

Consolidated Statements of Changes in Shareholders' Equity

James Hardie Industries NV and Subsidiaries

| (Millions of US dollars) | Common Stock | Additional Paid-in Capital | Retained Earnings (Accumulated Deficit) | Employee Loans | Accumulated Other Comprehensive Income (Loss) | Total |
|--|-----------------|----------------------------------|--|-------------------|--|-----------------|
| Balances as of 31 March 2003 | \$ 269.7 | \$ 171.3 | \$ 44.4 | \$ (1.7) | \$ (49.0) | \$ 434.7 |
| Comprehensive income (loss): | | | | | | |
| Net income | - | - | 129.6 | - | - | 129.6 |
| Other comprehensive income (loss): | | | | | | |
| Amortisation of unrealised transition loss on derivative instruments | - | - | - | - | 1.1 | 1.1 |
| Foreign currency translation gain | - | - | - | - | 16.0 | 16.0 |
| Unrealised loss on available-for-sale securities | - | - | - | - | (0.1) | (0.1) |
| Additional minimum pension liability adjustment | - | - | - | - | 7.7 | 7.7 |
| Other comprehensive income | - | - | - | - | 24.7 | 24.7 |
| Total comprehensive income | | | | | | 154.3 |
| Dividends paid | - | - | (22.9) | - | - | (22.9) |
| Conversion of common stock from Euro 0.64 par value to Euro 0.73 par value | 48.4 | (48.4) | - | - | - | - |
| Conversion of common stock from Euro 0.73 par value to Euro 0.5995 par value and subsequent return of capital | (68.7) | - | - | - | - | (68.7) |
| Conversion of common stock from Euro 0.5995 par value to Euro 0.59 par value | (5.0) | 5.0 | - | - | - | - |
| Stock compensation | - | 3.3 | - | - | - | 3.3 |
| Tax benefit from stock options exercised | - | 0.4 | - | - | - | 0.4 |
| Employee loans repaid | - | - | - | 0.4 | - | 0.4 |
| Stock options exercised | 0.8 | 2.4 | - | - | - | 3.2 |
| Balances as of 31 March 2004 | \$ 245.2 | \$ 134.0 | \$ 151.1 | \$ (1.3) | \$ (24.3) | \$ 504.7 |
| Comprehensive income: | | | | | | |
| Net income | - | - | 126.9 | - | - | 126.9 |
| Other comprehensive income (loss): | | | | | | |
| Amortisation of unrealised transition loss on derivative instruments | - | - | - | - | 1.1 | 1.1 |
| Foreign currency translation loss | - | - | - | - | (0.9) | (0.9) |
| Other comprehensive income | - | - | - | - | 0.2 | 0.2 |
| Total comprehensive income | | | | | | 127.1 |
| Dividends paid | - | - | (13.7) | - | - | (13.7) |
| Stock compensation | - | 3.0 | - | - | - | 3.0 |
| Tax benefit from stock options exercised | - | 0.4 | - | - | - | 0.4 |
| Employee loans repaid | - | - | - | 0.6 | - | 0.6 |
| Stock options exercised | 0.6 | 2.0 | - | - | - | 2.6 |
| Balances as of 31 March 2005 | \$ 245.8 | \$ 139.4 | \$ 264.3 | \$ (0.7) | \$ (24.1) | \$ 624.7 |

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

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| (Millions of US dollars) | Common Stock | Additional Paid-in Capital | Retained Earnings (Accumulated Deficit) | Employee Loans | Accumulated Other Comprehensive Income (Loss) | Total |
|---|-----------------|----------------------------------|--|-------------------|--|----------------|
| Balances as of 31 March 2005 | \$ 245.8 | \$ 139.4 | \$ 264.3 | \$ (0.7) | \$ (24.1) | \$ 624.7 |
| Comprehensive loss: | | | | | | |
| Net loss | – | – | (506.7) | – | – | (506.7) |
| Other comprehensive income (loss): | | | | | | |
| Amortisation of unrealised transition loss on derivative instruments | – | – | – | – | 0.5 | 0.5 |
| Foreign currency translation loss | – | – | – | – | (4.8) | (4.8) |
| Other comprehensive loss | – | – | – | – | (4.3) | (4.3) |
| Total comprehensive loss | | | | | | (511.0) |
| Dividends paid | – | – | (45.9) | – | – | (45.9) |
| Stock compensation | – | 5.9 | – | – | – | 5.9 |
| Tax benefit from stock options exercised | – | 2.2 | – | – | – | 2.2 |
| Employee loans repaid | – | – | – | 0.3 | – | 0.3 |
| Stock options exercised | 7.4 | 11.3 | – | – | – | 18.7 |
| Balances as of 31 March 2006 | \$ 253.2 | \$ 158.8 | \$ (288.3) | \$ (0.4) | \$ (28.4) | \$ 94.9 |

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