

Management's Analysis of Results

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James Hardie Industries N.V. Results for the Full Year Ended 31 March 2005

US GAAP - US\$ Millions

Net Sales

USA Fibre Cement
Asia Pacific Fibre Cement
Other Fibre Cement

Total Net Sales

Net Sales
Cost of goods sold
Gross profit
Selling, general and administrative expenses
Research and development expenses
Special Commission of Inquiry and other related expenses
Other operating expenses
EBIT ¹
Net interest expense
Other (expense) income
Operating profit from continuing operations before income taxes ¹
Income tax expense

Operating Profit From Continuing Operations ¹

Net Operating Profit Including Discontinued Operations ¹

Tax rate

Volume (mmsf¹)

USA Fibre Cement

Asia Pacific Fibre Cement*

Average net sales price per unit (per msf¹)

USA Fibre Cement

Asia Pacific Fibre Cement*

	Year Ended 31 March		
	FY 2005	FY 2004	% Change
Net Sales			
USA Fibre Cement	\$ 939.2	\$ 738.6	27
Asia Pacific Fibre Cement	236.1	219.8	7
Other Fibre Cement	35.1	23.5	49
Total Net Sales	1,210.4	981.9	23
Net Sales	\$ 1,210.4	\$ 981.9	23
Cost of goods sold	(784.0)	(623.0)	26
Gross profit	426.4	358.9	19
Selling, general and administrative expenses	(174.5)	(162.0)	8
Research and development expenses	(21.6)	(22.6)	(4)
Special Commission of Inquiry and other related expenses	(28.1)	-	-
Other operating expenses	(6.0)	(2.1)	-
EBIT ¹	196.2	172.2	14
Net interest expense	(5.1)	(10.0)	(49)
Other (expense) income	(1.3)	3.5	-
Operating profit from continuing operations before income taxes ¹	189.8	165.7	15
Income tax expense	(61.9)	(40.4)	53
Operating Profit From Continuing Operations ¹	\$ 127.9	\$ 125.3	2
Net Operating Profit Including Discontinued Operations ¹	\$ 126.9	\$129.6	(2)
Tax rate	32.6%	24.4%	
Volume (mmsf ¹)			
USA Fibre Cement	1,855.1	1,519.9	22
Asia Pacific Fibre Cement*	376.9	362.1	4
Average net sales price per unit (per msf ¹)			
USA Fibre Cement	US\$ 506	US\$ 486	4
Asia Pacific Fibre Cement*	A\$ 846	A\$ 862	(2)

*See Endnotes

Unless otherwise stated, results are for continuing operations only and comparisons are of fiscal year 2005 versus fiscal year 2004.

Total Net Sales

Total net sales increased 23% compared to the same period of the previous year, from US\$981.9 million to US\$1,210.4 million.

Net sales from USA Fibre Cement increased 27% from US\$738.6 million to US\$939.2 million due to continued strong growth in sales volumes and a higher average net sales price.

Net sales from Asia Pacific Fibre Cement increased 7% from US\$219.8 million to US\$236.1 million due to increased sales volumes and favourable foreign currency movements.

Net sales from Other Fibre Cement increased 49% from US\$23.5 million to US\$35.1 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 27% from US\$738.6 million to US\$939.2 million due to increased sales volumes and a higher average net sales price.

Sales volume increased 22% from 1,519.9 million square feet to 1,855.1 million square feet, primarily due to continued strong growth in primary demand for fibre cement and a favourable housing construction market.

New residential housing construction remained buoyant during the year 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® Planks.

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

The average net sales price increased 4% from US\$486 per thousand square feet to US\$506 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 price increases for some products that became effective on 1 July 2004 and 1 January 2005.

Our west coast manufacturing capacity increased during the year following the commissioning of our new green-field fibre cement plant in Reno, Nevada. The plant is now producing product and its ramp-up is progressing well. During the quarter, we commissioned our new 160 million square foot trim line in Peru, Illinois and commercial sales are expected in the first quarter of fiscal year 2006. Also during the year, we commissioned additional pre-finishing capacity at Peru, Illinois and began construction of our 10th plant in Pulaski, Virginia.

Asia Pacific Fibre Cement (See Endnotes)

Net sales increased 7% from US\$219.8 million to US\$236.1 million. Net sales increased 1% in Australian dollars. Sales volume increased 4% from 362.1 million square feet to 376.9 million square feet.

Australia and New Zealand Fibre Cement

Net sales increased 8% from US\$195.5 million to US\$210.1 million due to a higher average net sales price and favourable foreign currency movements. In Australian dollars, net sales increased 1%.

Sales volumes decreased from 284.2 million square feet to 283.3 million square feet primarily due to weaker market conditions in Australia and the impact of product bans and boycotts in Australia connected with the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation (SCI) and release of the SCI report.

In Australia, new residential housing activity improved early in the period, led by buoyant activity in Queensland, and the renovation and commercial segments also remained strong early. However, both new residential housing and renovations activity softened over the year.

In New Zealand, new residential housing activity was robust in the first half year but softened slightly during the second half. Sales of our Linea® range of weatherboards continued to grow strongly.

The average net sales price increased 1% in Australian dollars.

During the year, we launched Eclipsa™ Eaves Lining, 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 25% from US\$20.8 million to US\$26.0 million. In local currency, net sales increased 27%. This increase was due to a 20% increase in sales volume and a 5% increase in the average net sales price.

The increase in the average net sales price was due to a change in sales mix between domestic and export sales and higher domestic prices in the second half of the year.

Increased market penetration and regional exports resulted in significantly stronger demand during 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 built regional exports.

Net sales increased compared to the previous year, due to growth in sales volume and a higher average net sales price. In local currency, the average net sales price decreased primarily due to the impact of a weaker US dollar on export prices, partly offset by higher domestic prices and a change in the sales mix.

Construction activity in Chile continued to show signs of improvement during the year.

Hardie Pipe

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

Net sales for the year increased strongly due to increased sales volumes and higher prices despite severe weather in Florida that adversely affected sales in the first half. The increase in sales volume was due to market share gains and buoyant construction activity in Florida.

The average net sales price improved strongly during the year, reflecting favourable market conditions and improved customer focus by the business.

The manufacturing performance of the plant also improved significantly during the year, but operating costs remain above our targets.

Europe Fibre Cement

Our European business continued to grow demand during the year 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. Progress on creating primary demand in Europe for fibre cement siding products and converting tile applications from drywall and wood to fibre cement products, remains in line with management expectations.

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.

The business is continuing to prove its business model and remains focused on market testing, refining the manufacturing operation and improving productivity.

Our Artisan™ Roofing product has now been launched in all our targeted markets in California.

Gross Profit

Gross profit increased 19% from US\$358.9 million to US\$426.4 million due to improvements in our major businesses. The gross profit margin decreased 1.4 percentage points to 35.2%.

USA Fibre Cement gross profit increased 19% 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 that occurred during the second quarter. Higher freight costs were primarily related to an increase in length of haul of some products due to supply issues associated with a temporary reduction in plant manufacturing efficiency in the second quarter, and higher fuel costs and general liability insurance. The gross profit margin decreased 2.6 percentage points.

Asia Pacific Fibre Cement gross profit increased 11% following improvements from Australia and New Zealand Fibre Cement and Philippines Fibre Cement, which increased 8% and 53%, respectively. The improved result was due to manufacturing efficiency gains in both Australia and New Zealand and increased net sales in New Zealand, partly offset by reduced net sales in Australia attributable to weaker market conditions and product bans and boycotts in Australia connected with the SCI and release of its report. In the Philippines, increased sales accounted for the stronger gross profit performance. The Asia Pacific Fibre Cement gross profit margin increased 1.2 percentage points.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 8% compared to the previous year, from US\$162.0 million to US\$174.5 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 for the year were 2.1 percentage points lower at 14.4%.

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 15% for the year, to US\$12.0 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 13% to US\$9.6 million for the year.

SCI and Other Related Expenses

In February 2004, the NSW Government, Australia, established a SCI to investigate, among other matters, the circumstances in which the Medical Research and Compensation Foundation was established. Shortly after release of the SCI report on 21 September 2004, the company commenced negotiations with the NSW Government, the Australian Council of Trade Unions, UnionsNSW and representatives of asbestos claimants in relation to the company's offer made to the SCI on 14 July 2004 to provide funds voluntarily for proven Australian-based asbestos-related injury and death claims against certain former group subsidiary companies. On 21 December 2004, the company entered into a Heads of Agreement with the above parties to establish and fund a special purpose fund to provide funding for these claims on a long-term basis. The company has subsequently entered negotiations with the NSW Government on a binding agreement that, when completed, is expected to be put to shareholders for approval.

Costs incurred during the year associated with the SCI and other related matters totalled US\$28.1 million and included: US\$6.8 million related to the SCI; US\$4.9 million related to the internal investigation conducted by independent legal advisers, consistent with US securities regulations, of the impact on the company's financial statements of allegations of illegal conduct raised during the SCI and any potential impacts on the financial statements (the investigation found there was no adverse impact on the company's 2004 financial statements); US\$1.2 million related to the Australian Securities and Investments Commission (the “ASIC”) investigation into the circumstances surrounding the creation of the Foundation; US\$6.4 million for resolution advisory services; US\$6.0 million in severance and consulting payments to former executives; and US\$2.8 million for other matters.

Other Operating Expense

Other operating expense of US\$6.0 million in the current year relates to a settlement loss of US\$5.3 million for an employee retirement plan and loss on the sale of land in Sacramento, California. The retirement of a significant number of participants in the employee retirement plan over the past two years resulted in a requirement under SFAS88 to recognise and accelerate the amortising of an actuarial loss for the plan. The previous fiscal year amount of US\$2.1 million mainly reflects an increase in cost provisions for our Australia and New Zealand business.

EBIT¹

EBIT increased 14% from US\$172.2 million to US\$196.2 million. The EBIT margin decreased 1.3 percentage points to 16.2%. EBIT includes SCI and other related expenses of US\$28.1 million.

USA Fibre Cement EBIT increased 24% from US\$195.6 million to US\$241.5 million. The increase was due to growth in net sales, partly offset by an increase in unit cost of sales, unit freight cost, general liability insurance 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 that occurred during the second quarter. 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 0.8 of a percentage point to 25.7%.

Asia Pacific Fibre Cement EBIT increased 25% from US\$37.6 million to US\$46.8 million. The EBIT margin increased 2.7 percentage points to 19.8%.

Australia and New Zealand Fibre Cement EBIT increased 20% from US\$35.4 million to US\$42.4 million. In Australian dollars, EBIT increased 12%. The increase in EBIT in Australian dollars was mainly due to cost savings and the impact of a cost provision recorded in the prior year that did not recur in the current year. The EBIT margin increased 2.1 percentage points to 20.2%.

Philippines Fibre Cement business more than doubled its positive EBIT performance compared to the previous year due to increased net sales.

The Chile Fibre Cement business recorded a small positive EBIT in each quarter of the year.

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

Our Europe Fibre Cement business incurred an EBIT loss for the year as expected.

General corporate costs increased US\$35.3 million from US\$27.5 million to US\$62.8 million. This increase was primarily due to US\$28.1 million of SCI and other related expenses, a settlement loss of US\$5.3 million related to an employee retirement plan, a US\$0.7 million loss on sale of land owned in Sacramento, California, and a net increase in other general corporate costs. Additionally, in the prior fiscal year, we booked a reversal of an excess provision of US\$1.6 million related to a vendor dispute that we settled favourably and that did not recur this year. These increases were partially offset by a US\$2.5 million decrease in employee bonus plan expense and a US\$3.0 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\$4.9 million from US\$10.0 million to US\$5.1 million, primarily due to a higher amount of interest expense capitalised on construction projects in the current year compared to the previous year, higher interest income due to higher average cash balances and lower interest expense due to lower average debt balances.

Other (Expense) Income

During the current year, other expense consisted primarily of a US\$2.1 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, partially offset by a US\$0.8 million gain on a separate investment. In the prior year, we realised a gain before income tax of US\$4.5 million on the sale of property formerly owned by one of our New Zealand subsidiaries. Additionally, a previously recorded liability related to potential contingent legal claims was reversed, resulting in income of US\$4.3 million. We also realised US\$0.1 million in net investment income. These income items were partially offset by an impairment charge of US\$2.2 million that we recorded on an investment in a company that filed a voluntary petition for reorganisation under Chapter 11 of the US bankruptcy code. Additionally, we incurred an expense of US\$3.2 million primarily due to a capital duty fee paid in conjunction with our Dutch legal structure. We incurred this to extend the scope of our international finance subsidiary to lend to global operations.

Income Tax Expense

Income tax expense increased by US\$21.5 million from US\$40.4 million to US\$61.9 million due to the increase in profit, the geographic mix of earnings, estimated income tax contingencies recorded during the year and non-deductible SCI and other related expenses.

Operating Profit from Continuing Operations¹

Operating profit from continuing operations increased from US\$125.3 million to US\$127.9 million. Operating profit from continuing operations includes SCI and other related expenses of US\$28.1 million and a related tax benefit of US\$5.8 million. Operating profit from continuing operations excluding SCI and other related expenses¹ increased 20% to US\$150.2 million.

Discontinued Operations

We recorded an expense from discontinued operations of US\$1.0 million in the current year compared to income of US\$4.3 million in the prior year. The current year amount relates primarily to additional costs associated with the sale of New Zealand land in March 2004, and settlement of a dispute associated with a former business. The prior year amount primarily includes a favourable outcome from matters related to our former Gypsum business and a gain on the sale of our New Zealand Building Systems business, net of other wind-up costs of Gypsum and other discontinued businesses.

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\$113.5 million as of 31 March 2005. At that date we also had credit facilities totalling US\$449.4 million of which US\$159.3 million was outstanding. Our credit facilities were uncollateralised and consist of the following:

<u>Description</u>	<u>Effective Interest Rate at 31 Mar 2005</u>	<u>Total Facility at 31 Mar 2005</u> (US\$ millions)	<u>Principal Outstanding at 31 Mar 2005</u>
US\$ notes, fixed interest, repayable annually in varying tranches from November 2005 through November 2013	7.12%	\$ 147.4	\$ 147.4
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	154.5	-
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 of US\$117.5 in April 2005 and US\$15.0 in October 2005	N/A	132.5	-
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 April and December 2005	3.52%	<u>15.0</u>	<u>11.9</u>
Total		<u>\$ 449.4</u>	<u>\$ 159.3</u>

Net debt at year end was US\$45.8 million, a decrease of US\$57.7 million, from US\$103.5 million as at 31 March 2004.

Historically, we have sought to renew our lines of credit, revolving loan and stand-by loan facilities each year under substantially the same terms and conditions. We are currently in negotiations with a number of banks to refinance all of our debt in a manner that will provide us with the same amount of liquidity that we have now. However, in light of the events resulting from the SCI, while not expected, we may not be able to refinance our credit facilities by the time they expire, or at all; we may not be able to enter into new financing agreements on terms that provide the same level of liquidity as our current debt structure provides; we may have to pay additional fees and expenses that we might not have to pay under normal circumstances; and we may have to agree to terms that could increase the cost of our debt structure. In the unexpected event that we are unable to restructure our debt, or if we are unable to restructure our debt on substantially the same terms as we have now, we may have to scale back our capital expenditure associated with our expansion plans and may have to take other measures to conserve cash in order to meet our future cash flow requirements.

Cash Flow

Net operating cash inflows increased by US\$57.2 million or 35% from US\$162.6 million to US\$219.8 million for the year ended 31 March 2005 compared to the prior year, primarily due to changes in our operating assets and liabilities.

Net cash used in investing activities was US\$149.2 million for the year ended 31 March 2005 compared to US\$58.0 million in the prior year. The increase in the cash used was primarily due to additional capital expenditures of US\$78.4 million for the year ended 31 March 2005, US\$10.9 million cash received in the prior year from the sale of land and buildings of our Australia/New Zealand segment in March 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 year, partly offset by proceeds of US\$3.4 million from the sale of land in Sacramento, California in the current year.

Net cash used in financing activities was US\$28.2 million for the year ended 31 March 2005 compared to US\$87.9 million in the prior year. The decrease in cash used was primarily due to a US\$68.7 million repayment of capital in the prior year that did not recur in the current period and a US\$9.2 million decrease in dividends paid, partly offset by a US\$17.6 million scheduled debt repayment in the current period.

Dividend

The Board has approved a dividend of US 6.0 cents a share. The dividend was declared in United States dollars and will be paid on 1 July 2005 with a record date of 9 June 2005. The Australian currency equivalent amount dividend to be paid to CUFS holders will be announced to the ASX on 10 June 2005. ADR holders will receive United States currency.

Special Commission of Inquiry and Related Matters

Special Commission of Inquiry

In February 2004, the NSW Government established a Special Commission of Inquiry ("SCI") to investigate, among other matters described below, the circumstances in which the Medical Research and Compensation Foundation ("Foundation") was established. The SCI was instructed to determine the current financial position of the Foundation and whether it is likely to meet its future asbestos-related claims in the medium to long-term. It was also instructed to report on the circumstances in which the Foundation was separated from ABN 60, formerly known as James Hardie Industries Limited ("JHIL"), and whether this may have resulted in or contributed to a possible insufficiency of assets to meet future asbestos-related liabilities, and the circumstances in which any corporate restructure or asset transfers occurred within or in relation to the James Hardie Group prior to the funding of the Foundation to the extent that this may have affected the Foundation's ability to meet its current and future liabilities. The SCI was also instructed to report on the adequacy of current arrangements available to the Foundation under the Corporations Act of Australia to assist the Foundation in managing its liabilities and whether reform is desirable in order to assist the Foundation in managing its obligations to current and future claimants.

On 14 July 2004, following receipt of a new actuarial estimate of asbestos liabilities of the Foundation by KPMG Actuaries Pty Ltd ("KPMG Actuaries"), the Company lodged a submission with the SCI stating that the Company would recommend to its shareholders that they approve the provision of an unspecified amount of additional funding to enable an effective statute-based scheme to compensate all future claimants for asbestos-related injuries for which Amaca and Amaba are liable. The Company proposed that the statutory scheme include the following elements: speedy, fair and equitable compensation for all existing and future claimants; objective criteria to reduce superimposed (judicial)

inflation; contributions to be made in a manner which provide certainty to claimants as to their entitlement, the scheme administrator as to the amount available for distribution, and the proposed contributors (including the Company) as to the ultimate amount of their contributions; significant reductions in legal costs through reduced and more abbreviated 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.

The SCI finished taking evidence on 13 August 2004 and issued its report on 21 September 2004. The SCI indicated that the establishment of the Foundation and the establishment of the ABN 60 Foundation were legally effective, that any liabilities in relation to the asbestos claims for claimants remained with Amaca, Amaba or ABN 60 (as the case may be), and that no significant liabilities for those claims could likely be assessed directly against the Company.

In relation to the assertions by the Foundation concerning the circumstances of its establishment, the SCI examined these in detail. Although the SCI made certain 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 Foundation or the asbestos claimants which would create a cause of action against, and therefore a material liability of the Company 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.

In relation to the question of the funding of the Foundation, the SCI found that there was a significant funding shortfall. In part, this was based on actuarial work commissioned by the Company indicating that the discounted value of the central estimate of the asbestos liabilities of Amaca and Amaba was approximately A\$1.573 billion as of 30 June 2003. The central estimate was calculated in accordance with Australian Actuarial Standards, which differ from generally accepted accounting practices in the United States. As of 30 June 2003, the undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba, as determined by KPMG Actuaries, was approximately A\$3.403 billion (US\$2.272 billion). The SCI found that the net assets of the Foundation and the ABN 60 Foundation were not sufficient to meet these prospective liabilities and were likely to be exhausted in the first half of 2007.

In relation to the Company's statutory scheme proposal, the SCI reported that there were several issues that needed to be refined quite significantly but that it would be an appropriate starting point for devising a compensation scheme.

The SCI's findings are not binding and a court consideration of the issues presented could lead to one or more different conclusions.

The NSW Government stated that it would not consider assisting the implementation of any proposal advanced by the Company unless it was the result of an agreement reached with the unions acting through the Australian Council of Trade Unions ("ACTU"), UnionsNSW (formerly known as the Labour Council of New South Wales), and a representative of the asbestos claimants (together, the "Representatives"). Without any discussion with the Company, the statutory scheme that the Company proposed on 14 July 2004 was not accepted by the Representatives.

The Company believes that, except to the extent that it agrees otherwise as a result of these discussions with the NSW Government and as discussed later in this footnote under the subheading Interim Funding and ABN 60 Indemnity, under current Australian law, it is not legally liable for any shortfall in the assets of Amaca, Amaba, the Foundation, the ABN 60 Foundation or ABN 60.

It is also possible that the Representatives and/or others may encourage or continue to encourage consumers and union members in Australia and elsewhere to boycott the Company's products, to demonstrate or otherwise create negative publicity toward the Company in order to influence the Company's approach to the discussions with the NSW Government or to encourage governmental action

if the discussions are unsuccessful. The Representatives and/or others might also take such actions in an effort to influence the Company's shareholders, a significant number of which are located in Australia, to approve any proposed arrangement. Any such measures, and the influences resulting from them, could have a material adverse impact on the Company's financial position, results of operations and cash flows.

On 28 October 2004, the NSW Premier announced that the NSW Government would seek the agreement of the Ministerial Council comprising Ministers of the Commonwealth and the Australian States and Territories, to allow the NSW Government to pass legislation which he announced would "wind back James Hardie's corporate restructure and rescind the cancellation of A\$1.9 billion in partly paid shares." The announcement said that "the laws will effectively enforce the liability [for asbestos-related claims] against the Dutch parent company." On 5 November 2004, the Australian Attorney-General and the Parliamentary Secretary to the Treasurer (the two relevant ministers of the Australian Federal Government) issued a news release stating that the Ministerial Council for Corporations (the relevant body of Federal, State and Territory Ministers, "MINCO") had unanimously agreed "to support a negotiated settlement that will ensure that victims of asbestos-related diseases receive full and timely compensation from James Hardie" and if "the current negotiations between James Hardie, the ACTU and asbestos victims do not reach an acceptable conclusion, MINCO also agreed in principle to consider options for legislative reform." The news release of 5 November 2004 indicated that treaties to enforce Australian judgments in Dutch and US courts are not required, but that the Australian Government has been involved in communications with Dutch and US authorities regarding arrangements to ensure that Australian judgments are able to be enforced where necessary. If negotiations do not lead to an acceptable conclusion, the Company is aware of suggestions of legislative intervention, but has no detailed information as to the content of any such legislation.

Heads of Agreement

On 21 December 2004, the Company announced that it had entered into a Heads of Agreement with the NSW Government and the Representatives which is expected to form the basis of a proposed binding agreement (the "Principal Agreement") to establish and fund a special purpose fund (the "SPF") to provide funding on a long-term basis for asbestos-related injury and death claims (the "Claims") against Amaca, Amaba, and ABN 60 (the "Liable Entities").

The principles set out in the Heads of Agreement include:

- the establishment of the SPF to compensate asbestos claimants;
- initial funding of the SPF by the Company on the basis of a November 2004 KPMG report (which provided a net present value central estimate of A\$1.536 billion (US\$1.03 billion) for all present and future claims at 30 June 2004). The undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba as determined by KPMG was approximately A\$3.586 billion (US\$2.471 billion). At 21 December 2004, the initial funding for the first three years was expected to be A\$239 million (based on KPMG's estimate of liabilities as of 30 June 2004) less the assets to be contributed by the Foundation which were expected to be approximately A\$125 million. The actuarial assessment is to be updated annually;
- a two year rolling cash buffer in the SPF and an annual contribution in advance based on actuarial assessments of expected claims for the next three years, to be revised annually;
- a cap on the annual payments made by the Company to the SPF, initially set at 35% of annual net operating cash flow (defined as cash from operations in accordance with US GAAP) for the immediately preceding year, with provisions for the percentage to decline over time depending upon the Company's financial performance and claims outlook; and
- no cap on individual payments to Claimants.

The Heads of Agreement contains an agreement from the NSW Government to provide releases to the James Hardie Group and to its present and past directors, officers and employees from all civil liabilities (if any) incurred prior to the date of the Principal Agreement in relation to the events and transactions examined by the SCI. These releases will take the form of legislation to be passed by the NSW Parliament and other state and territory parliaments in Australia (and the Commonwealth Parliament) will be approached by the Company and the NSW Government to pass similar legislation.

As noted above, the NSW Government conducted a review of legal and administrative costs in dust diseases compensation in New South Wales. The purpose of this review was primarily to determine ways to reduce legal and administrative costs, and to consider the current processes for handling and resolving dust diseases compensation claims in New South Wales. The NSW Government announced its findings on 8 March 2005. The draft legislation and regulations for public comment were released on 12 April 2005 for comment and the closing date for responses of 26 April 2005. The bill containing the proposed legislation was introduced into NSW Parliament on 5 May 2005, and is due to be debated in the week commencing 23 May 2005. The timing of passing and commencement of this potential legislation remains uncertain.

As part of the discussions surrounding the Principal Agreement, the Company is examining all relevant options in relation to the establishment of the SPF referred to above, including the possibility of reacquiring all of the share capital of Amaca, Amaba and/or ABN 60.

The Principal Agreement will be subject to a number of conditions precedent, including the delivery of an independent expert's report and approval by the Company's board of directors, shareholders and lenders. Once executed, the Principal Agreement will be a legally binding agreement.

The parties have announced their intention to execute the Principal Agreement, depending on the timing of the resolution of certain of the conditions precedent in late June 2005. The parties believe that the agreement will become effective in August or September 2005, although the timing remains uncertain depending upon the status of the various conditions that need to be satisfied.

If an agreement is reached with the NSW Government and approved by the Company's board of directors, lenders and shareholders, the Company may be required to make a substantial provision in its financial statements at a later date, and it is possible that the Company may need to seek additional borrowing facilities. If the terms of a future resolution involve the Company making payments, either on an annual or other basis, pursuant to the Principal Agreement, James Hardie's financial position, results of operations and cash flows could be materially adversely affected and its ability to pay dividends could be reduced or otherwise impaired.

Updated Actuarial Study; Claims Estimate

The Company commissioned updated actuarial studies of potential asbestos-related liabilities as of 30 June 2004 and 31 March 2005. Based on the results of these studies, it is estimated that the discounted value of the central estimate for claims against the Liable Entities was approximately A\$1.536 billion (US\$1.059 billion) and A\$1.685 billion (US\$1.302 billion) as of 30 June 2004 and 31 March 2005, respectively. The undiscounted value of the central estimate of the asbestos liabilities of Amaca and Amaba as determined by KPMG Actuaries was approximately A\$3.586 billion (US\$2.471 billion) and A\$3.604 billion (US\$2.784 billion) as of 30 June 2004 and 31 March 2005, respectively. Actual liabilities of those companies for such claims could vary, perhaps materially, from the central estimate described above. This central estimate is calculated in accordance with Australian Actuarial Standards, which differ from generally accepted accounting practices in the United States.

In estimating the potential financial exposure, the actuaries made assumptions related to the total number of claims which were reasonably estimated to be asserted through 2071, the typical cost of settlement (which is sensitive to, among other factors, the industry in which the plaintiff claims exposure, the alleged disease type and the jurisdiction in which the action is being brought), the legal costs incurred in the litigation of such claims, the rate of receipt of claims, the settlement strategy in dealing with outstanding claims and the timing of settlements.

Further, the actuaries have relied on the data and information provided by the Foundation and Amaca Claim Services and assumed that it is accurate and complete in all material respects. The actuaries have not verified that information independently nor established the accuracy or completeness of the data and information provided or used for the preparation of the report.

Due to inherent uncertainties in the legal and medical environment, the number and timing of future claim notifications and settlements, the recoverability of claims against insurance contracts; and in estimating the future trends in average claim awards as well as the extent to which the above-named entities will contribute to the overall settlements, the actual liability amount could differ materially from that currently projected.

A sensitivity analysis has been performed to determine how the actuarial estimates would change if certain assumptions (i.e., the rate of inflation and superimposed inflation, the average costs of claims and legal fees, and the projected numbers of claims) were different than the assumptions used to determine the central estimates. This analysis shows that the discounted central estimates could fall in a range of A\$1.0 billion to A\$2.3 billion (undiscounted estimates of A\$2.0 billion to A\$5.7 billion) and A\$1.1 billion to A\$2.6 billion (undiscounted estimates of A\$2.0 billion to A\$5.9 billion) as of 30 June 2004 and 31 March 2005, respectively. It should be noted that the actual cost of the liabilities could fall outside of that range depending on the out-turn of actual experience relative to the assumptions made.

The potential range of costs as estimated by KPMG Actuaries is affected by a number of variables such as nil settlement rates (where no settlement is payable by the Liable Entities as the claim settlement is borne by other (non-Liable Entities) asbestos defendants who are held liable), peak year of claims, past history of claims numbers, average settlement rates, past history of Australian asbestos-related medical injuries, current number of claims, average defence and plaintiff legal costs, base wage inflation and superimposed inflation. The potential range of losses disclosed includes both asserted and unasserted claims. While no assurances can be provided, if the Company signs the Principal Agreement and it is approved by all of the necessary parties, including the board of directors, shareholders and lenders, the Company expects to be able to partially recover losses from various insurance carriers. As of 31 March 2005, KPMG Actuaries' undiscounted central estimate of asbestos-related liabilities was A\$3.604 billion. This undiscounted central estimate is net of expected insurance recoveries of A\$453.0 million after making a general credit risk allowance for bad debt of insurance carriers and an allowance for A\$49.8 million of "by claim" or subrogation recoveries from other third parties.

Currently, the timing of any potential payments is uncertain because the Company has not yet reached agreement with the NSW Government and the conditions precedent to any agreement that may be reached have not been satisfied. In addition, the Company has not yet incurred any settlement costs because the Foundation continues to meet all claims of the Liable Entities. The Company is currently unable to estimate the expected cost of administering and litigating the claims under the potential agreement with the NSW Government because this is highly contingent upon the final outcome of the NSW Government's review of legal and administrative costs.

Accordingly, the Company has not established a provision for asbestos-related liabilities as of 31 March 2005 because at this time such liabilities do not fall within the required definitions of being probable and estimable in accordance with SFAS5 No. 5, "Accounting for Contingencies".

Claims Data

The following table, provided by KPMG Actuaries, shows the number of claims pending as of 31 March 2005 and 2004.

	31 March	
	2005	2004
Australia	712	687
New Zealand	-	-
Unknown-Court Not Identified ⁽¹⁾	36	51
USA	1	5

(1) The "Unknown – Court Not Identified" designation reflects that the information for such claims had not been, as of the date of publication, entered into the database which the Foundation maintains. Over time, as the details of "unknown" claims are provided to the Foundation, the Company believes the database is updated to reflect where such claims originate. Accordingly, the Company understands the number of unknown claims pending fluctuates due to the resolution of claims as well as the reclassification of such claims.

For the years ended 31 March 2005, 2004 and 2003, the following tables, provided by KPMG Actuaries, show the claims filed, the number of claims dismissed, settled or otherwise resolved for each period, and the average settlement amount per claim.

	Australia		
	Years Ended 31 March		
	2005	2004	2003
Number of claims filed	489	379	402
Number of claims dismissed	62	119	29
Number of claims settled or otherwise resolved	402	316	231
Average settlement amount per claim	A\$157,594	A\$167,450	A\$204,194

	New Zealand		
	Years Ended 31 March		
	2005	2004	2003
Number of claims filed	-	-	-
Number of claims dismissed	-	-	2
Number of claims settled or otherwise resolved	-	-	1
Average settlement amount per claim	-	-	A\$2,000

	Unknown - Court Not Identified		
	Years Ended 31 March		
	2005	2004	2003
Number of claims filed	7	1	7
Number of claims dismissed	20	15	-
Number of claims settled or otherwise resolved	2	-	3
Average settlement amount per claim	A\$47,000	-	A\$37,090

	USA		
	Years Ended 31 March		
	2005	2004	2003
Number of claims filed	-	-	-
Number of claims dismissed	3	1	-
Number of claims settled or otherwise resolved	1	-	-
Average settlement amount per claim	A\$228,293	-	-

The following table, provided by KPMG Actuaries, shows the activity related to the numbers of open claims, new claims, and closed claims during each of the past five years and the average settlement per settled claim and case closed.

	As of 31 March				
	2005	2004	2003	2002	2001
Number of open claims at beginning of year	743	814	671	569	507
Number of new claims	496	380	409	375	284
Number of closed claims	490	451	266	273	222
Number of open claims at year-end	749	743	814	671	569
Average settlement amount per settled claim	A\$157,223	A\$167,450	A\$201,200	A\$197,941	A\$179,629
Average settlement amount per case closed	A\$129,949	A\$117,327	A\$177,752	A\$125,435	A\$128,653

The Company has not had any responsibility or involvement in the management of claims against ABN 60 since the time it left the James Hardie Group in 2003. Since February 2001, when Amaca and Amaba were separated from the James Hardie Group neither JHI NV nor any current subsidiary of JHI NV has had any responsibility or involvement in the management of claims against those entities. Prior to that date, the principal entity potentially involved in relation to such claims was ABN 60, which (as described above) has not been a member of the James Hardie Group since March 2003.

On 15 April 2005, the Company announced that it had extended the coverage of the SPF to permit members of the Baryugil community in Australia to receive compensation funding from the SPF for proven and valid claims against a former subsidiary, Asbestos Mines Pty Ltd ("Asbestos Mines"). The Company has no current right to access any claims information in relation to claims against Asbestos Mines. The Company's proposal to provide funding with respect to claims against Asbestos Mines is not limited to the time period to which the claim arose – including the period after the former subsidiary was sold by James Hardie.

The Company's recently announced offer to provide funding to the SPF for use in meeting proven claims against Asbestos Mines will be implemented subject to the same or similar conditions applicable to funding provided to the SPF for use in meeting proven claims from Amaca, Amaba and ABN 60, including that information in relation to the proven claims is provided to the Company. Asbestos Mines has not been part of the James Hardie Group since 1976, when it was sold to Woodsreef Mines Ltd, which was subsequently renamed Mineral Commodities Ltd. From 1954 until 1976, Asbestos Mines was a wholly owned subsidiary of James Hardie Industries Limited (now ABN 60). Except as described below, the Company has not had access to any information regarding claims or the decisions taken by the Foundation in relation to them.

On 26 October 2004, the Company, the Foundation and KPMG Actuaries entered into an agreement under which the Company would be entitled to obtain a copy of the actuarial report prepared by KPMG Actuaries in relation to the claims liabilities of the Foundation and Amaba and Amaca, and would be entitled to publicly release the final version of such reports. The Company is seeking to obtain similar rights of access to actuarial information produced for the SPF by the actuary to be appointed by the SPF (the "Approved Actuary"). The terms of such access are not yet settled. The Company's future disclosures with respect to claims statistics is subject to it obtaining such information from the Approved Actuary. The Company has had no general right (and will not obtain any right under the Principal Agreement) to audit or otherwise itself independently verify such information as the methodologies to be adopted by the Approved Actuary. As a result of the above, the Company cannot make any representations or warranties as to the accuracy or completeness of the actuarial information to be disclosed.

Australian Securities and Investments Commission Investigation

The Australian Securities and Investments Commission ("ASIC") has announced that it is conducting an investigation into the events examined by the SCI, without limiting itself to the evidence compiled by the SCI. ASIC has served notices to produce relevant documents upon the Company, various directors and officers of the Company and on certain of its advisers and auditors at the time of the separation and restructure transactions described above. To date, ASIC has announced that it is investigating various matters, but it has not specified the particulars of alleged contraventions under investigation, nor has it announced that it has reached any conclusion that any person or entity has contravened any relevant law.

To assist ASIC's investigation, the Australian Federal Government enacted legislation to abrogate the legal professional privilege which would otherwise have attached to certain documents relevant to matters under investigation or to any future proceedings to be taken. The legislation is set out in the James Hardie (Investigations and Proceedings) Act 2004.

The Company may incur costs of current or former officers of the James Hardie Group to the extent that those costs are covered by indemnity arrangements granted by the Company to those persons. To date, no claims have been received by any current or former officers in relation to the ASIC investigation and, if claims do arise, the Company may be reimbursed in whole or in part under directors' and officers' insurance policies maintained by the Company.

Severance Agreements

On 20 October 2004, Mr Peter Shafron resigned from the Company and on 21 October 2004, Mr Peter Macdonald resigned from the Company. In connection with these resignations, the Company incurred severance costs of US\$8.9 million in the period ended 31 March 2005. These costs comprised US\$6.0 million of additional expense and US\$2.9 million of previously existing accruals.

Interim Funding and ABN 60 Indemnity

The Company has undertaken a number of initiatives to seek to ensure that payment of asbestos-related Claims by the Foundation is not interrupted due to insolvency of Amaba or Amaca prior to the Company's entry into the Principal Agreement. The initiatives are described further below. The Company believes that the Foundation is unlikely to need to avail itself of the financial assistance which has been offered by the Company, on the basis that on 3 December 2004 and in part as a result of the initiatives undertaken by the Company, the Foundation received a payment of approximately A\$88.5 million from ABN 60 for use in processing and meeting asbestos-related claims pursuant to the terms of a deed of covenant and indemnity which ABN 60, Amaca and Amaba had entered into in February 2001.

The Company facilitated the payment of such funds by granting an indemnity (under a separate deed on indemnity) to the directors of ABN 60, which it announced on 16 November 2004. Under the terms of that indemnity, the Company agreed to meet any liability incurred by the ABN 60 directors resulting from

the release of the A\$88.5 million by ABN 60 to the Foundation. The Company believes that the release of funding by ABN 60 is in accordance with law and contracts in place and therefore the Company should not incur liability under this indemnity. The Company did not make any payments in relation to this indemnity during the year ended 31 March 2005.

Additionally, on 16 November 2004, the Company offered to provide funding to the Foundation on an interim basis for a period of up to six months from that date. Such funding would only be provided once existing Foundation funds have been exhausted. The Company believes, based on actuarial and legal advice, that claims against the Foundation should not exceed the funds which are available to the Foundation (particularly in the light of its receipt of the A\$88.5 million described above) or which are expected to become available to the Foundation during the period of the interim funding proposal.

On 31 March 2005, the Company renewed its commitment to assist the Foundation to provide interim funding if necessary prior to the Principal Agreement being finalised in accordance with the updated timetable announced at that date and described above.

The Company has not recorded a provision for either the proposed indemnity or the potential payments under the interim funding proposal. The Company has not made any payments in relation to this offer.

With regard to the ABN 60 indemnity, there is no maximum value or limit on the amount of payments that may be required. As such, the Company is unable to disclose a maximum amount that could be required to be paid. The Company believes, however, that the expected value of any potential future payments resulting from the ABN 60 indemnity is zero and that the likelihood of any payment being required under this indemnity is remote.

Financial Position of the Foundation

On the basis of the current cash and financial position of the Foundation's subsidiaries (Amaca and Amaba) and following the Company's entry into the Heads of Agreement, the applications previously made to the Supreme Court of NSW for the appointment of a provisional liquidator to the Foundation's subsidiaries, were dismissed with their consent.

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 Sales 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 sales price for our Asia Pacific Fibre Cement business segment. This Management's Analysis of Results uses these revised volume and average net sales price. These adjustments did not have a material impact on total net sales or EBIT.

Fiscal 2003		30	31	
Quarter	30 June	September	December	31 March
	2002	2002	2002	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		30	31	
Quarter	30 June	September	December	31 March
	2003	2003	2003	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 (amounts in millions):

	30 June	30	31	
	2003	September	December	31 March
	2003	2003	2003	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

¹Definitions

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 excluding SCI and other related expenses - not a measure of financial performance under US GAAP and should not be considered to be more meaningful than operating profit. The Company has included this financial measure to provide investors with an alternative method for assessing the Company's operating results in a manner that is focused on the performance of the company's ongoing operations. The Company's management uses this non-GAAP measure for the same purposes.

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.