



results at a glance

17 August 2006

1<sup>st</sup> Quarter Ended 30 June 2006

Excluding Asbestos<sup>1</sup>

James Hardie

Net Sales	Up	16%	to	US\$415.5m			
EBIT	Down	21%	to	US\$ 68.9m	Up	11%	to US\$ 96.1m
Operating Profit	Down	36%	to	US\$ 35.5m	Up	12%	to US\$ 62.7m
EBIT Margin	Down	7.6pts	to	16.6%	Down	2.5pts	to 23.1%

USA Fibre Cement

Net Sales	Up	21%	to	US\$348.9m
EBIT	Up	10%	to	US\$103.3m
EBIT Margin	Down	3.1pts	to	29.6%
Volume	Up	16%	to	605.7mmsf

Asia Pacific Fibre Cement

Net Sales	Down	4%	to	US\$59.2m
EBIT	Down	17%	to	US\$10.3m
EBIT Margin	Down	2.7pts	to	17.4%
Volume	Down	-	to	91.8mmsf

Key Ratios

Diluted earnings per share	7.6 cents	13.4cents
EBIT Margin	16.6%	23.1%
Return on Shareholders' Funds (Annualised)	128.5%	17.5%
Return on Capital Employed (Annualised)	27.6%	38.2%
Gearing Ratio	(43.3)%	(4.8)%
Net Interest Expense Cover	33.4x	46.4x
Net Interest Paid Cover	12.5x	17.4x

1. Excludes the impact of the asbestos provision on the income statement and the balance sheet.

*In this Results at a Glance, 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 \*. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures include "EBIT", "EBIT margin", and "Operating profit". The company may also present other terms for measuring its sales volumes ("million square feet (mmsf)" and "thousand square feet (msf)"); financial ratios ("Gearing ratio", "Net interest expense cover", "Net interest paid cover", "Net debt payback", "Net debt/cash"); and Non-US GAAP financial measures ("EBIT and EBIT margin excluding effect of foreign exchange on asbestos provision", "EBIT excluding effect of foreign exchange on asbestos provision, and SCI and other related expenses", "Operating profit excluding effect on foreign exchange on asbestos provision", "Diluted earnings per share excluding effect of foreign exchange on asbestos provision" and "EBITDA"). Unless otherwise stated, results are for continuing operations only and comparisons are of the 1<sup>st</sup> quarter of the current fiscal year versus the 1<sup>st</sup> quarter of the prior fiscal year.*

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

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

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

### Sales Volumes

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

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

### Financial Ratios

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

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

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

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

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

### Non-US GAAP Financial Measures

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

US\$ Million	Q1 FY07	Q1 FY06
EBIT	\$ 68.9	\$ 86.9
Effect of foreign exchange on asbestos provision	27.2	-
EBIT excluding effect of foreign exchange on asbestos provision	96.1	86.9
Net Sales	\$ 415.5	\$ 359.4
EBIT margin excluding effect of foreign exchange on asbestos provision	23.1%	24.2%

**EBIT excluding effect of foreign exchange on asbestos provision, and SCI and other related expenses** – EBIT excluding effect of foreign exchange on asbestos provision, and 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 EBIT. James Hardie has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. The company uses this non-US GAAP measure for the same purposes.

<b>US\$ Million</b>	<b>Q1 FY07</b>	<b>Q1 FY06</b>
EBIT	\$ 68.9	\$ 86.9
Effect of foreign exchange on asbestos provision	27.2	-
SCI and other related expenses	2.4	5.2
EBIT excluding asbestos-related fx losses, SCI and other related expenses	\$ 98.5	\$ 92.1

**Operating profit excluding effect of foreign exchange on asbestos provision** – Operating profit excluding effect of foreign exchange on asbestos provision 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. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company uses this non-US GAAP measure for the same purposes.

<b>US\$ Million</b>	<b>Q1 FY07</b>	<b>Q1 FY06</b>
Operating profit	\$ 35.5	\$ 55.9
Effect of foreign exchange on asbestos provision	27.2	-
Operating profit excluding effect of foreign exchange on asbestos provision	\$ 62.7	\$ 55.9

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

<b>US\$ Million (except share and per share data)</b>	<b>Q1 FY07</b>	<b>Q1 FY06</b>
Operating profit	\$ 35.5	\$ 55.9
Effect of foreign exchange on asbestos provision	27.2	-
Operating profit excluding effect of foreign exchange on asbestos provision	62.7	55.9
Weighted average common shares outstanding (Millions) – Diluted	466.9	462.7
Diluted earnings per share excluding effect of foreign exchange on asbestos provision (US cents)	13.4	12.1

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