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4th quarter operating profit up 48% to US\$46.3 million Full year operating profit US\$127.9 million

James Hardie today announced a 48% increase in operating profit from continuing operations to US\$46.3 million for the three months ended 31 March 2005.

The strong 4th quarter result lifted operating profit from continuing operations for the full year to US\$127.9 million, up 2% on the prior year, after expensing costs incurred on the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation (SCI) and other related matters.

Among the 4th quarter highlights, net sales increased 26%, gross profit was up 35% and EBIT¹ increased 86% to US\$64.6 million.

The USA Fibre Cement business was again the standout performer in the quarter with net sales up 34% and EBIT¹ increasing 79%.

Despite a softer Australian housing market, our Asia Pacific Fibre Cement business improved its operating performance with Australia and New Zealand EBIT¹ up 46% and the Philippines delivering another positive EBIT¹ result.

For the full year, total company net sales increased 23%, gross profit was up 19% and EBIT¹ increased 14% to US\$196.2 million.

During the year, significant costs of US\$28.1 million were incurred in relation to the SCI and other related matters, along with a related income tax benefit of US\$5.8 million. For the year, operating profit from continuing operations excluding SCI and other related expenses¹ was 20% higher at US\$150.2 million.

Diluted earnings per share from continuing operations increased from US 6.8 cents to US 10.0 cents for the 4th quarter and from US 27.2 cents to US 27.7 cents for the year.

The full year net operating profit including discontinued operations¹ includes additional expenses related to business and property sales disposed of in prior periods.

4th Quarter and Year-To-Date at a Glance

US\$ Million	Q4FY05	Q4FY04	%+(-)	FY05	FY04	%+(-)
Net Sales	\$316.4	\$251.3	26	\$1,210.4	\$981.9	23
Gross Profit	121.3	89.7	35	426.4	358.9	19
Special Commission of Inquiry and other related expenses	(3.7)	-	-	(28.1)	-	-
EBIT ¹	64.6	34.8	86	196.2	172.2	14
Net Interest Expense	(0.6)	(2.5)	(76)	(5.1)	(10.0)	(49)
Income Tax Expense	(17.9)	(7.9)	-	(61.9)	(40.4)	53
Operating Profit from continuing operations ¹	46.3	31.3	48	127.9	125.3	2
Net Operating Profit including discontinued operations ¹	46.3	32.0	45	126.9	129.6	(2)

Unless otherwise stated, results are for continuing operations only and comparisons are of the 4th quarter of the current fiscal year versus the 4th quarter of the prior fiscal year.

Note: Please refer to the Definitions for an explanation of certain financial terms used within this document.

Commentary

James Hardie CEO, Louis Gries, said: "The strong 4th quarter results have capped off a very satisfactory year for the company and confirm that we are capitalising on our significant growth opportunities.

"The prospect for another satisfactory year is encouraging with housing activity in North America expected to remain at healthy levels over the balance of 2005. We also expect to continue penetrating our target markets.

"Over the past year, our growth rate in North America was close to three times the rate of growth in our end markets.

"Excluding SCI related costs, we exceeded all our long-term targets. The underlying fundamentals of the business remain strong," said Mr Gries.

"We are continuing to work towards signing a Principal Agreement with the NSW Government for a long-term voluntary funding proposal for asbestos compensation. We are in the process of completing the final steps that will enable us to put the proposal to shareholders for approval.

"We continue to generate increasingly strong cash flows and remain confident that we can continue to fund our ambitious growth agenda, meet payments under our voluntary asbestos-compensation funding proposal, and fund future capital management initiatives from operating cash flows and debt facilities," Mr Gries said.

Dividend

The Board has approved a dividend of US 6.0 cents a share. The dividend was declared in United States dollars and will be paid on 1 July 2005 with a record date of 9 June 2005. The Australian Dollar equivalent dividend to be paid to CUFS holders will be announced to the ASX on 10 June 2005. ADR holders will receive their dividend in United States currency.

USA Fibre Cement – Strong Top-Line and Bottom-Line Performance

Net sales increased 34% to US\$247.2 million in the 4th quarter due to a 23% increase in sales volumes to 472.6 million square feet and an 8% increase in the average net sales price to US\$523 per thousand square feet. The main drivers of the strong sales volume were continued strong growth in demand for fibre cement and a healthy residential housing sector.

Strong growth continued in both our emerging and established geographic markets and in our exterior and interior product segments. Further market share was gained from alternative materials, mainly wood-based and vinyl siding.

The increase in the average net sales price reflects sales of higher-priced, differentiated products representing an increased proportion of total sales, as well as increased prices on some products implemented during the year.

EBIT for the quarter was up 79% to US\$77.1 million due mainly to strong sales growth, despite higher unit cost of sales and unit freight costs. The EBIT margin improved to 31.2%.

For the full year, net sales were up 27%, EBIT increased 24% to US\$241.5 million and the EBIT margin was 25.7%.

Australia and New Zealand (ANZ) Fibre Cement

Net sales decreased 4% to US\$50.9 million for the quarter and sales volumes were 6% lower, at 64.4 million square feet, due mainly to a softer Australian housing market. In Australian dollars, net sales were down 6%. Housing activity in New Zealand was flat compared to the 4th quarter last year. The average net sales price was also flat compared to the same quarter last year.

ANZ EBIT increased 46% to US\$11.2 million for the quarter, due primarily to the impact of a cost provision recorded in the prior year that did not recur in the current year, and the EBIT margin increased to 22.0%. Despite the impact of a softer Australian housing market and product bans and boycotts experienced in Australia during the year, EBIT was up 20% and the EBIT margin increased to 20.2% for the full year.

Philippines – Increased EBIT¹

The Philippines recorded another improved EBIT result for the quarter lifting EBIT to US\$4.5 million for the year. The strong performance was due to increased sales.

Chile – Small Positive EBIT¹

The business recorded another small positive EBIT for the quarter and was EBIT positive for the full year as it continued to penetrate the domestic flat sheet market.

USA Hardie Pipe – Sales Growth and More Manufacturing Efficiencies

Net sales increased significantly during the quarter due to strong growth in sales volume and higher prices. Although the business incurred an EBIT¹ loss for the quarter and for the full year, stronger sales performance and the achievement of further manufacturing efficiency gains is continuing to make solid inroads into eliminating the EBIT¹ loss.

Europe Fibre Cement

Net sales for the quarter were up again as awareness of our backer and siding products increased among distributors, builders and contractors following the launch of these products in the first quarter last year. Progress remains in line with management expectations.

Artisan™ Roofing

Our new roofing product has now been launched in all our targeted markets in California. The business continues to focus on market development and manufacturing cost savings initiatives.

Proposed Voluntary Asbestos Compensation Funding Arrangement

The company is continuing to work towards completion of a Principal Agreement with the NSW Government to establish and fund a special purpose fund to provide funding on a long-term basis for proven asbestos claims against Amaba, Amaca, ABN 60 and Asbestos Mines (former James Hardie Group subsidiaries).

Under applicable accounting standards, the company has not established a provision for asbestos-related liabilities as of 31 March 2005 because at this time such liabilities do not fall within the required definitions of being probable and estimable.

It is anticipated that the potential establishment of a provision for asbestos-related liabilities will continue to be reviewed as discussions on the Principal Agreement progress.

Readers are referred to Note 13 of the company's consolidated financial statements for further information on the company's voluntary asbestos compensation funding arrangement, the Special Commission of Inquiry and other associated developments.

Outlook

The short-term outlook for housing construction in North America remains positive, despite the prospect of modest interest rate rises later this calendar year.

Building permit numbers remain strong and the US-based National Association of Home Builders (NAHB) reports that the backlog of houses that have been permitted but not yet started suggest the upside potential for housing starts appears to be good for the immediate future. In addition, it reported that builders remain very upbeat about industry prospects in the months ahead, and it also refined its expected decline in housing starts for the 2005 calendar year from 3%-5% to 1.4%.

In North America, strong sales growth is expected, but the rate of growth for the year ahead is forecast to be less than the very high level of the previous year. We expect to continue to grow primary demand for fibre cement and penetrate our targeted markets. Margins are expected to remain attractive over the short-term despite the impact of higher raw material and freight costs.

In the ANZ business, no improvement to the current soft levels of new housing and renovations activity is expected over the short-term. The progressive lifting of product bans and boycotts in Australia is expected to continue throughout the year. In New Zealand, housing construction activity is expected to continue at previously solid levels. Further manufacturing efficiency gains and other cost savings are also expected.

In the Philippines, building and construction activity is forecast to be softer but another solid quarterly EBIT performance is expected.

In our emerging Chile Fibre Cement, Europe Fibre Cement and US Hardie Pipe businesses, further sales growth and market share are expected as awareness of their products increases among builders, contractors and distributors.

The company is continuing to incur costs associated with the SCI and other related matters including: preparation and negotiation of a Principal Agreement with the NSW Government to provide long-term funding of proven asbestos-related claims for Australian personal injury claimants against former Australian James Hardie subsidiary companies; finalisation of the NSW Government's review of legal and administrative costs; and in co-operating with the Australian Securities and Investments Commission's investigation into the circumstances surrounding the establishment of the Foundation. These costs are again likely to be material over the short term.

Ends.

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The release and the accompanying management's analysis of results and management presentation, along with the audio webcast of the presentation, are available from the Investor Relations section of the company website at www.jameshardie.com

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

¹Definitions

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

EBIT and EBIT margin, as used in this document, are equivalent to the US GAAP measures of operating income and operating income margin.

Operating profit from continuing operations excluding SCI and other related expenses - is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than operating profit. The company has included this financial measure to provide investors with an alternative method for assessing the company's operating results in a manner that is focused on the performance of the company's ongoing operations. The company's management uses this non-GAAP measure for the same purposes.

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

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

Disclaimer

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

- projections of our operating results or financial condition;
- statements of our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;

- *statements about our future economic performance or that of the United States, Australia or other countries in which we operate; and*
- *statements about product or environmental liabilities.*

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

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: all matters relating to or arising out of the prior manufacture of asbestos by ABN 60 and certain former subsidiaries; competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with and possible changes in environmental and health and safety laws; the successful transition of new senior management; the success of our research and development efforts; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; risks of conducting business internationally; compliance with and changes in tax laws and treatments; and foreign exchange risks. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.