

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

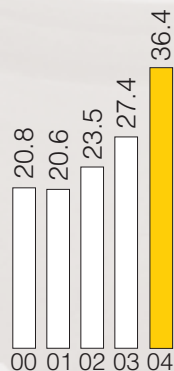
Debt Maturity Profile (Millions of US dollars)	2004		2003	
	Less than one year	28.4	8.8	
1-2 years	25.7	17.6		
2-3 years	27.1	25.7		
3-4 years	8.1	27.1		
4-5 years	46.2	8.1		
Greater than 5 years	40.3	86.5		
Total Borrowings	175.8	173.8		

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

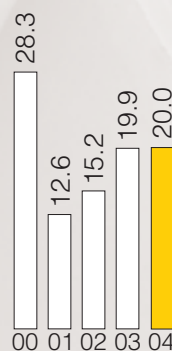
Exchange Rates (US\$1=A\$) Weighted Average	2004		2003	
	AUD	1.4419	1.7809	
NZD	1.6361	2.0316		
Closing Spot				
AUD	1.3156	1.6559		
NZD	1.5083	1.8060		

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)

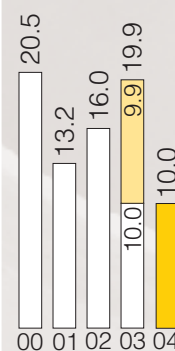


Working Capital to Net Sales
(%)

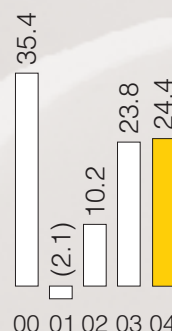


Net Interest Expense
(Millions of US dollars)

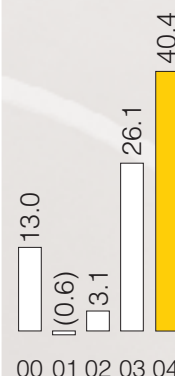
Long-term debt prepayment penalty



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%, EBIT¹ up 34%, and operating profit¹ up 50%. These results are described in detail in Management's Discussion and Analysis, on pages 46–54.

EBIT¹ 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 EBIT¹ for USA Fibre Cement was US\$195.6 million, and for Asia Pacific was US\$37.6 million.

Chile was EBIT¹ 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 EBITDA¹ 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 margin¹ from 16.4% to 17.5%;
- Our gearing ratio² 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