

Consolidated Statements of Cash Flows

James Hardie Industries NV and Subsidiaries

(US\$)

(Millions of US dollars)	Years Ended 31 March		
	2006	2005	2004
Cash flows from operating activities			
Net (loss) income	\$ (506.7)	\$ 126.9	\$ 129.6
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Loss (gain) on sale of land and buildings	–	0.7	(4.2)
Loss (gain) on disposal of subsidiaries and businesses	–	2.1	(1.9)
Depreciation and amortisation	45.3	36.3	36.4
Deferred income taxes	4.3	11.1	14.6
Prepaid pension cost	2.9	7.6	1.8
Tax benefit from stock options exercised	2.2	0.4	0.4
Stock compensation	5.9	3.0	3.3
Asbestos provision	715.6	–	–
Impairment of roofing plant	13.4	–	–
Other	1.7	–	0.7
Changes in operating assets and liabilities:			
Accounts and notes receivable	(24.0)	(3.7)	(24.8)
Inventories	(26.6)	4.3	(24.9)
Prepaid expenses and other current assets	(24.8)	32.6	2.1
Accounts payable and accrued liabilities	24.4	15.0	1.3
Other accrued liabilities and other liabilities	7.0	(16.5)	28.2
Net cash provided by operating activities	240.6	219.8	162.6
Cash flows from investing activities			
Purchases of property, plant and equipment	(162.0)	(153.2)	(74.8)
Proceeds from sale of property, plant and equipment	–	3.4	10.9
Proceeds from disposal of subsidiaries and businesses, net of cash divested	8.0	–	5.0
Net cash used in investing activities	(154.0)	(149.8)	(58.9)
Cash flows from financing activities			
Net proceeds from line of credit	–	0.5	0.5
Proceeds from borrowings	181.0	–	–
Repayments of borrowings	(37.6)	(17.6)	–
Proceeds from issuance of shares	18.7	2.6	3.2
Repayments of capital	–	–	(68.7)
Dividends paid	(45.9)	(13.7)	(22.9)
Collections on loans receivable	0.3	0.6	0.9
Net cash provided by (used in) financing activities	116.5	(27.6)	(87.0)
Effects of exchange rate changes on cash	(1.5)	(1.2)	0.5
Net increase in cash and cash equivalents	201.6	41.2	17.2
Cash and cash equivalents at beginning of period	113.5	72.3	55.1
Cash and cash equivalents at end of period	\$ 315.1	\$ 113.5	\$ 72.3
Components of cash and cash equivalents			
Cash at bank and on hand	\$ 24.9	\$ 28.6	\$ 24.6
Short-term deposits	290.2	84.9	47.7
Cash and cash equivalents at end of period	\$ 315.1	\$ 113.5	\$ 72.3
Supplemental disclosure of cash flow activities			
Cash paid during the period for interest, net of amounts capitalised	\$ 3.5	\$ 10.7	\$ 11.7
Cash paid (refunded) during the period for income taxes, net	\$ 93.4	\$ 15.7	\$ (6.5)

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		
	2006	2005	2004
Cash flows from operating activities			
Net (loss) income	A\$ (722.4)	A\$ 171.5	A\$ 186.8
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Loss (gain) on sale of land and buildings	–	0.9	(6.1)
Loss (gain) on disposal of subsidiaries and businesses	–	2.8	(2.7)
Depreciation and amortisation	60.2	49.1	52.5
Deferred income taxes	5.7	15.0	21.1
Prepaid pension cost	3.9	10.3	2.6
Tax benefit from stock options exercised	2.9	0.5	0.6
Stock compensation	7.8	4.1	4.8
Asbestos provision	1,000.0	–	–
Impairment of roofing plant	17.8	–	–
Other	2.3	–	1.0
Changes in operating assets and liabilities:			
Accounts and notes receivable	(31.9)	(5.0)	(35.8)
Inventories	(35.3)	5.8	(35.9)
Prepaid expenses and other current assets	(32.9)	44.1	3.1
Accounts payable and accrued liabilities	32.4	20.3	1.9
Other accrued liabilities and other liabilities	9.3	(22.3)	40.7
Net cash provided by operating activities	319.8	297.1	234.6
Cash flows from investing activities			
Purchases of property, plant and equipment	(215.2)	(207.1)	(107.9)
Proceeds from sale of property, plant and equipment	–	4.6	15.7
Proceeds from disposal of subsidiaries and businesses, net of cash divested	10.6	–	7.2
Net cash used in investing activities	(204.6)	(202.5)	(85.0)
Cash flows from financing activities			
Net proceeds from line of credit	–	0.7	0.7
Proceeds from borrowings	240.5	–	–
Repayments of borrowings	(50.0)	(23.8)	–
Proceeds from issuance of shares	24.8	3.5	4.6
Repayments of capital	–	–	(99.1)
Dividends paid	(61.0)	(18.5)	(33.0)
Collections on loans receivable	0.3	0.8	1.3
Net cash provided by (used in) financing activities	154.6	(37.3)	(125.5)
Effects of exchange rate changes on cash	23.7	(5.5)	(20.2)
Net increase in cash and cash equivalents	293.5	51.8	3.9
Cash and cash equivalents at beginning of period	146.9	95.1	91.2
Cash and cash equivalents at end of period	A\$ 440.4	A\$ 146.9	A\$ 95.1
Components of cash and cash equivalents			
Cash at bank and on hand	A\$ 34.8	A\$ 37.0	A\$ 32.4
Short-term deposits	405.6	111.7	62.7
Cash and cash equivalents at end of period	A\$ 440.4	A\$ 146.9	A\$ 95.1
Supplemental disclosure of cash flow activities			
Cash paid during the period for interest, net of amounts capitalised	A\$ 4.9	A\$ 14.5	A\$ 16.9
Cash paid (refunded) during the period for income taxes, net	A\$ 130.5	A\$ 21.1	A\$ (9.4)

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