbestos adjustments	28.9	47.2	59.0	74.4
AICF SG&A expenses	1.1	-	1.7	-
EBIT excluding asbestos	\$ 74.7	\$ 88.2	\$ 180.4	\$ 184.3
Net Sales	\$ 390.1	\$ 411.4	\$ 814.5	\$ 826.9
EBIT margin excluding asbestos	19.1%	21.4%	22.1%	22.3%

Net operating profit excluding asbestos – Net operating profit excluding asbestos is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than net income. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company uses this non-US GAAP measure for the same purposes.

US\$ Millions	Q2 FY08	Q2 FY07	HY FY08	HY FY07
Net operating profit	\$ 19.1	\$ 21.1	\$ 58.2	\$ 56.6
Asbestos:				
Asbestos adjustments	28.9	47.2	59.0	74.4
AICF SG&A expenses	1.1	-	1.7	-
AICF interest income	(2.6)	-	(4.2)	-
Tax expense related to asbestos adjustments	-	-	0.4	-
Net operating profit excluding asbestos	\$ 46.5	\$ 68.3	\$ 115.1	\$ 131.0

Diluted earnings per share excluding asbestos – Diluted earnings per share excluding asbestos is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than diluted earnings per share. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company's management uses this non-US GAAP measure for the same purposes.

US\$ Millions	Q2 FY08	Q2 FY07	HY FY08	HY FY07
Net operating profit excluding asbestos	\$ 46.5	\$ 68.3	\$ 115.1	\$ 131.0
Weighted average common shares outstanding – diluted (millions)	468.3	465.1	468.5	466.0
Diluted earnings per share excluding asbestos (US cents)	10.0	14.7	24.6	28.1

Effective tax rate excluding asbestos – Effective tax rate excluding asbestos is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than effective tax rate. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company's management uses this non-US GAAP measure for the same purposes.

US\$ Millions	Q2 FY08	Q2 FY07	HY FY08	HY FY07
Operating profit before income taxes	\$ 46.7	\$ 42.0	\$ 122.2	\$ 108.9
Asbestos:				
Asbestos adjustments	28.9	47.2	59.0	74.4
AICF SG&A expenses	1.1	-	1.7	-
AICF interest income	(2.6)	-	(4.2)	-
Operating profit before income taxes excluding asbestos	\$ 74.1	\$ 89.2	\$ 178.7	\$ 183.3
Income tax expense	\$ 27.6	\$ 20.9	\$ 64.0	\$ 53.2
Asbestos:				
Tax expense related to asbestos adjustments	-	-	(0.4)	-
Income tax expense excluding asbestos	\$ 27.6	\$ 20.9	\$ 63.6	\$ 53.2
Effective tax rate excluding asbestos	37.2%	23.4%	35.6%	29.0%

EBITDA – is not a measure of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP or as a measure of profitability or liquidity. Not all companies calculate EBITDA in the same manner as James Hardie has and, accordingly, EBITDA may not be comparable with other companies. The company has included information concerning EBITDA because it believes that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements.

US\$ Millions	Q2 FY08	Q2 FY07	HY FY08	HY FY07
EBIT	\$ 44.7	\$ 41.0	\$ 119.7	\$ 109.9
Depreciation and amortisation	13.5	13.2	27.7	24.2
EBITDA	\$ 58.2	\$ 54.2	\$ 147.4	\$ 134.1

Disclaimer

This Media Release contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with or furnished to the United States Securities and Exchange Commission on Forms 20-F and 6-K, in our annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, lenders and potential lenders, representatives of the media and others. Examples of forward-looking statements include:

- expectations about the timing and amount of payments to the Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;
- expectations with respect to the effect on our financial statements of those payments;
- statements as to the possible consequences of proceedings brought against us and certain of our former directors and officers by the Australian Securities and Investments Commission;
- expectations that our credit facilities will be extended or renewed;
- projections of our operating results or financial condition;
- statements regarding our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;
- statements about our future performance;
- statements about product or environmental liabilities; and
- statements regarding tax liabilities and related proceedings.

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should,” “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under “Risk Factors” beginning on page 6 of our Form 20-F filed on 6 July 2007 with the Securities and Exchange Commission, include but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to the AICF and the effect of foreign exchange on the amount recorded in our financial statements as an asbestos liability; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; the success of our research and development efforts; our reliance on a small number of product distributors; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; foreign exchange risks; the successful implementation of new software systems; and the effect of natural disasters. We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.