

UBS

London Conference

September 2007

In this Management Presentation, James Hardie may present the financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Endnotes section of this document starting on page 39. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures include “EBIT” and “EBIT margin”. The company may also present other terms for measuring its sales volumes (“million square feet (mmsf)”; and Non-US GAAP financial measures (“EBIT and EBIT margin excluding adjustments to asbestos adjustments, SCI and other related expense, and impairment of roofing plant”). Unless otherwise stated, results are for continuing operations only.



James Hardie

A Growth Focused Company



- Annual net sales US\$1,543m
- Total assets US\$2,128m
- Operations in North America, Asia Pacific and Europe
- 3,000 employees
- Market cap US\$3.1 billion
- ASX S&P 100 company
- NYSE listing

Focused on Fibre Cement

Investment Attributes

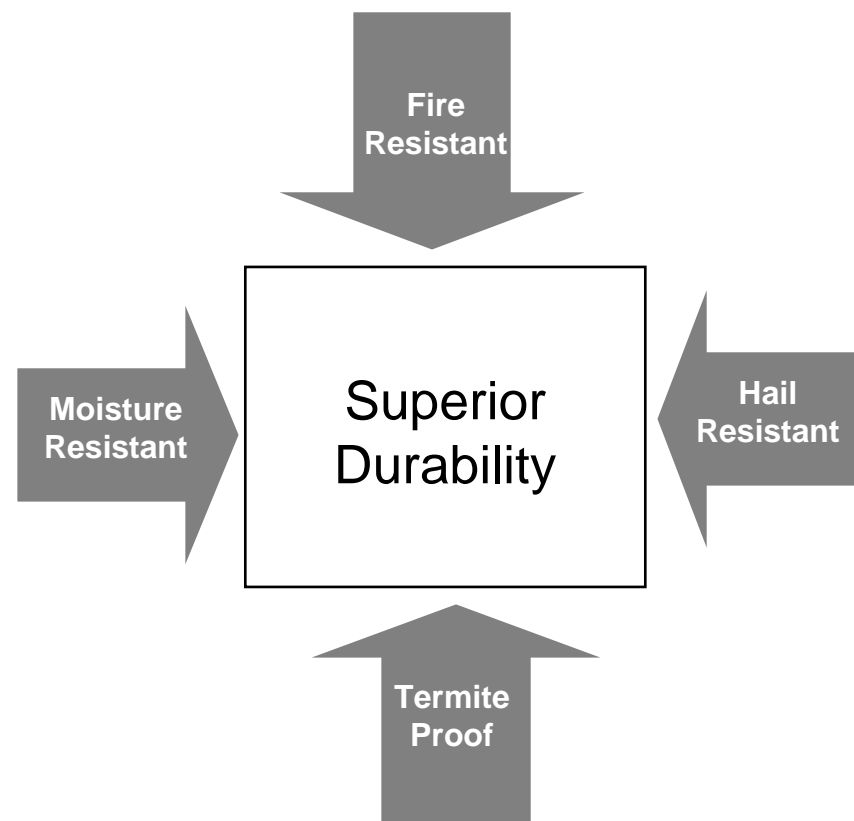
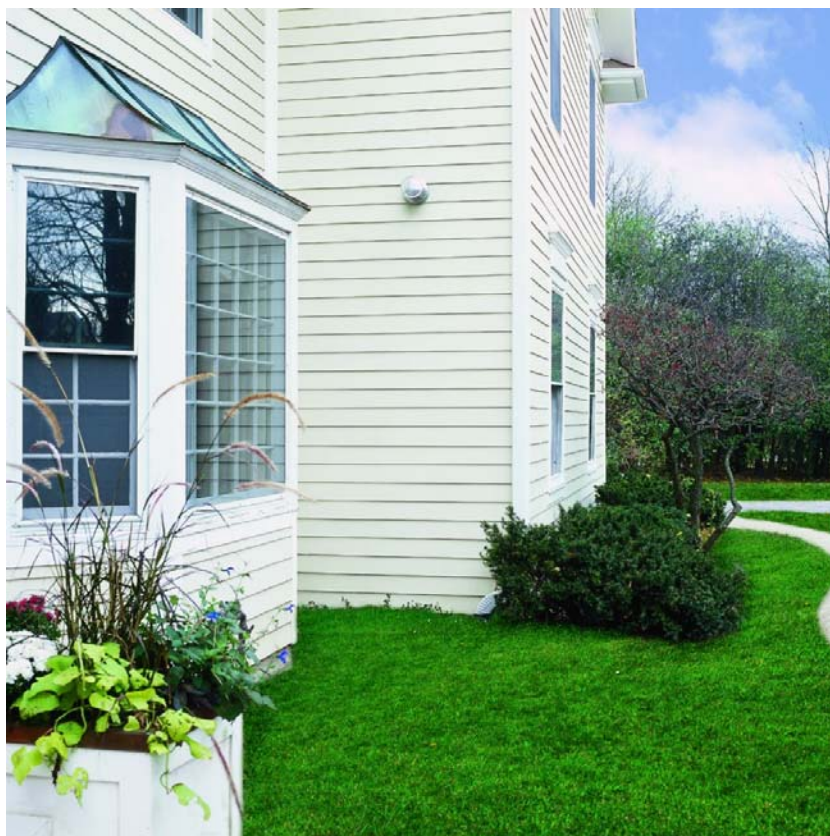


- Growth focused
- Sustainable competitive advantage
- Unique proprietary technology
- Strong financial performance, cash flows and balance sheet¹
- Track record of outperforming US housing market

¹ Excluding asbestos related items

First to Develop Fibre Cement

James Hardie pioneered development of fibre cement technology in the 1980s



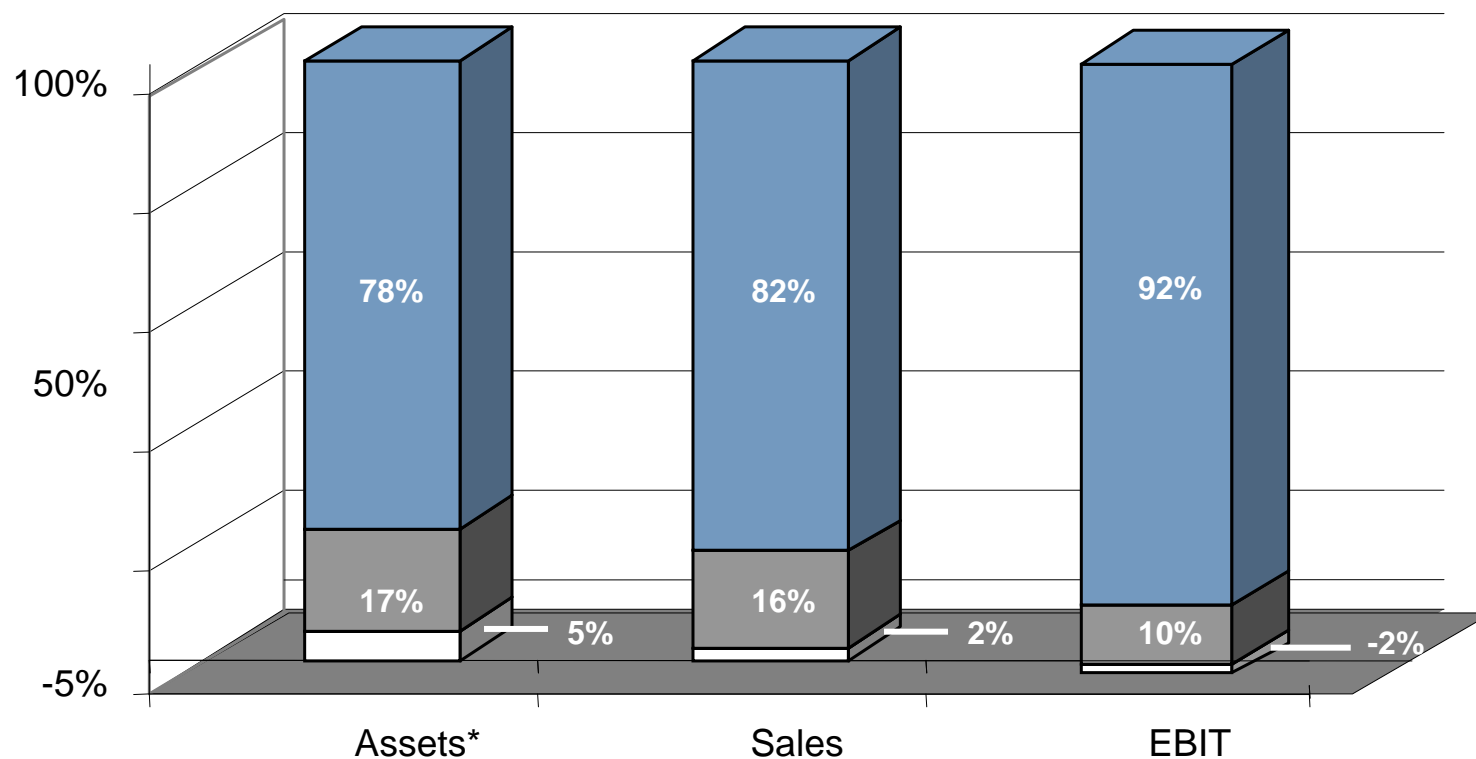
Industry Leadership and Profitable Growth

Strategy

- Aggressively grow primary demand for fibre cement
- Secure differentiated position
- Generate strong top line growth
- Win high shares of large segments
- Sustain attractive margins



Business Portfolio



■ USA Fibre Cement

(Established High Growth/High Return)

■ Asia Pacific Fibre Cement

(Established High Return)

□ Other

(Other Potential Growth Opportunities)

At and for the fiscal year ended 31 March 2007

* Total Identifiable Assets - Excludes General Corporate, Research and Development and Asbestos related items

USA Fibre Cement

Sustainable Competitive Advantage

- Unique plant engineering and proprietary process technology and product formulations – significant investment in R&D
- Superior capital cost efficiency
- Low cost manufacturer
- Only national producer of fibre cement in each key geographic market
- Excellent plant economies of scale – plants 2-3 times larger than fibre cement competitors
- Unique differentiated products, widest range and strong brands

USA Fibre Cement – Revenue Growth Streams

Exterior products

- Siding
- Soffit
- Fascia
- Trim

Interior products

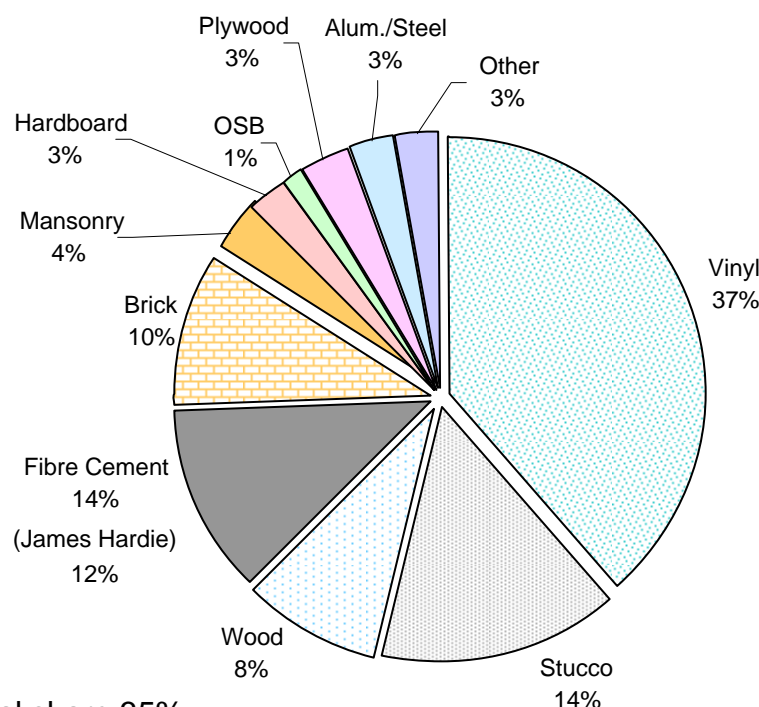
- ¼ inch backerboard
- Hardiebacker 500®



- Total net sales compound annual growth rate of 23% (FY02 – FY07)

Exterior Products - US Siding Market

Large Growth Opportunity



est 2007*

Estimated James Hardie terminal share 35%

* NAHB Sources:

- Builder Practices Report – Siding Usage/Exterior Wall Finish in New Construction
- Consumer Practices Report- Siding Usage/Exterior Wall Finish In Repair & Remodel

Note – market and share figures reflect siding only; exclude fascia, soffits & trim

Superior Product Performance

Fibre Cement is more durable than wood and engineered wood

Fibre Cement



**Superior
Durability**

- ✓ Moisture Resistant
- ✓ Fire Resistant
- ✓ Weather Resistant
- ✓ Termite Proof
- ✓ Resists Warping
- ✓ Resists Cracking
- ✓ Resists Rotting
- ✓ Holds Paint Longer

Engineered Wood



Superior Product Performance – (cont.)

Fibre Cement looks and performs better than vinyl



Fibre Cement

- ✓ Fire Resistant
- ✓ Hail Resistant
- ✓ Resists Warping
- ✓ Resists Buckling
- ✓ Color Lasts Longer
- ✓ Dimensional Stability
- ✓ Can Be Repainted

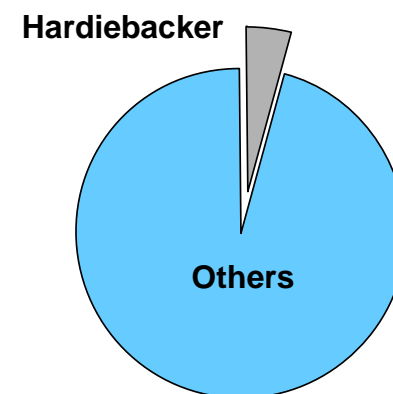
Vinyl

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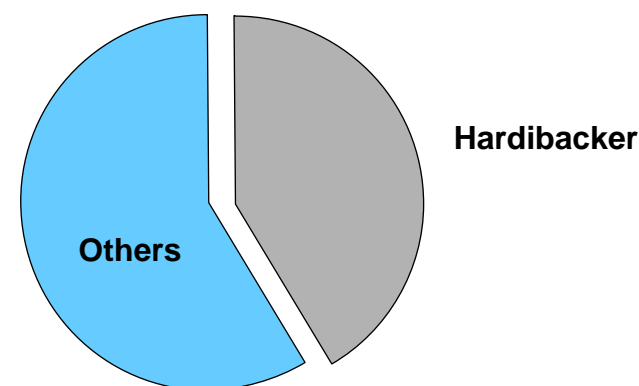
Interior Products

- Net sales growing strongly – CAGR* 23% (FY02-FY07)
- Leading position in 1/4" segment – technology advantage for floor applications
- Hardiebacker 500® is driving penetration on wall applications
- Greenboard replacement
- Growing segment and market share
- High terminal segment share

* Compound Annual Growth Rate



FY 1997 657mmsf



FY 2007 1.14bsf

Interior Products – (cont.)

Attributes

- Protection against moisture damage and mould growth (total wet area solution)
- Strength
 - Highest compressive and flexural strength available
- Workability
 - Cleaner and less abrasive than glass mesh
 - Low density formulation – lightest cement board on the market



Largest Fibre Cement Producer in North America

Plant Locations

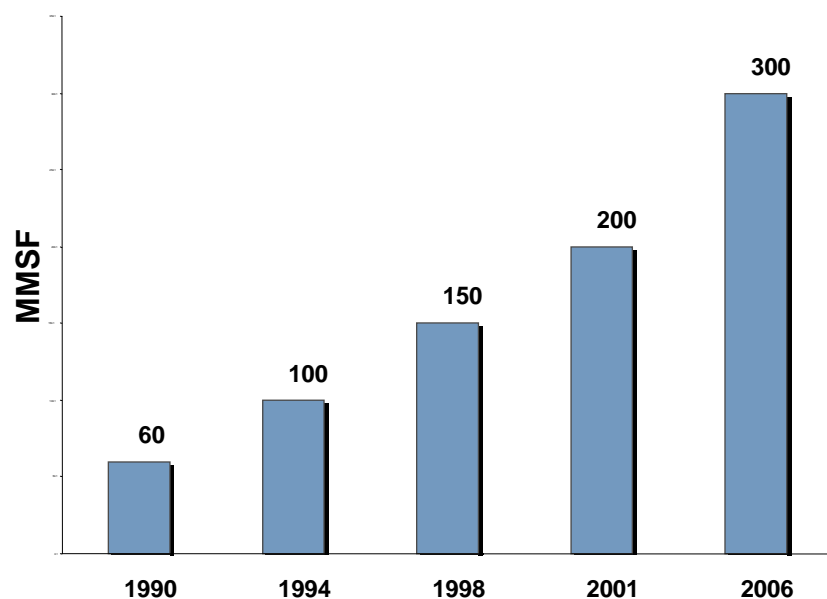


JH Plant Design Capacity

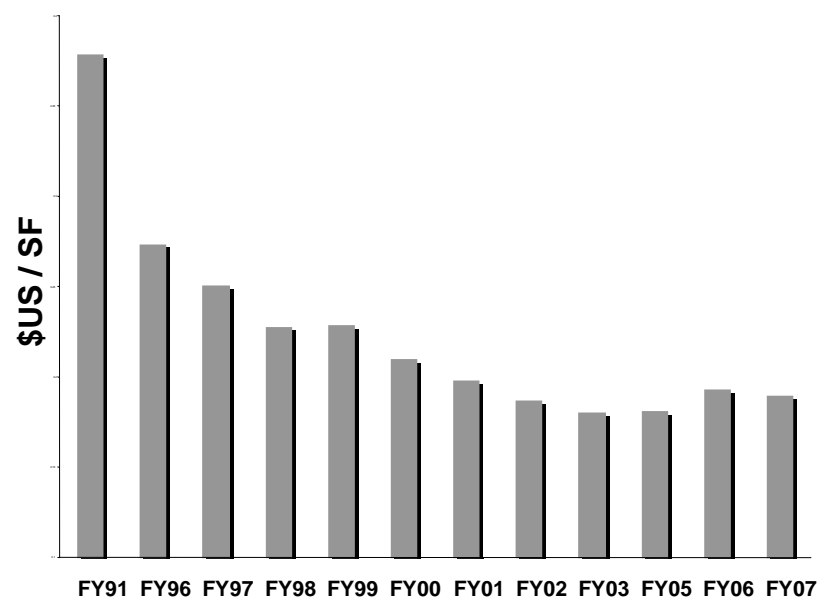
Flat Sheet Plants	Capacity (mmsf)
Fontana, California	180
Plant City, Florida	300
Cleburne, Texas	500
Tacoma, Washington	200
Peru, Illinois	560
Waxahachie, Texas	360
Blandon, Pennsylvania	200
Summerville, South Carolina	190
Reno, Nevada	300
Pulaski, Virginia	600
Flat Sheet Total	3,390
FRC Pipe Plant	
Plant City, Florida	100,000 tons

Low Cost Fibre Cement Producer

PRODUCTION CAPACITY PER LINE

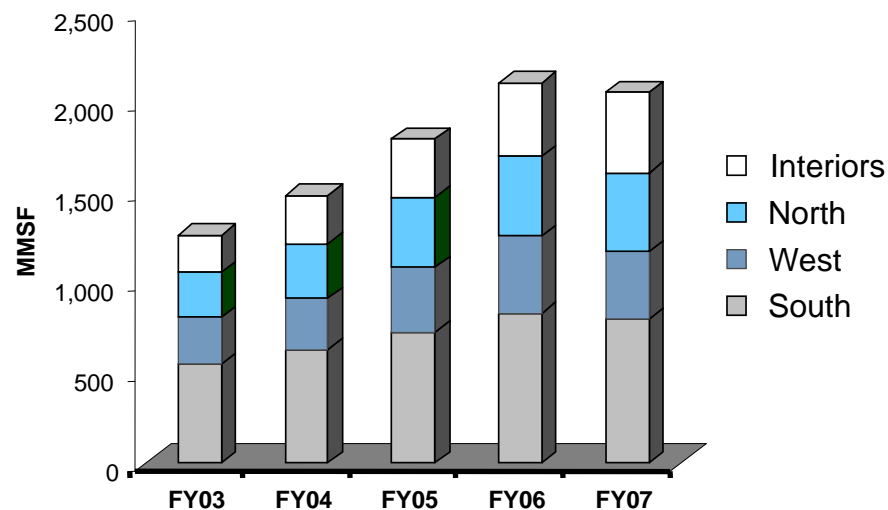
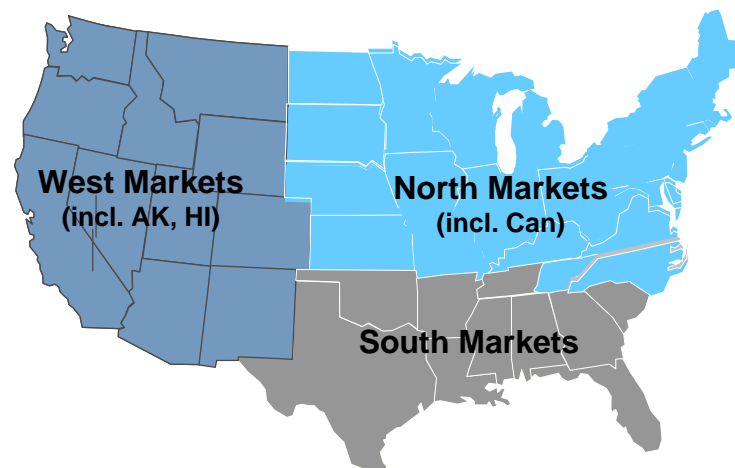


CAPITAL COST PER UNIT OF CAPACITY (US\$/SF)



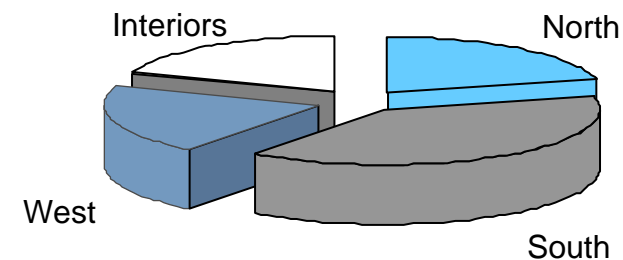
USA Fibre Cement Divisions

Organisational Structure



JHBP USA - Total Business Mix

FY07 Volume = 2.1bsf



USA Fibre Cement Divisions – (cont.)

Southern and Western Divisions

- High builder penetration
- High brand awareness
- Primary growth positioned around wood, vinyl, brick and stucco conversions
- Expansion into rural markets
- Significant opportunity in R&R segment
- Incremental revenue opportunity with colour



USA Fibre Cement Divisions – (cont.)

Northern Division

- Approx. 50% of new housing sales
- Accounts for 25% of USA Fibre Cement sales
- Penetrating regions where vinyl is dominant siding material
- Focus on majority color penetration
- Estimated terminal share of 30%



ColorPlus® Model

- Higher quality products with higher revenue stream
- Strategy designed to reduce 'on the wall' cost and close gap with vinyl siding
 - Supply of pre-painted exterior products
 - Reduce supply chain costs
 - Installer education
- Channel increases revenue base and gains incremental volume
- End-user gets higher quality product at reduced cost



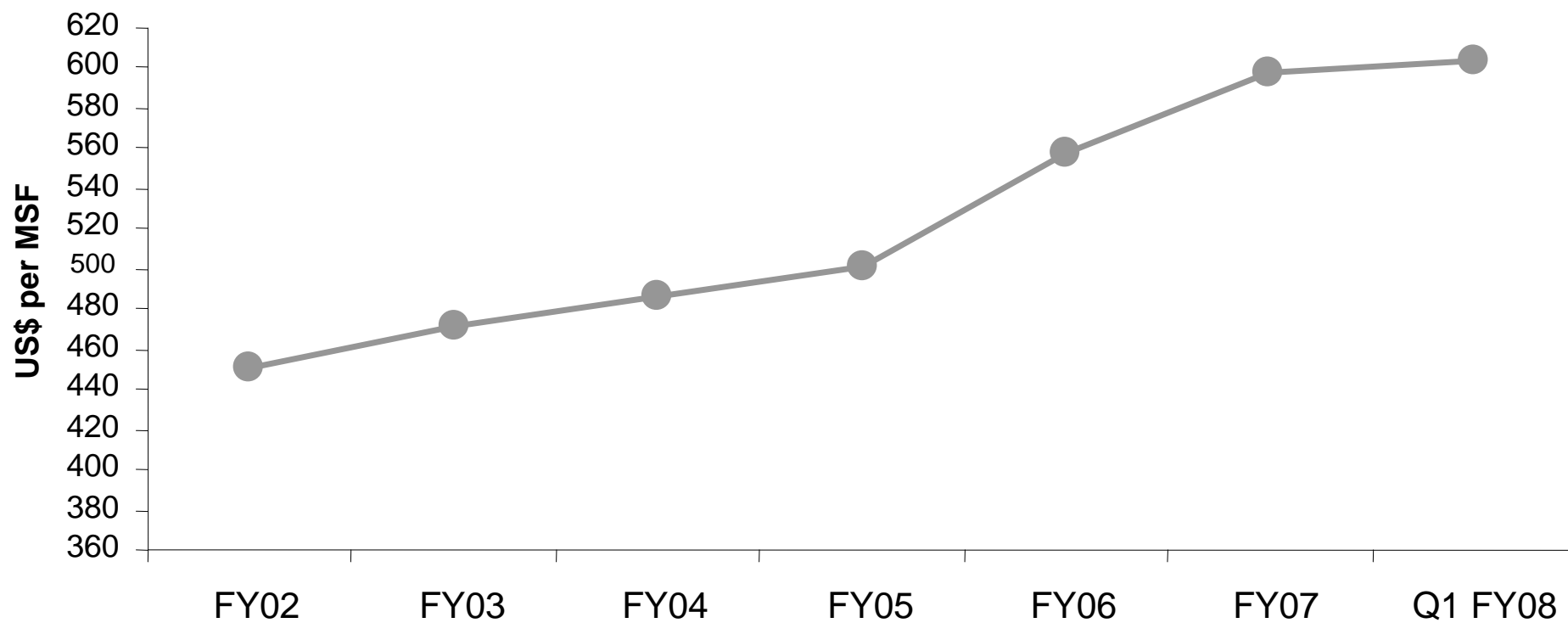
ColorPlus® Model – (cont.)

- Mechanics of model in place
 - Colour plant network
 - 20 colours and 20 products by market
 - Channel is reset and developing
 - Base level logistics capability
 - Value priced ColorPlus® in July 2006



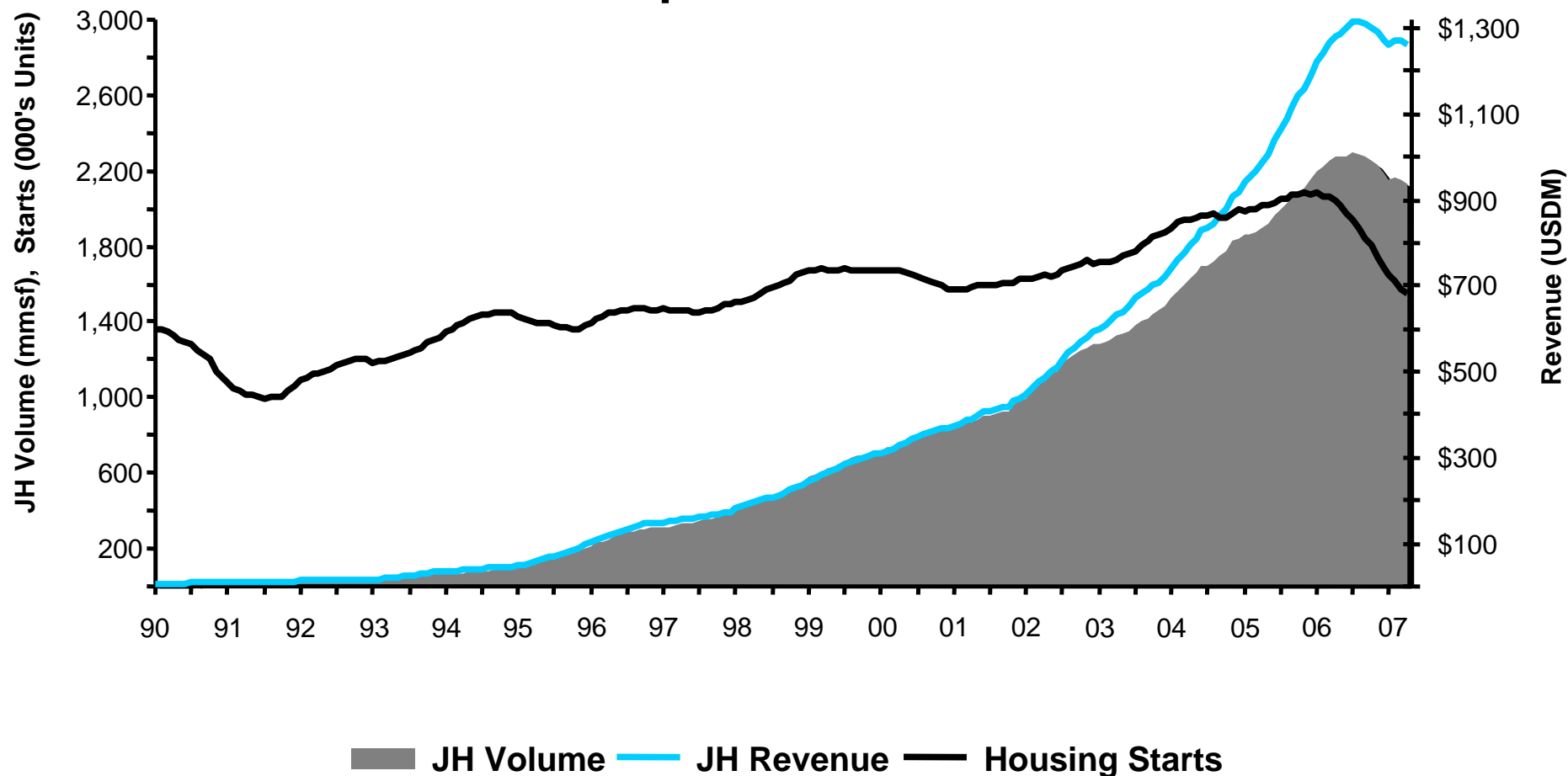
Average Net Sales Price

**Average price growth driven by mix
and price increases**



USA Fibre Cement

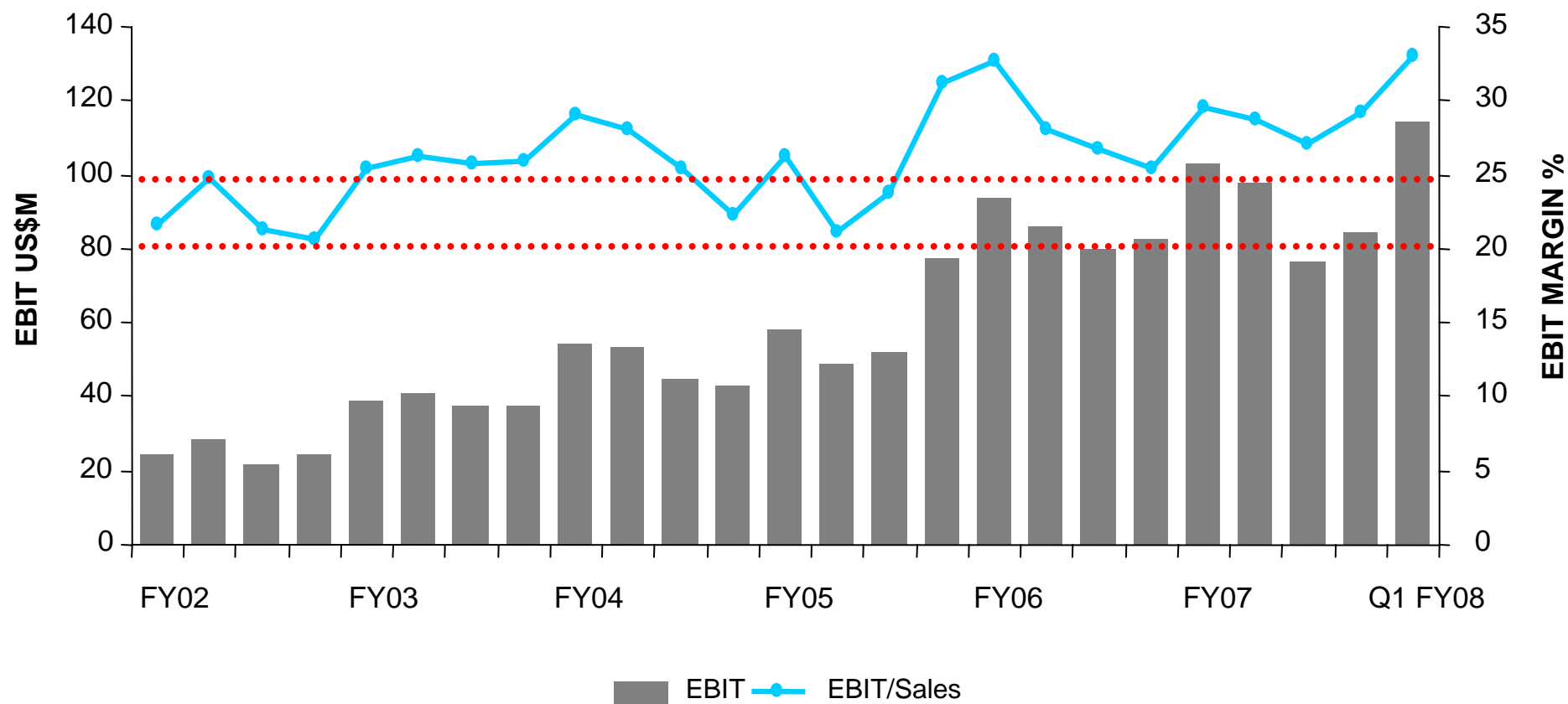
Top Line Growth



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

USA Fibre Cement

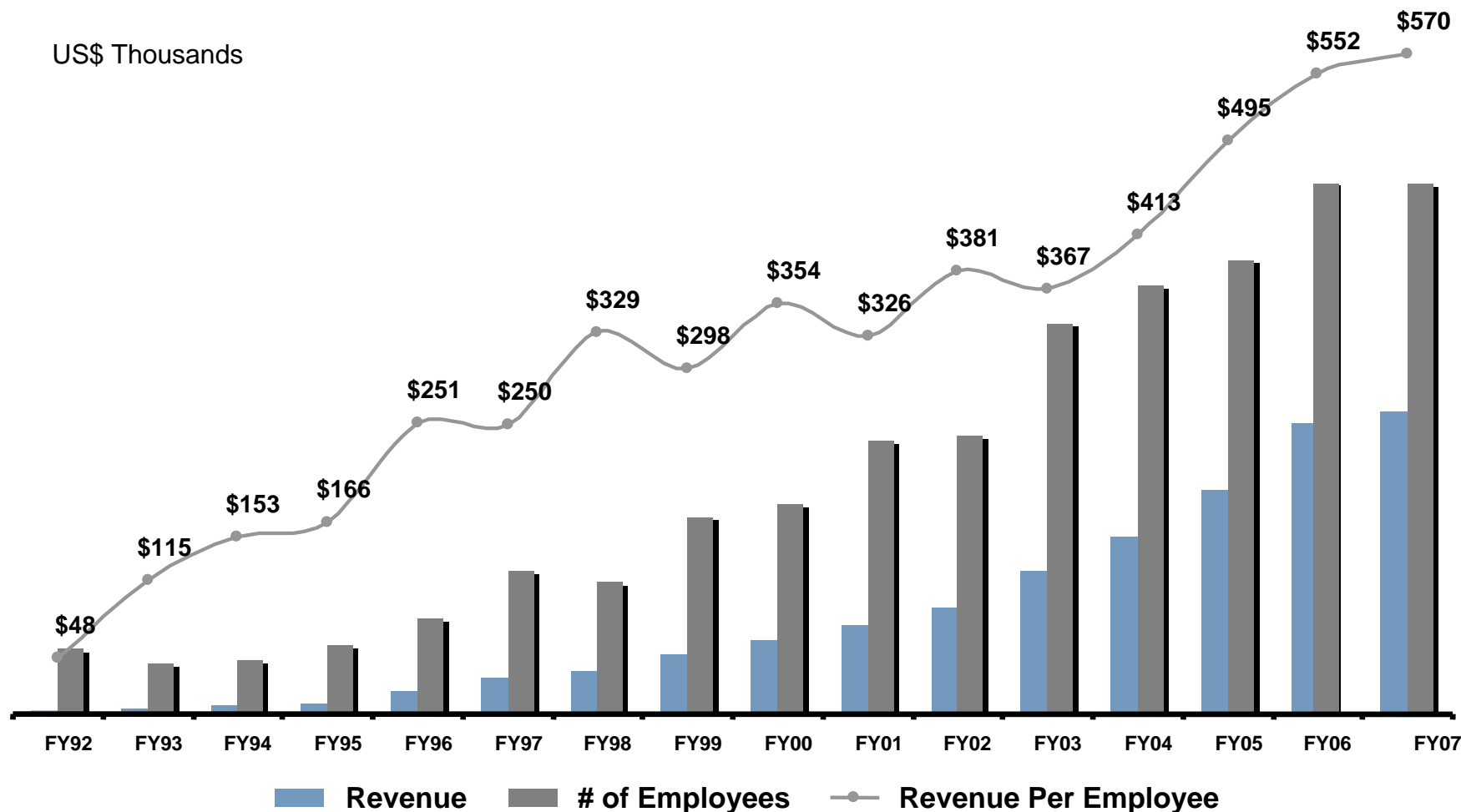
EBIT and EBIT Margin*



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

Growth in Revenue Per Employee

US\$ Thousands

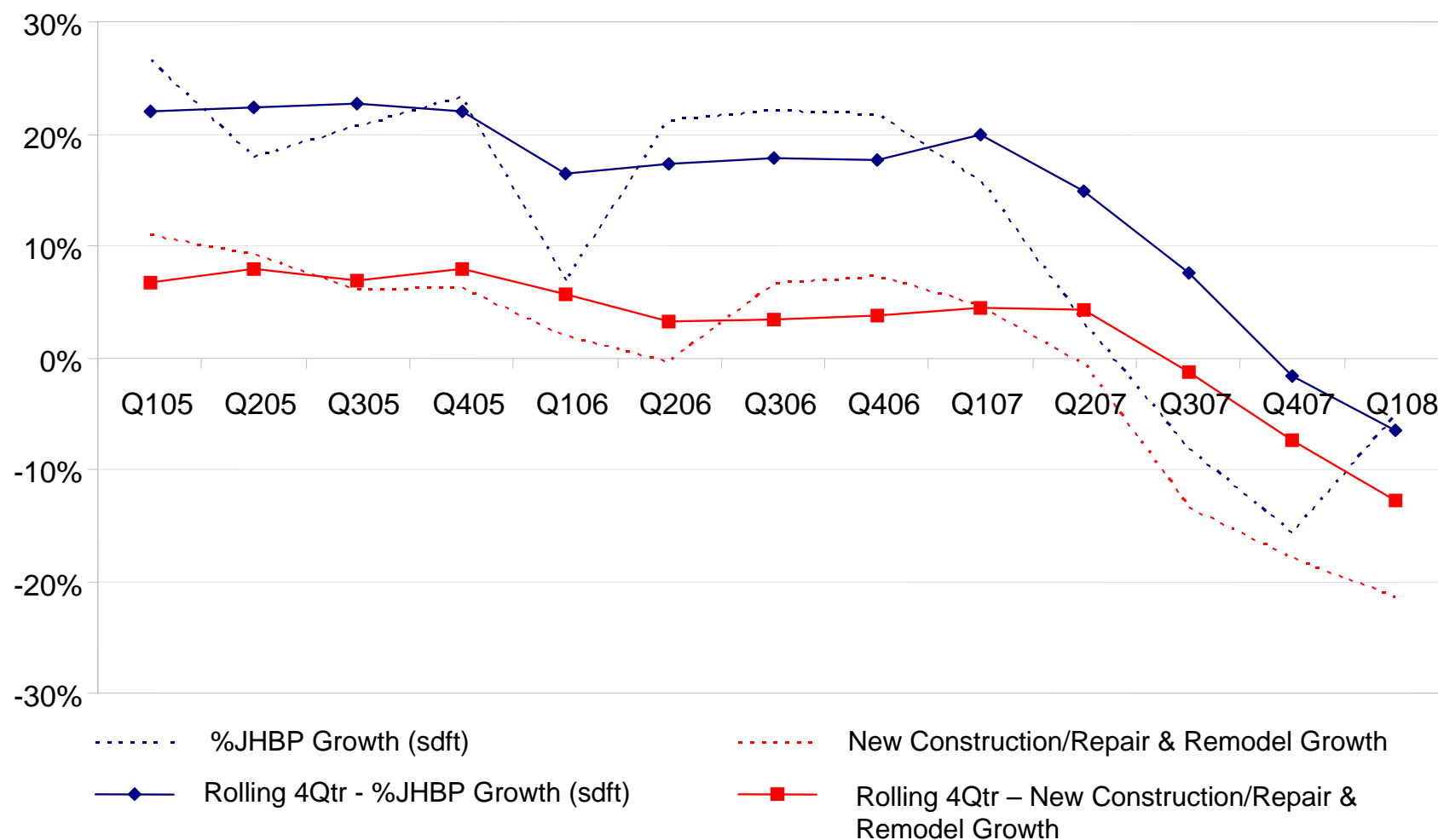


US Housing Downturn

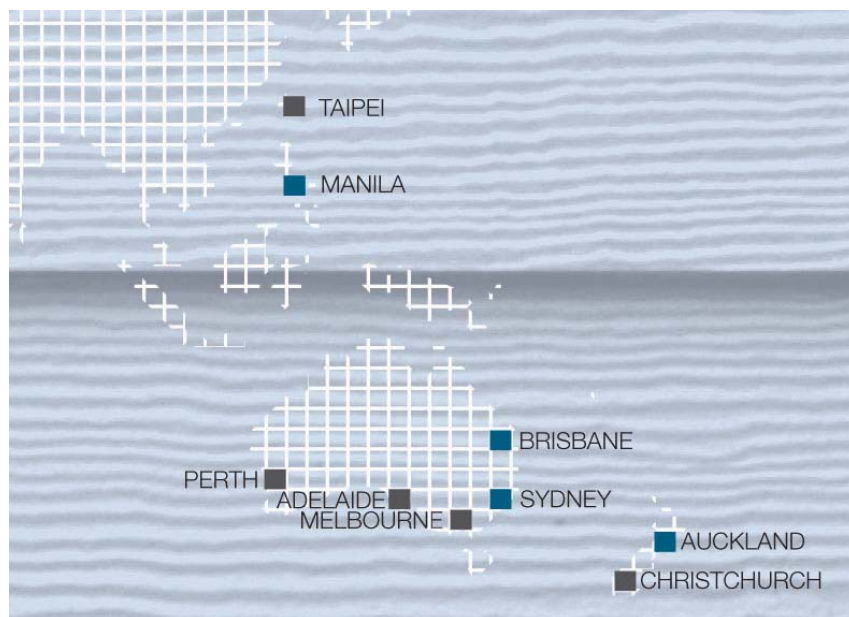
- Focus on primary demand growth and cost management
- Business Re-set
 - Re-set late 2006/early 2007 in anticipation of weaker housing market
 - Included:
 - Production re-scheduling to balance supply and demand
 - Sales and marketing activities reviewed and re-allocated based on lower market opportunity
 - Corporate wide review undertaken of cost saving opportunities
 - Assisted in delivery of solid operating performance despite weaker market
 - Able to 'flex up' quickly if needed
- Continuing to invest in growth initiatives

Market Penetration

USA Fibre Cement



Asia Pacific Fibre Cement



- Manufacturing plants in Australia, New Zealand, Philippines
- FY07 net sales US\$252m
- FY07 EBIT US\$39m
- Higher value differentiated products
- Lower delivered cost
- Shift to growth model
- Philippines focus on profitability

Organisational Focus

Product Leadership

- Continued investment in new product development and commercialisation
 - Value-added, differentiated products
- Benefits:
 - Grow the fibre cement category
 - Grow revenue
 - Sustain good margins
 - Defend and strengthen our competitive position

Organisational Focus

Product Leadership – examples

USA Fibre Cement:

- Artisan™ Lap (thicker siding, provides distinctive shadow lines)
 - premium product
 - currently being launched in Atlanta
 - wider launch in 2008

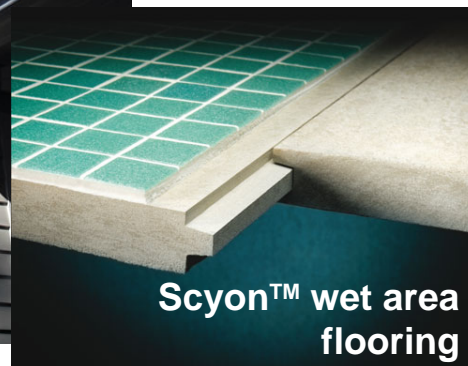


Organisational Focus

Product Leadership – examples

Asia Pacific Fibre Cement

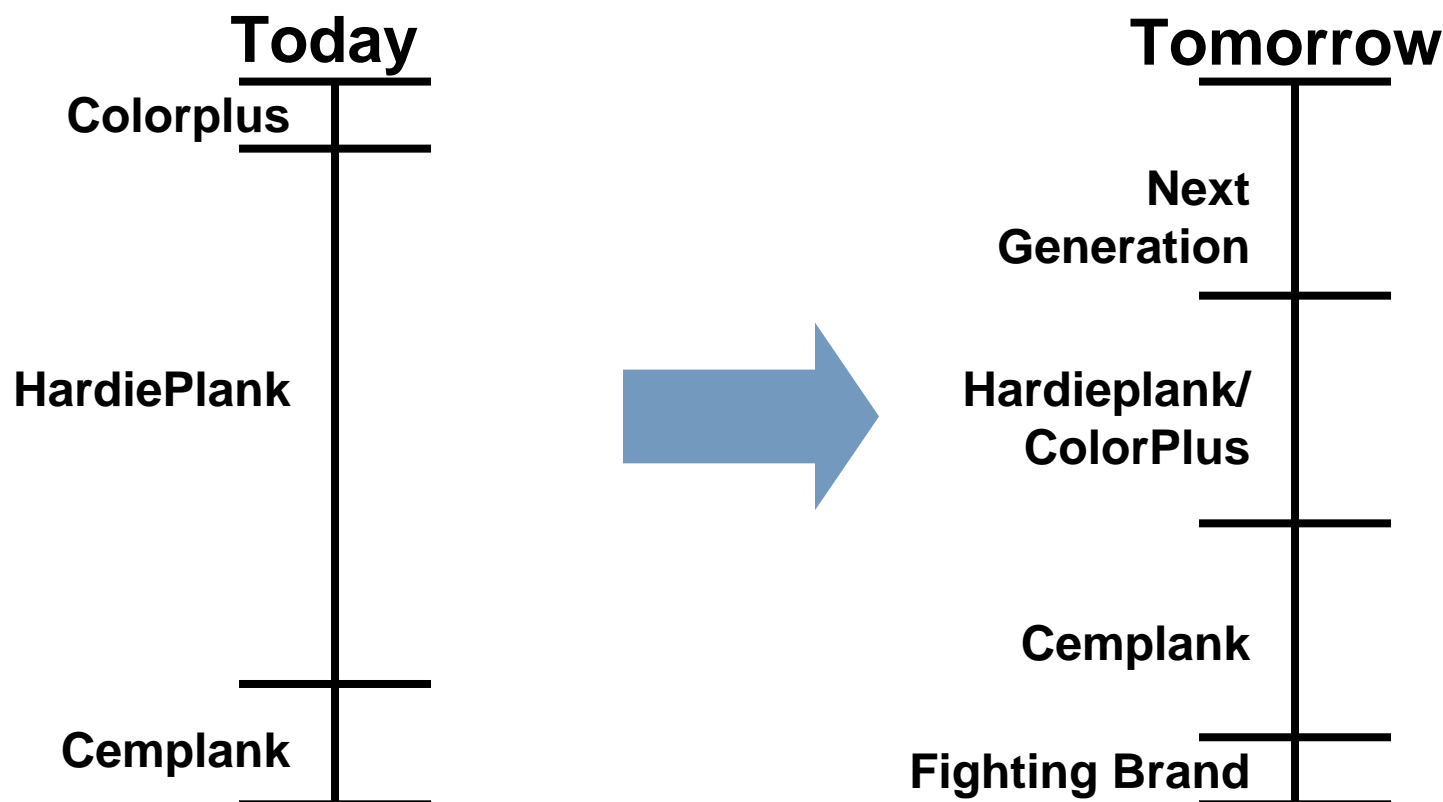
- Scyon™ range of value-added, differentiated products launched 2007



Organisational Focus

Changing US Product Mix

- Product mix will evolve significantly in the medium term to continue to drive revenue and leverage market position.



Organisational Focus

USA Fibre Cement – Future Growth

- Job 1
 - Deliver terminal share in current USA Fibre Cement business
- Job 2
 - Extend the current business model in the US (eg new products, new markets)
- Job 3
 - Bolt-on acquisition opportunity in the US?
 - Technology track outside of fibre cement?
 - Geography spread outside the US?

Long Term Financial Targets

High Growth and Attractive Returns Targeted

	Target ¹	Actual FY07	Actual FY06	Actual FY05	Actual FY04
Revenue Growth	> 15% p.a.	4%	23%	23%	25%
EBIT Margin	> 15% p.a	22%*	21%*	19%*	18%
Return on Capital Employed	> 15% p.a	28%*	32%*	27%	23%



¹ Long term target excludes asbestos-related expenses

* Excludes asbestos adjustments, SCI and other related expense and impairment of roofing plant (FY 2006).

Q1 FY08 – Results Overview

- Strong operating performance despite further weakness in major markets
- Net operating profit affected by asbestos (mostly related to stronger A\$)

US\$ Million	Q1 FY08	Q1 FY07	% Change
Net operating profit	39.1	35.5	10
Net operating profit excluding asbestos	68.6	62.7	9
Diluted earnings per share, excluding asbestos (US cents)	14.6	13.4	9

Q1 FY08 – Results Overview

USA Fibre Cement – Outperforming housing market

Net Sales	down	1% to US\$346.1 million
Sales Volume	down	5% to 573.4 mmsf
Average Price	up	5% to US\$604 per msf
EBIT	up	11% to US\$114.4 million
EBIT Margin	up	3.5 pts to 33.1%

Q1 FY08 – Results Overview

Asia Pacific Fibre Cement

Net Sales	up	20% to US\$71.2 million
Sales Volume	up	7% to 98.0 mmsf
Average Price	up	1% to A\$873
EBIT	up	20% to US\$12.4 million
EBIT Margin	flat	17.4%

Summary

- We have a strong, well established, growth focused and high return business
- We have a sustainable competitive advantage
- Our model for strong growth is based on:
 - Large market opportunity
 - Superior value proposition
 - Proprietary and/or protected technology
 - Upsides due to current R&D investments
 - Significant organisational advantages
 - Focused strategy and organisational effort
 - Scale
- Strong cash flows have been grounded and the company is in a sound financial position (share buy back announced)
- Accounting results subject to volatility – FX impact on A\$ asbestos liability

Disclaimer

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

- *expectations about the timing and amount of payments to the Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;*
- *expectations with respect to the effect on our financial statements of those payments;*
- *statements as to the possible consequences of proceedings brought against us and certain of our former directors and officers by the Australian Securities and Investments Commission;*
- *expectations that our credit facilities will be extended or renewed;*
- *projections of our operating results or financial condition;*
- *statements regarding our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;*
- *statements about our future performance; and*
- *statements about product or environmental liabilities.*

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should,” “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under “Risk Factors” beginning on page 6 of our Form 20-F filed on 6 July 2007 with the Securities and

Exchange Commission, include but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to the AICF and the effect of foreign exchange on the amount recorded in our financial statements as an asbestos liability; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; the success of our research and development efforts; our reliance on a small number of product distributors; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; foreign exchange risks; the successful implementation of new software systems; and the effect of natural disasters. We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.

Endnotes

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

Definitions

Financial Measures – US GAAP equivalents

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

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

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

Sales Volumes

mmsf – million square feet

msf – thousand square feet

Endnotes

Financial Ratios

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

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

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

Net debt payback – Net debt/cash divided by cash flow from operations.

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

Non-US GAAP Financial Measures

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

US\$ Million	Q1 FY08	Q1 FY07
EBIT	\$ 75.0	\$ 68.9
Asbestos:		
Asbestos adjustments	30.1	27.2
AICF SG&A expenses	0.6	-
EBIT excluding asbestos	\$ 105.7	\$ 96.1
Net Sales	\$ 424.4	\$ 415.5
EBIT margin excluding asbestos	24.9%	23.1%

Non-US GAAP Financial Measures (continued)

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

US\$ Million	Q1 FY08	Q1 FY07
Net operating profit	\$ 39.1	\$ 35.5
Asbestos:		
Asbestos adjustments	30.1	27.2
AICF SG&A expenses	0.6	-
AICF interest income	(1.6)	-
Tax expense related to asbestos adjustments	0.4	-
Net operating profit excluding asbestos	\$ 68.6	\$ 62.7

Non-US GAAP Financial Measures (continued)

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

US\$ Million	Q1 FY08	Q1 FY07
Net operating profit excluding asbestos	\$ 68.6	\$ 62.7
Weighted average common shares outstanding – Diluted (millions)	469.4	466.9
Diluted earnings per share excluding asbestos (US cents)	14.6	13.4

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