James Hardie

MEDIA RELEASE

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3rd quarter net operating profit US$34.1m
Nine month net operating profit US$149.2m
(both excluding asbestos & Blandon impairment)

James Hardie today announced a US$34.1 million net operating profit, excluding asbestos and impairment of the Blandon, Pennsylvania facility, for the quarter ended 31 December 2007, a decrease of 7% compared to the same period last year.

For the quarter, net operating profit including asbestos and the Blandon impairment was US$17.1 million compared to a net operating loss of US$8.0 million for the same quarter last year.

For the nine months, net operating profit excluding asbestos and the Blandon impairment decreased 11% to US$149.2 million from US$167.8 million. Including asbestos and the Blandon impairment, net operating profit increased 55% to US$75.3 million.

Operating Performance

Third quarter net sales decreased 4% to US$341.4 million, gross profit was down 7% to US$117.1 million and EBIT excluding asbestos and impairment of the Blandon facility decreased 10% to US$57.4 million. EBIT including asbestos and impairment increased 31% from US$19.3 million to US$25.2 million.

For the nine months, net sales decreased 2% to US$1,155.9 million, gross profit was down 4% to US$422.8 million and EBIT excluding asbestos and the Blandon impairment decreased 4% to US$237.8 million. EBIT including asbestos and the Blandon impairment increased 12% from US$129.2 million to US$144.9 million.

The United States housing market, the company's largest market, continued to weaken during the quarter, recording the lowest level of new residential construction activity since 1991. The USA Fibre Cement business again partly offset the impact of a much weaker market through market share gains and a slightly higher net sales price. Net sales fell 9% for the quarter and 6% for the nine months. EBIT was down 16% to US$64.6 million and 5% to $263.3 million for the quarter and nine months, respectively, due to lower volumes and higher costs, partially offset by lower SG&A spending.

In this Media Release, 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 7. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures, which are equivalent or derived from certain 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 impairment", "EBIT margin excluding asbestos and impairment", "Net operating profit excluding asbestos and impairment", "Diluted earnings per share excluding asbestos and impairment", "Operating profit before income taxes excluding asbestos" and "Effective tax rate excluding asbestos and tax provision write-back"). Unless otherwise stated, results and comparisons are of the 3rd quarter and the nine months of the current fiscal year versus the 3rd quarter and the nine months of the prior fiscal year.

Asia Pacific Fibre Cement net sales were up 20% for the quarter due to a stronger Australian dollar against the US dollar, increased demand for fibre cement and a higher average net sales price. Asia Pacific Fibre Cement EBIT increased 68% to US$14.8 million for the quarter and 29% to US$39.6 million for the nine months due to an improved operating performance in the Australia and New Zealand Fibre Cement businesses, and favourable currency movements.

Diluted earnings per share for the quarter increased to US3.9 cents per share from a loss of US1.7 cents in the same period last year and increased by 55% from US10.5 cents to US16.3 cents for the nine months.

Diluted earnings per share excluding asbestos and the Blandon impairment decreased by 5% from US7.9 cents to US7.5 cents for the quarter and decreased by 11% from US36.1 cents to US32.2 cents for the nine months. Diluted earnings per share benefited from the share repurchase program commenced during the current fiscal year.

3rd Quarter and Nine Months at a Glance

US$ Million	Q3 FY 2008	Q3 FY 2007	% Change	9 Months FY 2008	9 Months FY 2007	% Change
Net sales	$ 341.4	$ 355.1	(4)	$1,155.9	$1,182.0	(2)
Gross profit	117.1	126.3	(7)	422.8	439.2	(4)
SCI and other related expenses	-	(2.6)	-	-	(8.2)	-
EBIT excluding asbestos and Blandon impairment	57.4	64.1	(10)	237.8	248.4	(4)
AICF SG&A expenses	(1.0)	-	-	(2.7)	-	-
Asbestos adjustments	1.2	(44.8)	-	(57.8)	(119.2)	52
Impairment of Blandon facility	(32.4)	-	-	(32.4)	-	-
EBIT	25.2	19.3	31	144.9	129.2	12
Net interest income (expense)	0.8	(1.3)	-	3.3	(2.3)	-
Income tax expense	(8.9)	(26.0)	66	(72.9)	(79.2)	8
Net operating profit (loss)	17.1	(8.0)	-	75.3	48.6	55

Net operating profit excluding asbestos and the Blandon impairment decreased 7% for the quarter to US$34.1 million, and was 11% lower for the nine months at US$149.2 million, as shown in the following table:

US$ Million	Q3 FY 2008	Q3 FY 2007	% Change	9 Months FY 2008	9 Months FY 2007	% Change
Net operating profit (loss)	$ 17.1	$ (8.0)	-	$ 75.3	$ 48.6	55
Asbestos:						
Asbestos adjustments	(1.2)	44.8	-	57.8	119.2	(52)
AICF SG&A expenses	1.0	-	-	2.7	-	-
AICF interest income	(2.8)	-	-	(7.0)	-	-
Tax expense related to asbestos adjustments	-	-	-	0.4	-	-
Impairment of Blandon facility (net of tax)	20.0	-	-	20.0	-	-
Net operating profit excluding asbestos and impairment	$ 34.1	$ 36.8	(7)	$ 149.2	$ 167.8	(11)

Commentary

James Hardie's CEO, Mr Louis Gries said: "Our major businesses performed well given the prevailing market conditions in the 3rd quarter, continuing their solid performance in the first half of this fiscal year.

"The US housing market continued to weaken, with housing starts down 23% for the quarter and 28% for the nine months. We were again able to buffer a reasonable proportion of the impact of the weaker market on sales through further market penetration and by maintaining our average selling price. For the nine months, sales from USA Fibre Cement were 6% lower and EBIT was down only 5%, despite significant cost pressures.

"The outlook for North America is for some further weakness in new residential construction in the near-term as there is still an imbalance between the supply and demand of new homes for sale.

"Our Asia Pacific business continued to grow sales and improve its profitability. Its focus on providing value-added, differentiated products is helping drive demand for fibre cement in Australia and New Zealand in particular," Mr Gries said.

Share Repurchase Program

On 15 August 2007, the company announced a share repurchase program of up to 10% of the company's issued capital, approximately 46.8 million shares. The company repurchased approximately 26.0 million shares and 33.5 million shares of common stock during the three and nine months ended 31 December 2007, respectively. The repurchased shares had an aggregate cost of A$169.7 million (US$149.2 million) and A$223.7 million (US$196.3 million) during the three and nine months ended 31 December 2007, respectively. The average price paid per share of common stock was A$6.53 (US$5.74) and A$6.68 (US$5.86) during the three and nine months ended 31 December 2007, respectively. The US dollar amounts were determined using the weighted average spot rates for the days on which shares were purchased. The company has purchased no shares during the period between 1 January 2008 and 28 February 2008. The company plans to repurchase shares up to the previously authorised program limit periodically depending on market conditions. The company plans to officially cancel all of the repurchased shares on or before 31 March 2008.

USA Fibre Cement

Third quarter net sales were down 9% compared to the same quarter last year, to US$258.2 million. Sales volume decreased 10% to 437.6 million square feet, and the average net sales price increased slightly from US$588 to US$590 per thousand square feet.

For the nine months, net sales were down 6% compared to the same period last year, to US$912.3 million. Sales volume decreased 8% to 1,522.7 million square feet, and the average net sales price was 2% higher at US$599 per thousand square feet.

The housing market deteriorated further during the quarter as credit availability issues and weaker economic conditions continued to weigh on demand for new homes. Inventories of new homes for sale are still at high levels and builders continued to slow production to help demand for new homes catch up with supply.

Sales volumes increased in the Northern Division and were down less than the overall market in the Western and Southern Divisions. In the exterior products category, sales grew in both the ColorPlus® collection of products and in HardieShingle™ siding. There were moderate declines in sales volumes in all other exterior products.

In the interior products category, sales of backerboards were lower than the same quarter last year, mainly due to weaker repair and remodelling activity.

EBIT for the quarter was 16% lower at US$64.6 million, primarily due to lower volume and higher manufacturing costs, partially offset by lower SG&A spending compared to the same quarter last year. The EBIT margin was 25.0%. For the nine months, EBIT was 5% lower at US$263.3 million and the EBIT margin was 28.9%.

Asia Pacific Fibre Cement

Net sales increased 20% to US$77.5 million for the quarter. In Australian dollars, net sales increased 4% due to a 4% increase in the average Australian dollar net sales price.

For the nine months net sales increased 20% to US$224.8 million. In Australian dollars, net sales increased 6% due to a 4% increase in sales volumes and a 2% increase in the average Australian dollar net sales price.

Residential construction activity during the quarter was flat in Australia and weaker in New Zealand. Net sales in Australia and New Zealand increased 10% in Australian dollars due to a 4% increase in sales volume and a 6% increase in the average net sales price. The growth in sales volume is a result of market share gains in both Australia and New Zealand driven by Scyon™ branded products in Australia, including Linea™ cladding and Wet Area Flooring, and continued strong growth of Linea™ weatherboards and Axon™ siding in New Zealand. The increase in the average net sales price was due to a price increase in Australia and New Zealand and an increase in the proportion of higher-priced, differentiated products in the sales mix. In local currency, Philippines net sales decreased due to weaker domestic and export sales, partially offset by a slight increase in the average net sales price.

EBIT was 68% higher for the quarter at US$14.8 million and 29% higher for the nine months at US$39.6 million due to an increased gross margin, a decrease in SG&A spending, together with the appreciation of Asia Pacific currencies against the US dollar. The EBIT margin was 19.1% for the quarter and 17.6% for the nine months.

USA Hardie Pipe

Net sales for the quarter and nine months decreased compared to the same periods last year due to materially lower sales volume as a result of weaker residential and non-residential construction activity in Florida. The business is continuing to focus on building sales volume in its core markets and expanding into other strategic markets. A negative EBIT was recorded for the quarter and nine months.

Europe Fibre Cement

The Europe Fibre Cement business was EBIT breakeven for the quarter and reported a significantly reduced EBIT loss for the nine months as it continued to build sales.

Impairment of Blandon Facility

On 31 October 2007, the company announced plans to suspend production at its Blandon, Pennsylvania plant in the US. The company recorded an impairment charge of US$32.4 million in the three months ended 31 December 2007 in its USA Fibre Cement segment. The impaired assets include buildings and machinery, which were reduced to their fair value based on valuation methods including quoted market prices and discounted future cash flows. These assets are being held for use by the company. During the three months ended 31 December 2007, the company has incurred US$0.7 million of closure costs and has provided for an additional US$1.0 million of closure costs for the anticipated remaining costs of closure.

These closure costs are not included in the impairment charge of US$32.4 million and have been included in cost of goods sold and selling, general and administrative expenses as appropriate.

Asbestos Adjustments

The effect of asbestos adjustments on EBIT for the quarter and nine months ended 31 December 2007 is as follows:

US$ Million	Q3 FY08	Q3 FY07	9 Mths FY 2008	9 Mths FY 2007
Effect of foreign exchange	$ 1.2	$ (44.8)	$ (59.0)	$ (77.4)
Other adjustments	-	-	1.2	(41.8)
Asbestos adjustments	$ 1.2	$ (44.8)	$ (57.8)	$ (119.2)

Readers are referred to Note 6 of the company's 31 December 2007 Consolidated Financial Statements for further information on the asbestos adjustments.

ASIC Proceedings

In February 2007, the Australian Securities and Investments Commission (ASIC) commenced civil proceedings against JHI NV, a former subsidiary and ten former officers and directors of the James Hardie group. The civil proceedings concern alleged contraventions of certain provisions of the Corporations Law and/or the Corporations Act connected with the affairs of the company and certain subsidiaries during the period February 2001 to June 2003.

Readers are referred to Note 7 of the company's 31 December 2007 Consolidated Financial Statements for further information on the ASIC Proceedings.

Cash Flow

Operating cash flow for the nine months ended 31 December 2007 increased from US$44.7 million to US$279.4 million. The increase was driven primarily by the payment of the initial Australian Taxation Office (ATO) deposit during the nine months ended 31 December 2006 totalling US$151.7 million compared to a US$6.5 million payment in the current nine months. In addition, the increase was driven by an increased focus on working capital management throughout the nine months ended 31 December 2007. Capital expenditures for the purchase of property, plant and equipment decreased from US$79.4 million to US$28.7 million.

Outlook

In North America, high inventory levels of new homes for sale and the weak pace of home sales suggest that the near term outlook for residential construction activity is for some further weakness. Demand for new homes is currently being affected by weaker consumer confidence and credit availability issues.

The USA Fibre Cement business is continuing to focus on growing primary demand for fibre cement and increasing its market share against alternative materials. Market penetration and a relatively stable average sales price are expected to continue enabling the business to partially offset the impact of weaker market conditions. The business is also closely monitoring its cost base and expects to continue making adjustments to reflect market conditions.

In Asia Pacific Fibre Cement, residential construction activity is expected to be flat in Australia, weaker in New Zealand and slightly stronger in the Philippines. The business remains focussed on growing demand for fibre cement and market penetration with particular emphasis on driving sales of its Scyon™ range of higher-priced, differentiated products in Australia. Non-differentiated products in Australia are expected to remain subject to strong competition. The business also remains focussed on delivering further manufacturing and other cost savings.

We note the range of analysts' forecasts for operating profit from continuing operations, excluding asbestos and the Blandon, Pennsylvania facility impairment cost, for the year ended 31 March 2008 of between US$175 million and US$194 million. Based on current estimates, the company is comfortable with the low end of this range but notes there is still a significant amount of uncertainty in the US housing market.

Changes to the company's asbestos liability to reflect changes in foreign exchange rates or updates to the actuarial estimate and the other matters referred to in the disclaimer below may have a material impact on the company's consolidated financial statements. Readers are referred to Note 6 of the company's 31 December 2007 Consolidated Financial Statements for more information about the company's asbestos liability.

END

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

These documents, along with a webcast of the management presentation on 28 February 2008, are available from the Investor Relations area of James Hardie's website at: www.jameshardie.com

The company lodged its annual filing for the year ended 31 March 2007 with the SEC on 6 July 2007.

All holders of the company's securities may receive, on request, a hard copy of our complete audited financial statements, free of charge. Requests can be made via the company website or by contacting one of the company's corporate offices. Contact details are available on the company's website.

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. James Hardie believes EBIT and EBIT margin to be relevant and useful information as these are the primary measures used by management to measure the operating profit or loss of its business. EBIT is one of several metrics used by management to measure the earnings generated by the company's operations, excluding interest and income tax expenses. Additionally, EBIT is believed to be a primary measure and terminology used by its 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 the company has 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.

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 impairment – EBIT and EBIT margin excluding asbestos and impairment 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	Q3 FY08	Q3 FY07	9 Mths FY08	9 Mths FY07
EBIT	$ 25.2	$ 19.3	$ 144.9	$ 129.2
Asbestos:				
Asbestos adjustments	(1.2)	44.8	57.8	119.2
AICF SG&A expenses	1.0	-	2.7	-
Impairment of Blandon facility	32.4	-	32.4	-
EBIT excluding asbestos and impairment	57.4	64.1	237.8	248.4
Net Sales	$ 341.4	$ 355.1	$ 1,155.9	$ 1,182.0
EBIT margin excluding asbestos and impairment	16.8%	18.1%	20.6%	21.0%

Net operating profit excluding asbestos and impairment – Net operating profit excluding asbestos and impairment 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	Q3 FY08	Q3 FY07	9 Mths FY08	9 Mths FY07
Net operating profit (loss)	$ 17.1	$ (8.0)	$ 75.3	$ 48.6
Asbestos:				
Asbestos adjustments	(1.2)	44.8	57.8	119.2
AICF SG&A expenses	1.0	-	2.7	-
AICF interest income	(2.8)	-	(7.0)	-
Tax expense related to asbestos adjustments	-	-	0.4	-
Impairment of Blandon facility (net of tax)	20.0	-	20.0	-
Net operating profit excluding asbestos and impairment	$ 34.1	$ 36.8	$ 149.2	$ 167.8

Diluted earnings per share excluding asbestos and impairment – Diluted earnings per share excluding asbestos and impairment 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	Q3 FY08	Q3 FY07	9 Mths FY08	9 Mths FY07
Net operating profit excluding asbestos and impairment	$ 34.1	$ 36.8	$ 149.2	$ 167.8
Weighted average common shares outstanding - Diluted (millions)	451.8	464.7	462.8	464.6
Diluted earnings per share excluding asbestos and impairment (US cents)	7.5	7.9	32.2	36.1

Effective tax rate excluding asbestos and tax provision write-back – Effective tax rate excluding asbestos 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$ Millions	Q3 FY08	Q3 FY07	9 Mths FY08	9 Mths FY07
Operating profit before income taxes	$ 26.0	$ 18.0	$ 148.2	$ 126.9
Asbestos:				
Asbestos adjustments	(1.2)	44.8	57.8	119.2
AICF SG&A expenses	1.0	-	2.7	-
AICF interest income	(2.8)	-	(7.0)	-
Operating profit before income taxes excluding asbestos	$ 23.0	$ 62.8	$ 201.7	$ 246.1
Income tax expense	8.9	26.0	72.9	79.2
Asbestos:				
Tax expense related to asbestos adjustments	-	-	0.4	-
Tax provision write-back	-	-	-	7.4
Income tax expense excluding asbestos and tax provision write-back	8.9	26.0	73.3	86.6
Effective tax rate excluding asbestos and tax provision write-back	38.7%	41.4%	36.3%	35.2%

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	Q3 FY08	Q3 FY07	9 Mths FY08	9 Mths FY07
EBIT	$ 25.2	$ 19.3	$ 144.9	$ 129.2
Depreciation and amortisation	14.4	12.8	42.1	37.0
EBITDA	$ 39.6	$ 32.1	$ 187.0	$ 166.2

Disclaimer

This Media Release 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 plant;
- 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; the successful implementation of new software systems; 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.