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3rd Quarter top line growth of 26% to US\$362.7 million

Nine Months operating profit up 77% to US\$144.2 million

James Hardie today announced its operating profit from continuing operations for the quarter had increased 106% to US\$40.7 million in fiscal 2006, up from US\$19.8 million in fiscal 2005.

The strong 3rd quarter operating performance lifted the nine month operating profit from continuing operations by 77% to US\$144.2 million in fiscal 2006, up from US\$81.6 million in fiscal 2005.

The 3rd quarter highlights include a 26% increase in net sales, a 33% increase in gross profit and a 93% lift in EBIT.

Operating profit for the quarter, compared to the third quarter for fiscal year 2005, benefited from a 70% decline in costs associated with matters arising from the Special Commission of Inquiry into the establishment of the Medical Research and Compensation Foundation (SCI) and other related matters. These costs totaled US\$4.8 million for the quarter and US\$14.7 million for the year to date, compared to US\$15.9 million and US\$24.4 million for the prior corresponding periods. Excluding SCI and other related expenses, the 3rd quarter operating profit for continuing operations was 43% higher, at US\$45.1 million.

For the quarter, the USA Fibre Cement business continued its strong performance, with demand leading to a 35% increase in net sales and a 52% improvement in EBIT.

3rd Quarter and Nine Months Ended 31 December 2005 at a Glance

US\$ Million	Q3 FY06	Q3 FY05	%+(-)	9 Mth FY06	9 Mth FY05	%+(-)
Net sales	\$362.7	\$287.0	26	\$1,098.7	\$894.0	23
Gross profit	128.7	96.7	33	411.3	305.1	35
SCI and other related expenses	(4.8)	(15.9)	(70)	(14.7)	(24.4)	(40)
EBIT	64.4	33.3	93	227.7	131.6	73
Net interest income (expense)	0.8	(0.7)	-	(0.9)	(4.5)	-
Income tax expense	(24.5)	(13.2)	86	(82.6)	(44.0)	88
Operating profit from continuing operations	40.7	19.8	106	144.2	81.6	77
Net operating profit including discontinued operations	40.7	19.5	109	144.2	80.6	79

In this Media Release, James Hardie may present the financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 5. 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 from continuing operations", and "Net operating profit including discontinued operations". James Hardie also presents 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 SCI and other related expenses", and "Operating profit from continuing operations excluding SCI and other related expenses"). Unless otherwise stated, results are for continuing operations only and comparisons are of the 3rd quarter and first nine months of the current fiscal year versus the 3rd quarter and first nine months of the prior fiscal year.

The Asia Pacific Fibre Cement business performed relatively well for the quarter in markets that continued to weaken. Australia and New Zealand recorded a 3% increase in net sales, and the Philippines business maintained its net sales. Australia and New Zealand Fibre Cement EBIT fell 20% due to increased cost of sales and SG&A expenses in Australia.

Diluted earnings per share from continuing operations for the quarter increased from US 4.3 cents to US 8.7 cents and for the year to date from US 17.7 cents to US 31.0 cents.

Commentary

James Hardie CEO, Louis Gries, said the strong results reflect ongoing demand for James Hardie's differentiated products in all areas of the company's United States operations, in its emerging and established markets, and for its interior and exterior products.

"Although housing starts in America are slowing with a gradual increase in interest rates, they are still at a healthy rate of just below two million a year," said Mr Gries. "We expect to continue to achieve good top-line growth, higher average net sales prices and improved market share through further increases in market penetration and growth in our specialty value-added products.

"Following a stronger than expected December and January, we anticipate steady growth, rising towards our fiscal year-end as we move into the building season. We will also continue to invest in adding the people and capacity we need to continue to meet our growth targets."

USA Fibre Cement – Strong Growth in Top and Bottom Line

Net sales increased 35% to US\$297.9 million in the 3rd quarter, compared to the same quarter last year, due to a 22% lift in sales volumes to 527.5 million square feet and an 11% increase in the average net sales price to US\$565 per thousand square feet.

New housing construction and repair and remodelling activity remained at healthy levels due to a resilient residential construction market, strong house prices, increased owner equity and low interest rates. The business continued to grow sales at a rate significantly faster than the rate of growth in the market. Strong demand continued in both the emerging and established markets and in interior and exterior product categories.

Strong sales growth lifted EBIT 52% to US\$79.7 million for the quarter and 58% to US\$259.9 million for the year to date. The EBIT margin was 26.8% for the quarter and 29.1% for the nine months ended 31 December 2005. The increase in EBIT was primarily due to higher sales, partially offset by high costs for cement, energy and freight.

Australia and New Zealand (ANZ) Fibre Cement - Increased Market Share

Net sales increased 3% to US\$53.1 million for the quarter primarily due to a 5% increase in sales volume. In Australian dollars, net sales increased 4%. The average net sales price was slightly lower than for the same quarter last year.

ANZ Fibre Cement EBIT was down 20% for the quarter and 5% for the year to date, due to increased cost of sales and SG&A expenses in Australia, the result of growth initiatives and increased marketing spending. The decrease was partly offset by increased sales volumes in New Zealand. The EBIT margin was 13.7% for the quarter and 17.8% for the nine months ended 31 December 2005.

Despite the weaker market, market strategies designed to grow primary demand for fibre cement have helped the Australian business increase market share over the quarter and the nine-month period.

Philippines – Results affected by exports and competitors

Net sales from the Philippines business remained flat for the quarter, with a fall in volume offset by an increase in the average net sales price and favourable currency exchange rates. Net sales were down 4% in local currency. EBIT decreased due to a drop in exports following increased price competition in these markets.

USA Hardie Pipe – EBIT loss unchanged

Sales volumes fell short of last year for the quarter, although the decrease in sales volumes was partially offset by an increase in average net sales price. EBIT loss for the quarter was unchanged.

Europe Fibre Cement – Sales increasing

Net sales increased due to strong demand, increased average net sales prices and expansion into new markets. The business continues to increase market awareness of its backer and exterior cladding products among distributors, builders and contractors.

Artisan™ Roofing – Refining business strategy

The business continued to work on refining its business strategy and its manufacturing operation during the quarter and year to date.

Asbestos Compensation Funding Arrangement

During the quarter, the Board of JHI NV approved the Final Funding Agreement (FFA, formerly referred to as the Principal Deed) to provide long-term funding for Australian asbestos-related personal injury claims that result from exposure to products made by former James Hardie Australian subsidiaries. Representatives of JHI NV and the New South Wales Government signed the FFA on 1 December 2005.

The FFA was negotiated in accordance with the terms of the Heads of Agreement signed on 21 December 2004 by the Australian Council of Trades Unions (ACTU), NSW Government, UnionsNSW, a representative of the asbestos claimants and JHI NV. It is a legally-binding agreement and sets out the basis on which James Hardie will provide funding to the Special Purpose Fund (SPF).

The FFA is subject to a number of conditions precedent, including James Hardie being satisfied with the tax treatment of the proposed funding arrangements and receiving the approval of the company's lenders and shareholders.

All parties to the Heads of Agreement agreed that tax deductibility of the payments is a critical factor regarding affordability of the proposed voluntary funding arrangements. We are continuing to discuss tax deductibility of the payments with the Australian Taxation Office and the Commonwealth Treasury.

Under applicable accounting standards, James Hardie has not established a provision for asbestos-related liabilities as at 31 December 2005, because at this time such liabilities do not fall within the relevant accounting definitions of being probable and estimable. The need to establish a provision for asbestos-related liabilities will continue to be reviewed in relation to the conditions precedent.

See Note 8 of the 31 December 2005 Financial Report for further information on the voluntary funding proposal, and for information on the SCI and related matters.

Outlook

North American housing starts are expected to return to a healthy, steady pace. According to a statement released by The National Association of Home Builders (NAHB) in late January 2006: "Very favourable interest rates and strong buyer demand helped spur the housing market beyond the record sales set in 2004. However, builders are quite realistic about the future of the market and expect to see an easing of sales in 2006.

"While new-home sales have been quite strong throughout 2005, we see a cooling of the market to a healthy and more sustainable pace in the months ahead," said NAHB Chief Economist David Seiders. "For 2006, we expect to see a 6 percent to 7 percent drop in sales, but certainly no reason for alarm. This would make 2006 the second or third best year in housing history."

In this market, James Hardie expects to continue to grow primary demand for its fibre cement products in North America, increase its share of the US exterior cladding and backer board markets and maintain its fibre cement category share.

Although the housing market is expected to remain flat in Australia, and to decline slightly in New Zealand due to costs associated with new building codes and higher interest rates, we expect sales volumes in the ANZ Fibre Cement business to be slightly ahead of last year due to increased category share and the creation of primary demand, driven in large part by demand for Linea® weatherboards.

James Hardie expects conditions will continue to be difficult in the Philippines, with some continued political and economic uncertainty, high levels of inflation, and our market share being aggressively pursued by competitors.

Consistent with the statements the company made when it announced its 2nd Quarter and half-year results in November 2005, James Hardie continues to be confident that fiscal year 2006 operating profit from continuing operations, excluding SCI and other related expenses, will fall within the range of US\$200 million to US\$220 million.

James Hardie continues to incur costs associated with the SCI and other related matters, including: discussions with the Commonwealth Treasury and Australian Taxation Office on the tax-deductibility of payments to the Special Purpose Fund to be established to provide long-term funding of proven asbestos-related claims for Australian personal injury claimants against former Australian James Hardie subsidiary companies; co-operating with the Australian Securities and Investments Commission's ongoing investigation into the circumstances surrounding the establishment of the Medical Research and Compensation Foundation; and in providing an updated actuarial assessment of the total asbestos liabilities of the former subsidiary companies. These costs are likely to continue to be material over the short term.

End.

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This media release forms part of a package of information about James Hardie's results. It should be read in conjunction with the other parts of the package, including Management's Analysis of Results, a Management Presentation, a Financial Report and a Results at a Glance Document. These documents, along with a video and audio webcast of the presentation, are available from the Investor Relations section of the company website at www.jameshardie.com

DEFINITIONS

Financial Measures – US GAAP equivalents

EBIT and EBIT margin - EBIT is equivalent to the US GAAP measure of 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.

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.

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 debt payback – Net debt/cash divided by annualized cash flow from operations times 12 months.

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

Non-US GAAP Financial Measures

EBIT and EBIT margin excluding SCI and other related expenses – EBIT and EBIT margin excluding SCI and other related expenses are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT margin. We have included these financial measures to provide investors with an alternative method for assessing our operating results in a manner that is focussed on the performance of our ongoing operations and provides useful information regarding our financial condition and results of operations. We use this non-US GAAP measure for the same purposes.

US\$ Million	Q3 FY06	Q3 FY05	9 Mth FY06	9 Mth FY05
EBIT	\$64.4	\$33.3	\$227.7	\$131.6
SCI and other related expenses	4.8	15.9	14.7	24.4
EBIT excluding SCI and other related expenses	69.2	49.2	242.4	156.0
Net Sales	\$362.7	\$287.0	\$1,098.7	\$894.0
EBIT margin excluding SCI and other related expenses	19.1%	17.1%	22.1%	17.4%

Operating profit from continuing operations excluding SCI and other related expenses – Operating profit from continuing operations excluding SCI and other related expenses is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than Operating profit from continuing operations. We have included this financial measure to provide investors with an alternative method for assessing our operating results in a manner that is focussed on the performance of our ongoing operations. We use this non-US GAAP measure for the same purposes.

US\$ Million	Q3 FY06	Q3 FY05	9 Mth FY06	9 Mth FY05
Operating (loss) profit from continuing operations	\$40.7	\$19.8	\$144.2	\$81.6
SCI and other related expenses, net of tax	4.4	11.7	14.1	20.2
Operating profit from continuing operations excluding SCI and other related expenses	45.1	31.5	158.3	101.8

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 our profitability or liquidity. Not all companies calculate EBITDA in the same manner as we have and, accordingly, EBITDA may not be comparable with other companies. We have included information concerning EBITDA because we believe 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.

Disclaimer

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

- *expectations that the conditions precedent to the Final Funding Agreement will be satisfied;*
- *expectations about payments to a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;*
- *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 7 July 2005 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 Australian subsidiaries; 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 successful transition of our new senior management. 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.