MANAGEMENT'S ANALYSIS OF RESULTS

15 August 2007

James Hardie Industries N.V.
Results for the 1st Quarter Ended 30 June 2007

	Three Months Ended 30 June		
US GAAP - US$ Millions	FY 2008	FY 2007	% Change
Net Sales			
USA Fibre Cement	$346.1	$348.9	(1)
Asia Pacific Fibre Cement	71.2	59.2	20
Other	7.1	7.4	(4)
Total Net Sales	$424.4	$415.5	2
Cost of goods sold	(257.5)	(257.8)	-
Gross profit	166.9	157.7	6
Selling, general and administrative expenses	(55.5)	(51.7)	(7)
Research & development expenses	(6.3)	(7.5)	16
SCI and other related expenses	-	(2.4)	-
Asbestos adjustments	(30.1)	(27.2)	(11)
EBIT	75.0	68.9	9
Net interest income (expense)	0.5	(2.0)	-
Operating profit before income taxes	75.5	66.9	13
Income tax expense	(36.4)	(32.3)	(13)
Operating profit before cumulative effect of change in accounting principle	39.1	34.6	13
Cumulative effect of change in accounting principle for stock-based compensation, net of income tax expense of nil and US$0.4 million, respectively	-	0.9	-
Net operating profit	$39.1	$35.5	10
Earnings per share – diluted (US cents)	8.3	7.6	9
Volume (mmsf)			
USA Fibre Cement	573.4	605.7	(5)
Asia Pacific Fibre Cement	98.0	91.8	7
Average net sales price per unit (per msf)			
USA Fibre Cement	US$604	US$576	5
Asia Pacific Fibre Cement	A$873	A$862	1

In this Management's Analysis of Results, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 9. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures include "EBIT", "EBIT margin", "Operating profit" and "Net operating profit". The company may also present other terms for measuring its sales volumes ("million square feet (mmsf)" and "thousand square feet (msf)"); financial ratios ("Gearing ratio", "Net interest expense cover", "Net interest paid cover", "Net debt payback", "Net debt/cash"); and Non-US GAAP financial measures ("EBIT and EBIT margin excluding asbestos", "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 1st quarter of the current fiscal year versus the 1st quarter of the prior fiscal year.

Total Net Sales

Total net sales for the quarter increased 2% compared to the same quarter of the previous year, from US$415.5 million to US$424.4 million.

Net sales from USA Fibre Cement for the quarter decreased 1% from US$348.9 million to US$346.1 million, due to decreased sales volume which was partially offset by an increased average net sales price.

Net sales from Asia Pacific Fibre Cement for the quarter increased 20% from US$59.2 million to US$71.2 million primarily due to favourable currency exchange differences and increased sales volumes.

Other net sales for the quarter decreased 4% from US$7.4 million to US$7.1 million due to a decrease in sales in the USA Hardie Pipe business, partially offset by improved sales performance in the Europe Fibre Cement business.

USA Fibre Cement

Net sales decreased 1% from US$348.9 million in the first quarter of the prior fiscal year to US$346.1 million due to decreased sales volume, partially offset by an increased average net sales price.

Sales volume decreased 5% from 605.7 million square feet to 573.4 million square feet for the quarter, as demand for the company's products was adversely affected by a weaker residential housing construction market.

The average net sales price increased 5% from US$576 per thousand square feet to US$604 per thousand square feet due to price increases on certain products and an increase in the proportion of higher-priced, differentiated products in the sales mix.

Discussion

Market conditions remained challenging during the quarter as new residential construction activity continued to be affected by high inventory levels of new homes for sale and affordability issues associated with higher interest rates and tightened lending standards resulting from concerns over the subprime mortgage market.

The US Census Bureau reported housing starts decreased 22% for the three months ended 30 June 2007 compared to the same period last year, following a 31% decline for the three months ended 31 March 2007. Under normal market conditions, there is approximately a three month lag from the start of construction of a house to when the company's products are purchased.

Repair and remodelling activity was slightly weaker during the quarter compared to the same period last year.

An improvement in market penetration against alternative materials during the quarter helped limit the impact of the significantly weaker new residential construction activity to a 5% decline in sales volumes. The decline was due to weaker demand in our exterior products category where further growth in the higher-priced, differentiated products, XLD® trim and the ColorPlus® collection, was insufficient to offset the impact of weaker market conditions on our other exterior products.

Geographically, demand was weaker in our Southern and Northern Divisions, but stronger in our Western Division.

Sales for our interior products category were flat for the quarter compared to the same period last year, reflecting further market share growth for our backerboards against alternative materials such as gypsum and fibreglass mesh.

Asia Pacific Fibre Cement

Net sales for the quarter increased 20% from US$59.2 million to US$71.2 million. Net sales increased 8% in Australian dollars due largely to a 7% increase in sales volume and a 1% increase in the average Australian dollar net sales price. The increase in reported sales in US dollars was also assisted by the Australian dollar being 11% stronger against the US dollar for the first quarter of fiscal year 2008 than it was for the same period last year.

Discussion

Residential construction activity continued to weaken in Australia, was flat in New Zealand and slightly stronger in the Philippines. Sales volumes increased in all businesses. In Australia, the business continued to grow the fibre cement segment through its Scyon™ range of products launched in the last fiscal year. Scyon Wet Area Flooring, Scyon Trim, Scyon Cavity Trim, Axon™ panel, Matrix cladding and Scyon Linea™ weatherboards continued to increase sales momentum and the proportion of differentiated products in the sales mix. In New Zealand, sales of Linea weatherboards continued to grow strongly and help drive market share growth in that country. In the Philippines, sales volumes grew as a result of increased domestic construction activity and stronger export demand.

The average net sales price, in local currency, was higher in the Philippines, but down slightly in Australia and New Zealand due to competitive pressure on prices for non-differentiated products.

Other

USA Hardie Pipe

Net sales for the quarter decreased compared to the same quarter last year due to lower sales volumes as a result of weaker residential and non-residential construction activity in Florida, partly offset by an increase in the average net sales price. The business continued to focus on building sales volume in core markets and expanding into other strategic markets.

Europe Fibre Cement

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

Gross Profit

Gross profit increased 6% from US$157.7 million to US$166.9 million. The gross profit margin increased 1.3 percentage points from 38.0% to 39.3%.

USA Fibre Cement gross profit increased 5% compared to the same quarter last year due to a higher average net sales price and lower freight costs, partially offset by lower sales volumes and slightly higher unit costs due mainly to higher material costs, particularly pulp and cement. Pulp prices were up 15% compared to the same quarter last year. Compared to the fourth quarter in the last fiscal year, unit costs were flat due to improved cost absorption from higher volumes, offset by an increase in the proportion of higher cost products in the sales mix and higher material costs. The gross profit margin increased 2.3 percentage points.

Asia Pacific Fibre Cement gross profit increased 11% compared to the same period last year due to favourable currency movements. In Australian dollars, gross profit was flat due to increased sales volumes and a slightly higher average sales price, offset by higher manufacturing costs. The gross profit margin decreased by 2.4 percentage points

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 7% for the quarter from US$51.7 million to US$55.5 million, primarily due to an increase in the accrual for employee bonus accruals (arising as a result of a credit in the same quarter last year caused by the release of a prior over-accrual), higher warranty provisions relating to non-US activities and legal expenses associated with the Australian Securities and Investment Commission (ASIC) proceedings. As a percentage of sales, SG&A expenses increased to 13.1% from 12.4%.

SG&A expenses for the current quarter also include non-claims handling related operating expenses of the Asbestos Injuries Compensation Fund (AICF) amounting to US$0.6 million.

ASIC Proceedings
In February 2007 ASIC announced that it was commencing 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 June 2007 Consolidated Financial Statements for further information on the ASIC Proceedings.

Research and Development Expenses

Research and development expenses include costs associated with "core" research projects that are designed to benefit all business units. These costs are recorded in the Research and Development segment rather than being attributed to individual business units. These costs were 18% higher for the quarter at US$3.9 million.

Other research and development costs associated with commercialisation projects in business units are included in the business unit segment results. In total, these costs were 43% lower at US$2.4 million for the quarter.

SCI and Other Related Expenses

Now that the Amended FFA has been implemented, the company anticipates no significant Special Commission of Inquiry (SCI) and other related expenses going forward. During the first quarter, SCI and other related expenses were nil compared to US$2.4 million for the same period last year.

Asbestos Adjustments

The asbestos adjustments are derived from an estimate of future Australian asbestos-related liabilities in accordance with the Amended FFA that was signed with the NSW Government on 21 November 2006 and approved by the company's security holders on 7 February 2007.

The asbestos adjustments for the quarter are as follows:

US$ Million	Q1 FY 2008	Q1 FY 2007
Effect of foreign exchange	$ (33.2)	$ (27.2)
Other adjustments	3.1	-
Asbestos adjustments	$ (30.1)	$ (27.2)

Effect of Foreign Exchange
The asbestos-related assets and liabilities are denominated in Australian dollars and thus the reported value of these asbestos-related assets and liabilities in the company's consolidated balance sheets in US dollars is subject to adjustment depending on the closing exchange rate between the two currencies at the balance sheet date. The effect of foreign exchange rate movements between these currencies has caused an increase in the net Amended FFA liability of US$33.2 million for the quarter.

Other Adjustments
Other adjustments represent discounting adjustments related to certain insurance receivables and the asbestos-related research and education contributions liability.

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

EBIT

EBIT for the quarter increased from US$68.9 million for the same quarter last year to US$75.0 million for the current quarter. EBIT for the quarter includes net unfavourable asbestos adjustments of US$30.1 million and AICF SG&A expenses of US$0.6 million, as shown in the table below.

EBIT - US$ Millions	**Three Months Ended 30 June**		
	FY 2008	FY 2007	% Change
USA Fibre Cement	$114.4	$103.3	11
Asia Pacific Fibre Cement	12.4	10.3	20
Research & Development	(4.1)	(4.6)	11
Other	(1.3)	(2.7)	52
General Corporate	(16.3)	(10.2)	(60)
Asbestos adjustments	(30.1)	(27.2)	(11)
EBIT	75.0	68.9	9
Excluding:			
Asbestos:			
Asbestos adjustments	30.1	27.2	11
AICF SG&A expenses	0.6		-
EBIT excluding asbestos	$105.7	$96.1	10
Net sales	$424.4	$415.5	2
EBIT margin excluding asbestos	24.9%	23.1%	

USA Fibre Cement EBIT

USA Fibre Cement EBIT for the quarter increased 11% from US$103.3 million to US$114.4 million, primarily due to an improved gross margin and lower SG&A spending. The EBIT margin was 3.5 percentage points higher at 33.1% for the quarter.

Asia Pacific Fibre Cement EBIT

Asia Pacific Fibre Cement EBIT for the quarter increased 20% from US$10.3 million to US$12.4 million, with improvements in Australia and New Zealand being partially offset by a reduced performance in the Philippines. In Australian dollars, Asia Pacific Fibre Cement EBIT for the quarter increased 8%. The EBIT margin was flat at 17.4% for the quarter.

Other EBIT

The USA Hardie Pipe business recorded a small EBIT loss compared to a small positive EBIT for the same period last year.

The Europe Fibre cement business incurred a significantly reduced EBIT loss for the quarter as it continued to build sales.

General Corporate Costs

General corporate costs for the quarter increased by US$6.1 million from US$10.2 million to US$16.3 million. The increase was primarily due to increased warranty provisions relating to non-US activities, higher employee bonus accruals (arising as a result of a credit in the same quarter last year caused by the release of a prior over-accrual) and legal expenses associated with the ASIC proceedings.

Net Interest Income (Expense)

Net interest income (expense) for the quarter increased from expense of US$2.0 million to income of US$0.5 million. The increase was primarily due to interest income of US$1.6 million earned on investments by the AICF and a decrease in net interest expense resulting from the lower average level of net debt outstanding compared to the same period in the prior year.

Income Tax Expense

Income tax expense for the quarter increased from US$32.3 million to US$36.4 million.

The company's effective tax rate on earnings excluding asbestos adjustments was 34.4% at 30 June 2007.

With effect from 1 April 2007, the company was required to adopt the provisions of FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes, an interpretation of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes". The adoption of FIN 48 resulted in the reduction of the company's consolidated beginning retained earnings of US$90.4 million.

Readers are referred to Note 2 of the company's 30 June 2007 Consolidated Financial Statements for further information on the adoption of FIN 48.

Disputed Amended Australian Income Tax Assessment

As announced on 22 March 2006, RCI Pty Ltd (RCI), a wholly owned subsidiary of the company, received an amended assessment from the ATO in respect of RCI's income tax return for the year ended 31 March 1999. The amended assessment relates to the amount of net capital gains arising as a result of an internal corporate restructure carried out in 1998 and has been issued pursuant to the discretion granted to the Commissioner of Taxation under Part IVA of the Income Tax Assessment Act 1936. The original amended assessment issued to RCI was for a total of A$412.0 million.

However, after subsequent remissions of general interest charges (GIC) by the ATO, the total was changed to A$368.0 million, comprising A$172.0 million of primary tax after allowable credits, A$43.0 million of penalties (representing 25% of primary tax) and A$153.0 million of GIC.

RCI is appealing the amended assessment. On 5 July 2006, pursuant to the agreement negotiated with the ATO and in accordance with the ATO Receivable Policy, the company made a payment of A$189.0 million. The company also agreed to guarantee the payment of the remaining 50% of the amended assessment should its appeal not be successful and to pay GIC accruing on the unpaid balance of the amended assessment in arrears on a quarterly basis. Up to 30 June 2007, GIC totalling A$85.6 million has been paid to the ATO. On 16 July 2007, the company paid A$3.1 million in GIC in respect of the quarter ended 30 June 2007. However, the company has not recorded any liability at 30 June 2007 for the remainder of the amended assessment because, at this time, the company believes it is more likely than not that RCI's view of its tax position will be upheld on appeal.

On 30 May 2007, the ATO issued a Notice of Decision disallowing the company's objection to the amended assessment. On 11 July 2007, the company filed an application appealing the Objection Decision with the Federal Court of Australia.

Readers are referred to Note 9 of the company's 30 June 2007 Consolidated Financial Statements for further information on the ATO amended assessment.

Net Operating Profit

Net operating profit increased from US$35.5 million to US$39.1 million. Net operating profit excluding asbestos increased 9% from US$62.7 million to US$68.6 million as shown in the table below.

Net Operating Profit - US$ Millions	**Three Months Ended 30 June**		
	FY 2008	FY 2007	% Change
Net operating profit	$39.1	$35.5	10
Excluding:			
Asbestos:			
Asbestos adjustments	30.1	27.2	11
Tax expense related to asbestos adjustments	0.4	-	-
AICF SG&A costs	0.6	-	-
AICF interest income	(1.6)	-	-
Net operating profit excluding asbestos	$68.6	$62.7	9

Liquidity and Capital Resources

The company has historically met its working capital needs and capital expenditure requirements through a combination of cash flow from operations, proceeds from the divestiture of businesses, credit facilities and other borrowings, proceeds from the sale of property, plant and equipment, and proceeds from the redemption of investments. Seasonal fluctuations in working capital generally have not had a significant impact on its short-term or long-term liquidity. The company believes that it can meet its present working capital requirements for at least the next 12 months based on its current capital resources. Any cash commitments arising from the Amended FFA will be met either from cash generated by operating activities or, should this prove insufficient, from borrowings under existing credit facilities.

Excluding the restricted cash assets of the AICF, the company had cash and cash equivalents of US$80.6 million as of 30 June 2007. At that date it also had credit facilities totalling US$355.0 million, of which US$125.0 million was drawn. The credit facilities are all uncollateralised and consist of the following:

		At 30 June 2007	
Description	**Effective Interest Rate**	**Total Facility**	**Principal Drawn**
(US$ millions)			
364-day facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until June 2008	5.81%	$110.0	$60.0
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until June 2010	5.99%	245.0	65.0
Total		$355.0	$125.0

At 30 June 2007, the company had net debt of US$44.4 million, compared with net debt of US$153.9 million at 31 March 2007.

At 30 June 2007, the company had 364-day facilities in the amount of US$110.0 million, which expire in June 2008 and term facilities in the amount of US$245.0 million, which expire in June 2010. At 30 June 2007, there was US$125.0 million drawn under the combined facilities and US$230.0 million was available, but unutilised.

In July 2006, pursuant to an agreement negotiated with the ATO and in accordance with the ATO Receivable Policy, the company made a payment of A$189.0 million (US$160.4 million) along with the provision of a guarantee from JHI NV in favour of the ATO for the unpaid balance of the assessment. The company has also agreed to pay GIC accruing on the unpaid balance of the assessment in arrears on a quarterly basis. Even if the company is ultimately successful in its appeal and the cash deposit is refunded, this procedural requirement to post a cash deposit materially and adversely affects the company's financial position and liquidity in the intervening period. See "Disputed Amended Australian Income Tax Assessment" above for further information on the ATO amended assessment.

If the company is unable to extend its credit facilities, or is unable to renew its credit facilities on terms that are substantially similar to the ones it presently has, it may experience liquidity issues and will have to reduce its levels of planned capital expenditures, reduce or eliminate dividend payments or take other measures to conserve cash in order to meet its future cash flow requirements. The company believes it will have sufficient funds to meet its planned working capital and other cash requirements for the next 12 months based on its existing cash balances and anticipated operating cash flows arising during the year.

Cash Flow

Operating cash flow for the quarter increased from US$60.7 million to US$131.5 million. The increase was driven primarily by an increased focus on working capital management throughout the quarter. Capital expenditures for the purchase of property, plant and equipment decreased from US$35.5 million to US$16.5 million.

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

These documents, along with a webcast of the presentation on 15 August 2007, are available from the Investor Relations area of the James Hardie 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 Investor Relations area of the company's 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	Q1 FY 2008	Q1 FY 2007
EBIT	$75.0	$68.9
Asbestos:		
Asbestos adjustments	30.1	27.2
AICF SG&A expenses	0.6	-
EBIT excluding asbestos	$105.7	$96.1
Net Sales	$424.4	$415.5
EBIT margin excluding asbestos	24.9%	23.1%

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	Q1 FY 2008	Q1 FY 2007
Net operating profit	$39.1	$35.5
Asbestos:		
Asbestos adjustments	30.1	27.2
AICF SG&A expenses	0.6	-
AICF interest income	(1.6)	-
Tax expense related to asbestos adjustments	0.4	-
Net operating profit excluding asbestos	$68.6	$62.7

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 (except share data)	Q1 FY 2008	Q1 FY 2007
Net operating profit excluding asbestos	$68.6	$62.7
Weighted average common shares outstanding - Diluted (millions)	469.4	466.9
Diluted earnings per share excluding asbestos (US cents)	14.6	13.4

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	**Q1 FY 2008**	**Q1 FY 2007**
Operating profit before income taxes	$75.5	$66.9
Asbestos:		
Asbestos adjustments	30.1	27.2
AICF SG&A expenses	0.6	
AICF interest income	(1.6)	
Operating profit before income taxes excluding asbestos	$104.6	$94.1
Income tax expense	$ 36.4	$32.3
Asbestos:		
Tax expense related to asbestos adjustments	(0.4)	-
Income tax expense excluding asbestos	$36.0	$32.3
Effective tax rate excluding asbestos	34.4%	34.3%

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	**Q1 FY 2008**	**Q1 FY 2007**
EBIT	$75.0	$68.9
Depreciation and amortisation	14.2	11.0
EBITDA	$89.2	$79.9

Supplemental Financial Information

James Hardie's management measures its operating performance and analyses year-over-year changes in operating results with and without the effect of the net Amended FFA liability recorded in the fourth quarter of fiscal year 2006 and believes that security holders will do the same.

As set forth in Note 6 of the 30 June 2007 Financial Report, the net Amended FFA liability, while recurring, is based on periodic actuarial determinations, claims experience and currency fluctuations. It has no relation to the results of the company's operations. Accordingly, management believes that the following information is useful to it and investors in evaluating ongoing operating financial performance.

The following tables are considered non-GAAP and are not intended to be used or viewed in any respect as substitutes for the company's GAAP consolidated financial statements. These non-GAAP measures should only be viewed as a supplement to reported GAAP financials statements, and, in all cases, the corresponding GAAP amounts are shown on the same line as the non-GAAP measure, to avoid any possible confusion.

The following tables should be read in conjunction with JHI NV's financial statements and related notes contained in the company's 30 June 2007 Consolidated Financial Statements.

James Hardie Industries N.V.
Consolidated Balance Sheet
30 June 2007 (Unaudited)

US$ Million	Total Fibre Cement Operations - excluding Asbestos Compensation	Asbestos Compensation	As Reported
ASSETS			
Current assets:			
Cash and cash equivalents	$227.5	$(146.9)	$80.6
Restricted cash and cash equivalents	5.0	144.7	149.7
Accounts and notes receivable, net of allowance for doubtful accounts of $1.4m	168.0	0.2	168.2
Inventories	133.6	-	133.6
Prepaid expenses and other current assets	48.2	0.3	48.5
Insurance receivable - Asbestos	-	9.9	9.9
Workers' compensation - Asbestos	-	2.9	2.9
Deferred income taxes	18.5	-	18.5
Deferred income taxes - Asbestos	-	9.4	9.4
Total current assets	600.8	20.5	621.3
Property, plant and equipment, net	839.2	0.4	839.6
Insurance receivable - Asbestos	-	167.5	167.5
Workers' compensation - Asbestos	-	80.5	80.5
Deferred income taxes	2.3	-	2.3
Deferred income taxes - Asbestos	-	330.8	330.8
Deposit with Australian Taxation Office	173.7	-	173.7
Other assets	2.1	-	2.1
Total assets	$1,618.1	$599.7	$2,217.8
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	$124.7	$1.1	$125.8
Short-term debt	60.0	-	60.0
Dividends payable	70.7	-	70.7
Accrued payroll and employee benefits	37.9	0.1	38.0
Accrued product warranties	6.7	-	6.7
Income taxes payable	37.9	(11.8)	26.1
Asbestos liability	-	66.8	66.8
Workers' compensation - Asbestos	-	2.9	2.9
Other liabilities	14.0	-	14.0
Total current liabilities	351.9	59.1	411.0
Long-term debt	65.0	-	65.0
Deferred income taxes	93.8	-	93.8
Accrued product warranties	9.8	-	9.8
Asbestos liability	-	1,272.0	1,272.0
Workers' compensation - Asbestos	-	80.5	80.5
Other liabilities	134.3	3.7	138.0
Total liabilities	654.8	1,415.3	2,070.1
Commitments and contingencies			
Shareholders' equity			
Common stock	252.1	-	252.1
Additional paid-in capital	183.8	-	183.8
Retained earnings (Accumulated deficit)	514.9	(815.6)	(300.7)
Accumulated other comprehensive income	12.5	-	12.5
Total shareholders' equity	963.3	(815.6)	147.7
Total liabilities and shareholders' equity	$1,618.1	$599.7	$2,217.8

James Hardie Industries N.V.
Consolidated Statement of Operations
For the three months ended 30 June 2007
(Unaudited)

US$ Million	Total Fibre Cement Operations - excluding Asbestos Compensation	Asbestos Compensation	As Reported
Net Sales			
USA Fibre Cement	$346.1	-	$346.1
Asia Pacific Fibre Cement	71.2	-	71.2
Other	7.1	-	7.1
Total Net Sales	424.4	-	424.4
Cost of goods sold	(257.5)	-	(257.5)
Gross profit	166.9	-	166.9
Selling, general and administrative expenses	(54.9)	(0.6)	(55.5)
Research and development expenses	(6.3)	-	(6.3)
Asbestos adjustments	-	(30.1)	(30.1)
EBIT	105.7	(30.7)	75.0
Net interest (expense) income	(1.1)	1.6	0.5
Operating profit (loss) before income taxes	104.6	(29.1)	75.5
Income tax expense	(36.0)	(0.4)	(36.4)
Net Operating Profit (Loss)	$68.6	$(29.5)	$39.1

James Hardie Industries N.V.
Consolidated Statement of Cash Flows
For the three months ended 30 June 2007
(Unaudited)

US $ Million	Total Fibre Cement Operations - excluding Asbestos Compensation	Asbestos Compensation	As Reported
ash Flows From Operating Activities			
Net income (loss)	$68.6	$(29.5)	$39.1
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortisation	14.2	-	14.2
Deferred income taxes	11.7	-	11.7
Prepaid pension cost	0.4	-	0.4
Stock-based compensation	1.5	-	1.5
Asbestos adjustments		30.1	30.1
Deposit with Australian Taxation Office	(1.0)	-	(1.0)
Other	(0.2)	(0.6)	(0.8)
Changes in operating assets and liabilities:			
Restricted cash and cash equivalents		10.7	10.7
Accounts and notes receivable	(2.8)	0.3	(2.5)
Insurance receivable		6.2	6.2
Inventories	16.0	-	16.0
Prepaid expenses and other current assets	(15.8)	0.2	(15.6)
Accounts payable and accrued liabilities	21.2	-	21.2
Asbestos liability		(17.2)	(17.2)
Other accrued liabilities and other liabilities	17.7	(0.2)	17.5
Net cash provided by operating activities	$131.5		$131.5
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	(16.5)	-	(16.5)
Net cash used in investing activities	$(16.5)		$(16.5)
Cash Flows From Financing Activities			
Repayments of short-term borrowings	(23.0)	-	(23.0)
Repayments of long-term borrowings	(40.0)	-	(40.0)
Proceeds from issuance of shares	2.2	-	2.2
Tax benefit from stock options exercised	0.2	-	0.2
Net cash used in financing activities	$(60.6)		$(60.6)
Effects of exchange rate changes on cash	(7.9)	-	(7.9)
Net increase in cash and cash equivalents	46.5	-	46.5
Cash and cash equivalents at beginning of period	34.1	-	34.1
Cash and cash equivalents at end of period	$80.6		$80.6
Components of Cash and Cash Equivalents			
Cash at bank and on hand	$32.7	-	$32.7
Short-term deposits	47.9	-	47.9
Cash and cash equivalents at end of period	$80.6		$80.6

Disclaimer

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

- expectations about the timing and amount of payments to the Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;
- expectations with respect to the effect on our financial statements of those payments;
- statements as to the possible consequences of proceedings brought against us and certain of our former directors and officers by the Australian Securities 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; and
- statements about product or environmental liabilities.

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

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under "Risk Factors" beginning on page 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.