CFO's Report

Currency of Borrowings

(Millions of US dollars)	As at 31 March 2004	2003
Borrowings		
USD	**165.0**	165.0
Other	**10.8**	8.8
Total Borrowings	**175.8**	173.8
Deposits		
AUD	**3.6**	1.4
USD	**61.9**	49.3
NZD	**1.2**	0.2
PHP	**2.6**	2.7
Other	**3.0**	1.0
Total Deposits	**72.3**	54.6
Net Borrowings	**103.5**	119.2

Capital Expenditure[3]

(Millions of US dollars)	As at 31 March 2004	2003
USA Fibre Cement	**56.2**	81.0
Asia Pacific Fibre Cement	**8.4**	6.6
Other Fibre Cement	**9.5**	2.5
Corporate	**-**	0.1
Continuing Operations	**74.1**	90.2

Exchange Rates (US$1=A$)

Weighted Average	**2004**	2003
AUD	**1.4419**	1.7809
NZD	**1.6361**	2.0316
Closing Spot		
AUD	**1.3156**	1.6559
NZD	**1.5083**	1.8060

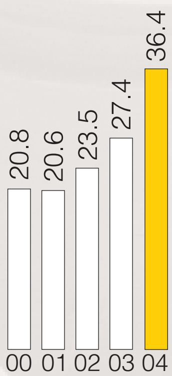
Debt Maturity Profile

(Millions of US dollars)	**2004**	2003
Less than one year	**28.4**	8.8
1-2 years	**25.7**	17.6
2-3 years	**27.1**	25.7
3-4 years	**8.1**	27.1
4-5 years	**46.2**	8.1
Greater than 5 years	**40.3**	86.5
Total Borrowings	**175.8**	173.8

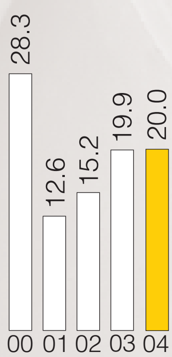
Gross Capital Employed

(Millions of US dollars)	**2004**	2003
Fixed assets	**567.1**	520.0
Inventories	**103.2**	74.0
Receivables/prepayments	**133.3**	98.1
Investments	**3.7**	6.0
Other	**17.1**	3.5
Creditors	**(87.2)**	(81.4)
Gross capital employed	**737.2**	620.2

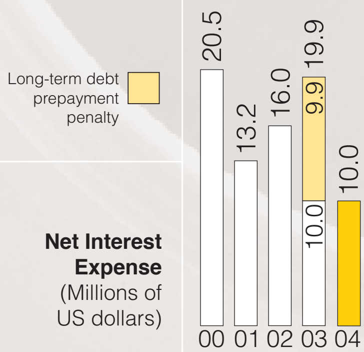
Depreciation and Amortisation
(Millions of US dollars)



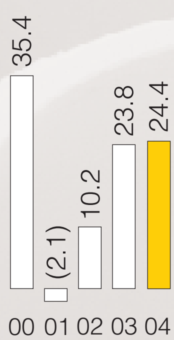
Working Capital to Net Sales
(%)



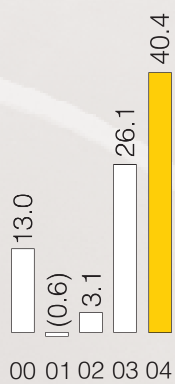
Net Interest Expense
(Millions of US dollars)



Effective Income Tax Rate
(%)



Income Tax Expense (Benefit)
(Millions of US dollars)



The financial year ended 31 March 2004 was another strong year for James Hardie, with sales up 25%, EBIT[1] up 34%, and operating profit[1] up 50%. These results are described in detail in Management's Discussion and Analysis, on pages 46–54.

EBIT[1] for USA Fibre Cement for the last quarter of the year was affected by increased pulp costs and Selling, General and Administrative expenses as we added more people to facilitate growth. Full-year EBIT[1] for USA Fibre Cement was US$195.6 million, and for Asia Pacific was US$37.6 million.

Chile was EBIT[1] positive for the full year, and we continued to spend on Research and Development, up 25% to US$22.6 million.

Our corporate costs were in line with guidance, although there were some expenses in the last quarter of the fiscal year associated with our involvement in the Special Commission of Inquiry. We expect these costs to continue at approximately US$1.0 million per month while we are involved with the Commission.

Interest expense decreased by 53%, almost entirely due to a US$9.9 million long-term debt prepayment penalty incurred in December 2002. While we are spending significant amounts on capital expenditures, we continue to have surplus cash on deposit.

The effective income tax rate came in slightly below 25%. We expect the effective tax rate to be in the 25% to 30% range for fiscal year 2005.

Adjusted EBITDA[1] shows a continuing strong performance, with a 34% increase to US$208.6 million.

We invested heavily in capital expenditure projects during the year. The majority of the US$74.1 million was spent in the United States, and a significant portion was on growth projects including: the pre-finishing and trim line in Peru, Illinois; the Blandon, Pennsylvania upgrade; the new factory in Reno, Nevada; and a second line at Waxahachie, Texas.

In Asia Pacific, we upgraded the Rosehill, Sydney plant. In the Other segments, the major spending was on the completion of the roofing plant in California and the paint line in England for our European business.

Our key performance ratios for the year show:

- An increase in basic Earnings per Share from continuing operations from US 18.3 cents to US 27.4 cents;
- A Return on Shareholders' Funds of 27.6%. This is down from last year's result of 42.3%, because that result included the one-time gain on sale of our Gypsum business and gypsum mine land in fiscal year 2003;
- A rise in Return on Capital Employed, from 20.9% to 23.4%;
- A rise in EBIT margin[1] from 16.4% to 17.5%;
- Our gearing ratio[2] decreased from 21.4% to 17.0%; and
- Our net interest cover improved from 6.5 times to 17.2 times.

Phillip Morley
Chief Financial Officer

ANOTHER
STRONG YEAR

"All these ratios remain very strong, and they are a good indication of the company's strong financial performance and sound financial condition."

WE CONTINUED
TO SPEND
ON R&D

EARNINGS
PER SHARE
INCREASED

WE CONTINUED
TO INVEST
IN CAPITAL
EXPENDITURE
PROJECTS

1 See **Definitions** in Management's Discussion and Analysis on page 47
2 Borrowings less cash (net debt) divided by net debt plus shareholders' equity
3 Capital expenditure includes both cash and credit purchases and therefore differs from the Consolidated Statements of Cash Flows. See Note 20 to the Consolidated Financial Statements on page 98