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# 4%

INCREASE IN NET SALES  
FROM US\$1,488.5 MILLION  
TO US\$1,542.9 MILLION

# 4%

INCREASE IN GROSS PROFIT  
FROM US\$550.8 MILLION  
TO US\$573.0 MILLION

# 14%

INCREASE IN EBIT  
FROM US\$280.7 MILLION  
TO US\$318.9 MILLION

# 5%

INCREASE IN DILUTED EARNINGS  
PER SHARE FROM US45.2 CENTS  
TO US47.6 CENTS

# CONTENTS

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, Canada and the Philippines and we are establishing a presence in Europe.

We employ around 3,000 people and generated net sales of over US\$1.5 billion in fiscal year 2007.

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.

#### **About the terminology used in this report**

In this annual report, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 42. 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" and "Net 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 asbestos adjustments", "EBIT and EBIT margin excluding asbestos adjustments, impairment charge and SCI and other related expenses", "Net operating profit excluding asbestos adjustments and tax benefit related to implementation of the Amended FFA", "Net operating profit excluding asbestos adjustments, tax benefit related to implementation of the Amended FFA, impairment charge, SCI and other related expenses, make-whole payment and tax provision write-back", "Diluted earnings per share excluding asbestos adjustments and tax benefit related to implementation of the Amended FFA", "Income tax expense excluding tax benefit related to implementation of the Amended FFA", "Effective tax rate excluding asbestos adjustments and tax benefit related to implementation of the Amended FFA", and "Adjusted EBITDA"). Unless otherwise stated, results and comparisons are of the current full year versus the prior full year.

To allow readers to assess the underlying performance of the fibre cement business, unless otherwise stated, graphs and editorial comments refer to results from continuing operations excluding asbestos adjustments of US\$405.5 million and tax benefit related to implementation of the Amended FFA of US\$335.0 million for fiscal year 2007 and asbestos adjustments of US\$715.6 million for fiscal year 2006. Balance sheet references exclude the net Amended FFA liability of US\$786.1 million at 31 March 2007 and the asbestos liability of US\$715.6 million at 31 March 2006.