



James Hardie

FY07 3rd Quarter and Nine Month Results 6 March 2007

In this Management Presentation, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Endnotes section of this document starting on page 54. 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 adjustments to asbestos provision", "EBIT and EBIT margin excluding adjustments to asbestos provision, and SCI and other related expenses", "Net operating profit excluding adjustments to asbestos provision", "Net operating profit excluding adjustments to asbestos provision, SCI and other related expenses and make-whole payment", "Effective tax rate excluding adjustments to asbestos provision and tax provision write-back", "Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back" and "EBITDA"). Unless otherwise stated, results are for the 3rd quarter and 1st nine months of the current fiscal year versus the 3rd quarter and 1st nine months of the prior fiscal year.



Agenda

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

Overview

- Results continue to be significantly affected by adjustments to asbestos provision
- Solid net operating profit excluding adjustments for items noted below despite softer market conditions in major businesses

US\$ Million	Q3 FY07	Q3 FY06	% Change	9 Mths FY07	9 Mths FY06	% Change
Net operating (loss) profit	(8.0)	40.7	-	48.6	144.2	(66)
Net operating profit excluding adjustments to asbestos provision, SCI and other related expenses, make-whole payment (9 mths only) and tax provision write-back (9 mths only)	39.2	45.1	(13)	173.6	158.3	10

Overview - continued

- USA Fibre Cement continued to perform well in a much softer housing market
- Asia Pacific Fibre Cement
 - Australia and New Zealand – sales growth and EBIT improvement in weaker market
 - Philippines – remained EBIT positive
- USA Hardie Pipe – sales growth, but small EBIT loss for quarter – EBIT positive for nine months

Overview - continued

Asbestos compensation funding

- In February, shareholders overwhelmingly approved the company's voluntary asbestos compensation funding proposal
- The initial payment of A\$184.3m was made on 9 February 2007 and the new funding arrangements are now operational

Overview - continued

ASIC

- The Australian Securities and Investments Commission (ASIC) announced on 14 February 2007 that it has commenced civil penalty proceedings against JHINV and certain former directors and officers in the Supreme Court of New South Wales
- The proceedings concern alleged contraventions by JHINV, its former subsidiary ABN 60 and certain former directors and officers of certain provisions of the Australian Corporations Law and/or Corporations Act connected with the affairs of ABN 60, Amaca and Amaba during the period February 2001 to June 2003.
- ASIC is also seeking a deed of indemnity of up to A\$1.9 billion from JHI NV in favour of ABN 60. ASIC advised it will not pursue the indemnity subject to the conditions precedent to the Final Funding Agreement (FFA) being satisfied
 - All parties to the FFA agree that the conditions precedent have been satisfied and the company has written to ASIC requesting confirmation that it will not be seeking the indemnity
- The proceedings are first before the Court on 15 March 2007
- JHI NV plans to respond to the proceedings in accordance with the timetable set by the Court

Overview - continued

Director Resignations

- Resignations of Meredith Hellicar, Michael Brown and Michael Gillfillan from the Joint and Supervisory Boards announced on 20 February 2007 – removes any conflict of interest due to commencement of civil proceedings by ASIC
- These directors had previously announced their intention to retire during their current terms
- Announced John Barr as Acting Chairman and Donald McGauchie as Acting Deputy Chairman

Overview - continued

Review

- In February 2007, the Special Matter Committee of the Board instructed independent legal advisers to conduct a review into the impact on the financial statements of the allegations made by ASIC
- The review concluded that there is no impact on either the current or previously filed financial statements



Operating Review

Louis Gries, CEO

USA Fibre Cement




USA Fibre Cement

3rd Quarter Result – Market Downturn

Net Sales	down	4% to US\$284.5 million
Sales Volume	down	8% to 484.0 mmsf
Average Price	up	4% to US\$588 per msf
EBIT	down	4% to US\$76.7 million
EBIT Margin	up	0.2 pt to 27.0%

USA Fibre Cement


- Further weakness in new housing construction activity in 3rd quarter
 - Affordability affecting demand
 - Supply greater than demand
 - Large home builders have focussed on:
 - cost savings
 - clearing inventories
 - adjusting production volumes
 - Tightening availability of credit for sub-prime borrowers
- Repair and remodelling activity stable during 3rd quarter



USA Fibre Cement

Key Points


- Continued to outperform new housing construction market due to further penetration against alternative materials (mainly wood and vinyl)
- Demand in exterior products category strongly affected by decline in housing starts
- Sales of interior products continued to show positive growth
- Higher average sales price
- Good margins maintained



USA Fibre Cement

Housing down-turn reset

- Operational capacity adjusted down, but able to flex-up quickly
 - Production rescheduling to balance supply and demand
 - Sales and marketing activities reviewed and reallocated based on lower market opportunity
 - Corporate wide review undertaken of cost savings opportunities
- Business continues to:
 - Focus on market share gains
 - Fund growth initiatives
 - Target manufacturing efficiencies
 - Build organisational capabilities



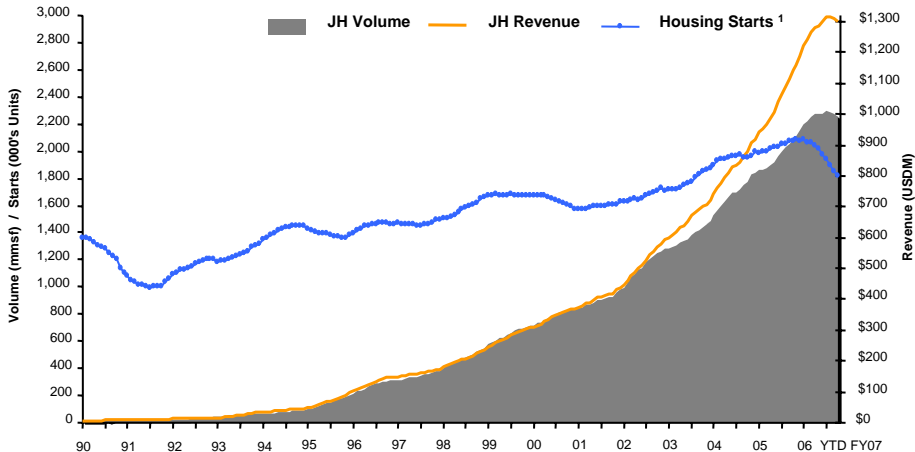
USA Fibre Cement

Outlook

- Further declines in new residential construction activity
- USA Fibre Cement has adopted a more pessimistic outlook than industry experts in setting next year's business model
- Repair and remodelling market expected to remain stable
- Further sales growth in interior products category
- Next quarter's sales volumes will again be lower than comparable period last year, but expect to continue outperforming the market overall

USA Fibre Cement

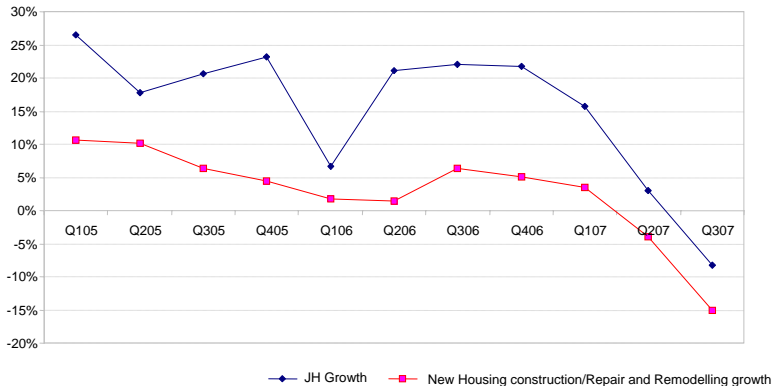
Top Line Growth



¹ Rolling 12 mth average of seasonally adjusted estimate of housing starts by US Census Bureau.

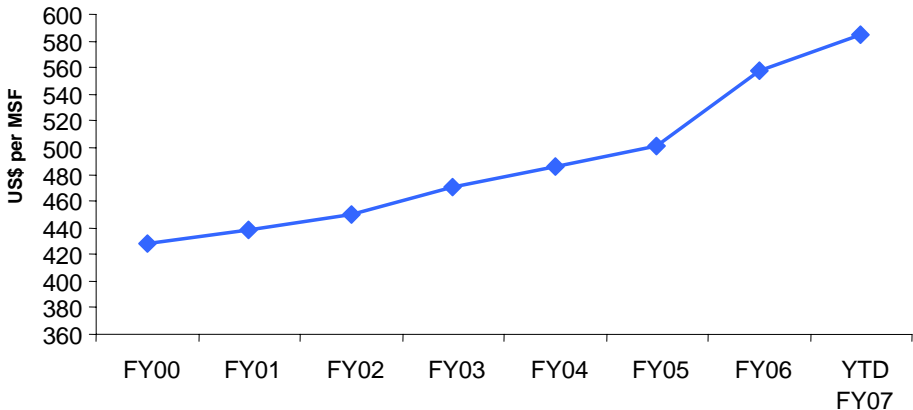
USA Fibre Cement

Primary Growth Performance



USA Fibre Cement

Average Selling Price

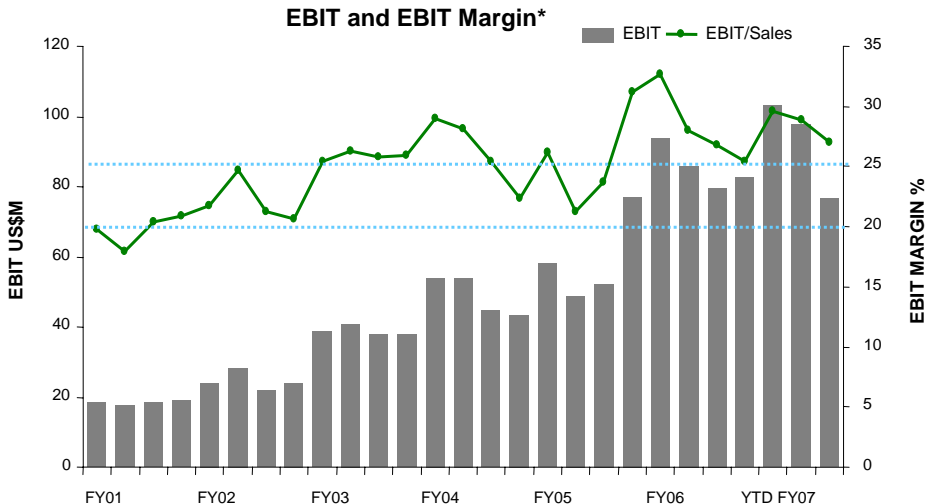


USA Fibre Cement

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, introducing differentiated products to reduce direct price competition

USA Fibre Cement



*Excludes restructuring and other operating expenses of US\$12.6 million in Q3'FY02

Asia Pacific Fibre Cement



Asia Pacific Fibre Cement

3rd Quarter Result

Net Sales	up	8% to US\$64.4 million
Sales Volume	up	8% to 100.1 mmsf
EBIT	up	10% to US\$8.8 million
EBIT Margin	up	0.2 pt to 13.7%

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

- New housing and renovations markets remained weak in Australia and New Zealand; Philippines improved slightly
- ANZ Q3 net sales up 8% (up 3% in A\$) – volumes up, net selling price down
- ANZ EBIT up 7% (up 2% in A\$) – higher net sales, increased manufacturing costs, EBIT margin 13.7%
- Philippines remained EBIT positive

Asia Pacific Fibre Cement


Outlook

Australia and New Zealand

- Challenging market conditions to continue – no near-term improvement in new housing and renovations activity
- Market initiatives to help grow primary demand
- Prices for core products to remain under pressure
- Manufacturing and other cost efficiencies

Philippines

- No significant improvement to market conditions in short term




Other

USA Hardie Pipe

- Increased net sales – both volume and price up
- Building sales in core markets and expanding into other strategic markets
- Small EBIT loss for quarter, but positive for nine months

Europe Fibre Cement

- Sales continuing to grow steadily



Overall Outlook for Operations

USA Fibre Cement

- Further softening in demand for new housing expected to impact volumes in the short term
- Expect to continue outperforming the market overall

Asia Pacific Fibre Cement

- Market conditions to remain challenging, but further growth in primary demand expected



Financial Review

Russell Chenu, CFO



Overview

- Results continue to be significantly affected by charges resulting from adjustments to asbestos provision. These are:
 - Impact of foreign currency movements on A\$ denominated asbestos liability:
 - Q3 – US\$44.8m
 - Nine months – US\$77.4m
 - Changes in KPMG Actuaries' actuarial assessment at 30 September 2006
 - Nine months - US\$41.8m charge

Overview - continued

- Balance sheet remains very strong excluding asbestos provision
 - Net debt – US\$22.7m
 - Cash and unused term facilities – US\$332.3m
- Initial payment to Asbestos Injuries Compensation Fund (AICF) of A\$184.3 million made on 9 February 2007

Results – Q3

<u>US\$ Million</u>	<u>Q3'07</u>	<u>Q3'06</u>	<u>% Change</u>
Net sales	355.1	362.7	(2)
Gross profit	126.3	128.7	(2)
SG&A expenses	(53.4)	(51.2)	(4)
Research & development expense	(6.2)	(8.3)	25
SCI and other related expenses	(2.6)	(4.8)	46
Adjustments to asbestos provision	(44.8)	-	-
EBIT	19.3	64.4	(70)
Net interest (expense) income	(1.3)	0.8	-
Income tax expense	(26.0)	(24.5)	(6)
Net operating (loss) profit	(8.0)	40.7	-

Results – Q3

<u>US\$ Million</u>	<u>Q3'07</u>	<u>Q3'06</u>	<u>% Change</u>
Net operating (loss) profit	(8.0)	40.7	-
Adjustments to asbestos provision	44.8	-	-
Net operating profit excluding adjustments to asbestos provision	36.8	40.7	(10)
SCI and other related expenses (net of tax)	2.4	4.4	45
Net operating profit excluding adjustments to asbestos provision and SCI and other related expenses	39.2	45.1	(13)

Results – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>	<u>% Change</u>
Net sales	1,182.0	1,098.7	8
Gross profit	439.2	411.3	7
SG&A expenses	(162.3)	(146.4)	(11)
Research & development expense	(20.3)	(21.7)	6
SCI and other related expenses	(8.2)	(14.7)	44
Other operating expense	-	(0.8)	-
Adjustments to asbestos provision	(119.2)	-	-
EBIT	129.2	227.7	(43)
Net interest expense	(2.3)	(0.9)	-
Income tax expense	(79.2)	(82.6)	4
Effect of change in accounting principle	0.9	-	-
Net operating profit	48.6	144.2	(66)

Results – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>	<u>% Change</u>
Net operating profit	48.6	144.2	(66)
Adjustments to asbestos provision	119.2	-	-
Net operating profit excluding adjustments to asbestos provision	167.8	144.2	16
SCI and other related expenses (net of tax)	7.6	14.1	46
Debt make-whole payment (net of tax)	5.6	-	-
Tax provision write-back	(7.4)	-	-
Net operating profit excluding adjustments to asbestos provision, SCI and other related expenses, debt make-whole payment and tax provision write-back	173.6	158.3	10

Segment Net Sales – Q3

<u>US\$ Million</u>	<u>Q3 '07</u>	<u>Q3 '06</u>	<u>% Change</u>
USA Fibre Cement	284.5	297.9	(4)
Asia Pacific Fibre Cement	64.4	59.4	8
Other	6.2	5.4	15
<hr/>			
Total	355.1	362.7	(2)
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Segment Net Sales – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>	<u>% Change</u>
USA Fibre Cement	972.4	892.8	9
Asia Pacific Fibre Cement	187.4	184.6	2
Other	22.2	21.3	4
Total	1,182.0	1,098.7	8

Segment EBIT – Q3

<u>US\$ Million</u>	<u>Q3 '07</u>	<u>Q3 '06</u>	<u>% Change</u>
USA Fibre Cement	76.7	79.7	(4)
Asia Pacific Fibre Cement	8.8	8.0	10
Other	(2.4)	(3.2)	25
R & D	(4.9)	(4.6)	(7)
Total Segment EBIT	78.2	79.9	(2)
General Corporate	(14.1)	(15.5)	9
Total EBIT excluding adjustments to asbestos provision	64.1	64.4	-
Adjustments to asbestos provision	(44.8)	-	-
Total EBIT	19.3	64.4	(70)

Segment EBIT – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>	<u>% Change</u>
USA Fibre Cement	277.8	259.9	7
Asia Pacific Fibre Cement	30.6	32.4	(6)
Other	(6.6)	(9.3)	29
R & D	(13.6)	(11.8)	(15)
Total Segment EBIT	288.2	271.2	6
General Corporate	(39.8)	(43.5)	9
Total EBIT excluding adjustments to asbestos provision	248.4	227.7	9
Adjustments to asbestos provision	(119.2)	-	-
Total EBIT	129.2	227.7	(43)

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

Corporate Costs – Q3

<u>US\$ Million</u>	<u>Q3'07</u>	<u>Q3'06</u>	<u>% Change</u>
Stock compensation expense	1.4	1.9	26
Australian pension plan	0.8	-	-
SCI and other related expenses	2.6	4.8	46
Other costs	9.3	8.8	(6)
Total	14.1	15.5	9

Corporate Costs – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>	<u>% Change</u>
Stock compensation expense	4.1	4.2	2
Australian pension plan	2.3	0.4	-
SCI and other related expenses	8.2	14.7	44
Other costs	25.2	24.2	(4)
Total	39.8	43.5	9

Net Interest Expense

<u>US\$ Million</u>	<u>Q3'07</u>	<u>Q3'06</u>
Net interest (expense) income	(1.3)	0.8
	<u>9 Mths '07</u>	<u>9 Mths '06</u>
Net interest expense	(2.3)	(0.9)

9 Mths 2007 includes a US\$6.0 million make-whole payment.

Income tax expense – Q3

US\$ Million

	<u>Q3'07</u>	<u>Q3'06</u>
Operating profit before income taxes	18.0	65.2
Adjustments to asbestos provision	44.8	-
Operating profit before income taxes excluding adjustments to asbestos provision	62.8	65.2
Income tax expense	26.0	24.5
Effective tax rate excluding adjustments to asbestos provision	41.4%	37.6%

Income tax expense – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>
Operating profit before income taxes	126.9	226.8
Adjustments to asbestos provision	119.2	-
Operating profit before income taxes excluding adjustments to asbestos provision	246.1	226.8
Income tax expense	79.2	82.6
Tax provision write-back	7.4	-
Income tax expense excluding tax provision write-back	86.6	82.6
Effective tax rate excluding adjustments to asbestos provision and tax provision write-back	35.2%	36.4%

Segment EBITDA – Q3

<u>US\$ Million</u>	<u>Q3'07</u>	<u>Q3'06</u>	<u>% Change</u>
EBIT			
USA Fibre Cement	76.7	79.7	(4)
Asia Pacific Fibre Cement	8.8	8.0	10
Other	(2.4)	(3.2)	25
R & D	(4.9)	(4.6)	(7)
General Corporate	(14.1)	(15.5)	9
Adjustments to asbestos provision	(44.8)	-	-
Depreciation and Amortisation			
USA Fibre Cement	9.7	8.0	(21)
Asia Pacific Fibre Cement	2.4	2.6	8
Other	0.7	0.7	-
Total EBITDA	32.1	75.7	(58)

Segment EBITDA – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>	<u>% Change</u>
EBIT			
USA Fibre Cement	277.8	259.9	7
Asia Pacific Fibre Cement	30.6	32.4	(6)
Other	(6.6)	(9.3)	29
R & D	(13.6)	(11.8)	(15)
General Corporate	(39.8)	(43.5)	9
Adjustments to asbestos provision	(119.2)	-	-
Depreciation and Amortisation			
USA Fibre Cement	27.6	24.2	(14)
Asia Pacific Fibre Cement	7.5	7.4	(1)
Other	1.9	2.2	14
Total EBITDA	166.2	261.5	(36)

Cash Flow – Nine Months

In US\$ Millions	9 Mths '07	9 Mths '06	% Change
EBIT	129.2	227.7	(43)
Non-Cash Items			
- Adjustments to Asbestos Provision	119.2	-	-
- Other Non-Cash Items	42.2	38.8	(9)
Net Working Capital Movements	(13.6)	21.5	-
Cash Flow from Operations	277.0	288.0	(4)
Tax Payments	(66.7)	(55.4)	(20)
Interim Payment to Amaca	(7.1)	-	-
Deposit with ATO	(151.7)	-	-
Interest Paid (net)	(6.8)	(4.9)	(39)
Net Operating Cash Flow	44.7	227.7	(80)
Purchases of Property, Plant & Equipment	(79.4)	(123.8)	36
Dividends Paid	(18.7)	(45.8)	59
Equity Issued	15.4	9.8	57
Other	2.9	5.2	(44)
Movement in Net Cash (Debt)	(35.1)	73.1	-
Net Cash (Debt) – 31 March 2006	12.4	(45.8)	-
Net Cash (Debt) – 31 December 2006	(22.7)	27.3	-

Capital Expenditure – Nine Months

<u>US\$ Million</u>	<u>9 Mths '07</u>	<u>9 Mths '06</u>	<u>% Change</u>
USA Fibre Cement	67.6	118.0	43
Asia Pacific Fibre Cement	8.8	4.4	100
Other	3.0	1.4	114
Total	79.4	123.8	36

Key Ratios

	<u>9 Mths '07</u>	<u>FY '06</u>	<u>FY '05</u>	<u>FY04</u>
EPS (Diluted) ¹	37.4c	44.9c	27.7c	27.2c
Dividend Paid per share	4.0c	10.0c	3.0c	5.0c
Return on Shareholders' Funds ^{1,3}	25.8%	29.6%	22.4%	27.6%
Return on Capital Employed ^{2,3}	29.1%	32.1%	23.6%	23.4%
EBIT/ Sales (EBIT margin) ²	21.7%	20.9%	16.2%	17.5%
Gearing Ratio ¹	2.3%	(1.6)%	6.8%	17.0%
Net Interest Expense Cover ²	111.6x	-	38.5x	17.2x
Net Interest Paid Cover ²	25.4x	89.0x	17.8x	14.8x
Net Debt Payback	0.4 yrs	-	0.2 yrs	0.6 yrs

¹ Excludes asbestos provision, SCI and other related expenses, impairment charge (FY2006), make-whole payment (FY2007) and tax provision write-back.

² Excludes adjustments to asbestos provision, SCI and other related expense, and impairment (FY2006).

³ Annualized

Asbestos-Related Compensation Funding Arrangement

Update

- EGM held 7 February 2007 – shareholders voted overwhelmingly in favour of funding proposal
- Initial payment of A\$184.3m made to AICF on 9 February
- Next actuarial report to be prepared as at 31 March 2007
- Cashflow cap expected to apply for FY07 on assumption net operating cashflow for FY07 same as FY06. FY07 cashflow affected by:
 - A\$189.0m payment in July 2006 to ATO relating to RCI amended assessment
 - Initial payment to AICF of A\$184.3m (partially offset by “add back” of A\$93m per Amended Final Funding Agreement)

Adjustments to Asbestos Provision

Australian denominated liability converted to US dollars

Asbestos Provision	<u>A\$ millions</u>	<u>A\$ to US\$ rate</u>	<u>US\$ millions</u>
At 31 March 2006	1,000.0	1.3975 to 1	715.6
FX charge for nine months ¹	-		77.4
Other adjustments	55.9	1.3365 to 1	41.8
Interim funding payment	(9.0)	1.2648 to 1	(7.1)
At 31 December 2006	1,046.9	1.2648 to 1	827.7
At 30 September 2006	1,055.9	1.3365 to 1	790.0
FX Charge for 3 rd quarter ¹	-		44.8
Interim funding payment	(9.0)	1.2648 to 1	(7.1)
At 31 December 2006	1,046.9	1.2648 to 1	827.7

¹ No current cash impact



Summary

- Good overall operating performance for quarter and nine months
- Asbestos-related compensation funding arrangement now operational
- The company's financial position remains strong
- Focus on improving balance sheet efficiency
- Results subject to fluctuation in A\$: US\$ exchange rate for foreseeable future



Questions & Answers

Disclaimer

Disclaimer

The exhibit attached to 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 and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, 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 with respect to the effect on our financial statements of those payments;
- 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
- 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 5 of our Form 20-F filed on 29 September 2006 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 provision; 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; 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. 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.

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 and Results at a Glance document.

Definitions

Financial Measures – US GAAP equivalents

EBIT and EBIT Margin - EBIT is defined as operating income. EBIT margin is defined as EBIT as a percentage of our 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 cash 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.

EBIT and EBIT margin, as used in this document, are equivalent to the US GAAP measures of operating income and operating income margin.

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

msf – thousand square feet



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.

EBIT and EBIT margin excluding adjustments to asbestos provision – EBIT and EBIT margin excluding adjustments to asbestos provision 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\$ Million	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
EBIT	\$ 19.3	\$ 64.4	\$129.9	\$ 227.7
Adjustments to asbestos provision	44.8	-	119.2	-
EBIT excluding adjustments to asbestos provision	64.1	64.4	248.4	227.7
Net Sales	\$ 355.1	\$ 362.7	\$1182.0	\$ 1098.7
EBIT margin excluding adjustments to asbestos provision	18.1%	17.8%	21.0%	20.7%

Non-US GAAP Financial Measures

EBIT excluding adjustments to asbestos provision and SCI and other related expenses – EBIT excluding adjustments to asbestos provision, and SCI and other related expenses is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than EBIT. James Hardie 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 and provides useful information regarding its financial condition and results of operations. The company uses this non-US GAAP measure for the same purposes.

US\$ Million	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
EBIT	\$ 19.3	\$ 64.4	\$129.9	\$ 227.7
Adjustments to asbestos provision	44.8	-	119.2	-
SCI and other related expenses	2.6	4.8	8.2	14.7
EBIT excluding adjustments to asbestos provision and SCI and other related expenses	\$ 66.7	\$ 69.2	\$ 256.6	\$ 242.4

Non-US GAAP Financial Measures

Net operating profit excluding adjustments to asbestos provision – Net operating profit excluding adjustments to asbestos provision 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\$ Million	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
Net operating profit	\$(8.0)	\$ 40.7	\$ 48.6	\$ 144.2
Adjustments to asbestos provision	44.8	-	119.2	-
Net operating profit excluding adjustments to asbestos provision	\$ 36.8	\$ 40.7	\$ 167.8	\$ 144.2

Non-US GAAP Financial Measures


Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back – Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back 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\$ Million	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
Net operating profit	\$(8.0)	\$ 40.7	\$ 48.6	\$ 144.2
Adjustments to asbestos provision	44.8	-	119.2	-
Tax provision write-back	-	-	(7.4)	-
Net operating profit excluding adjustments to asbestos provision and tax provision write-back	\$ 36.8	\$ 40.7	\$160.4	\$144.2
Weighted average common shares outstanding - Diluted (millions)	464.7	466.8	464.6	465.6
Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back (US cents)	7.9	8.7	34.5	31.0

Non-US GAAP Financial Measures

Effective tax rate excluding adjustments to asbestos provision and tax provision write-back – Effective tax rate excluding adjustments to asbestos provision and tax provision write-back 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.

US\$ Million	Q3 FY07	Q3 FY06	9 Mths FY07	9 Mths FY06
Operating profit before income taxes	\$ 18.0	\$ 65.2	\$ 126.9	\$ 226.8
Adjustments to asbestos provision	44.8	-	119.2	-
Operating profit excluding adjustments to asbestos provision before income taxes	\$ 62.8	\$ 65.2	\$ 246.1	\$ 226.8
Income tax expense	26.0	24.5	79.2	82.6
Tax provision write-back	-	-	7.4	-
Income tax expense excluding tax provision write-back	\$ 26.0	\$ 24.5	\$ 86.6	\$ 82.6
Effective tax rate excluding adjustments to asbestos provision and tax provision write-back	41.4%	37.6%	35.2%	36.4%



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.



James Hardie

FY07 3rd Quarter and Nine Month Results

6 March 2007

In this Management Presentation, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Endnotes section of this document starting on page 54. 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 adjustments to asbestos provision", "EBIT and EBIT margin excluding adjustments to asbestos provision, and SCI and other related expenses", "Net operating profit excluding adjustments to asbestos provision", "Net operating profit excluding adjustments to asbestos provision, SCI and other related expenses and make-whole payment", "Effective tax rate excluding adjustments to asbestos provision and tax provision write-back", "Diluted earnings per share excluding adjustments to asbestos provision and tax provision write-back" and "EBITDA"). Unless otherwise stated, results are for the 3rd quarter and 1st nine months of the current fiscal year versus the 3rd quarter and 1st nine months of the prior fiscal year.