

15 April 2005

James Hardie Special Purpose Fund to Cover Baryulgil Compensation Claims

The Board of James Hardie Industries NV (JHINV) today confirmed that it would extend the coverage of the Special Purpose Fund (SPF) to permit members of the Baryulgil community (former asbestos mine workers and residents) to receive compensation funding from the SPF for valid and proven claims against the former Group subsidiary, Asbestos Mines Pty Ltd.

The decision follows a review of the status of Asbestos Mines Pty Ltd in the context of the proposed SPF and the principles agreed to and set out in the Heads of Agreement.

Asbestos Mines Pty Ltd was sold to Woodsreef Mines Ltd (now Mineral Commodities Ltd) in 1976. Asbestos Mines Pty Ltd (since renamed Marlew Mining Pty Ltd) went into liquidation in 2002 and there is uncertainty regarding the availability of funds for future asbestos claims relating to Asbestos Mines Pty Ltd. The James Hardie Board has moved to address this uncertainty.

James Hardie does not expect the decision to include Baryulgil in the SPF to significantly increase the total value of claims already factored into the SPF funding arrangements. The company understands that the workforce of the Baryulgil asbestos mine was never more than 40 people at any one time and between the early 1940s and the closure of the mine in 1979, the total workforce was approximately 350 people. The estimated population of the Baryulgil town during this time was between 100 and 200 people.

Any proven asbestos related personal injury claims from members of the Baryulgil community directly against the Medical Research & Compensation Foundation subsidiary Amaca Pty Ltd, or directly against the former James Hardie entity ABN60 Pty Ltd, would already fall within the scope of the SPF funding arrangements contemplated in the Heads of Agreement.

The Board's decision to extend the compensation arrangements set out in the Heads of Agreement has been made to allay concern among those in the Baryulgil community who may have been exposed to asbestos and who may have a claim against Asbestos Mines Pty Ltd, which is now in liquidation.

Claims against Asbestos Mines Pty Ltd were not included within the original Heads of Agreement because none of the participants sought to do so. Asbestos Mines Pty Ltd has never been part of the Medical Research & Compensation Foundation, and the James Hardie Group has had no involvement with Asbestos Mines Pty Ltd since 1976.

Asbestos related personal injury claims that may be able to be brought by members of the Baryulgil community against Asbestos Mines Pty Ltd fall into the two broad categories of (i) occupational claims, and (ii) non-occupational personal injury claims.

Occupational claims are those made by former employees of Asbestos Mines Pty Ltd and may be a claim for compensation made through the Dust Diseases Board (DDB) or a common law claim.

Occupational claims can continue to be made through the DDB. The DDB will assess and pay any valid claims as it has done in the past.

Common law claims will be met by the Asbestos Mines Pty Ltd's workers compensation insurance in place at the relevant time. Where the claims relate to a period when the Baryulgil mine was under James Hardie ownership, former employees would be covered by the James Hardie workers compensation insurance arrangements in place at that time. However, if there is not adequate insurance to cover other valid and proven occupational claims, James Hardie proposes that, in common with the proposed compensation for employees of former James Hardie companies Amaca Pty Ltd, Amaba Pty Ltd and ABN60 Pty Ltd, the proposed funding of the SPF will also be available to meet the shortfall in compensation.

Non-occupational personal injury claims are those made by people from the Baryulgil community who were not employees of Asbestos Mines Pty Ltd. James Hardie is proposing that any such valid and proven claims against Asbestos Mines Pty Ltd not otherwise recoverable from:

- any assets of Asbestos Mines Pty Ltd; or
- any insurers of Asbestos Mines Pty Ltd ; or
- other parties from whom the claimant can recover compensation

would also be able to be covered by the SPF.

Any increased claims against the SPF will also need to be funded within the cash flow cap set out in the Heads of Agreement.

BACKGROUND:

Asbestos Mines Pty Ltd began mining at Baryulgil in 1944 as a joint venture between Wunderlich Ltd (now Seltsam Ltd, an entity of CSR Ltd) and a former James Hardie subsidiary (now Amaca Pty Ltd).

From 1954 until 1976, Asbestos Mines Pty Ltd was a wholly-owned subsidiary of James Hardie Industries Limited (now ABN60 Pty Ltd). In 1976, Asbestos Mines Pty Ltd was sold to Woodsreef Mines Ltd, which was subsequently renamed Mineral Commodities Ltd.

Asbestos Mines Pty Ltd was later renamed Marlew Mining Pty Ltd and went into liquidation in 2002.

On 21 December 2004, James Hardie Industries NV (JHINV) announced that it had signed a non-binding Heads of Agreement with the New South Wales Government, the Australian Council of Trade Unions, Unions New South Wales and asbestos support groups to provide long term funding of asbestos related personal injury claims in Australia against former James Hardie companies. The implementation of the Heads of Agreement will involve the creation of a Special Purpose Fund (SPF) which would be funded by JHINV in the future and is conditional on, among other things, the execution of a legally binding principal agreement and the approval of JHINV's shareholders.

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Investor and Analyst Enquiries:

Steve Ashe – Vice President, Investor Relations
Telephone: 61 2 8274 5246
Mobile: 0408 164 011
Email: steve.ashe@jameshardie.com.au

Media Enquiries:

James Rickards
Telephone: 61 2 8274 5304
Mobile: 0419 731 371
Email: media@jameshardie.com.au
Facsimile: 61 2 8274 5218

www.jameshardie.com

Disclaimer

This Company Statement 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.