

Consolidated Statements of Operations

James Hardie Industries NV and Subsidiaries

(US\$)

(Millions of US dollars, except per share data)	Notes	Years Ended 31 March		
		2006	2005	2004
Net sales	17	\$ 1,488.5	\$ 1,210.4	\$ 981.9
Cost of goods sold		(937.7)	(784.0)	(623.0)
Gross profit		550.8	426.4	358.9
Selling, general and administrative expenses		(209.8)	(174.5)	(162.0)
Research and development expenses		(28.7)	(21.6)	(22.6)
SCI and other related expenses	12	(17.4)	(28.1)	–
Impairment of roofing plant	6	(13.4)	–	–
Asbestos provision	12	(715.6)	–	–
Other operating expense		(0.8)	(6.0)	(2.1)
Operating (loss) income		(434.9)	196.2	172.2
Interest expense		(7.2)	(7.3)	(11.2)
Interest income		7.0	2.2	1.2
Other (expense) income		–	(1.3)	3.5
(Loss) income from continuing operations before income taxes	17	(435.1)	189.8	165.7
Income tax expense	13	(71.6)	(61.9)	(40.4)
(Loss) income from continuing operations		(506.7)	127.9	125.3
Discontinued operations:				
(Loss) income from discontinued operations, net of income tax benefit (expense) of nil, \$0.2 million and (\$0.1) million for 2006, 2005 and 2004, respectively	14	–	(0.3)	0.2
(Loss) gain on disposal of discontinued operations, net of income tax benefit of nil, nil and \$4.8 million for 2006, 2005 and 2004, respectively	14	–	(0.7)	4.1
(Loss) income from discontinued operations		–	(1.0)	4.3
Net (loss) income		\$ (506.7)	\$ 126.9	\$ 129.6
(Loss) income per share – basic:				
(Loss) income from continuing operations		\$ (1.10)	0.28	\$ 0.27
Income from discontinued operations		–	–	0.01
Net (loss) income per share – basic		\$ (1.10)	\$ 0.28	\$0.28
(Loss) income per share – diluted:				
(Loss) income from continuing operations		\$ (1.10)	\$ 0.28	\$ 0.27
Income from discontinued operations		–	–	0.01
Net (loss) income per share – diluted		\$ (1.10)	\$ 0.28	\$ 0.28
Weighted average common shares outstanding (Millions):				
Basic	2	461.7	458.9	458.1
Diluted	2	461.7	461.0	461.4

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

James Hardie Industries NV and Subsidiaries

(A\$ Unaudited)

(Millions of Australian dollars, except per share data)	Years Ended 31 March		
	2006	2005	2004
Net sales	A\$ 1,977.5	A\$ 1,636.3	A\$ 1,415.8
Cost of goods sold	(1,245.7)	(1,059.9)	(898.3)
Gross profit	731.8	576.4	517.5
Selling, general and administrative expenses	(278.7)	(235.9)	(233.6)
Research and development expenses	(38.1)	(29.2)	(32.6)
SCI and other related expenses	(23.1)	(38.0)	–
Impairment of roofing plant	(17.8)	–	–
Asbestos provision	(1,000.0)	–	–
Other operating expense	(1.1)	(8.1)	(3.0)
Operating (loss) income	(627.0)	265.2	248.3
Interest expense	(9.6)	(9.9)	(16.1)
Interest income	9.3	3.0	1.7
Other (expense) income	–	(1.8)	5.0
(Loss) income from continuing operations before income taxes	(627.3)	256.5	238.9
Income tax expense	(95.1)	(83.7)	(58.3)
(Loss) income from continuing operations	(722.4)	172.8	180.6
Discontinued operations:			
(Loss) income from discontinued operations, net of income tax benefit (expense) of nil, A\$0.3 million and (A\$0.1) million for 2006, 2005 and 2004, respectively	–	(0.4)	0.3
(Loss) gain on disposal of discontinued operations, net of income tax benefit of nil, nil and A\$6.9 million for 2006, 2005 and 2004, respectively	–	(0.9)	5.9
(Loss) income from discontinued operations	–	(1.3)	6.2
Net (loss) income	A\$ (722.4)	A\$ 171.5	A\$ 186.8
(Loss) income per share – basic:			
(Loss) income from continuing operations	A\$ (1.56)	A\$ 0.38	A\$ 0.39
Income from discontinued operations	–	–	0.01
Net (loss) income per share – basic	A\$ (1.56)	A\$ 0.38	A\$ 0.40
(Loss) income per share – diluted:			
(Loss) income from continuing operations	A\$ (1.56)	A\$ 0.37	A\$ 0.39
Income from discontinued operations	–	–	0.01
Net (loss) income per share – diluted	A\$ (1.56)	A\$ 0.37	A\$ 0.40
Weighted average common shares outstanding (Millions):			
Basic	461.7	458.9	458.1
Diluted	461.7	461.0	461.4

The accompanying notes are an integral part of these consolidated financial statements.