



About the terminology used in this annual report

In this annual report, James Hardie Industries NV (James Hardie, JHINV, the company) may present the financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in *Definitions* starting on page 52.

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”. The company may also present other terms for measuring its sales volumes (“million square feet (mmsf)” and “thousand square feet (msf)”; financial ratios (“Gearing ratio”, “Net interest expense cover”, Net interest paid cover”, “Net debt payback”, “Net debt/cash”); and Non-US GAAP financial measures (“EBIT and EBIT margin excluding asbestos provision”, “EBIT excluding asbestos provision, impairment charge and SCI and other related expenses”, “Operating profit from continuing operations excluding asbestos provision”, “Diluted earnings per share from continuing operations excluding asbestos provision”, “Adjusted EBITDA”, “Adjusted EBITDA excluding asbestos provision” and “Effective income tax rate”). In each case where we present a Non-US GAAP financial measure, the equivalent US GAAP financial measure is defined and a reconciliation is provided in *Definitions*. Unless otherwise stated, results are for continuing operations only and comparisons are to the full year of the prior fiscal year.

To allow readers to assess the underlying performance of the fibre cement business, unless otherwise stated, graphs and editorial comments refer to results excluding the asbestos provision of US\$715.6 million at 31 March 2006.

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+23%

increase in net sales
from US\$1,210.4 million
to US\$1,488.5 million

James Hardie is a leading international building materials group which produces a wide range of fibre cement building materials used in the exterior and interior of residential and commercial buildings, from exterior cladding and internal lining to pipes, bracing, decorative elements and fencing.

Our operations span the United States, Australia, New Zealand and the Philippines and we are establishing a presence in Europe.

We employ over 3,300 people and generated net sales of almost US\$1.5 billion in fiscal year 2006.

In every country in which we operate, our goal is to capitalise on our extensive research and development programs, our unique manufacturing technology and our differentiated products to create wealth for our shareholders, value for our customers and rewarding careers for our employees.



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+29%

increase in gross profit
from US\$426.4 million
to US\$550.8 million

+43%

increase in EBIT
from US\$196.2 million
to US\$280.7 million

+62%

increase in diluted earnings
per share from US27.7 cents
to US44.9 cents