## James Hardie Industries NV and Subsidiaries

## (not forming part of the Consolidated Financial Statements)

### James Hardie Industries NV voting rights:

As of 29 June 2006 James Hardie Industries NV had on issue 463,326,011 CHESS Units of Foreign Securities (CUFS) issued over 463,326,011 ordinary shares held by CHESS Depositary Nominees Pty Ltd (CDN) on behalf of 15,070 CUFS holders. Each ordinary share carries the right to one vote. CUFS holders can direct CDN how to vote the ordinary shares on a one vote per CUFS basis. Options carry no voting rights.

## James Hardie Industries NV distribution schedule as at 29 June 2006:

	CUFS		Options	
Size of Holding Range	Holders	Holdings	Holders	Holdings
1–1,000	6,341	3,295,423	_	_
1,001–5,000	6,570	15,716,225	13	58,600
5,001–10,000	1,237	8,809,329	49	420,500
10,001–100,000	796	18,175,602	132	5,084,146
100,001 and over	126	417,329,432	42	13,935,511
Totals	15,070	463,326,011	236	19,498,757

In the 1–1,000 range, 220 CUFS holders held less than a marketable parcel.

## James Hardie Industries NV substantial CUFS holders as at 29 June 2006:

Holdings shown below are as disclosed in substantial holding notices lodged with the Australian Stock Exchange Ltd.

	CUFS		
Name	Holdings	Date of Notice	%
Commonwealth Bank of Australia and their subsidiaries	59,520,260	28 June 2006	12.85
Lazard Asset Management Pacific Co	40,876,189	13 April 2005	8.90
Barclays Global Investors Australia Ltd	37,206,884	22 September 2005	8.05
Schroder Investment Management Australia Ltd	29,690,256	7 April 2006	6.41
National Australia Bank Ltd Group	28,198,184	18 June 2004	6.15
Capital Group Companies, Inc	32,960,346	17 March 2006	7.12

### James Hardie Industries NV 20 largest CUFS holders and their holdings as at 29 June 2006:

		CUFS		
Name	Note	Holdings	%	Position
JP Morgan Nominees Australia Ltd	1	112,433,434	24.27	1
Westpac Custodian Nominees Ltd	1	70,744,524	15.27	2
Citicorp Nominees Pty Ltd	1	67,191,005	14.50	3
National Nominees Ltd	1	58,399,025	12.60	4
Cogent Nominees Pty Ltd	1	18,442,143	3.98	5
ANZ Nominees Ltd	1	14,433,843	3.12	6
RBC Dexia Investor Services Australia Nominees Pty Ltd		6,810,954	1.47	7
Queensland Investment Corporation		6,805,733	1.47	8
Australian Foundation Investment Company Ltd		5,660,404	1.22	9
IAG Nominees Pty Ltd		5,409,730	1.17	10
Madingley Nominees Pty Ltd		3,970,709	0.86	11
UBS Nominees Pty Ltd	1	3,466,677	0.75	12
Victorian Workcover Authority		3,218,915	0.69	13
Tasman Asset Management Ltd		2,730,813	0.59	14
Bond Street Group		2,595,877	0.56	15
Argo Investments Ltd		2,469,000	0.53	16
AMP Life Ltd		2,416,574	0.52	17
Millenium Pty Ltd		2,000,500	0.43	18
Transport Accident Commission		1,650,877	0.36	19
RBC Global Services Australia Nominees Pty Ltd		1,614,289	0.35	20
Total		392,465,026	84.71	

<sup>1</sup> Entities which hold interests in the CUFS solely as a nominee or trustee for another person may have those interests disregarded for the purposes of the takeover and substantial share/CUFS holder provisions contained in the Articles of Association of the Company. Those nominees may hold CUFS for holders which include the substantial shareholders named above.

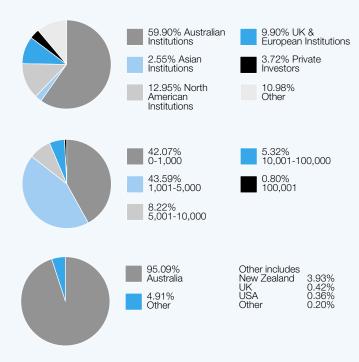
## James Hardie Industries NV share/CUFS buy-back

James Hardie Industries NV does not have a current on-market buy-back program at 29 June 2006.

James Hardie Industries NV and Subsidiaries (continued)

## (not forming part of the Consolidated Financial Statements)

## Composition of our shareholder base:



## James Hardie Industries NV takeover regime

The Articles of Association of James Hardie Industries NV (JHI NV) include takeover provisions which seek to reproduce the takeover regime established by the Corporations Act 2001 (the Australian Takeovers Code) in a more limited form. The purpose of these provisions is to ensure that the Eggleston principles, which underpin the Australian Takeovers Code, are complied with if a substantial interest is acquired in JHI NV.

In addition to a takeover bid made in accordance with the Articles of Association of JHI NV, a merger (which is similar to a Corporations Act 2001 scheme of arrangement) may also be effected under Dutch law.

## (a) Outline of the JHI NV takeover regime

The takeover regime contained in the JHI NV Articles of Association prohibits a person from holding JHI NV shares if, because of an acquisition of a relevant interest by any person in that share:

- the number of JHI NV shares in which any person (including the holder) directly or indirectly acquires a relevant interest increases from 20% or below to over 20%, or increases from a starting point that is above 20% and below 90%, of the issued and outstanding share capital of JHI NV; or
- (ii) the voting rights which any person (including the holder) directly or indirectly is entitled to exercise at a general meeting of shareholders increases from 20% or below to over 20%, or increases from a starting point that is above 20% and below 90%, of the total number of such voting rights which may be exercised by any person at a general meeting of shareholders.

#### (b) Enforcement

If the prohibition outlined above is breached, JHI NV has several powers available to it under the Articles of Association to enforce the breach. These include powers to require the disposal of JHI NV shares, disregard the exercise of votes and suspend dividend rights.

The Supervisory Board may cause JHI NV to exercise these powers only if it has first obtained a ruling from a court of competent jurisdiction that a breach of the prohibition has occurred and is occurring. Alternatively, these powers may be exercised without having recourse to the court if the Company receives advice to the effect from a senior corporate barrister or solicitor where the bidder has the right to make submissions. The Company's right to exercise certain aspects of these powers by complying with these procedures must be renewed by shareholder approval every 5 years or they lapse. Approval for a further five years will be sought at the 2006 General Meeting.

### (c) Substantial Shareholder Notices

The Articles of Association of JHI NV also replicate the substantial shareholder notice provisions contained in the Australian Takeovers Code. Those provisions apply where the votes attached to the shares in which the person has a relevant interest is equal to 5% or more of the total number of votes attaching to all JHI NV shares or CUFS (a substantial holding) and require the holder to advise the Company and the Australian Stock Exchange of certain information if that person obtains or ceases to have a substantial holding, if that person has a substantial holding and there is a movement of at least 1% in its holding or if that person makes a take-over bid for the securities of JHI NV.

As with the takeover bid thresholds, certain nominee and trustee holdings can be disregarded when considering whether a substantial shareholder notification requirement applies.

## (d) Tracing of beneficial interests

The Articles of Association also include a provision analogous to that found in the Corporations Act 2001 that gives JHI NV the power to require the holder of a JHI NV share or JHI NV CUFS to give the Company (or procure any relevant person to give to the Company) within two business days after receiving the notice a statement in writing setting out certain prescribed details relating to the holder's relevant interest.

## Major announcements

James Hardie informs the Australian Stock Exchange (ASX) and the Securities Exchange Commission (SEC) of anything that might affect the Company's share price. As soon as possible after we receive acknowledgement from the ASX, we post announcements on our website. Following is a list of the major announcements made during our 2006 financial year. Complete announcements are available on our website at www.jameshardie.com (select Investor Relations, then News).

Calendar 2005	The Decord of James Handle Industries AN//IIII ANA C. U. 19, 91, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1
15 April	The Board of James Hardie Industries NV (JHI NV) confirms that it will extend the coverage of the Special Purpose Fund (SPF) to permit members of the Baryulgil community (former asbestos mine workers and residents) to receive compensation funding from the SPF for valid and proven claims against the former Group subsidiary, Asbestos Mines Pty Ltd. The decision follows a review of the status of Asbestos Mines Pty Ltd in the context of the proposed SPF and the principles agreed to and set out in the Heads of Agreement.
16 May	Results for Q4 and Full Year FY05: James Hardie announces a 48% increase in operating profit from continuing operations to US\$46.3 million for the three months ended 31 March 2005. The strong 4th quarter result lifts operating profit from continuing operations for the full year to US\$127.9 million, up 2% on the prior year, after expensing costs incurred on the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation (SCI) and other related matters.
17 June	James Hardie announces that it has entered into new unsecured debt facilities totalling US\$355 million. The new debt facilities are revolving US dollar cash advance facilities involving bilateral agreements with six banks, and will replace the Company's previous revolving and stand-by credit facilities of approximately US\$286 million.
21 June	The Premier of New South Wales, the Hon Bob Carr, announces an extension of the timetable for the signing of the Principal Agreement between James Hardie and the NSW Government in relation to the Company's voluntary long-term asbestos compensation funding proposal. Under the new timetable, both parties are working towards signing the Principal Agreement in late July/early August 2005.
30 June	James Hardie announces that Benjamin Butterfield has been appointed to its Managing Board and to the position of Company Secretary effective 1 July 2005.
30 June	James Hardie announces that the ASX has extended the date for lodgement of the Company's Dutch GAAP accounts for the year ended 31 March 2005 under the ASX Listing Rules until 23 September 2005 or until lodged with the Australian Securities and Investments Commission (ASIC), whichever is the earlier.
11 July	James Hardie announces that it has signed an agreement for the sale of its Chile Fibre Cement business to Compañía Industrial El Volcán S.A. for a value of US\$15.8 million, comprising of cash and assumption of external debt by the purchaser.
13 August	James Hardie rejects as inaccurate and inflammatory statements made in today's <i>Australian</i> newspape claiming there is a split within the Company's Board and that some directors have favoured James Hardie leaving Australia.
17 August	James Hardie provides the latest update regarding the progress of activities to achieve a long-term voluntary funding arrangement in relation to Australian personal injury asbestos-related disease claims.
19 August	Results for Q1 FY06: James Hardie announces a 51% increase in operating profit from continuing operations to US\$55.9 million for the three months ended 30 June 2005. The strong 1st quarter results included a 17% increase in net sales, a 31% increase in gross profit and a 49% lift in EBIT.
19 August	James Hardie's CEO, Louis Gries, delivers his presentation to the 2005 Annual Information Meeting of Security Holders, held in Sydney.
19 August	James Hardie Chairman, Meredith Hellicar, delivers her presentation to the 2005 Annual Information Meeting of Security Holders, held in Sydney.
10 November	Results for Q2 and Half Year FY06: James Hardie announces a 93% increase in operating profit from continuing operations to US\$47.6 million for the three months ended 30 September 2005. The 2nd quarter highlights include a 25% increase in net sales, a 41% increase in gross profit and a 91% lift in EBIT.
21 November	In recognition of the launch of National Asbestos Awareness week, James Hardie provides an update on the status of its negotiations with the NSW Government to achieve a long-term compensation arrangement.

James Hardie Industries NV and Subsidiaries (continued)

## (not forming part of the Consolidated Financial Statements)

29 November	James Hardie says that negotiators for JHI NV have reached substantial agreement with the NSW Government on the Principal Deed and related agreements for the provision of long-term funding to meet expected future compensation claims of Australians affected by asbestos related injuries as a result of exposure in Australia to products made by former James Hardie Group subsidiaries.
1 December	James Hardie announces that its Board has approved the Principal Deed (Final Funding Agreement) to provide long-term funding for Australian asbestos-related personal injury claims that result from exposure to products made by former James Hardie Group subsidiaries. An updated KMPG Actuaries' Valuation Report for James Hardie (to 30 June 2005) is filed with this announcement.
16 December	James Hardie announces it is continuing discussions with the Federal Treasury to obtain full tax deductibility of the proposed voluntary contributions it will make to the Special Purpose Fund (SPF). The Company is also seeking to obtain tax exempt status for the SPF.
19 December	James Hardie announces that Don Merkley has resigned from his role as Executive Vice President Research & Development and has left James Hardie. Mark Fisher, currently Vice President of Specialty Products, has replaced Mr Merkley in the R&D role. He will also be responsible for Artisan Roofing and Hardie Pipe.
Calendar 2006	
19 January	James Hardie announces the resignation of Peter Cameron as a Non-Executive Director of James Hardie Industries NV for health reasons.
27 February	Results for Q3 and Nine Months FY06: James Hardie announces 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.

## Information for security holders

## **Annual Meetings**

The Annual Information Meeting for James Hardie Industries NV will be held at 10.00am on Tuesday, 19 September 2006 at The Westin Sydney, No 1 Martin Place, Sydney NSW 2000.

The Annual General Meeting for James Hardie Industries will be held at 9.30am Central Europe Time on Monday, 26 September 2006 in Ballroom, Hilton Amsterdam Apollolaan 138, 1077 BG Amsterdam, The Netherlands.

## Calendar 2006\*

Calcilua	2000
31 Mar	End of JHI NV Fiscal Year (FY) 2006
15 May	FY06 Quarter 4 & Full Year results and dividend
	announcement and management presentation
14 Jun	Record date for dividend to be paid on 6 July 2006
15 Jun	Announcement of dividend in Australian currency
	equivalent (dividend of US4.0 cents per share converts
	to 5.42 Australian cents per CUFS)
6 Jul	2006 Annual Report filed
6 Jul	Dividend payment date for share/CUFS holders
17 Aug	FY07 Quarter 1 results announcement and
	management presentation
19 Sept	Annual Information Meeting, Sydney
21 Sept	Direction Forms close 12 noon Sydney time for
	Annual General Meeting
26 Sept	Annual General Meeting, Amsterdam
13 Nov	FY07 Quarter 2 results announcement and
	management presentation

## Calendar 2007\*

27 Feb	FY07 Quarter 3 results announcement and
	management presentation
31 Mar	End of JHI NV Financial Year 2007
29 May	FY07 Quarter 4 & Full Year results announcement
	and management presentation

<sup>\*</sup>Future dates are indicative only and may change

### **Stock Exchange Listings**

James Hardie Industries NV's securities are listed on the Australian and New York Stock Exchanges.

Australia: Australian Stock Exchange Limited



James Hardie Industries NV shares are listed on the Australian Stock Exchange Ltd (ASX) in the form of CHESS Units of Foreign Securities (or CUFS). CUFS

represent beneficial ownership of JHI NV shares, the legal ownership of which is held by CHESS Depositary Nominees Pty Ltd. JHI NV CUFS trade under the code JHX.

New York: New York Stock Exchange Inc



In the United States, five JHI NV CUFS equal one Bank of New York-issued American Depositary Receipt (or ADR) and trade on the New York Stock Exchange

under the code JHX.

All enquiries and correspondence regarding ADRs should be referred to The Bank of New York, which can be contacted via the website: www.adrbny.com or as follows:

The Bank of New York Investor Relations PO Box 11258 Church Street Station New York, NY 10286-1258

Telephone within USA: 1-888-BNY-ADRs Telephone outside USA: 212-815-3700

Email: shareowners@bankofny.com

### Share/CUFS registry

JHI NV's registry is managed by Computershare Investor Services Pty Limited. All enquiries and correspondence regarding holdings should be directed to:

Computershare Investor Services Pty Ltd Level 3, 60 Carrington Street, Sydney NSW 2000, Australia or GPO Box 7045, Sydney NSW 2001, Australia

Telephone within Australia: 1300 855 080 Telephone outside Australia: (61 3) 9415 4000

Facsimile: (61 2) 8234 5050

Email: web.queries@computershare.com.au Website: www.computershare.com

## Payment of dividends and other cash distributions to share/CUFS holders

Dividends and other cash distributions can be paid by cheque or by electronic funds transfer to an Australian bank account. To participate in the electronic service, contact Computershare at the above address.

## **Dutch withholding tax**

Dividends paid by JHI NV are subject to Dutch withholding tax requirements. Further information is available on our website at www.jameshardie.com under Investor Relations (select Shareholder Services, then Tax Information).

#### Disclosure

James Hardie aims to ensure the widest possible disclosure of its activities, using:

- quarterly results briefings and management presentations;
- webcasting and conference call facilities that make quarterly results available to all security holders;
- extensive disclosure of financial results as well as detailed explanations about the key performance drivers; and
- immediate postings on our website of announcements, results and information about other material events.

Along with these announcements, the Investor Relations area of our website (www.jameshardie.com) contains media releases, results briefings with archived webcasts, management presentations, newsletters and past annual reports. There are also areas where visitors can register to receive email alerts of key events or announcements. Our formal Disclosure Policy is contained in the Corporate Governance area of the website.

James Hardie Industries NV and Subsidiaries

## (not forming part of the Consolidated Financial Statements)

#### **Annual Report**

All security holders are entitled to receive a copy of the annual report. If you do not require the annual report, or you receive more copies than you require, please notify Computershare at the address above.

The annual report can be read and downloaded from the Investor Relations area of our website (www.jameshardie.com).

### **Addresses**

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Steve Ashe

Vice President - Investor Relations

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Email: investor.relations@jameshardie.com.au

Website: www.jameshardie.com, select Investor Relations

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Treasury and Registered Office
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1077 ZX Amsterdam

Company Secretary: Mr Benjamin Butterfield

Telephone: (+ 31 20) 301 2986 Facsimile: (+ 31 20) 404 2544

Australian Registered Office

Level 3, 22 Pitt Street, Sydney NSW 2000, Australia

Alan Kneeshaw Manager Secretarial Services Telephone (+61 2) 8274 5274 Fax (+61 2) 8274 5217

## **Place of Incorporation**

James Hardie Industries NV, ARBN 097 829 895, is incorporated in The Netherlands with its corporate seat in Amsterdam. The liability of members is limited.

## **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP Los Angeles, California, USA

<sup>™</sup> and ® denote a trademark or registered mark owned by James Hardie International Finance BV. This annual report is printed on an environmentally responsible paper manufactured under environmental management systems ISO14001 and EMAS 2 using Elemental Chlorine Free (ECF) pulp sourced from sustainable, well managed forests.

This annual report 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;
- expectations concerning the Company's Australian Tax Office amended assessment;
- expectations that the Company's credit facilities will be extended or renewed;
- projections of operating results or financial condition;
- statements regarding plans, objectives or goals, including those relating to competition, acquisitions, dispositions and products;
- statements about future performance; and

Cautionary Statement Concerning

Forward-Looking Statements

- 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. The Company cautions 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, the risk factors discussed under "Risk Factors" beginning on page 6 of the Form 20-F filed on 7 July 2005, and: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; 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 research and development efforts; 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 implementation of the internal control over financial reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as codified by Item 308 of Regulation S-K. The Company cautions 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.

DESIGN AND PRODUCTION BY SPATCHURST www.spatchurst.com.au

## Notes

### Photo credits

Our cover shows US Coastal Living magazine's East Beach Idea Home in Norfolk, Virginia. The home features Hardishingle® siding and Harditrim® planks on window surrounds. Photo by Harry Taylor.

Pages 00-01 **Cherry Hill Village**, Canton Township, Michigan, USA; *Developer* – Biltmore Properties Corporation

Pages 02-03

Central Park, Issaquah Highlands, Seattle, Washington, USA; Developers – SP Poulsbo, GPI, Inc (SPI); The Dwelling Company (TDC) and Port Blakely Communities; *Builders* – Bennett Homes; *Products* – Hardiplank® iding, Hardipanel® siding

Pages 04-05 **Waterline**, Bulimba, Queensland, Aus; Developer - Mirvac; Products
- ExoTec® facade panels, HardiFlex® sheets, HardiTex® base sheets, Linea™ weatherboards, Villaboard® lining

Pages 06-07 **Prairie Crossing**, Lake County, Illinois, USA; *Developer* – Prairie Holdings Corporation

Pages 14-15 Minneapolis, Minnesota

Pages 16-17 **Dr Pepper /Seven-Up Ballpark**, Frisco,
Texas, USA; *Developer* – Southwest Sports
Group & Mandalay Entertainment, Dallas,
Texas; *Architect* – HKS, Inc and David M
Schwarz Architectural Services; *Contractor*– Centex Construction, Dallas, Texas; *Products* – Hardinak® siding Products - Hardiplank® siding

Pages 18-19

Blueys Retreat, North Coast, NSW,
Aus; Developers – Jan and Ian Maclean;
Architects – Wolski, Lycenko and
Brecknock; Products – PrimeLine®
weatherboards, HardiTex® base sheets,
HardiFlex® eaves lining, HardiBrace® sheet
bracing, HardiPanel® compressed sheets
and HardiScreen® lattice

Pages 24-25

Reunion, Atlanta, USA; Main Developer

– John Wieland Homes and Neighborhoods

Habersham, South Carolina, USA; Developer – Turner/Davis; Master Planner – DPZ (Duany Plater-Zyberk & Co); Products Hardiplank® siding, Harditrim® boards, Hardishingle® siding and Hardisoffit®

Pages 36-37

MaterColor, Seagrove Beach, Florida, USA; Developer – The St Joe Company; Master Planner – Cooper Robertson and Partners with Looney Ricks Kiss Architects. Nelson Byrd Woltz Landscape Architects; Products - Hardiplank® siding, Hardipanel® siding, Harditrim® boards, Hardisoffit® panels

## **Corporate Offices**

## Registered Office and Treasury

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Ask James Hardie™
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## James Hardie FRC Pipes

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## James Hardie Building Products

James Hardie Building Products
50 O'Rorke Road
Penrose, Auckland

# Philippines James Hardie Building Products

# James Hardie Building Products 26300 La Alameda, Suite 250

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