ANNEXURE R

This is a copy of Exhibit 1, Volume 7, Tab 66

ASX Company Announcement

Date: Fri Feb 16 11:19:50 2001

Document Image #: 00218121

Announcement Type: Third Quarter Activities Report

ASX Description: HAH Resolves Asbestos liability/3rd Qtr act. &cashf./Presentatn

Connect 4 Summary:

Company Summary:

Australian Stock Exchange
HAH000191

James Hardie

James Hardie Industries Limited
ACN 000 009 263

65 York Street
Sydney NSW 2000 Australia

Telephone (02) 9290 5269
Fax (02) 9262 5758

GPO Box 3935
Sydney NSW 2001 Australia

16 February 2001

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir

Attached for release to the market are the following:

1. Media Release – James Hardie resolves its asbestos liability favourably for claimants and shareholders
2. Announcement of 3rd quarter results
3. ASX Release for the 3rd quarter ended 31 December 2000
4. Management Discussion and Analysis for 3rd quarter ended 31 December 2000
5. Copies of slides to be presented to media and analysts' briefings today

Yours faithfully

DE Cameron
Company Secretary

James Hardie

media release

16 February 2001

James Hardie Resolves its Asbestos Liability Favourably for Claimants and Shareholders

James Hardie Industries Limited (JHIL) announced today that it had established a foundation to compensate sufferers of asbestos-related diseases with claims against two former James Hardie subsidiaries and fund medical research aimed at finding cures for these diseases.

The Medical Research and Compensation Foundation (MRCF), to be chaired by Sir Llewellyn Edwards, will be completely independent of JHIL and will commence operation with assets of $293 million.

The Foundation has sufficient funds to meet all legitimate compensation claims anticipated from people injured by asbestos products that were manufactured in the past by two former subsidiaries of JHIL.

JHIL CEO Mr Peter Macdonald said that the establishment of a fully-funded Foundation provided certainty for both claimants and shareholders.

"The establishment of the Medical Research and Compensation Foundation provides certainty for people with a legitimate claim against the former James Hardie companies which manufactured asbestos products," Mr Macdonald said.

"The Foundation will concentrate on managing its substantial assets for the benefit of claimants. Its establishment has effectively resolved James Hardie's asbestos liability and this will allow management to focus entirely on growing the company for the benefit of all shareholders."

A separate fund of $3 million has also been granted to the Foundation for scientific and medical research aimed at finding treatments and cures for asbestos diseases.

The $293 million assets of the Foundation include a portfolio of long term securities, a substantial cash reserve, properties which earn rent and insurance policies which cover various types of claims, including all workers compensation claims.

Towers Perrin has been appointed to advise the Foundation on its investments, which will generate investment income and capital growth.

In establishing the Foundation, James Hardie sought expert advice from a number of firms, including PricewaterhouseCoopers, Access Economics and the actuarial firm, Trowbridge. With this advice, supplementing the company's long experience in the area of asbestos, the directors of JHIL determined the level of funding required by the Foundation.

"James Hardie is satisfied that the Foundation has sufficient funds to meet anticipated future claims," Mr Macdonald said.

The initial $3 million for medical research will enable the Foundation to continue work on existing programs established by James Hardie as well as launch new programs.

When all future claims have been concluded, surplus funds will be used to support further scientific and medical research on lung diseases.

Mr Macdonald said Sir Llewellyn Edwards, who has resigned as a director of James Hardie Industries Limited to take up his new appointment as chairman of the Foundation, has enjoyed a long and distinguished career in medicine, politics and business.

His experience with James Hardie will assist the Foundation to rapidly acquire the knowledge it needs to perform effectively. Sir Llew is a director of a number of organisations including Westpac Banking Corporation and is also Chancellor of the University of Queensland.

The other Foundation directors are Mr Michael Gill, Mr Peter Jollie and Mr Dennis Cooper.

Ends.

For further details contact:

Greg Baxter, Senior Vice President Corporate Affairs
Tel: (61 2) 9290 5225 (BH)
Mob: 0419 461 368 (AH)

hardie

James Hardie

media release

16 February 2001

Lower Gypsum Prices Impact 3rd Quarter Profit

US Fibre Cement Sales Up 51%

James Hardie Industries Limited today reported a 70% decrease in Operating Profit to A$13.8 million for its third quarter, ended 31 December 2000.

3rd Quarter and 9 Months at a Glance

A$Million	Q301	Q300	% +/-	YTD01	YTD00	% +/-
Sales Revenue	373.5	373.8		1,189.7	1,075.9	11
EBIT	19.4	79.4	(76)	122.6	200.7	(39)
Operating Profit	**13.8**	**46.3**	**(70)**	**79.1**	**114.1**	**(31)**
Abnormals				(35.3)		
Net Profit/(Loss)	13.8	46.3	(70)	43.8	114.1	(62)

The results mainly reflect the sharp decline in wallboard prices suffered by the company's US gypsum business. Wallboard prices were 44% lower than for the same period last year and 18% below the previous quarter of the current year. The declines are consistent with the trend experienced by the entire US gypsum wallboard industry.

In sharp contrast, the US fibre cement business achieved further strong gains, lifting sales 51% and EBIT 43%, despite a 7% downturn in housing starts. EBIT margins recovered strongly after being affected by higher than normal expenses in the previous quarter.

James Hardie's Chief Executive, Mr Peter Macdonald, said the overall results, while disappointing, masked some encouraging news for investors.

"The strong performance by the US fibre cement business, particularly the recovery in margins, reinforces our view that this is a high growth business which is resilient in the face of weaker trading conditions.

"Secondly, market analysts believe the worst part of the downturn in gypsum prices is behind us. There is a real prospect that the prices achieved in the third quarter reflect the low point and that the price increases announced in the past 4-6 weeks could be sustained.

"The latest price increases announced by the industry include a 10% rise on the west coast which is due to take effect in late February. We also have further cost savings to come through which will help restore profits from this business," Mr Macdonald said.

"Comparisons with the third quarter last year provide a particularly sharp contrast because last year prices hit an all-time high in the third quarter, whereas this year, prices in the third quarter hit what could be the low point in this cycle," he said.

US Fibre Cement Growth Continues

Sales revenue from the US fibre cement business was up 51% to A$170.6 million due to higher volumes and prices.

Sales volumes were 21% higher at 205 million square feet. The business was unaffected by the 7% decline in US housing starts and continued to take market share from competitors.

Product prices were 3% higher due to the introduction of new, differentiated products which command higher prices.

The higher volumes and prices led to a 43% increase in EBIT to A$322 million. EBIT margins, which had fallen to 16.5% in the previous quarter, recovered strongly, to 18.9%, despite higher raw material and energy costs and the impact of other costs being incurred to accelerate growth.

The business remains on its high growth trajectory. Recent initiatives include:

- the launch of a new, 'breakthrough' fibre cement production technology in December 2000 and the start-up of a new production line for Harditrim™ in Cleburne, Texas which will utilise this new technology
- the start-up of a new plant in Peru, Illinois in November 2000 and the start of work on a second line at the plant which will be commissioned later this year
- the commissioning this month of the first of two lines at the company's 6th plant, in Waxahachie, Texas
- the commissioning next month of the company's first US pipe manufacturing plant, in Plant City, Florida.

These initiatives are expanding production capacity in key markets and enabling the company to launch unique, new products aimed at accelerating the growth of the business.

Gypsum Prices Drive Down Overall Earnings

The 44% decline in wallboard net prices to an average US$82 per thousand square feet for the quarter, combined with higher energy and freight costs, led to a 92% fall in EBIT to A$4.2 million.

Sales volumes were 5% lower for the quarter, after tailing off sharply in December. This was due to severe winter weather in the central and eastern United States which brought building to a halt in some areas and forced a one week shutdown of the company's gypsum plant in Arkansas during December.

"Our gypsum results are well below where we would like them to be but our performance compared to the rest of the industry continued to improve. Most of the other gypsum companies lost money in the quarter and we had one of the highest return on assets of any gypsum manufacturer in the industry," Mr Macdonald said.

Australia, New Zealand, The Philippines and Chile

In Australia, lower volumes in the fibre cement business, resulting from the downturn in the housing cycle, together with higher raw material and manufacturing costs, were responsible for a 40% drop in EBIT. The lower demand was partly offset by a 4% increase in prices and lower selling costs.

In New Zealand, sales volumes fell 13%, more than offsetting a 2% increase in product prices. This was a good result considering that housing construction activity fell 28%. The lower volumes, combined with significantly higher raw material costs and the loss of income from a business divested last year, saw EBIT decline 47%.

The Philippines fibre cement business achieved a 78% lift in sales revenue due to strong growth in volumes and higher prices, as well as further growth in exports.

In December 2000, the company entered the South American market with the US$7 million acquisition of a new fibre cement manufacturing plant in Santiago, Chile. The plant has been upgraded and expanded and is being commissioned.

Exiting Windows

The sale of the Australian windows business is progressing on schedule. Preliminary offers for the business are expected in March 2001.

Asbestos

The company announced today that it has resolved its future asbestos liability for the mutual benefit of claimants and shareholders.

The company has established the Medical Research and Compensation Foundation (MRCF) which has taken over the management and settlement of the group's future asbestos liabilities. The Foundation will be completely independent of James Hardie.

Assets of A$293.0 million have been transferred to the Foundation to fund all future claims for compensation and to support medical research.

The transfer of assets means that the James Hardie group will book an extraordinary item of A$238.0 million in its consolidated profit and loss statement for its fiscal year ended March 31, 2001, to reflect the transfer of assets to the Foundation.

Effective today, the consolidated profit and loss statement of the James Hardie group will not include costs associated with asbestos. From today, these costs will be borne by the new Foundation.

Additionally, a provision of A$72.4 million will be removed from the consolidated balance sheet of the James Hardie group to reflect the removal of this contingent liability from the group. No future provisions are expected to be required.

These changes mean that the James Hardie group will be able to concentrate solely on developing its operating businesses and the new Foundation will concentrate solely on managing asbestos related activities.

Further details are contained in a separate announcement also released today.

Outlook

The interest rate and general economic environment in the company's major markets is uncertain and likely to remain that way for some months.

Using the latest available data, the US National Association of Home Builders has forecast housing construction in the United States to fall 6% in 2001. This outcome would see demand for James Hardie's products remain at high levels.

In Australia, housing construction is expected to fall between 17-20% but there is evidence that the extent of this downturn could be mitigated by the recent interest rate cut and any further easing in monetary policy.

In New Zealand, economic confidence is improving and wage inflation is likely to keep downward pressure on interest rates. Housing construction is forecast to be flat.

In the Philippines, confidence has improved as the threat of political instability has subsided but it remains too early to predict any significant turnaround in economic conditions.

The **US fibre cement** business remains confident of achieving its aggressive sales and profit targets for the current year and there are early signs of a reasonably strong start to the country's summer building season.

Recent expansion and growth initiatives by the US fibre cement business are expected to more than offset any modest slowdown in US housing generally. However, these initiatives, such as the commissioning of new plants, involve significant one-time start up costs which are expensed before revenue is generated. Nevertheless, the business should achieve margins close to its long term target of 20% for the full year.

Results from the **US gypsum** business have started to improve although it is too early to determine whether this improvement will be sustained for the balance of the year.

The gypsum business has implemented price increases for its wallboard products which had a positive impact in January. A further 10% price increase has been announced for late February on the west coast. The business will also benefit from reduced costs as plant efficiencies and lower costs for key inputs, such as paper and gypsum rock, are realised. In addition, sales from joint compounds are expected to contribute to earnings going forward.

The gypsum results for the full year will, however, reflect the sharp decline in profits experienced in the year so far and only a modest recovery in current profit levels could be expected in the fourth quarter.

The extent to which gypsum wallboard price increases are achieved will continue to be heavily influenced by the rate at which the major industry players curtail production capacity.

In the **Australian fibre cement** business the improvement in manufacturing efficiency is expected to result in a flat profit year on year, despite the sharp fall in housing construction activity which is expected to continue. Further savings are anticipated as the company pursues a number of cost reduction initiatives.

In **New Zealand** there has been a small improvement in overall economic confidence as a result of a recovery in exports which has helped to strengthen the New Zealand dollar. However, overall building activity is forecast to be flat.

Housing construction for the balance of the year in the **Philippines** is expected to remain depressed. The business is targeting further reductions in manufacturing costs, higher export sales and growth in segment share domestically where demand for its products continues to grow despite a weak market.

Overall, directors expect that the company will achieve a full year operating profit before abnormal items of between A$90-95 million, provided that gypsum prices do not fall below the current price level of about US$85 per thousand square feet in the fourth quarter.

Ends.

For further details contact

Greg Baxter, Senior Vice President Corporate Affairs
Tel: (61 2) 9290 5225 (BH)
Mob: 0419 461 368 (AH)

/More

This document is available from the Investor Relations Section of the James Hardie website – www.jameshardie.com.

This document contains forward-looking statements. Forward-looking statements are subject to risks and uncertainties and, as a result, readers should not place undue reliance on such statements. The inclusion of these forward-looking statements should not be regarded as a representation that the objectives or plans described will be realised.

hardie

JAMES HARDIE INDUSTRIES LIMITED

ACN 000 009 263

ASX REPORT

NINE MONTHS ENDING
31 DECEMBER 2000

JAMES HARDIE INDUSTRIES LIMITED

Consolidated profit and loss account *(The figures shown are not equity accounted)*	Nine months to 31 Dec 00 $A million		Previous corresponding period 31 Dec 99 $A million	
		excluding abnormal items		excluding abnormal items
Sales (or equivalent operating) revenue	1,189.7		1,208.8	
Share of associates "net profit (loss) attributable to members" (equal to item 16.7)	-		-	
Other revenue	19.5		37.9	
Operating profit before abnormal items, interest and tax	122.6		200.7	
Interest expense	(15.6)		(24.6)	
Operating profit (loss) before abnormal items and tax	107.0	107.0	176.1	176.1
Abnormal items before tax (detail in item 2.4)	(35.3)	-	-	-
Operating profit (loss) before tax (items 1.4+1.5)	71.7	107.0	176.1	176.1
Tax (expense) credit	(27.9)	(27.9)	(62.0)	(62.0)
Operating profit (loss) after tax but before outside equity interests	43.8	79.1	114.1	114.1
Outside equity interests	-	-	-	-
Operating profit (loss) after tax attributable to members	43.8	79.1	114.1	114.1
Extraordinary items after tax (detail in item 2.6)	-	-	-	-
Outside equity interests	-	-	-	-
Extraordinary items after tax attributable to members	-	-	-	-
Total operating profit (loss) and extraordinary items after tax (items 1.8+1.11)	43.8	79.1	114.1	114.1
Operating (profit) loss and extraordinary items after tax attributable to outside equity interests (items 1.9+1.12)	-	-	-	-
Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10+1.13)	43.8	79.1	114.1	114.1
Retained profits (accumulated losses) at beginning of financial period	132.0		44.5	
If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description)	-		-	
Aggregate of amounts transferred from reserves	1.1		-	
Total available for appropriation	176.9		158.6	
Dividends provided for or paid	(38.7)		(34.6)	
Aggregate of amounts transferred to reserves	-		(1.7)	
Retained profits (accumulated losses) at end of financial period	138.2		122.3	

JAMES HARDIE INDUSTRIES LIMITED

Consolidated balance sheet

	At end of current period 31 Dec 00 $A million	As shown in last annual report 31 Mar 00 $A million	Previous corresponding period 31 Dec 99 $A million
Current assets			
Cash	143.0	254.2	118.1
Receivables	173.1	208.9	188.4
Investments	-	-	-
Inventories	129.6	117.7	119.5
Other - prepayments	33.2	21.9	18.6
Total current assets	478.9	602.7	444.6
Non-current assets			
Receivables	55.4	30.8	42.2
Investments in associates	-	-	-
Other investments	20.0	21.1	18.6
Inventories	-	-	-
Exploration and evaluation expenditure capitalised	-	-	-
Development properties (mining entities)	-	-	-
Other property, plant and equipment (net)	1,105.0	923.7	959.4
Intangibles (net)	55.1	53.0	49.7
Other (provide details if material)	112.2	66.2	50.0
Total non-current assets	1,347.7	1,094.8	1,119.9
Total assets	1,826.6	1,697.5	1,564.5
Current liabilities			
Accounts payable	123.3	124.1	114.9
Borrowings	128.0	72.1	47.1
Provisions	59.6	116.8	65.0
Other (provide details if material)	-	-	-
Total current liabilities	310.9	313.0	227.0
Non-current liabilities			
Accounts payable	-	-	-
Borrowings	566.0	570.5	602.3
Provisions	190.4	139.6	120.7
Other (provide details if material)	-	-	-
Total non-current liabilities	756.4	710.1	723.0
Total liabilities	1,067.3	1,023.1	950.0
Net assets	759.3	674.4	614.5
Equity			
Capital	583.6	552.5	552.5
Reserves	37.5	(10.7)	(60.9)
Retained profits (accumulated losses)	138.2	132.0	122.3
Equity attributable to members of the parent entity	759.3	673.8	613.9
Outside equity interests in controlled entities	-	0.6	0.6
Total equity	759.3	674.4	614.5
Preference capital and related premium included as part of 4.32	-	-	-

JAMES HARDIE INDUSTRIES LIMITED

Consolidated statement of cash flows

	Current period 31 Dec 00 $A million	Previous corresponding period 31 Dec 99 $A million
Cash flows related to operating activities		
Receipts from customers	1,223.8	1,181.6
Payments to suppliers and employees	(1,055.5)	(951.9)
Dividends received from associates	-	-
Other dividends received	0.5	-
Interest and other items of similar nature received	12.5	11.3
Interest and other costs of finance paid	(34.3)	(38.6)
Income taxes paid	(33.1)	(33.5)
Other (provide details if material)	-	-
Net operating cash flows	113.9	168.9
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(169.4)	(126.2)
Proceeds from sale of property, plant and equipment	4.1	16.1
Payment for purchase of assets of businesses	(15.9)	-
Proceeds from sale of equity investments	2.4	17.9
Loans to other entities	-	-
Loans repaid by other entities	11.4	1.4
Other (provide details if material)	-	-
Net investing cash flows	(167.4)	(90.8)
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc)	-	-
Proceeds from borrowings	213.0	80.4
Repayment of borrowings	(206.3)	(45.1)
Dividends paid	(77.0)	(64.9)
Other	-	-
Net financing cash flows	(70.3)	(29.6)
Net increase (decrease) in cash held	(123.8)	48.5
Cash at beginning of period	252.1	69.6
Exchange rate adjustments	14.7	(1.9)
Cash at end of period	143.0	116.2

JAMES HARDIE INDUSTRIES LIMITED

SEGMENT REPORTING	Sales		Profit/(loss) before tax and abnormals		Total Assets	
	9 mths	9 mths	9 mths	9 mths		
$A million	31.12.00	31.12.99	31.12.00	31.12.99	31.12.00	31.3.00
Industry segments						
US Fibre Cement	500.4	352.9	90.8	79.7	628.4	465.0
US Gypsum	388.0	412.2	69.9	134.6	506.4	458.2
Australia / New Zealand Fibre Cement	209.5	223.5	39.2	36.2	278.3	277.9
Research and Development	-	-	(7.5)	(12.8)	-	-
Other	91.8	87.3	(12.3)	(8.6)	118.5	133.4
Segments Total	1,189.7	1,075.9	180.1	229.1	1,531.6	1,334.5
General Corporate	-	-	(57.5)	(42.0)	295.0	363.0
Interest	-	-	(15.6)	(24.6)	-	-
Divested Businesses	-	132.9	-	13.6	-	-
	1,189.7	1,208.8	107.0	176.1	1,826.6	1,697.5
Geographic segments						
United States	888.4	765.1	160.7	214.3	1,134.8	923.2
Australia	226.3	238.7	22.3	14.2	263.8	281.9
New Zealand	52.1	58.0	5.6	9.1	48.9	48.6
Other Countries	22.9	14.1	(8.5)	(8.5)	84.1	80.8
Segments Total	1,189.7	1,075.9	180.1	229.1	1,531.6	1,334.5
General Corporate	-	-	(57.5)	(42.0)	295.0	363.0
Interest	-	-	(15.6)	(24.6)	-	-
Divested Businesses	-	132.9	-	13.6	-	-
	1,189.7	1,208.8	107.0	176.1	1,826.6	1,697.5

Compilation of segmental information

James Hardie's operations are organised into the following five segments: (1) US Fibre Cement, which manufactures and sells fibre cement products in the United States; (2) US Gypsum, which manufactures and sells gypsum wallboard products in the United States; (3) Australia / New Zealand Fibre Cement, which manufactures and sells fibre cement products in Australia, New Zealand and Asian export markets (other than the Philippines); (4) Research and Development, which includes the research and development centre in Sydney, Australia; and (5) Other, comprising the Philippines and Chile fibre cement operations and manufacture and sales of windows in Australia.

Research and development assets are included in the Australia / New Zealand Fibre Cement segment.

General Corporate costs include asbestos litigation and head office costs. 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.

Historically the Building Systems segment (disclosed in the Divested Businesses segment above) included certain commission income (received from the Australia/New Zealand Fibre Cement segment) and associated sales force costs for fibre cement systems. These fibre cement systems were marketed to architects and specifiers by Building Systems but physically distributed by the Australia/New Zealand Fibre Cement segment. As a result of the sale of the Bondor business the fibre cement systems activities previously undertaken by Building Systems are now performed directly by the Australia/New Zealand Fibre Cement segment. Accordingly, all prior period segment information has been restated to consistently present these activities as performed by Australia/New Zealand Fibre Cement.

hardie

Management Discussion and Analysis

16 February 2001

James Hardie Industries Limited (JHIL)
Results for 3rd Quarter Ended 31 December 2000

Summarised Financial and Operating Results

A$ - AGAAP (Unless otherwise stated, results are for continuing businesses only)

For 3 months ended 31 December 2000 vs 3 months ended 31 December 1999.

	Three Months Ended 31 December		
	FY 2001	FY 2000	% Change
Net Sales			
US Fibre Cement	$ 170.6	$ 112.8	51
Gypsum	113.4	152.1	(25)
US Operations	284.0	264.9	7
Australia/New Zealand Fibre Cement	62.5	78.6	(21)
Other	27.0	30.3	(11)
Total Net Sales	$ 373.5	$ 373.8	-
Net Sales	$ 373.5	$ 373.8	-
Cost of goods sold	(281.4)	(235.3)	20
Gross profit	92.1	138.5	(34)
SG&A and other	(72.7)	(62.7)	16
EBIT from continuing businesses	19.4	75.8	(74)
EBIT from divested businesses	-	3.6	(100)
EBIT before abnormal items	19.4	79.4	(76)
Net interest expense	(5.8)	(8.1)	(28)
Operating profit before tax and abnormals	13.6	71.3	(81)
Income tax expense before abnormals	0.2	(25.0)	(101)
Profit after tax but before abnormals	13.8	46.3	(70)
Outside equity interests	-	-	-
Net operating profit before abnormals	$ 13.8	$ 46.3	(70)
Abnormal items before tax	-	-	-
Tax on abnormal items	-	-	-
Abnormal items after tax	-	-	-
Net operating profit	$ 13.8	$ 46.3	(70)
Tax rate	-1.5%	35.1%	
Volume (mmsf)			
US Fibre Cement	204.9	169.1	21
Gypsum	536.4	567.2	(5)
Australia/New Zealand Fibre Cement	58.2	75.9	(23)
Philippines Fibre Cement	16.5	10.6	56
Average sales price per unit (per msf)			
US Fibre Cement	US$ 443	US$ 430	3
Gypsum* (net)	US$ 82	US$ 146	(44)
Australia/New Zealand Fibre Cement	$ 954	$ 925	3
Philippines Fibre Cement	PHP13,024	PHP11,264	16

*See attached explanation on price

../More

002136

Group Results

a) Total Net Sales

Net sales were unchanged at A$373.5 million.

Net sales from US operations increased 7% to A$284.0 million. This reflects the favourable impact of foreign exchange rates. In US dollars, sales from US operations decreased 12% to US$150.1 million. This was due to considerably lower prices for gypsum wallboard products, as a result of a significant increase in industry production capacity, combined with lower demand. This was offset by continued strong growth in sales volumes and higher prices of fibre cement products.

Net sales from non-US operations decreased 18% to A$89.5 million. This reflects generally lower demand which can be attributed to the downturn in the housing cycles in Australia and New Zealand. This affected both the fibre cement businesses and the Australian windows operation. These lower sales were partially offset by a 78% increase in sales revenue from the Philippines fibre cement business.

b) Gross Profit

Gross profit fell 34% to A$92.1 million due to significantly lower prices for gypsum wallboard products, an increase in the cost of pulp which affected all fibre cement operations, and lower sales by the Australian and New Zealand fibre cement businesses, the US gypsum business and the Australian windows operation. The gross profit margin decreased 12.4 percentage points to 24.7%.

c) Selling, General and Administrative Expenses (SG&A)

SG&A expenses and other items increased 16% to A$72.7 million. This was mainly due to:

- a 42% increase in expenditure on sales, marketing and product development activities by the US fibre cement business as it geared up to capitalise on new growth opportunities
- an 82% increase in expenditure on business development projects to develop new markets for fibre cement in various parts of the world.

The significant investment in these growth initiatives more than offset the reductions in SG&A achieved by most other businesses, including a 34% reduction in SG&A costs in the gypsum business.

As a percentage of sales, SG&A expenses increased 2.7 percentage points to 19.5% compared to the same quarter last year.

d) Earnings Before Interest and Tax (EBIT)

EBIT decreased 74% to A$19.4 million. The EBIT margin was down 15.1 percentage points to 5.2% compared to the same quarter last year.

EBIT from US operations decreased 53% to A$36.4 million mainly due to the significant decline in gypsum wallboard prices, significantly higher natural gas costs in the gypsum business and an increase in expenditure on growth initiatives and plant commissioning costs by the US fibre cement business. In US dollars, EBIT from the US operations fell 63% to US$18.5 million.

EBIT from non-US operations decreased 56% to A$6.3 million. This was due to lower volumes in the Australia and New Zealand fibre cement business and the Windows operation and an increase in raw material costs in all businesses. This was partly offset by lower SG&A costs and higher prices in all businesses and higher volumes from the Philippines fibre cement business.

Corporate costs increased by A$8.5 million to A$20.5 million. This was mainly due to an increased investment in business development projects to develop new markets for fibre cement in various parts of the world.

Core research and development costs decreased 28% to A$2.8 million, mainly due to the completion of a number of research projects which have been transferred to business units for commercialisation.

e) Interest Expense

Net interest expense decreased 28% to A$5.8 million. This was primarily due to an increase in the amount capitalised into plant construction and lower net borrowings during the current period, as a result of receiving proceeds from the sale of the Building Systems operations in February 2000.

f) Income Tax Expense

Income tax expense decreased by A$25.2 million. The lower pre-tax profits, combined with the effect of permanent differences, resulted in an overall tax credit of A$0.2 million.

g) Abnormal Items

There were no abnormal items in the quarter.

h) Net Operating Profit

Net operating profit before abnormal items decreased 70% to A$13.8 million. Earnings per share before abnormals decreased 70% to A3.4 cents.

l) Special Item – Asbestos

The company announced today that it has resolved its future asbestos liability for the mutual benefit of claimants and shareholders.

The company has established the Medical Research and Compensation Foundation (MRCF) which has taken over the management and settlemert of the group's future asbestos liabilities. The Foundation will be completely independent of James Hardie.

Assets of A$293.0 million have been transferred to the Foundation to fund all future claims for compensation and to support medical research.

The transfer of assets means that the James Hardie group will book an extraordinary item of A$238.0 million in its consolidated profit and loss statement for its fiscal year ended March 31, 2001, to reflect the transfer of assets to the Foundation.

Effective today, the consolidated profit and loss statement of the James Hardie group will not include costs associated with asbestos. From today, these costs will be borne by the new Foundation.

Additionally, a provision of A$72.4 million will be removed from the consolidated balance sheet of the James Hardie group to reflect the removal of this contingent liability from the group. No future provisions are expected to be required.

These changes mean that the James Hardie group will be able to concentrate solely on developing its operating businesses and the new Foundation will concentrate solely on managing asbestos related activities.

Further details are contained in a separate announcement also released today.

Business Segment Results Follow

Business Segment Results

US Fibre Cement

Sales revenue increased 51% to A$170.6 million. In US dollars, sales revenue rose 25% to US$90.7 million.

Sales volume rose 21% to 204.9 million square feet as James Hardie's products continued to take market share from competing products. This was achieved despite a 7% decline in US housing starts.

A new interior product, Hardibacker 500®, using the company's new G2 technology, was launched during the quarter. Sales of Harditrim ™ continued to grow significantly, reflecting the product's advantages over traditional wood based alternatives. The high growth rate in sales of exterior siding products continued despite a 14% fall in housing starts in major markets such as Texas and Florida.

The average product selling price increased 3% to US$443 per thousand square feet, despite aggressive pricing from competitors. The increase reflects the continued introduction of new, differentiated products which are commanding higher prices.

Gross profit increased 43% but the gross profit margin fell 1.9 percentage points due to higher manufacturing costs, arising from the expansion of manufacturing capacity to meet growing demand.

Higher manufacturing costs included higher pulp and energy costs together with one-time commissioning costs associated with the start-up of the 5th manufacturing plant at Peru, Illinois, the 6th fibre cement plant at Waxahachie, Texas and the FRC™ Pipes plant in Plant City, Florida.

For the third quarter in a row, the business' manufacturing plants operated close to capacity to meet higher than expected demand. This meant each plant produced higher volumes of a narrower product range.

SG&A expenses were 43% higher to support the continuing growth of the business. The higher costs reflect a significant expansion of sales and marketing activities to exploit new growth opportunities to meet growing demand. However, SG&A decreased 0.8 percentage points as a percentage of sales.

EBIT rose 43% to A$32.2 million reflecting higher volumes and selling prices. This result was achieved despite higher SG&A and manufacturing costs, notably higher raw material and energy costs. In local currency, EBIT increased 19% to US$17.2 million.

The EBIT margin at 18.9% was 1.2 percentage points down on the same quarter last year but was up significantly on the prior quarter of the current year.

The business continues to expand. The 5th manufacturing plant at Peru, Illinois was commissioned in October and continues to ramp-up as planned.

Construction work on the 6th plant in Waxahachie, Texas is progressing on schedule and the plant is due to become operational in February 2001.

In addition, the company has developed a new 'breakthrough' fibre cement production technology, which will be used to expand the company's range of fibre cement products. The first production line, utilising this new technology, has been commissioned at the Cleburne, Texas plant. The new line will provide an additional 100 million square feet of capacity which will be used to manufacture new Harditrim™.

Upon completion of the 5th and 6th plants, and the commissioning of a second line at the Peru plant, the business will have a total annual production capacity of approximately 1.825 billion square feet.

The company's first US pipe manufacturing plant in Plant City, Florida is due to become operational in March 2001.

US Gypsum

Gross sales revenue decreased 25% to A$113.4 million.

Net wallboard sales revenue (gross price wallboard sales revenue less freight, discounts and rebates) was down 34% to A$84.8 million.

This was due primarily to a 44% decline in the average net selling price of wallboard. The average net price for wallboard was US$82 per thousand square feet. This was 44% lower than the same quarter last year, due to the significant increase in industry production capacity, combined with lower demand.

In US dollars, gross revenue dropped 40% to US$59.4 million while net revenue was down 47% to US$44.1 million.

Wallboard sales volume fell 5% to 536.4 million square feet. This downturn was exacerbated by severe winter weather, particularly in the mid-west and the east, which slowed building activity. In some areas it brought building to a halt and forced a one week shutdown of the company's gypsum plant in Arkansas during December.

The per unit manufacturing cost of wallboard was unchanged, despite significantly higher energy costs.

Gross profit decreased 84% and the gross profit margin fell 33.0 percentage points. This was primarily due to the lower wallboard prices together with lower volumes and higher energy costs.

SG&A expenses were cut by 34% compared to the same period last year. As a percentage of sales, SG&A expenses were 0.6 percentage points lower.

EBIT decreased 92% to A$4.2 million due primarily to lower wallboard prices, lower volumes and higher energy costs, all of which were only marginally offset by lower SG&A costs. In local currency, EBIT decreased 96% to US$1.3 million.

The EBIT margin at 3.7% was 32.4 percentage points lower than the previous corresponding period.

The business strategy is to achieve the best return on assets in the gypsum wallboard industry. Significant progress has been achieved towards this objective and results for this quarter show that the business has among the best returns in the industry.

The business continues to expand on other fronts. In December, the company completed the purchase of Western Gypsum, a large gypsum mine in Utah. This will provide growth options for the business at low cost and low risk.

In addition, the first joint compound manufacturing plant in Washington state is ramping-up on schedule and is generating sales. This operation, together with joint compounds being sourced from a contract manufacturer in California, has added a new, complementary product which is expected to generate attractive returns.

Australia and New Zealand Fibre Cement

Sales revenue for the segment decreased 21% to A$62.5 million and sales volumes were down 23%. EBIT decreased 43% to A$9.2 million.

Australia

Sales revenue decreased 22% to A$44.7 million due to a 25% decrease in sales volume to 48.5 million square feet.

The decline in sales volume reflects lower demand due to the downturn in the Australian housing cycle. This was exacerbated by a decline in sales following the introduction of the GST (Goods & Services Tax) in July, some disruption to business in NSW as a result of the Olympic Games in September and abnormally lower demand prior to the December holiday period.

However, the average product selling price increased 4% to A$922 per thousand square feet, reflecting favourable changes to the product mix.

Gross profit decreased 24% and the gross profit margin fell 0.9 percentage points, largely due to the lower volumes and higher manufacturing costs.

SG&A expenses were cut 4% due to improved cost management. One improvement initiative expected to yield further savings is the centralisation and relocation of the finance and administration functions to New Zealand.

EBIT fell 40% due primarily to the lower volumes together with higher raw material and manufacturing costs. The EBIT margin at 16.2% was 5.0 percentage points down on the same quarter last year.

The business maintained its segment share, retaining all major customers during the quarter.

Sales of Hardifloor™, specifically designed for houses built on sloping sites continued to increase. New products introduced to the market during the quarter include HPC™, a new high-quality facade baseboard and Smartfix™, a premium pre-finished facade system. Further new product introductions are scheduled this year.

The first phase of the capacity expansion at the fibre cement pipes and columns plant in Brisbane became operational in December 2000. This increased capacity by 20% with a further 10% increase anticipated in April 2001. This will enable the business to capitalise on growth opportunities for its range of drainage pipes and architectural columns.

New Zealand

Sales revenue fell 15% to A$17.8 million due mainly to a 13% decrease in fibre cement sales volume and the sale of the Portacom business in February 2000.

This was a good result given the 28% decline in residential construction activity during the quarter. This sharp decline reflects lower economic and consumer confidence and an excess supply of dwellings created by overbuilding in the prior year. In local currency, total sales revenue decreased 12% to NZ$23.0 million.

Despite the sharp fall in residential construction activity, average product prices rose 2%. This was due to a change in the product mix as new and differentiated products, which competitors are unable to offer, generated a greater proportion of sales.

The business continued to hold segment share and all major customers were retained in the quarter.

Demand for products such as Hardiglaze™, a pre-finished internal lining product, continued to increase. A number of new products are scheduled to be launched later in the year.

Gross profit fell 32% and the gross profit margin decreased 6.0 percentage points. This was due mainly to higher raw material costs, particularly for pulp, which offset gains in manufacturing efficiency. SG&A expenses were cut 13% as a result of ongoing cost reductions.

The fall in sales volumes, higher raw material costs and the sale of the Portacom business in February 2000, were largely responsible for a 47% decline in EBIT. The EBIT margin decreased 7.0 percentage points to 11.2%.

Other Businesses Segment (Philippines Fibre Cement, Chile Fibre Cement and Windows)

Sales from the Other Businesses segment decreased 11% to A$27.0 million. The segment recorded an EBIT loss of A$2.9 million.

Philippines Fibre Cement

Sales revenue increased 78% to A$8.2 million. This was due to a 56% increase in sales volume to 16.5 million square feet as the business continued to increase market penetration against competing products, principally plywood.

The business also significantly grew export sales, commencing exports to Korea during the quarter.

Average product selling prices rose 16% due to favourable changes in the product mix and increased sales of exports. In local currency, sales revenue increased 80% to PHP214.9 million.

Gross Profit was break-even. This was due to higher manufacturing costs, notably higher raw material and energy costs.

SG&A expenses fell 36%. This was due primarily to the reorganisation of the sales and marketing functions which reduced employee costs, combined with a reduction in other administrative expenses compared to the prior year.

The EBIT loss in the quarter was 29% lower than the loss recorded in the same quarter last year. This was due to higher volumes and selling prices and lower SG&A costs.

Chile Fibre Cement

In December 2000 James Hardie acquired a new US$6.9 million fibre cement manufacturing plant in Santiago, Chile, from Fibrocementos Ecologicos Limitada (FCE), a private Chilean company. A further US$2.3 million is being spent upgrading the plant to increase its efficiency and enable it to manufacture James Hardie's proprietary product range. The plant is scheduled to commence commercial production in February 2001 and will have an annual production capacity of 35 million square feet.

The acquisition represents a low-cost, low-risk entry into South America, a region in which the company sees significant long-term growth potential. The initial investment in Chile matches the size of the emerging market for fibre cement in Chile and the near-term prospects for sales in neighbouring countries Brazil and Argentina.

A small EBIT loss for the quarter was recorded, reflecting SG&A and other expenses incurred as part of the start-up of the business.

Windows

Sales revenue decreased 26% to A$18.3 million due to a fall in sales volumes of timber and aluminium windows. This was offset by a 14% increase in the average product selling price. The upward trend in average selling price reflects favourable price increases implemented by the business and the introduction of new, differentiated products which are commanding higher prices, notably the Quantum™ window.

The lower sales volume reflects lower demand in Australia, some of which can be attributed to decreased buying after the introduction of the GST (Goods & Services Tax), some disruption to business in NSW, the business' largest market, as a result of the Olympic Games in September and abnormally lower demand prior to the December holiday period.

The business continued to strengthen its position following the earlier acquisition of the "Palmair" business from Interlock.

Gross profit decreased 29% and the gross profit margin decreased 0.7 percentage points, largely due to lower sales volumes.

The business is in the process of automating its Quantum™ manufacturing processes. This will reduce costs further and increase production capacity to meet growing demand.

Sales of Quantum™ are increasing significantly as the product continues to be received positively by customers.

SG&A costs decreased 9% as the business continued to reduce costs and improve operating efficiency.

The lower gross profit produced an EBIT loss compared to a small profit in the same quarter last year.

The divestment process for James Hardie Windows is progressing on schedule, with the detailed information memorandum completed and potential purchasers around the world identified and being contacted. Preliminary offers for the business are expected to be received during March 2001.

Research and Development

Research and development includes costs associated with 'core' fibre cement research projects which are aimed at benefiting all fibre cement business units. These costs are expensed as 'corporate costs' rather than being attributed to individual units and decreased 28% to A$2.8 million for the quarter. This was mainly due to the completion of a number of research projects which are now being commercialised by business units.

Costs associated with development projects by individual business units are included in the business unit segment results. In total, these costs increased 23% to A$4.3 million reflecting increased activity on a number of projects involving the commercialisation of new products.

Ends.

For further details contact

Greg Baxter, Senior Vice President Corporate Affairs
Tel: (61 2) 9290 5225 (BH)
Mob: 0419 461 368 (AH)

Footnote: Change in Reporting Gypsum Selling Prices

Effective November 16, 2000, James Hardie changed the way in which it reports gypsum wallboard average selling prices in its results.

The company previously reported the Gross Selling Price per million square feet of wallboard. Beginning 16 November 2000, it now publishes the Net Selling Price per million square feet of wallboard. The Net Selling Price is the Gross Selling Price less freight, discounts and rebates.

The Net Selling Price per million square feet is the price commonly quoted by other industry participants.

This change is designed to enable shareholders, analysts and other interested parties to more easily compare the performance of the company's gypsum business with the results of its competitors.

The following table shows the Gross Selling Price reported by James Hardie Gypsum in the past and the Net Selling Price which was achieved by the business in the same reporting periods.

Quarter	*Gross Selling Price/msf	*Net Selling Price/msf
June 98	$134	$104
September 98	$133	$110
December 98	$140	$114
March 99	$144	$119
June 99	$153	$128
September 99	$162	$137
December 99	$172	$146
March 00	$164	$138
June 00	$149	$123
September 00	$127	$100
December 00	$110	$82

*All prices are US$

As a result of EITF 00-10 "Accounting for Shipping and Handling Revenues and Costs" issued by the Emerging Issues Task Force of the Financial Accounting Standards Board, certain Gypsum industry participants have restated their reported sales revenues and cost of sales to reclassify amounts related to shipping and handling to cost of sales from sales revenue where they have previously been reported. This has the effect of increasing sales revenue and increasing cost of sales but not affecting reported profits. James Hardie has always reported its Gypsum sales revenues in the manner now mandated by the EITF.

This document is available from the Investor Relations Section of the James Hardie website – www.jameshardie.com.

This document contains forward looking statements. Forward looking statements are subject to risks and uncertainties and, as a result, readers should not place undue reliance on such statements. The inclusion of these forward looking statements should not be regarded as a representation that the objectives or plans described herein will be realised.

hardie

James Hardie

md&a

Management Discussion and Analysis

16 February 2001

James Hardie Industries Limited (JHIL)
Results for 9 Months Ended 31 December 2000

Summarised Financial and Operating Results

A$ - AGAAP (Unless otherwise stated, results are for continuing businesses only)

For 9 months ended 31 December 2000 vs 9 months ended 31 December 1999.

	Nine Months Ended 31 December		
	FY 2001	FY 2000	% Change
Net Sales			
US Fibre Cement	$ 500.4	$ 352.9	42
Gypsum	388.0	412.2	(6)
US Operations	888.4	765.1	16
Australia/New Zealand Fibre Cement	209.5	223.5	(6)
Other	91.8	87.3	5
Total Net Sales	$ 1,189.7	$ 1,075.9	11
Net Sales	$ 1,189.7	$ 1,075.9	11
Cost of goods sold	(841.6)	(696.1)	21
Gross profit	348.1	379.8	(8)
SG&A and other	(225.5)	(192.7)	17
EBIT from continuing businesses	122.6	187.1	(35)
EBIT from divested businesses	-	13.6	(100)
EBIT before abnormal items	122.6	200.7	(39)
Net interest expense	(15.6)	(24.6)	(37)
Operating profit before tax and abnormals	107.0	176.1	(39)
Income tax expense before abnormals	(27.9)	(62.0)	(55)
Profit after tax but before abnormals	79.1	114.1	(31)
Outside equity interests	-	-	-
Net operating profit before abnormals	$ 79.1	$ 114.1	(31)
Abnormal items before tax	$ (35.3)	-	-
Tax on abnormal items	-	-	-
Abnormal items after tax	$ (35.3)	-	-
Net operating profit	$ 43.8	$ 114.1	(62)
Tax rate	26.1%	35.2%	
Volume (mmsf)			
US Fibre Cement	648.2	537.5	21
Gypsum	1,683.9	1,629.0	3
Australia/New Zealand Fibre Cement	201.0	219.0	(8)
Philippines Fibre Cement	45.2	31.5	44
Average sales price per unit (per msf)			
US Fibre Cement	US$ 436	US$ 426	2
Gypsum* (net)	US$ 102	US$ 138	(26)
Australia/New Zealand Fibre Cement	$ 943	$ 922	2
Philippines Fibre Cement	PHP12,991	PHP11,410	14

*See attached explanation on price

../More

Group Results

a) Total Net Sales

Net sales increased 11% to A$1,189.7 million.

Net sales from US operations increased 16% to A$888.4 million. This reflects the favourable impact of foreign exchange rates. In US dollars, sales from US operations increased 1% to US$501.9 million. This was due to continuing strong growth in sales volumes and higher prices of fibre cement products. These were offset by considerably lower prices for gypsum wallboard products, as a result of a significant increase in industry production capacity, combined with lower demand.

Net sales from non-US operations decreased 3% to A$301.3 million. This reflects generally lower demand, which can be attributed to the downturn in the housing cycles in Australia and New Zealand. This affected the fibre cement businesses and the Australian windows operation. These lower sales were partially offset by a 62% increase in sales revenue from the Philippines fibre cement business.

b) Gross Profit

Gross profit decreased 8% to A$348.1 million due to significantly lower prices for gypsum wallboard products and an increase in the cost of pulp which affected all fibre cement operations. This was offset by higher sales volumes from the US fibre cement business. The gross profit margin decreased 6.0 percentage points to 29.3%.

c) Selling, General and Administrative Expenses (SG&A)

SG&A expenses and other items increased 17% to A$225.5 million. This was mainly due to:

- a 55% increase in expenditure on sales, marketing and product development activities by the US fibre cement business as it geared up to capitalise on new growth opportunities
- an 82% increase in expenditure on business development projects to develop new markets for fibre cement in various parts of the world.

The significant investments in these growth initiatives more than offset the reductions in SG&A achieved by most other businesses, including a 12% reduction in SG&A costs in the Gypsum business.

As a percentage of sales, SG&A expenses increased 1.1 percentage points to 19.0% compared to the same period last year.

d) Earnings Before Interest and Tax (EBIT)

EBIT decreased 35% to A$122.6 million. The EBIT margin fell 7.1 percentage points to 10.3% compared to the same period last year.

EBIT from US operations decreased 25% to A$160.7 million due mainly to the significant decline in gypsum wallboard prices, higher natural gas costs in the gypsum business and an increase in expenditure on growth initiatives and plant commissioning by the US fibre cement business. In US dollars, EBIT from US operations decreased 35% to US$90.8 million.

EBIT from non-US operations decreased 3% to A$26.9 million. This was due to lower volumes in the Australia and New Zealand fibre cement businesses and the Australian windows operation and an increase in raw material costs in all businesses. This was partly offset by manufacturing efficiencies and lower SG&A costs in the Australia and New Zealand fibre cement businesses, higher prices in the fibre cement businesses and higher volumes from the Philippines fibre cement business.

Corporate costs increased by A$15.5 million to A$57.5 million. This was mainly due to an increased investment in business development projects to develop new markets for fibre cement in various parts of the world.

Core research and development costs decreased 41% to A$7.5 million, mainly due to the completion of a number of research projects which have been transferred to business units for commercialisation.

e) Interest Expense

Net interest expense decreased 37% to A$15.6 million. This was primarily due to lower net borrowings during the period as a result of receiving proceeds from the sale of the Building Systems operations in February 2000 and an increase in the amount capitalised into plant construction.

f) Income Tax Expense

Income tax expense decreased by A$34.1 million to A$27.9 million in line with the decrease in profits. The effective tax rate was 26%.

g) Abnormal Items

In September 2000 the company announced its plans to accelerate the expansion of its fibre cement operations, based on growing confidence that the company's proprietary fibre cement technology has significant commercial potential around the world.

James Hardie has therefore decided to exit its Australian windows operation. As a result of this decision, the carrying value of the windows assets have been written down to a near-term realisable value, as opposed to maintaining a value for these assets which reflects the longer term development potential of the business. A provision has also been established for costs which are likely to be incurred as part of the exit process.

Accordingly, an abnormal item of A$35.3 million was booked during the period.

The business should be attractive to prospective purchasers, given its significant long term growth potential, particularly of the new Quantum™ window range which is based on valuable, patented design and technology.

h) Net Operating Profit

Net operating profit before abnormal items decreased 31% to A$79.1 million. Earnings per share before abnormals decreased 31% to A19.4 cents. Including abnormal items, net operating profit decreased from A$114.1 million to A$43.8 million.

i) Special Item – Asbestos

The company announced today that it has resolved its future asbestos liability for the mutual benefit of claimants and shareholders.

The company has established the Medical Research and Compensation Foundation (MRCF) which has taken over the management and settlement of the group's future asbestos liabilities. The Foundation will be completely independent of James Hardie.

Assets of A$293.0 million have been transferred to the Foundation to fund all future claims for compensation and to support medical research.

The transfer of assets means that the James Hardie group will book an extraordinary item of A$238.0 million in its consolidated profit and loss statement for its fiscal year ended March 31, 2001, to reflect the transfer of assets to the Foundation.

Effective today, the consolidated profit and loss statement of the James Hardie group will not include costs associated with asbestos. From today, these costs will be borne by the new Foundation.

Additionally, a provision of A$72.4 million will be removed from the consolidated balance sheet of the James Hardie group to reflect the removal of this contingent liability from the group. No future provisions are expected to be required.

These changes mean that the James Hardie group will be able to concentrate solely on developing its operating businesses and the new Foundation will concentrate solely on managing asbestos related activities.

Further details are contained in a separate announcement also released today.

Business Segment Results Follow – See Next Page

Business Segment Results Follow – See Next Page

Business Segment Results

US Fibre Cement

Sales revenue increased 42% to A$500.4 million. In US dollars, sales revenue increased 23% to US$282.7 million.

Sales volume rose 21% to 648.2 million square feet as James Hardie's products continued to take market share from competing products, particularly in the siding and interior products segments.

A new interior product, Hardibacker 500®, using the company's new G2 technology, was launched during the period. The high growth rate in sales of exterior siding products was maintained despite a 7% fall in housing starts in major markets such as Texas and Florida.

The average product selling price increased 2% to US$436 per thousand square feet, despite aggressive pricing from competitors. The upward trend in average prices reflects the introduction of new, differentiated products which are commanding higher prices. This helped partly offset the higher manufacturing costs.

Gross profit increased 27% reflecting higher prices and volumes. The gross profit margin fell 3.8 percentage points due to increased manufacturing costs, arising from the expansion of manufacturing capacity to meet growing demand.

Higher manufacturing costs included higher pulp and energy costs together with one-time commissioning costs associated with the expansion of capacity at Tacoma, Washington and Cleburne, Texas under the 'Step-Up' program. In addition, one-time commissioning costs included the start-up of the 5th manufacturing plant at Peru, Illinois, the 6th fibre cement plant at Waxahachie, Texas, and the FRC™ Pipe plant in Plant City, Florida.

The business' manufacturing plants operated close to capacity to meet higher than expected demand. This meant each plant produced higher volumes of a narrower product range resulting in longer freight hauls to get products to customers such that freight costs rose as a result. The cost of longer freight hauls was exacerbated by higher fuel surcharges.

SG&A expenses were 48% higher and increased 0.6 percentage points as a percentage of sales. The higher costs reflects significant expansion of sales, marketing and product development activities to exploit new growth opportunities to meet growing demand.

EBIT increased 14% to A$90.8 million due to the favourable impact of foreign exchange rates. In local currency, EBIT decreased 1% to US$51.3 million.

Higher volumes and selling prices were more than offset by higher SG&A costs to support the continuing growth of the business and higher manufacturing costs, notably higher raw material and energy costs.

The EBIT margin at 18.2% was 4.4 percentage points down on the same period last year, due to the factors outlined above.

The business continues to expand. The 5th manufacturing plant at Peru, Illinois, which was commissioned in October continues to ramp-up as planned. Construction work on the 6th plant in Waxahachie, Texas is progressing on schedule and the plant is due to become operational in February 2001.

In addition, the company has developed a new 'breakthrough' fibre cement production technology, which will be used to expand the company's range of fibre cement products. The first production line utilising this new technology has been commissioned at the Cleburne, Texas plant. The new line will provide an additional 100 million square feet of capacity which will be used to manufacture new Harditrim™.

Upon completion of the 5th and 6th plants and the commissioning of a second line at the Peru plant, the business will have a total annual production capacity of approximately 1.825 billion square feet.

The company's first US pipe manufacturing plant in Plant City, Florida is due to become operational in March 2001.

US Gypsum

Gross sales revenue decreased 6% to A$388.0 million.

Net wallboard sales revenue (gross wallboard sales revenue less freight, discounts and rebates) decreased 12% to A$304.8 million.

This was due primarily to a 26% decline in the average net selling price of wallboard. The average net price for wallboard was US$102 per thousand square feet. This was 26% lower than the same period last year due to the significant increase in industry production capacity, combined with lower demand.

In US dollars, gross revenue was down 18% to US$219.2 million while net revenue decreased 23% to US$172.2 million.

Wallboard sales volume increased 3% to 1,683.9 million square feet. This was achieved despite severe winter weather, particularly in the mid-west and the east, which slowed building activity. In some areas it brought building to a halt and forced a one week shutdown of the company's gypsum plant in Arkansas during December.

Gross profit decreased 43% and the gross profit margin fell 15.0 percentage points. This was primarily due to lower wallboard prices together with higher energy costs.

SG&A expenses decreased 12% and as a percentage of sales were 0.3 percentage points lower than the prior year.

EBIT decreased 48% to A$69.9 million due entirely to lower wallboard prices and higher energy costs, all of which were only marginally offset by lower SG&A costs. In local currency, EBIT decreased 55% to US$39.5 million.

The EBIT margin at 18.0% was 14.6 percentage points lower than the same period last year.

The business strategy is to achieve the best return on assets in the gypsum wallboard industry. Significant progress has been achieved towards this objective and results for the period show that the business has among the best returns in the industry.

The business continues to expand on other fronts. In December, the company completed the purchase of Western Gypsum, a large gypsum mine in Utah. This will provide growth options for the business at low cost and low risk.

In addition, the first joint compound manufacturing plant in Washington state is ramping-up on schedule and is generating sales. This operation, together with joint compounds being sourced from a contract manufacturer in California, has added a new, complementary product which is expected to generate attractive returns.

Australia and New Zealand Fibre Cement

Sales revenue for the segment decreased 6% to A$209.5 million and sales volumes decreased 8% to 201.0 million square feet. EBIT increased 8% to A$39.2 million.

Australia

Sales revenue decreased 5% to A$157.4 million due to an 8% decrease in sales volume to 172.7 million square feet. The average product selling price increased 3% reflecting favourable changes to the product mix.

The decline in sales volume reflects lower demand which was due to the downturn in the Australian housing cycle. This was exacerbated by a decline in sales following the introduction of the GST (Goods & Services Tax) in July, some disruption to business in NSW as a result of the Olympic Games in September and abnormally lower demand prior to the December holiday period.

The business produced higher profits despite the impact of these external factors. Gross profit increased 6% and the gross profit margin rose 4.0 percentage points, largely due to significantly improved manufacturing performance, lower costs and higher selling prices.

SG&A expenses were cut 10% and decreased 1.0 percentage points as a percentage of sales. One improvement initiative expected to yield further savings is the centralisation and relocation of the finance and administration functions to New Zealand.

The lower manufacturing and SG&A costs, together with the higher prices, led to a 24% increase in EBIT. This result was achieved despite the downturn in the housing cycle. The EBIT margin of 21.3% was 4.9 percentage points ahead of the same period last year, and was the highest it has been for a number of years.

The business maintained its segment share, retaining all major customers during the period. BBC Hardware, a major customer, awarded the business its National Supplier Award in the Building & Construction category and a Silver Award in the Best Overall Supplier category for the 1999-2000 year. Another major customer, Mitre 10, awarded the business its Victorian Supplier of the Year Award.

Sales of Comtex™, a new external cladding system for commercial buildings launched nationally in April 2000, had a positive impact on sales and helped to increase market penetration in the commercial segment. Other new products launched during the period include Hardifloor™, specifically designed for houses built on sloping sites, HPC™, a new high-quality facade baseboard and Smartfix™, a premium pre-finished facade system. Further new product introductions are scheduled this year.

In addition, the business embarked on a new sales campaign to increase demand for fibre cement products.

The first phase of the capacity expansion at the fibre cement pipes and columns plant in Brisbane became operational in December 2000. This increased capacity by 20% with a further 10% increase anticipated in April 2001. This will enable the business to capitalise on growth opportunities for its range of drainage pipes and architectural columns.

New Zealand

Sales revenue fell 10% to A$52.1 million due mainly to a 10% decrease in fibre cement sales volume and the sale of the portable buildings business in February 2000.

This was a good result given the 28% decline in residential construction activity during the period. This sharp decline reflects lower economic and consumer confidence, higher household debt levels and an excess supply of dwellings created by overbuilding in the prior year. In local currency, sales revenue decreased 7% to NZ$66.5 million.

Despite the sharp fall in residential construction activity, average product prices rose 2%. This was due to a change in the product mix as new and differentiated products, which competitors are unable to offer, generated a greater proportion of sales.

A number of new and well established products performed well despite the fall in housing starts. These include Hardigroove™, a new product for soffits and internal walls, and Villaboard™ which is used for internal walls and wet areas. Demand for products such as Hardiglaze™, a pre-finished internal lining product, continued to increase. A number of new products are scheduled to be launched later in the year.

Segment share was maintained and all major customers were retained during the period.

Gross profit fell 24% and the gross profit margin decreased 4.9 percentage points due mainly to higher raw material costs, particularly for pulp, which offset gains in manufacturing efficiency. SG&A expenses were cut 11% and were unchanged as a percentage of sales.

The fall in sales volumes, increased raw material costs and the sale of the Portacom business in February 2000, were largely responsible for a 37% decline in EBIT. The EBIT margin decreased 4.8 percentage points to 10.9%.

Other Businesses Segment (Philippines Fibre Cement, Chile Fibre Cement and Windows)

Sales from the Other Business segments increased 5% to A$91.8 million. The segment recorded an EBIT loss of A$12.3 million.

Philippines Fibre Cement

Sales revenue increased 62% to A$22.9 million. This was due to a 44% increase in sales volume to 45.2 million square feet as the business continued to increase market penetration against competing products, principally plywood.

The business also significantly grew export sales, commencing exports to Korea during the period.

Average product selling prices rose 14% due to favourable changes in the product mix and increased sales of exports. In local currency, sales revenue increased 63% to PHP587.2 million.

The business made a positive gross profit contribution during the period due to higher revenue, improved production efficiency, favourable changes to the product mix and greater product awareness, despite higher raw material costs.

SG&A expenses were 30% higher due to the launch of a new advertising campaign, an increase in export sales and marketing activity, as well as a one-off charge for redundancies arising from a reorganisation of the sales and marketing functions.

The EBIT loss reduced 8% compared to the loss recorded in the same period last year. This was due to higher volumes and selling prices, and lower manufacturing costs. This was offset by redundancy costs outlined above. Excluding these one-off redundancy costs the EBIT loss reduced 21%.

Chile Fibre Cement

In December 2000 James Hardie acquired a new US$6.9 million fibre cement manufacturing plant in Santiago, Chile, from Fibrocementos Ecologicos Limitada (FCE), a private Chilean company. A further US$2.3 million is being spent upgrading the plant to increase its efficiency and enable it to manufacture James Hardie's proprietary product range. The plant is scheduled to commence commercial production in February 2001 and will have an annual production capacity of 35 million square feet.

The acquisition represents a low-cost, low-risk entry into South America, a region in which the company sees significant long-term growth potential. The initial investment in Chile matches the size of the emerging market for fibre cement in Chile and the near-term prospects for sales in neighbouring countries Brazil and Argentina.

A small EBIT loss for the period was recorded, reflecting SG&A and other expenses incurred as part of the start-up of the business.

Windows

Sales revenue decreased 5% to A$67.3 million due to a 16% decrease in sales volumes of timber and aluminium windows. This was offset by a 9% increase in the average product selling price for timber and aluminium windows, reflecting favourable changes to the product mix. In addition, sales of Breezway™ louvres increased 15%.

The lower sales volume reflects lower demand in Australia, some of which can be attributed to decreased buying after the introduction of the GST (Goods & Services Tax), some disruption to business in NSW, the business' largest market, as a result of the Olympic Games in September and abnormally low demand prior to the December holiday period.

The business strengthened its leading position in the louvre windows market with the acquisition of the "Palmair" louvre business from Interlock.

Gross profit fell 9% and the gross profit margin decreased 0.9 percentage points, largely due to lower sales volumes.

The lower gross profit caused a A$3.7 million increase in the EBIT loss compared to the prior year.

The business is in the process of automating its Quantum™ manufacturing processes. This will reduce costs further and increase production capacity to meet growing demand.

The accelerated roll-out of the new Quantum™ range of aluminium windows continued and was supported by a new advertising campaign and promotional program, which pushed up costs. Sales of Quantum™ are increasing significantly as the product continues to be received positively by customers.

The divestment process for James Hardie Windows is progressing on schedule, with the detailed information memorandum completed and potential purchasers around the world identified and being contacted. Preliminary offers for the business are expected to be received during March 2001.

Research and Development

Research and development includes costs associated with 'core' research projects which are aimed at benefiting all fibre cement business units. These costs are expensed as 'corporate costs' rather than being attributed to individual units and decreased 41% to A$7.5 million for the period. This was mainly due to the completion of a number of research projects which are now being commercialised by business units.

Costs associated with development projects by individual business units are included in the business unit segment results. In total, these costs increased 28% to A$12.3 million reflecting increased activity on a number of projects involving the commercialisation of new products.

Ends.

For further details contact

Greg Baxter, Senior Vice President Corporate Affairs
Tel: (61 2) 9290 5225 (BH)
Mob: 0419 461 368 (AH)

Footnote: Change in Reporting Gypsum Selling Prices

Effective November 16, 2000, James Hardie changed the way in which it reports gypsum wallboard average selling prices in its results.

The company previously reported the Gross Selling Price per million square feet of wallboard. Beginning November 16, 2000, it now publishes the Net Selling Price per million square feet of wallboard. The Net Selling Price per million square feet is the Gross Selling Price less freight, discounts and rebates.

The Net Selling Price per million square feet is the price commonly quoted by other industry participants.

This change is designed to enable shareholders, analysts and other interested parties to more easily compare the performance of the company's gypsum business with the results of its competitors.

The following table shows the Gross Selling Price reported by James Hardie Gypsum in the past and the Net Selling Price which was achieved by the business in the same reporting periods.

Quarter	*Gross Selling Price/msf	*Net Selling Price/msf
June 98	$134	$104
September 98	$133	$110
December 98	$140	$114
March 99	$144	$119
June 99	$153	$128
September 99	$162	$137
December 99	$172	$146
March 00	$164	$138
June 00	$149	$123
September 00	$127	$100
December 00	$110	$82

*All prices are US$

As a result of EITF 00-10 "Accounting for Shipping and Handling Revenues and Costs" issued by the Emerging Issues Task Force of the Financial Accounting Standards Board, certain Gypsum industry participants have restated their reported sales revenues and cost of sales to reclassify amounts related to shipping and handling to cost of sales from sales revenue where they have previously been reported. This has the effect of increasing sales revenue and increasing cost of sales but not affecting reported profits. James Hardie has always reported its Gypsum sales revenues in the manner now mandated by the EITF.

This document is available from the Investor Relations Sectio of the James Hardie website – www.jameshardie.com.

This document contains forward looking statements. Forward looking statements are subjectto risks and uncertainties and, as a result, readers should not place undue reliance on such statements. The inclusion of thes forward looking statements should not be regarded as a representation that the objectives or plans described herein will be realised.

hardie

James Hardie

Third Quarter Results

16 February 2001, Sydney

1

James Hardie

Agenda

- >Asbestos – Peter Macdonald, CEO
- >Q3 Overview – Peter Macdonald, CEO
- >Financial Review – Phillip Morley, CFO
- >Operating Review – Peter Macdonald, CEO
- >Summary
- >Questions and Answers

2

James Hardie

The Medical Research and Compensation Foundation (MRCF)

James Hardie has effectively resolved its asbestos liability for the mutual benefit of shareholders and future claimants

3

James Hardie

The Medical Research and Compensation Foundation (MRCF)

- The Foundation has been established to
  - compensate people injured by James Hardie asbestos
  - fund medical research aimed at finding cures
- The Foundation is a completely independent, non-profit organisation with its own board and management
- The Foundation is expected to have sufficient funds to meet all claims relating to James Hardie asbestos

4

James Hardie

MRCF – Structure

> Foundation controls two former subsidiaries that manufactured asbestos

> Subsidiaries liable for asbestos diseases in certain cases

> All shares in the subsidiaries have been vested to the Foundation

> Total assets of the subsidiaries are A$293 million

> James Hardie will not control the subsidiaries and has no future claim on their assets

> Subsidiaries therefore deconsolidated from JHIL

5

James Hardie

MRCF – Assets

> Foundation's assets principally comprise income earning investments

> The assets have been invested to generate income and capital growth

> Towers Perrin has been appointed investment advisor to the Foundation

6

002164

James Hardie

MRCF – Assets

- > Total assets available will be much more than starting assets of A$293 million
- > The assets provide sufficient funds to meet anticipated claims related to James Hardie's asbestos
- > Independent advice provided by PwC, Access Economics and actuaries Trowbridge

7

James Hardie

The Foundation provides much greater certainty for claimants and shareholders

- > The position of claimants is substantially improved
  - > Foundation is focused on compensation
  - > future claims fully funded
  - > Foundation has irrevocable rights to the assets
  - > James Hardie has no right to dividends or any surplus
  - > assets cannot be used for other purposes ahead of claims
  - > rights of claimants to sue are undiminished

8

0021 5

James Hardie

The Foundation provides much greater certainty for claimants and shareholders

> Claimants' position substantially improved

> special funds will help continue medical research

> research funding available for 15 years

> current research highly prospective

> research will benefit all stakeholders

9

James Hardie

The Foundation provides much greater certainty for claimants and shareholders

> Shareholders' position substantially improved

> resolves James Hardie's asbestos liability

> asbestos costs will no longer impact profit and loss

> no future asbestos provision is required

> nature and extent of liability is clarified

10

James Hardie

The Foundation provides much greater certainty for claimants and shareholders

> Shareholders' position substantially improved

> management focus entirely on core business
> investor focus entirely on core business
> James Hardie becomes more attractive to investors
> benefits outweigh costs

11

James Hardie

Foundation provides a win-win for claimants and shareholders and addresses James Hardie's share of a much wider community health issue

> Two James Hardie companies were among 140 responsible to date for asbestos problems

> James Hardie companies have been solely responsible in about 20% of cases

> James Hardie has settled about 90% of claims quickly – reducing costs, delays and anxiety of litigation

12

James Hardie

Financial Implications

> Effective today

- > a one-time extraordinary item of A$238 million will be charged to the profit and loss
- > asbestos costs will no longer be expensed to the profit and loss
- > asbestos and related provisions of A$72.4 million have been removed from the balance sheet
- > no future provisions will be required

13

James Hardie

Questions & Answers

14

0021 8

Highlights

3rd Quarter and 9 Months YTD

	Q3	YTD
Sales Revenue	unchanged	up 11%
Gross Profit	down 34%	down 8%
EBIT	down 74%	down 35%
Operating Profit	down 70%	down 31%

Highlights

> US fibre cement earnings up 43% vs a 7% decline in housing starts – sales revenue up 51%

> A 44% drop in gypsum prices and significantly higher energy costs led to a 92% fall in EBIT – however performance vs wallboard peers kept improving

> Australian fibre cement prices up 4%, volumes down 25% and EBIT down 40% due to lower volumes and higher pulp and manufacturing costs

002169

James Hardie

Highlights

Continued

> New Zealand fibre cement volumes were down 13% vs a 28% decline in housing starts, prices up 2%, EBIT down 47%

> Philippines sales revenue up 78%, volumes up 56% and prices up 16% vs a weak market

> Entered the South American market in December 2000 with a new plant in Chile

17

James Hardie

Financial Review

Phillip Morley, Chief Financial Officer

18

002

Income Statement

	Q3'01	Q3'00	% Change
Sales Revenue*	373.5	373.8	-
Gross Profit*	92.1	138.5	(34)
SG&A*	72.7	62.7	(16)
EBIT*	19.4	75.8	(74)
EBIT (discontinued)	-	3.6	-
Total EBIT	19.4	79.4	(76)
Interest Expense	5.8	8.1	28
Income Tax	(0.2)	25.0	-
Operating Profit	13.8	46.3	(70)

A$ Million

*Continuing businesses only, before abnormals

19

Income Statement

	YTD'01	YTD'00	% Change
Sales Revenue*	1189.7	1075.9	11
Gross Profit*	348.1	379.8	(8)
SG&A*	225.5	192.7	(17)
EBIT*	122.6	187.1	(35)
EBIT (discontinued)	-	13.6	-
Total EBIT	122.6	200.7	(39)
Interest Expense	15.6	24.6	37
Income Tax	27.9	62.0	55
Operating Profit	79.1	114.1	(31)

A$ Million

*Continuing businesses only, before abnormals

20

James Hardie

Net Operating Profit

	YTD'01	YTD'00
Operating Profit Before Abnormals	79.1	114.1
Abnormal Items	(35.3)	-
Net Operating Profit	43.8	114.1

A$ Million

21

James Hardie

Segment Sales

	Q3'01	Q3'00	% Change
US Fibre Cement	170.6	112.8	51
US Gypsum	113.4	152.1	(25)
AUS/NZ Fibre Cement	62.5	78.6	(21)
Other	27.0	30.3	(11)
TOTAL	373.5	373.8	-

A$ Million

Continuing businesses only

22

James Hardie

Net Operating Profit

	YTD'01	YTD'00
Operating Profit Before Abnormals	79.1	114.1
Abnormal Items	(35.3)	-
Net Operating Profit	43.8	114.1

A$ Million

21

James Hardie

Segment Sales

	Q3'01	Q3'00	% Change
US Fibre Cement	170.6	112.8	51
US Gypsum	113.4	152.1	(25)
AUS/NZ Fibre Cement	62.5	78.6	(21)
Other	27.0	30.3	(11)
TOTAL	373.5	373.8	-

A$ Million
Continuing businesses only

22

002172

Segment Sales

	YTD'01	YTD'00	% Change
US Fibre Cement	500.4	352.9	42
US Gypsum	388.0	412.2	(6)
AUS/NZ Fibre Cement	209.5	223.5	(6)
Other	91.8	87.3	5
TOTAL	1189.7	1075.9	11

A$ Million

Continuing businesses only

23

Segment EBIT

	Q3'01	Q3'00	% Change
US Fibre Cement	32.2	22.6	43
US Gypsum	4.2	54.9	(92)
AUS/NZ Fibre Cement	9.2	16.1	(43)
Core R & D	(2.8)	(3.9)	28
Other	(2.9)	(1.9)	(53)
TOTAL	39.9	87.8	(55)

A$ Million

Continuing businesses only

24

002173

James Hardie

Segment EBIT

	YTD'01	YTD'00	% Change
US Fibre Cement	90.8	79.7	14
US Gypsum	69.9	134.6	(48)
AUS/NZ Fibre Cement	39.2	36.2	8
Core R & D	(7.5)	(12.8)	41
Other	(12.3)	(8.6)	(43)
TOTAL	180.1	229.1	(21)

A$ Million

Continuing businesses only

25

James Hardie

Interest Expense

	Q3'01	Q3'00	% Change
Interest Expense	5.8	8.1	28

	YTD'01	YTD'00	% Change
Interest Expense	15.6	24.6	37

>Average net borrowings decreased by $109.5M (20.0%)

>Average interest rates increased by 10 basis points

A$ Million

26

002174

James Hardie

Tax Expense

	Q3'01	Q3'00	YTD'01	YTD'00
Income Tax Expense	(0.2)	25.0	27.9	62.0
Effective Tax Rate	-1.5%	35.1%	26.1%	35.2%

A$ Million

27

James Hardie

EBITDA

	YTD'01	YTD'00	% Change
US Fibre Cement	111.1	96.9	15
US Gypsum	90.1	154.8	(42)
AUS/NZ Fibre Cement	49.7	47.9	4
Philippines/Windows/Chile	(7.8)	(3.9)	(100)
R & D	(7.4)	(12.8)	42
Corporate	(57.1)	(40.9)	(40)
TOTAL	178.6	242.0	(26)

A$ Million

Continuing businesses only

28

James Hardie

Capital Expenditure

	Capital Expenditure YTD'01	Capital Expenditure YTD'00	Depreciation YTD'01	Depreciation YTD'00
US Fibre Cement	147.9	30.0	20.3	17.2
Gypsum	6.0	43.6	17.6	18.0
AUS/NZ Fibre Cement	8.7	9.9	10.5	11.8
Philippines/Windows	4.9	6.9	4.3	4.7
Corporate	0.1	0.1	0.5	0.9
TOTAL	167.6	90.5	53.2	52.6

A$ Million

Continuing businesses only

29

James Hardie

Key Ratios

	YTD'01	FY'00	FY'99	FY'98
EPS before Abnormals	19.4c	37.0c	23.1c	20.6c
Return on Shareholders Funds	14.7%	24.3%	14.6%	11.5%
Return on Capital Employed	11.0%	21.6%	12.9%	12.5%
EBIT/Sales	10.3%	16.7%	11.7%	10.2%
Gearing (Net debt / Net debt & Equity)	42.1%	36.5%	49.5%	27.6%
Net Interest Cover	7.9x	8.4x	6.5x	7.5x

Excluding abnormals

30

Economic Profit

	YTD'01	FY'00 WACC & Tax*	FY'00 Actual
NOPAT	78.8	172.3	170.6
Average Capital	1290.4	1256.3	1256.3
WACC Rate	8.7	8.7	8.0
Capital Charge	84.2	109.3	100.5
Economic Profit	(5.4)	63.0	70.1

A$ Million

*Revised rates for WACC and Tax

31

Operating Review

Peter Macdonald, Chief Executive Officer

32

002177

James Hardie

US Fibre Cement

Third Quarter

Sales Revenue	up 51% to A$170.6 million
Sales Volume	up 21% to 204.9 mmsf
Average Prices	up 3% to US$443/msf
EBIT	up 43% to A$32.2 million
EBIT Margin	down 1.2 pts to 18.9%

33

James Hardie

US Fibre Cement

Trading Conditions

> Housing starts down 7%

> Home finance and approval figures erratic

> Siding competitors hit slower growth and price pressures

> Higher pulp and energy costs affected plant cost and freight charges

34

0021 8

James Hardie

US Fibre Cement

Growth continues to accelerate

> Strong volume growth in a declining housing market

> New 'breakthrough' fibre cement production technology launched

> Hardibacker 500® using new G2 technology, launched

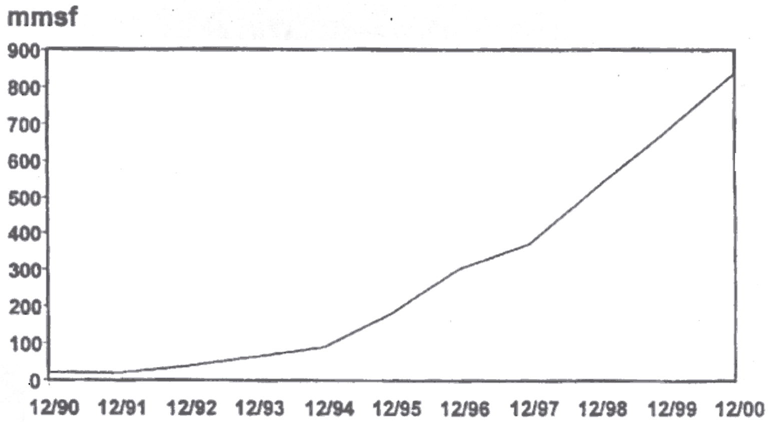
> Trim volumes up 55%

35

James Hardie

US Fibre Cement

Total Volume – MAT



36

002179

James Hardie

US Fibre Cement

Manufacturing efficiency improved but costs were higher

> Energy

> Pulp

> Wider, more complex product range

> Commissioning at Peru, Waxahachie and Cleburne

> Freight costs also higher due to longer hauls and fuel surcharges

37

James Hardie

US Fibre Cement

Strategy

> Pursue faster growth of James Hardie fibre cement against other products

> Extra funds being invested to exploit near-term growth opportunities

>expanding capacity – flat sheet and pipes

>sales and marketing programs and people

>product development and commercialisation

38

0021 0

James Hardie

US Fibre Cement

Fast Tracking Expanded Capacity

> Tacoma and Cleburne capacity up 33%

> Peru: line 1 being ramped-up, line 2 announced

> Cleburne: 'New' trim line commissioning now

> Waxahachie: line 1 commissioning now, line 2 mid-year

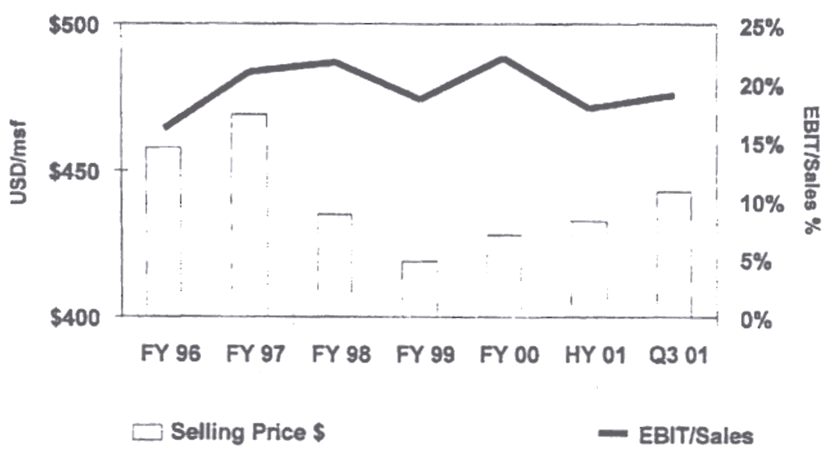
> Florida: FRC™ Pipe plant commissioning now

39

James Hardie

US Fibre Cement

EBIT to Sales



40

002 1

James Hardie

US Fibre Cement

Competitors

> Direct competition struggles to develop business

> It remains aggressive in its attempts to buy market share

> Cemplank (FCP) – started, but yet to ramp-up its new SC capacity

41

James Hardie

US Fibre Cement

Outlook

> Housing to remain at reasonable levels

> Targeted volumes and price on track for the full year

> Competitive position vs other fibre cement manufacturers continues to strengthen

> More new products on the way

42

James Hardie

Gypsum

Third Quarter

Sales Volume	down 5% to 536.4 mmsf
Average Net Price	down 44% to US$82/msf
Manufacturing Cost	unchanged
SG&A	cut 34%
EBIT	down 92% to A$4.2 million
EBIT Margin	down 32.4 pts to 3.7%

43

James Hardie

Gypsum

Trading Conditions

> Last of new low cost plants coming on-line but excess high cost capacity still in place

> Demand down due to seasonal downturn – exacerbated by bad weather in December

> Most industry players incurred operating losses in the quarter

> Significantly higher energy costs

44

002 63

Gypsum

Price declined much faster than cost

	Q3	YTD
FY'00 EBIT	$35.5	$87.4
Volumes	$0.1	$ 1.1
Price decline	($35.8)	($54.0)
Plant efficiencies	$2.6	$6.8
Energy cost increase	($3.0)	($5.1)
Freight cost increase	($0.8)	($2.4)
Lower SG&A	$2.7	$ 5.7
FY'01 EBIT	$1.3	$39.5

US$ Million

45

Gypsum

Our performance vs the industry – Price

	Jul-Sep	Oct-Dec	Change
JHG	$100	$82	($18)
USG	$121	$99	($22)
Centex	$100	$78	($22)
Temple	$116	$104	($12)
Lafarge	$111	$87	($24)
GP	$116	$96	($20)
BPB/Celotex	$100	N/Av.	N/Av.

Prices are average net prices for the quarter – based on published data and management estimates

46

002164

James Hardie

Gypsum

Our performance vs the industry – Volume

	Q2 vs pcp	Q3 vs pcp
JHG	Flat	-5%
USG	Flat	+4%
Centex	+3%	+15% (inc Duke)
Temple	-27%	-21%
Lafarge	Flat (inc KY Plant)	+10% (inc KY Plant)
GP	-24%	-24%

Based on published data and management estimates

47

James Hardie

Gypsum

Our performance vs the industry – EBIT/Assets

Rank	3/98 Qtr	9/00 Qtr	12/00 Qtr
1. USG	39%	14%	4%
2. JHG	16%	19%	2%
3. Centex	89%	27%	0%
4. Lafarge	18%	-14%	-32%
5. Republic	66%	12%	*

EBIT/Wallboard Assets – based on published data and management estimates
*Republic is now included in Centex figures

48

0021

James Hardie

Gypsum

Strategy

> Maintain high level plant utilisation

> Reduce manufacturing cost 10-15%

> Improve relative price 5-10%

> Achieve industry best ROI

49

James Hardie

Gypsum

Outlook – Still significant over capacity but...

> Demand holding up, price rises in place and more announced

> Higher energy costs expected to continue

> Conversion to lower priced Republic paper will be completed in Q4

> Lower plant and SG&A costs coming through

> Western Gypsum and Joint Compound sales coming through

50

0021 .6

AUS/NZ Fibre Cement

Australia – Highlights

> Volumes down 25%, prices up 4%

> Housing cycle, GST and abnormally lower demand impacted 3rd quarter

> SG&A cut 4%

> EBIT down 40% due to lower demand, higher raw material and manufacturing costs

> EBIT margin down 5.0 pts to 16.2%

51

AUS/NZ Fibre Cement

Australia – Highlights

> Two new products launched

>HPC™ – a high quality base board

>SmartFix™ – a pre-finished facade system

> Market share steady at 71%

> Capacity increased 20% at Brisbane pipes and columns plant

> Finance and administrative functions relocated to New Zealand

52

)021 7

James Hardie

AUS/NZ Fibre Cement

Australia – Outlook

> Housing starts continuing to decline

> More new products on the way

> Full year profit flat – cost savings offsetting lower demand

> No signs yet of irrational pricing behaviour

53

James Hardie

AUS/NZ Fibre Cement

New Zealand – Highlights

> Sales volumes down 13% but prices up 2%

> Housing starts down 28%

> Manufacturing efficiency up, but higher pulp costs offset

> SG&A cut 13%

> EBIT down 47% due to lower volumes, high raw material costs and the sale of Portacom business

54

James Hardie

AUS/NZ Fibre Cement

New Zealand – Outlook

> High market share under threat but competitors are finding it tough

> Economy and consumer confidence show signs of improving

> New residential housing activity is forecast to be down 24% for the full year

> Non-residential activity forecast to increase 3%

55

James Hardie

Philippines Fibre Cement

Third Quarter

> Sales revenue up 78% to A$8.2 million

> Sales volumes up 56% to 16.5 mmsf

> Average selling prices rose 16%, aided by increased exports

> Gross profit break-even, due to higher pulp costs

> EBIT loss reduced 29%

56

002189

James Hardie

Philippines Fibre Cement

Outlook

> Economic recovery is weak, housing construction at low levels

> Political instability shows signs of receding

> Market penetration against plywood targeted to continue

> Large social housing projects provide opportunities

> Our ability to expand and grow in the region remains promising

57

James Hardie

Summary

58

Summary & Outlook

- US fibre cement volume and revenue growth could exceed its targets
- Gypsum prices – improvement possible
- Australia, New Zealand and Philippines trading conditions are weak
- New products scheduled to be launched during 4th quarter by US, Australia and New Zealand

59

Questions & Answers

60

0021 1