



James Hardie

FY08 4th Quarter and Full Year Results

22 May 2008

In this Management Presentation, 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 59. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures, which are equivalent to or derived from certain US GAAP measures as explained in the definitions, 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 or mmsf" and "thousand square feet or 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 excluding asbestos and asset impairments", "EBIT margin excluding asbestos and asset impairments", "Net operating profit excluding asbestos, asset impairments and tax adjustments", "Diluted earnings per share excluding asbestos, asset impairments and tax adjustments", "Operating profit before income taxes excluding asbestos and asset impairments", "Effective tax rate excluding asbestos, asset impairments and tax adjustments" and EBITDA). Unless otherwise stated, results and comparisons are of the 4th quarter and current full fiscal year versus the 4th quarter and full year of the prior fiscal year.

The header image features a collage of architectural and industrial scenes. On the left, there's a modern building with a glass facade. In the center, a person is walking on a wide, light-colored floor towards a bright horizon. The background is a textured, light blue surface.

Agenda

- Overview and Operating Review – Louis Gries, CEO
- Financial Review – Russell Chenu, CFO
- Questions and Answers

Overview

- Major businesses performed relatively well over the full year in challenging market conditions, particularly in the US
- Net operating line for the quarter and full year affected by material asbestos adjustments, asset impairments and tax adjustments

US\$ Millions	Q4	Q4	%	FY 2008	FY 2007	%
	FY 2008	FY 2007	Change			
Net operating (loss) profit	(146.9)	103.1	-	(71.6)	151.7	-
Net operating profit excluding asbestos, asset impairments and tax adjustments	20.1	51.4	(61)	169.7	211.8	(20)
Diluted earnings per share excluding asbestos, asset impairments and tax adjustments (US cents)	4.6	11.0	(58)	37.2	45.4	(18)



Overview

4th Quarter

USA Fibre Cement

- The housing market deteriorated further during the quarter
- Sales and EBIT were much lower than the same quarter last year

Asia Pacific Fibre Cement

- EBIT was up, primarily due to favourable currency movements and improved operating performance in Australia and New Zealand



Overview

Full Year

- USA Fibre Cement – Price growth and market penetration helped partly buffer the unfavourable impact of significantly weaker housing construction activity and deliver a good EBIT performance, considering the conditions
- Asia Pacific Fibre Cement – Strong sales and EBIT performance
- Operating businesses continued to generate strong cash flows



Overview

- Announced final dividend of US 8 cents a share. Total dividend for year consistent at US 20 cents
- Announced closure of USA Hardie Pipe business

Operating Review

Louis Gries, CEO



USA Fibre Cement



James Hardie lap and shingle siding with ColorPlus® Technology featured in *MidWest Homes'* Minnesota Top Homes Volume 2. The home was built by Mark Anthony Homes in Hudson, Wisconsin.



USA Fibre Cement

4th Quarter Result

Net Sales	down	20% to US\$232.5 million
Sales Volume	down	19% to 393.9 mmsf
Average Price	down	1% to US\$590 per msf
EBIT	down	41% to US\$50.3 million
EBIT Margin	down	7.6 pts to 21.6%



USA Fibre Cement

Full Year Result

Net Sales	down	9% to US\$1,144.8 million
Sales Volume	down	11% to 1,916.6 mmsf
Average Price	up	2% to US\$597 per msf
EBIT	down	13% to US\$313.6 million
EBIT Margin	down	1.3 pt to 27.4%



USA Fibre Cement

4th Quarter Market Conditions

- Further deterioration in new housing construction activity
 - Starts down 26% and 30% for the December and March quarters, respectively
- Market demand affected by weaker economic conditions, tighter lending standards and falling house prices
- Inventory levels of new homes remain high
- More existing homes for sale due to increase in foreclosures
- Builder confidence levels remain very low
- Repair and remodelling activity down, but much less than new construction



USA Fibre Cement

4th Quarter Key Points

- Sales down due to further deterioration in US housing construction activity
 - Normal seasonal pickup in demand not evident in March orders
 - Inventory build higher than required due to lower than forecasted Q4 shipments
- Market penetration did not buffer the market decline as it has in previous quarters
- Sales volumes were lower across all divisions and in each key region, other than Canada
- Exterior products accounted for most of the decline in sales. Only ColorPlus® collection of products recorded sales growth
- Sales volumes of interior products were down slightly
- Higher costs – pulp, freight in particular
- Continued to hold average net sales price
- Further business reset carried out in April – based on lower starts forecast and high inventory levels

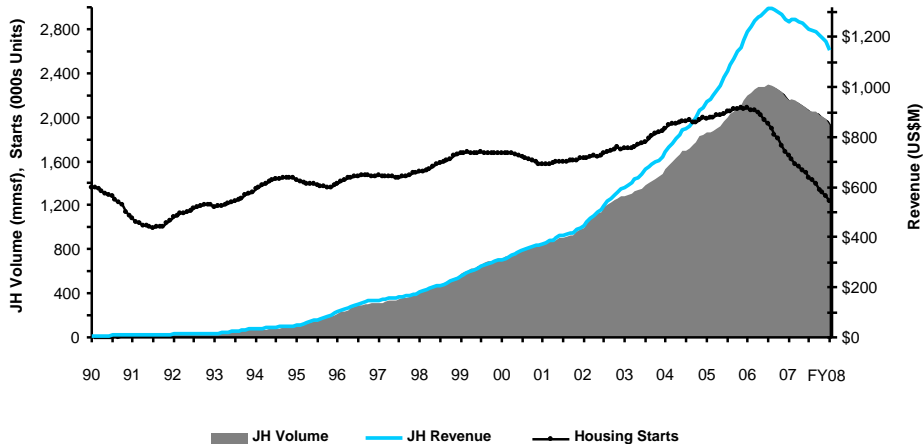


USA Fibre Cement

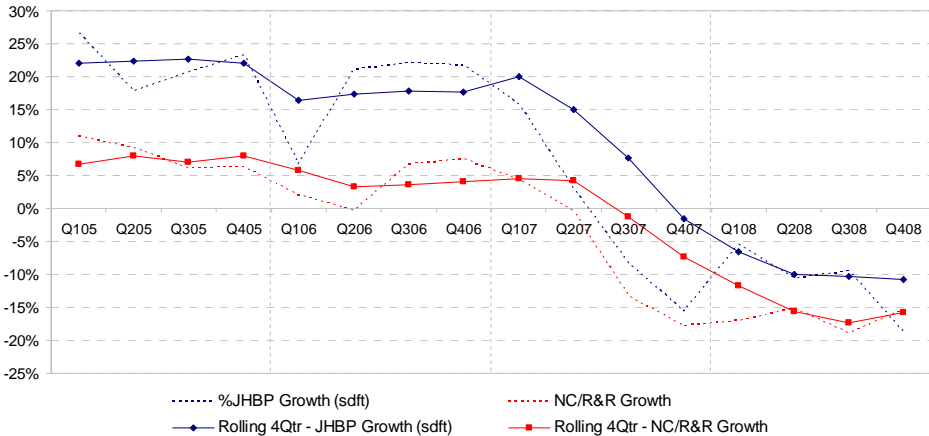
Outlook

- Further weakness in housing construction activity
- Softer repair and remodelling activity expected in short to medium-term
- Increased focus in FY09 on initiatives that build EBIT performance.
- Further market penetration against alternative materials

Top Line Growth



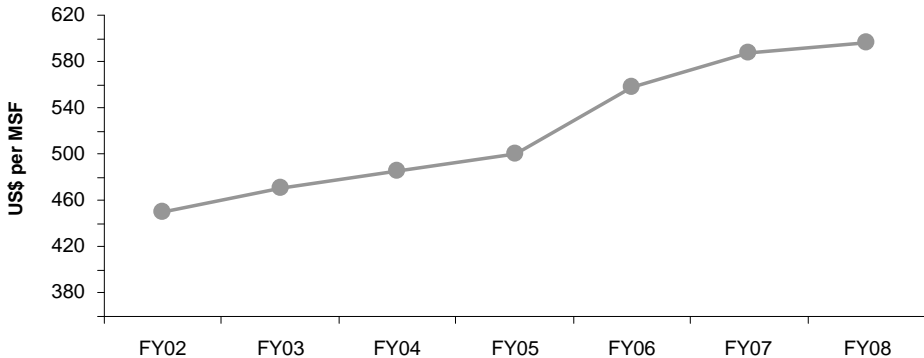
Primary Growth Performance



Sources: Dodge US addressable starts (SF & MF-low); US Census R&R \$expenditures less CPI

Note: R&R growth for Q408 assumed to be flat

Average Net Selling Price





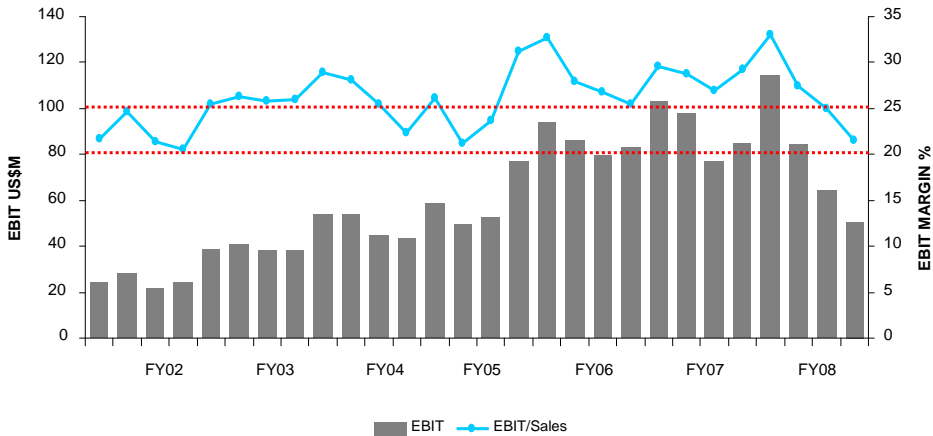
USA Fibre Cement

Strategy

- Aggressively grow demand for our products in targeted market segments
- Grow our overall market position while defending our share in existing market segments
- Offer products with superior value to that of our competitors
- Introduce differentiated products to reduce direct price competition

USA Fibre Cement

EBIT and EBIT Margin*



*Excludes restructuring and other operating expenses of US\$12.6 million in Q3 FY02 and impairment charges of US\$45.6 million in Q4 FY08



USA Fibre Cement

Managing through the housing downturn - Update

- Reset business in February 2008 based on housing starts of 1 million per annum
- Continued market deterioration resulted in a further business reset in April based on housing starts of 800,000 per annum
- Reset included manufacturing and SG&A adjustments
 - Manufacturing
 - changes to plant manning based on lowest landed cost



USA Fibre Cement

Managing through the housing downturn – Update (continued)

- SG&A adjustments
 - Reviewed activities and projects across the organisation
 - Changes made to SG&A cost base considering:
 - Ability to make a significant impact during FY09
 - Impact on ability to enable business to compete and grow as the housing market recovers
 - Long term strategic value
 - Cost reductions were made in HR, Marketing, R&D, Finance and Business Development
- Employee numbers in US business reduced by 9% or 170, down 19% from 2174 at its peak in 2006

Asia Pacific Fibre Cement



James Hardie ExoTec® Facade Panel and fixing system has been used on the Queensland University of Technology.
Architect: Conrad & Gargett.



Asia Pacific Fibre Cement

4th Quarter Result

Net Sales	up	14% to US\$73.5 million
Sales Volume	down	3% to 95.3 mmsf
Average Price	up	2% to A\$848 per msf
EBIT	up	22% to US\$10.7 million
EBIT Margin	up	0.9 pts to 14.6%



Asia Pacific Fibre Cement

Full Year Result

Net Sales	up	19% to US\$298.3 million
Sales Volume	up	2% to 398.2 mmsf
Average Price	up	2% to A\$862 per msf
EBIT*	up	28% to US\$50.3 million
EBIT* Margin	up	1.2 pts to 16.9%

* EBIT includes US\$2.7m lease cost adjustment related to prior periods



Asia Pacific Fibre Cement

Strategy

- Grow primary demand for our products
- Leverage our superior technology to offer differentiated products and systems with superior value to those of competitors
- Promote a smarter way to build composite construction houses using our products
- Vigorously defend our position in existing market segments



Asia Pacific Fibre Cement

Key Points

- Residential construction activity was slightly weaker in both Australia and New Zealand
- US\$ financial results again assisted by appreciation of Asia Pacific currencies
- Q4 net sales down 1% in A\$ due to 3% decrease in sales volume, partly offset by a 2% increase in the average Australian dollar net sales price
- In Australia and New Zealand, differentiated value-added products continue to increase as a proportion of the sales mix
- Non-differentiated products remain subject to strong competitive pressures
- Stronger EBIT performance in A\$, up 5% for the quarter and 12% for the year



Asia Pacific Fibre Cement

Outlook

- Residential construction activity is expected to be flat in Australia and slightly weaker in New Zealand
- Further primary demand growth for fibre cement in Australia and New Zealand
- Growth in differentiated products
- Non-differentiated products in Australia are expected to remain subject to strong competition
- In the Philippines, construction activity is expected to be stronger in the short-term



Other

USA Hardie Pipe

- Q4 net sales lower due to weaker residential and non-residential construction activity in Florida
- EBIT loss for both the quarter and full year
- Announced closure of business today
 - EBIT losses mainly incurred since commencement in 2001
 - Significant deterioration in market conditions in Florida
 - Average selling prices significantly less than for the USA Fibre Cement business
 - Estimated future financial returns not sufficient to warrant further investment
- Impairment charge of US\$25.4 million and impairment related costs of US\$1.8 million recorded in Q4

Europe Fibre Cement

- Sales continuing to grow steadily
- Significantly reduced EBIT loss for the quarter and full year

Financial Review

Russell Chenu, CFO

Overview

- Solid operating performance for the year considering further significant decline in US housing construction activity
- Net operating line affected by asbestos, asset impairments and tax adjustments:
 - Asbestos adjustments :
 - US\$182.3m in Q4 and US\$240.1m in full year – change in KPMG Actuaries' estimate and unfavourable currency movement on A\$ asbestos liability
 - Asset impairments of US\$41.1m (US\$26.2m net of tax) in Q4 and US\$74.2m (US\$46.6m net of tax) in full year
 - Q4 – USA Hardie Pipe closure US\$25.4m impairment charge and US\$1.8 million impairment related costs
 - Q4 – USA Fibre Cement (buildings and machinery) US\$13.2m impairment charge
 - Q3 – USA Fibre Cement (Blandon, Pennsylvania plant) US\$32.4m impairment charge and US\$1.4 million impairment related costs
 - Unfavourable tax adjustments of US\$5.8 million related to FIN48



Overview

- Increase in inventory levels – normal seasonal pickup in demand did not occur in Q4
- Strong cash generation for the year – US\$319.3 million
- Final dividend of US8 cents a share declared
 - Payable 11 July 2008
 - Record date 4 June 2008
- Total dividend consistent at US20 cents a share

A decorative header banner with a blue and white wavy pattern. On the left, there is a small inset image showing a person walking in a modern, brightly lit interior space with large windows and architectural details.

Share Buy-Back

- Announced share buy-back of up to 10% of issued capital (up to approximately 46.8 million shares) on 15 August 2007
- Purchased 7.6% of issued capital between 18 September 2007 and 31 March 2008 at average price of A\$6.62/ US\$5.83
 - 35.7 million shares purchased as at 31 March 2007 - total cost US\$208 million
 - no shares purchased between 1 April 2008 and 22 May 2008
- Material benefits
 - > 3% EPS accretion
 - 0.5% WACC reduction

Results – Q4

<u>US\$ Millions</u>	<u>Q4'08</u>	<u>Q4'07</u>	<u>% Change</u>
Net sales	312.9	360.9	(13)
Gross profit	107.2	133.8	(20)
SG&A expenses	(60.3)	(52.3)	(15)
Research & development expenses	(7.5)	(5.6)	(34)
Impairment charges	(38.6)	-	-
SCI and other related expenses	-	(5.4)	-
Asbestos adjustments	(182.3)	(286.3)	36
EBIT	(181.5)	(215.8)	16
Net interest expense	(2.2)	(4.2)	48
Income tax benefit	36.8	323.1	(89)
Net operating (loss) profit	(146.9)	103.1	-

Results – Q4

<u>US\$ Millions</u>	<u>Q4'08</u>	<u>Q4'07</u>	<u>% Change</u>
Net operating (loss) profit	(146.9)	103.1	-
Asbestos:			
Asbestos adjustments	182.3	286.3	(36)
AICF SG&A expenses	1.3	-	-
AICF interest income	(2.4)	-	-
Tax benefit related to asbestos adjustments	(46.2)	(335.0)	(86)
Asset impairments:			
Impairment charges (net of tax)	24.6	-	-
Impairment related costs (net of tax)	1.6	-	-
Tax adjustments	5.8	(3.0)	-
Net operating profit excluding asbestos, asset impairments and tax adjustments	20.1	51.4	(61)

Results – Full Year

US\$ Millions

	FY '08	FY '07	% Change
Net sales	1,468.8	1,542.9	(5)
Gross profit	530.0	573.0	(8)
SG&A expenses	(228.2)	(214.6)	(6)
Research & development expenses	(27.3)	(25.9)	(5)
Impairment charges	(71.0)	-	-
SCI and other related expenses	-	(13.6)	-
Asbestos adjustments	(240.1)	(405.5)	41
EBIT	(36.6)	(86.6)	58
Net interest income (expense)	1.1	(6.5)	-
Income tax (expense) benefit	(36.1)	243.9	-
Effect of change in accounting principle – net of tax	-	0.9	-
Net operating (loss) profit	(71.6)	151.7	-

Results – Full Year

<u>US\$ Millions</u>	<u>FY '08</u>	<u>FY '07</u>	<u>% Change</u>
Net operating (loss) profit	(71.6)	151.7	-
Asbestos:			
Asbestos adjustments	240.1	405.5	(41)
AICF SG&A expenses	4.0	-	-
AICF interest income	(9.4)	-	-
Tax benefit related to asbestos adjustments	(45.8)	(335.0)	(86)
Asset impairments:			
Impairment charges (net of tax)	44.6	-	-
Impairment related costs (net of tax)	2.0	-	-
Tax adjustments	5.8	(10.4)	-
Net operating profit excluding asbestos, asset impairments and tax adjustments	169.7	211.8	(20)

Segment Net Sales – Q4

<u>US\$ Millions</u>	<u>Q4'08</u>	<u>Q4'07</u>	<u>% Change</u>
USA Fibre Cement	232.5	289.9	(20)
Asia Pacific Fibre Cement	73.5	64.3	14
Other	6.9	6.7	3
Total	312.9	360.9	(13)

Segment Net Sales – Full Year

<u>US\$ Millions</u>	<u>FY '08</u>	<u>FY '07</u>	<u>% Change</u>
USA Fibre Cement	1,144.8	1,262.3	(9)
Asia Pacific Fibre Cement	298.3	251.7	19
Other	25.7	28.9	(11)
Total	1,468.8	1,542.9	(5)

Segment EBIT – Q4

<u>US\$ Millions</u>	<u>Q4'08</u>	<u>Q4'07</u>	<u>% Change</u>
USA Fibre Cement	50.3	84.6	(41)
Asia Pacific Fibre Cement	10.7	8.8	22
Other	(2.8)	(2.7)	(4)
R & D ¹	(5.0)	(3.5)	(43)
Total segment EBIT excluding impairment charges	53.2	87.2	(39)
General Corporate	(12.5)	(16.7)	25
Total EBIT excluding asbestos and impairment charges	40.7	70.5	(42)
Asbestos adjustments	(182.3)	(286.3)	(36)
AICF SG&A expenses	(1.3)	-	-
Impairment charges	(38.6)	-	-
Total EBIT	(181.5)	(215.8)	16

¹ R&D includes "core" R&D expenses and administrative expenses, but excludes product development expenses

Segment EBIT – Full Year

<u>US\$ Millions</u>	<u>FY '08</u>	<u>FY '07</u>	<u>% Change</u>
USA Fibre Cement	313.6	362.4	(13)
Asia Pacific Fibre Cement	50.3	39.4	28
Other	(7.3)	(9.3)	22
R & D ¹	(18.1)	(17.1)	(6)
Total segment EBIT excluding impairment charges	338.5	375.4	(10)
General Corporate	(60.0)	(56.5)	(6)
Total EBIT excluding asbestos and impairment charges	278.5	318.9	(13)
Asbestos adjustments	(240.1)	(405.5)	41
AICF SG&A expenses	(4.0)	-	-
Impairment charges	(71.0)	-	-
Total EBIT	(36.6)	(86.6)	58

¹ R&D includes "core" R&D expenses and administrative expenses, but excludes product development expenses

Corporate Costs – Q4

<u>US\$ Millions</u>	<u>Q4'08</u>	<u>Q4'07</u>	<u>% Change</u>
Stock compensation expenses	2.7	1.7	(59)
SCI and other related expenses	-	5.4	-
ASIC proceedings	1.1	-	-
Australian pension plan	1.2	0.5	-
Other costs	7.5	9.1	18
Total	12.5	16.7	25

Corporate Costs – Full Year

<u>US\$ Millions</u>	<u>FY '08</u>	<u>FY '07</u>	<u>% Change</u>
Stock compensation expenses	7.7	5.8	(33)
SCI and other related expenses	-	13.6	-
Non-US warranty provision	4.0	-	-
ASIC proceedings	5.5	-	-
Australian pension plan	3.2	2.8	(14)
Other costs	39.6	34.3	(15)
Total	60.0	56.5	(6)

Net Interest Income (Expense)

<u>US\$ Millions</u>	<u>Q4'08</u>	<u>Q4'07</u>	<u>FY '08</u>	<u>FY '07</u>
Gross interest expense	(4.6)	(4.7)	(11.7)	(12.1)
Make-whole payment	-	-	-	(6.0)
Capitalised interest	-	-	0.6	6.1
Interest (expense) income	-	0.5	2.8	5.5
Net interest expense excluding AICF net interest income	(4.6)	(4.2)	(8.3)	(6.5)
AICF net interest income	2.4	-	9.4	-
Net interest (expense) income	(2.2)	(4.2)	1.1	(6.5)

Income Tax Expense – Q4

US\$ Millions

	Q4'08	Q4'07
Operating loss before income taxes	\$(183.7)	\$(220.0)
Asbestos:		
Asbestos adjustments	182.3	286.3
AICF SG&A expenses	1.3	-
AICF interest income	(2.4)	-
Asset impairments:		
Impairment charges	38.6	-
Impairment related costs	2.5	-
Operating profit before income taxes excluding asbestos and asset impairments	\$38.6	\$66.3
Income tax expense excluding asbestos, asset impairments and tax adjustments	(18.5)	(14.9)
Effective tax rate excluding asbestos, asset impairments and tax adjustments	48.0%	22.5%

Income Tax Expense – Full Year

US\$ Millions

	FY '08	FY '07
Operating loss before income taxes	\$(35.5)	\$(93.1)
Asbestos:		
Asbestos adjustments	240.1	405.5
AICF SG&A expenses	4.0	-
AICF interest income	(9.4)	-
Asset impairments:		
Impairment charges	71.0	-
Impairment related costs	3.2	-
Operating profit before income taxes excluding asbestos and asset impairments	\$273.4	\$312.4
Income tax expense excluding asbestos, asset impairments and tax adjustments	(103.7)	(101.5)
Effective tax rate excluding asbestos, asset impairments and tax adjustments	37.9%	32.5%

EBITDA – Q4

<u>US\$ Millions</u>	<u>Q4'08</u>	<u>Q4'07</u>	<u>% Change</u>
EBIT			
USA Fibre Cement	50.3	84.6	(41)
Asia Pacific Fibre Cement	10.7	8.8	22
Other	(2.8)	(2.7)	(4)
R & D	(5.0)	(3.5)	(43)
General Corporate	(12.5)	(16.7)	25
Depreciation and Amortisation			
USA Fibre Cement	10.2	10.2	-
Asia Pacific Fibre Cement	3.9	2.6	50
Other	0.3	0.8	(63)
Total EBITDA excluding asbestos & asset impairments	55.1	84.1	(34)
Asbestos adjustments	(182.3)	(286.3)	36
AICF SG&A expenses	(1.3)	-	-
Asset impairments	(38.6)	-	-
Total EBITDA	(167.1)	(202.2)	17

EBITDA – Full Year

<u>US\$ Millions</u>	<u>FY '08</u>	<u>FY '07</u>	<u>% Change</u>
EBIT			
USA Fibre Cement	313.6	362.4	(13)
Asia Pacific Fibre Cement	50.3	39.4	28
Other	(7.3)	(9.3)	22
R & D	(18.1)	(17.1)	(6)
General Corporate	(60.0)	(56.5)	(6)
Depreciation and Amortisation			
USA Fibre Cement	42.8	37.8	13
Asia Pacific Fibre Cement	10.3	10.1	2
Other	3.4	2.8	21
Total EBITDA excluding asbestos & asset impairments	335.0	369.6	(9)
Asbestos adjustments	(240.1)	(405.5)	41
AICF SG&A expenses	(4.0)	-	-
Asset impairments	(71.0)	-	-
Total EBITDA	19.9	(35.9)	-

Cash Flow – Full Year

US\$ Millions

	FY '08	FY '07	% Change
EBIT	(36.6)	(86.6)	58
Non-cash items			
- Asbestos adjustments	240.1	405.5	(41)
- Asset impairments	71.0	-	-
- Other non-cash items	7.8	54.8	(86)
Net working capital movements	115.0	(52.6)	-
Cash generated by trading activities	397.3	321.1	24
Tax payments	(55.5)	(80.8)	31
Deposit with ATO	(9.7)	(154.8)	94
Initial Payment to AICF	-	(148.7)	-
Interest paid (net)	(12.8)	(3.9)	-
Net Operating Cash Flow	319.3	(67.1)	-
Purchases of property, plant & equipment	(38.5)	(92.6)	58
Dividends paid	(126.2)	(42.1)	-
Share buy-back	(208.0)	-	-
Equity issued	3.3	18.5	(82)
Other	(25.1)	17.0	-
Movement in Net Cash (Debt)	(75.2)	(166.3)	55
Net Cash (Debt) – 31 March 2007	(153.9)	12.4	-
Net Cash (Debt) – 31 March 2008	(229.1)	(153.9)	(49)

Capital Expenditure – Full Year

<u>US\$ Millions</u>	<u>FY '08</u>	<u>FY '07</u>	<u>% Change</u>
USA Fibre Cement	31.3	78.8	60
Asia Pacific Fibre Cement	5.6	10.5	47
Other	1.6	3.3	52
Total	38.5	92.6	58

Key Ratios

	<u>FY08</u>	<u>FY07</u>	<u>FY06</u>
EPS (Diluted) ¹	36.9c	49.3c	45.7c
Dividend Paid per share	27.0c	9.0c	10.0c
Return on Shareholders' Funds ¹	17.7%	24.0%	28.7%
Return on Capital Employed ²	24.2%	27.7%	32.0%
EBIT/ Sales (EBIT margin) ²	19.2%	21.6%	20.9%
Gearing Ratio ¹	21.5%	12.5%	(1.5)%
Net Interest Expense Cover ³	33.9x	51.2x	-
Net Interest Paid Cover ²	22.0x	65.2x	89.0x
Net Debt Payback ⁴	0.7 yrs	1.9 yrs	-

¹ Excludes asbestos adjustments, tax expense/benefit related to asbestos adjustments, AICF SG&A expenses, AICF interest income, asset impairments and tax adjustments

² Excludes asbestos adjustments, AICF SG&A expenses and impairments.

³ Excludes asbestos adjustments, AICF SG&A expenses, AICF interest income and impairments.

⁴ Excludes payments under the Amended FFA



Summary

- Solid overall operating performance for the year considering business environment
- Strong cash generation
- Net operating line affected by asbestos adjustments, impairments and tax adjustments
- The company's financial position remains strong
- Results remain subject to fluctuation in A\$: US\$ exchange rate for foreseeable future

Asbestos Compensation Funding Arrangement

- Updated actuarial report completed as at 31 March 2008
- Discounted central estimate increased to A\$1,426.3 million
- Annual contribution to AICF will be approximately US\$100 - US\$110.0 million dependent on the A\$/US\$ exchange rate
 - Payment in A\$ due 1 July 2008 or in quarterly installments through FY2009

Updated Actuarial Estimate

A\$ Millions

KPMG Actuaries expected estimate for 31 March 2008, based on 31 March 2007 estimate (allowing for cost savings in NSW only)	A\$1,375.0
Change in discount rate	40.4
	1,334.6
Reduced by:	
Reduction in average claims cost and legal costs	(72.2)
Increase in claim numbers	144.5
Incidence pattern (change in peak year)	29.6
Settlement patterns	(6.9)
Emerging claims experience	(2.8)
Insurance recoveries	0.2
Cross claim recoveries	12.0
Nil cost claims	(12.7)
Total increase in net liability	91.7
Actuarial estimate at 31 March 2008	A\$1,426.3

Updated Actuarial Estimate

Net accounting liability under Amended FFA

<u>A\$ millions</u> (except where stated)	31 March 2007	31 March 2008
Central Estimate – Discounted	1,355.1	1,426.3
Discounting and inflation allowance	(82.1)	(40.1)
Provision for claims handling costs of AICF	69.2	73.5
Other US GAAP adjustments	39.6	32.0
Net (assets) liabilities of AICF (excl funding payment)	2.2	0.1
Contributions to asbestos research and education	5.6	3.5
Effect of tax	(415.2)	(465.1)
Net post-tax liability	974.4	1,030.2
Exchange rate A\$ to US\$	1.2395	1.0903
Net post-tax liability in US\$ millions	786.1	944.9

Updated Actuarial Estimate

Comparison

<u>A\$ Billions</u>	<u>30 Jun 04</u>	<u>31 Mar 05</u>	<u>30 Jun 05</u>	<u>31 Mar 06</u>	<u>30 Sept 06</u>	<u>31 Mar 07</u>	<u>31 Mar 08</u>
Central Estimate – Discounted	1.536	1.685	1.568	1.517	1.555	1.355	1.426
Central Estimate – Undiscounted	3.586	3.604	3.131	3.079	3.169	2.811	3.027
Range - Undiscounted	2.0-5.7	2.0-5.9	1.5-5.5	1.7-5.3	1.8-5.7	1.6-5.1	1.9-5.4

Asbestos Fund Update

- AICF holdings at 31 March 2008
 - A\$123.4m – cash and short-term investments

- Net claims paid FY08:

<u>A\$ millions</u>	AICF FY08*	KPMG Actuarial Estimate	MRCF/AICF FY07
Claims Paid	67.2	70.6	67.5
Legal Costs	7.1	5.6	7.6
Insurance and cross claim recoveries	(19.2)	(11.9)	(17.7)
Total net claims costs	55.1*	64.3	57.4

* Source: Amaca Claims Service and AICF management reports

Questions & Answers

Disclaimer

This Management Presentation contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with or furnished to the United States Securities and Exchange Commission on Forms 20-F and 6-K, in our annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, lenders and potential lenders, representatives of the media and others. Examples of forward-looking statements include:

- *expectations about the timing and amount of payments to the Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;*
- *expectations concerning the costs associated with the suspension of operations at our Blandon Pennsylvania and Plant City, Florida plants;*
- *statements as to the possible consequences of proceedings brought against us and certain of our former directors and officers by the Australian Securities and Investments Commission;*
- *statements regarding tax liabilities and related proceedings.*
- *expectations that our credit facilities will be extended or renewed;*
- *projections of our operating results or financial condition;*
- *statements regarding our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;*
- *statements about our future performance; and*
- *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. We caution you 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, some of which are discussed under “Risk Factors” beginning on page 6 of our Form 20-F filed on 6 July 2007 with the Securities and Exchange Commission, include but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to the AICF and the effect of foreign exchange on the amount recorded in our financial statements as an asbestos liability; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; 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 our research and development efforts; our 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; and the effect of natural disasters. We caution you that the foregoing list of factors is not exhaustive 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 and we undertake no duty to update or revise any such statements.

Endnotes

This Management Presentation forms part of a package of information about the company's results. It should be read in conjunction with the other parts of this package, including Management's Analysis of Results, a Media Release and a Financial Report.

Definitions

Financial Measures – US GAAP equivalents

EBIT and EBIT Margin - EBIT, as used in this document, is equivalent to the US GAAP measure of operating income. EBIT margin is defined as EBIT as a percentage of net sales. We believe EBIT and EBIT margin to be relevant and useful information as these are the primary measures used by our management to measure the operating profit or loss of our business. EBIT is one of several metrics used by our management to measure the earnings generated from our operations, excluding interest and income tax expenses. Additionally, EBIT is believed to be a primary measure and terminology used by our Australian investors. EBIT and EBIT margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America. EBIT and EBIT margin, as we have defined them, may not be comparable to similarly titled measures reported by other companies.

Operating profit - is equivalent to the US GAAP measure of income.

Net operating profit - is equivalent to the US GAAP measure of net income.

Sales Volumes

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

Endnotes

Financial Ratios

Gearing Ratio – Net debt (cash) divided by net debt (cash) plus shareholders' equity.

Net interest expense cover – EBIT divided by net interest expense.

Net interest paid cover – EBIT divided by cash paid during the period for interest, net of amounts capitalised.

Net debt payback – Net debt (cash) divided by cash flow from operations.

Net debt (cash) – Short-term and long-term debt less cash and cash equivalents.

Non-US GAAP Financial Measures

EBIT and EBIT margin excluding asbestos and asset impairments – EBIT and EBIT margin excluding asbestos and asset impairments are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT margin. James Hardie has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. The company uses these non-US GAAP measures for the same purposes.

US\$ Millions	Q4 FY08	Q4 FY07	FY '08	FY '07
EBIT	\$ (181.5)	\$ (215.8)	\$ (36.6)	\$ (86.6)
Asbestos:				
Asbestos adjustments	182.3	286.3	240.1	405.5
AICF SG&A expenses	1.3	-	4.0	-
Asset impairments:				
Impairment charges	38.6	-	71.0	-
Impairment related costs	2.5	-	3.2	-
EBIT excluding asbestos and asset impairments	43.2	70.5	281.7	318.9
Net Sales	\$ 312.9	\$ 360.9	\$ 1,468.8	\$ 1,542.9
EBIT margin excluding asbestos and asset impairments	13.8%	19.5%	19.2%	20.7%

Non-US GAAP Financial Measures (continued)

Net operating profit excluding asbestos, asset impairments and tax adjustments – Net operating profit excluding asbestos, asset impairments and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than net income. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company uses this non-US GAAP measure for the same purposes.

US\$ Millions	FY08	FY07	FY08	FY07
Net operating (loss) profit	\$ (146.9)	\$ 103.1	\$ (71.6)	\$ 151.7
Asbestos:				
Asbestos adjustments	182.3	286.3	240.1	405.5
AICF SG&A expenses	1.3	-	4.0	-
AICF interest income	(2.4)	-	(9.4)	-
Tax benefit related to asbestos adjustments	(46.2)	(335.0)	(45.8)	(335.0)
Asset impairments:				
Impairment charges (net of tax)	24.6	-	44.6	-
Impairment related costs (net of tax)	1.6	-	2.0	-
Tax adjustments	5.8	(3.0)	5.8	(10.4)
Net operating profit excluding asbestos, asset impairments and tax adjustments	\$ 20.1	\$ 51.4	\$ 169.7	\$ 211.8

Non-US GAAP Financial Measures (continued)

Diluted earnings per share excluding asbestos, asset impairments and tax adjustments – Diluted earnings per share excluding asbestos, asset impairments and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than diluted earnings per share. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company's management uses this non-US GAAP measure for the same purposes.

US\$ Millions	Q4 FY08	Q4 FY07	FY '08	FY '07
Net operating profit excluding asbestos, asset impairments and tax adjustments	\$ 20.1	\$ 51.4	\$ 169.7	\$ 211.8
Weighted average common shares outstanding - Diluted (millions)	434.6	469.0	456.1	466.4
Diluted earnings per share excluding asbestos, asset impairments and tax adjustments (US cents)	4.6	11.0	37.2	45.4

Non-US GAAP Financial Measures (continued)

Effective tax rate excluding asbestos, asset impairments and tax adjustments – Effective tax rate excluding asbestos, asset impairments and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than effective tax rate. The company has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. The company's management uses this non-US GAAP measure for the same purposes.

Non-US GAAP Financial Measures (continued)

US\$ Millions	Q4 FY08	Q4 FY07	FY '08	FY' 07
Operating loss before income taxes	\$ (183.7)	\$ (220.0)	\$ (35.5)	\$ (93.1)
Asbestos:				
Asbestos adjustments	182.3	286.3	240.1	405.5
AICF SG&A expenses	1.3	-	4.0	-
AICF interest income	(2.4)	-	(9.4)	-
Asset impairments:				
Impairment charges	38.6	-	71.0	-
Impairment related costs	2.5	-	3.2	-
Operating profit before income taxes excluding asbestos and asset impairments	\$ 38.6	\$ 66.3	\$ 273.4	\$ 312.4
Income tax benefit (expense)	36.8	323.1	(36.1)	243.9
Asbestos:				
Tax benefit related to asbestos adjustments	(46.2)	(335.0)	(45.8)	(335.0)
Impairments:				
Tax benefit related to asset impairments	(14.9)	-	(27.6)	-
Tax adjustments	5.8	(3.0)	5.8	(10.4)
Income tax expense excluding asbestos, asset impairments and tax adjustments	(18.5)	(14.9)	(103.7)	(101.5)
Effective tax rate excluding asbestos, asset impairments and tax adjustments	48.0%	22.5%	37.9%	32.5%

Non-US GAAP Financial Measures (continued)

EBITDA – is not a measure of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP or as a measure of profitability or liquidity. Not all companies calculate EBITDA in the same manner as James Hardie has and, accordingly, EBITDA may not be comparable with other companies. The company has included information concerning EBITDA because it believes that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements.

US\$ Millions	FY08	FY07	FY08	FY07
EBIT	\$ (181.5)	\$ (215.8)	\$ (36.6)	\$ (86.6)
Depreciation and amortisation	14.4	13.7	56.5	50.7
EBITDA	\$ (167.1)	\$ (202.1)	\$ 19.9	\$ (35.9)



James Hardie

FY08 4th Quarter and Full Year Results

22 May 2008

In this Management Presentation, 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 59. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures, which are equivalent to or derived from certain US GAAP measures as explained in the definitions, 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 or mmsf" and "thousand square feet or 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 excluding asbestos and asset impairments", "EBIT margin excluding asbestos and asset impairments", "Net operating profit excluding asbestos, asset impairments and tax adjustments", "Diluted earnings per share excluding asbestos, asset impairments and tax adjustments", "Operating profit before income taxes excluding asbestos and asset impairments", "Effective tax rate excluding asbestos, asset impairments and tax adjustments" and EBITDA). Unless otherwise stated, results and comparisons are of the 4th quarter and current full fiscal year versus the 4th quarter and full year of the prior fiscal year.