FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

February 18, 2003

JAMES HARDIE INDUSTRIES N.V.
(Exact name of Registrant as specified in its charter)

4th Level, Atrium, unit 04-07
Strawinskylaan 3077
1077 ZX Amsterdam, The Netherlands
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F [X] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): Not Applicable

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): Not Applicable

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes [ ] No [X]

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not Applicable

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Safe Harbor Statement

The exhibits attached to this Form 6-K contains forward-looking statements. 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, which are further discussed in our reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical construction markets; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

James Hardie Industries N.V.

Date: February 18, 2003

By: /s/ Don Cameron

Don Cameron
Managing Director

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, in his capacity as an officer of James Hardie Industries, N.V. (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- the Report of the Company on Form 6-K dated February 18, 2003 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

- the information contained in such report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: February 18, 2003

/s/ Peter Macdonald

Peter Macdonald
Chief Executive Officer

/s/ Phillip Morley

Phillip Morley
Chief Financial Officer

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James Hardie

media release

13 February 2003

3rd Quarter Operating Profit US$15.5 million

USA Fibre Cement EBIT* up 73% in Q3 and 58% YTD

James Hardie today announced an operating profit from continuing operations of US$15.5 million, for the three months ended 31 December 2002.

Overall, third quarter sales revenue increased 36%, gross profit was up 51% and EBIT* more than doubled to US$29.9 million.

The USA Fibre Cement business was again the standout performer for the quarter, lifting sales revenue 43% and EBIT* 73%, compared to same period a year ago. EBIT increased 39% in Australia and 43% in New Zealand.

The third quarter results maintained the strong growth momentum evident in the first half and more than offset the impact of normal seasonal industry slowdowns in our major markets.

The operating profit, while well above the same period last year, would have been higher but for an after-tax charge of about US$6.5 million announced in December that arose from the early retirement of debt.

For the nine months year to date, operating profit from continuing operations is up from US$13.7 million to US$62.0 million.

The nine months bottom line profit increased from US$14.1 million to US$116.0 million and includes a US$54.0 million profit primarily due to the sale of our Gypsum operations in April 2002.

3rd Quarter and Year To Date at a Glance

US$ Million	Q3FY03	Q3FY02	%+/(-)	YTDFY03	YTDFY02	%+/(-)
Net Sales	$197.4	$144.8	36	$ 605.2	$ 448.9	35
Gross Profit	74.5	49.2	51	222.0	150.8	47
EBIT (Operating Profit) before restructuring and other operating expenses	29.9	14.2	111	102.2	54.4	88
Restructuring and other operating income (expenses)	1.0	(17.1)	(106)	1.0	(28.2)	(104)
EBIT (Operating Profit/(loss))	30.9	(2.9)	—	103.2	26.2	294
Operating Profit (Income/(loss)) from continuing operations	15.5	(0.4)	—	62.0	13.7	353
Net Operating Profit (Net Income) including discontinued operations	15.5	4.6	237	116.0	14.1	—

* EBIT before restructuring and other operating expenses.

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Steve Ashe, Vice President Investor Relations: Telephone – 61 2 8274 5246 Mobile – 0408 164 011
Email – steve.ashe@jameshardie.com.au Facsimile – 61 2 8274 5218
www.jameshardie.com

Commentary

James Hardie's CEO, Mr Peter Macdonald said: "The quarterly results from our major businesses are again unambiguously positive and the outlook for the balance of the year is equally encouraging.

"We are growing much faster in North America than the broader building and construction industry and as sales of our differentiated products increase, our margins are expanding," said Mr Macdonald.

"We achieved further market share gains in the southern and northern regions of the United States and in Canada, and in both exterior and interior product categories.

"Sales of differentiated, higher priced products such as trim, soffits, panels and backerboard grew by more than 50% and sales of our new ColourPlus™ Collection of pre-painted siding more than trebled.

"In Asia Pacific, the Australian and New Zealand businesses generated higher sales and achieved lower costs which led to further margin expansion. The Australian business performed particularly well in spite of more intense price competition and a softening in industry demand generally," Mr Macdonald said.

USA Fibre Cement – Continued Strong Growth

Sales revenue increased 43% to US$146.3 million in the 3rd quarter due to a 31% increase in sales volume to 298.2 million square feet and a 9% increase in the average selling price to US$491 per thousand square feet.

Growth in demand for James Hardie's fibre cement products continued to significantly outstrip growth in housing construction, which remained at high levels during the quarter. Results for the business were further boosted by sales from the Cemplank operations that were acquired in December 2001.

Further market share gains were achieved in the northern and southern regions of the country and for exterior and interior products.

The significant increase in the average selling price was due to a further increase in sales of higher-priced, differentiated products, higher product prices generally, an increase in sales of primed, exterior products in the southern markets and the reversal of a sales rebate accrual.

Strong volume and revenue growth, combined with a lower cost of sales, lifted EBIT* 73% to US$37.8 million for the quarter and the EBIT margin also increased, to 25.8%.

For the nine months, revenue was up 38% to US$453.5 million and EBIT* was 58% higher to US$117.3 million. The EBIT margin for the nine months was 25.9%.

Australia – Higher Sales, Volumes and EBIT

Sales revenue increased 17% to US$31.7 million for the quarter due to a 13% lift in sales volume and a favourable exchange difference. EBIT was up 39% to US$6.1 million for the quarter and 51% to US$19.9 million for the nine months primarily due to the higher volumes and a lower unit cost of sales, partly offset for the nine months by higher SG&A costs. The EBIT margin improved to 19.2% for the quarter and 21.4% for the nine months.

New Zealand – Higher Sales, Volumes and EBIT

Sales revenue was up 30% for the quarter due to a 17% increase in sales volumes and a favourable exchange difference, partly offset by slightly lower average selling prices. The increase in revenue together with lower unit cost of sales lifted EBIT 43% to US$2.0 million for the quarter and 44% to US$5.6 million for the nine months. The EBIT margin improved to 15.3% for the quarter and 14.2% for the nine months.

Philippines – Stronger Domestic Demand

The business recorded a small operating loss for the quarter due to supply issues in the first half of the quarter and lower than expected export sales. Domestic demand was stronger in the quarter lifting volumes 60%.

Chile – Strong Revenue and Volume growth

Both revenue and volumes were up significantly for the quarter as the business continued to penetrate its targeted market segments. The entry by James Hardie into the Chilean market has intensified competition and during the quarter another competitor exited the market, the second to do so since the company commenced operations in Chile in March 2001.

USA FRC Pipes – Sales Growth and Efficiency Gains

Sales of larger diameter pipes (30” to 36”) grew considerably during the quarter helping sales revenue to almost double and sales volume to more than double compared to the same quarter last year. Unit production costs have continued to decline as significant improvements in manufacturing efficiencies are being achieved.

Outlook

In North America, current indicators of housing activity remain positive with the number of starts and permits both increasing in recent months. Additionally, the company expects to continue to win market share across its product range and in both the north and south of the country. Further inroads into the large vinyl siding market in the north are expected as awareness continues to increase among the region’s builders, distributors and homeowners. In the south, an increased focus on the repair and remodel segment and increased selling activity in rural areas is expected to fuel further strong growth in the region.

In Australia, recent signs of softer demand are expected to continue in the fourth quarter but the renovations and commercial segments are expected to remain buoyant. The business expects a strong 4th quarter with further top line growth and a continuation of lower costs driving solid returns.

In New Zealand, demand is expected to remain strong in line with continued growth in the residential building market. Revenue and profitability is expected to lift in the 4th quarter compared to the previous year as a result of increased sales volumes and further manufacturing cost savings.

In the Philippines, continued strong growth in domestic sales is expected as the business continues to penetrate against plywood. Improved manufacturing performance at the Philippines plant is expected to result in increased export sales and help the business improve profitability.

In Chile, further market penetration and share growth is expected as awareness of the company's expanded product range continues to grow.

The US-based FRC Pipes business is continuing to increase production to meet growing demand, and further growth in sales, as well as improvements in operating efficiency are expected.

Overall, the strong growth momentum evident in the first nine months is continuing into the fourth quarter and there is no sign of any near-term threat to highly satisfactory results overall for the full year.

Ends.

Notes

1. *Unless otherwise stated, results are for continuing operations only and comparisons are of the 3rd quarter of the current fiscal year versus the 3rd quarter of the prior fiscal year; or of the first nine months of the current fiscal year versus the first nine months of the prior fiscal year.*

2. *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 this package, including Management's Discussion and Analysis (MD&A), a Management Presentation, a Finance Report and a Results at a Glance document.*

Disclaimer

This press release contains forward-looking statements. 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, which are further discussed in our reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical construction markets; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

EXHIBIT 99.2

James Hardie

results at a glance

3rd Quarter and Year to Date – 31 December 2002

	3rd Qtr FY03	YTD FY03
James Hardie		
Net Sales	Up 36% to US$197.4	Up 35% to US$605.2
EBIT[2]	Up 111% to US$29.9	Up 88% to US$102.2
Operating Profit	Up 3975% to US$15.5	Up 353% to US$62.0
Net Operating Profit[1]	Up 237% to US$15.5	Up 723% to US$116.0
EBIT Margin[2]	Up 5.3 pts to 15.1%	Up 4.8 pts to 16.9%
USA Fibre Cement		
Net Sales	Up 43% to US$146.3	Up 38% to US$453.5
EBIT[2]	Up 73% to US$37.8	Up 58% to US$117.3
EBIT Margin[2]	Up 4.5 pts to 25.8%	Up 3.2 pts to 25.9%
Volume	Up 31% to 298.2mmsf	Up 35% to 975.7mmsf
Asia Pacific Fibre Cement		
Net Sales	Up 20% to US$49.2	Up 24% to US$145.9
EBIT	Up 38% to US$8.0	Up 60% to US$25.2
EBIT Margin	Up 2.2 pts to 16.3%	Up 3.9 pts to 17.3%
Volume	Up 17% to 93.4mmsf	Up 16% to 276.3mmsf
Key Ratios		
Earnings Per Share (Basic)		13.6cents
EBIT/Sales		17.1%
EBIT/Assets		17.3%
Return on Shareholders Funds[1]		36.3%
Return on Capital Employed		23.4%
Gearing[1]		14.2%
Net Interest Cover		5.8x
Economic Profit		US$37.3

All comparisons are against the same quarter or nine months of the previous fiscal year.
All dollar amounts are in US$ millions.
Results are for continuing businesses only unless otherwise stated.

Note: This document should be read in conjunction with other 3rd quarter and YTD results materials including a Media Release, a Management's Discussion and Analysis, a Management Presentation and a Finance Report.

1 Includes discontinued operations
2 Before restructuring and other operating expenses

Management's Discussion and Analysis

13 February 2003

James Hardie Industries N.V.
Results for 3rd Quarter Ended 31 December 2002

USGAAP - US$ Millions	Three Months Ended 31 December FY 2003	FY 2002	% Change
Net Sales			
USA Fibre Cement	$ 146.3	$ 102.2	43
Asia Pacific Fibre Cement	49.2	41.1	20
Other Fibre Cement	1.9	1.5	27
Total Net Sales	197.4	144.8	36
Net sales	$ 197.4	$ 144.8	36
Cost of goods sold	(122.9)	(95.6)	29
Gross profit	74.5	49.2	51
SG&A (includes R&D)	(44.6)	(35.0)	27
EBIT (Operating profit) before restructuring and other operating expenses	29.9	14.2	111
Restructuring and other operating income/(expenses)	1.0	(17.1)	(106)
EBIT (Operating profit/(loss))	30.9	(2.9)	—
Net interest expense	(12.4)	(3.3)	276
Operating profit (Income/(loss)) from continuing operations before income taxes	18.5	(6.2)	398
Income tax (expense)/benefit	(3.0)	5.8	152
Operating Profit (Income/(loss)) From Continuing Operations	$ 15.5	$ (0.4)	—
Net Operating Profit (Net Income) Including Discontinued Operations	$ 15.5	$ 4.6	237
Tax rate	16.2%	93.5%	
Volume (mmsf)			
USA Fibre Cement	298.2	226.8	31
Asia Pacific Fibre Cement	93.4	80.2	17
Average sales price per unit (per msf)			
USA Fibre Cement	US$491	US$451	9
Asia Pacific Fibre Cement	A$851	A$860	(1)

Unless otherwise stated, results are for continuing operations only and comparisons are of the 3rd quarter of the current fiscal year versus the 3rd quarter of the prior fiscal year.

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Total Net Sales

Total net sales increased 36% compared to the same quarter of the previous year, from US$144.8 million to US$197.4 million.

Net sales from USA Fibre Cement increased 43% from US$102.2 million to US$146.3 million due to continued strong growth in sales volumes and higher selling prices.

Net sales from Asia Pacific Fibre Cement increased 20% from US$41.1 million to US$49.2 million due mainly to higher sales volumes.

Net sales from Other Fibre Cement increased 27% from US$1.5 million to US$1.9 million as the Chilean flat sheet business and the US-based FRC Pipes business continued to ramp up, following their start-up early in the 2001 calendar year.

USA Fibre Cement

Net sales revenue increased 43% from US$102.2 million to US$146.3 million.

Sales volume increased 31% from 226.8 million square feet to 298.2 million square feet, due to strong growth in primary demand for fibre cement, increased housing construction activity and sales of product from the Cemplank operations acquired in December 2001.

Despite weaker economic conditions, the residential construction market remained strong during the quarter due to low mortgage rates and strong house prices which continued to attract investor interest in the sector.

Market share in both the southern and northern regions of the country increased during the quarter.

In the northern region, we continued to take market share from the dominant siding material, vinyl. Market penetration strategies designed to build awareness of our products' attributes among the region's builders, distributors and homeowners helped to generate increased demand in the region.

In the southern region, we gained market share from other materials, particularly engineered wood siding, due to an increased focus on the repair and remodel segment and increased selling activity in rural areas.

In the exterior products market, there was strong sales growth in higher-priced, differentiated products such as trim, vented soffits and Heritage® panels, all of which grew by more than 50%. Sales of the ColorPlus™ Collection of pre-finished siding more than trebled compared to the same quarter of the previous year.

In the interior cement board market, sales of Hardibacker 500™, our 1/2 inch backerboard manufactured using proprietary G2 technology, continued to grow strongly, increasing by more than 50% compared to the same quarter of the previous year.

The average selling price increased 9% compared to the same quarter of the previous year from US$451 per thousand square feet to US$491 per thousand square feet. The improvement was due to an increased proportion of sales of higher-priced, differentiated products, a price increase implemented in the first quarter of this fiscal year and an increase in sales of primed exterior products in the southern markets. Additionally, in the current period, a gain of US$3.8 million related to a company rebate program was realised due to rebate charge estimates exceeding actual rebate charges incurred. Excluding this gain, average selling price increased by 6% to US$478 per thousand square feet.

During the quarter, we increased our product range with the launch of Hardibacker® EziGrid™, a new internal lining product that makes lining wet areas for tiling easier. The new differentiated product is expected to generate increased sales growth in the 1/4 inch backer board segment.

Asia Pacific Fibre Cement

Net sales revenue for this segment increased 20% from US$41.1 million to US$49.2 million. Sales volume increased 17% from 80.2 million square feet to 93.4 million square feet.

Australia Fibre Cement

Net sales revenue increased 17% from US$27.2 million to US$31.7 million. In local currency, the increase was 13%.

The growth in net sales was due to a 13% increase in sales volume, from 57.7 million square feet to 65.1 million square feet and a flat average selling price.

Despite further signs of new housing approvals slowing, low interest rates continued to support strong residential building activity during the quarter. Robust residential renovation activity and the 3-6 month lag between the start of house construction and the sale of our products helped to maintain strong demand.

During the quarter we launched two new internal lining products. HardiRock™ is a fibre cement wet area lining board that is more flexible, and is easy to cut and nail. EziGrid™ Tilebacker is another wet area lining sheet designed to make tile installation easier. Both products are expected to strengthen our share of the internal lining segment.

The business secured a number of new customers during the quarter, due in part, to its ability to offer a wider range of fibre cement products than competitors.

A weighted average price increase of 2% was announced to customers during the quarter and became effective on 1 January 2003.

New Zealand Fibre Cement

Net sales increased 30% from US$10.1 million to US$13.1 million due to an increase in sales volume, partly offset by a decrease in the average selling price. In local currency, net sales increased 9%.

Sales volume increased 17% from 9.7 million square feet to 11.3 million square feet due to stronger demand arising from increased residential building activity and improved penetration in key residential markets.

Net migration inflow and house price appreciation continued to support increased residential building activity, which was 34% higher than the same period last year.

Sales of the new Linea® weatherboard cladding and trim product range continued to grow strongly. Linea® sales were 65% higher compared to the previous quarter of this fiscal year.

Non-residential building activity during the quarter was 3% lower compared to the same period last year. Continued growth in sales of Hardipanel™ Titan and Hardipanel™ Compressed sheet helped to partially offset the impact of this decline.

The average selling price decreased 4% due to lower priced export sales and a decrease in sales volumes of higher-priced, differentiated products.

The business gained several key customers during the quarter and increased its share of total fibre cement sales in the country.

Philippines Fibre Cement

Net sales increased 13% from US$3.8 million to US$4.3 million. In local currency, net sales increased 17%. This was due primarily to a 31% increase in sales volume compared to the same quarter of the previous year, from 12.8 million square feet to 16.8 million square feet, partly offset by a lower average selling price due to weaker export sales.

Domestic demand strengthened compared to the previous quarter of this fiscal year following the ending of the typhoon season early in the quarter. Domestic sales volumes were 13% higher than the second quarter of this fiscal year and 60% higher compared to the same quarter last year.

The business continued to penetrate the building boards market taking further market share from the main competing material, plywood. HardiFlex® lite, a thinner, lighter sheet designed for ceiling applications, continued to generate strong sales, as did Hardiflex® 4.5mm, used in external ceiling and internal wall applications. The growth in sales of these products has helped lift our share of total building board sales to an estimated 26%.

Export sales were weaker compared to both the previous quarter of this fiscal year and the same quarter last year due primarily to supply issues in the first half of this quarter and lower export demand.

The average selling price decreased 11% compared to the same quarter of the previous year due to a decrease in sales of higher-priced exports.

Other Fibre Cement

Chile Fibre Cement

Our Chilean operation, which began commercial production in March 2001, continued to increase its penetration of the local market.

Net sales increased 40% compared to the same quarter last year due to a 29% increase in sales volume and a 5% increase in the average selling price.

Economic conditions in Chile continued to be negatively affected by economic instability in the neighbouring countries of Argentina and Brazil. Despite this, there was further growth during the quarter in sales of EconoBoard™, which is targeted to builders of small-scale homes and additions and the “Do-It-Yourself” market, and Duraboard™, which is targeted at the social housing segment.

Selling prices were negatively affected by aggressive pricing by competitors as they continued to try to maintain their market positions. The intensity of competition resulted in the exit of a competitor in the Chilean market during the quarter.

The higher average selling price compared to the same period last year was due to the inclusion of higher-priced, differentiated products.

USA FRC Pipes

Our FRC Pipes business continued to penetrate the south-east market of the United States. Net sales revenue increased by 90% and volume was 163% higher compared to the same quarter last year.

Sales of our larger diameter pipes (30” to 36”) were particularly strong during the quarter and now account for approximately 50% of sales volume.

We are continuing to lower costs and improve the manufacturing performance of the plant resulting in increased output, particularly of the larger diameter pipes.

Competitors have continued to use aggressive pricing tactics in response to our market entry. As a result, the average selling price decreased 28% compared to the same quarter of the previous year.

The Florida civil construction market remains buoyant. Activity is increasing due to the start of projects funded by TEA-21 and the Florida State Mobility Act, both of which involve significant increases in government spending on highway construction.

Gross Profit

Gross profit increased 51% from US$49.2 million to US$74.5 million due to strong improvements in USA Fibre Cement and Asia Pacific Fibre Cement. The gross profit margin increased 3.7 percentage points to 37.7%.

USA Fibre Cement gross profit increased 60% due to higher sales volumes, a higher average selling price and lower unit cost of sales. Unit cost of sales decreased as a result of manufacturing efficiencies and favourable raw material prices. The gross profit margin increased 4.1 percentage points.

Asia Pacific Fibre Cement gross profit increased 32% following strong improvements from Australia Fibre Cement and New Zealand Fibre Cement, which increased 30% and 44% respectively. Increased volumes, lower raw material costs and improved manufacturing efficiencies were major factors in the improved results. The gross profit margin increased 3.5 percentage points.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 27% compared to the same quarter last year, from US$35.0 million to US$44.6 million. This increase was due mainly to the funding of growth initiatives in the USA and increased bonus accruals in line with the significant improvement in operating profit. SG&A expenses were 1.6 percentage points lower as a percentage of sales, at 22.6%.

Research and Development (R&D) Expenses

Research and development includes costs associated with "core" research projects that are aimed at benefiting all fibre cement business units. These costs are recorded as "corporate costs" in the Research and Development segment rather than being attributed to individual business units. These costs increased 35% to US$2.7 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 increased 38% to US$2.2 million, reflecting a greater number of projects in the development and commercialisation phase.

Restructuring and Other Operating Income (Expenses)

During the quarter, we realised a US$1.0 million gain from the settlement of our pulp hedge contract. In the same period of the previous year, there was a charge of US$17.1 million related to a number of costs that did not recur in the current quarter.

EBIT (Operating Profit/(loss))

EBIT before restructuring and other operating expenses increased 111%, from US$14.2 million to US$29.9 million. The EBIT margin before restructuring and other operating expenses increased 5.3 percentage points compared to the same period last year to 15.1%.

EBIT after restructuring and other operating expenses increased from a loss of US$2.9 million to a profit of US$30.9 million. The EBIT margin increased 17.7 percentage points to 15.7%.

USA Fibre Cement EBIT increased 311% from US$9.2 million to US$37.8 million due to strong sales volume growth driven by increased primary demand for fibre cement, higher average selling prices, lower unit cost of sales resulting from improved manufacturing efficiencies and lower raw material prices, partly offset by higher SG&A costs. The EBIT margin increased 16.8 percentage points to 25.8%. In the same quarter last year, we recorded a US$12.6 million one-time charge to settle litigation involving certain roofing products. Excluding this charge, EBIT increased 73% and the EBIT margin increased 4.5 percentage points.

Australia Fibre Cement EBIT increased 39% from US$4.4 million to US$6.1 million. In local currency, the increase was 34%. The stronger EBIT performance was due to higher sales volumes and lower unit cost of sales. The EBIT margin increased 3.0 percentage points to 19.2%.

New Zealand Fibre Cement EBIT increased 43% from US$1.4 million to US$2.0 million. In local currency, the increase was 21%. The increase was primarily due to higher net sales and lower unit cost of sales. The EBIT margin increased 1.4 percentage points to 15.3%.

Our Philippines business recorded a small operating loss for the quarter due to a temporary decrease in manufacturing performance at the Philippines plant.

Both USA FRC Pipes and Chile Fibre Cement incurred operating losses during the quarter as these businesses continued to ramp up.

General corporate costs decreased by US$5.3 million from US$13.6 million to US$8.3 million. This decrease was primarily due to a US$2.8 million charge related to our corporate restructuring that was incurred in the same quarter last year with no comparable costs in the current period, and a US$1.0 million gain from the settlement of our pulp hedge contract in the current period compared to a US$1.7 million charge for the decrease in the fair value of the pulp hedge contract incurred in the same quarter of the previous year. Standard corporate costs increased primarily due to an increase in bonus accruals in line with the significant improvement in operating profit.

Net Interest Expense

Net interest expense increased by US$9.1 million from US$3.3 million to US$12.4 million. This increase was primarily due to a US$9.9 million make-whole payment that was announced by the company on 23 December 2002. The payment resulted from the early retirement of US$60 million of long-term debt. The after-tax cost of the make-whole payment is approximately US$6.5 million. The retirement of the debt will result in a saving of approximately US$1.1 million in interest costs for the balance of the current fiscal year and annual savings of approximately US$4.3 million in interest costs for the remaining term of the debt.

Excluding the make-whole payment, net interest expense decreased US$0.8 million to US$2.5 million due to a reduction in borrowings.

Income Tax (Expense)/Benefit

Income tax expense increased by US$8.8 million from an income tax benefit of US$5.8 million to an expense of US$3.0 million, in line with the increase in profits.

Operating Profit (Income/(loss)) from Continuing Operations

Income from continuing operations increased by US$15.9 million, from a loss of US$0.4 million in the third quarter of the previous year to US$15.5 million in this quarter.

End.

Note
This Management's Discussion and Analysis document 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 a Media Release, a Management Presentation, a Finance Report and a Results at a Glance document.

Disclaimer
This report contains forward-looking statements. 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, which are further discussed in our reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical construction markets; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

James Hardie

Management's Discussion and Analysis

13 February 2003

James Hardie Industries N.V.
Results for the 9 Months Ended 31 December 2002

USGAAP - US$ Millions	Nine Months Ended 31 December		
	FY 2003	FY 2002	% Change
Net Sales			
USA Fibre Cement	$ 453.5	$ 327.5	38
Asia Pacific Fibre Cement	145.9	117.9	24
Other Fibre Cement	5.8	3.5	66
Total Net Sales	605.2	448.9	35
Net sales	$ 605.2	$ 448.9	35
Cost of goods sold	(383.2)	(298.1)	29
Gross profit	222.0	150.8	47
SG&A (includes R&D)	(119.8)	(96.4)	24
EBIT (Operating profit) before restructuring and other operating expenses	102.2	54.4	88
Restructuring and other operating income/(expenses)	1.0	(28.2)	(104)
EBIT (Operating profit)	103.2	26.2	294
Net interest expense	(17.8)	(12.7)	40
Other income/(expense), net	0.1	(0.7)	(114)
Operating profit (Income) from continuing operations before income taxes	85.5	12.8	568
Income tax (expense)/benefit	(23.5)	0.9	—
Operating Profit (Income) From Continuing Operations	$ 62.0	$ 13.7	353
Net Operating Profit (Net Income) Including Discontinued Operations	$ 116.0	$ 14.1	—
Tax rate	27.5%	(7.0)%	—
Volume (mmsf)			
USA Fibre Cement	975.7	723.3	35
Asia Pacific Fibre Cement	276.3	238.4	16
Average sales price per unit (per msf)			
USA Fibre Cement	US$ 465	US$ 453	3
Asia Pacific Fibre Cement	A$ 852	A$ 854	—

Unless otherwise stated, results are for continuing operations only and comparisons are of the first nine months of the current fiscal year versus the first nine months of the prior fiscal year.

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Total Net Sales

Total net sales increased 35% compared to the same period of the previous year, from US$448.9 million to US$605.2 million.

Net sales from USA Fibre Cement increased 38% from US$327.5 million to US$453.5 million due to continued growth in sales volumes and higher selling prices.

Net sales from Asia Pacific Fibre Cement increased 24% from US$117.9 million to US$145.9 million due mainly to higher sales volumes.

Net sales from Other Fibre Cement increased 66% from US$3.5 million to US$5.8 million as the Chilean flat sheet business and the US-based FRC Pipes business continued to ramp up, following their start-up early in the 2001 calendar year.

USA Fibre Cement

Net sales increased 38% from US$327.5 million to US$453.5 million.

Sales volume increased 35% from 723.3 million square feet to 975.7 million square feet, due to strong growth in primary demand for fibre cement, increased housing construction activity and sales of product from the Cemplank operations acquired in December 2001.

Buoyed by low mortgage rates, housing market activity remained healthy during the period despite a softening in consumer confidence.

There was strong volume growth across all major markets. Market share increased in the siding, backer and trim segments and in both the southern and northern regions of the country.

In the northern region, we continued to take market share from the dominant siding material, vinyl. Market penetration strategies designed to build awareness of our products' attributes among the region's builders, distributors and homeowners helped to generate increased demand in the region.

In the southern region, growth strategies, including an increased focus on the repair and remodel segment and increased selling activity in rural areas, helped the business take additional market share from other siding materials in the region, particularly engineered wood siding.

In the exterior products market, there was strong sales growth in higher-priced, differentiated products such as trim, vented soffits, Heritage® panels and the ColorPlus™ Collection of pre-finished siding.

In the interior cement board market, sales of Hardibacker 500™, our 1/2 inch backerboard that is manufactured using proprietary G2 technology, continued to grow strongly compared to the same period of the previous year.

The average selling price increased 3% compared to the same period of the previous year from US$453 per thousand square feet to US$465 per thousand square feet due to an increased proportion of sales of higher-priced, differentiated products and an increase in sales of primed exterior products in the southern markets.

During the period, we commenced construction of the 160 million square feet panel line at Waxahachie, Texas, and the pilot roofing products plant at Fontana, California. At the Peru plant in Illinois, we began to manufacture products on a newly commissioned second production line in September.

On 22 October 2002, we announced that our Blandon, Pennsylvania plant will undergo a US$15.3 million upgrade that will increase annual production capacity from 120 million square feet to 200 million square feet to meet rapidly growing demand in the north-east region.

Asia Pacific Fibre Cement

Net sales increased 24% from US$117.9 million to US$145.9 million. Sales volume increased 16% from 238.4 million square feet to 276.3 million square feet.

Australia Fibre Cement

Net sales increased 23% from US$76.0 million to US$93.2 million. In local currency, the increase was 16%.

The growth in net sales was due to a 17% increase in sales volume, from 164.8 million square feet to 192.7 million square feet, partly offset by a 1% decrease in the average selling due to pricing pressure from competitors.

Demand for new residential housing remained at high levels during the period buoyed by a relatively strong economy, low interest rates and the continuation of the Government's First Home Buyer's Scheme.

Despite signs of new housing approvals slowing, robust residential renovation activity and the 3-6 month lag between the start of house construction and the sale of our products helped to maintain strong demand.

During the period, we relocated our corrugate production line, which manufactures HardiFence™, from Perth to Brisbane.

During the period, we launched two new internal lining products. HardiRock™ is a fibre cement wet area lining board that is more flexible, and is easy to cut and nail. EziGrid™ Tilebacker is another wet area lining sheet designed to make tile installation easier for internal lining. Both products are expected to strengthen our share of the internal lining segment

New Zealand Fibre Cement

Net sales increased 37% from US$28.8 million to US$39.4 million due to an increase in sales volume, partly offset by a small decrease in the average selling price. In local currency, net sales increased 20%.

Sales volume increased 20% from 27.8 million square feet to 33.4 million square feet due to stronger demand arising from increased residential building activity, which is being fuelled by low and stable interest rates, appreciation in house selling prices and a stronger economy. The lower average selling price resulted from a small decline in sales of some higher priced, differentiated products.

The new Linea® weatherboard cladding range of products launched in March 2002 continued to penetrate its targeted markets, taking market share from alternative products such as brick. Linea® is a thicker, lightweight weatherboard that uses our proprietary low-density technology and offers a number of performance advantages over timber weatherboards, notably superior durability.

Despite the non-residential building market being weaker this period compared to the same period last year, sales of panel products such as Hardipanel™ Titan and Hardipanel™ Compressed sheet were up strongly during the period compared to the same period last year.

The business gained several key customers during the period and increased its share of fibre cement sales.

Philippines Fibre Cement

Net sales increased by 1% from US$13.1 million to US$13.2 million. In local currency, sales revenue increased by 1%. This was due to an increase in sales volume, mostly offset by a lower average selling price.

Sales volume increased 10% compared to the same period of the previous year, from 45.8 million square feet to 50.2 million square feet due to increased demand in the domestic building board market.

We continued to penetrate the domestic building boards market during the period, taking further share from the main competing material, plywood. Strong demand for HardiFlex® lite, a thinner, lighter sheet designed for ceiling applications, and Hardiflex® 4.5mm, used in ceiling and internal wall applications, continued during the period.

During the period we launched our first plank product, Hardiplank™ Select Cedarmill, which is being marketed to architects and developers. The launch of plank is expected to increase sales to large residential projects.

Export sales were weaker compared to the same period last year due primarily to supply issues and lower export demand.

The average selling price decreased 8% compared to the same period of the previous year due to a decrease in sales of higher-priced exports.

Other Fibre Cement

Chile Fibre Cement

Our Chilean operation, which began commercial production in March 2001, is penetrating the market at its targeted rate.

Economic instability in the neighbouring countries of Argentina and Brazil continued to have a negative effect on the Chilean economy. Despite weak market conditions during the period, net sales and volumes were significantly better than the same period of last year.

The business moved to the next stage of its market penetration strategy with the launch of new interior and exterior products. These include Hardibacker, for interior applications, and textured panels and planks, for exterior cladding, both of which are targeted at larger scale builders working mainly in the social housing segment.

Strong sales growth continued for EconoBoard™, which is targeted to builders of small-scale homes and additions and the “Do-It-Yourself” market, and Duraboard™, also targeted to the social housing segment.

Selling prices were negatively affected by aggressive pricing by competitors as they continued to try to maintain market positions. The intense level of competition resulted in the exit of a further competitor in the Chilean market during the period.

The average selling price was 17% higher compared to the same period last year due to the inclusion of sales of higher-priced, differentiated products.

USA FRC Pipes

Our FRC Pipes business continued to penetrate the south-east market of the United States and improve its operational efficiencies. Net sales more than doubled and volumes almost trebled compared to the same period last year.

Sales volumes have continued to grow since the business began operating early in calendar year 2001, as awareness among construction contractors has increased and as the product range has been progressively expanded.

The current product range of 12” to 36” diameter drainage pipes allows us to compete for an increased number of construction projects in the south-east market. Sales of our larger diameter pipes (30” to 36”) continued to grow strongly and now account for approximately 50% of sales volume.

We estimate that our share of the large diameter drainage pipes in Florida has lifted to over 10%.

Competition has reacted to our market entry with aggressive pricing. As a result, our average net selling price decreased 23% compared to the same period of the previous year. This is being offset by unit production costs which have started to decline as significant improvements in manufacturing efficiencies are being achieved.

The Florida civil construction market remains buoyant. Activity is increasing due to the start of projects funded by TEA-21 and the Florida State Mobility Act, both of which involve significant increases in government spending on highway construction.

Gross Profit

Gross profit increased 47% from US$150.8 million to US$222.0 million due to strong improvements in USA Fibre Cement and Asia Pacific Fibre Cement. The gross profit margin increased 3.1 percentage points to 36.7%.

USA Fibre Cement gross profit increased 49% due to higher sales volumes, higher average selling prices and lower unit cost of sales. The gross profit margin increased 2.7 percentage points.

Asia Pacific Fibre Cement gross profit increased 39% following strong improvements from all businesses. Increased volumes, lower raw material costs and improved manufacturing efficiencies were major factors in the improved results. The gross profit margin increased 4.1 percentage points.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 24% compared to the same period last year from US$96.4 million to US$119.8 million. This increase was mainly due to the funding of growth initiatives in the USA and an increase in bonus accruals in line with the significant improvement in operating profit. However, SG&A expenses were 1.7 percentage points lower as a percentage of sales at 19.8%.

Research and Development (R&D) Expenses

Research and development includes costs associated with 'core' research projects that are aimed at benefiting all fibre cement business units. These costs are recorded as 'corporate costs' in the Research and Development segment rather than being attributed to individual business units. These costs increased 12% to US$6.8 million due to increased project costs and intellectual property costs.

Other research and development costs associated with commercialisation projects in business units are included in the business unit segment results. In total, these costs increased 26% to US$5.8 million, reflecting a greater number of projects in the development and commercialisation phase.

Restructuring and Other Operating Income (Expenses)

During the current period, we realised a US$1.0 million gain from the settlement of our pulp hedge contract. In the same period of the previous year, there was a charge of US$28.2 million related to a number of costs that did not recur in the current period.

EBIT (Operating Profit)

EBIT before restructuring and other operating expenses increased 88% from US$54.4 million to US$102.2 million. The EBIT margin before restructuring and other operating expenses increased 4.8 percentage points compared to the same period last year, to 16.9%.

EBIT after restructuring and other operating expenses increased 294% from US$26.2 million to US$103.2 million. The EBIT margin increased 11.3 percentage points to 17.1%.

USA Fibre Cement EBIT increased 90% from US$61.6 million to US$117.3 million due to strong sales volume growth driven by increased primary demand for fibre cement, lower unit cost of sales from improved manufacturing efficiencies and lower raw material prices, partly offset by higher SG&A costs. In addition, a US$12.6 million one-time charge was recorded in the same period last year to settle litigation involving certain roofing products. Excluding this charge, EBIT increased 58% and the EBIT margin increased 3.2 percentage points to 25.9%.

Australia Fibre Cement EBIT increased 51% from US$13.2 million to US$19.9 million. In local currency, the increase was 43%. The stronger EBIT performance was due to higher sales volume and lower unit cost of sales, partly offset by higher SG&A costs. The EBIT margin increased 4.0 percentage points to 21.4%.

New Zealand Fibre Cement EBIT increased 44% from US$3.9 million to US$5.6 million. In local currency, the increase was 27%. The increase was primarily due to higher net sales and lower raw material prices, partly offset by higher SG&A costs. The EBIT margin increased 0.7 of a percentage point to 14.2%.

Our Philippines business recorded a small operating loss for the nine-month period. The loss was primarily due to a temporary decrease in manufacturing performance at the Philippines plant.

Both USA FRC Pipes and Chile Fibre Cement incurred operating losses during the period as these businesses continued to ramp up.

General corporate costs decreased by US$15.2 million from US$37.4 million to US$22.2 million. This decrease was primarily due to a US$8.1 million charge for a decrease in the fair value of the pulp hedge contract and a US$7.5 million charge related to our corporate restructuring being incurred in the nine months ended 31 December 2001, which were not repeated in the current period. Standard corporate costs increased primarily due to an increase in bonus accruals, in line with the significant improvement in operating profit.

Net Interest Expense

Net interest expense increased 40% from US$12.7 million to US$17.8 million. This increase was primarily due to a US$9.9 million make-whole payment, which was partially offset by a decrease in net borrowings following the receipt of proceeds from the sale of our Gypsum business in April 2002.

The make-whole payment in the current period resulted from the early retirement of US$60 million of long-term debt in December 2002. The retirement of the debt will result in a saving of approximately US$1.1 million in interest costs for the balance of the current fiscal year and annual savings of approximately US$4.3 million in interest costs for the remaining term of the debt.

Excluding the make-whole payment net interest expense decreased US$4.8 million to US$7.9 million due to lower borrowings.

Income Tax (Expense)/Benefit

Income tax expense increased by US$24.4 million from an income tax benefit of US$0.9 million to an expense of US$23.5 million, in line with the increase in profits.

Operating Profit (Income) from Continuing Operations

Income from continuing operations increased by US$48.3 million from US$13.7 million in the nine months ended 31 December 2002 to US$62.0 million in the current period.

Liquidity and Capital Resources

We have historically met our working capital needs and capital expenditure requirements through a combination of cash flow from operations, proceeds from the divestiture of businesses, credit facilities, 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 our short-term or long-term liquidity. We believe that we can meet our present working capital requirements for at least the next 12 months based on our current capital resources.

We had cash and cash equivalents of US$109.5 million as of 31 December 2002. This amount decreased, compared to the cash and cash equivalents as of 30 September 2002, after the following were paid: the shareholder approved capital return of the Euro equivalent of 20 cents per share, rounded upwards to the nearest whole Euro cent; the dividend declared of US 5.0 cents per share; tax payment instalments on the gain on sale of our Gypsum operations, which is being paid over four instalments; and a prepayment of US$60.0 million of notes and a make-whole payment of US$9.9 million. At 31 December 2002, we also had credit facilities totalling US$405.3 million of which US$172.7 million was outstanding.

Description	Effective Interest Rate at 31 Dec 2002	Total Facility at 31 Dec 2002	Principal Outstanding at 31 Dec 2002
		(In millions of US$)	
US$ notes, fixed interest, repayable annually in varying tranches from 2004 through 2013	7.09%	$ 165.0	$ 165.0
A$ revolving loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin, can be repaid and redrawn until maturity, in November 2005	N/A	113.3	—
US$ stand-by loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin, until maturity, in October 2003	N/A	117.5	—
US$ line of credit, can be drawn down in Chilean Pesos, variable interest based on Chilean Tasa Activa Bancaria rate plus margin, maturity December 2003	5.52%	9.5	7.7
Total		**$ 405.3**	**$ 172.7**

Cash Flow

Net operating cash inflows increased by US$22.6 million to US$71.4 million for the nine months ended 31 December 2002 compared to the same period in the prior year. The increase in cash flow was primarily due to the increase in operating profit in this period, excluding the gain on disposal of our Gypsum business.

Net investing activity cash flows produced a cash inflow of US$274.7 million for the nine months ended 31 December 2002 compared to a cash outflow of US$71.5 million for the same period in the prior year. The nine-month period ended 31 December 2002 reflects proceeds received from the sale of our Gypsum business and lower capital expenditures compared to the same period in the prior year. Payments made in the prior period for the acquisition of a business did not recur in the current period.

Net financing activity cash outflows were US$269.0 million for the nine months ended 31 December 2002 compared to US$16.4 million for the same period in the prior year. The net cash outflow in the current period was mainly due to repayment of borrowings from proceeds received from the sale of our Gypsum business in April 2002, repayment of capital to shareholders, and dividends paid. In the same period in the prior year, the net cash outflow was mainly due to net repayment of borrowings, repayment of capital to shareholders, and dividends paid, partially offset by proceeds of US$103.3 million from the issuance of shares.

Discontinued Operations

In fiscal year 2002, we successfully completed the transformation of our company into a purely fibre cement business when we sold our Windows business and signed a definitive agreement to sell our USA-based Gypsum operations. We completed the sale of our Gypsum operations on 25 April 2002. We recorded a net profit from discontinued operations of US$54.0 million in the current period and US$0.4 million in the same period of the prior year.

End.

Note

This Management's Discussion and Analysis document 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 a Media Release, a Management Presentation, a Finance Report and a Results at a Glance document.

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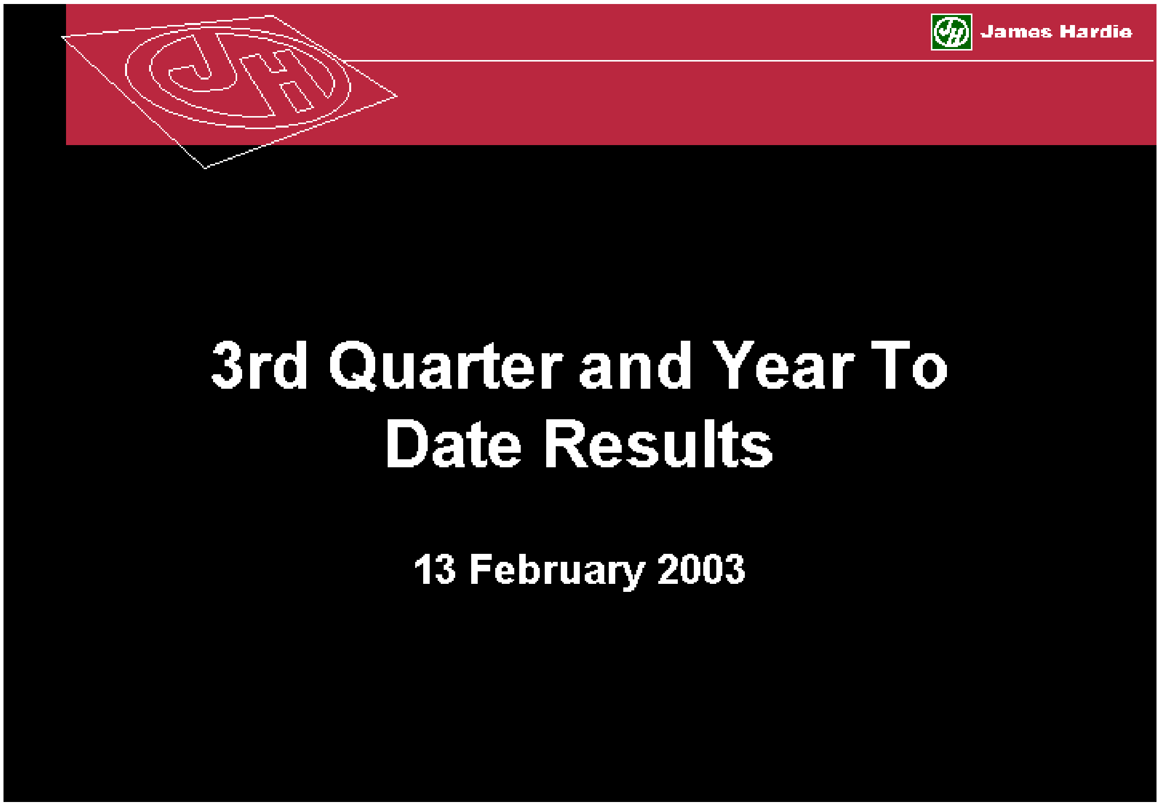
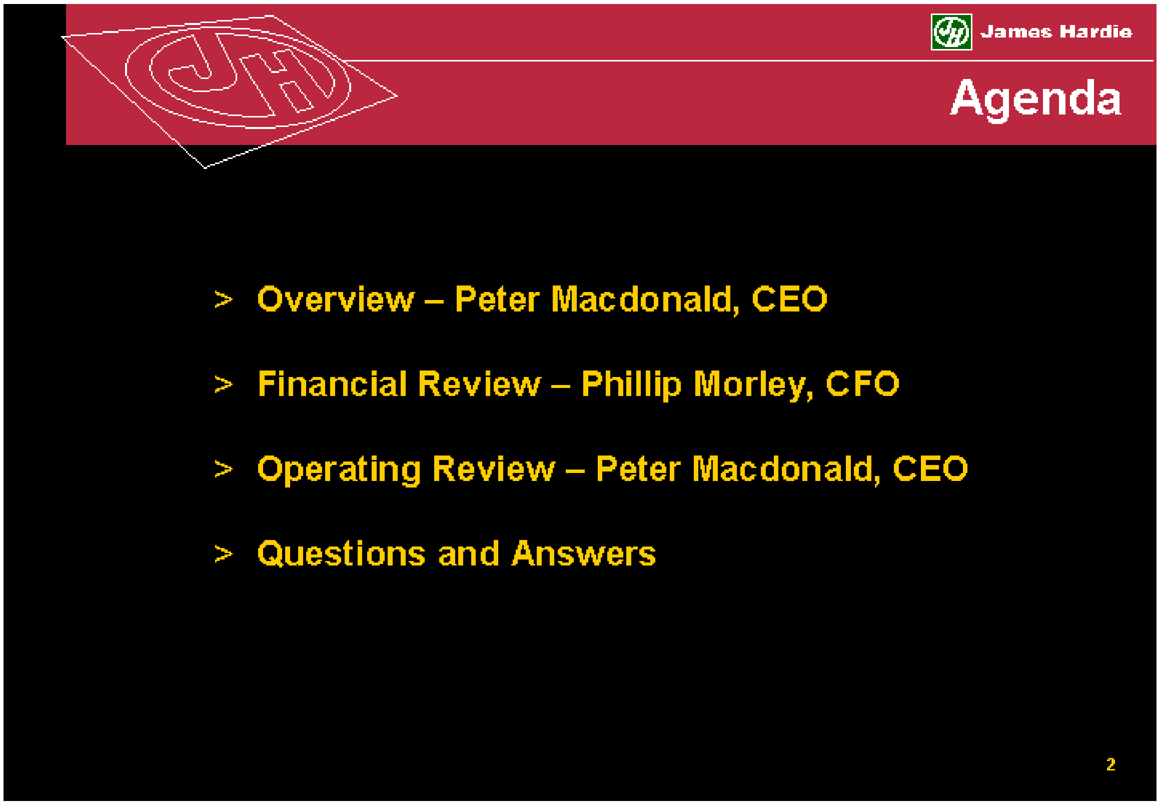
EXHIBIT 99.5


James Hardie
3rd Quarter and Year To Date Results
13 February 2003


James Hardie
Agenda
> Overview – Peter Macdonald, CEO
> Financial Review – Phillip Morley, CFO
> Operating Review – Peter Macdonald, CEO
> Questions and Answers
2

James Hardie

Strong Performance

3rd Quarter and YTD FY'03

		Q3 '03		YTD
Sales Revenue*	up	36%	up	35%
Gross Profit*	up	51%	up	47%
EBIT*[1]	up	111%	up	88%
Operating Profit*	up	3,975%	up	353%
Net Operating Profit[2]	up	237%	up	723%

*Continuing businesses only. All results are versus pcp
[1]Before restructuring and other operating expenses
[2]Includes profit on sale of Gypsum

James Hardie

Strong Growth Momentum

3rd Quarter

> USA Fibre Cement EBIT up 73%*

> Australia EBIT up 39%

> New Zealand EBIT up 43%

> Philippines – small loss

*Before restructuring and other operating expenses

James Hardie

Financial Review

Phillip Morley, CFO

James Hardie

Income Statement - Q3

US$ Million	Q3 '03	Q3 '02	% Change
Net Sales	197.4	144.8	36
Gross Profit	74.5	49.2	51
SG&A	(44.6)	(35.0)	27
EBIT before restructuring and other operating expenses	29.9	14.2	111
Restructuring and other operating expenses	1.0	(17.1)	(106)
EBIT	30.9	(2.9)	-
Net Interest Expense	(12.4)	(3.3)	276
Income Tax (Expense)/Benefit	(3.0)	5.8	152
Operating Profit/(Loss)	15.5	(0.4)	-

Continuing businesses only

James Hardie

Income Statement - YTD

US$ Million	YTD '03	YTD '02	% Change
Net Sales	605.2	448.9	35
Gross Profit	222.0	150.8	47
SG&A	(119.8)	(96.4)	24
EBIT before restructuring and other operating expenses	102.2	54.4	88
Restructuring and other operating expenses	1.0	(28.2)	(104)
EBIT	103.2	26.2	294
Net Interest Expense	(17.8)	(12.7)	40
Other Income (Expense), Net	0.1	(0.7)	(114)
Income Tax (Expense)/Benefit	(23.5)	0.9	-
Operating Profit	62.0	13.7	353

Continuing businesses only

Segment Sales - Q3

US$ Million	Q3 '03	Q3 '02	% Change
USA Fibre Cement	146.3	102.2	43
Asia Pacific Fibre Cement	49.2	41.1	20
Other Fibre Cement	1.9	1.5	27
Total	197.4	144.8	36

Continuing businesses only

James Hardie

Segment Sales - YTD

US$ Million	YTD '03	YTD '02	% Change
USA Fibre Cement	453.5	327.5	38
Asia Pacific Fibre Cement	145.9	117.9	24
Other Fibre Cement	5.8	3.5	66
Total	605.2	448.9	35

Continuing businesses only

James Hardie

EBIT - Q3

US$ Million	Q3 '03	Q3 '02	% Change
USA Fibre Cement*	37.8	21.8	73
Asia Pacific Fibre Cement	8.0	5.8	38
Other Fibre Cement	(3.1)	(1.6)	94
R & D	(3.5)	(2.7)	30
Total Segment EBIT*	39.2	23.3	68
Corporate Costs	(8.3)	(13.6)	(39)
Total EBIT*	30.9	9.7	219

*Before restructuring and other operating expenses

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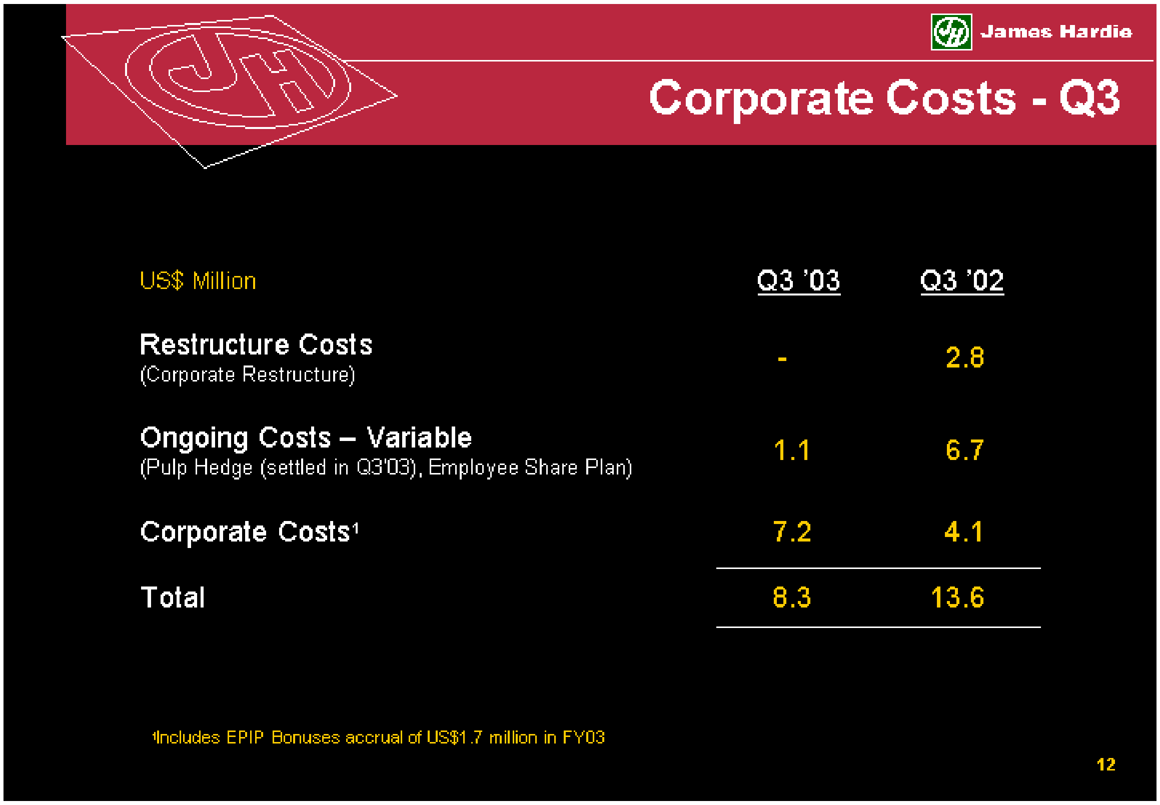
EBIT - YTD

US$ Million	YTD '03	YTD '02	% Change
USA Fibre Cement*	117.3	74.2	58
Asia Pacific Fibre Cement	25.2	15.8	60
Other Fibre Cement	(8.2)	(6.5)	26
R & D	(8.9)	(7.3)	22
Total Segment EBIT*	125.4	76.2	65
Corporate Costs	(22.2)	(37.4)	(41)
Total EBIT*	103.2	38.8	166

Continuing businesses only

*Before restructuring and other operating expenses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Corporate Costs - Q3
US$ Million
Q3 '03
Q3 '02
Restructure Costs
(Corporate Restructure)
-
2.8
Ongoing Costs – Variable
(Pulp Hedge (settled in Q3'03), Employee Share Plan)
1.1
6.7
Corporate Costs[1]
7.2
4.1
Total
8.3
13.6
[1]Includes EPIP Bonuses accrual of US$1.7 million in FY03
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James Hardie

Corporate Costs - YTD

US$ Million	YTD '03	YTD '02
Restructure Costs (Corporate Restructure)	-	7.5
Ongoing Costs – Variable (Pulp Hedge (settled in Q3'03), Employee Share Plan)	2.8	18.8
Corporate Costs[1]	19.4	11.1
Total	22.2	37.4

[1]Includes EPIP Bonuses accrual of US$4.4 million in FY03

Net Interest Expense

US$ Million	Q3 '03	Q3 '02	% Change
Ongoing Net Interest Expense	2.5	3.3	(24)
Make-Whole Payment[1]	9.9	-	-
Net Interest Expense	12.4	3.3	276

	YTD '03	YTD '02	% Change
Ongoing Net Interest Expense	7.9	12.7	(38)
Make-Whole Payment[1]	9.9	-	-
Net Interest Expense	17.8	12.7	40

[1] Make-whole payment associated with the early retirement of US$60 million of long-term debt.

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Income Tax Expense

US$ Million	Q3 '03	Q3 '02	% Change
Income Tax (Expense)\Benefit	(3.0)	5.8	(152)

	YTD '03	YTD '02	% Change
Income Tax (Expense)\Benefit	(23.5)	0.9	-

EBITDA - Q3

US$ Million	Q3 '03	Q3 '02	% Change
USA Fibre Cement*	42.3	25.2	68
Asia Pacific Fibre Cement	10.0	7.9	27
Other Fibre Cement	(2.9)	(1.6)	81
R & D	(3.5)	(2.7)	30
Total Segments*	45.9	28.8	59
Corporate	(8.3)	(13.4)	(38)
Total*	37.6	15.4	144

EBITDA = EBIT before depreciation and amortisation

Continuing businesses only

*Before restructuring and other operating expenses

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EBITDA - YTD

US$ Million	YTD '03	YTD '02	% Change
USA Fibre Cement*	131.1	84.6	55
Asia Pacific Fibre Cement	31.3	22.6	38
Other Fibre Cement	(8.0)	(6.5)	23
R & D	(8.9)	(7.3)	22
Total Segments*	145.5	93.4	56
Corporate	(22.1)	(37.1)	(40)
Total*	123.4	56.3	119

EBITDA = EBIT before depreciation and amortisation

Continuing businesses only

*Before restructuring and other operating expenses

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Capital Expenditure - Q3

US$ Million	Capital Expenditure Q3 '03	Capital Expenditure Q3 '02	Depreciation Q3 '03	Depreciation Q3 '02
USA Fibre Cement	34.1	4.1	4.5	3.5
Asia Pacific Fibre Cement	2.0	1.4	2.1	2.1
Other Fibre Cement	0.9	0.5	0.1	0.1
Total Segments	37.0	6.0	6.7	5.7

Continuing businesses only

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Capital Expenditure - YTD

US$ Million	Capital Expenditure YTD '03	Capital Expenditure YTD '02	Depreciation YTD '03	Depreciation YTD '02
USA Fibre Cement	53.3	36.5	13.7	10.4
Asia Pacific Fibre Cement	6.1	4.9	6.1	6.8
Other Fibre Cement	1.9	3.2	0.4	0.3
Total Segments	61.3	44.6	20.2	17.5

Continuing businesses only

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Key Ratios

	YTD '03	FY '02	FY '01	FY '00
EPS (Basic) *	13.6c	6.1c	7.2c	6.0c
Return on Shareholders' Funds	36.3%	9.0%	14.5%	58.0%
Return on Capital Employed *	23.4%	8.3%	8.5%	14.0%
EBIT/Sales *	17.1%	7.7%	7.6%	11.7%
EBIT/Assets *	17.3%	6.7%	6.1%	9.0%
Gearing $\frac{\text{Net debt}}{\text{Net debt \& Equity}}$	14.2%	44.7%	56.1%	48.8%
Net Interest Cover *	5.8x	2.9x	3.1x	2.9x

*Continuing businesses only
EBIT/Assets: EBIT for YTD'03 annualised

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Economic Profit

US$ Million	YTD'03	FY'02*
NOPAT	83.2	53.5
Average Capital	624.5	583.7
WACC Rate	9.8%	9.8%
Capital Charge	45.9	57.2
Economic Profit	37.3	(3.7)

*Restated using updated WACC Rate for FY'03; USGAAP; excluding Gypsum

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Operating Review

Peter Macdonald, CEO

James Hardie

Management Team Changes

> Managing key growth drivers globally

> Louis Gries – Executive Vice President Operations
- Flat sheet operations in Americas and Asia Pacific
- Sales, marketing and finance
- Business development in Europe

> Don Merkley – Executive Vice President Research and Development

Added:
- FRC Pipe businesses in USA and Australia
- Emerging roofing business in USA

> Dave Merkley – Executive Vice President Manufacturing/Engineering
- Increased emphasis on countries outside USA


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USA Fibre Cement
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USA Fibre Cement

Another Very Strong Quarter

Net Sales	up	43% to US$146.3 million
Sales Volume	up	31% to 298.2 mmsf
Average Price[1]	up	9% to US$491 per msf
EBIT*	up	73% to US$37.8 million
EBIT Margin*	up	4.5 pts to 25.8%

*Before restructuring and other operating expenses
[1]Up 6% to US$478 per msf excluding reversal of rebate accrual

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USA Fibre Cement

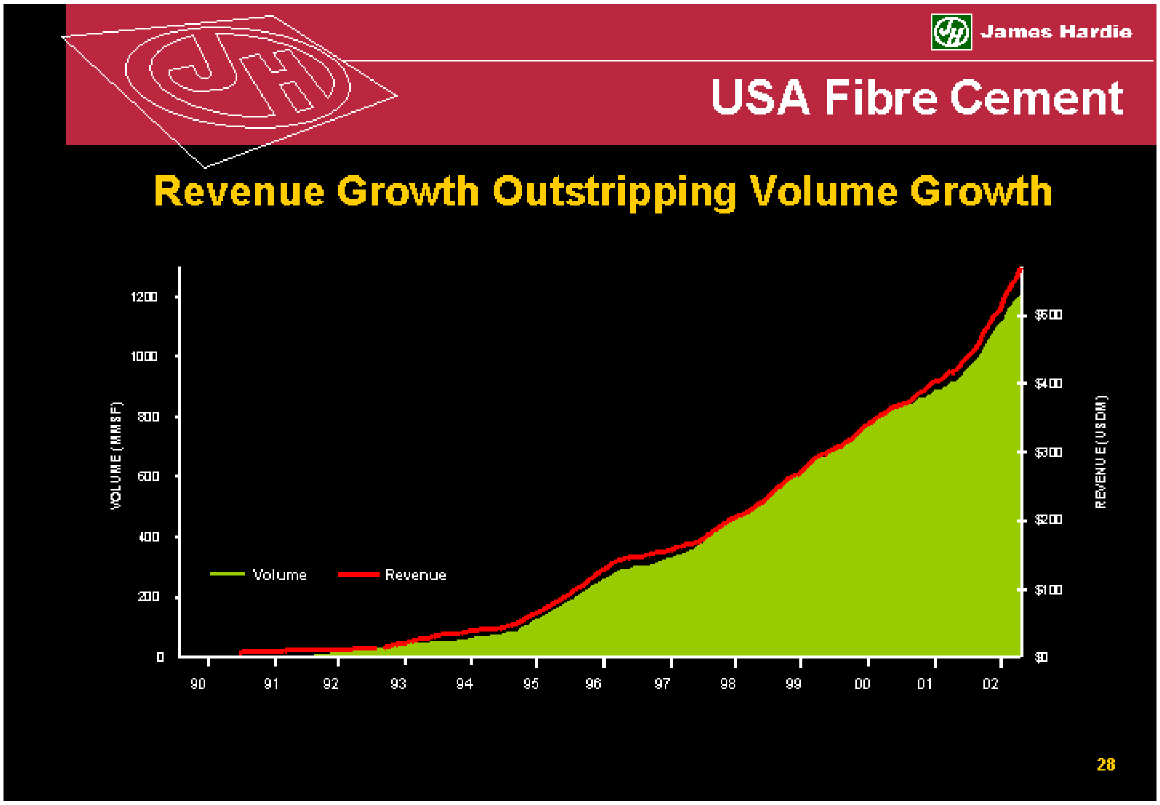
3rd Quarter Trading Conditions

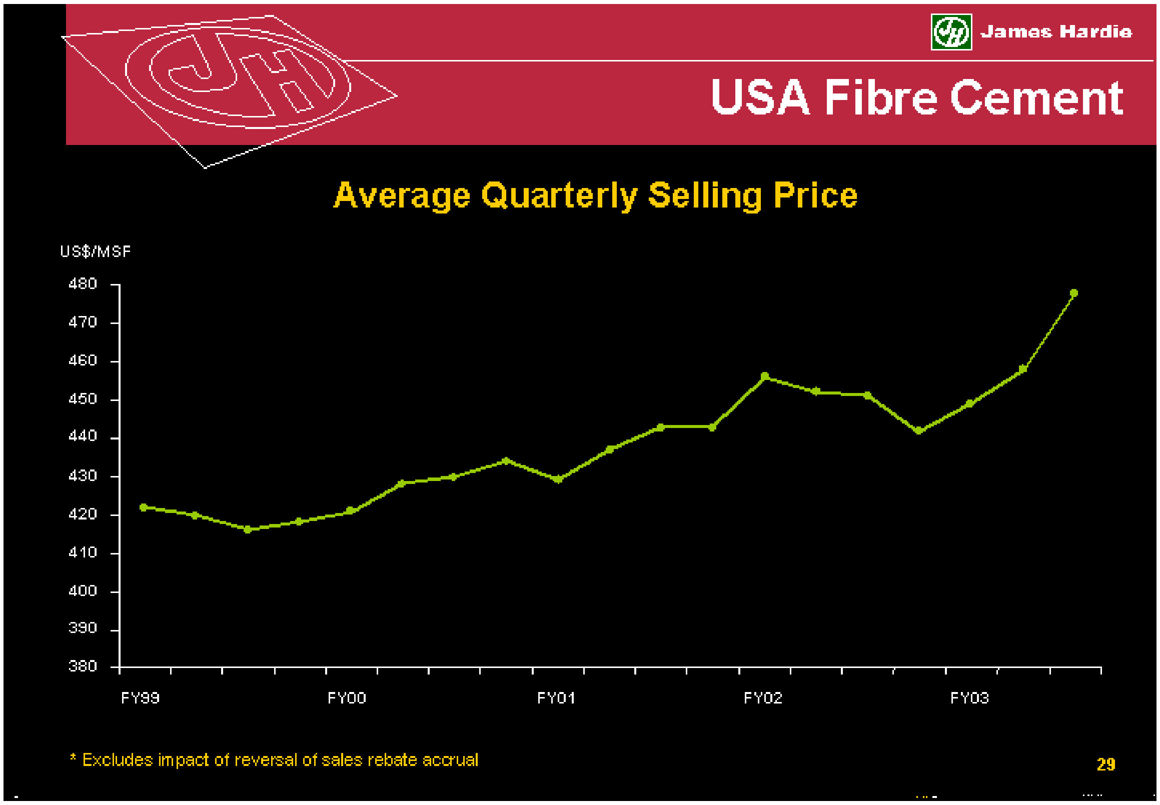
- Continued strength in housing construction despite weaker consumer confidence
- Demand strong in all major markets
- Normal seasonal industry slowdown

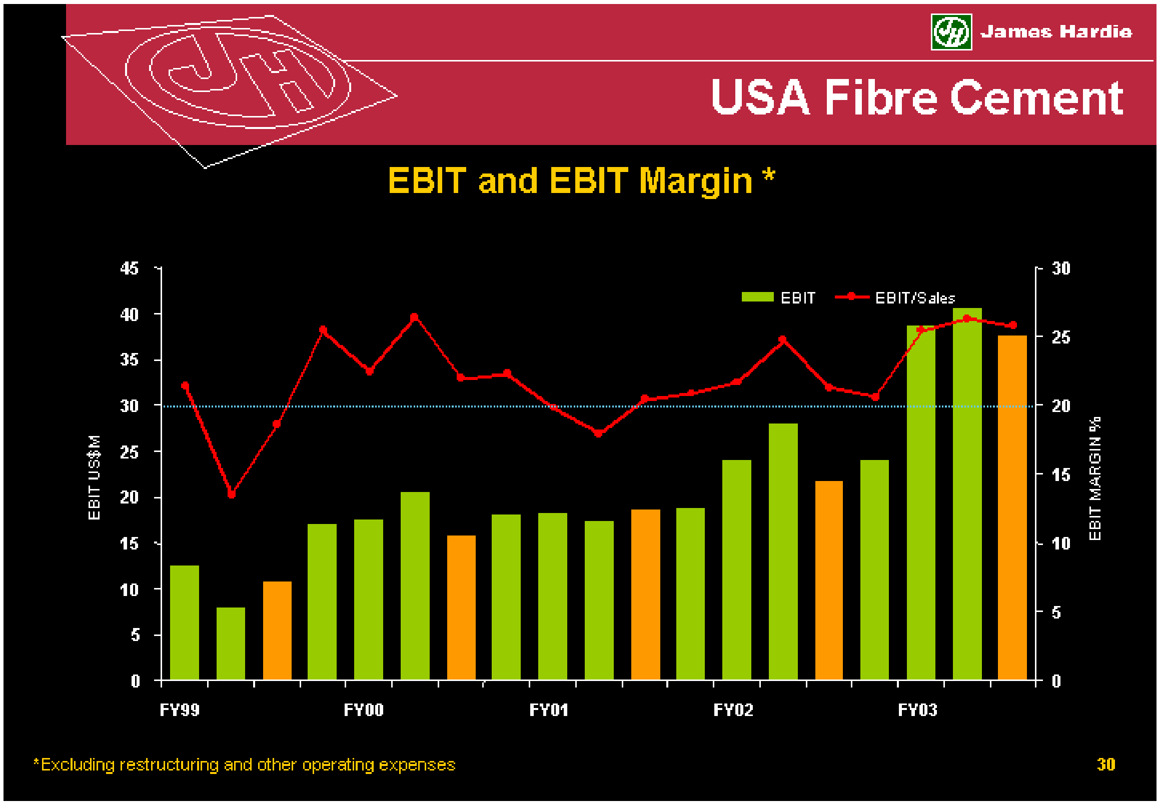
USA Fibre Cement

Key Points

- Continued strong growth in primary demand for fibre cement
- Significantly outstripped growth in housing construction
- Further market share gains in north and south
- Strong growth in exterior and interior markets
- Strong growth in differentiated, higher priced products
- New internal lining product launched – Hardibacker® EziGrid™


James Hardie
USA Fibre Cement
Revenue Growth Outstripping Volume Growth
VOLUME (MMSF)
REVENUE (USDM)
Volume
Revenue
1200
1000
800
600
400
200
0
$500
$400
$300
$200
$100
$0
90
91
92
93
94
95
96
97
98
99
00
01
02
28


James Hardie
USA Fibre Cement
Average Quarterly Selling Price
US$/MSF
480
470
460
450
440
430
420
410
400
390
380
FY99
FY00
FY01
FY02
FY03
* Excludes impact of reversal of sales rebate accrual
29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USA Fibre Cement
EBIT and EBIT Margin *
EBIT
EBIT/Sales
EBIT US$M
EBIT MARGIN %
45
40
35
30
25
20
15
10
5
0
30
25
20
15
10
5
0
FY99
FY00
FY01
FY02
FY03
*Excluding restructuring and other operating expenses
30

USA Fibre Cement

Strategy

> Aggressively grow market for fibre cement

> Grow our overall market position while defending our share in existing market segments

> Offer products with superior value to that of competitors, introducing differentiated products to reduce direct price competition

> Optimise earnings with desired rate of market penetration

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USA Fibre Cement

Outlook

> Continued growth in primary demand

> Housing activity to remain healthy

- New starts, permits and builder confidence all up

> Further market share gains in the north, south and across product range

> Strong growth in differentiated, higher-priced products

> EBIT performance to further strengthen

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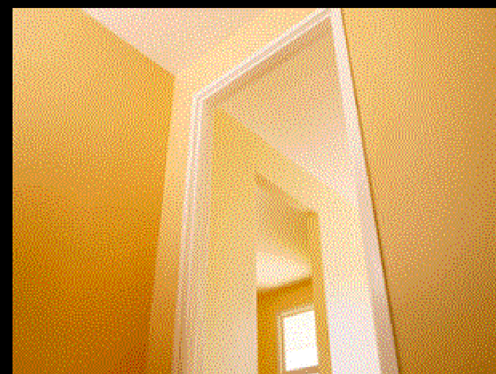
Asia Pacific Fibre Cement



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Asia Pacific Fibre Cement

3rd Quarter Result

Net Sales	up	20% to US$49.2 million
Sales Volume	up	17% to 93.4 mmsf
EBIT	up	38% to US$8.0 million
EBIT Margin	up	2.2 pts to 16.3%


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Asia Pacific Fibre Cement
Strategy
> Grow primary demand for fibre cement
> Focus on supply chain efficiencies across the region
> Ongoing manufacturing improvements to further lower cost of production
> Introduce new differentiated products to increase share in existing markets
> Grow the Asian market through participation in strategic markets
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Asia Pacific Fibre Cement

Australia - Key Points

- Healthy level of building activity but signs of softening
- Robust house renovation activity helped lift volumes 13%
- Gross profit up 30%, EBIT up 39%
- EBIT margin up 3.0 pts to 19.2%
- Wider product range helped secure new customers
- Two new internal lining products launched – HardiRock™ and Ezigrid™
- Price increase - effective 1 January

Australia - Outlook

> Softer housing sector

> Renovations and commercial segments expected to remain buoyant

> Market share gains

> Further improvements to EBIT performance

> New products

> Higher prices

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Asia Pacific Fibre Cement

New Zealand - Key Points

- Volume up 17%, revenue up 9% in local currency
- Stronger residential building activity and increased penetration in key markets
- Linea® weatherboard cladding and trim products continued to grow strongly
- Softer non-residential building activity but panel sales remained strong
- Increased share of total fibre cement sales
- Gross profit up 44%, EBIT up 43%, EBIT margin up to 15.3%

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Asia Pacific Fibre Cement

New Zealand - Outlook

> Continued growth in residential building activity

> Increased sales of differentiated, higher price products

> Weaker non-residential market

> Stronger EBIT performance

Philippines - Key Points

- Stronger domestic demand lifted volumes 31%
  - domestic volumes up 60%
- Demand for HardiFlex® lite continued to grow strongly
- Export sales down due to supply issues and weaker demand
- Further market share taken from plywood
- Profitability affected by temporary decline in manufacturing performance – small loss for the quarter

Asia Pacific Fibre Cement

Philippines - Outlook

> Continued strong growth in domestic demand

> Further market penetration against plywood

> Improved manufacturing performance

> Increased export sales

> Improved profitability

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Other Fibre Cement

Chile Fibre Cement – Key Points

> Continued penetration of local market

> Revenue and volumes up despite softer economic conditions

> Intense competition continued to affect prices

> Competitor exits

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Other Fibre Cement

Chile Fibre Cement – Outlook

> Further market penetration and share growth

> Continued pricing pressure from competitors

> Higher average price from growth in sales of new products

Other Fibre Cement

FRC Pipes – Key Points

- Continued to penetrate south-east market
- Volumes more than doubled, revenue almost doubled
- Sales of larger diameter pipes (30" – 36") up significantly
- Further improvements to manufacturing performance
  - Increased output
  - Lower unit costs
- Lower selling prices due to aggressive pricing from competitors
- Progress on regulatory approvals
- Gained several new customers

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Other Fibre Cement

FRC Pipes – Outlook

- Further market penetration as awareness increases
- Improvements to manufacturing performance
- Lower unit costs
- Prices to remain weak due to competitive pressures

Research & Development

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> Key driver of growth

> Core projects

- engineered raw materials
- product formulations
- engineering and process technologies
- lightweight and durable products for all climates

> Sustainable competitive advantage continuing to be built

Outlook

- Trading conditions expected to remain healthy in near term for most markets. Some softening expected in Australia.
- Strong growth momentum in first nine months continuing into 4th quarter
  - USA – further penetration across the country and stronger EBIT performance
  - Asia Pacific – revenue and volume growth and improved profitability

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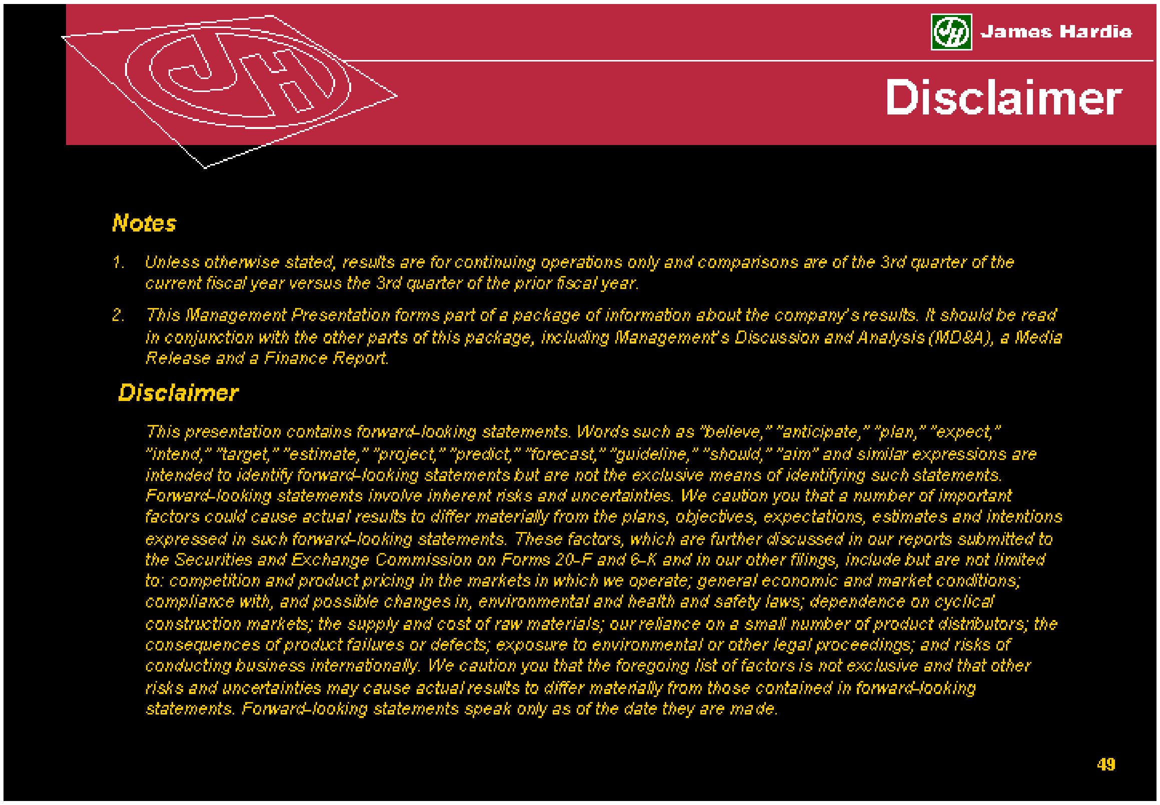
Questions and Answers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Disclaimer
Notes
1. Unless otherwise stated, results are for continuing operations only and comparisons are of the 3rd quarter of the current fiscal year versus the 3rd quarter of the prior fiscal year.
2. This Management Presentation 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 Discussion and Analysis (MD&A), a Media Release and a Finance Report.
Disclaimer
This presentation contains forward-looking statements. 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, which are further discussed in our reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical construction markets; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.
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3rd Quarter and Year To Date Results

13 February 2003

Exhibit 99.6

James Hardie

asx report

James Hardie Industries N.V.

ARBN 097 829 895

ASX Report

31 December 2002

JAMES HARDIE INDUSTRIES N.V.

Condensed consolidated statement of financial performance

		Current period 31 Dec 02 US$ million	Previous corresponding period 31 Dec 01 US$ million	Current period 31 Dec 02 A$ million	Previous corresponding period 31 Dec 01 A$ million
1.0a	Sales revenue (see item 1.23)	605.2	448.9	1,095.8	859.8
1.0b	Other revenues from ordinary activities (see items 1.24 - 1.25)	3.5	2.2	6.3	4.2
1.1	Revenues from ordinary activities (see items 1.23 - 1.25)	608.7	451.1	1,102.1	864.0
1.2	Expenses from ordinary activities (see items 1.26a - 1.26e)	(501.9)	(423.4)	(908.7)	(810.9)
1.3	Borrowing costs (excluding interest revenue — item 1.24)	(21.3)	(14.9)	(38.6)	(28.5)
1.4	Share of net profits (losses) of associates and joint venture entities (see item 16.7)	—	—	—	—
1.5	**Profit (loss) from continuing, ordinary activities before tax**	85.5	12.8	154.8	24.6
1.6	Income tax on continuing ordinary activities	(23.5)	0.9	(42.5)	1.7
1.7a	**Profit (loss) from continuing, ordinary activities after tax**	62.0	13.7	112.3	26.3
1.7b	Profit (loss) from ordinary activities of discontinued operations after tax	54.0	0.4	97.8	0.8
1.7c	**Profit (loss) from ordinary activities after tax**	116.0	14.1	210.1	27.1
1.8	Profit (loss) from extraordinary items after tax (see item 2.5)	—	—	—	—
1.9	**Net profit (loss)**	116.0	14.1	210.1	27.1
1.10	Net profit (loss) attributable to outside equity interests	—	—	—	—
1.11	**Net profit (loss) for the period attributable to members**	116.0	14.1	210.1	27.1
	Non-owner transaction changes in equity				
1.12	Increase (decrease) in revaluation reserves	—	—		
1.13	Net exchange differences recognized in equity	17.9	(11.7)		
1.14a	Stock compensation	1.3	2.5		
1.14b	Tax benefit from stock options exercised	1.2	—		
1.14c	Employee loans	0.3	2.4		
1.14d	Unrealised transition loss on derivative instruments classified as cash flow hedges	—	(4.9)		
1.14e	Amortization of unrealised transition loss on derivative instruments	0.8	0.8		
1.14f	Net unrealised gains on available-for-sale securities	0.1	1.3		
1.15	Initial adjustments from UIG transitional provisions	N/A	N/A		
1.16	Total transactions and adjustments recognized directly in equity (items 1.12 to 1.15)	21.6	(9.6)		
1.17	**Total changes in equity not resulting from transactions with owners as owners**	137.6	4.5		
	Earnings per security (EPS)				
1.18	Basic EPS	0.25	0.03		
1.19	Diluted EPS	0.25	0.03		

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

		Current period 31 Dec 02 US$ million	Previous corresponding period 31 Dec 01 US$ million
1.20	Profit (loss) from ordinary activities after tax *(item 1.7c)*	116.0	14.1
1.21	Less (plus) outside equity interests	—	—
1.22	**Profit (loss) from ordinary activities after tax, attributable to members**	116.0	14.1

Revenue and (expenses) from continuing, ordinary activities

		Current period 31 Dec 02 US$ million	Previous corresponding period 31 Dec 01 US$ million
1.23	Revenues from sales or services	605.2	448.9
1.24	Interest revenue	3.5	2.2
1.25	Other relevant revenue	—	—
1.26a	Cost of goods sold	(383.2)	(298.1)
1.26b	Selling, general and administrative expenses	(107.2)	(85.7)
1.26c	Research and development expenses	(12.6)	(10.7)
1.26d	Restructuring and other operating expenses	1.0	(28.2)
1.26e	Other income (expense), net	0.1	(0.7)
1.27	Depreciation and amortisation excluding amortization of intangibles (included in items 1.26a & 1.26b)	(20.1)	(17.5)
	Capitalized outlays		
1.28	Interest costs capitalized in asset values	1.1	5.2
1.29	Outlays capitalized in intangibles (unless arising from an acquisition of a business)	—	—

Consolidated retained profits

		Current period 31 Dec 02 US$ million	Previous corresponding period 31 Dec 01 US$ million
1.30	Retained profits (accumulated losses) at the beginning of the financial period	(94.8)	(103.8)
1.31	Net profit (loss) attributable to members (item 1.11)	116.0	14.1
1.32	Net transfers from (to) reserves	—	—
1.33	Net effect of changes in accounting policies	—	—
1.34	Dividends and other equity distributions paid or payable	(34.3)	(20.3)
1.35	**Retained profits (accumulated losses) at end of financial period**	(13.1)	(110.0)

JAMES HARDIE INDUSTRIES N.V.

Condensed consolidated statement of financial position

		At end of current period 31 Dec 02 US$ million	As shown in last annual report 31 Mar 02 US$ million	Previous corresponding period 31 Dec 01 US$ million	At end of current period 31 Dec 02 A$ million	As shown in last annual report 31 Mar 02 A$ million	Previous corresponding period 31 Dec 01 A$ million
	Current assets						
4.1	Cash	109.5	31.1	39.0	193.4	58.5	76.3
4.2	Receivables	77.7	80.3	62.0	137.2	151.0	121.2
4.3	Investments	—	—	—	—	—	—
4.4	Inventories	60.2	65.4	63.3	106.3	123.0	123.8
4.5	Tax assets	23.6	32.5	27.2	41.7	61.1	53.2
4.6a	Other — prepayments	4.8	7.2	17.5	8.5	13.5	34.2
4.6b	Other — net current assets of discontinued operations	—	21.6	13.3	—	40.6	26.0
4.7	**Total current assets**	275.8	238.1	222.3	487.1	447.7	434.7
	Non-current assets						
4.8	Receivables	3.6	5.5	5.4	6.4	10.3	10.6
4.9	Investments (equity accounted)	—	—	—	—	—	—
4.10	Other investments	6.6	6.7	47.1	11.7	12.6	92.1
4.11	Inventories	—	—	—	—	—	—
4.12	Exploration and evaluation expenditure capitalised	—	—	—	—	—	—
4.13	Development properties (mining entities)	—	—	—	—	—	—
4.14	Other Property, plant, equipment (net)	496.1	451.0	418.3	876.0	848.2	817.9
4.15	Intangibles (net)	3.3	3.6	2.9	5.8	6.8	5.7
4.16	Tax assets	1.6	5.5	4.9	2.8	10.3	9.6
4.17a	Other — prepaid pension	9.7	8.9	7.3	17.1	16.7	14.3
4.17b	Other — net non-current assets of discontinued operations	—	194.2	231.1	—	365.3	451.9
4.18	**Total non-current assets**	520.9	675.4	717.0	919.8	1,270.2	1,402.1
4.19	**Total assets**	796.7	913.5	939.3	1,406.9	1,717.9	1,836.8
	Current liabilities						
4.20a	Payables	65.0	59.7	47.6	114.8	112.3	93.1
4.20b	Book overdraft	—	—	—	—	—	—
4.20c	Dividends payable	11.4	—	—	20.1	—	—
4.21	Interest bearing liabilities	7.7	4.9	65.0	13.6	9.2	127.1
4.22	Tax liabilities	10.5	18.2	3.0	18.5	34.2	5.9
4.23	Provisions exc. tax liabilities	46.3	40.3	30.0	81.7	75.8	58.7
4.24	Other — net current liabilities of discontinued operations	—	—	—	—	—	—
4.25	**Total current liabilities**	140.9	123.1	145.6	248.7	231.5	284.8
	Non-current liabilities						
4.26	Payables	—	—	—	—	—	—
4.27	Interest bearing liabilities	165.0	325.0	305.5	291.4	611.3	597.4
4.28	Tax liabilities	34.7	23.0	63.8	61.3	43.3	124.8
4.29a	Provisions exc. tax liabilities	19.7	21.8	28.4	34.8	41.0	55.5
4.29b	Liability to Medical Research & Compensation Foundation	53.5	50.2	51.6	94.5	94.4	100.9
4.30	Other — net non-current liabilities — discontinued operations	—	—	—	—	—	—
4.31	**Total non-current liabilities**	272.9	420.0	449.3	482.0	790.0	878.6
4.32	**Total liabilities**	413.8	543.1	594.9	730.7	1,021.5	1,163.4
4.33	**Net assets**	382.9	370.4	344.4	676.2	696.4	673.4
	Equity						
4.34	Capital/contributed equity	443.2	531.5	518.6			
4.35a	Accumulated other comprehensive income (loss)	(42.7)	(61.5)	(58.7)			
4.35b	Employee loans	(4.5)	(4.8)	(5.5)			
4.36	Retained profits (Accumulated losses)	(13.1)	(94.8)	(110.0)			
4.37	**Equity attributable to members of the parent entity**	382.9	370.4	344.4			
4.38	Outside equity interests in controlled entities	—	—	—			
4.39	**Total equity**	382.9	370.4	344.4			
4.40	Preference capital included as part of 4.37	—	—	—			

Condensed consolidated statement of cash flows

		Current period 31 Dec 02 US$ million	Previous corresponding period 31 Dec 01 US$ million	Current period 31 Dec 02 A$ million	Previous corresponding period 31 Dec 01 A$ million
	Cash flows related to operating activities				
7.1a	Net Income	116.0	14.1	210.1	27.1
	Adjustments to reconcile net income to net cash provided by operating activities:				
7.2a	(Gain)/Loss on disposal of subsidiaries and business	(50.8)	(2.1)	(92.0)	(4.0)
7.3a	Depreciation and amortization	21.3	30.3	38.6	58.0
7.4a	Deferred income taxes	(6.6)	2.8	(11.9)	5.4
7.5a	Prepaid pension cost	(0.2)	0.6	(0.4)	1.1
7.6a	Tax benefit from stock options exercised	1.2	—	2.2	—
7.6b	Other	1.4	3.9	2.5	7.5
	Changes in operating assets/liabilities:				
7.7a	Accounts receivable, prepaids, and other current assets	2.4	(11.2)	4.3	(21.5)
7.8a	Inventories	4.6	9.0	8.3	17.2
7.8b	Accounts payable, accrued liabilities and other liabilities	(17.9)	1.4	(32.4)	2.7
7.9	**Net operating cash flows**	71.4	48.8	129.3	93.5
	Cash flows related to investing activities				
7.10	Payment for purchases of property, plant and equipment	(60.2)	(46.5)	(109.0)	(89.1)
7.11	Proceeds from sale of property, plant and equipment	0.1	0.2	0.2	0.4
7.12	Payment for purchases of equity investments and businesses	—	(39.6)	—	(75.8)
7.13	Proceeds from sale of equity investments and businesses	334.5	10.7	605.7	20.5
7.14	Loans to other entities	—	—	—	—
7.15	Loans repaid by other entities	0.3	3.7	0.5	7.1
7.16	Other (Cash transferred and costs of Medical Research Foundation)	—	—	—	—
7.17	**Net investing cash flows**	274.7	(71.5)	497.4	(136.9)
	Cash flows related to financing activities				
7.18	Proceeds from issues of securities (shares, options, etc)	4.0	103.3	7.2	197.9
7.19	Proceeds from borrowings	4.6	46.8	8.3	89.6
7.20	Repayment of borrowings	(160.0)	(123.2)	(289.7)	(236.0)
7.21	Dividends paid	(22.8)	(20.6)	(41.3)	(39.5)
7.22	Other — Repayments of capital	(94.8)	(22.7)	(171.6)	(43.5)
7.23	**Net financing cash flows**	(269.0)	(16.4)	(487.1)	(31.5)
7.24	**Net increase (decrease) in cash held**	77.1	(39.1)	139.6	(74.9)
7.25	Cash at beginning of period	31.1	75.1	58.5	153.3
	(see Reconciliation of cash)				
7.26	Exchange rate adjustments to item 7.25	1.3	3.0	(4.7)	(2.1)
7.27	**Cash at end of period**	109.5	39.0	193.4	76.3
	(see Reconciliation of cash)				

JAMES HARDIE INDUSTRIES N.V.

SEGMENT INFORMATION US$ million

	Sales		Profit/(loss) before tax and abnormals		Total Assets	
	9 mths 31.12.02	9 mths 31.12.01	**9 mths 31.12.02**	9 mths 31.12.01	**31.12.02**	31.03.02
Industry segments						
USA Fibre Cement	**453.5**	327.5	**117.3**	61.6	**447.9**	420.3
Asia Pacific Fibre Cement	**145.9**	117.9	**25.2**	15.8	**155.1**	147.6
Research & Development	**—**	—	**(8.9)**	(7.3)	**—**	—
Other Fibre Cement	**5.8**	2.7	**(8.2)**	(6.5)	**46.6**	45.5
Segments total	**605.2**	448.1	**125.4**	63.6	**649.6**	613.4
General Corporate	**—**	0.8	**(22.2)**	(37.4)	**147.1**	84.3
Interest	**—**	—	**(17.8)**	(12.7)	**—**	—
Other income (expense)	**—**	—	**0.1**	(0.7)	**—**	—
Worldwide total from continuing operations	**605.2**	448.9	**85.5**	12.8	**796.7**	697.7
Discontinued operations					**—**	215.8
Worldwide total					**796.7**	913.5

	Sales		Total Assets	
	9 mths 31.12.02	9 mths 31.12.01	**31.12.02**	31.03.02
Geographic segments				
United States	**457.0**	329.2	**483.7**	456.0
Australia	**93.3**	76.0	**85.3**	80.6
New Zealand	**39.4**	28.8	**30.0**	24.7
Other Countries	**15.5**	14.1	**50.6**	52.1
Segments total	**605.2**	448.1	**649.6**	613.4
General Corporate	**—**	0.8	**147.1**	84.3
Worldwide total from continuing operations	**605.2**	448.9	**796.7**	697.7
Discontinued operations			**—**	215.8
Worldwide total			**796.7**	913.5

Compilation of segmental information

James Hardie's operations are organised into the following four segments: (1) USA Fibre Cement, which manufactures and sells fibre cement flat sheet products in the United States; (2) Asia Pacific Fibre Cement, which manufactures and sells fibre cement products in Australia, New Zealand, the Philippines and Asian export markets; (3) Research and Development, which includes the research and development centre in Sydney, Australia; and (4) Other Fibre Cement, which includes the fibre reinforced cement pipes operations in the United States and the Chile and Europe fibre cement operations.

Research and development assets are included in the Asia Pacific Fibre Cement segment.

In the analysis of total assets all deferred taxes are included in General Corporate.

Prior year segmental information has been restated to reflect current industry segments.

Comments by directors

Basis of accounting preparation

Background

On 2 July 1998, ABN 60 000 009 263 Pty Ltd, formerly James Hardie Industries Limited ("JHIL"), a public company organised under the laws of Australia and listed on the Australia Stock Exchange, announced a plan of reorganisation and capital restructuring (the "1998 Reorganisation"). James Hardie N.V. ("JHNV") was incorporated in August 1998, as an intermediary holding company, with all of its common stock owned by indirect subsidiaries of JHIL. On 16 October 1998, JHIL's shareholders approved the 1998 Reorganisation. Effective as of 1 November 1998, JHIL contributed its fibre cement businesses, its US gypsum wallboard business, its Australian and New Zealand building systems businesses and its Australian windows business (collectively, the "Transferred Businesses") to JHNV and its subsidiaries. In connection with the 1998 Reorganisation, JHIL and its non-transferring subsidiaries retained certain unrelated assets and liabilities.

On 24 July 2001, JHIL announced a further plan of reorganisation and capital restructuring (the "2001 Reorganisation"). Completion of the 2001 Reorganisation occurred on 19 October 2001. In connection with the 2001 Reorganisation, James Hardie Industries N.V. ("JHI NV"), formerly RCI Netherlands Holdings B.V., issued common shares represented by CHESS Units of Foreign Securities ("CUFS") on a one for one basis to existing JHIL shareholders in exchange for their shares in JHIL such that JHI NV became the new ultimate holding company for JHIL and JHNV.

Following the 2001 Reorganisation, JHI NV controls the same assets and liabilities as JHIL controlled immediately prior to the 2001 Reorganisation.

Basis of Presentation

The consolidated financial statements represent the financial position and results of operations of JHINV and its wholly owned subsidiaries, collectively referred to as either the "Company" or "James Hardie", unless the context indicates otherwise. For the periods prior to 19 October 2001, the effective date of the 2001 Reorganisation, the consolidated financial statements represent the financial position and results of operations of JHIL and its wholly owned subsidiaries.

In accordance with accounting principles generally accepted in the United States of America, the transfers to JHINV have been accounted for on a historical cost basis using the "as-if" pooling method on the basis that the transfers are between companies under common control.

The profit and loss account, assets, liabilities and statement of cash flows of the Company have been presented with accompanying Australian dollar (A$) convenience translations. These A$ convenience translations are not prepared in accordance with accounting principles generally accepted in the United States of America. The exchange rates used to calculate the convenience translations are as follows (US$1=A$):

	31 December		31 March
	2002	2001	2002
Assets and liabilities	1.7658	1.9554	1.8808
Profit and loss account	1.8106	1.9154	n/a
Statement of cash flows — beginning cash	1.8808	2.0408	n/a
Statement of cash flows — ending cash	1.7658	1.9554	n/a
Statement of cash flows — current period movements	1.8106	1.9154	n/a

19.1 This report is a general purpose financial report prepared in accordance with USGAAP. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report]

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. Provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer to attached Results Announcement and Managements Discussion and Analysis.

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

None material.

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

There are no franking credits available. It is anticipated that future dividends will be unfranked.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

None material.

19.6 Revisions in estimates of amounts reported in previous interim periods. The nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year.

Refer to attached Results Announcement and Managements Discussion and Analysis.

19.7 Changes in contingent liabilities or assets. Changes in contingent liabilities and contingent assets since the last annual report.

None material.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent issues Group Consensus Views or other standards acceptable to ASX

Identify other standards used USGAAP

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.

(Tick one)

☐	The accounts have been audited	☒	The accounts have been subject to review
☐	The accounts are in the process of being audited or subject to review	☐	The accounts have not yet been audited or reviewed

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached. There were no qualifications.

6 The entity has a formally constituted audit committee.

Sign here: /s/ Peter Shafron (Company Secretary) Date: 13 February 2003

Print name: PETER SHAFRON

James Hardie

financial report

James Hardie Industries N.V.

and

Subsidiaries

Financial Report

31 December 2002

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Item 1. Financial Statements

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Millions of US Dollars)		(Millions of Australian Dollars)	
	31 December 2002	31 March 2002	31 December 2002	31 March 2002
	(Unaudited)		(Unaudited)	(Unaudited)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 109.5	$ 31.1	A$193.4	A$58.5
Accounts and notes receivable, net of allowance for doubtful accounts of $0.9 million (A$1.6 million) and $0.7 million (A$1.3 million) as of 31 December and 31 March 2002, respectively	77.7	80.3	137.2	151.0
Inventories	60.2	65.4	106.3	123.0
Refundable income taxes	—	9.9	—	18.6
Prepaid expenses and other current assets	4.8	7.2	8.5	13.5
Deferred tax assets	23.6	22.6	41.7	42.5
Net current assets — discontinued operations	—	21.6	—	40.6
Total current assets	275.8	238.1	487.1	447.7
Long-term receivables	3.6	5.5	6.4	10.3
Investments	6.6	6.7	11.7	12.6
Property, plant and equipment, net	496.1	451.0	876.0	848.2
Intangible assets, net	3.3	3.6	5.8	6.8
Prepaid pension cost	9.7	8.9	17.1	16.7
Deferred tax assets	1.6	5.5	2.8	10.3
Net non-current assets — discontinued operations	—	194.2	—	365.3
Total assets	$ 796.7	$ 913.5	A$1,406.9	A$1,717.9
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 65.0	$ 59.7	A$114.8	A$112.3
Short-term debt	7.7	4.9	13.6	9.2
Dividends payable	11.4	—	20.1	—
Accrued payroll and employee benefits	26.7	25.7	47.1	48.3
Accrued product warranties	9.2	8.7	16.2	16.4
Income taxes payable	10.5	18.2	18.5	34.2
Other liabilities	10.4	5.9	18.4	11.1
Total current liabilities	140.9	123.1	248.7	231.5
Long-term debt	165.0	325.0	291.4	611.3
Deferred tax liabilities	34.7	23.0	61.3	43.3
Liability to Medical Research and Compensation Foundation	53.5	50.2	94.5	94.4
Other liabilities	19.7	21.8	34.8	41.0
Total liabilities	413.8	543.1	A$730.7	A$1,021.5
Commitments and contingencies (Note 9)	—	—	—	—
Shareholders' equity:				
Common stock, 2.0 billion shares authorized; Euro dollar 0.64 par value, 457,445,962 shares issued and outstanding at 31 December 2002 and Euro dollar 0.50 par value, 455,438,519 shares issued and outstanding at 31 March 2002	269.6	205.4		
Additional paid-in capital	173.6	326.1		
Accumulated deficit	(13.1)	(94.8)		
Employee loans	(4.5)	(4.8)		
Accumulated other comprehensive loss	(42.7)	(61.5)		
Total shareholders' equity	382.9	370.4		
Total liabilities and shareholders' equity	$ 796.7	$ 913.5		

The accompanying notes are an integral part of these interim consolidated condensed financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Millions of US Dollars, except per share data)
(Unaudited)

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2002	2001	2002	2001
Net sales	$ 197.4	$144.8	$ 605.2	$ 448.9
Cost of goods sold	(122.9)	(95.6)	(383.2)	(298.1)
Gross profit	74.5	49.2	222.0	150.8
Selling, general and administrative expenses	(39.7)	(31.4)	(107.2)	(85.7)
Research and development expenses	(4.9)	(3.6)	(12.6)	(10.7)
Restructuring and other operating income (expenses)	1.0	(17.1)	1.0	(28.2)
Operating profit (loss)	30.9	(2.9)	103.2	26.2
Interest expense	(13.5)	(4.1)	(21.3)	(14.9)
Interest income	1.1	0.8	3.5	2.2
Other income (expense), net	—	—	0.1	(0.7)
Income (loss) from continuing operations before income taxes	18.5	(6.2)	85.5	12.8
Income tax benefit (expense)	(3.0)	5.8	(23.5)	0.9
Income (loss) from continuing operations	15.5	(0.4)	62.0	13.7
Discontinued operations:				
Income (loss) from discontinued operations, net of income tax benefit (expense) of ($2.0) million and $1.2 million for the three and nine months ended 31 December 2001, respectively	—	2.9	—	(1.7)
Gain on disposal of discontinued operations, net of income tax benefit of $0.2 million and $1.3 million for the three months ended 31 December 2002 and 2001, respectively, and net of income tax benefit (expense) of ($27.8) million and $1.3 million for the nine months ended 31 December 2002 and 2001, respectively	—	2.1	54.0	2.1
Income from discontinued operations	—	5.0	54.0	0.4
Net income	$ 15.5	$ 4.6	$ 116.0	$ 14.1
Income per share — basic:				
Income from continuing operations	$ 0.03	$ —	$ 0.13	$ 0.03
Income from discontinued operations	—	0.01	0.12	—
Net income per share — basic	$ 0.03	$ 0.01	$ 0.25	$ 0.03
Income per share — diluted:				
Income from continuing operations	$ 0.03	$ —	$ 0.13	$ 0.03
Income from discontinued operations	—	0.01	0.12	—
Net income per share — diluted	$ 0.03	$ 0.01	$ 0.25	$ 0.03
Weighted average common shares outstanding (in millions):				
Basic	456.9	450.9	456.4	434.1
Diluted	459.6	452.6	459.1	435.7

The accompanying notes are an integral part of these interim consolidated condensed financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Millions of Australian Dollars, except per share data)
(Unaudited)

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2002	2001	2002	2001
Net sales	A$357.4	A$277.3	A$1,095.8	A$859.8
Cost of goods sold	(222.5)	(183.1)	(693.8)	(571.0)
Gross profit	134.9	94.2	402.0	288.8
Selling, general and administrative expenses	(71.9)	(60.1)	(194.1)	(164.1)
Research and development expenses	(8.9)	(6.9)	(22.8)	(20.5)
Restructuring and other operating income (expenses)	1.8	(32.8)	1.8	(54.0)
Operating profit (loss)	55.9	(5.6)	186.9	50.2
Interest expense	(24.4)	(7.9)	(38.6)	(28.5)
Interest income	2.0	1.5	6.3	4.2
Other income (expense), net	—	—	0.2	(1.3)
Income (loss) from continuing operations before income taxes	33.5	(12.0)	154.8	24.6
Income tax benefit (expense)	(5.4)	11.1	(42.5)	1.7
Income (loss) from continuing operations	28.1	(0.9)	112.3	26.3
Discontinued operations:				
Income (loss) from discontinued operations, net of income tax benefit (expense) of (A$3.8) million and A$2.3 million for the three and nine months ended 31 December 2001, respectively	—	5.6	—	(3.2)
Gain on disposal of discontinued operations, net of income tax benefit of A$0.4 million and A$2.5 million for the three months ended 31 December 2002 and 2001, respectively, and net of income tax benefit (expense) of (A$50.3) million and A$2.5 million for the nine months ended 31 December 2002 and 2001, respectively	—	4.0	97.8	4.0
Income from discontinued operations	—	9.6	97.8	0.8
Net income	A$28.1	A$8.7	A$210.1	A$27.1
Income per share — basic:				
Income from continuing operations	A$0.06	A$ —	A$0.25	A$0.06
Income from discontinued operations	—	0.02	0.21	—
Net income per share — basic	A$0.06	A$0.02	A$0.46	A$0.06
Income per share — diluted:				
Income from continuing operations	A$0.06	A$ —	A$0.25	A$0.06
Income from discontinued operations	—	0.02	0.21	—
Net income per share — diluted	A$0.06	A$0.02	A$0.46	A$0.06
Weighted average common shares outstanding (in millions):				
Basic	456.9	450.9	456.4	434.1
Diluted	459.6	452.6	459.1	435.7

The accompanying notes are an integral part of these interim consolidated condensed financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of US Dollars)
(Unaudited)

	Nine Months Ended 31 December	
	2002	**2001**
Cash flows from operating activities:		
Net income	$ 116.0	$ 14.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on disposal of subsidiaries and businesses	(50.8)	(2.1)
Depreciation and amortisation	21.3	30.3
Deferred income taxes	(6.6)	2.8
Prepaid pension cost	(0.2)	0.6
Tax benefit from stock options exercised	1.2	—
Other	1.4	3.9
Changes in operating assets and liabilities:		
Accounts receivable, prepaids and other current assets	2.4	(11.2)
Inventories	4.6	9.0
Accounts payable, accrued liabilities and other liabilities	(17.9)	1.4
Net cash provided by operating activities	71.4	48.8
Cash flows from investing activities:		
Purchases of property, plant and equipment	(60.2)	(46.5)
Proceeds from sale of property, plant and equipment	0.1	0.2
Proceeds from disposal of subsidiaries and businesses, net	334.4	7.3
Proceeds from sale and maturity of investments	0.1	3.4
Payments for purchase of assets of a business	—	(39.6)
Loans repaid by other entities	0.3	3.7
Net cash provided by (used in) investing activities	274.7	(71.5)
Cash flows from financing activities:		
Proceeds from borrowings	4.6	46.8
Repayments of borrowings	(160.0)	(123.2)
Proceeds from issuance of shares	4.0	103.3
Repayments of capital	(94.8)	(22.7)
Dividends paid	(22.8)	(20.6)
Net cash used in financing activities	(269.0)	(16.4)
Effects of exchange rate changes on cash	1.3	3.0
Net increase (decrease) in cash and cash equivalents	78.4	(36.1)
Cash and cash equivalents at beginning of period	31.1	75.1
Cash and cash equivalents at end of period	109.5	39.0
Components of cash and cash equivalents:		
Cash at bank and on hand	19.6	5.7
Deposits	89.9	33.3
Cash and cash equivalents at end of period	$ 109.5	$ 39.0

The accompanying notes are an integral part of these interim consolidated condensed financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Australian Dollars)
(Unaudited)

	Nine Months Ended 31 December	
	2002	**2001**
Cash flows from operating activities:		
Net income	A$210.1	A$27.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on disposal of subsidiaries and businesses	(92.0)	(4.0)
Depreciation and amortisation	38.6	58.0
Deferred income taxes	(11.9)	5.4
Prepaid pension cost	(0.4)	1.1
Tax benefit from stock options exercised	2.2	—
Other	2.5	7.5
Changes in operating assets and liabilities:		
Accounts receivable, prepaids and other current assets	4.3	(21.5)
Inventories	8.3	17.2
Accounts payable, accrued liabilities and other liabilities	(32.4)	2.7
Net cash provided by operating activities	129.3	93.5
Cash flows from investing activities:		
Purchases of property, plant and equipment	(109.0)	(89.1)
Proceeds from sale of property, plant and equipment	0.2	0.4
Proceeds from disposal of subsidiaries and businesses, net	605.5	14.0
Proceeds from sale and maturity of investments	0.2	6.5
Payments for purchase of assets of a business	—	(75.8)
Loans repaid by other entities	0.5	7.1
Net cash provided by (used in) investing activities	497.4	(136.9)
Cash flows from financing activities:		
Proceeds from borrowings	8.3	89.6
Repayments of borrowings	(289.7)	(236.0)
Proceeds from issuance of shares	7.2	197.9
Repayments of capital	(171.6)	(43.5)
Dividends paid	(41.3)	(39.5)
Net cash used in financing activities	(487.1)	(31.5)
Effects of exchange rate changes on cash	(4.7)	(2.1)
Net increase (decrease) in cash and cash equivalents	134.9	(77.0)
Cash and cash equivalents at beginning of period	58.5	153.3
Cash and cash equivalents at end of period	193.4	76.3
Components of cash and cash equivalents:		
Cash at bank and on hand	34.6	11.1
Deposits	158.8	65.2
Cash and cash equivalents at end of period	A$193.4	A$76.3

The accompanying notes are an integral part of these interim consolidated condensed financial statements.

JAMES HARDIE INDUSTRIES N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Millions of US Dollars)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Employee Loans	Accumulated Other Comprehensive Income (Loss)	Total
Balances as of 31 March 2002	$205.4	$ 326.1	$ (94.8)	$ (4.8)	$ (61.5)	$370.4
Comprehensive income:						
Net income	—	—	116.0	—	—	116.0
Other comprehensive income:						
Amortisation of unrealised transition loss on derivative instruments	—	—	—	—	0.8	0.8
Foreign currency translation gain	—	—	—	—	17.9	17.9
Unrealised gain on available-for-sale securities	—	—	—	—	0.1	0.1
Other comprehensive income	—	—	—	—	18.8	18.8
Total comprehensive income						134.8
Dividends declared	—	—	(34.3)	—	—	(34.3)
Stock compensation	—	1.3	—	—	—	1.3
Tax benefit from stock options exercised	—	1.2	—	—	—	1.2
Employee loans repaid	—	—	—	0.3	—	0.3
Stock options exercised	1.1	2.9	—	—	—	4.0
Conversion of common stock from Euro dollar 0.50 par value to Euro dollar 0.85 par value	157.9	(157.9)	—	—	—	—
Conversion of common stock from Euro dollar 0.85 par value to Euro dollar 0.64 par value and subsequent return of capital	(94.8)	—	—	—	—	(94.8)
Balances as of 31 December 2002	$269.6	$ 173.6	$ (13.1)	$ (4.5)	$ (42.7)	$382.9

The accompanying notes are an integral part of these interim consolidated condensed financial statements.

1. Background and Basis of Presentation

Background

On 2 July 1998, ABN 60 000 009 263 Pty Ltd, formerly James Hardie Industries Limited ("JHIL"), a public company organised under the laws of Australia and listed on the Australia Stock Exchange, announced a plan of reorganisation and capital restructuring (the "1998 Reorganisation"). James Hardie N.V. ("JHNV") was incorporated in August 1998, as an intermediary holding company, with all of its common stock owned by indirect subsidiaries of JHIL. On 16 October 1998, JHIL's shareholders approved the 1998 Reorganisation. Effective as of 1 November 1998, JHIL contributed its fibre cement businesses, its US gypsum wallboard business, its Australian and New Zealand building systems businesses and its Australian windows business (collectively, the "Transferred Businesses") to JHNV and its subsidiaries. In connection with the 1998 Reorganisation, JHIL and its non-transferring subsidiaries retained certain unrelated assets and liabilities.

On 24 July 2001, JHIL announced a further plan of reorganisation and capital restructuring (the "2001 Reorganisation"). Completion of the 2001 Reorganisation occurred on 19 October 2001. In connection with the 2001 Reorganisation, James Hardie Industries N.V. ("JHI NV"), formerly RCI Netherlands Holdings B.V., issued common shares represented by CHESS Units of Foreign Securities ("CUFS") on a one for one basis to existing JHIL shareholders in exchange for their shares in JHIL such that JHI NV became the new ultimate holding company for JHIL and JHNV.

Following the 2001 Reorganisation, JHI NV controls the same assets and liabilities as JHIL controlled immediately prior to the 2001 Reorganisation.

Basis of Presentation

The consolidated financial statements represent the financial position and results of operations of JHI NV and its wholly owned subsidiaries, collectively referred to as either the "Company" or "James Hardie," unless the context indicates otherwise. For the periods prior to 19 October 2001, the effective date of the 2001 Reorganisation, the consolidated financial statements represent the financial position and results of operations of JHIL and its wholly owned subsidiaries.

In accordance with accounting principles generally accepted in the United States of America, the transfers to JHI NV have been accounted for on a historical cost basis using the "as-if" pooling method on the basis that the transfers are between companies under common control.

The interim consolidated condensed financial statements and related notes are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair statement of financial position as of 31 December and 31 March 2002 and the results of operations for the three and nine months ended 31 December 2002 and 2001, and cash flows for the nine months ended 31 December 2002 and 2001. These financial statements and notes are to be read in conjunction with the audited consolidated financial statements of James Hardie Industries N.V. and Subsidiaries for the three years ended 31 March 2002. The results of operations for the nine months ended 31 December 2002 are not necessarily indicative of the results to be expected for the full fiscal year ending 31 March 2003.

The assets, liabilities, income statement and cash flows of the Company have been presented with accompanying Australian dollar (A$) convenience translations. These A$ convenience translations are not prepared in accordance with accounting principles generally accepted in the United States of America. The exchange rates used to calculate the convenience translations are as follows (US$1 = A$):

	31 December		31 March
	2002	2001	2002
Assets and liabilities	1.7658	n/a	1.8808
Income statement	1.8106	1.9154	n/a
Cash flows — beginning cash	1.8808	2.0408	n/a
Cash flows — ending cash	1.7658	1.9554	n/a
Cash flows — current period movements	1.8106	1.9154	n/a

2. Summary of Significant Accounting Policies

Reclassifications

Certain prior year balances have been reclassified to conform with the current year presentation.

Earnings per Share

The Company is required to disclose basic and diluted earnings per share ("EPS"). Basic EPS is calculated using income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is similar to basic EPS except that the weighted average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares, such as options, had been issued. Accordingly, basic and dilutive common shares outstanding used in determining net income per share are as follows (in millions):

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2002	2001	2002	2001
Basic common shares outstanding	456.9	450.9	456.4	434.1
Dilutive effect of stock options	2.7	1.7	2.7	1.6
Diluted common shares outstanding	459.6	452.6	459.1	435.7

Potential common shares of 4.0 million for the three and nine months ended 31 December 2002 have been excluded from the calculation of diluted shares outstanding because the effect of their inclusion would be antidilutive.

On August 1, 2001, the Company raised approximately A$197.0 million ($99.0 million) through the issuance of 35.0 million fully paid ordinary shares by means of an underwritten share placement. The Company used A$70.0 million of the proceeds to repay a term loan.

Recent Accounting Pronouncements

Goodwill

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142, which changes the accounting for goodwill and indefinite-lived intangible assets from an amortisation method to an impairment-only approach, is effective for fiscal years beginning after 15 December 2001. The adoption of this standard had no material impact on the Company's consolidated financial statements. The Company's selling, general and administrative expenses were reduced by approximately $0.1 million for the nine months ended 31 December 2002 due to the discontinuance of goodwill amortisation as required by SFAS No. 142.

Asset Retirement Obligations

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or the normal operation of a long-lived asset, except for certain obligations of lessees. The statement requires that the fair value of a liability for an asset retirement obligation be recognised in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalised as part of the carrying amount of the long-lived asset. This statement is effective for financial statements issued for fiscal years beginning after 15 June 2002. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

Impairment or Disposal of Long-Lived Assets

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Based upon the framework established in SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," this statement establishes one accounting model for long-lived assets to be disposed of by sale and addresses significant SFAS No. 121 implementation issues. The accounting model defined in SFAS No. 144 applies to all long-lived assets to be disposed of whether reported in continuing operations or in discontinued operations and requires that those long-lived assets be measured at the lower of carrying amount or fair value less costs to sell. Consequently, discontinued operations will no longer be measured at net realisable value or include amounts for estimated future operating losses. This statement is effective for financial statements issued for fiscal years beginning after 15 December 2001 and interim periods within those fiscal years. The provisions of SFAS No. 144 generally are to be applied prospectively. The adoption of this standard had no material impact on the Company's consolidated financial statements.

Extinguishments of Debt

In May 2002, the FASB issued SFAS No. 145, "Rescission of SFAS Nos. 4, 44 and 64, Amendment of SFAS No. 13, and Technical Corrections." Among other things, SFAS No. 145 rescinds various pronouncements regarding early extinguishment of debt and allows extraordinary accounting treatment for early extinguishment only when the provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations — Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" are met. SFAS No. 145 provisions regarding early extinguishment of debt are generally effective for fiscal years beginning after 15 May 2002. As permitted under SFAS No. 145, the Company has early adopted the provisions of this standard. As a result of the early retirement of $60.0 million of the Company's long-term debt, the Company incurred charges of $9.9 million related to a make-whole payment paid to the Noteholders on 23 December 2002. Accordingly, this amount has been included in interest expense in the current quarter.

Costs Associated with Exit or Disposal Activities

In July 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” This statement nullifies Emerging Issues Task Force (“EITF”) Issue No. 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).” It requires companies to recognise costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after 31 December 2002. The Company does not expect that adoption of this standard will have a material effect on either the Company’s consolidated results of operations or financial position.

Accounting for Stock-Based Compensation — Transition and Disclosure

In December 2002, the FASB issued SFAS No. 148, “Accounting for Stock-Based Compensation — Transition and Disclosure — an Amendment to SFAS No. 123,” to provide alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 also amends certain disclosure requirements under Accounting Principle Board Opinion No. 25, “Accounting for Stock Issued to Employees.” The Company is currently in the process of assessing the potential impact of the adoption of this standard.

3. Inventories

Inventories consist of the following components (in millions of US dollars):

	31 December 2002	31 March 2002
Raw materials and supplies	$ 18.4	$ 22.1
Work-in-process	4.5	4.1
Finished goods	37.3	39.2
Contracts-in-progress less advance billings	—	—
Total inventories	$ 60.2	$ 65.4

Work-in-process includes amounts related to construction contracts. The net amount of contracts-in-progress less advance billings was determined after deducting payments and progress billings of $1.6 million and $2.9 million as of 31 December and 31 March 2002, respectively.

4. Restructuring and Other Operating Income (Expense) and Other Income (Expense), Net

Restructuring and other operating income (expenses) consist of the following amounts (in millions of US dollars):

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2002	2001	2002	2001
Settlement of terminated derivative contract	$ 1.0	$ —	$ 1.0	$ —
Corporate reorganisation expenses	—	(2.8)	—	(7.5)
Decrease in fair value of derivative contract	—	(1.7)	—	(8.1)
Class action settlement and roofing warranties	—	(12.6)	—	(12.6)
	$ 1.0	$ (17.1)	$ 1.0	$ (28.2)

The following table displays the activity and balances of the restructuring accrual account, which is included in other liabilities, from 1 April 2002 to 31 December 2002 (in millions of US dollars):

Type of Cost	1 April 2002 Balance	Additions	Deductions	31 December 2002 Balance
Employee terminations	$ 0.9	$ —	$ (0.1)	$ 0.8
Surplus lease space	2.1	0.1	(0.6)	1.6
Total	$ 3.0	$ 0.1	$ (0.7)	$ 2.4

Additions reflect foreign currency movements and deductions reflect cash payments.

Other income (expense), net consists of investment income (expense), net of $0.1 million and ($0.7) million for the nine months ended 31 December 2002 and 2001, respectively.

5. Discontinued Operations

Gypsum

On 13 March 2002, the Company announced that it had signed an agreement to sell its US-based Gypsum operations to a third party. The transaction was completed on 25 April 2002. A pre-tax gain of $83.0 million represented the excess of net proceeds from the sale of $334.4 million over the net book value of assets sold of $253.0 million and income from operations from 1 April through 25 April 2002 of $1.6 million. The sale resulted in an income tax expense of $28.3 million. In the third quarter of fiscal year 2003, the second quarter estimated tax expense of $28.4 million was reduced by $0.1 million. The proceeds from the sale were comprised of cash of $345.0 million less selling costs of $10.6 million.

Windows

On 15 August 2000, the Company approved a plan to dispose of its Windows business. For the year ended 31 March 2001, the Company recorded a loss on disposal of $17.4 million, net of an income tax benefit of $0.6 million. This loss on disposal consisted of $17.2 million for a write down of assets to their expected net realisable value on disposal and transaction costs expected to be incurred on disposal. At 31 March 2001, operating losses from 15 August 2000 to the final disposal date were estimated at $0.8 million and were included in fiscal year 2001's loss on disposal for the Windows segment.

On 30 November 2001, the Company sold its Windows business. The Company recorded a gain of $2.1 million representing the excess of cash proceeds of $7.8 million over the net book value of the assets sold of $5.7 million and a retirement plan settlement loss of $1.3 million. The sale resulted in an income tax benefit of $1.3 million. The cash proceeds were offset by cash divested of $0.5 million.

Building Services

In the second quarter of fiscal year 2003, the Company recorded a loss of $0.7 million, net of an income tax benefit of $0.5 million relating to its Building Services business which was disposed of in November 1996. The loss consisted of expenses of $0.7 million and a $0.5 million write down of an outstanding receivable that was retained as part of the sale. In the third quarter of fiscal year 2003, the second quarter loss was increased by $0.1 million. Expenses increased by $0.2 million and income tax benefit increased by $0.1 million.

The following are the results of operations of discontinued businesses (in millions of US dollars):

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2002	2001	2002	2001
Gypsum				
Net sales	$ —	$ 63.1	$ —	$ 181.7
Income (loss) before income taxes	—	5.0	—	(2.9)
Income tax benefit (expense)	—	(2.1)	—	1.2
Net income (loss)	—	2.9	—	(1.7)
Gain on disposal, net of income taxes	—	2.1	54.0	2.1
Income from discontinued operations	$ —	$ 5.0	$ 54.0	$ 0.4

6. Operating Segment Information and Concentrations of Risk

The Company has reported its operating segment information in the format that the operating segment information is available to and evaluated by the Board of Directors. USA Fibre Cement manufactures and sells fibre cement flat sheet products in the United States. Asia Pacific Fibre Cement manufactures and sells fibre cement products in Australia, New Zealand and the Philippines. Research and Development is the Research and Development centre in Sydney, Australia. Other Fibre Cement includes the manufacture and sale of fibre cement products in Chile, the manufacture and sale of fibre reinforced cement pipes in the United States and fibre cement operations in Europe. The Company's reportable operating segments are strategic operating units that are managed separately due to their different products and/or geographical location.

Operating Segments

The following are the Company's operating segments and geographical information (in millions of US dollars):

	Net Sales to Customers Three Months Ended 31 December		Net Sales to Customers Nine Months Ended 31 December	
	2002	2001	2002	2001
USA Fibre Cement	$ 146.3	$ 102.2	$ 453.5	$ 327.5
Asia Pacific Fibre Cement	49.2	41.1	145.9	117.9
Other Fibre Cement	1.9	1.2	5.8	2.7
Segments total	197.4	144.5	605.2	448.1
General Corporate	—	0.3	—	0.8
Worldwide total from continuing operations	$ 197.4	$ 144.8	$ 605.2	$ 448.9

	Income (Loss) from Continuing Operations Before Income Taxes Three Months Ended 31 December		Income (Loss) from Continuing Operations Before Income Taxes Nine Months Ended 31 December	
	2002	2001	2002	2001
USA Fibre Cement	$ 37.8	$ 9.2	$ 117.3	$ 61.6
Asia Pacific Fibre Cement	8.0	5.8	25.2	15.8
Research and Development	(3.5)	(2.7)	(8.9)	(7.3)
Other Fibre Cement	(3.1)	(1.6)	(8.2)	(6.5)
Segments total	39.2	10.7	125.4	63.6
General Corporate	(8.3)	(13.6)	(22.2)	(37.4)
Total operating profit (loss)	30.9	(2.9)	103.2	26.2
Net interest expense	(12.4)	(3.3)	(17.8)	(12.7)
Other income (expense), net	—	—	0.1	(0.7)
Worldwide total from continuing operations	$ 18.5	$ (6.2)	$ 85.5	$ 12.8

	Total Identifiable Assets	
	31 December 2002	31 March 2002
USA Fibre Cement	$ 447.9	$ 420.3
Asia Pacific Fibre Cement	155.1	147.6
Other Fibre Cement	46.6	45.5
Segments total	649.6	613.4
General Corporate	147.1	84.3
Discontinued operations	—	215.8
Worldwide total	$ 796.7	$ 913.5

Geographic Areas

	Net Sales to Customers Three Months Ended 31 December		Net Sales to Customers Nine Months Ended 31 December	
	2002	2001	2002	2001
United States	$ 147.6	$ 102.9	$ 457.0	$ 329.2
Australia	31.8	27.2	93.3	76.0
New Zealand	13.1	10.1	39.4	28.8
Other Countries	4.9	4.3	15.5	14.1
Segments total	197.4	144.5	605.2	448.1
General Corporate	—	0.3	—	0.8
Worldwide total from continuing operations	$ 197.4	$ 144.8	$ 605.2	$ 448.9

	Total Identifiable Assets	
	31 December 2002	31 March 2002
United States	$ 483.7	$ 456.0
Australia	85.3	80.6
New Zealand	30.0	24.7
Other Countries	50.6	52.1
Segments total	649.6	613.4
General Corporate	147.1	84.3
Discontinued operations	—	215.8
Worldwide total	$ 796.7	$ 913.5

7. Comprehensive Income (Loss)

The following are the components of total accumulated other comprehensive income (loss), net of related tax, which is displayed in the balance sheet (in millions of US dollars):

	31 December 2002	31 March 2002
Net unrealised gain on available-for-sale securities	$ 0.2	$ 0.1
Unrealised transition loss on derivative instruments classified as cash flow hedges	(4.9)	(4.9)
Accumulated amortisation of unrealised transition loss on derivative instruments	1.9	1.1
Accumulated foreign currency losses on translation of foreign subsidiaries	(39.9)	(57.8)
Total accumulated other comprehensive loss	$ (42.7)	$ (61.5)

8. Shareholders' Equity

In the third quarter of fiscal year 2003, the Company converted its common stock par value from Euro dollar 0.50 to Euro dollar 0.85. This resulted in an increase in common stock and a decrease in additional paid-in capital of $157.9 million. Simultaneously, the Company returned capital to shareholders in the amount of $94.8 million. Effectively, the return of capital decreased the par value of common stock to Euro dollar 0.64.

9. Commitments and Contingencies

On 28 June 2001, the Company entered into an agreement to sell its gypsum mine property in Las Vegas, Nevada to a developer for approximately $50.0 million. The carrying value of the mine at 31 December 2002 is $0.7 million. In September 2002, the Company agreed to consent to the developer's assignment of its interest in the agreement to another third party developer. Concurrent with the transfer, the 28 June 2001 agreement was amended by all parties to, among other things, provide for liquidated damages in the amount of $7.5 million should the sale of the gypsum mine property not close on 14 March 2003. The liquidated damages consist of a non-refundable deposit in the amount of $4.5 million that was received by the Company on 2 October 2002 and $3.0 million that would be paid to the Company on 14 March 2003 should the sale not close.

As a result of the completion of the sale of its Gypsum business on 25 April 2002, the Company was technically not in compliance as of that date with certain pre-approval covenants of its US$ non-collateralised note agreements totalling $225.0 million. On 23 December 2002, the Company renegotiated these agreements and removed the technical non-compliance caused by the sale of its Gypsum operations. The renegotiation consisted of retirement of $60.0 million of long-term debt. The balance of long-term debt is now $165.0 million. As a result of the early retirement, the Company incurred a $9.9 million make-whole payment charge. The make whole payment has been charged to interest expense in the current quarter.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this report, James Hardie Industries N.V. and its subsidiaries are collectively referred to as "we," "us," or "our," the term, "A$" refers to Australian dollars, "NZ$" refers to New Zealand dollars and the term "PHP" refers to Philippine pesos.

This report contains forward-looking statements. 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, which are further discussed in our reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical construction markets; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

Three Months Ended 31 December 2002 Compared to Three Months Ended 31 December 2001

Unless otherwise stated, results are for continuing operations only and comparisons are of the 3rd quarter of the current fiscal year versus the 3rd quarter of the prior fiscal year.

Total Net Sales

Total net sales increased 36% compared to the same quarter of the previous year, from $144.8 million to $197.4 million. Net sales from USA Fibre Cement increased 43% from $102.2 million to $146.3 million due to continued strong growth in sales volumes and higher selling prices. Net sales from Asia Pacific Fibre Cement increased 20% from $41.1 million to $49.2 million due mainly to higher sales volumes. Net sales from Other Fibre Cement increased 27% from $1.5 million to $1.9 million as the Chilean flat sheet business and the US-based FRC Pipes business continued to ramp up, following their start-up early in the 2001 calendar year.

USA Fibre Cement

Net sales revenue increased 43% from $102.2 million to $146.3 million. Sales volume increased 31% from 226.8 million square feet to 298.2 million square feet, due to strong growth in primary demand for fibre cement, increased housing construction activity and sales of product from the Cemplank operations acquired in December 2001. Despite weaker economic conditions, the residential construction market remained strong during the quarter due to low mortgage rates and strong house prices which continued to attract investor interest in the sector. Market share in both the southern and northern regions of the country increased during the quarter. In the northern region, we continued to take market share from the dominant siding material, vinyl. Market penetration strategies designed to build awareness of our products' attributes among the region's builders, distributors and homeowners helped to generate increased demand in the region. In the southern region, we gained market share from other materials, particularly engineered wood siding, due to an increased focus on the repair and remodel segment and increased selling activity in rural areas. In the exterior products market, there was strong sales growth in higher-priced, differentiated products such as trim, vented soffits and Heritage® panels, all of which grew by more than 50%. Sales of the ColorPlus™ Collection of pre-finished siding more than trebled compared to the same quarter of the previous year. In the interior cement board market, sales of Hardibacker 500™, our 1/2 inch backerboard manufactured using proprietary G2 technology, continued to grow strongly, increasing by more than 50% compared to the same quarter of the previous year. The average selling price increased 9% compared to the same quarter of the previous year from $451 per thousand square feet to $491 per thousand square feet. The improvement was due to an increased proportion of sales of higher-priced, differentiated products, a price increase implemented in the first quarter of this fiscal year and an increase in sales of primed exterior products in the southern markets. Additionally, in the current period, a gain of $3.8 million related to a company rebate program was realised due to rebate charge estimates exceeding actual rebate charges incurred. Excluding this gain, average selling price increased by 6% to $478 per thousand square feet. During the quarter, we increased our product range with the launch of Hardibacker® EziGrid™, a new internal lining product that makes lining wet areas for tiling easier. The new differentiated product is expected to generate increased sales growth in the 1/4 inch backer board segment.

Asia Pacific Fibre Cement

Net sales revenue for this segment increased 20% from $41.1 million to $49.2 million. Sales volume increased 17% from 80.2 million square feet to 93.4 million square feet.

Australia Fibre Cement

Net sales revenue increased 17% from $27.2 million to $31.7 million. In local currency, the increase was 13%. The growth in net sales was due to a 13% increase in sales volume, from 57.7 million square feet to 65.1 million square feet and a flat average selling price. Despite further signs of new housing approvals slowing, low interest rates continued to support strong residential building activity during the quarter. Robust residential renovation activity and the 3-6 month lag between the start of house construction and the sale of our products helped to maintain strong demand. During the quarter we launched two new internal lining products. HardiRock™ is a fibre cement wet area lining board that is more flexible, and is easy to cut and nail. EziGrid™ Tilebacker is another wet area lining sheet designed to make tile installation easier. Both products are expected to strengthen our share of the internal lining segment. The business secured a number of new customers during the quarter, due in part, to its ability to offer a wider range of fibre cement products than competitors. A weighted average price increase of 2% was announced to customers during the quarter and became effective on 1 January 2003.

New Zealand Fibre Cement

Net sales increased 30% from $10.1 million to $13.1 million due to an increase in sales volume, partly offset by a decrease in the average selling price. In local currency, net sales increased 9%. Sales volume increased 17% from 9.7 million square feet to 11.3 million square feet due to stronger demand arising from increased residential building activity and improved penetration in key residential markets. Net migration inflow and house price appreciation continued to support increased residential building activity, which was 34% higher than the same period last year. Sales of the new Linea® weatherboard cladding and trim product range continued to grow strongly. Linea® sales were 65% higher compared to the previous quarter of this fiscal year. Non-residential building activity during the quarter was 3% lower compared to the same period last year. Continued growth in sales of Hardipanel™ Titan and Hardipanel™ Compressed sheet helped to partially offset the impact of this decline. The average selling price decreased 4% due to lower priced export sales and a decrease in sales volumes of higher-priced, differentiated products. The business gained several key customers during the quarter and increased its share of total fibre cement sales in the country.

Philippines Fibre Cement

Net sales increased 13% from $3.8 million to $4.3 million. In local currency, net sales increased 17%. This was due primarily to a 31% increase in sales volume compared to the same quarter of the previous year, from 12.8 million square feet to 16.8 million square feet, partly offset by a lower average selling price due to weaker export sales. Domestic demand strengthened compared to the previous quarter of this fiscal year following the ending of the typhoon season early in the quarter. Domestic sales volumes were 13% higher than the second quarter of this fiscal year and 60% higher compared to the same quarter last year. The business continued to penetrate the building boards market taking further market share from the main competing material, plywood. HardiFlex® lite, a thinner, lighter sheet designed for ceiling applications, continued to generate strong sales, as did Hardiflex® 4.5mm, used in external ceiling and internal wall applications. The growth in sales of these products has helped lift our share of total building board sales to an estimated 26%. Export sales were weaker compared to both the previous quarter of this fiscal year and the same quarter last year due primarily to supply issues in the first half of this quarter and lower export demand. The average selling price decreased 11% compared to the same quarter of the previous year due to a decrease in sales of higher-priced exports.

Other Fibre Cement

Chile Fibre Cement

Our Chilean operation, which began commercial production in March 2001, continued to increase its penetration of the local market. Net sales increased 40% compared to the same quarter last year due to a 29% increase in sales volume and a 5% increase in the average selling price. Economic conditions in Chile continued to be negatively affected by economic instability in the neighbouring countries of Argentina and Brazil. Despite this, there was further growth during the quarter in sales of EconoBoard™, which is targeted to builders of small-scale homes and additions and the “Do-It-Yourself” market, and Duraboard™, which is targeted at the social housing segment. Selling prices were negatively affected by aggressive pricing by competitors as they continued to try to maintain their market positions. The intensity of competition resulted in the exit of a competitor in the Chilean market during the quarter. The higher average selling price compared to the same period last year was due to the inclusion of higher-priced, differentiated products.

USA FRC Pipes

Our FRC Pipes business continued to penetrate the south-east market of the United States. Net sales revenue increased by 90% and volume was 163% higher compared to the same quarter last year. Sales of our larger diameter pipes (30” to 36”) were particularly strong during the quarter and now account for approximately 50% of sales volume. We are continuing to lower costs and improve the manufacturing performance of the plant resulting in increased output, particularly of the larger diameter pipes. Competitors have continued to use aggressive pricing tactics in response to our market entry. As a result, the average selling price decreased 28% compared to the same quarter of the previous year. The Florida civil construction market remains buoyant. Activity is increasing due to the start of projects funded by TEA-21 and the Florida State Mobility Act, both of which involve significant increases in government spending on highway construction.

Gross Profit

Gross profit increased 51% from $49.2 million to $74.5 million due to strong improvements in USA Fibre Cement and Asia Pacific Fibre Cement. The gross profit margin increased 3.7 percentage points to 37.7%. USA Fibre Cement gross profit increased 60% due to higher sales volumes, a higher average selling price and lower unit cost of sales. Unit cost of sales decreased as a result of manufacturing efficiencies and favourable raw material prices. The gross profit margin increased 4.1 percentage points. Asia Pacific Fibre Cement gross profit increased 32% following strong improvements from Australia Fibre Cement and New Zealand Fibre Cement, which increased 30% and 44% respectively. Increased volumes, lower raw material costs and improved manufacturing efficiencies were major factors in the improved results. The gross profit margin increased 3.5 percentage points.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 27% compared to the same quarter last year, from $35.0 million to $44.6 million. This increase was due mainly to the funding of growth initiatives in the USA and increased bonus accruals in line with the significant improvement in operating profit. SG&A expenses were 1.6 percentage points lower as a percentage of sales, at 22.6%.

Research and Development (R&D) Expenses

Research and development includes costs associated with “core” research projects that are aimed at benefiting all fibre cement business units. These costs are recorded as “corporate costs” in the Research and Development segment rather than being attributed to individual business units. These costs increased 35% to $2.7 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 increased 38% to $2.2 million, reflecting a greater number of projects in the development and commercialisation phase.

Restructuring and Other Operating Income (Expenses)

During the quarter, we realised a $1.0 million gain from the settlement of our pulp hedge contract. In the same period of the previous year, there was a charge of $17.1 million related to a number of costs that did not recur in the current quarter.

EBIT (Operating Profit/(loss))

EBIT before restructuring and other operating expenses increased 111%, from $14.2 million to $29.9 million. The EBIT margin before restructuring and other operating expenses increased 5.3 percentage points compared to the same period last year to 15.1%. EBIT after restructuring and other operating expenses increased from a loss of $2.9 million to a profit of $30.9 million. The EBIT margin increased 17.7 percentage points to 15.7%. USA Fibre Cement EBIT increased 311% from $9.2 million to $37.8 million due to strong sales volume growth driven by increased primary demand for fibre cement, higher average selling prices, lower unit cost of sales resulting from improved manufacturing efficiencies and lower raw material prices, partly offset by higher SG&A costs. The EBIT margin increased 16.8 percentage points to 25.8%. In the same quarter last year, we recorded a $12.6 million one-time charge to settle litigation involving certain roofing products. Excluding this charge, EBIT increased 73% and the EBIT margin increased 4.5 percentage points. Australia Fibre Cement EBIT increased 39% from $4.4 million to $6.1 million. In local currency, the increase was 34%. The stronger EBIT performance was due to higher sales volumes and lower unit cost of sales. The EBIT margin increased 3.0 percentage points to 19.2%. New Zealand Fibre Cement EBIT increased 43% from $1.4 million to $2.0 million. In local currency, the increase was 21%. The increase was primarily due to higher net sales and lower unit cost of sales. The EBIT margin increased 1.4 percentage points to 15.3%. Our Philippines business recorded a small operating loss for the quarter due to a temporary decrease in manufacturing performance at the Philippines plant. Both USA FRC Pipes and Chile Fibre Cement incurred operating losses during the quarter as these businesses continued to ramp up. General corporate costs decreased by $5.3 million from $13.6 million to $8.3 million. This decrease was primarily due to a $2.8 million charge related to our corporate restructuring that was incurred in the same quarter last year with no comparable costs in the current period, and a $1.0 million gain from the settlement of our pulp hedge contract in the current period compared to a $1.7 million charge for the decrease in the fair value of the pulp hedge contract incurred in the same quarter of the previous year. Standard corporate costs increased primarily due to an increase in bonus accruals in line with the significant improvement in operating profit.

Net Interest Expense

Net interest expense increased by $9.1 million from $3.3 million to $12.4 million. This increase was primarily due to a $9.9 million make-whole payment that was announced by the company on 23 December 2002. The payment resulted from the early retirement of $60 million of long-term debt. The after-tax cost of the make-whole payment is approximately $6.5 million. The retirement of the debt will result in a saving of approximately $1.1 million in interest costs for the balance of the current fiscal year and annual savings of approximately $4.3 million in interest costs for the remaining term of the debt. Excluding the make-whole payment, net interest expense decreased $0.8 million to $2.5 million due to a reduction in borrowings.

Income Tax (Expense)/Benefit

Income tax expense increased by $8.8 million from an income tax benefit of $5.8 million to an expense of $3.0 million, in line with the increase in profits.

Operating Profit (Income/(loss)) from Continuing Operations

Income from continuing operations increased by $15.9 million, from a loss of $0.4 million in the third quarter of the previous year to $15.5 million in this quarter.

Nine Months Ended 31 December 2002 Compared to Nine Months Ended 31 December 2001

Unless otherwise stated, results are for continuing operations only and comparisons are of the first nine months of the current fiscal year versus the first nine months of the prior fiscal year.

Total Net Sales

Total net sales increased 35% compared to the same period of the previous year, from $448.9 million to $605.2 million. Net sales from USA Fibre Cement increased 38% from $327.5 million to $453.5 million due to continued growth in sales volumes and higher selling prices. Net sales from Asia Pacific Fibre Cement increased 24% from $117.9 million to $145.9 million due mainly to higher sales volumes. Net sales from Other Fibre Cement increased 66% from $3.5 million to $5.8 million as the Chilean flat sheet business and the US-based FRC Pipes business continued to ramp up, following their start-up early in the 2001 calendar year.

USA Fibre Cement

Net sales increased 38% from $327.5 million to $453.5 million. Sales volume increased 35% from 723.3 million square feet to 975.7 million square feet, due to strong growth in primary demand for fibre cement, increased housing construction activity and sales of product from the Cemplank operations acquired in December 2001. Buoyed by low mortgage rates, housing market activity remained healthy during the period despite a softening in consumer confidence. There was strong volume growth across all major markets. Market share increased in the siding, backer and trim segments and in both the southern and northern regions of the country. In the northern region, we continued to take market share from the dominant siding material, vinyl. Market penetration strategies designed to build awareness of our products' attributes among the region's builders, distributors and homeowners helped to generate increased demand in the region. In the southern region, growth strategies, including an increased focus on the repair and remodel segment and increased selling activity in rural areas, helped the business take additional market share from other siding materials in the region, particularly engineered wood siding. In the exterior products market, there was strong sales growth in higher-priced, differentiated products such as trim, vented soffits, Heritage® panels and the ColorPlus™ Collection of pre-finished siding. In the interior cement board market, sales of Hardibacker 500™, our 1/2 inch backerboard that is manufactured using proprietary G2 technology, continued to grow strongly compared to the same period of the previous year. The average selling price increased 3% compared to the same period of the previous year from $453 per thousand square feet to $465 per thousand square feet due to an increased proportion of sales of higher-priced, differentiated products and an increase in sales of primed exterior products in the southern markets. During the period, we commenced construction of the 160 million square feet panel line at Waxahachie, Texas, and the pilot roofing products plant at Fontana, California. At the Peru plant in Illinois, we began to manufacture products on a newly commissioned second production line in September. On 22 October 2002, we announced that our Blandon, Pennsylvania plant will undergo a $15.3 million upgrade that will increase annual production capacity from 120 million square feet to 200 million square feet to meet rapidly growing demand in the north-east region.

Asia Pacific Fibre Cement

Net sales increased 24% from $117.9 million to $145.9 million. Sales volume increased 16% from 238.4 million square feet to 276.3 million square feet.

Australia Fibre Cement

Net sales increased 23% from $76.0 million to $93.2 million. In local currency, the increase was 16%. The growth in net sales was due to a 17% increase in sales volume, from 164.8 million square feet to 192.7 million square feet, partly offset by a 1% decrease in the average selling due to pricing pressure from competitors. Demand for new residential housing remained at high levels during the period buoyed by a relatively strong economy, low interest rates and the continuation of the Government's First Home Buyer's Scheme. Despite signs of new housing approvals slowing, robust residential renovation activity and the 3-6 month lag between the start of house construction and the sale of our products helped to maintain strong demand. During the period, we relocated our corrugate production line, which manufactures HardiFence™, from Perth to Brisbane. During the period, we launched two new internal lining products. HardiRock™ is a fibre cement wet area lining board that is more flexible, and is easy to cut and nail. EziGrid™ Tilebacker is another wet area lining sheet designed to make tile installation easier for internal lining. Both products are expected to strengthen our share of the internal lining segment.

New Zealand Fibre Cement

Net sales increased 37% from $28.8 million to $39.4 million due to an increase in sales volume, partly offset by a small decrease in the average selling price. In local currency, net sales increased 20%. Sales volume increased 20% from 27.8 million square feet to 33.4 million square feet due to stronger demand arising from increased residential building activity, which is being fuelled by low and stable interest rates, appreciation in house selling prices and a stronger economy. The lower average selling price resulted from a small decline in sales of some higher priced, differentiated products. The new Linea® weatherboard cladding range of products launched in March 2002 continued to penetrate its targeted markets, taking market share from alternative products such as brick. Linea® is a thicker, lightweight weatherboard that uses our proprietary low-density technology and offers a number of performance advantages over timber weatherboards, notably superior durability. Despite the non-residential building market being weaker this period compared to the same period last year, sales of panel products such as Hardipanel™ Titan and Hardipanel™ Compressed sheet were up strongly during the period compared to the same period last year. The business gained several key customers during the period and increased its share of fibre cement sales.

Philippines Fibre Cement

Net sales increased by 1% from $13.1 million to $13.2 million. In local currency, sales revenue increased by 1%. This was due to an increase in sales volume, mostly offset by a lower average selling price. Sales volume increased 10% compared to the same period of the previous year, from 45.8 million square feet to 50.2 million square feet due to increased demand in the domestic building board market. We continued to penetrate the domestic building boards market during the period, taking further share from the main competing material, plywood. Strong demand for HardiFlex® lite, a thinner, lighter sheet designed for ceiling applications, and Hardiflex® 4.5mm, used in ceiling and internal wall applications, continued during the period. During the period we launched our first plank product, Hardiplank™ Select Cedarmill, which is being marketed to architects and developers. The launch of plank is expected to increase sales to large residential projects. Export sales were weaker compared to the same period last year due primarily to supply issues and lower export demand. The average selling price decreased 8% compared to the same period of the previous year due to a decrease in sales of higher-priced exports.

Other Fibre Cement

Chile Fibre Cement

Our Chilean operation, which began commercial production in March 2001, is penetrating the market at its targeted rate. Economic instability in the neighbouring countries of Argentina and Brazil continued to have a negative effect on the Chilean economy. Despite weak market conditions during the period, net sales and volumes were significantly better than the same period of last year. The business moved to the next stage of its market penetration strategy with the launch of new interior and exterior products. These include Hardibacker, for interior applications, and textured panels and planks, for exterior cladding, both of which are targeted at larger scale builders working mainly in the social housing segment. Strong sales growth continued for EconoBoard™, which is targeted to builders of small-scale homes and additions and the “Do-It-Yourself” market, and Duraboard™, also targeted to the social housing segment. Selling prices were negatively affected by aggressive pricing by competitors as they continued to try to maintain market positions. The intense level of competition resulted in the exit of a further competitor in the Chilean market during the period. The average selling price was 17% higher compared to the same period last year due to the inclusion of sales of higher-priced, differentiated products.

USA FRC Pipes

Our FRC Pipes business continued to penetrate the south-east market of the United States and improve its operational efficiencies. Net sales more than doubled and volumes almost trebled compared to the same period last year. Sales volumes have continued to grow since the business began operating early in calendar year 2001, as awareness among construction contractors has increased and as the product range has been progressively expanded. The current product range of 12” to 36” diameter drainage pipes allows us to compete for an increased number of construction projects in the south-east market. Sales of our larger diameter pipes (30” to 36”) continued to grow strongly and now account for approximately 50% of sales volume. We estimate that our share of the large diameter drainage pipes in Florida has lifted to over 10%. Competition has reacted to our market entry with aggressive pricing. As a result, our average net selling price decreased 23% compared to the same period of the previous year. This is being offset by unit production costs which have started to decline as significant improvements in manufacturing efficiencies are being achieved. The Florida civil construction market remains buoyant. Activity is increasing due to the start of projects funded by TEA-21 and the Florida State Mobility Act, both of which involve significant increases in government spending on highway construction.

Gross Profit

Gross profit increased 47% from $150.8 million to $222.0 million due to strong improvements in USA Fibre Cement and Asia Pacific Fibre Cement. The gross profit margin increased 3.1 percentage points to 36.7%. USA Fibre Cement gross profit increased 49% due to higher sales volumes, higher average selling prices and lower unit cost of sales. The gross profit margin increased 2.7 percentage points. Asia Pacific Fibre Cement gross profit increased 39% following strong improvements from all businesses. Increased volumes, lower raw material costs and improved manufacturing efficiencies were major factors in the improved results. The gross profit margin increased 4.1 percentage points.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses increased 24% compared to the same period last year from $96.4 million to $119.8 million. This increase was mainly due to the funding of growth initiatives in the USA and an increase in bonus accruals in line with the significant improvement in operating profit. However, SG&A expenses were 1.7 percentage points lower as a percentage of sales at 19.8%.

Research and Development (R&D) Expenses

Research and development includes costs associated with 'core' research projects that are aimed at benefiting all fibre cement business units. These costs are recorded as 'corporate costs' in the Research and Development segment rather than being attributed to individual business units. These costs increased 12% to $6.8 million due to increased project costs and intellectual property costs. Other research and development costs associated with commercialisation projects in business units are included in the business unit segment results. In total, these costs increased 26% to $5.8 million, reflecting a greater number of projects in the development and commercialisation phase.

Restructuring and Other Operating Income (Expenses)

During the current period, we realised a $1.0 million gain from the settlement of our pulp hedge contract. In the same period of the previous year, there was a charge of $28.2 million related to a number of costs that did not recur in the current period.

EBIT (Operating Profit)

EBIT before restructuring and other operating expenses increased 88% from $54.4 million to $102.2 million. The EBIT margin before restructuring and other operating expenses increased 4.8 percentage points compared to the same period last year, to 16.9%. EBIT after restructuring and other operating expenses increased 294% from $26.2 million to $103.2 million. The EBIT margin increased 11.3 percentage points to 17.1%. USA Fibre Cement EBIT increased 90% from $61.6 million to $117.3 million due to strong sales volume growth driven by increased primary demand for fibre cement, lower unit cost of sales from improved manufacturing efficiencies and lower raw material prices, partly offset by higher SG&A costs. In addition, a $12.6 million one-time charge was recorded in the same period last year to settle litigation involving certain roofing products. Excluding this charge, EBIT increased 58% and the EBIT margin increased 3.2 percentage points to 25.9%. Australia Fibre Cement EBIT increased 51% from $13.2 million to $19.9 million. In local currency, the increase was 43%. The stronger EBIT performance was due to higher sales volume and lower unit cost of sales, partly offset by higher SG&A costs. The EBIT margin increased 4.0 percentage points to 21.4%. New Zealand Fibre Cement EBIT increased 44% from $3.9 million to $5.6 million. In local currency, the increase was 27%. The increase was primarily due to higher net sales and lower raw material prices, partly offset by higher SG&A costs. The EBIT margin increased 0.7 of a percentage point to 14.2%. Our Philippines business recorded a small operating loss for the nine-month period. The loss was primarily due to a temporary decrease in manufacturing performance at the Philippines plant. Both USA FRC Pipes and Chile Fibre Cement incurred operating losses during the period as these businesses continued to ramp up. General corporate costs decreased by $15.2 million from $37.4 million to $22.2 million. This decrease was primarily due to a $8.1 million charge for a decrease in the fair value of the pulp hedge contract and a $7.5 million charge related to our corporate restructuring being incurred in the nine months ended 31 December 2001, which were not repeated in the current period. Standard corporate costs increased primarily due to an increase in bonus accruals, in line with the significant improvement in operating profit.

Net Interest Expense

Net interest expense increased 40% from $12.7 million to $17.8 million. This increase was primarily due to a $9.9 million make-whole payment, which was partially offset by a decrease in net borrowings following the receipt of proceeds from the sale of our Gypsum business in April 2002. The make-whole payment in the current period resulted from the early retirement of $60 million of long-term debt in December 2002. The retirement of the debt will result in a saving of approximately $1.1 million in interest costs for the balance of the current fiscal year and annual savings of approximately $4.3 million in interest costs for the remaining term of the debt. Excluding the make-whole payment net interest expense decreased $4.8 million to $7.9 million due to lower borrowings.

Income Tax (Expense)/Benefit

Income tax expense increased by $24.4 million from an income tax benefit of $0.9 million to an expense of $23.5 million, in line with the increase in profits.

Operating Profit (Income) from Continuing Operations

Income from continuing operations increased by $48.3 million from $13.7 million in the nine months ended 31 December 2002 to $62.0 million in the current period.

Liquidity and Capital Resources

We have historically met our working capital needs and capital expenditure requirements through a combination of cash flow from operations, proceeds from the divestiture of businesses, credit facilities, 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 our short-term or long-term liquidity. We believe that we can meet our present working capital requirements for at least the next 12 months based on our current capital resources.

We had cash and cash equivalents of $109.5 million as of 31 December 2002. This amount decreased, compared to the cash and cash equivalents as of 30 September 2002, after the following were paid: the shareholder approved capital return of the Euro equivalent of 20 cents per share, rounded upwards to the nearest whole Euro cent; the dividend declared of US 5.0 cents per share; tax payment instalments on the gain on sale of our Gypsum operations, which is being paid over four instalments; and a prepayment of $60.0 million of notes and a make-whole payment of $9.9 million. At 31 December 2002, we also had credit facilities totalling $405.3 million of which $172.7 million was outstanding.

Description	Effective Interest Rate at 31 December 2002	Total Facility at 31 December 2002	Principal Outstanding at 31 December 2002
		(In millions of US$)	
US$ notes, fixed interest, repayable annually in varying tranches from 2004 through 2013	7.09%	$ 165.0	$ 165.0
A$ revolving loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin, can be repaid and redrawn until maturity, in November 2005	N/A	113.3	—
US$ stand-by loan, can be drawn down in either US$ or A$, variable interest based on US$ LIBOR or A$ bank bill rate plus margin, until maturity, in October 2003	N/A	117.5	—
US$ line of credit, can be drawn down in Chilean Pesos, variable interest based on Chilean Tasa Activa Bancaria rate plus margin, maturity December 2003	5.52%	9.5	7.7
Total		$ 405.3	$ 172.7

Cash Flow

Net operating cash inflows increased by $22.6 million to $71.4 million for the nine months ended 31 December 2002 compared to the same period in the prior year. The increase in cash flow was primarily due to the increase in operating profit in this period, excluding the gain on disposal of our Gypsum business.

Net investing activity cash flows produced a cash inflow of $274.7 million for the nine months ended 31 December 2002 compared to a cash outflow of $71.5 million for the same period in the prior year. The nine-month period ended 31 December 2002 reflects proceeds received from the sale of our Gypsum business and lower capital expenditures compared to the same period in the prior year. Payments made in the prior period for the acquisition of a business did not recur in the current period.

Net financing activity cash outflows were $269.0 million for the nine months ended 31 December 2002 compared to $16.4 million for the same period in the prior year. The net cash outflow in the current period was mainly due to repayment of borrowings from proceeds received from the sale of our Gypsum business in April 2002, repayment of capital to shareholders, and dividends paid. In the same period in the prior year, the net cash outflow was mainly due to net repayment of borrowings, repayment of capital to shareholders, and dividends paid, partially offset by proceeds of $103.3 million from the issuance of shares.

Discontinued Operations

In fiscal year 2002, we successfully completed the transformation of our company into a purely fibre cement business when we sold our Windows business and signed a definitive agreement to sell our USA-based Gypsum operations. We completed the sale of our Gypsum operations on 25 April 2002. We recorded a net profit from discontinued operations of $54.0 million in the current period and $0.4 million in the same period of the prior year.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have operations in foreign countries and, as a result, are exposed to foreign currency exchange rate risk inherent in purchases, sales, assets and liabilities denominated in currencies other than the U.S. dollar. We also are exposed to interest rate risk associated with our long-term debt and to changes in prices of commodities we use in production.

Our policy is to enter into derivative instruments solely to mitigate risks in our business and not for trading or speculative purposes.

Foreign Currency Exchange Rate Risk

We have significant operations outside of the United States and, as a result, are exposed to changes in exchange rates which affect our financial position, results of operations and cash flows. For our nine months ended 31 December 2002, the following currencies comprised the following percentages of our net sales, cost of goods sold, expenses and liabilities:

	US$	A$	NZ$	Other (1)
Net sales	75.5%	15.4%	6.5%	2.6%
Cost of goods sold	78.3%	12.8%	6.0%	2.9%
Expenses	65.6%	25.0%	6.5%	2.9%
Liabilities (excluding borrowings)	53.3%	40.9%	3.8%	2.0%

(1) Comprised primarily of Philippine Pesos and Chilean Pesos.

We purchase raw materials and fixed assets and sell some finished product for amounts denominated in currencies other than the functional currency of the business in which the related transaction is generated. In order to protect against foreign exchange rate movements, we may enter into forward exchange contracts timed to mature when settlement of the underlying transaction is due to occur. At 31 December 2002, there were no material contracts outstanding.

Interest Rate Risk

We have market risk from changes in interest rates, primarily related to our borrowings. At 31 December 2002, 96% of our borrowings were fixed-rate and 4% variable-rate, as compared to 97% of our borrowings at a fixed rate and 3% at a variable rate at 30 September 2002. The large percentage of fixed-rate debt reduces the earnings volatility that would result from changes in interest rates. From time to time, we may enter into interest rate swap contracts in an effort to mitigate interest rate risk. During the nine months ended 31 December 2002, no interest rate swap contracts were entered into and no contracts were outstanding.

The following table presents our long-term borrowings at 31 December 2002, the expected maturity date of future principal repayments and related weighted average interest rates. For obligations with variable interest rates, we have used current interest rates and have not attempted to project future interest rates. The fair value of our outstanding debt is what we likely would have to pay over the term of the loan if we were to enter into debt on substantially the same terms today. At 31 December 2002, all of our fixed-rate borrowings were denominated in U.S. dollars.

Future Principal Repayments by Expected Maturity Date
(in millions of US dollars, except percentages)

	For the Years Ended 31 March							
	2003	2004	2005	2006	2007	Thereafter	Total	Fair Value
Fixed rate debt	—	—	$17.6	$25.7	$27.1	$ 94.6	$165.0	$ 164.0
Weighted-average interest rate	—	—	6.86%	6.92%	6.99%	7.21%	7.09%	—
Variable rate debt	—	—	—	—	—	—	—	—
Weighted-average interest rate	—	—	—	—	—	—	—	—

Commodity Price Risk

Pulp is a raw material we use to produce fibre cement, and it has historically demonstrated more price sensitivity than other raw materials we use in our manufacturing process. Although we have entered into contracts to hedge pulp prices in the past, we do not anticipate entering in such transactions in the near future.