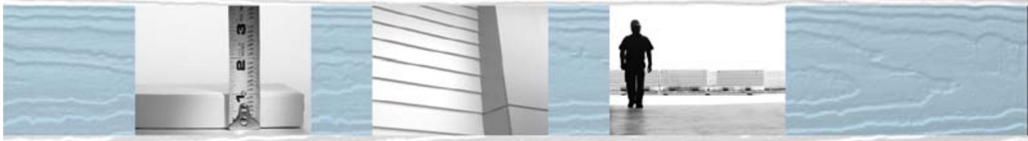

James Hardie

MANAGEMENT'S ANALYSIS OF RESULTS

28 February 2008

James Hardie Industries N.V.

Results for the 3rd Quarter and Nine Months Ended 31 December 2007

	Three Months and Nine Months Ended 31 December					
US$ Millions	Q3 FY08	Q3 FY07	% Change	9 Mths FY08	9 Mths FY07	% Change
Net Sales						
USA Fibre Cement	$ 258.2	$ 284.5	(9)	$ 912.3	$ 972.4	(6)
Asia Pacific Fibre Cement	77.5	64.4	20	224.8	187.4	20
Other	5.7	6.2	(8)	18.8	22.2	(15)
Total Net Sales	$ 341.4	$ 355.1	(4)	$ 1,155.9	$ 1,182.0	(2)
Cost of goods sold	(224.3)	(228.8)	2	(733.1)	(742.8)	1
Gross profit	117.1	126.3	(7)	422.8	439.2	(4)
Selling, general and administrative expenses	(54.3)	(53.4)	(2)	(167.9)	(162.3)	(3)
Research & development expenses	(6.4)	(6.2)	(3)	(19.8)	(20.3)	2
Impairment of Blandon facility	(32.4)	-	-	(32.4)	-	-
SCI and other related expenses	-	(2.6)	-	-	(8.2)	-
Asbestos adjustments	1.2	(44.8)	-	(57.8)	(119.2)	52
EBIT	25.2	19.3	31	144.9	129.2	12
Net interest income (expense)	0.8	(1.3)	-	3.3	(2.3)	-
Operating profit before income taxes	26.0	18.0	44	148.2	126.9	17
Income tax expense	(8.9)	(26.0)	66	(72.9)	(79.2)	8
Operating profit (loss) before cumulative effect of change in accounting principle	17.1	(8.0)	-	75.3	47.7	58
Cumulative effect of change in accounting principle for stock-based compensation, net of income tax expense of nil and US$0.4 million, respectively	-	-	-	-	0.9	-
Net operating profit (loss)	$ 17.1	$ (8.0)	-	$ 75.3	$ 48.6	55
Earnings per share - diluted (US cents)	3.9	(1.7)	-	16.3	10.5	55
Volume (mmsf)						
USA Fibre Cement	437.6	484.0	(10)	1,522.7	1,663.1	(8)
Asia Pacific Fibre Cement	100.4	100.1	-	302.9	292.6	4
Average net sales price per unit (per mmsf)						
USA Fibre Cement	US$590	US$588	-	US$599	US$585	2
Asia Pacific Fibre Cement	A$866	A$ 836	4	A$866	A$ 845	2

In this Management's Analysis of Results, 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 14. 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.

Total Net Sales

Total net sales for the quarter decreased 4% compared to the same quarter of the previous year, from US$355.1 million to US$341.4 million. For the nine months, total net sales decreased 2% from US$1,182.0 million to US$1,155.9 million.

Net sales from USA Fibre Cement for the quarter decreased 9% from US$284.5 million to US$258.2 million due to a reduction in sales volume. For the nine months, net sales from USA Fibre Cement decreased 6% from US$972.4 million to US$912.3 million due to reduced sales volume, partially offset by a higher average net sales price.

Net sales from Asia Pacific Fibre Cement for the quarter increased 20% from US$64.4 million to US$77.5 million due to favourable currency exchange rates and a higher average net sales price. For the nine months, net sales from Asia Pacific Fibre Cement increased 20% from US$187.4 million to US$224.8 million due to favourable currency exchange rates, increased sales volumes and a higher average net sales price.

Other net sales for the quarter decreased 8% from US$6.2 million to US$5.7 million, and for the nine months, decreased 15% from US$22.2 million to US$18.8 million. The decreases were due to reduced sales in the USA Hardie Pipe business, partially offset by improved sales performance in the Europe Fibre Cement business.

USA Fibre Cement

Quarter

Net sales decreased 9% from US$284.5 million in the third quarter of the prior fiscal year to US$258.2 million due to decreased sales volume.

Sales volume decreased 10% from 484.0 million square feet to 437.6 million square feet for the quarter, as demand for the company's products was adversely affected by the weaker residential housing construction market.

The average net sales price increased slightly from US$588 per thousand square feet to US$590 per thousand square feet.

Nine Months

Net sales decreased 6% from US$972.4 million to US$912.3 million due to decreased sales volume, partially offset by a higher average net sales price.

Sales volume decreased 8% from 1,663.1 million square feet to 1,522.7 million square feet for the nine months, as demand for the company's products was adversely affected by a weaker residential housing construction market.

The average net sales price increased 2% from US$585 per thousand square feet to US$599 per thousand square feet due to price increases and a shift in the product mix.

Discussion

The housing market deteriorated further during the quarter as credit availability issues, declining consumer confidence 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. Housing starts for the quarter were down 23% compared to the same period last year.

The business was again able to partly offset the impact of the weaker housing market through its focus on growing primary demand for fibre cement and market share gains against alternative materials. 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 Heritage shingles. 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.

Artisan® Lap, the business' new premium exterior product launched in Atlanta last September, is being well received by architects, developers and builders who work in the custom home segment of the market. The business expects to launch this product into regions of the Western Division in early 2008.

The slight increase in the average net sales price for the quarter was due to an increase in the proportion of higher-priced, differentiated products in the sales mix, resulting from sales growth in the ColorPlus® collection of products and Heritage shingles.

For the nine months, market penetration in the interior and exterior product categories and an increase in the average net sales price helped to partly buffer the unfavourable impact of significantly weaker housing construction activity.

Asia Pacific Fibre Cement

Quarter

Net sales for the quarter increased 20% from US$64.4 million to US$77.5 million. Net sales increased 4% in Australian dollars due to a 4% increase in the average Australian dollar net sales price. The increase in reported sales in US dollars was also assisted by the prevailing Australian dollar exchange rate. Over the quarter, the weighted average value of the Australian dollar was 16% higher against the US dollar compared to the same period last year.

Nine Months

Net sales for the nine months increased 20% from US$187.4 million to US$224.8 million. Net sales increased 6% in Australian dollars due to a 4% increase in sales volume and a 2% increase in the average Australian dollar net sales price. The increase in reported sales in US dollars was also favourably impacted by the prevailing Australian dollar exchange rate. Over the nine months, the weighted average value of the Australian dollar was 13% higher against the US dollar compared to the same period last year.

Discussion

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 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 average net sales price.

For the nine months, the increase in net sales was driven by stronger primary demand for fibre cement in Australia and New Zealand, helped by sales growth in the Scyon™ product range in Australia and Linea™ weatherboards in New Zealand, a higher average net sales price and favourable foreign currency movements.

Other

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 resulting from weaker residential and non-residential construction activity in Florida. The business continued to focus on building sales volume in core markets and expanding into other strategic markets.

Europe Fibre Cement

Sales continued to grow steadily during the quarter and the nine months.

Gross Profit

Quarter

Gross profit decreased 7% from US$126.3 million to US$117.1 million. The gross profit margin decreased 1.3 percentage points from 35.6% to 34.3%.

USA Fibre Cement gross profit decreased 16% compared to the same quarter last year due to lower sales volume, higher freight costs and higher average unit costs. Pulp costs increased 10% compared to the same quarter last year. The gross profit margin decreased by 2.7 percentage points.

Asia Pacific Fibre Cement gross profit increased 35% compared to the same period last year. Gross profit increased 18% in Australian dollars due to a higher average net sales price and an insurance claim recovery recorded in the period. The increase in the gross profit in US dollars was also favourably impacted by the prevailing Australian dollar exchange rate. The gross profit margin increased by 3.4 percentage points.

Nine Months

Gross profit decreased 4% from US$439.2 million to US$422.8 million. The gross profit margin decreased 0.6 of a percentage point from 37.2% to 36.6%.

USA Fibre Cement gross profit decreased 8% compared to the same period last year due to lower sales volumes, higher freight costs and higher average unit costs, partially offset by a higher average net sales price. The gross profit margin decreased by 0.6 of a percentage point.

Asia Pacific Fibre Cement gross profit increased 19% compared to the same period last year. In Australian dollars, gross profit increased 5% due to increased sales volumes, a higher average net sales price and an insurance claim recovery. The increase in the gross profit in US dollars was also favourably impacted by the prevailing Australian dollar exchange rate. The gross profit margin decreased by 0.2 of a percentage point.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 2% for the quarter, from US$53.4 million to US$54.3 million, primarily due to costs associated with the Australian Securities and Investments Commission (ASIC) Proceedings and non-claims handling related operating expenses of the Asbestos Injuries Compensation Fund (AICF). As a percentage of sales, SG&A expenses increased 0.9 of a percentage point to 15.9%.

For the nine months, SG&A expenses increased 3% from US$162.3 million to US$167.9 million, primarily due to higher warranty provisions relating to non-US activities, costs associated with the ASIC proceedings and non-claims handling related operating expenses of the AICF. As a percentage of sales, SG&A expense increased 0.8 of a percentage point to 14.5%.

SG&A expenses for the current quarter and nine months include non-claims handling related operating expenses of the AICF amounting to US$1.0 million and US$2.7 million, respectively.

ASIC Proceedings
In February 2007, 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.

There remains considerable uncertainty surrounding the likely outcome of the ASIC Proceedings in the longer term and there is a possibility that the company could become responsible for other amounts in addition to the defence costs. However, at this stage, the company believes that, while incurring such amounts is reasonably possible, the actual amount or range of amounts is not estimable.

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

Research and Development Expenses

Research and development expenses include costs associated with "core" research projects that are designed to benefit all business units. These costs are recorded in the Research and Development segment rather than being attributed to individual business units. These costs were 3% higher for the quarter at US$3.9 million and 24% higher for the nine months at US$12.4 million.

Other research and development costs associated with commercialisation projects in business units are included in the business unit segment results. In total, these costs were 4% lower for the quarter at US$2.5 million and 28% lower for the nine months at US$7.4 million.

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 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.

Special Commission of Inquiry (SCI) and Other Related Expenses

During the third quarter, SCI and other related expenses were nil compared to US$2.6 million for the same period last year. For the nine months, SCI and other related expenses were nil compared to US$8.2 million for the same period last year. Now that the Amended & Restated Final Funding Agreement (Amended FFA) has been implemented, the company anticipates no significant SCI and other related expenses.

Asbestos Adjustments

The asbestos adjustments are derived from an estimate of future Australian asbestos-related liabilities in accordance with the Amended FFA that was signed with the NSW Government on 21 November 2006 and approved by the company's security holders on 7 February 2007.

The asbestos-related assets and liabilities are denominated in Australian dollars. Therefore the reported value of these asbestos-related assets and liabilities in the company's consolidated balance sheets in US dollars is subject to adjustment, with a corresponding effect on the company's consolidated statement of operations, depending on the closing exchange rate between the two currencies at the balance sheet date.

The asbestos adjustments for the quarter and nine months ended 31 December 2007 are 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.

EBIT

EBIT for the quarter increased from US$19.3 million for the same quarter last year to US$25.2 million for the current quarter. EBIT for the quarter includes net favourable asbestos adjustments of US$1.2 million, AICF SG&A expenses of US$1.0 million and Blandon impairment expense of US$32.4 million; for the same period in the prior year EBIT includes net unfavourable asbestos adjustments of US$44.8 million, as shown in the table below.

EBIT for the nine months increased from US$129.2 million for the same period last year to US$144.9 million for the current period. EBIT for the nine months includes net unfavourable asbestos adjustments of US$57.8 million, AICF SG&A expenses of US$2.7 million and Blandon impairment expense of US$32.4 million; for the same period in the prior year EBIT includes net unfavourable asbestos adjustments of US$119.2 million, as shown in the table below.

EBIT - US$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY08	Q3 FY07	% Change	9 Mths FY08	9 Mths FY07	% Change
USA Fibre Cement	$ 64.6	$ 76.7	(16)	$ 263.3	$ 277.8	(5)
Asia Pacific Fibre Cement	14.8	8.8	68	39.6	30.6	29
Other	(1.3)	(2.4)	46	(4.5)	(6.6)	32
Research & Development	(4.2)	(4.9)	14	(13.1)	(13.6)	4
General Corporate	(16.5)	(14.1)	(17)	(47.5)	(39.8)	(19)
Impairment of Blandon facility	(32.4)	-	-	(32.4)	-	-
Asbestos adjustments	1.2	(44.8)	-	(57.8)	(119.2)	52
AICF SG&A expenses	(1.0)	-	-	(2.7)	-	-
EBIT	25.2	19.3	31	144.9	129.2	12
Excluding:						
Asbestos:						
Asbestos adjustments	(1.2)	44.8	-	57.8	119.2	(52)
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	(10)	$ 237.8	$ 248.4	(4)
Net sales	$ 341.4	$ 355.1	(4)	$ 1,155.9	$ 1,182.0	(2)
EBIT margin excluding asbestos and impairment	16.8%	18.1%		20.6%	21.0%	

USA Fibre Cement EBIT

USA Fibre Cement EBIT for the quarter decreased 16% from US$76.7 million to US$64.6 million, primarily due to lower volume and higher manufacturing costs, partially offset by lower SG&A spending. For the nine months, EBIT decreased 5% from US$277.8 million to US$263.3 million, primarily due to lower volume and higher freight costs, partially offset by lower SG&A spending. The USA Fibre Cement EBIT margin was 2.0 percentage points lower at 25.0% for the quarter and increased 0.3 of a percentage point to 28.9% for the nine months.

Asia Pacific Fibre Cement EBIT

Asia Pacific Fibre Cement EBIT for the quarter increased 68% from US$8.8 million to US$14.8 million. In Australian dollars, Asia Pacific Fibre Cement EBIT for the quarter increased 46% due to an increased gross margin and a decrease in SG&A spending. The increase in Asia Pacific Fibre Cement EBIT in US dollars was also favourably impacted by the prevailing Australian dollar exchange rate. The EBIT margin was 5.4 percentage points higher at 19.1% for the quarter.

Asia Pacific Fibre Cement EBIT for the nine months increased 29% from US$30.6 million to US$39.6 million. In Australian dollars, Asia Pacific Fibre Cement EBIT for the nine months increased 15% due to an increased gross margin and a decrease in SG&A spending. The increase in Asia Pacific Fibre Cement EBIT in US dollars was also favourably impacted by the prevailing Australian dollar exchange rate. The EBIT margin was 1.3 percentage points higher at 17.6% for the nine months.

Other EBIT

The USA Hardie Pipe business recorded a significantly greater EBIT loss for the quarter and nine months compared to a small EBIT loss in the same quarter last year and a small positive EBIT for the same nine month period last year.

The Europe Fibre cement business incurred significantly reduced EBIT losses for the quarter and nine months as it continued to build sales.

General Corporate Costs

General corporate costs for the quarter increased by US$2.4 million from US$14.1 million to US$16.5 million primarily due to project-related advisory costs and the impact of the depreciation of the US dollar on costs incurred in currencies other than US dollars.

For the nine months, general corporate costs increased by US$7.7 million from US$39.8 million to US$47.5 million. The increase was primarily due to higher warranty provisions relating to non-US activities, project-related advisory costs and the impact of the depreciation of the US dollar on costs incurred in currencies other than US dollars.

Net Interest Income (Expense)

Net interest income (expense) for the quarter increased from expense of US$1.3 million to income of US$0.8 million. The increase was primarily due to interest income of US$2.8 million earned on investments and cash balances held by the AICF in the current quarter, partially offset by higher interest charges due to a higher level of net debt, excluding AICF restricted cash and short-term investments.

For the nine months, net interest income (expense) increased from expense of US$2.3 million to income of US$3.3 million. The increase was primarily due to interest income of US$7.0 million earned on investments and cash balances held by the AICF, partially offset by higher interest charges due to a higher level of net debt, excluding AICF restricted cash and short-term investments.

Income Tax Expense

Income tax expense for the quarter decreased from US$26.0 million to US$8.9 million. For the nine months, income tax expense decreased from US$79.2 million to US$72.9 million.

The company's effective tax rate on earnings excluding asbestos and tax provision writeback was 36.3% for the nine months ended 31 December 2007 compared to 35.2% for the same nine month period last year. The increase in the effective tax rate excluding asbestos and tax provision write-back over the same period in the prior year is due to the impact of the change in the geographical mix of earnings and the reduction in capital expenditures.

With effect from 1 April 2007, the company was required to adopt the provisions of FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes, an interpretation of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes". The adoption of FIN 48 resulted in the reduction of the company's consolidated beginning retained earnings of US$90.4 million.

Readers are referred to Note 9 of the company's 31 December 2007 Consolidated Financial Statements for further information on the adoption of FIN 48.

Disputed Amended Australian Income Tax Assessment

As announced on 22 March 2006, RCI Pty Ltd (RCI), a wholly owned subsidiary of the company, received an amended assessment from the Australian Taxation Office (ATO) in respect of RCI's income tax return for the year ended 31 March 1999. The amended assessment relates to the amount of net capital gains arising as a result of an internal corporate restructure carried out in 1998 and has been issued pursuant to the discretion granted to the Commissioner of Taxation under Part IVA of the Income Tax Assessment Act 1936. The original amended assessment issued to RCI was for a total of A$412.0 million.

However, after subsequent remissions of general interest charges (GIC) by the ATO, the total was changed to A$368.0 million, comprising A$172.0 million of primary tax after allowable credits, A$43.0 million of penalties (representing 25% of primary tax) and A$153.0 million of GIC.

RCI is appealing the amended assessment. During fiscal year 2007, the company agreed with the ATO that in accordance with the ATO Receivable Policy, the company would pay 50% of the total amended assessment being A$184.0 million. The company also agreed to guarantee the payment of the remaining 50% of the amended assessment should its appeal not be successful and to pay GIC accruing on the unpaid balance of the amended assessment in arrears on a quarterly basis. Up to 31 December 2007, GIC totalling A$91.9 million has been paid to the ATO. On 15 January 2008, the company paid A$3.3 million in GIC in respect of the quarter ended 31 December 2007. However, the company has not recorded any liability at 31 December 2007 for the remainder of the amended assessment because, at this time, the company believes it is more likely than not that RCI's view of its tax position will be upheld on appeal.

On 30 May 2007, the ATO issued a Notice of Decision disallowing the company's objection to the amended assessment. On 11 July 2007, the company filed an application appealing the Objection Decision with the Federal Court of Australia.

Readers are referred to Note 10 of the company's 31 December 2007 Consolidated Financial Statements for further information on the ATO amended assessment.

Net Operating Profit (Loss)

Net operating profit (loss) for the quarter increased from a loss of US$8.0 million to a profit of US$17.1 million. Net operating profit excluding asbestos and impairment decreased 7% from US$36.8 million to US$34.1 million as shown in the table below.

For the nine months, net operating profit increased from US$48.6 million to US$75.3 million. Net operating profit excluding asbestos and impairment decreased 11% from US$167.8 million to US$149.2 million as shown in the table below.

Net Operating Profit - US$ millions	**Three Months and Nine Months Ended 31 December**					
	Q3 FY08	Q3 FY07	% Change	9 Mths FY08	9 Mths FY07	% Change
Net operating profit (loss)	$ 17.1	$ (8.0)	-	$ 75.3	$ 48.6	55
Excluding:						
Asbestos:						
Asbestos adjustments	(1.2)	44.8	-	57.8	119.2	(52)
Tax expense related to asbestos adjustments	-	-	-	0.4	-	-
AICF SG&A costs	1.0	-	-	2.7	-	-
AICF interest income	(2.8)	-	-	(7.0)	-	-
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)

Liquidity and Capital Resources

The company has historically met its working capital needs and capital expenditure requirements through a combination of cash flow from operations, proceeds from the divestiture of businesses, credit facilities and other borrowings, proceeds from the sale of property, plant and equipment, and proceeds from the redemption of investments. Seasonal fluctuations in working capital generally have not had a significant impact on its short-term or long-term liquidity. The company anticipates it will have sufficient funds to meet its planned working capital and other cash requirements for the next 12 months based on its existing cash balances and anticipated operating cash flows arising during the year. The company anticipates that any cash requirements arising from the Amended FFA will be met either from cash generated by operating activities or, should this prove insufficient, from borrowings under existing credit facilities.

Excluding restricted cash, the company had cash and cash equivalents of US$69.9 million as of 31 December 2007. At that date it also had credit facilities totalling US$355.0 million, of which US$302.5 million was drawn. The credit facilities are all uncollateralised and consist of the following:

		At 31 December 2007	
Description	**Effective Interest Rate**	**Total Facility**	**Principal Drawn**
(US$ millions)			
364-day facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until December 2008	5.57%	$ 110.0	$ 106.0
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until June 2010	5.70%	245.0	196.5
Total		$ 355.0	$ 302.5

At 31 December 2007, the company had net debt of US$232.6 million, compared with net debt of US$153.9 million at 31 March 2007.

The company's credit facilities consist of 364-day facilities in the amount of US$110.0 million which, as of 31 December 2007, expire in December 2008. The company also has term facilities in the amount of US$245.0 million which expire in June 2010. At 31 December 2007, US$302.5 million was drawn under the combined facilities and US$52.5 million was available, but unutilised.

On 21 February 2008, the company signed new credit facilities totalling US$135.0 million. All of these facilities are term facilities, US$90.0 million of which expire in February 2013 and US$45.0 million of which expire in February 2011. The establishment of these new facilities brings the company's total credit facilities to US$490.0 million as shown in the following table:

Description	**Total Facility**
(US$ millions)	
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until February 2011	45.0
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until February 2013	$ 90.0
Total signed facilities subsequent to 31 December 2007	$ 135.0
Existing facilities at 31 December 2007	355.0
Total credit facilities at 28 February 2008	$ 490.0

The weighted average remaining term of the total credit facilities, US$490.0 million, at 28 February 2008 was 2.5 years.

In July 2006, pursuant to an agreement negotiated with the ATO and in accordance with the ATO Receivable Policy, the company made a payment of A$189.0 million (US$166.7 million) along with the provision of a guarantee from JHI NV in favour of the ATO for the unpaid balance of the assessment issued to RCI. The company has also agreed to pay GIC accruing on the unpaid balance of the assessment in arrears on a quarterly basis. Even if the company is ultimately successful in its appeal and the cash deposit is refunded, this procedural requirement to post a cash deposit materially and adversely affects the company's financial position and liquidity in the intervening period. See "Disputed Amended Australian Income Tax Assessment" above for further information on the ATO amended assessment.

If the company is unable to extend its credit facilities, or is unable to renew its credit facilities on terms that are substantially similar to the ones it presently has, it may experience liquidity issues and will have to reduce its levels of planned capital expenditures, reduce or eliminate dividend payments and stock repurchases or take other measures to conserve cash in order to meet its future cash flow requirements. The company anticipates being able to meet its future payment obligations for the next 12 months from existing cash, unutilised committed facilities and anticipated future net operating cash flows.

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 intends to officially cancel all of the repurchased shares on or before 31 March 2008.

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 ATO deposit during the nine months ended 31 December 2006 totalling US$151.7 million compared to 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.

Senior Management Changes

There have been a number of changes to the company's Senior Leadership Team since the end of the quarter. These include: Mark Fisher, Vice President Research and Development, will now also oversee Engineering and Process Development following the departure of Robert Russell. Mark has extensive experience in this area having joined James Hardie in 1993 as a production engineer and having previously held a variety of production-related positions within the company. Grant Gustafson, Vice President Business Development, will now also oversee Marketing for the USA Fibre Cement business, and Peter Baker, Executive Vice President Australia, will now have responsibility for the Asia Pacific Fibre Cement business following the departure of Jamie Chilcoff. Grant joined the company in April 2006 as Vice President Interiors and shortly after gained Business Development responsibilities for the company. Peter Baker joined the company in October 2004 as General Manager External Affairs and was made Executive Vice President Australia in September 2005. Peter is also Chairman of the Asbestos Injuries Compensation Fund Limited. As members of the Senior Leadership Team, Mark, Grant and Peter report directly to the company's CEO, Louis Gries.

END

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This Management's Analysis of Results forms part of a package of information about James Hardie's results. It should be read in conjunction with the other parts of this package, including a Media Release, 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 the James Hardie 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 Investor Relations area of the company's 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

Supplemental Financial Information

James Hardie's management measures its operating performance and analyses year-over-year changes in operating results with and without the effect of the net Amended FFA liability recorded in the fourth quarter of fiscal year 2006 and believes that security holders will do the same.

As set forth in Note 6 of the 31 December 2007 Financial Report, the net Amended FFA liability, while recurring, is based on periodic actuarial determinations, claims experience and currency fluctuations. It has no relation to the results of the company's operations. Accordingly, management believes that the following information is useful to it and investors in evaluating ongoing operating financial performance.

The following tables are considered non-GAAP and are not intended to be used or viewed in any respect as substitutes for the company's GAAP consolidated financial statements. These non-GAAP measures should only be viewed as a supplement to reported GAAP financial statements, and, in all cases, the corresponding GAAP amounts are shown on the same line as the non-GAAP measure, to avoid any possible confusion.

The following tables should be read in conjunction with JHI NV's financial statements and related notes contained in the company's 31 December 2007 Consolidated Financial Statements.

James Hardie Industries N.V.
Consolidated Balance Sheet
31 December 2007
(unaudited)

US$ Millions	Total Fibre Cement Operations- excluding Asbestos Compensation	Asbestos Compensation	As Reported
ASSETS			
Current assets			
Cash and cash equivalents	$ 219.0	$ (149.1)	$ 69.9
Restricted cash and cash equivalents	5.0	-	5.0
Restricted cash and cash equivalents - Asbestos	-	47.7	47.7
Restricted short-term investments - Asbestos	-	77.4	77.4
Accounts and notes receivable, net of allowance for doubtful accounts of $2.2m	131.6	0.2	131.8
Inventories	156.2	-	156.2
Prepaid expenses and other current assets	34.7	0.3	35.0
Insurance receivable - Asbestos	-	10.3	10.3
Workers' compensation - Asbestos	-	3.0	3.0
Deferred income taxes	23.7	-	23.7
Deferred income taxes - Asbestos	-	9.1	9.1
Total current assets	**570.2**	**(1.1)**	**569.1**
Property, plant and equipment, net	799.4	0.4	799.8
Insurance receivable - Asbestos	-	167.5	167.5
Workers' compensation - Asbestos	-	83.6	83.6
Deferred income taxes	3.0	-	3.0
Deferred income taxes - Asbestos	-	339.5	339.5
Deposit with Australian Taxation Office	191.8	-	191.8
Other assets	1.6	-	1.6
Total assets	**$ 1,566.0**	**$ 589.9**	**$ 2,155.9**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	$ 112.8	$ 1.4	$ 114.2
Short-term debt	106.0	-	106.0
Accrued payroll and employee benefits	41.5	0.2	41.7
Accrued product warranties	8.5	-	8.5
Income taxes payable	32.8	(17.1)	15.7
Asbestos liability	-	69.4	69.4
Workers' compensation - Asbestos	-	3.0	3.0
Other liabilities	9.2	-	9.2
Total current liabilities	**310.8**	**56.9**	**367.7**
Long-term debt	196.5	-	196.5
Deferred income taxes	107.8	-	107.8
Accrued product warranties	10.1	-	10.1
Asbestos liability	-	1,287.7	1,287.7
Workers' compensation - Asbestos	-	83.6	83.6
Other liabilities	151.7	3.4	155.1
Total liabilities	**776.9**	**1,431.6**	**2,208.5**
Commitments and contingencies			
Shareholders' equity			
Common stock	252.3	-	252.3
Additional paid-in capital	187.9	-	187.9
Retained earnings (accumulated deficit)	523.1	(840.0)	(316.9)
Common stock in treasury	(196.3)	-	(196.3)
Accumulated other comprehensive income	22.1	(1.7)	20.4
Total shareholders' equity	789.1	(841.7)	(52.6)
Total liabilities and shareholders' equity	**$ 1,566.0**	**$ 589.9**	**$ 2,155.9**

James Hardie Industries N.V.
Consolidated Statement of Operations
For the nine months ended 31 December 2007
(unaudited)

US$ Millions	Total Fibre Cement Operations- excluding Asbestos Compensation	Asbestos Compensation	As Reported
Net Sales			
USA Fibre Cement	$ 912.3	$ -	$ 912.3
Asia Pacific Fibre Cement	224.8	-	224.8
Other	18.8	-	18.8
Total Net Sales	**1,155.9**	**-**	**1,155.9**
Cost of goods sold	(733.1)	-	(733.1)
Gross profit	422.8	-	422.8
Selling, general and administrative expenses	(165.2)	(2.7)	(167.9)
Research and development expenses	(19.8)	-	(19.8)
Impairment of Blandon facility	(32.4)	-	(32.4)
Asbestos adjustments	-	(57.8)	(57.8)
EBIT	205.4	(60.5)	144.9
Net Interest (expense) income	(3.7)	7.0	3.3
Operating profit (loss) before income taxes	201.7	(53.5)	148.2
Income tax expense	(72.5)	(0.4)	(72.9)
Net Operating Profit (Loss)	**$ 129.2**	**$ (53.9)**	**$ 75.3**

James Hardie Industries N.V.
Consolidated Statement of Cash Flows
For the nine months ended 31 December 2007
(unaudited)

US$ Millions	Total Fibre Cement Operations- excluding Asbestos Compensation	Asbestos Compensation	As Reported
Cash Flows from Operating Activities			
Net Income (loss)	$ 129.2	$ (53.9)	$ 75.3
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortisation	42.1	-	42.1
Deferred income taxes	13.2	-	13.2
Prepaid pension cost	0.9	-	0.9
Stock-based compensation	5.0	-	5.0
Asbestos adjustments	-	57.8	57.8
Impairment of Blandon facility	32.4	-	32.4
Other	0.5	(3.9)	(3.4)
Changes in operating assets and liabilities:			
Restricted cash and cash equivalents	-	37.0	37.0
Accounts and notes receivable	37.0	0.3	37.3
Inventories	(4.7)	-	(4.7)
Prepaid expenses and other current assets	(2.0)	0.1	(1.9)
Insurance receivable	-	12.8	12.8
Accounts payable and accrued liabilities	2.6	-	2.6
Asbestos liability	-	(50.6)	(50.6)
Deposit with Australian Taxation Office	(6.5)	-	(6.5)
Other accrued liabilities and other liabilities	29.7	0.4	30.1
Net cash provided by operating activities	$ 279.4	$ -	$ 279.4
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	(28.7)	-	(28.7)
Net cash used in investing activities	$ (28.7)	$ -	$ (28.7)
Cash Flows from Financing Activities			
Proceeds from short term borrowings	23.0	-	23.0
Proceeds from long term borrowings	91.5	-	91.5
Proceeds from issuance of shares	3.1	-	3.1
Tax benefit from stock options exercised	0.1	-	0.1
Treasury stock purchased	(196.3)	-	(196.3)
Dividends paid	(123.1)	-	(123.1)
Net cash used in Financing activities	$ (201.7)	$ -	$ (201.7)
Effects of exchange rate changes on cash	(13.2)	-	(13.2)
Net increase in cash and cash equivalents	35.8	-	35.8
Cash and cash equivalents at beginning of period	34.1	-	34.1
Cash and cash equivalents at end of period	$ 69.9	$ -	$ 69.9
Components of Cash and Cash Equivalents			
Cash at bank and on hand	35.5	-	35.5
Short-term deposits	34.4	-	34.4
Cash and cash equivalents at end of period	$ 69.9	$ -	$ 69.9

Disclaimer

This Management's Analysis of Results 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.