

Consolidated Statements of Cash Flows

James Hardie Industries NV and Subsidiaries

(US\$)

(Millions of US dollars)	Years Ended 31 March		
	2005	2004	2003
Cash flows from operating activities:			
Net income	\$ 126.9	\$ 129.6	\$ 170.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on disposal of subsidiaries and businesses	–	(4.1)	(84.8)
Loss (gain) on sale of land and buildings	0.7	(4.2)	–
Gain on disposal of investments and negotiable securities	–	–	(0.4)
Impairment loss on investment	2.1	2.2	–
Depreciation and amortisation	36.3	36.4	28.7
Deferred income taxes	11.1	14.6	(10.6)
Prepaid pension cost	7.6	1.8	2.3
Tax benefit from stock options exercised	0.4	0.4	0.8
Stock compensation	3.0	3.3	1.9
Other	–	0.7	–
Changes in operating assets and liabilities:			
Accounts receivable	(3.7)	(24.8)	(10.8)
Inventories	4.3	(24.9)	(8.5)
Prepaid expenses and other current assets	32.6	2.1	(12.5)
Accounts payable	15.0	1.3	14.5
Accrued liabilities and other liabilities	(16.5)	28.2	(26.3)
Net cash provided by operating activities	219.8	162.6	64.8
Cash flows from investing activities:			
Purchases of property, plant and equipment	(153.2)	(74.8)	(90.2)
Proceeds from sale of property, plant and equipment	3.4	10.9	49.0
Proceeds from disposal of subsidiaries and businesses, net of cash invested	–	5.0	334.4
Proceeds from sale and maturity of investments	–	–	1.1
Collections on loans receivable	0.6	0.9	0.7
Cash transferred on establishment of ABN 60 Foundation	–	–	(57.1)
Net cash (used in) provided by investing activities	(149.2)	(58.0)	237.9
Cash flows from financing activities:			
Net proceeds from line of credit	0.5	0.5	3.1
Proceeds from borrowings	–	–	2.4
Repayments of borrowings	(17.6)	–	(160.0)
Proceeds from issuance of shares	2.6	3.2	4.2
Repayments of capital	–	(68.7)	(94.8)
Dividends paid	(13.7)	(22.9)	(34.3)
Net cash used in financing activities	(28.2)	(87.9)	(279.4)
Effects of exchange rate changes on cash	(1.2)	0.5	0.7
Net increase in cash and cash equivalents	41.2	17.2	24.0
Cash and cash equivalents at beginning of period	72.3	55.1	31.1
Cash and cash equivalents at end of period	113.5	72.3	55.1
Components of cash and cash equivalents:			
Cash at bank and on hand	28.6	24.6	39.7
Short-term deposits	84.9	47.7	14.9
Cash and cash equivalents – continuing operations	113.5	72.3	54.6
Cash at bank and on hand – discontinued operations	–	–	0.5
Cash and cash equivalents at end of period	\$ 113.5	\$ 72.3	\$ 55.1
Supplemental disclosure of cash flow activities:			
Cash paid during the period for interest, net of amounts capitalised	\$ 10.7	\$ 11.7	\$ 28.1
Cash paid (refunded) during the period for income taxes, net	\$ 15.7	\$ (6.5)	\$ 77.3

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

Consolidated Statements of Cash Flows

James Hardie Industries NV and Subsidiaries

(A\$ Unaudited)

(Millions of Australian dollars)	Years Ended 31 March		
	2005	2004	2003
Cash flows from operating activities:			
Net income	A\$ 171.5	A\$ 186.8	A\$ 303.6
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on disposal of subsidiaries and businesses	–	(5.9)	(151.0)
Loss (gain) on sale of land and buildings	0.9	(6.1)	–
Gain on disposal of investments and negotiable securities	–	–	(0.7)
Impairment loss on investment	2.8	3.2	–
Depreciation and amortisation	49.1	52.5	51.1
Deferred income taxes	15.0	21.1	(18.9)
Prepaid pension cost	10.3	2.6	4.1
Tax benefit from stock options exercised	0.5	0.6	1.4
Stock compensation	4.1	4.8	3.4
Other	–	1.0	–
Changes in operating assets and liabilities:			
Accounts receivable	(5.0)	(35.8)	(19.2)
Inventories	5.8	(35.9)	(15.1)
Prepaid expenses and other current assets	44.1	3.1	(22.2)
Accounts payable	20.3	1.9	25.8
Accrued liabilities and other liabilities	(22.3)	40.7	(46.8)
Net cash provided by operating activities	297.1	234.6	115.5
Cash flows from investing activities:			
Purchases of property, plant and equipment	(207.1)	(107.9)	(160.6)
Proceeds from sale of property, plant and equipment	4.6	15.7	87.3
Proceeds from disposal of subsidiaries and businesses, net of cash invested	–	7.2	595.5
Proceeds from sale and maturity of investments	–	–	2.0
Collections on loans receivable	0.8	1.3	1.2
Cash transferred on establishment of ABN 60 Foundation	–	–	(94.5)
Net cash (used in) provided by investing activities	(201.7)	(83.7)	430.9
Cash flows from financing activities:			
Net proceeds from line of credit	0.7	0.7	5.5
Proceeds from borrowings	–	–	4.3
Repayments of borrowings	(23.8)	–	(284.9)
Proceeds from issuance of shares	3.5	4.6	7.5
Repayments of capital	–	(99.1)	(168.8)
Dividends paid	(18.5)	(33.0)	(61.1)
Net cash used in financing activities	(38.1)	(126.8)	(497.5)
Effects of exchange rate changes on cash	(5.5)	(20.2)	(16.2)
Net increase in cash and cash equivalents	51.8	3.9	32.7
Cash and cash equivalents at beginning of period	95.1	91.2	58.5
Cash and cash equivalents at end of period	146.9	95.1	91.2
Components of cash and cash equivalents:			
Cash at bank and on hand	37.0	32.4	65.7
Short-term deposits	109.9	62.7	24.7
Cash and cash equivalents – continuing operations	146.9	95.1	90.4
Cash at bank and on hand – discontinued operations	–	–	0.8
Cash and cash equivalents at end of period	A\$ 146.9	A\$ 95.1	A\$ 91.2
Supplemental disclosure of cash flow activities:			
Cash paid during the period for interest, net of amounts capitalised	A\$ 14.5	A\$ 16.9	A\$ 50.0
Cash paid (refunded) during the period for income taxes, net	A\$ 21.1	A\$ (9.4)	A\$ 137.7

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