

# Consolidated Statements of Cash Flows

James Hardie Industries NV and Subsidiaries

(US\$)

(Millions of US dollars)	Years Ended 31 March		
	2004	2003	2002
<b>Cash flows from operating activities:</b>			
Net income	\$ 129.6	\$ 170.5	\$ 30.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on disposal of subsidiaries and businesses	(4.1)	(84.8)	(2.0)
Gain on sale of land and buildings	(4.2)	–	–
(Gain) loss on disposal of investments and negotiable securities	–	(0.4)	1.3
Impairment loss on investment	2.2	–	–
Depreciation and amortisation	36.4	28.7	39.9
Deferred income taxes	14.6	(10.6)	(0.6)
Prepaid pension cost	1.8	2.3	0.9
Tax benefit from stock options exercised	0.4	0.8	0.2
Stock compensation	3.3	1.9	1.8
Other	0.7	–	(0.4)
Changes in operating assets and liabilities:			
Accounts receivable	(24.8)	(10.8)	(32.1)
Inventories	(24.9)	(8.5)	16.4
Prepays and other current assets	2.1	(12.5)	1.4
Accounts payable	1.3	14.5	(4.7)
Accrued liabilities and other liabilities	28.2	(26.3)	23.7
<b>Net cash provided by operating activities</b>	<b>162.6</b>	<b>64.8</b>	<b>76.6</b>
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment	(74.8)	(90.2)	(52.4)
Proceeds from sale of property, plant and equipment	10.9	49.0	0.3
Payments for subsidiaries and businesses, net of cash acquired	–	–	(40.8)
Proceeds from disposal of subsidiaries and businesses, net of cash invested	5.0	334.4	7.3
Proceeds from sale and maturity of investments	–	1.1	4.4
Collections on loans receivable	0.9	0.7	4.0
Cash transferred on establishment of ABN 60 Foundation	–	(57.1)	–
<b>Net cash (used in) provided by investing activities</b>	<b>(58.0)</b>	<b>237.9</b>	<b>(77.2)</b>
<b>Cash flows from financing activities:</b>			
Net proceeds from line of credit	0.5	3.1	3.9
Proceeds from borrowings	–	2.4	226.5
Repayments of borrowings	–	(160.0)	(342.3)
Proceeds from issuance of shares	3.2	4.2	113.9
Repayments of capital	(68.7)	(94.8)	(22.5)
Dividends paid	(22.9)	(34.3)	(20.3)
<b>Net cash used in financing activities</b>	<b>(87.9)</b>	<b>(279.4)</b>	<b>(40.8)</b>
Effects of exchange rate changes on cash	0.5	0.7	(2.6)
Net increase (decrease) in cash and cash equivalents	17.2	24.0	(44.0)
Cash and cash equivalents at beginning of period	55.1	31.1	75.1
<b>Cash and cash equivalents at end of period</b>	<b>72.3</b>	<b>55.1</b>	<b>31.1</b>
<b>Components of cash and cash equivalents:</b>			
Cash at bank and on hand	24.6	39.7	11.1
Short-term deposits	47.7	14.9	20.0
Cash and cash equivalents – continuing operations	72.3	54.6	31.1
Cash at bank and on hand – discontinued operations	–	0.5	–
<b>Cash and cash equivalents at end of period</b>	<b>\$ 72.3</b>	<b>\$ 55.1</b>	<b>\$ 31.1</b>
<b>Supplemental disclosure of cash flow activities:</b>			
Cash paid during the period for interest, net of amounts capitalised	\$ 11.7	\$ 28.1	\$ 25.8
Cash (refunded) paid during the period for income taxes, net	\$ (6.5)	\$ 77.3	\$ (10.2)

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			
	2004	2003		2002
<b>Cash flows from operating activities:</b>				
Net income	A\$ 186.8	A\$ 303.6	A\$ 60.1	
Adjustments to reconcile net income to net cash provided by operating activities:				
Gain on disposal of subsidiaries and businesses	(5.9)	(151.0)	(3.9)	
Gain on sale of land and buildings	(6.1)	–	–	
(Gain) loss on disposal of investments and negotiable securities	–	(0.7)	2.5	
Impairment loss on investment	3.2	–	–	
Depreciation and amortisation	52.5	51.1	77.7	
Deferred income taxes	21.1	(18.9)	(1.2)	
Prepaid pension cost	2.6	4.1	1.8	
Tax benefit from stock options exercised	0.6	1.4	0.4	
Stock compensation	4.8	3.4	3.5	
Other	1.0	–	(0.9)	
Changes in operating assets and liabilities:				
Accounts receivable	(35.8)	(19.2)	(62.5)	
Inventories	(35.9)	(15.1)	32.0	
Prepays and other current assets	3.1	(22.2)	2.6	
Accounts payable	1.9	25.8	(9.2)	
Accrued liabilities and other liabilities	40.7	(46.8)	46.2	
<b>Net cash provided by operating activities</b>	<b>234.6</b>	<b>115.5</b>	<b>149.1</b>	
<b>Cash flows from investing activities:</b>				
Purchases of property, plant and equipment	(107.9)	(160.6)	(102.1)	
Proceeds from sale of property, plant and equipment	15.7	87.3	0.6	
Payments for subsidiaries and businesses, net of cash acquired	–	–	(79.5)	
Proceeds from disposal of subsidiaries and businesses, net of cash invested	7.2	595.5	14.2	
Proceeds from sale and maturity of investments	–	2.0	8.6	
Collections on loans receivable	1.3	1.2	7.8	
Cash transferred on establishment of ABN 60 Foundation	–	(94.5)	–	
<b>Net cash (used in) provided by investing activities</b>	<b>(83.7)</b>	<b>430.9</b>	<b>(150.4)</b>	
<b>Cash flows from financing activities:</b>				
Net proceeds from line of credit	0.7	5.5	7.6	
Proceeds from borrowings	–	4.3	441.3	
Repayments of borrowings	–	(284.9)	(666.9)	
Proceeds from issuance of shares	4.6	7.5	221.9	
Repayments of capital	(99.1)	(168.8)	(43.8)	
Dividends paid	(33.0)	(61.1)	(39.6)	
<b>Net cash used in financing activities</b>	<b>(126.8)</b>	<b>(497.5)</b>	<b>(79.5)</b>	
Effects of exchange rate changes on cash	(20.2)	(16.2)	(14.0)	
Net increase (decrease) in cash and cash equivalents	3.9	32.7	(94.8)	
Cash and cash equivalents at beginning of period	91.2	58.5	153.3	
Cash and cash equivalents at end of period	95.1	91.2	58.5	
<b>Components of cash and cash equivalents:</b>				
Cash at bank and on hand	32.4	65.7	20.9	
Short-term deposits	62.7	24.7	37.6	
Cash and cash equivalents – continuing operations	95.1	90.4	58.5	
Cash at bank and on hand – discontinued operations	–	0.8	–	
<b>Cash and cash equivalents at end of period</b>	<b>A\$ 95.1</b>	<b>A\$ 91.2</b>	<b>A\$ 58.5</b>	
<b>Supplemental disclosure of cash flow activities:</b>				
Cash paid during the period for interest, net of amounts capitalised	A\$ 16.9	A\$ 50.0	A\$ 50.3	
Cash (refunded) paid during the period for income taxes, net	A\$ (9.4)	A\$ 137.7	A\$ (19.9)	

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