

CONSOLIDATED STATEMENTS OF CASH FLOWS

James Hardie Industries NV and Subsidiaries

(US\$)

(Millions of US dollars, except per share data)	Years Ended 31 March		
	2007	2006	2005
Cash flows from operating activities			
Net income (loss)	\$ 151.7	\$ (506.7)	\$ 126.9
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Loss on sale of land and buildings	-	-	0.7
Loss on disposal of subsidiaries and businesses	-	-	2.1
Depreciation and amortisation	50.7	45.3	36.3
Deferred income taxes	(310.4)	4.3	11.1
Prepaid pension cost	(0.4)	2.9	7.6
Tax benefit from stock options exercised	-	2.2	0.4
Stock-based compensation	4.5	5.9	3.0
Asbestos adjustments	405.5	715.6	-
Impairment of roofing plant	-	13.4	-
Cumulative effect of change in accounting principle	(0.9)	-	-
Deposit with Australian Taxation Office	(154.8)	-	-
Other	1.3	1.7	-
Changes in operating assets and liabilities:			
Restricted cash and cash equivalents	(151.9)	-	-
Accounts and notes receivable	(4.8)	(24.0)	(3.7)
Inventories	(19.5)	(26.6)	4.3
Prepaid expenses and other current assets	(0.1)	(24.8)	32.6
Accounts payable and accrued liabilities	(18.4)	24.4	15.0
Other accrued liabilities and other liabilities	(19.6)	7.0	(16.5)
Net cash (used in) provided by operating activities	(67.1)	240.6	219.8
Cash flows from investing activities			
Purchases of property, plant and equipment	(92.6)	(162.0)	(153.2)
Proceeds from sale of property, plant and equipment	-	-	3.4
Proceeds from disposal of subsidiaries and businesses, net of cash divested	-	8.0	-
Net cash used in investing activities	(92.6)	(154.0)	(149.8)
Cash flows from financing activities			
Net proceeds from line of credit	-	-	0.5
Proceeds from short-term borrowings	-	181.0	-
Repayments of short-term borrowings	(98.0)	-	-
Proceeds from long-term borrowings	105.0	-	-
Repayments of long-term borrowings	(121.7)	(37.6)	(17.6)
Proceeds from issuance of shares	18.5	18.7	2.6
Tax benefit from stock options exercised	1.8	-	-
Dividends paid	(42.1)	(45.9)	(13.7)
Collections on loans receivable	0.1	0.3	0.6
Net cash (used in) provided by financing activities	(136.4)	116.5	(27.6)
Effects of exchange rate changes on cash	15.1	(1.5)	(1.2)
Net (decrease) increase in cash and cash equivalents	(281.0)	201.6	41.2
Cash and cash equivalents at beginning of period	315.1	113.5	72.3
Cash and cash equivalents at end of period	\$ 34.1	\$ 315.1	\$ 113.5
Components of cash and cash equivalents			
Cash at bank and on hand	26.1	24.9	28.6
Short-term deposits	8.0	290.2	84.9
Cash and cash equivalents at end of period	\$ 34.1	\$ 315.1	\$ 113.5
Supplemental disclosure of cash flow activities			
Cash paid during the year for interest, net of amounts capitalised	\$ 3.9	\$ 3.5	\$ 10.7
Cash paid during the year for income taxes, net	\$ 80.8	\$ 93.4	\$ 15.7

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, except per share data)	Years Ended 31 March		
	2007	2006	2005
Cash flows from operating activities			
Net income (loss)	A\$ 198.3	A\$ (722.4)	A\$ 171.5
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Loss on sale of land and buildings	-	-	0.9
Loss on disposal of subsidiaries and businesses	-	-	2.8
Depreciation and amortisation	66.2	60.2	49.1
Deferred income taxes	(405.6)	5.7	15.0
Prepaid pension cost	(0.5)	3.9	10.3
Tax benefit from stock options exercised	-	2.9	0.5
Stock-based compensation	5.9	7.8	4.1
Asbestos adjustments	529.8	1,000.0	-
Impairment of roofing plant	-	17.8	-
Cumulative effect of change in accounting principle	(1.2)	-	-
Deposit with Australian Taxation Office	(202.3)	-	-
Other	1.7	2.3	-
Changes in operating assets and liabilities:			
Restricted cash and cash equivalents	(198.5)	-	-
Accounts and notes receivable	(6.3)	(31.9)	(5.0)
Inventories	(25.5)	(35.3)	5.8
Prepaid expenses and other current assets	(0.1)	(32.9)	44.1
Accounts payable and accrued liabilities	(24.0)	32.4	20.3
Other accrued liabilities and other liabilities	(25.6)	9.3	(22.3)
Net cash (used in) provided by operating activities	(87.7)	319.8	297.1
Cash flows from investing activities			
Purchases of property, plant and equipment	(121.0)	(215.2)	(207.1)
Proceeds from sale of property, plant and equipment	-	-	4.6
Proceeds from disposal of subsidiaries and businesses, net of cash divested	-	10.6	-
Net cash used in investing activities	(121.0)	(204.6)	(202.5)
Cash flows from financing activities			
Net proceeds from line of credit	-	-	0.7
Proceeds from short-term borrowings	-	240.5	-
Repayments of short-term borrowings	(128.0)	-	-
Proceeds from long-term borrowings	137.2	-	-
Repayments of long-term borrowings	(159.0)	(50.0)	(23.8)
Proceeds from issuance of shares	24.2	24.8	3.5
Tax benefit from stock options exercised	2.4	-	-
Dividends paid	(55.0)	(61.0)	(18.5)
Collections on loans receivable	0.1	0.3	0.8
Net cash (used in) provided by financing activities	(178.1)	154.6	(37.3)
Effects of exchange rate changes on cash	(11.3)	23.7	(5.5)
Net (decrease) increase in cash and cash equivalents	(398.1)	293.5	51.8
Cash and cash equivalents at beginning of period	440.4	146.9	95.1
Cash and cash equivalents at end of period	A\$ 42.3	A\$ 440.4	A\$ 146.9
Components of cash and cash equivalents			
Cash at bank and on hand	32.4	34.8	37.0
Short-term deposits	9.9	405.6	109.9
Cash and cash equivalents at end of period	A\$ 42.3	A\$ 440.4	A\$ 146.9
Supplemental disclosure of cash flow activities			
Cash paid during the year for interest, net of amounts capitalised	A\$ 4.8	A\$ 4.9	A\$ 14.5
Cash paid during the year for income taxes, net	A\$ 100.2	A\$ 130.5	A\$ 21.1

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