16 May 2002

Significant growth in 4th quarter and full year EBIT

Tax Free Capital Return of US 20 cents per Share

James Hardie today announced strong 4th quarter results. The results lifted underlying EBIT** for the full year 33% to US$75.0 million.

Net Operating Profit* for the year fell 10% to US$26.6 million due to higher interest and tax costs and the inclusion of restructuring and other operating expenses in earlier quarters.

EBIT** increased 99% for the 4th quarter to US$20.7 million. The improved result included a 25% lift in sales revenue and a 37% increase in gross profit. There were no restructuring and other operating expenses in the quarter.

The US Fibre Cement business continued to grow strongly, recording a 30% lift in both 4th quarter sales revenue and volume. EBIT** was up 28% for the quarter and 34% for the full year.

There was a strong turnaround in results from Asia Pacific Fibre Cement with 4th quarter EBIT** increasing by 53% in Australia and by 86% in New Zealand. The Philippines business achieved its first-ever positive EBIT result in the quarter.

The higher EBIT led to a 4th Quarter Net Operating Profit* of US$12.9 million, a strong turnaround from the small loss in the same quarter last year.

4th Quarter and Full Year at a Glance

US$ Million	Q402	Q401	%+/-	FY02	FY01	%+/-
Sales Revenue	158.0	126.3	25	606.9	540.9	12
Gross Profit	54.5	39.9	37	205.3	180.1	14
EBIT before restructuring and other operating expenses	20.7	10.4	99	75.0	56.4	33
Restructuring and other operating expenses	-	(14.3)	-	(28.1)	(15.5)	81
EBIT	20.7	(3.9)	631	46.9	40.9	15
Net Operating Profit/(Loss) from continuing operations	12.9	(3.1)	516	26.6	29.6	(10)
Net Operating Profit including discontinued operations[1]	15.2	0.3	497	29.3	38.2	(23)

[1] Discontinued operations include Windows and Gypsum.

* For purposes of clarity, results are for continuing operations only unless otherwise stated.

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More/…

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Commentary

James Hardie's CEO, Mr Peter Macdonald said the stronger operating performance, combined with the sale of James Hardie Gypsum, demonstrated that the company was capitalising on its significant growth opportunities and creating value for shareholders as this occurred.

"Our operating performance in the 4th quarter reflects improving performance trends in the latter half of the year which have carried forward into the current year. Growth rates in our USA and Asia Pacific businesses have accelerated," said Mr Macdonald.

"Our pure focus on fibre cement is delivering immediate returns to shareholders," Mr Macdonald said.

"Following the successful sale of James Hardie Gypsum for a price well above book value, we will be paying a dividend of US 5 cents per share and will be making a tax-free return of capital to shareholders of US 20 cents a share.

"This will deliver a total return to shareholders of US 30 cents a share, after including the capital return of US 5 cents a share that was paid in December 2001.

"We have also strengthened our balance sheet and are well positioned to support strong growth of our fibre cement business", Mr Macdonald said.

Dividend and Capital Management

Following receipt of the proceeds from the sale of James Hardie Gypsum, the company will restructure its balance sheet by:

- Making a US 20 cents per share return of capital to all shareholders
- Declaring a dividend payment of US 5 cents per share
- Repaying debt to reduce average gearing to around 40%
- Retaining funds for growth projects.

The company is obliged to renegotiate its current debt arrangements now that James Hardie Gypsum has been sold.

The company has established a new dividend policy as part of a move towards more active capital management. Dividends are projected at around US 5 cents per share per annum supplemented, when appropriate, by capital returns or share buy backs.

Shareholders will be asked to approve changes in capitalisation at the AGM in July, including the return of capital.

USA Fibre Cement – Continued Strong Growth and Performance

Sales revenue increased 30% to US$117.3 million in the 4th quarter due to a 30% increase in sales volume to 265.2 million square feet. This was due to strong organic growth as well as the inclusion of sales from the Cemplank operations, acquired in December 2001. The average selling price fell US$1 to US$442 per thousand square feet due to the inclusion of sales from the Cemplank operations, which historically have sold at prices below those achieved by James Hardie.

EBIT was up 28% for the quarter and 34% for the full year**. The 4th quarter EBIT margin was 20.6% and for the full year 22.1%**.

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A smooth integration of Cemplank's operations into James Hardie has been achieved ahead of schedule. Customer retention rates have been above planned levels and the conversion of the plants at Blandon, Pennsylvania and Summerville, South Carolina to James Hardie specifications has been proceeding well.

Australia – Higher Sales, Volumes and EBIT

Sales revenue increased 12% to US$24.7 million for the 4th quarter buoyed by an 18% lift in sales volume and a slightly higher average selling price. In Australian dollars, revenue increased 20%. EBIT** was up 53% for the 4th quarter and down 14% for the full year. The EBIT margin for the 4th quarter improved to 21.1%.

New Zealand – Higher Sales, Volumes and EBIT

Sales revenue was up 7% for the 4th quarter due to a 4% increase in sales volumes and slightly higher selling prices. The increase in revenue together with savings in fixed costs lifted EBIT 86% to US$1.3 million for the 4th quarter. EBIT for the full year was 30% higher. The EBIT margin for the 4th quarter rose to 14.1%.

Philippines – Inaugural Profit Achieved

Operating performance continued to improve with the business recording a small profit at the EBIT line in the 4th quarter, its first since the plant commenced operation in 1998. Stronger domestic demand helped lift sales volumes 48% higher than the previous quarter. The business achieved positive cashflow for the full year.

Chile – Higher Revenue and Volume

Sales revenue and volume were higher compared to the 3rd quarter of the current year following the start-up of the business in March 2001. The business is penetrating its targeted market segments at the desired rate.

FRC Pipes USA – New Products Fuel Sales Growth

Sales revenue and volume continued to grow following the launch earlier in the year of 24" and 30" drainage pipes which have allowed the business to bid on a larger number of construction projects in its target markets. Demand from the public construction sector remained at high levels.

Restructuring and Other Operating Expenses

There were no charges for restructuring and other operating expenses in the 4th quarter. The 4th quarter of the previous year included a US$14.3 million charge for restructuring of the Asia Pacific fibre cement operations. Included in the prior full year was a further US$1.2 million for restructuring of the Asia Pacific fibre cement operations.

Restructuring and other operating expenses for the full year increased 81% from US$15.5 million to US$28.1 million. Restructuring and other operating expenses for the full year included US$12.6 million to settle a legal action involving certain roofing products that are no longer manufactured, US$7.4 million for corporate restructuring charges and US$8.1 million for derivative contracts due to the implementation of a new US accounting standard in April 2001. These expenses contributed to the lower Net Operating Profit for the year.

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Sale of James Hardie Gypsum

On March 13, 2002, the company signed agreements to sell its US-based Gypsum operation to BPB PLC. The transaction was completed on April 25, 2002 for US$345.0 million. Results from the Gypsum business have been presented as part of discontinued operations.

Outlook

The buoyant economic conditions experienced in the 4th quarter in the company's major markets have continued into the first quarter of fiscal year 2003.

The United States housing market remains strong and the National Association of Home Builders has forecast that housing starts will settle into healthy and sustainable patterns as the economic expansion evolves over the balance of the year.

The company plans to grow demand for fibre cement in the United States and maintain attractive margins. While costs and selling prices for basic, unpainted siding products were both reduced during the 4th quarter, the introduction of new, differentiated products into the US market is expected to deliver further growth in demand and increase the average selling price of James Hardie products. Specific growth strategies are planned for the repair and remodel and vinyl siding markets and there are plans to achieve further cost efficiencies in manufacturing.

In Australia, increased interest rates and the lowering of the Government's First Home Owners grant could reduce the current high level of residential building activity. The introduction of new, differentiated products along with manufacturing and supply chain efficiencies are expected to generate sales and profitability.

In New Zealand, strong growth in residential building activity is expected with new housing starts forecast to be up compared to the last year. Profit is expected to increase through the growth in sales of higher margin products such as Monotek® and Linea® and the achievement of manufacturing efficiencies.

In the Philippines, stronger markets for building and construction are expected. Continued growth in demand for HardiFlex® lite, the new thin, lightweight ceiling product, is expected to help fibre cement take further market share from plywood.

Chile, while not yet profitable, expects growth in sales volumes as the business builds brand awareness and develops its distribution channels.

The US-based FRC Pipes business is ramping up more slowly than planned, but is expected to increase production to meet growing demand as awareness increases among construction contractors.

The company believes that the improving trend in operating performance evident in each business during the latter half of the fiscal year will continue at least in the near-term given attractive economic fundamentals and the strong start to operating performance which has been evident so far this year.

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This press release contains forward-looking statements. 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, which are further discussed in our periodic reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: 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; dependence on cyclical construction markets; 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 or other legal proceedings; and risks of conducting business internationally. 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 contained in forward-looking statements. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments.