UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the Month of May 2014

1-15240
(Commission File Number)

JAMES HARDIE INDUSTRIES plc
(Translation of registrant's name into English)

Europa House, Second Floor
Harcourt Centre
Harcourt Street, Dublin 2, Ireland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F..X.... Form 40-F.........

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): Not Applicable

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): Not Applicable

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Forward-Looking Statements

This Management's Analysis of Results contains forward-looking statements. James Hardie may from time to time make forward-looking statements in its periodic reports filed with or furnished to the SEC, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the company's future performance;
- projections of the company's results of operations or financial condition;
- statements regarding the company's plans with respect to the introduction of new products, product lines and businesses;
- statements regarding the company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension, closure, opening or expansion of operations at any of the company's plants and future plans with respect to any such plants;
- expectations regarding the extension or renewal of the company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences, value, impact or effect of the Settlement Deed resolving the legal proceedings brought by the New Zealand Ministry of Education against two of the company's New Zealand subsidiaries;
- expectations about the timing and amount of contributions to Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning indemnification obligations;
- expectations concerning the adequacy of the company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic conditions, such as changes in the US economic or housing recovery or changes in the market conditions in the Asia Pacific region, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue," "may," "objective," "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 27 June 2013, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the company's financial statements as an asbestos liability; governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; the effect of the transfer of the company's corporate domicile from The Netherlands to Ireland, including changes in corporate governance and any potential tax benefits related thereto; currency exchange risks; dependence on customer preference and the concentration of the company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favourable to the company, or at all; acquisition or sale of businesses and business segments; changes in the company's key management personnel; inherent limitations on internal controls; use of accounting estimates; and all other risks identified in the company's reports filed with Australian, Irish and US securities agencies and exchanges (as appropriate). The company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the company's current expectations concerning future results, events and conditions. The company assumes no obligation to update any forward-looking statements or information except as required by law.

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99.1	Q4FY14 – ASX Cover
99.2	Q4FY14 – MR
99.3	Q4FY14 – MD&A
99.4	Q4FY14 – Management Presentation
99.5	Q4FY14 – F-Pages
99.6	AICFL_KPMG Actuarial Valuation report
99.7	Appendix 3F 22 May 2014
99.8	Appendix 3C 22 May 2014

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	James Hardie Industries plc
Date: 22 May 2014	By: /s/ Natasha Mercer
	Natasha Mercer Company Secretary

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Results for Announcement to the Market

James Hardie Industries plc

ARBN 097 829 895

Appendix 4D – Preliminary Final Report Year Ended 31 March 2014				
Key Information	Year Ended 31 March			
	2014 US$M	2013 US$M	Movement	
Net Sales From Ordinary Activities	1,493.8	1,321.3	Up	13%
Profit From Ordinary Activities After Tax Attributable to Shareholders	99.5	45.5	Up	-
Net Profit Attributable to Shareholders	99.5	45.5	Up	-
Net Tangible (Liabilities) Assets per Ordinary Share	US$(0.45)	US$0.04	Down	-

Dividend Information

- A special dividend of US20.0 cents per security ("FY2014 special dividend") was announced in US currency and will be paid on 08 August 2014.
- The record date to determine entitlement to the FY2014 special dividend is 12 June 2014 (on the basis of proper instruments of transfer received by the Company's registrar, Computershare Investor Services Pty Ltd, Level 4, 60 Carrington Street, Sydney NSW 2000, Australia, by 5:00pm if securities are not CHESS approved, or security holding balances established by 5:00pm or such later time permitted by ASTC Operating Rules if securities are CHESS approved).
- An FY2014 second half ordinary dividend of US32.0 cents per security ("FY2014 second half dividend") is payable to share/CUFS holders on 08 August 2014. The record date to determine entitlement to the FY2014 second half dividend is 12 June 2014.
- A special dividend of US28.0 cents per security ("125 year anniversary special dividend") will be paid to share/CUFS holders on 30 May 2014. The dividend was announced in US currency on 28 February 2014, with a record date of 21 March 2014.
- An FY2014 first half ordinary dividend of US8.0 cents per security ("FY2014 first half dividend") was paid to share/CUFS holders on 28 March 2014.
- The 125 year anniversary special dividend, FY2014 special dividend, FY2014 second half dividend and future dividends will be unfranked for Australian taxation purposes.
- The company will be required to deduct Irish DWT (currently 20% of the gross dividend amount) from these dividends and future dividends, unless the beneficial owner has completed and returned a non-resident declaration form (DWT Form).
- The Australian currency equivalent amount of the FY2014 special dividend to be paid to share/CUFS holders will be announced after the record date. The amount payable to shareholders who have elected to receive their dividend in NZ dollars or British pounds will also be announced on the same date.
- No dividend reinvestment plan is in operation for the 125 year anniversary special dividend, the FY2014 special dividend and the FY2014 second half dividend.
- The FY2013 second half ordinary dividend ("FY2013 second half dividend") of US13.0 cents per security and a special dividend ("FY2013 special dividend") of US24.0 cents per security were paid to share/CUFS holders on 26 July 2013.

Movements in Controlled Entities during Year ended 31 March 2014

There were no movements in controlled entities during Year ended 31 March 2014.

Audit

The results and financial information included within this Preliminary Final Report have been prepared using US GAAP and have been subject to an independent audit by external auditors.

Results for the 4th Quarter and Year Ended 31 March 2014

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James Hardie Industries plc is incorporated under the laws of Ireland with its corporate seat in Dublin, Ireland. The liability of members is limited. The information contained in the above documents should be read in conjunction with the James Hardie 2013 Annual Report which can be found on the company website at www.jameshardie.com.

22 May 2014

For analyst and media enquiries, please
call Sean O'Sullivan on +61 2 8845 3352

4th quarter net operating profit US$45.3m
Full Year net operating profit US$197.2m
(excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments)

James Hardie announces an ordinary dividend of US32.0 cents per security and a special dividend of US20.0 cents per security

James Hardie today announced a US$45.3 million net operating profit, excluding asbestos, asset impairments, Australian Securities and Investments Commission ("ASIC") expenses, New Zealand product liability and tax adjustments, for the quarter ended 31 March 2014, compared to the prior corresponding quarter's US$30.7 million.

Net operating loss including asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments increased to US$186.8 million, compared to a loss of US$69.5 million in the prior corresponding quarter.

For the full year, net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments increased to US$197.2 million, compared to US$140.8 million in the prior year.

Net operating profit including asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments increased from US$45.5 million in the prior year to US$99.5 million.

CEO Commentary

"Our US and European business delivered improved earnings over the quarter and full year. Net sales increased 22% in the quarter and 19% for the full year reflecting stronger volumes, a higher average net sales price and the continued strengthening of the US housing construction market," said James Hardie CEO Louis Gries.

In this Media Release, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 9. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures, which are equivalent to or derived from certain US GAAP measures as explained in the definitions, include "EBIT", "EBIT margin", "Operating profit before income taxes" and "Net operating profit". The company may also present other terms for measuring its sales volume ("million square feet" or "mmsf" and "thousand square feet" or "msf"); financial ratios ("Gearing ratio", "Net interest expense cover", "Net interest paid cover", "Net debt payback", "Net debt (cash)"); and Non-US GAAP financial measures ("EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability", "EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability", "Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments", "Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments", "Operating profit before income taxes excluding asbestos, asset impairments and New Zealand product liability", "Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability and tax adjustments", "Adjusted EBITDA", "General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs" and "Selling, general and administrative expenses excluding New Zealand product liability"). Unless otherwise stated, results and comparisons are of the 4th quarter and full year of the current fiscal year versus the 4th quarter and the full year of the prior fiscal year.

“Importantly, in line with guidance given at the start of the year, the EBIT margin for the US and European business on a full year basis was 21%, which is within our target range of 20% to 25%. It is expected that the EBIT margin will continue to expand in the coming years as the US operating environment continues to improve.”

“During FY14, we confirmed our commitment to build the infrastructure to grow our business with the reopening of our Fontana, California location, the commencement of capacity expansion projects at our Cleburne, Texas and Plant City, Florida locations and the construction of a new manufacturing line at our Carole Park, Queensland location. To further capitalise on the projected growth in the US housing market, and our anticipated market share growth across all of our businesses, the Company intends to increase its levels of capital expenditure to an average of approximately US$200 million per year over the next three years”, Mr Gries added.

“Additionally, we announced today an ordinary second half dividend of US32 cents per share and a full year special dividend of US20 cents per share,” concluded Mr Gries.

USA and Europe Fibre Cement Net Sales

During both the quarter and full year, net sales increased due to both higher sales volume and a higher average net sales price. The increase in sales volume was primarily due to increased activity in the new construction market segment, further market penetration, and modest growth in the repair and remodel market segment, relative to the prior corresponding periods. The increase in the average net sales price reflects the execution of the company’s pricing strategies and the reduction of pricing inefficiencies.

According to the US Census Bureau, single family housing starts, which are one of the key drivers of the company’s performance, were 133,800 in the March 2014 quarter, 2% below the March 2013 quarter. For the fiscal year ended 31 March 2014, single family housing starts were 615,400, 9% above the prior year. In addition, industry data indicates gains in both single-family and multi-family production.

Asia Pacific Fibre Cement Net Sales

In Australian dollars, Asia Pacific net sales increased in both the quarter and full year compared to the prior corresponding periods due to an increase in sales volume, driven by market growth and market penetration, and higher average net sales prices. Net sales in Australia increased primarily due to higher sales volume and a higher average net sales price, however this was constrained by a reduction in repair and remodel market activity during both the quarter and full year, relative to the prior corresponding periods. Additionally, New Zealand sales reflect the continued increase in activity in the New Zealand housing market and a modest average net sales price increase for the full year compared to the prior year.

According to the Australian Bureau of Statistics, approvals for detached houses were 26,013 for the quarter, an increase of 23%, when compared to the prior corresponding quarter. For the fiscal year ended 31 March 2014, approvals for detached houses were 104,394, an increase of 16%, compared to the prior corresponding period. Furthermore, in addition to the detached housing market, a key driver of sales volume for the Australian business is the repair and remodel market, which for the twelve months ended 31 December 2013, the most recently available data, was flat to the prior corresponding period.

According to Statistics New Zealand data, consents for dwellings excluding apartments, which are the primary driver of the New Zealand business' net sales, were 5,001 for the quarter, an increase of 22%, when compared to the prior corresponding quarter. For the fiscal year ended 31 March 2014, consents for dwellings excluding apartments, were 19,786, an increase of 25%, compared to the prior corresponding period.

Operating Performance

EBIT for the quarter ended 31 March 2014 decreased from a loss of US$108.3 million in the prior corresponding quarter to a loss of US$266.4 million. EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability increased 55% to US$57.4 million during the quarter compared to US$37.0 million in the prior corresponding quarter.

EBIT for the full year increased from US$29.5 million in the prior year to US$53.1 million. EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability increased 40% to US$252.8 million compared to US$181.0 million in the prior year.

4th Quarter and Full Year Results at a Glance

US$ Millions	Q4 FY 2014	Q4 FY 2013	% Change	FY 2014	FY 2013	% Change
Net sales	**$ 376.4**	**$ 326.8**	**15**	**$1,493.8**	**$1,321.3**	**13**
Gross profit	125.5	101.8	23	506.4	419.3	21
EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	**57.4**	**37.0**	**55**	**252.8**	**181.0**	**40**
AICF SG&A expenses	(0.7)	(0.5)	(40)	(2.1)	(1.7)	(24)
Asbestos adjustments	(322.0)	(131.6)		(195.8)	(117.1)	(67)
ASIC expenses	-	(2.1)		-	(2.6)	
New Zealand product liability expenses	(1.1)	-		(1.8)	(13.2)	86
Asset impairments	-	(11.1)		-	(16.9)	
EBIT	**(266.4)**	**(108.3)**		**53.1**	**29.5**	80
Net interest (expense) income	(0.4)	0.1		(1.1)	2.4	
Other income	1.2	0.6		2.6	1.8	44
Income tax benefit	78.8	38.1		44.9	11.8	
Net operating (loss) profit	**(186.8)**	**(69.5)**		**99.5**	**45.5**	
Diluted (loss) earnings per share (UScents)	(42)	(16)		22	10	

Net operating loss for the quarter was US$186.8 million, compared to a net operating loss of US$69.5 million for the prior corresponding quarter. Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments increased from US$30.7 million in the prior corresponding quarter to US$45.3 million in the current quarter, as shown in the table below.

For the full year, net operating profit was US$99.5 million, compared to US$45.5 million for the prior year. Net operating profit excluding asbestos, assets impairments, ASIC expenses, New Zealand product liability and tax adjustments increased to US$197.2 million from US$140.8 million in the prior year, as shown in the table below.

4th Quarter and Full Year Results

US$ Millions	Q4 FY 2014	Q4 FY 2013	% Change	FY 2014	FY 2013	% Change
Net operating (loss) profit	$ (186.8)	$ (69.5)		$ 99.5	$ 45.5	
Excluding:						
Asbestos:						
Asbestos adjustments	322.0	131.6		195.8	117.1	67
AICF SG&A expenses	0.7	0.5	40	2.1	1.7	24
AICF interest income	(0.5)	(1.4)	64	(2.9)	(7.0)	59
Asset impairments	-	11.1		-	16.9	
ASIC expenses	-	2.1		-	2.6	
New Zealand product liability	1.1	-		1.8	13.2	(86)
Asbestos and other tax adjustments	(91.2)	(43.7)		(99.1)	(49.2)	
Net operating profit excluding asbestos, ASIC expenses, New Zealand product liability and tax adjustments	**$ 45.3**	**$ 30.7**	**48**	**$ 197.2**	**$ 140.8**	**40**
Diluted earnings per share excluding asbestos, ASIC expenses, New Zealand product liability and tax adjustments (US cents)	10	7		44	32	

Capacity Expansion

The company is proceeding with its previously announced plans to increase the production capacity of the USA and Europe Fibre Cement business. These plans continue to include:

- a fourth sheet machine and ancillary facilities at the company's Plant City, Florida location with an approximate investment of US$65.0 million with nominal capacity of 300 mmsf[1]; and
- a third sheet machine and ancillary facilities at the company's Cleburne, Texas location with an approximate investment of US$37.0 million with nominal capacity of 200 mmsf[1].

The company expects both the Plant City and Cleburne projects to be commissioned by the end of first half of fiscal 2016. Additionally, the company has completed the refurbishment of the Fontana, California location and commenced production in the fourth quarter of fiscal 2014 with a nominal capacity of 250 mmsf[1].

As previously announced during the first quarter of fiscal 2014, the company completed the purchase of the previously-leased land and buildings at the Carole Park, Queensland location. Additionally, in conjuction with the purchase, the company is proceeding with the previously announced capital expenditure and commercial investments to increase the plant's production capacity at a total estimated cost of approximately A$89.0 million.

[1]Nominal capacities are based on production of 5/16" HardieZone 10 product, without regard to actual or anticipated product mix.

Cash Flow

Net operating cash flow increased for the full year from US$109.3 million in the prior year to US$322.8 million in the current year, primarily due to the following:

- higher earnings excluding asbestos adjustments;
- prior year non-recurring tax payment of US$81.3 million which arose from the favourable conclusion of RCI's disputed fiscal year 1999 amended tax assessment with the ATO; and
- a decrease in the company's contribution to AICF from US$45.4 million in the prior year ended 31 March 2013 to nil in the year ending 31 March 2014.

For the full year, capital expenditure for the purchase of property, plant and equipment increased to US$115.4 million from US$61.1 million in the prior year. The increase in capital expenditure is driven by the various capacity expansion and refurbishment projects being undertaken by the company at its plants in Australia and the US. The key components of the program for FY2014 included the purchase and subsequent expansion of the previously leased land and buildings located at the company's Carole Park, Queensland location and the refurbishment of the idled manufacturing assets at the Fontana, California location. In addition, in December 2013, the company acquired the assets of a US business engaged in the research, development and manufacturing of fibreglass windows.

Dividends paid during the full year ended 31 March 2014 increased to US$199.1 million, reflecting a payment of US45 cents per security, compared to US$188.5 million in the prior year, reflecting a payment of US43 cents per security.

Outlook

In the US, although somewhat mixed, industry forecasts remain encouraging, and look beyond the seasonal impact of the severe US winter to discern the true underlying growth momentum in the market. According to the US Census Bureau, single family building permits were 616,300 for the full year ended March 31, 2014, an increase of 13% from the prior year. Multi-family permits were 364,000, an increase of 14%, relative to the prior year.

The Company continues to expect improvement in the US operating environment during FY2014, though cautions that this remains predicated upon the strength of employment and consumer confidence indicators, as well as continued improvement in the broader US economy.

In Australia, approvals for detached houses and the repair and remodel market are key indicators of underlying demand for our business. For the twelve months ended 31 March 2014, approvals for detached houses were 104,394, an increase of 16% compared to the prior corresponding period, while the overall repair and remodel market was flat for the twelve month period ended 31 December 2013 (the most recently available statistical data from the Australian Bureau of Statistics) when compared to the prior corresponding period. Accordingly, net sales from the Australian business are expected to track in line with any growth in the detached housing market and be impacted by any positive or negative movement in the repair and remodel market.

The New Zealand business continues to deliver improved results supported by a stronger local housing market, particularly in the Auckland and Christchurch areas, when compared to prior years.

Reflecting our underlying confidence in our businesses and their operating environments the company intends to increase its investment in capital expenditure to approximately US$200 million per year over the next three years.

Shareholder Returns

The following table summarises the dividends declared or paid during the years ended 31 March 2014 and 2013 and the dividends announced today:

(Millions of US dollars)	US Cents/Security	US$ Total Amount	Announcement Date	Record Date	Payment Date
FY 2014 special dividend	0.20	89.0	22 May 2014	12 June 2014	08 August 2014
FY 2014 second half dividend	0.32	142.4	22 May 2014	12 June 2014	08 August 2014
125 year anniversary special dividend	0.28	124.6	28 February 2014	21 March 2014	30 May 2014
FY 2014 first half dividend	0.08	35.5	14 November 2013	19 December 2013	28 March 2014
FY 2013 special dividend	0.24	106.1	23 May 2013	28 June 2013	26 July 2013
FY 2013 second half dividend	0.13	57.5	23 May 2013	28 June 2013	26 July 2013
FY 2013 first half dividend	0.05	22.1	15 November 2012	18 December 2012	25 January 2013
FY 2012 second half dividend	0.38	166.4	21 May 2012	29 June 2012	23 July 2012

Share Buyback

FY2015 Plan

The company announced today a new share buyback program to acquire up to 5% of its issued capital within the 12 month period to May 2015. The actual shares that the company may repurchase will be subject to share price levels, and consideration of the effect of the share buyback on return on equity, WACC, and capital requirements.

FY 2014 Plan

In May 2013, the company announced a share buyback program to acquire up to 5% of its issued capital. During the three months ended 31 March 2014, the company repurchased and cancelled 1,369,061 shares of its common stock, with an aggregate cost of A$19.0 million (US$17.1 million), at an average market price of A$13.85 (US$12.46). For the full year ended 31 March 2014, the company repurchased and cancelled a total of 1,895,214 shares of its common stock, with an aggregate cost of A$24.5 million (US$22.1 million), at an average market price of A$12.92 (US$11.64).

Subsequent to 31 March 2014, the company repurchased an additional 715,000 shares of its common stock, with an aggregate cost of A$9.8 million (US$9.1 million), at an average market price of A$13.69 (US$12.73).

The company will continue to review its capital structure and capital management objectives and expects to accomplish the following in the near term:

- Continue to invest in R&D and capacity expansion projects required for growth;
- Provide consistent dividend payments within the ordinary dividend payout ratio of 50-70% of net operating profit excluding asbestos; and
- Continue the share buy back program and consider further payment of special dividends.

Irish Dividend Withholding Tax

The company will deduct Irish Dividend Withholding Tax ("DWT") (currently 20% of the gross dividend amount) from the dividends announced today and any future dividend, unless the beneficial owner has completed and returned a non-resident declaration form ("DWT Form").

In general, beneficial owners, superannuation funds and pension funds who are resident for tax purposes in Australia, New Zealand, the United States and the United Kingdom and who return a validly completed DWT Form, will be exempt from Irish DWT. The DWT Form is required to be completed and signed by the beneficial owner, who may be different from the registered shareholder.

Shareholders who have not completed a DWT Form may be able to claim a refund of Irish DWT (by way of a euro-denominated payment) directly from Irish Revenue.

Further Information

Readers are referred to the company's Consolidated Financial Statements and Management's Analysis of Results for the period ended 31 March 2014 for additional information regarding the company's results, including information regarding income taxes, the asbestos liability and contingent liabilities.

Changes in the company's asbestos liability (including to reflect changes in foreign exchange rates), New Zealand product liability, income tax related issues and other matters referred to in the disclaimer at the end of this document may have a material impact on the company's Consolidated Financial Statements.

Readers are referred to Notes 11, 13, and 14 of the company's 31 March 2014 Consolidated Financial Statements for more information regarding the company's asbestos liability, New Zealand product liability and income tax related issues, respectively.

END

Media/Analyst Enquiries:

Sean O' Sullivan	Telephone: +61 2 8845 3352
Vice President Investor and Media Relations	Email: media@jameshardie.com.au

This Media Release forms part of a package of information about the company's results. It should be read in conjunction with the other parts of the package, including Management's Analysis of Results, the Management Presentation and the Consolidated Financial Statements. These documents, along with an audio webcast of the Management Presentation of 22 May 2014, are available from the Investor Relations area of James Hardie's website at: www.jameshardie.com

The company routinely posts information that may be of importance to investors in the Investor Relations section of its website, including press releases, financial results and other information. The company encourages investors to consult this section of its website regularly.

The company filed its annual report on Form 20-F for the year ended 31 March 2013 with the SEC on 27 June 2013.

All holders of the company's securities may receive, on request, a hard copy of our complete audited Consolidated Financial Statements, free of charge. Requests can be made via the Investor Relations area of the company's website or by contacting one of the company's corporate offices. Contact details are available on the company's website.

Definitions

Non-financial Terms

ABS – Australian Bureau of Statistics.

AFFA – Amended and Restated Final Funding Agreement.

AICF – Asbestos Injuries Compensation Fund Ltd.

ASIC – Australian Securities and Investments Commission.

ATO – Australian Taxation Office.

NBSK – Northern Bleached Softwood Kraft; the company's benchmark grade of pulp.

Legacy New Zealand product liability expenses ("New Zealand product liability") – Expenses arising from defending and resolving claims in New Zealand that allege poor building design, inadequate certification of plans, inadequate construction review and compliance certification and deficient work by sub-contractors.

Financial Measures – US GAAP equivalents

This document contains financial statement line item descriptions that are considered to be non-US GAAP, but are consistent with those used by Australian companies. Because the company prepares its Consolidated Financial Statements under US GAAP, the following table cross-references each non-US GAAP line item description, as used in Management's Analysis of Results and Media Release, to the equivalent US GAAP financial statement line item description used in the company's Consolidated Financial Statements:

Management's Analysis of Results and Media Release	Consolidated Statements of Operations and Other Comprehensive Income (Loss) (US GAAP)
Net sales	Net sales
Cost of goods sold	Cost of goods sold
Gross profit	Gross profit
Selling, general and administrative expenses	Selling, general and administrative expenses
Research and development expenses	Research and development expenses
Asbestos adjustments	Asbestos adjustments
EBIT*	Operating income (loss)
Net interest income (expense)*	Sum of interest expense and interest income
Other income (expense)	Other income (expense)
Operating profit (loss) before income taxes*	Income (loss) before income taxes
Income tax (expense) benefit	Income tax (expense) benefit
Net operating profit (loss)*	Net income (loss)

*- Represents non-U.S. GAAP descriptions used by Australian companies.

EBIT margin – EBIT margin is defined as EBIT as a percentage of net sales.

Sales Volume

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16” thickness.

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16” thickness.

Financial Ratios

Gearing ratio – Net debt (cash) divided by net debt (cash) plus shareholders’ equity.

Net interest expense cover – EBIT divided by net interest expense (excluding loan establishment fees).

Net interest paid cover – EBIT divided by cash paid during the period for interest, net of amounts capitalised.

Net debt payback – Net debt (cash) divided by cash flow from operations.

Net debt (cash) – short-term and long-term debt less cash and cash equivalents.

Return on capital employed – EBIT divided by gross capital employed.

Non-US GAAP Financial Measures

<u>EBIT and EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability</u> – EBIT and EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT margin. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
EBIT	$ (266.4)	$ (108.3)	$ 53.1	$ 29.5
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
Asset impairments	-	11.1	-	16.9
ASIC expenses	-	2.1	-	2.6
New Zealand product liability expenses	1.1	-	1.8	13.2
EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	57.4	37.0	252.8	181.0
Net sales	$ 376.4	$ 326.8	$ 1,493.8	$ 1,321.3
EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	15.3%	11.3%	16.9%	13.7%

<u>Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments</u> – Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than net operating profit. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Net operating (loss) profit	$ (186.8)	$ (69.5)	$ 99.5	$ 45.5
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
AICF interest income	(0.5)	(1.4)	(2.9)	(7.0)
Asset impairments	-	11.1	-	16.9
ASIC expenses	-	2.1	-	2.6
New Zealand product liability expenses	1.1	-	1.8	13.2
Asbestos and other tax adjustments	(91.2)	(43.7)	(99.1)	(49.2)
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	$ 45.3	$ 30.7	$ 197.2	$ 140.8

Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments – Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than diluted earnings per share. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	$ 45.3	$ 30.7	$ 197.2	$ 140.8
Weighted average common shares outstanding - Diluted (millions)	445.8	442.6	444.6	440.6
Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments (US cents)	10	7	44	32

Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability and tax adjustments – Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than effective tax rate. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Operating (loss) profit before income taxes	$ (265.6)	$ (107.6)	$ 54.6	$ 33.7
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
AICF interest income	(0.5)	(1.4)	(2.9)	(7.0)
Asset impairments	-	11.1	-	16.9
New Zealand product liability expenses	1.1	-	1.8	13.2
Operating profit before income taxes excluding asbestos, asset impairments and New Zealand product liability	$ 57.7	$ 34.2	$ 251.4	$ 175.6
Income tax benefit	78.8	38.1	44.9	11.8
Asbestos-related and other tax adjustments	(91.2)	(43.7)	(99.1)	(49.2)
Income tax expense excluding tax adjustments	(12.4)	(5.6)	(54.2)	(37.4)
Effective tax rate	29.7%	35.4%	82.2%	35.0%
Effective tax rate excluding asbestos, asset impairments, New Zealand product liability, and tax adjustments	21.5%	16.4%	21.6%	21.3%

Adjusted EBITDA – is not a measure of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP or as a measure of profitability or liquidity. Not all companies calculate Adjusted EBITDA in the same manner as James Hardie has and, accordingly, Adjusted EBITDA may not be comparable with other companies. Management has included information concerning Adjusted EBITDA because it believes that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
EBIT	$ (266.4)	$ (108.3)	$ 53.1	$ 29.5
Depreciation and amortisation	15.2	13.2	61.4	61.2
Adjusted EBITDA	$ (251.2)	$ (95.1)	$ 114.5	$ 90.7

General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs – General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than general corporate costs. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
General corporate costs	$ 11.8	$ 12.7	$ 42.7	$ 33.0
Excluding:				
ASIC expenses	-	(2.1)	-	(2.6)
Intercompany foreign exchange gain	-	-	-	5.5
Recovery of RCI legal costs	-	-	-	2.7
General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs	$ 11.8	$ 10.6	$ 42.7	$ 38.6

Selling, general and administrative expenses excluding New Zealand product liability – Selling, general and administrative expenses excluding New Zealand product liability is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than selling, general and administrative expenses. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Selling, general and administrative expenses	$ 61.9	$ 58.0	$ 224.4	$ 218.6
Excluding:				
New Zealand product liability expenses	(1.1)	-	(1.8)	(13.2)
Selling, general and administrative expenses excluding New Zealand product liability	$ 60.8	$ 58.0	$ 222.6	$ 205.4
Net Sales	$ 376.4	$ 326.8	$ 1,493.8	$ 1,321.3
Selling, general and administrative expenses as a percentage of net sales	16.4%	17.7%	15.0%	16.5%
Selling, general and administrative expenses excluding New Zealand product liability as a percentage of net sales	16.2%	17.7%	14.9%	15.5%

Forward-Looking Statements

This Management's Analysis of Results contains forward-looking statements. James Hardie may from time to time make forward-looking statements in its periodic reports filed with or furnished to the SEC, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the company's future performance;
- projections of the company's results of operations or financial condition;
- statements regarding the company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the company's plants and future plans with respect to any such plants;
- expectations regarding the extension or renewal of the company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of the legal proceedings brought against two of the company's subsidiaries by the New Zealand Ministry of Education and the potential product liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning indemnification obligations;
- expectations concerning the adequacy of the company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic conditions, such as changes in the US economic or housing recovery or changes in the market conditions in the Asia Pacific region, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue," "may," "objective," "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 27 June 2013, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the company's financial statements as an asbestos liability; governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; the effect of the transfer of the company's corporate domicile from The Netherlands to Ireland, including changes in corporate governance and any potential tax benefits related thereto; currency exchange risks; dependence on customer preference and the concentration of the company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favourable to the company, or at all; acquisition or sale of businesses and business segments; changes in the company's key management personnel; inherent limitations on internal controls; use of accounting estimates; and all other risks identified in the company's reports filed with Australian, Irish and US securities agencies and exchanges (as appropriate). The company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the Company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the company's current expectations concerning future results, events and conditions. The company assumes no obligation to update any forward-looking statements or information except as required by law.

Exhibit 99.3

22 May 2014

James Hardie Industries plc
Results for the 4th Quarter and Full Year Ended 31 March 2014

	Three Months and Full Year Ended 31 March					
US GAAP - US$ Millions	Q4 FY14	Q4 FY13	% Change	FY14	FY13	% Change
Net Sales						
USA and Europe Fibre Cement	$ 288.2	$ 236.8	22	$ 1,127.6	$ 951.4	19
Asia Pacific Fibre Cement	88.2	90.0	(2)	366.2	369.9	(1)
Total Net Sales	**$ 376.4**	**$ 326.8**	**15**	**$ 1,493.8**	**$ 1,321.3**	**13**
Cost of goods sold	(250.9)	(225.0)	(12)	(987.4)	(902.0)	(9)
Gross Profit	**125.5**	**101.8**	**23**	**506.4**	**419.3**	**21**
Selling, general and administrative expenses	(61.9)	(58.0)	(7)	(224.4)	(218.6)	(3)
Research & development expenses	(8.0)	(9.4)	15	(33.1)	(37.2)	11
Asset impairments	-	(11.1)		-	(16.9)	
Asbestos adjustments	(322.0)	(131.6)		(195.8)	(117.1)	(67)
EBIT	**(266.4)**	**(108.3)**		**53.1**	**29.5**	80
Net interest (expense) income	(0.4)	0.1		(1.1)	2.4	
Other income	1.2	0.6		2.6	1.8	44
Operating (loss) profit before income taxes	(265.6)	(107.6)		54.6	33.7	62
Income tax benefit	78.8	38.1		44.9	11.8	
Net operating (loss) profit	**$ (186.8)**	**$ (69.5)**		**$ 99.5**	**$ 45.5**	
(Loss) earnings per share - diluted (US cents)	**(42)**	**(16)**		**22**	**10**	
Volume (mmsf)						
USA and Europe Fibre Cement	433.4	379.8	14	1,696.9	1,488.5	14
Asia Pacific Fibre Cement	106.9	96.2	11	417.2	393.7	6
Average net sales price per unit (per msf)						
USA and Europe Fibre Cement	US$653	US$610	7	US$652	US$626	4
Asia Pacific Fibre Cement	A$910	A$890	2	A$930	A$901	3

In this Management's Analysis of Results, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 17. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures, which are equivalent to or derived from certain US GAAP measures as explained in the definitions, include "EBIT", "EBIT margin", "Operating profit before income taxes" and "Net operating profit". The company may also present other terms for measuring its sales volume ("million square feet" or "mmsf" and "thousand square feet" or "msf"); financial ratios ("Gearing ratio", "Net interest expense cover", "Net interest paid cover", "Net debt payback", "Net debt (cash)"); and Non-US GAAP financial measures ("EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability", "EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability", "Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability, and tax adjustments", "Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability, and tax adjustments", "Operating profit before income taxes excluding asbestos, asset impairments, and New Zealand product liability", "Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability, and tax adjustments", "Adjusted EBITDA", "General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs" and "Selling, general and administrative expenses excluding New Zealand product liability". Unless otherwise stated, results and comparisons are of the fourth quarter and the full year of the current fiscal year versus the fourth quarter and the full year of the prior fiscal year.

Total Net Sales

Total net sales for the quarter increased 15% compared to the prior corresponding quarter from US$326.8 million to US$376.4 million. For the full year, total net sales increased 13% from US$1,321.3 million to US$1,493.8 million.

For the quarter and full year, net sales in local currencies were favourably impacted by higher sales volumes and higher average net sales prices in both the USA and Europe and the Asia Pacific Fibre Cement segments.

Average Net Sales Price

As previously disclosed, beginning in the second quarter of fiscal year 2014, the company refined its methodology for calculating average net sales price in both the USA and Europe and Asia Pacific Fibre Cement segments to exclude ancillary products that have no impact on fibre cement sales volume, which is measured and reported in million square feet ("mmsf"). As the revenue contribution of these ancillary products has been increasing, the company believes the refined methodology provides an improved disclosure of average net sales price, in line with the company's primary fibre cement business, which is a key segment performance indicator.

The company has restated average net sales price in the prior corresponding quarters and full year to conform with the current quarter and full year calculation of average net sales price. Readers are referred to the Five Year Financial Summary on the company's Investor Relations website at http://www.ir.jameshardie.com.au/jh/results_briefings.jsp for the revised comparative average net sales price for the periods FY2010 through FY2014 using this revised methodology.

USA and Europe Fibre Cement

Quarter

Net sales increased 22% from US$236.8 million to US$288.2 million due to higher sales volume and a higher average net sales price. Sales volume increased 14% from 379.8 million square feet in the prior corresponding quarter to 433.4 million square feet. The increase in sales volume was primarily due to increased activity in the new construction market segment, further market penetration, and modest growth in the repair and remodel market segment, relative to the prior corresponding quarter.

The average net sales price increased 7% from US$610 per thousand square feet to US$653 per thousand square feet, reflecting the ongoing execution of the company's pricing strategies and also the reduction of pricing inefficiencies, when compared to the prior corresponding quarter.

Full Year

Net sales increased 19% from US$951.4 million to US$1,127.6 million due to higher sales volume and a higher average net sales price. Sales volume increased 14% from 1,488.5 million square feet in the prior corresponding period to 1,696.9 million square feet. The increase in sales volume was primarily due to increased activity in the new construction market segment, further market penetration, and modest growth in the repair and remodel market segment, relative to the prior year.

The average net sales price increased 4% from US$626 per thousand square feet to US$652 per thousand square feet, reflecting the ongoing execution of the company's pricing strategies and also the reduction of pricing inefficiencies, when compared to the prior year.

US Housing Statistics

According to the US Census Bureau, single family housing starts, which are one of the key drivers of the company's performance, were 133,800 in the March 2014 quarter, 2% below the March 2013 quarter. For the fiscal year ended 31 March 2014, single family housing starts were 615,400, 9% above the prior year. In addition, industry data indicates gains in both single-family and multi-family production.

Asia Pacific Fibre Cement

Quarter

Net sales decreased 2% to US$88.2 million compared with US$90.0 million in the prior corresponding quarter. In Australian dollars, net sales increased 14% due to higher average net sales price and sales volume, relative to the prior corresponding quarter. The increase in Australian dollar net sales during the quarter was unfavourably impacted by a 16% depreciation in the Australian dollar/US dollar average exchange rate, leading to a reduction in US dollar net sales in the fourth quarter of the current fiscal year, relative to the prior corresponding quarter.

The average net sales price increased 2% from A$890 per thousand square feet to A$910 per thousand square feet, primarily reflecting product-specific price increases compared to the prior corresponding quarter.

Full Year

Net sales decreased 1% to US$366.2 million compared with US$369.9 million in the prior year. In Australian dollars, net sales increased 9% due to increased sales volume and a higher average net sales price, relative to the prior year. The increase in Australian dollar net sales during the period was unfavourably impacted by a 10% depreciation in the Australian dollar/US dollar average exchange rate, leading to a reduction in US dollar net sales relative to the prior year.

The average net sales price increased 3% from A$901 per thousand square feet to A$930 per thousand square feet, primarily reflecting product-specific price increases compared to the prior year.

Regional Discussion

In Australian dollars, Asia Pacific net sales increased in both the quarter and full year compared to the prior corresponding periods due to an increase in sales volume, driven by market growth and market penetration, and higher average net sales prices. In Australia, net sales increased primarily due to higher sales volume and a higher average net sales price, however this was constrained by a reduction in repair and remodel market activity during both the quarter and full year, relative to the prior corresponding periods. Additionally, New Zealand sales reflect the continued increase in activity in the New Zealand housing market and a modest average net sales price increase for the full year compared to the prior year.

Australia and New Zealand Housing Statistics

According to the Australian Bureau of Statistics, the total number of dwellings approved for the quarter ended 31 March 2014 were 44,385 or 29% above the prior corresponding quarter. For the fiscal year ended 31 March 2014, the total number of dwellings approved were 186,449 or 21% above the prior year. Further, approvals for detached houses, which are the primary driver of the Asia Pacific business' sales volume, were 26,013 for the quarter, an increase of 23%, when compared to the prior corresponding quarter. For the fiscal year ended 31 March 2014, approvals for detached houses were 104,394, an increase of 16%, compared to the prior corresponding period.

According to Statistics New Zealand data, consents for dwellings excluding apartments, which are the primary driver of the New Zealand business' net sales, were 5,001 for the quarter, an increase of 22%, when compared to the prior corresponding quarter. For the fiscal year ended 31 March 2014, consents for dwellings excluding apartments, were 19,768, an increase of 25% compared to the prior period.

Gross Profit

Quarter

Gross profit for the quarter increased 23% from US$101.8 million in the prior corresponding quarter to US$125.5 million. The gross profit margin increased 2.1 percentage points from 31.2% to 33.3%.

USA and Europe Fibre Cement gross profit increased 30% and gross margin increased 2.2 percentage points compared to the prior corresponding quarter. Gross margin was favourably impacted by 3.4 percentage points due to an increase in the average net sales price; partially offset by 1.2 percentage points due to higher production costs. Production costs were unfavourable due to increases in input and idle facility costs; partially offset by economies of scale achieved through a 14% increase in volume. The increase in idle facility costs was primarily a result of the company's continued efforts to recommence production at the Fontana, California plant.

In US dollars, Asia Pacific Fibre Cement gross profit increased 5% and gross margin increased 2.2 percentage points compared to the prior corresponding quarter. In Australian dollars, gross profit increased 22% and gross margin increased 2.3 percentage points. In Australian dollars, gross margin was favourably impacted by 1.6 percentage points due to lower production costs, 0.6 percentage points due to a favourable product mix and 0.4 percentage points due to higher average net sales price. The production costs were favorable primarily due to economies of scale achieved though an 11% increase in volume; partially offset by higher input costs. The increase in Australian dollar gross profit during the quarter was partially offset by a 16% depreciation in the Australian dollar/US dollar average exchange rate.

At US$1,017 per ton, the average Northern Bleached Softwood Kraft ("NBSK") pulp price for the quarter was 13% higher than in the prior corresponding quarter.

Full Year

Gross profit for the full year increased 21% from US$419.3 million in the prior year to US$506.4 million. The gross profit margin increased 2.2 percentage points from 31.7% to 33.9%.

USA and Europe Fibre Cement gross profit increased 26% and gross margin increased 2.1 percentage points, compared to the prior year. Gross margin was favourably impacted by 2.5 percentage points due to an increase in the average net sales price; partially offset by an unfavourable 0.4 percentage points due to higher production costs. Production costs were unfavourable due to increases in input and idle facility costs; partially offset by economies of scale achieved through a 14% increase in volume. The increase in idle facility costs was primarily a result of the company's continued efforts to recommence production at the Fontana, California plant.

In US dollars, Asia Pacific Fibre Cement gross profit for the full year increased 6% and gross margin increased 2.4 percentage points compared to the prior year. In Australian dollars, gross profit increased 18% and gross margin increased 2.4 percentage points. Gross margin was favourably impacted by 1.9 percentage points due to lower production costs and 1.1 percentage points due to a higher average net sales price. The production costs were favorable primarily due to economies of scale achieved through an 6% increase in volume; partially offset by higher input costs. The increase in Australian dollar gross profit during the full year was partially offset by a 10% depreciation in the Australian dollar/US dollar average exchange rate.

For the full year, the average NBSK pulp price was US$971 per ton, an increase of 11% compared to the prior year.

Selling, General and Administrative ("SG&A") Expenses

Quarter

SG&A expenses increased 7% from US$58.0 million in the prior corresponding quarter to US$61.9 million. The increase in SG&A expenses primarily reflects an increase of US$3.2 million in compensation expenses of the business units, driven by higher company performance-based incentive bonuses and a US$1.1 million increase in legacy New Zealand product liability expenses, partially offset by lower general corporate costs of US$0.9 million.

As a percentage of sales, SG&A expenses decreased from 17.7% in the prior corresponding quarter to 16.4%. Excluding New Zealand product liability, SG&A expenses as a percentage of sales decreased from 17.7% to 16.2% in the current quarter.

SG&A expenses for the quarter included non-claims handling related operating expenses for AICF of US$0.7 million, compared to US$0.5 million in the prior corresponding quarter.

General Corporate Costs

General corporate costs decreased by US$0.9 million to US$11.8 million from US$12.7 million in the prior corresponding quarter. The decrease reflects US$2.1 million of ASIC expenses in the prior corresponding quarter that did not recur in the current year, a US$1.5 million favourable movement in foreign exchange for the quarter compared to the prior corresponding quarter and a US$1.2 million decrease in other administrative expenses; partially offset by an increase of US$3.9 million in compensation expenses primarily due to higher company performance-based incentive bonuses.

Full Year

SG&A expenses increased US$5.8 million from US$218.6 million in the prior year to US$224.4 million. The increase reflects an increase of US$9.7 million in general corporate costs and US$8.5 million in compensation expenses of the business units; partially offset by a decrease of US$11.4 million in the New Zealand product liability expenses. Compensation expenses were driven higher by company performance-based incentive bonuses and higher headcount to enhance organisational capabilities. New Zealand product liability expenses were driven lower by the combined effects of an increased rate of claim-resolution leading to fewer open cases, substantial reductions in the values of new claims received, and fewer new claims being received.

As a percentage of sales, SG&A expenses decreased from 16.5% in the prior year to 15.0%. Excluding New Zealand product liability, SG&A expenses as a percentage of sales decreased from 15.5% in the prior year to 14.9%.

SG&A expenses for the full year included non-claims handling related operating expenses for AICF of US$2.1 million, compared to US$1.7 million in the prior year.

General Corporate Costs

General corporate costs increased US$9.7 million to US$42.7 million from US$33.0 million in the prior year. The increase reflects a US$7.7 million increase in compensation expenses and the net unfavorable impact of US$5.6 million of prior year non-recurring transactions; partially offset by a US$2.1 million decrease in professional fees and a US$1.0 million decrease in other administrative expenses when compared with the prior year. Compensation expenses were driven higher by company performance-based incentive bonuses. The net US$5.6 million prior year impact was a combination of foreign exchange gains of US$5.5 million following the conclusion of RCI's disputed fiscal year 1999 amended tax assessment with the ATO and the recovery of legal costs of US$2.7 million; partially offset by ASIC expenses of US$2.6 million.

New Zealand Ministry of Education Representative Action

On 16 April 2013, the New Zealand Ministry of Education and other related plaintiffs (the "MOE") initiated a 'representative action' in the New Zealand High Court against four building material manufacturers, including two of our New Zealand subsidiaries, in relation to several thousand New Zealand school buildings. On 23 December 2013, our New Zealand subsidiaries finalised a commercial settlement with the MOE in relation to these claims, the specific details of which the parties agreed to keep confidential. The settlement did not have a material adverse effect on our financial position, results of operations, or cash flows.

Readers are referred to Note 13 of the company's 31 March 2014 Consolidated Financial Statements for further information on the New Zealand Ministry of Education Representative Action.

Research and Development Expenses

Research and development expenses include costs associated with research projects that are designed to benefit all business units. These costs are recorded in the Research and Development ("R&D") segment rather than attributed to individual business units. These costs were 2% lower for the quarter at US$5.9 million, compared to US$6.0 million in the prior corresponding quarter. For the full year, these costs decreased 6% from US$23.6 million in the prior year to US$22.2 million.

Other R&D costs associated with commercialisation projects in business units are included in the business unit segment results. In total, these costs were 38% lower for the quarter at US$2.1 million, compared to US$3.4 million in the prior corresponding quarter and 20% lower for the full year at US$10.9 million, compared to US$13.6 million in the prior year.

The research and development segment also included selling, general and administrative expenses of US$0.6 million and US$0.9 million for the three months ended 31 March 2014 and 2013. The research and development segment included selling, general and administrative expenses of US$2.2 million and US$2.4 million for the fiscal years ended 31 March 2014 and 2013, respectively.

The decrease in R&D expenses during the quarter and full year primarily resulted from the completion of certain projects that were ongoing in the prior corresponding quarter and full year, partially offset by higher R&D headcount and related expenses due to the opening of an R&D facility in Chicago, Illinois in the prior year.

Asbestos Adjustments

The company's asbestos adjustments are derived from an estimate of future Australian asbestos-related liabilities in accordance with the Amended and Restated Final Funding Agreement ("AFFA").

The asbestos-related assets and liabilities are denominated in Australian dollars. Therefore, the reported value of these asbestos-related assets and liabilities in the company's Consolidated Balance Sheet in US dollars is subject to adjustment, with a corresponding effect on the company's Consolidated Statement of Operations and Comprehensive Income, depending on movements in the closing exchange rate between the two currencies at each balance sheet date.

Based on KPMG Actuarial's assumptions for the fiscal year ended 31 March 2014, KPMG Actuarial arrived at a range of possible total cash flows and proposed a central estimate which is intended to reflect an expected outcome. The Company has recognised the asbestos liability by reference to (but is not exclusively based upon) the central estimate as undiscounted on the basis that it is the Company's view that the timing and amounts of such cash flows are not fixed or readily determinable. The Company considered inflation when determining the best estimate under US GAAP. It is the Company's view that there are material uncertainties in estimating an appropriate rate of inflation over the extended period of the AFFA. The Company views the undiscounted and uninflated central estimate as the best estimate under US GAAP.

The undiscounted and uninflated central estimate net of insurance recoveries, of the asbestos liability increased from A$1.345 billion at 31 March 2013 to A$1.547 billion at 31 March 2014. The increase in the undiscounted and uninflated central estimate of A$202 million is primarily due to an increase in the projected future number of claims for mesothelioma reflecting both higher levels of claims volumes and a change in the incidence pattern for mesothelioma, an increased allowance for large claims for mesothelioma resulting from higher numbers of large claims, lower nil settlement rates being assumed for mesothelioma and lung cancer, partially offset by lower average claims sizes and average defence legal cost assumptions for most disease types.

During the 2014 fiscal year, mesothelioma claims reporting activity has been above actuarial expectations for the second consecutive year. One of the critical assumptions is the estimated peak year of mesothelioma disease claims, which was previously assumed to have occurred in 2010/2011. Potential variation in this estimate has an impact much greater than the other assumptions used to derive the discounted central estimate. In performing the sensitivity assessment of the estimated period of peak claims reporting for mesothelioma, KPMG Actuarial has determined that if claims reporting does not begin to reduce until after 2018/19, the discounted central estimate could increase by approximately 22% (in addition to the 17% increase that has already been factored into the 31 March 2014 valuation). At 31 March 2014, KPMG Actuarial has formed the view that the higher claims reporting assumed in the short and medium term is not necessarily indicative of longer term impacts, as at this stage it is too early to form such a conclusion on the basis of one year's experience.

For the quarter, the Australian dollar spot exchange rate against the US dollar appreciated 3% to US$0.92 at 31 March 2014 compared to 31 December 2013. For the full year, the Australian dollar spot exchange rate against the US dollar depreciated 12% to US$0.92 at 31 March 2014 compared to 31 March 2013.

The company receives an updated actuarial estimate as of 31 March each year. The last actuarial assessment was performed as of 31 March 2014. The asbestos adjustments for the three months and full years ended 31 March 2014 and 2013 are as follows:

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4 FY14	Q4 FY13	FY14	FY13
Change in actuarial estimates	$ (308.2)	$ (129.2)	$ (308.2)	$ (129.2)
Recovery of insurance receivables	10.2	-	15.2	11.9
Effect of foreign exchange rate movements	(24.0)	(2.4)	97.2	0.2
Asbestos adjustments	**$ (322.0)**	**$ (131.6)**	**$ (195.8)**	**$ (117.1)**

Readers are referred to Note 11 of the company's 31 March 2014 Consolidated Financial Statements for further information on the asbestos adjustments.

Claims Data

For the quarter ended 31 March 2014, there were 132 claims received, a decrease from 141 claims received in the prior corresponding quarter and lower than actuarial expectations of 135 new claims. For the full year, there were 608 claims received, an increase from 542 claims received in the prior year and higher than actuarial expectations of 540 new claims.

There were 193 claims settled in the quarter ended 31 March 2014 compared to 103 claims settled during the quarter ended 31 March 2013. The 193 claims settled during the current quarter were higher than actuarial expectations of 136 claims settled for the quarter ended 31 March 2014. There were 604 claims settled in the fiscal year ended 31 March 2014 compared to 519 claims settled during the fiscal year ended 31 March 2013. The 604 claims settled during the fiscal year ended 31 March 2014 were above actuarial expectations of 544 claims settled.

The average claim settlement of A$253,000 for the full year ended 31 March 2014 was A$22,000 higher than the average claim settlement for the corresponding period last year. The increase in average claims settlement is largely attributable to mesothelioma claims, which are more costly to settle and represented a larger proportion of total claims than in the prior year. Further, a number of these mesothelioma claims were large claims received earlier in the year, which settled for more than A$1.0 million per claim. Excluding these large claim settlements, average claim sizes for mesothelioma were slightly below actuarial expectations for the full year ended 31 March 2014, with the average cost of settling non-mesothelioma claims being in line with, or below, actuarial expectations for the full year ended 31 March 2014.

Asbestos claims paid totalled A$35.8 million and A$140.4 million for the quarter and full year ended 31 March 2014, respectively, compared to A$23.3 million and A$121.3 million, respectively, during the prior corresponding periods. Asbestos claims paid during the quarter were higher than the actuarial expectation of A$32.8 million. Asbestos claims paid during the full year were higher than the actuarial expectation of A$131.4 million, primarily due to a number of large mesothelioma claims that settled for more than A$1.0 million per claim.

All figures provided in this Claims Data section are gross of insurance and other recoveries. Readers are referred to Note 11 of the company's 31 March 2014 Consolidated Financial Statements for further information on asbestos adjustments.

AICF Loan Facility

On 25 March 2014, AICF drew down A$25.3 million under the secured standby loan facility and related agreements (the "Facility") with the State of New South Wales, Australia. This is an additional draw down to the A$25.3 million drawn on 13 December, 2013. AICF had an outstanding balance on the Facility of A$50.6 million (being US$47.0 million, based on the exchange rate at 31 March 2014) reflected on the consolidated balance sheet within Current portion of long-term debt – Asbestos at 31 March 2014.

Because the Company consolidates AICF due to the Company's pecuniary and contractual interests in AICF as a result of the funding arrangements outlined in the AFFA, any drawings, repayments or payments of accrued interest by AICF under the Facility impact the Company's consolidated financial position, results of operations and cash flows.

Any drawings, repayments, or payments of accrued interest under the Facility by AICF do not impact the Company's free cash flow, as defined in the AFFA, on which annual contributions remitted by the Company to AICF are based. James Hardie Industries plc and its wholly-owned subsidiaries are not a party to, guarantor of, or security provider in respect of the Facility.

Readers are referred to Note 11 of the company's 31 March 2014 Consolidated Financial Statements for further information on the AICF loan facility.

EBIT

EBIT for the quarter ended 31 March 2014 decreased from a loss of US$108.3 million in the prior corresponding quarter to a loss of US$266.4 million. EBIT for the quarter included net unfavourable asbestos adjustments of US$322.0 million, New Zealand product liability expense of US$1.1 million and AICF SG&A expenses of US$0.7 million. For the prior corresponding quarter, EBIT included unfavourable asbestos adjustments of US$131.6 million, asset impairments of US$11.1 million, AICF SG&A expenses of US$0.5 million and ASIC expenses of US$2.1 million, as shown in the table below.

EBIT for the full year increased from US$29.5 million in the prior year to US$53.1 million. EBIT for the full year included unfavourable asbestos adjustments of US$195.8 million, AICF SG&A expenses of US$2.1 million and New Zealand product liability expense of US$1.8 million. For the prior year, EBIT included net unfavourable asbestos adjustments of US$117.1 million, asset impairments of US$16.9 million, unfavourable New Zealand product liability expense of US$13.2 million, ASIC expenses of US$2.6 million, and AICF SG&A expenses of US$1.7 million, as shown in the table below.

EBIT - US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY14	Q4 FY13	% Change	FY14	FY13	% Change
USA and Europe Fibre Cement excluding asset impairments	$ 57.2	$ 37.8	51	$ 237.0	$ 162.5	46
Asia Pacific Fibre Cement excluding New Zealand product liability	18.4	16.7	10	82.9	74.9	11
Research & Development	(6.4)	(6.9)	(7)	(24.4)	(26.0)	(6)
Asset impairments	-	(11.1)		-	(16.9)	
New Zealand product liability expenses	(1.1)	-		(1.8)	(13.2)	(86)
General Corporate:						
General corporate costs	(11.8)	(12.7)	(7)	(42.7)	(33.0)	29
Asbestos adjustments	(322.0)	(131.6)		(195.8)	(117.1)	(67)
AICF SG&A expenses	(0.7)	(0.5)	(40)	(2.1)	(1.7)	(24)
EBIT	**(266.4)**	**(108.3)**		**53.1**	**29.5**	**80**
Excluding:						
Asbestos:						
Asbestos adjustments	322.0	131.6		195.8	117.1	67
AICF SG&A expenses	0.7	0.5	40	2.1	1.7	24
Asset impairments	-	11.1		-	16.9	
ASIC expenses	-	2.1		-	2.6	
New Zealand product liability expenses	1.1	-		1.8	13.2	(86)
EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	**$ 57.4**	**$ 37.0**	**55**	**$ 252.8**	**$ 181.0**	**40**
Net sales	$ 376.4	$ 326.8	15	$ 1,493.8	$ 1,321.3	13
EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	15.3%	11.3%		16.9%	13.7%	

USA and Europe Fibre Cement EBIT

USA and Europe Fibre Cement EBIT excluding asset impairments for the quarter increased 51% from US$37.8 million in the prior corresponding quarter to US$57.2 million. EBIT margin excluding asset impairments for the quarter was 3.8 percentage points higher at 19.8%.

For the full year, USA and Europe Fibre Cement EBIT excluding asset impairments increased 46% from US$162.5 million in the prior year to US$237.0 million. For the full year, EBIT margin excluding asset impairments was 3.9 percentage points higher at 21.0%.

For both the quarter and the full year, USA and Europe Fibre Cement EBIT was favourably impacted primarily by higher volume, and a higher average net sales price; partially offset by higher production costs and SG&A expenses.

Asia Pacific Fibre Cement EBIT

For the quarter, Asia Pacific Fibre Cement EBIT excluding New Zealand product liability increased 10% from US$16.7 million in the prior corresponding quarter to US$18.4 million. In Australian dollars, Asia Pacific Fibre Cement EBIT excluding New Zealand product liability for the quarter increased 28% due to an increase in the Australian dollar average net sales price, and a decrease in production costs. The decrease in production costs were driven by economies of scale achieved through an 11% increase in volume. The increase in Asia Pacific Fibre Cement EBIT excluding New Zealand product liability during the quarter was partially offset by a 16% depreciation in the Australian dollar/US dollar average exchange rate in the fourth quarter of the current year, compared to the fourth quarter of the prior year. EBIT margin excluding New Zealand product liability was 2.3 percentage points higher at 20.9%.

Asia Pacific Fibre Cement EBIT including New Zealand product liability in the current quarter increased from US$16.7 million in the prior corresponding quarter to US$17.3 million. EBIT margin including New Zealand product liability was 1.0 percentage points higher at 19.6%.

For the full year, Asia Pacific Fibre Cement EBIT excluding New Zealand product liability increased 11% from US$74.9 million to US$82.9 million. In Australian dollars, Asia Pacific Fibre Cement EBIT excluding New Zealand product liability increased 21% compared to the prior year, due to an increase in the Australian dollar average net sales price, and a decrease in production costs driven lower by economies of scale achieved through a 6% increase in volume compared to the prior year. The increase in Australian dollar EBIT excluding New Zealand product liability during the full year was partially offset by the 10% depreciation in the Australian dollar/US dollar average exchange rate. EBIT margin excluding New Zealand product liability was 2.3 percentage points higher for the full year at 22.6%.

Asia Pacific Fibre Cement EBIT including New Zealand product liability increased from US$61.7 million in the prior year to US$81.1 million. EBIT margin including New Zealand product liability was 5.4 percentage points higher at 22.1%.

Net Interest (Expense) Income

Net interest (expense) income moved from income of US$0.1 million in the prior corresponding quarter to expense of US$0.4 million in the current quarter. Net interest expense for the quarter included AICF interest income of US$0.5 million offset by credit facility fees of US$0.9 million. Net interest income for the quarter ended 31 March 2013 included AICF interest income of US$1.4 million and other interest income of US$0.2 million, partially offset by interest and borrowing costs relating to the company’s external credit facilities of US$0.9 million and a realised loss of US$0.6 million on interest rate swaps.

For the full year, net interest (expense) income moved from income of US$2.4 million in the prior year to net interest expense of US$1.1 million. Net interest expense for the year included AICF interest income of US$2.9 million and other interest income of US$0.5 million, offset by credit facility fees of US$3.9 million and a realised loss of US$0.6 million on interest rate swaps. Net interest income for the full year ended 31 March 2013 included AICF interest income of US$7.0 million and other interest income of US$0.9 million, partially offset by interest and borrowing costs relating to the company’s external credit facilities of US$3.4 million and a realised loss of US$2.1 million on interest rate swaps.

Other Income

For the quarter, other income increased to US$1.2 million compared to US$0.6 million in the prior corresponding quarter. For the full year, other income increased from US$1.8 million in the prior year to US$2.6 million in the current year.

Income Tax

Quarter

The company's effective tax rate was a benefit of 29.7% for the quarter compared to a benefit of 35.4% in the prior corresponding quarter. During the current and prior corresponding quarter, the effective tax rate was impacted by unfavourable asbestos adjustments of US$322.0 million and US$131.6 million, respectively.

The company recorded net favourable asbestos-related and New Zealand product liability tax adjustments of US$91.2 million for the quarter, compared to net favourable adjustments of US$43.7 million for the prior corresponding quarter.

For the quarter, asbestos-related and other tax adjustments included tax expense for New Zealand product liability, as discussed above. In the prior corresponding quarter, tax adjustments included net tax benefits for the New Zealand product liability and asset impairments.

Income tax expense excluding asbestos-related and other tax adjustments for the quarter increased from US$5.6 million in the prior corresponding quarter to US$12.4 million due to higher taxable earnings. The effective tax rate excluding asbestos, asset impairments, New Zealand liability, and other tax adjustments increased from 16.4% to 21.5%.

Full Year

The company's income tax rate was a benefit of 82.2% for the full year compared to an income tax benefit rate of 35.0% in the prior year. During the full year, the effective tax rate was impacted by an unfavourable asbestos adjustment of US$195.8 million when compared to an unfavourable asbestos adjustment of US$117.1 million in the corresponding period. In addition, the effective tax rate for the full year was favourably impacted by a A$17.3 million (US$15.4 million) refund received from the ATO in January 2014, related to RCI's successful appeal of its disputed amended tax assessment.

The company recorded net favourable asbestos-related and other tax adjustments of US$99.1 million for the full year, compared to net favourable adjustments of US$49.2 million for the prior year.

For the full year, asbestos-related and other tax adjustments included tax benefits for New Zealand product liability as discussed above, additionally, in the prior year, tax adjustments also included net tax benefits for asset impairments.

Income tax expense excluding asbestos-related and other tax adjustments for the full year increased from US$37.4 million in the prior year to US$54.2 million. The effective tax rate excluding asbestos, asset impairments, New Zealand liability, and other tax adjustments increased from 21.3% in the prior year to 21.6%, primarily due to a higher proportion of the company's earnings being derived in jurisdictions with higher statutory tax rates compared to the prior year.

Net Operating (Loss) Profit

Net operating loss for the quarter was a US$186.8 million, compared to a net operating loss of US$69.5 million for the prior corresponding quarter. Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments increased from US$30.7 million in the prior corresponding quarter to US$45.3 million in the current quarter, as shown in the table below.

For the full year, net operating profit was US$99.5 million, compared to US$45.5 million for the prior year. Net operating profit excluding asbestos, assets impairments, ASIC expenses, New Zealand product liability and tax adjustments increased to US$197.2 million from US$140.8 million in the prior year, as shown in the table below.

Net Operating Profit - US$ millions	**Three Months and Full Year Ended 31 March**					
	Q4 FY14	Q4 FY13	% Change	FY14	FY13	% Change
Net operating loss	**$ (186.8)**	**$ (69.5)**		**$ 99.5**	**$ 45.5**	
Excluding:						
Asbestos:						
Asbestos adjustments	322.0	131.6		195.8	117.1	67
AICF SG&A expenses	0.7	0.5	40	2.1	1.7	24
AICF interest income	(0.5)	(1.4)	(64)	(2.9)	(7.0)	(59)
Asset impairments	-	11.1		-	16.9	
ASIC expenses	-	2.1		-	2.6	
New Zealand product liability expenses	1.1	-		1.8	13.2	(86)
Asbestos and other tax adjustments	(91.2)	(43.7)		(99.1)	(49.2)	
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	**$ 45.3**	**$ 30.7**	**48**	**$ 197.2**	**$ 140.8**	**40**
Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments (US cents)	10	7		44	32	

Capacity Expansion

The company is proceeding with its previously announced plans to increase the production capacity of the USA and Europe Fibre Cement business. These plans continue to include:

- a fourth sheet machine and ancillary facilities at the company's Plant City, Florida location with an approximate investment of US$65.0 million with nominal capacity of 300 mmsf[1]; and
- a third sheet machine and ancillary facilities at the company's Cleburne, Texas location with an approximate investment of US$37.0 million with nominal capacity of 200 mmsf[1].

The company expects both the Plant City and Cleburne projects to be commissioned at the end of first half of fiscal 2016.

The company has completed the refurbishment of the Fontana, California location and commenced production in the fourth quarter of fiscal 2014 with a nominal capacity of 250 mmsf[1] .

As previously announced during the first quarter of fiscal 2014, the company completed the purchase of the previously-leased land and buildings at the Carole Park, Queensland location. Additionally, in conjunction with the purchase, the company is proceeding with the previously announced capital expenditure and commercial investments to increase the plant's production capacity at a total estimated cost of approximately A$89.0 million.

[1] Nominal capacities are based on production of 5/16" HardieZone 10 product, without regard to actual or anticipated product mix.

Cash Flow

Net operating cash flow increased for the full year from US$109.3 million in the prior year to US$322.8 million in the current year primarily due to the following:

- higher earnings excluding asbestos adjustments;
- prior year non-recurring tax payment of US$81.3 million which arose from the favourable conclusion of RCI's disputed fiscal year 1999 amended tax assessment with the ATO; and
- a decrease in the company's contribution to AICF from US$45.4 million in the prior year ended 31 March 2013 to nil in the year ending 31 March 2014.

For the full year, capital expenditure for the purchase of property, plant and equipment increased to US$115.4 million from US$61.1 million in the prior year. The increase in capital expenditure is primarily a result of the purchase of the previously leased land and buildings located at the company's Carole Park, Queensland location and refurbishment of idled manufacturing assets at the Fontana, California location. In addition, in December 2013, the Company acquired the assets of a US business engaged in the research, development and manufacturing of fibreglass windows.

Dividends paid during the full year ended 31 March 2014 increased to US$199.1 million, reflecting a payment of US45 cents per security, compared to US$188.5 million in the prior corresponding year, reflecting a payment of US43 cents per security.

Shareholder Returns

The following table summarises the dividends declared or paid during the years ended 31 March 2014 and 2013 and the dividends announced today:

(Millions of US dollars)	US Cents/Security	US$ Total Amount	Announcement Date	Record Date	Payment Date
FY 2014 special dividend	0.20	89.0	22 May 2014	12 June 2014	08 August 2014
FY 2014 second half dividend	0.32	142.4	22 May 2014	12 June 2014	08 August 2014
125 year anniversary special dividend	0.28	124.6	28 February 2014	21 March 2014	30 May 2014
FY 2014 first half dividend	0.08	35.5	14 November 2013	19 December 2013	28 March 2014
FY 2013 special dividend	0.24	106.1	23 May 2013	28 June 2013	26 July 2013
FY 2013 second half dividend	0.13	57.5	23 May 2013	28 June 2013	26 July 2013
FY 2013 first half dividend	0.05	22.1	15 November 2012	18 December 2012	25 January 2013
FY 2012 second half dividend	0.38	166.4	21 May 2012	29 June 2012	23 July 2012

Share Buyback

The company announced today a new share buyback program to acquire up to 5% of its issued capital within the 12 month period to May 2015. The actual shares that the company may repurchase will be subject to share price levels, consideration of the effect of the share buyback on return on equity, WACC, and capital requirements.

In May 2013, the company announced a share buyback program to acquire up to 5% of its issued capital. During the three months ended 31 March 2014, the company repurchased and cancelled 1,369,061 shares of its common stock, with an aggregate cost of A$19.0 million (US$17.1 million), at an average market price of A$13.85 (US$12.46). For the full year ended 31 March 2014, the Company repurchased and cancelled a total of 1,895,214 shares of its common stock, with an aggregate cost of A$24.5 million (US$22.1 million), at an average market price of A$12.92 (US$11.64).

Subsequent to 31 March 2014, the Company repurchased an additional 715,000 shares of its common stock, with an aggregate cost of A$9.8 million (US$9.1 million), at an average market price of A$13.69 (US$12.73).

The company will continue to review its capital structure and capital management objectives and expects to accomplish the following in the near term:

- Continue to invest in R&D and capacity expansion projects required for growth;
- Provide consistent dividend payments within the payout ratio of 50-70% of net operating profit excluding asbestos; and
- Continue the share buy back program and consider further payment of special dividends.

Liquidity and Capital Resources

The company's net cash position increased from US$153.7 million at 31 March 2013 to US$167.5 million at 31 March 2014.

At 31 March 2014, the company had credit facilities totalling US$355.0 million, of which none were drawn. The credit facilities are all uncollateralised and consist of the following:

Description	Effective Interest Rate	Total Facility	Principal Drawn
(US$ millions)			
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until March 2016	-	$ 50.0	$ -
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until April 2016	-	190.0	-
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until March 2017	-	40.0	-
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until April 2017	-	75.0	-
Total		$ 355.0	$ -

During the quarter and the full year, the company did not draw down or make repayments on any of its term facilities. The weighted average remaining term of the total credit facilities at 31 March 2014 was 2.4 years.

The company has historically met its working capital needs and capital expenditure requirements from a combination of cash flow from operations, credit facilities and other borrowings. Seasonal fluctuations in working capital generally have not had a significant impact on its short-term or long-term liquidity.

The company expects to invest in significant capital expenditures in the near to medium term for upgrades of plant production capabilities to support capacity expansion plans, equipment upgrades to ensure continued environmental compliance, the implementation of new fibre cement technologies, the refurbishment and re-commissioning of idled production assets and the addition of new production assets.

The company anticipates it will have sufficient funds to meet its planned working capital and other expected cash requirements for the next twelve months based on its existing cash balances, anticipated operating cash flows arising during the year and unutilised committed credit facilities.

On 14 February 2014, US$50.0 million of the Company's unutilised credit facilities expired. The company added US$150.0 million of facilities subsequent to the year end to replace and augment the expired credit facility. As of 22 May 2014, the average tenure of the US$505.0 million of combined facilities is 3.1 years.

Asbestos Compensation

James Hardie anticipates it will make a contribution of approximately US$113.0 million to AICF on 1 July 2014. This amount represents 35% of the company's free cash flow for financial year 2014, as defined by the AFFA.

From the time AICF was established in February 2007 through 22 May 2014, the company has contributed approximately A$599.2 million to the fund.

END

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This Management's Analysis of Results forms part of a package of information about James Hardie's results. It should be read in conjunction with the other parts of this package, including the Media Release, the Management Presentation and the Consolidated Financial Statements.

These documents, along with an audio webcast of the Management Presentation on 22 May 2014, are available from the Investor Relations area of the company's website at www.jameshardie.com

The company routinely posts information that may be of importance to investors in the Investor Relations section of its website, including press releases, financial results and other information. The company encourages investors to consult this section of its website regularly.

The company filed its annual report on Form 20-F for the year ended 31 March 2013 with the SEC on 27 June 2013.

All holders of the company's securities may receive, on request, a hard copy of our complete audited Consolidated Financial Statements, free of charge. Requests can be made via the Investor Relations area of the company's website or by contacting one of the company's corporate offices. Contact details are available on the company's website.

Definitions

Non-financial Terms

ABS – Australian Bureau of Statistics.

AFFA – Amended and Restated Final Funding Agreement.

AICF – Asbestos Injuries Compensation Fund Ltd.

ASIC – Australian Securities and Investments Commission.

ATO – Australian Taxation Office.

NBSK – Northern Bleached Softwood Kraft; the company's benchmark grade of pulp.

Legacy New Zealand product liability expenses ("New Zealand product liability") – Expenses arising from defending and resolving claims in New Zealand that allege poor building design, inadequate certification of plans, inadequate construction review and compliance certification and deficient work by sub-contractors.

Financial Measures – US GAAP equivalents

This document contains financial statement line item descriptions that are considered to be non-US GAAP, but are consistent with those used by Australian companies. Because the company prepares its Consolidated Financial Statements under US GAAP, the following table cross-references each non-US GAAP line item description, as used in Management's Analysis of Results and Media Release, to the equivalent US GAAP financial statement line item description used in the company's Consolidated Financial Statements:

Management's Analysis of Results and Media Release	Consolidated Statements of Operations and Other Comprehensive Income (Loss) (US GAAP)
Net sales	Net sales
Cost of goods sold	Cost of goods sold
Gross profit	Gross profit
Selling, general and administrative expenses	Selling, general and administrative expenses
Research and development expenses	Research and development expenses
Asbestos adjustments	Asbestos adjustments
EBIT*	Operating income (loss)
Net interest income (expense)*	Sum of interest expense and interest income
Other income (expense)	Other income (expense)
Operating profit (loss) before income taxes*	Income (loss) before income taxes
Income tax (expense) benefit	Income tax (expense) benefit
Net operating profit (loss)*	Net income (loss)

*- Represents non-U.S. GAAP descriptions used by Australian companies.

EBIT margin – EBIT margin is defined as EBIT as a percentage of net sales.

Sales Volume

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

Financial Ratios

Gearing ratio – Net debt (cash) divided by net debt (cash) plus shareholders' equity.

Net interest expense cover – EBIT divided by net interest expense (excluding loan establishment fees).

Net interest paid cover – EBIT divided by cash paid during the period for interest, net of amounts capitalised.

Net debt payback – Net debt (cash) divided by cash flow from operations.

Net debt (cash) – short-term and long-term debt less cash and cash equivalents.

Return on capital employed – EBIT divided by gross capital employed.

Non-US GAAP Financial Measures

EBIT and EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability – EBIT and EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT margin. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
EBIT	$ (266.4)	$ (108.3)	$ 53.1	$ 29.5
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
Asset impairments	-	11.1	-	16.9
ASIC expenses	-	2.1	-	2.6
New Zealand product liability expenses	1.1	-	1.8	13.2
EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	57.4	37.0	252.8	181.0
Net sales	$ 376.4	$ 326.8	$ 1,493.8	$ 1,321.3
EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	15.3%	11.3%	16.9%	13.7%

Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments – Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than net operating profit. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Net operating (loss) profit	$ (186.8)	$ (69.5)	$ 99.5	$ 45.5
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
AICF interest income	(0.5)	(1.4)	(2.9)	(7.0)
Asset impairments	-	11.1	-	16.9
ASIC expenses	-	2.1	-	2.6
New Zealand product liability expenses	1.1	-	1.8	13.2
Asbestos and other tax adjustments	(91.2)	(43.7)	(99.1)	(49.2)
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	$ 45.3	$ 30.7	$ 197.2	$ 140.8

Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments – Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than diluted earnings per share. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	$ 45.3	$ 30.7	$ 197.2	$ 140.8
Weighted average common shares outstanding - Diluted (millions)	445.8	442.6	444.6	440.6
Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments (US cents)	10	7	44	32

Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability and tax adjustments – Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than effective tax rate. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Operating (loss) profit before income taxes	$ (265.6)	$ (107.6)	$ 54.6	$ 33.7
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
AICF interest income	(0.5)	(1.4)	(2.9)	(7.0)
Asset impairments	-	11.1	-	16.9
New Zealand product liability expenses	1.1	-	1.8	13.2
Operating profit before income taxes excluding asbestos, asset impairments and New Zealand product liability	$ 57.7	$ 34.2	$ 251.4	$ 175.6
Income tax benefit	78.8	38.1	44.9	11.8
Asbestos-related and other tax adjustments	(91.2)	(43.7)	(99.1)	(49.2)
Income tax expense excluding tax adjustments	(12.4)	(5.6)	(54.2)	(37.4)
Effective tax rate	29.7%	35.4%	82.2%	35.0%
Effective tax rate excluding asbestos, asset impairments, New Zealand product liability, and tax adjustments	21.5%	16.4%	21.6%	21.3%

Adjusted EBITDA – is not a measure of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP or as a measure of profitability or liquidity. Not all companies calculate Adjusted EBITDA in the same manner as James Hardie has and, accordingly, Adjusted EBITDA may not be comparable with other companies. Management has included information concerning Adjusted EBITDA because it believes that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
EBIT	$ (266.4)	$ (108.3)	$ 53.1	$ 29.5
Depreciation and amortisation	15.2	13.2	61.4	61.2
Adjusted EBITDA	$ (251.2)	$ (95.1)	$ 114.5	$ 90.7

General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs – General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than general corporate costs. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
General corporate costs	$ 11.8	$ 12.7	$ 42.7	$ 33.0
Excluding:				
ASIC expenses	-	(2.1)	-	(2.6)
Intercompany foreign exchange gain	-	-	-	5.5
Recovery of RCI legal costs	-	-	-	2.7
General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs	$ 11.8	$ 10.6	$ 42.7	$ 38.6

Selling, general and administrative expenses excluding New Zealand product liability – Selling, general and administrative expenses excluding New Zealand product liability is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than selling, general and administrative expenses. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes.

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Selling, general and administrative expenses	$ 61.9	$ 58.0	$ 224.4	$ 218.6
Excluding:				
New Zealand product liability expenses	(1.1)	-	(1.8)	(13.2)
Selling, general and administrative expenses excluding New Zealand product liability	$ 60.8	$ 58.0	$ 222.6	$ 205.4
Net Sales	$ 376.4	$ 326.8	$ 1,493.8	$ 1,321.3
Selling, general and administrative expenses as a percentage of net sales	16.4%	17.7%	15.0%	16.5%
Selling, general and administrative expenses excluding New Zealand product liability as a percentage of net sales	16.2%	17.7%	14.9%	15.5%

Supplemental Financial Information

As set forth in Note 11 of the 31 March 2014 Consolidated Financial Statements, the net AFFA liability, while recurring, is based on periodic actuarial determinations, claims experience and currency fluctuations. The company's management measures its financial position, operating performance and year-over-year changes in operating results with and without the effect of the net AFFA liability. Accordingly, management believes that the following non-GAAP information is useful to it and investors in evaluating the company's financial position and ongoing operating financial performance. The following non-GAAP table should be read in conjunction with JHI plc's Consolidated Financial Statements and related notes contained in the company's 31 March 2014 Consolidated Financial Statements.

James Hardie Industries plc

Supplementary Financial Information

31 March 2014

(Unaudited)

(US$ Millions)	Total Fibre Cement – Excluding Asbestos Compensation	Asbestos Compensation	As Reported (US GAAP)
Restricted cash and cash equivalents – Asbestos	$ -	$ 60.2	**$ 60.2**
Restricted short-term investments – Asbestos	-	0.1	**0.1**
Insurance receivable – Asbestos[1]	-	226.1	**226.1**
Workers compensation asset – Asbestos[1]	-	51.9	**51.9**
Deferred income taxes – Asbestos[1]	-	471.7	**471.7**
Asbestos liability[1]	$ -	$ 1,706.2	**$ 1,706.2**
Workers compensation liability – Asbestos[1]	-	51.9	**51.9**
Income taxes payable	22.1	(16.7)	**5.4**
Unfavourable asbestos adjustments	$ -	$ (195.8)	**$ (195.8)**
Selling, general and administrative expenses	(222.3)	(2.1)	**(224.4)**
Net interest (expense) income	(4.0)	2.9	**(1.1)**
Income tax expense	45.2	(0.3)	**44.9**

1 The amounts shown on these lines are a summation of both the current and non-current portion of the respective asset or liability as presented on the company's Consolidated Balance Sheets.

Forward-Looking Statements

This Management's Analysis of Results contains forward-looking statements. James Hardie may from time to time make forward-looking statements in its periodic reports filed with or furnished to the SEC, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the company's future performance;
- projections of the company's results of operations or financial condition;
- statements regarding the company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the company's plants and future plans with respect to any such plants;
- expectations regarding the extension or renewal of the company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of the legal proceedings brought against two of the company's subsidiaries by the New Zealand Ministry of Education and the potential product liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning indemnification obligations;
- expectations concerning the adequacy of the company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic conditions, such as changes in the US economic or housing recovery or changes in the market conditions in the Asia Pacific region, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue," "may," "objective," "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 27 June 2013, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the company's financial statements as an asbestos liability; governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; the effect of the transfer of the company's corporate domicile from The Netherlands to Ireland, including changes in corporate governance and any potential tax benefits related thereto; currency exchange risks; dependence on customer preference and the concentration of the company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favourable to the company, or at all; acquisition or sale of businesses and business segments; changes in the company's key management personnel; inherent limitations on internal controls; use of accounting estimates; and all other risks identified in the company's reports filed with Australian, Irish and US securities agencies and exchanges (as appropriate). The company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the company's current expectations concerning future results, events and conditions. The company assumes no obligation to update any forward-looking statements or information except as required by law.

Exhibit 99.4

Q4 FY14 MANAGEMENT PRESENTATION

22 May 2014

DISCLAIMER

This Management Presentation contains forward-looking statements. James Hardie may from time to time make forward-looking statements in its periodic reports filed with or furnished to the SEC, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the company's future performance;
- projections of the company's results of operations or financial condition;
- statements regarding the company's plans with respect to the introduction of new products, product lines and businesses;
- statements regarding the company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension, closure, opening or expansion of operations at any of the company's plants and future plans with respect to any such plants;
- expectations regarding the extension or renewal of the company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences, value, impact or effect of the Settlement Deed resolving the legal proceedings brought by the New Zealand Ministry of Education against two of the company's New Zealand subsidiaries;
- expectations about the timing and amount of contributions to Asbestos Injuries Compensation Fund (AICF), a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning indemnification obligations;
- expectations concerning the adequacy of the company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic conditions, such as changes in the US economic or housing recovery or changes in the market conditions in the Asia Pacific region, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

DISCLAIMER (CONTINUED)

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “aim,” “will,” “should,” “likely,” “continue,” “may,” “objective,” “outlook” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under “Risk Factors” in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 27 June 2014, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the company's financial statements as an asbestos liability; governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the company's products; reliance on a small number of customers; a customer’s inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; the effect of the transfer of the company's corporate domicile from The Netherlands to Ireland, including changes in corporate governance and any potential tax benefits related thereto; currency exchange risks; dependence on customer preference and the concentration of the company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favourable to the company, or at all; acquisition or sale of businesses and business segments; changes in the company's key management personnel; inherent limitations on internal controls; use of accounting estimates; and all other risks identified in the company's reports filed with Australian, Irish and US securities agencies and exchanges (as appropriate). The company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced the company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the company's current expectations concerning future results, events and conditions. The company assumes no obligation to update any forward-looking statements or information except as required by law.

AGENDA

- Overview and Operating Review – Louis Gries, CEO
- Financial Review – Matt Marsh, CFO
- Questions and Answers

In this Management Presentation, James Hardie may present financial measures, sales volume terms, financial ratios, and Non-US GAAP financial measures included in the Definitions section of this document starting on page 46.. The company presents financial measures that it believes are customarily used by its Australian investors. Specifically, these financial measures, which are equivalent to or derived from certain US GAAP measures as explained in the definitions, include "EBIT", "EBIT margin", "Operating profit before income taxes" and "Net operating profit". The company may also present other terms for measuring its sales volumes ("million square feet" or "mmsf" and "thousand square feet" or "msf"); financial ratios ("Gearing ratio", "Net interest expense cover", "Net interest paid cover", "Net debt payback", "Net debt (cash)"); and Non-US GAAP financial measures ("EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability", "EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability", "Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments", "Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments", "Operating profit before income taxes excluding asbestos, asset impairments and New Zealand product liability", "Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability and tax adjustments", "Adjusted EBITDA", "General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs" and "Selling, general and administrative expenses excluding New Zealand product liability"). Unless otherwise stated, results and comparisons are of the 3^{rd} quarter and nine months of the current fiscal year versus the 3^{rd} quarter and nine months of the prior fiscal year.


James Hardie
OVERVIEW AND OPERATING REVIEW
Louis Gries, CEO

GROUP OVERVIEW [1]

US$ Millions	Q4 FY 2014	Q4 FY 2013	% Change	FY 2014	FY 2013	% Change
Net operating profit	(186.8)	(69.5)		99.5	45.5	
Net operating profit excluding asbestos, ASIC expenses, New Zealand product liability expenses and tax adjustments	**45.3**	**30.7**	48	**197.2**	**140.8**	40
Diluted earnings per share excluding asbestos, ASIC expenses, New Zealand product liability expenses and tax adjustments (US cents)	10	7		44	32	

Net operating profit reflects:

- Higher sales volumes and average net sales price in local currencies in both the USA and Europe Fibre Cement and Asia Pacific Fibre Cement segments
- USA and Europe Fibre Cement EBIT margins of 19.8% and 21.0% for the quarter and full year ended 31 March 2014, respectively

1 *Comparisons are of the 4th quarter and full year of the current fiscal year versus the 4th quarter and full year of the prior fiscal year*

USA AND EUROPE FIBRE CEMENT 4^{th} QUARTER SUMMARY[1]

USA and Europe Fibre Cement results reflected:

- Higher sales volume due to increased activity in new construction market and increased market penetration
- Higher average net sales price [2]
- Economies of scale achieved through an increase in volume
- Higher input costs
- Increased idle facility costs due to the ramp up of capacity at the company's newly recommissioned Fontana, California location

1 Comparisons are of the 4^{th} quarter of the current fiscal year versus the 4^{th} quarter of the prior fiscal year

2 During the second quarter of FY2014, the company refined its methodology for calculating average net sales price in both the USA and Europe Fibre Cement and Asia Pacific Fibre Cement segments to exclude ancillary products that have no impact on fibre cement sales volume, which is measured and reported in million square feet ("mmsf"). As the revenue contribution of these ancillary products has been increasing, the company believes the refined methodology provides an improved disclosure of average net sales price, in line with the company's primary fibre cement business, which is a key segment performance indicator. The company has restated average net sales price in the prior periods to conform with the current quarter and half year calculation of average net sales price. Readers are referred to the "Five Year Financial Summary" on the company's Investor Relations website at http://www.ir.jameshardie.com.au for the refined comparative average net sales price for the periods FY2010 through FY2013 using this revised methodology.

USA AND EUROPE FIBRE CEMENT

4th Quarter Result[1]

Net Sales	up	22% to US$288.2 million
Sales Volume	up	14% to 433.4 mmsf
Average Price[2]	up	7% to US$653 per msf
EBIT[3]	up	51% to US$57.2 million
EBIT Margin[3]	up	3.8 pts to 19.8%

1 Comparisons are of the 4th quarter of the current fiscal year versus the 4th quarter of the prior fiscal year

2 Prior period amounts have been restated to conform with current year refined methodology for calculating the change in average net sales price

3 Excludes asset impairments charges of US$11.1 million in the 4th quarter of the prior fiscal year

Full Year Result[1]

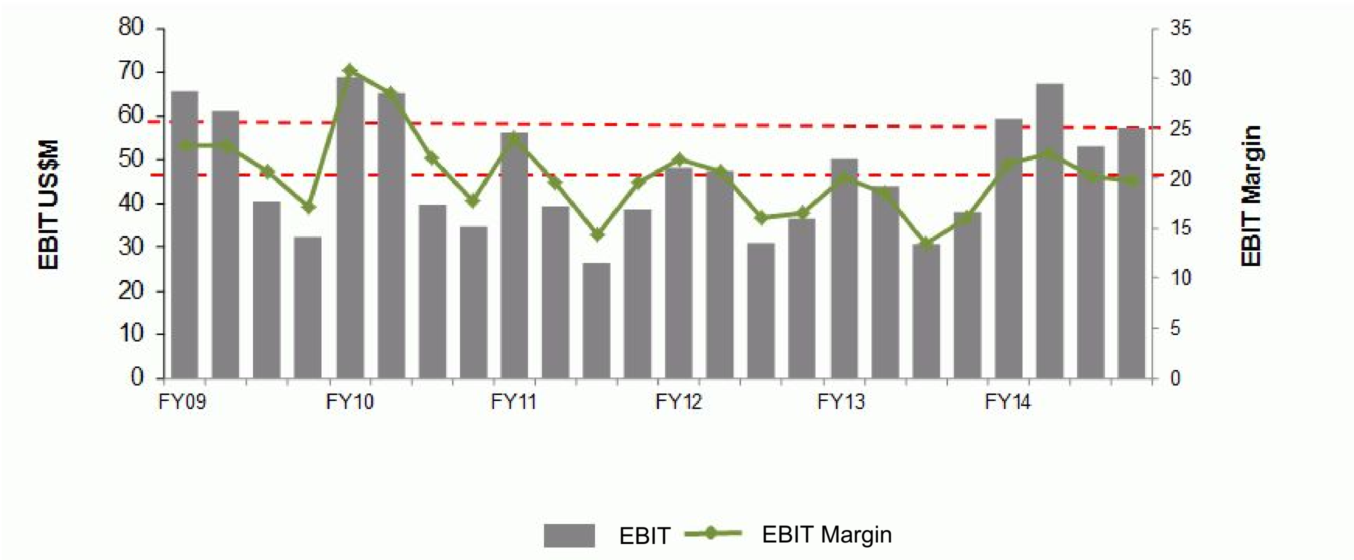
Net Sales	up	19% to US$1,127.6 million
Sales Volume	up	14% to 1,696.9 mmsf
Average Price[2]	up	4% to US$652 per msf
EBIT[3]	up	46% to US$237.0 million
EBIT Margin[3]	up	3.9 pts to 21.0%

[1] Comparisons are of the full year of the current fiscal year versus the full year of the prior fiscal year

[2] Prior period amounts have been restated to conform with current year refined methodology for calculating the change in average net sales price

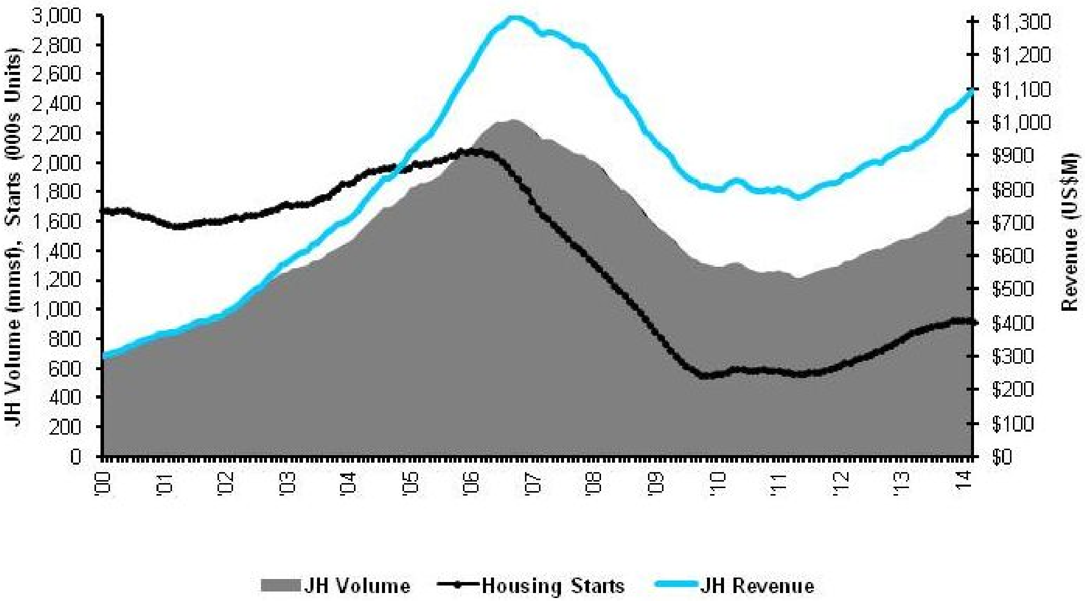
[3] Excludes asset impairments charges of US$16.9 million in the full year of the prior fiscal year

Quarterly EBIT and EBIT Margin [1]



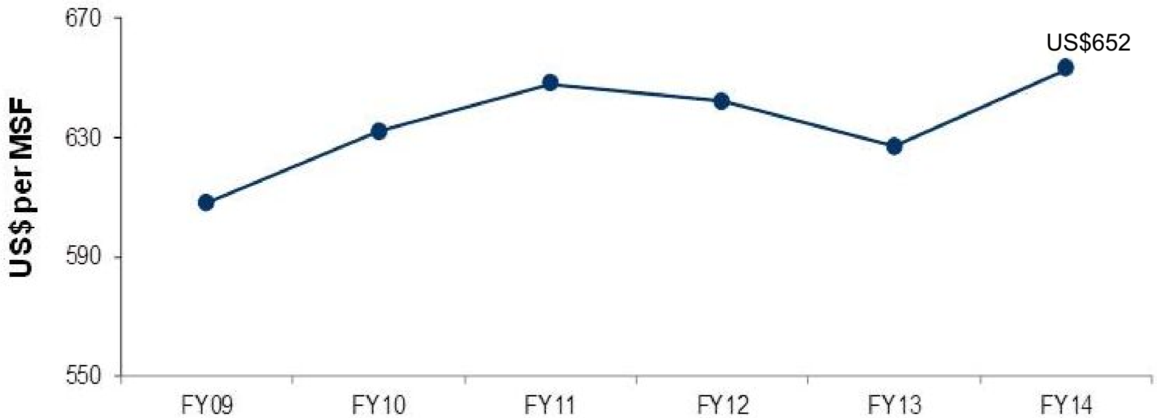
[1] *Excludes asset impairment charges of US$14.3 million in 4th quarter FY12, US$5.8 million in 3rd quarter FY13 and US$11.1 million in 4th quarter FY13*

Top Line Growth



Rolling 12 month average of seasonally adjusted estimate of housing starts by US Census Bureau

Average Net Sales Price (US dollars) [1]



1 *Prior period amounts have been restated to conform with current year refined methodology for calculating average net sales price*

ASIA PACIFIC FIBRE CEMENT 4th QUARTER SUMMARY[1]

Asia Pacific Fibre Cement results reflected:

- Higher average net sales price[2, 3]
- Increased sales volume
- Lower production costs[3] achieved through economies of scale driven by volume
- Higher input costs[3]
- Depreciation of local currencies against US$ causing reported US$ Asia Pacific Fibre Cement results to appear worse than underlying performance

1 Comparisons are of the 4th quarter of the current fiscal year versus the 4th quarter of the prior fiscal year

2 Prior period amounts have been restated to conform with current year refined methodology for calculating the change in average net sales price

3 Impact is in local currency

ASIA PACIFIC FIBRE CEMENT

4th Quarter Result [1]

Net Sales	down	2% to US$88.2 million
Sales Volume	up	11% to 106.9 mmsf
Average Price [2]	up	2% to A$910 per msf
EBIT [3]	up	10% to US$18.4 million
A$ EBIT [3]	up	28% to A$20.7 million
EBIT Margin [3]	up	2.3 pts to 20.9%

[1] Comparisons are of the 4th quarter of the current fiscal year versus the 4th quarter of the prior fiscal year

[2] Prior period amounts have been restated to conform with current year refined methodology for calculating the change in average net sales price

[3] Excludes New Zealand product liability expense of US$1.1 million in the 4th quarter of the current fiscal year

Full Year Result[1]

Net Sales	down	1% to US$366.2 million
Sales Volume	up	6% to 417.2 mmsf
Average Price[2]	up	3% to A$930 per msf
EBIT[3]	up	11% to US$82.9 million
A$ EBIT[3]	up	21% to A$88.9 million
EBIT Margin[3]	up	2.3 pts to 22.6%

1 *Comparisons are of the full year of the current fiscal year versus the full year of the prior fiscal year*

2 *Prior period amounts have been restated to conform with current year refined methodology for calculating the change in average net sales price*

3 *Excludes New Zealand product liability expenses of US$1.8 million and US$13.2 million in FY2014 and FY 2013, respectively*

GROUP OUTLOOK

USA and Europe Fibre Cement

- The company expects continued improvement in the US operating environment, though cautions, it is predicated upon the strength of employment and consumer confidence
- The company is proceeding with its previously announced plans to increase production capacity
- The company anticipates that EBIT margin in FY15 will increase as contribution margin exceeds spending on organisational costs and research and development

Asia Pacific Fibre Cement

- In Australia, approvals for detached homes continues to increase, however the repair and remodel market continues to decline. Thus, business is expected to track in line with any growth in the detached housing market, and be impacted by positive/negative movements in the repair and remodel market
- In New Zealand, the housing market continues to improve, particularly in the Auckland and Christchurch areas

MANUFACTURING CAPACITY EXPANSION

USA and Europe Fibre Cement

- The company has completed the refurbishment of the Fontana, California location and commenced production in the fourth quarter of fiscal 2014 with nominal capacity of 250 mmsf[1]
- A fourth sheet machine and ancillary facilities at the Plant City, Florida location, with an estimated investment of US$65 million with nominal capacity of 300 mmsf[1]
- A third sheet machine and ancillary facilities at the Cleburne, Texas location, with an estimated investment of US$37 million with nominal capacity of 200 mmsf[1]
- Plant City and Cleburne expansions are expected to be commissioned by the first half of fiscal 2016

Asia Pacific Fibre Cement

- In Q1 FY2014, James Hardie acquired the previously-leased land and buildings at its existing Carole Park, Queensland location and is expanding production capacity at the site at a total estimated investment of approximately A$89 million

[1] Nominal capacities are based on production of 5/16'' HardieZone 10 product, without regard to actual or anticipated product mix

FINANCIAL REVIEW

Matt Marsh, CFO

HIGHLIGHTS

- Earnings impacted by:
  - Higher volumes and average net sales prices in local currencies
  - Higher EBIT and EBIT margins in all major business units compared to prior corresponding periods
  - Unfavourable movement in asbestos adjustments of US$195.8 million during full year ended 31 March 2014, primarily due to a change in actuarial valuation assumptions
- Increase in net operating cash flow to US$322.8 million for the full year ended 31 March 2014, compared to US$109.3 million in the prior year
- Increase of US$54.3 million in capital expenditure to US$115.4 million for the full year ended 31 March 2014 when compared to the prior year
- Ordinary dividends declared of US40 cents per security for the full year ended 31 March 2014 compared to ordinary dividends declared of US18 cents per security in the prior corresponding period
- Special dividends declared of US48 cents per security for the full year ended 31 March 2014 compared to special dividends declared of US24 cents per security in the prior corresponding period

RESULTS – Q4

US$ Millions	Q4 '14	Q4 '13	% Change
Net sales	**376.4**	**326.8**	**15**
Gross profit	**125.5**	**101.8**	**23**
SG&A expenses	(61.9)	(58.0)	(7)
Research & development expenses	(8.0)	(9.4)	15
Asset impairments	-	(11.1)	
Asbestos adjustments	(322.0)	(131.6)	
EBIT	**(266.4)**	**(108.3)**	
Net interest (expense) income	(0.4)	0.1	
Other income	1.2	0.6	
Income tax benefit	78.8	38.1	
Net operating profit	**(186.8)**	**(69.5)**	

Highlights:

- Net sales increased 15% favourably impacted by:
  - Higher sales volumes; and
  - Higher average net sales prices in local currencies
- Gross profit margin increased 210 bps impacted by:
  - Higher sales volumes and average net sales prices in local currencies; and
  - Higher input costs and idle facility costs, partially offset by volume related economics of scale
- SG&A expenses increased:
  - Primarily due to higher compensation expenses
  - Increase in legacy New Zealand product liability
- Asbestos adjustments were unfavourable due to:
  - Changes in the underlying actuarial valuation assumptions
  - A$ exchange rate against US$ at 31 March compared to 31 December

RESULTS – Q4 (CONTINUED)

US$ Millions	Q4 '14	Q4 '13	% Change
Net operating profit	(186.8)	(69.5)	
Asbestos:			
Asbestos adjustments	322.0	131.6	
Other asbestos[1]	0.2	(0.9)	
Asset impairment	-	11.1	
ASIC expenses	-	2.1	
New Zealand product liability (benefit) expenses	1.1	-	
Asbestos and other tax adjustments	(91.2)	(43.7)	
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	**45.3**	**30.7**	**48**

Highlights:

- Asbestos adjustments were unfavourable due to:
  - $308.2 million change in the underlying actuarial valuation assumptions; and
  - Exchange rate difference of $23.3 million due to the change in the AUD spot exchange rate against the USD at 31 March 2014 versus 31 December 2013.
- Net operating profit excluding asbestos, asset impairments, ASIC, and New Zealand product liability increased 48%

[1] *Includes AICF SG&A expenses and AICF interest income*

US$ Millions

	FY 2014	FY 2013	% Change
Net sales	**1,493.8**	**1,321.3**	**13**
Gross profit	**506.4**	**419.3**	**21**
SG&A expenses	(224.4)	(218.6)	(3)
Research & development expenses	(33.1)	(37.2)	11
Asset impairments	-	(16.9)	
Asbestos adjustments	(195.8)	(117.1)	(67)
EBIT	**53.1**	**29.5**	**80**
Net interest (expense) income	(1.1)	2.4	
Other income	2.6	1.8	44
Income tax benefit	44.9	11.8	
Net operating profit	**99.5**	**45.5**	

Highlights:

- Net sales increased 13% favourably impacted by:
  - Higher sales volumes; and
  - Higher average net sales prices in local currencies
- Gross profit margin increased 220 bps impacted by:
  - Higher sales volumes and average net sales prices in local currencies; and
  - Higher input costs and idle facility costs, partially offset by volume related economics of scale
- R&D expenses decreased during the full year primarily as a result of timing for the completion of certain core projects and start of new projects
- Unfavourable asbestos adjustments driven by:
  - Changes in the underlying actuarial valuation assumptions;
  - offset by favourable foreign exchange rate at 31 March 2014 compared to 31 March 2013

RESULTS – FULL YEAR (CONTINUED)

US$ Millions	FY 2014	FY 2013	% Change
Net operating profit	99.5	45.5	
Asbestos:			
Asbestos adjustments	195.8	117.1	67
Other asbestos	(0.8)	(5.3)	85
Asset impairments [1]	-	16.9	
ASIC expenses	-	2.6	
New Zealand product liability expenses	1.8	13.2	(86)
Asbestos and other tax adjustments	(99.1)	(49.2)	
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	**197.2**	**140.8**	**40**
Diluted earnings per share excluding asbestos, asset imparments, ASIC expenses, New Zealand product liability and tax adjustments (US cents)	44	32	

Highlights:

- Improved headline net operating profit driven by higher net sales and gross profit
- Unfavourable asbestos adjustments driven by changes in the underlying actuarial valuation assumptions, offset by favourable foreign exchange rate at 31 March 2014 compared to 31 March 2013
- Legacy New Zealand product liability expenses for the full year decreased compared to the prior year due to:
  - Substantial reductions in value of new claims received
  - Fewer new claims received
- Excluding asbestos, asset impairments, ASIC expenses, and New Zealand product liability, net operating profit increased 40%

[1] *Includes AICF SG&A expenses and AICF interest income*

SEGMENT EBIT – Q4

US$ Millions	Q4 '14	Q4 '13	% Change
USA and Europe Fibre Cement exluding asset impairments	57.2	37.8	51
Asia Pacific Fibre Cement, excluding New Zealand product liability expenses	18.4	16.7	10
Research & Development [1]	(6.4)	(6.9)	7
Total segment EBIT excluding asset imparments and New Zealand product liability	**69.2**	**47.6**	**45**
General corporate costs excluding ASIC expenses [2]	(11.8)	(10.6)	(11)
Total EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	**57.4**	**37.0**	**55**
Asbestos adjustments	(322.0)	(131.6)	
AICF SG&A expenses	(0.7)	(0.5)	(40)
Asset impairments	-	(11.1)	
ASIC expenses	-	(2.1)	
New Zealand product liability expenses	(1.1)	-	
Total EBIT	**(266.4)**	**(108.3)**	

Highlights:

- Adjusted USA and Europe Fibre Cement EBIT margin increased 3.8 percentage points to 19.8%
- Adjusted Asia Pacific Fibre Cement EBIT margin increased 2.3 percentage points to 20.9%
- General corporate costs excluding ASIC expenses were higher compared to the prior corresponding quarter primarily due to an increase in salary and compensation expenses

1 *Research and development expenses include costs associated with research projects that are designed to benefit all business units. These costs are recorded in the Research and Development segment rather than attributed to individual business units*

2 *Excludes ASIC expenses of US$2.1 million in the 4th quarter of the prior fiscal year*

SEGMENT EBIT – FULL YEAR

US$ Millions	FY 2014	FY 2013	% Change
USA and Europe Fibre Cement excluding asset impairments	237.0	162.5	46
Asia Pacific Fibre Cement excluding New Zealand product liability	82.9	74.9	11
Research & Development [1]	(24.4)	(26.0)	6
Total segment EBIT excluding asset impairments and New Zealand product liability	**295.5**	**211.4**	**40**
General corporate costs excluding ASIC expenses [2]	(42.7)	(30.4)	(41)
Total EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	**252.8**	**181.0**	**40**
Asbestos adjustments	(195.8)	(117.1)	(67)
AICF SG&A expenses	(2.1)	(1.7)	(24)
ASIC expenses	-	(2.6)	
New Zealand product liaiblity expenses	(1.8)	(13.2)	86
Total EBIT	**53.1**	**29.5**	**80**

Highlights:

- Adjusted USA and Europe Fibre Cement EBIT margin increased 3.9 percentage points to 21.0%
- Adjusted Asia Pacific Fibre Cement EBIT margin increased 2.3 percentage points to 22.6%
- General corporate costs were higher compared to the prior corresponding period primarily due:
  - Prior year included non-recurring ASIC expenses of US$2.6M; foreign exchange gain of US$5.5M; and US$2.7M non-recurring recovery of legal costs
  - Compensation expenses increased

1 Research and development expenses include costs associated with research projects that are designed to benefit all business units. These costs are recorded in the Research and Development segment rather than attributed to individual business units

2 Excludes ASIC expenses of US$2.6 million in the prior fiscal year

CHANGES IN A$ VERSUS US$

	Earnings	Balance Sheet
• Unfavourable impact from translation of Asia Pacific earnings – Q4’14 vs Q4’13	√	N/A
• Favourable impact on corporate costs incurred in Australian dollars – Q4’14 vs Q4’13	√	N/A
• Favourable impact on translation of Asbestos Liability at year end spot rates	√	√

INCOME TAX EXPENSE – Q4

US$ Millions	Q4 '14	Q4 '13
Operating profit before income taxes	(265.6)	(107.6)
Asbestos:		
Asbestos adjustments	322.0	131.6
Other asbestos[1]	0.2	(0.9)
Asset impairments	-	11.1
New Zealand product liability expenses	1.1	-
Operating profit before income taxes excluding asbestos, asset imparments and New Zealand product liability	57.7	34.2
Income tax expense	78.8	38.1
Asbestos related and other tax adjustments	(91.2)	(43.7)
Income tax expense excluding tax adjustments	(12.4)	(5.6)
Effective tax rate excluding asbestos, asset impairments, New Zealand product liability and tax adjustments	21.5%	16.4%

[1] *Includes AICF SG&A expenses and AICF interest income*

Highlights:

- Income tax expense excluding asbestos-related and other tax adjustments for the quarter increased due to higher taxable earnings.
- Effective tax rate excluding asbestos, asset impairments, New Zealand product liability, and tax adjustments increased compared to the prior corresponding quarter
- Asbestos related and other tax adjustments increased due to increase in asbestos adjustments caused by changes in actuarial valuation assumptions

INCOME TAX EXPENSE – FULL YEAR

US$ Millions	FY 2014	FY 2013
Operating profit before income taxes	54.6	33.7
Asbestos:		
Asbestos adjustments	195.8	117.1
Other asbestos [1]	(0.8)	(5.3)
Asset impairments	-	16.9
New Zealand product liability expenses	1.8	13.2
Operating profit before income taxes excluding asbestos asset impairments and New Zealand product liability	251.4	175.6
Income tax expense	44.9	11.8
Asbestos related and other tax adjustments	(99.1)	(49.2)
Income tax expense excluding tax adjustments	(54.2)	(37.4)
Effective tax rate excluding asbestos, asset impairments, New Zealand product liability and tax adjustments	21.6%	21.3%

[1] *Includes AICF SG&A expenses and AICF interest income*

Highlights:

- Effective tax rate excluding asbestos related and other tax adjustments remained consistent year over year due to an increase in taxable earnings relative to recurring tax adjustments
- In FY14, the asbestos related and other tax adjustments includes an interest refund from the ATO of US$15.4m in connection with finalization of the RCI 1999 Amended Assessment

CASHFLOW [1]

US$ Millions	FY 2014	FY 2013
EBIT	**53.1**	**29.5**
Non-cash items:		
Asbestos adjustments	195.8	117.1
Asset impairments	-	16.9
Other non-cash items	65.0	64.7
Net working capital movements	19.0	(34.0)
Cash Generated By Trading Activities	**332.9**	**194.2**
Tax payments, net	(11.6)	(83.3)
Change in other non-trading assets and liabilities	4.9	187.9
Change in asbestos-related assets & liabilities	(3.4)	(5.3)
Payment to the AICF	-	(184.1)
Interest paid	-	(0.1)
Net Operating Cash Flow	**322.8**	**109.3**
Purchases of property, plant & equipment	(115.4)	(61.1)
Proceeds from sale of property, plant & equipment	0.7	1.4
Acquisition of business	(4.1)	-
Common stock repurchased and retired	(22.1)	-
Dividends paid	(199.1)	(188.5)
Proceeds from issuance of shares	29.3	26.3
Tax benefit from stock options exercised	5.6	3.5
Effect of exchange rate on cash	(3.9)	(2.6)
Movement In Net Cash	**13.8**	**(111.7)**
Beginning Net Cash	153.7	265.4
Ending Net Cash	**167.5**	**153.7**

[1] *Certain reclassifications have been reflected in the prior period to conform with current period presentation*

US$ Millions	FY 2014	FY 2013	% Change
USA and Europe Fibre Cement (including Research and Development)	76.5	50.4	52
Asia Pacific Fibre Cement	38.9	10.7	
Total	**115.4**	**61.1**	**89**

- In Q1 FY14, the company completed the purchase of the previously-leased land and buildings at Carole Park, Brisbane plant and commenced projects to increase the plant's production capacity
- The company completed the refurbishment of the Fontana, California location. Production commenced during Q4 FY14.
- Capital expenditures for the capacity expansion in Plant City, Florida and Cleburne, Texas commenced in Q4 FY14
- Total capital expenditures in the USA and Europe Fibre Cement segment exclude capital assets of US$4.8 million related to the fibre glass window business acquisition

CAPITAL MANAGEMENT FRAMEWORK

Objectives

- To optimize JHI plc capital structure with a view towards a target net debt position in the range of 1-2 times Adjusted EBITDA

Strategy

- Reinvest in R&D and capacity expansion projects required for growth;
- Provide consistent dividend payments within the ordinary dividend payout ratio of 50-70% of net operating profit excluding asbestos; and
- Continue to execute the share buy back program and to consider further payment of special dividends

Framework

- Manage capital efficiency within a prudent and rigorous financial policy
  - ✓ Ensure sufficient liquidity to support financial obligations and execute strategy
  - ✓ Minimize cost of capital while taking into consideration current and future industry, market and economic risks and conditions
- Strong cash flow generation expected to continue, and grow
  - ✓ Fund capital expenditure and reinvestment in the Company
  - ✓ Maintain flexibility to capitalize on market and strategic opportunities

[1] *Adjusted EBITDA is defined as EBITDA excluding asbestos*

CAPITAL MANAGEMENT AND DIVIDENDS

Dividends

- The company announced today a FY2014 special dividend of US20.0 cents per security and a second half ordinary dividend of US32.0 cents per security
    - Declared in US currency and will be paid on 08 August 2014 with a record date of 12 June 2014
- As previously announced and including FY2014, dividend payout ratio increased from between 30% and 50% to between 50% and 70% of annual NOPAT excluding asbestos adjustments
- Ordinary dividends declared of US40 cents per security for the full year ended 31 March 2014 compared to ordinary dividends declared of US18 cents per security in the prior corresponding period
- Special dividends declared of US48 cents per security for the full year ended 31 March 2014 compared to special dividends declared of US24 cents per security in the prior corresponding period

Share Buybacks

- Today, the company announced a new share buyback program to acquire up to 5% of its issued capital during the following 12 months
- For the share buyback plan announced in May 2013, the Company repurchased a total of 2,610,214 shares of its common stock, with an aggregate cost of A$34.3 million (US$31.2 million), at an average market price of A$13.14 (US$11.94)

DEBT

At 31 March 2014:

US$ Millions		
Total facilities		355.0
Gross debt	-	
Cash	167.5	
Net cash		167.5
Unutilised facilities and cash		**522.5**

- The company added US$150.0 million of facilities after year end to replace and augment facilities that expired during FY2014
- Weighted average remaining term of debt facilities is 3.1 years at 22 May 2014, up from 2.4 years at 31 March 2014
- James Hardie remains well within its financial debt covenants
- Net cash of US$167.5 million compared to net cash of US$153.7 million at 31 March 2013

NZ PRODUCT LIABILITY CLAIMS

New Zealand Product Liability claims:

- Since FY02 James Hardie NZ subsidiaries have been joined to product liability claims that relate to buildings primarily constructed from 1998 to 2004
- These claims often involve multiple parties and allege losses due to excessive moisture penetration
- At 31 March 2014 and 31 March 2013, the total provision for these matters collectively, net of estimated third-party recoveries was US$12.7 million and US$15.2 million, respectively
- The company recognized an expense of US$1.1 million in the current quarter and US$1.8 million for the full year to reflect the movements in the provisions for new and existing claims
- During the full year of the current fiscal year, the company noted an increased rate of claim resolution resulting in fewer open claims at year end, substantial reductions in the value of new claims received and fewer new claims being received than in prior years

Summary

- Updated actuarial report completed as at 31 March 2014
- Undiscounted and uninflated central estimate increased to A$1.547 billion from A$1.345 billion
- Total contributions of US$184.1 million were made to AICF during FY2013 from the company's FY2012 free cashflow. No contributions were made from FY2013 free cashflow in accordance with the terms of the AFFA, and the arrangements agreed with the NSW Government and AICF
- From the time AICF was established in February 2007, the company has contributed A$599.2 million to the fund
- The company anticipates it will make a further contribution of approximately US$113 million to AICF on 1 July 2014. This amount represents 35% of the company's free cash flow for financial year 2014, as defined by the AFFA

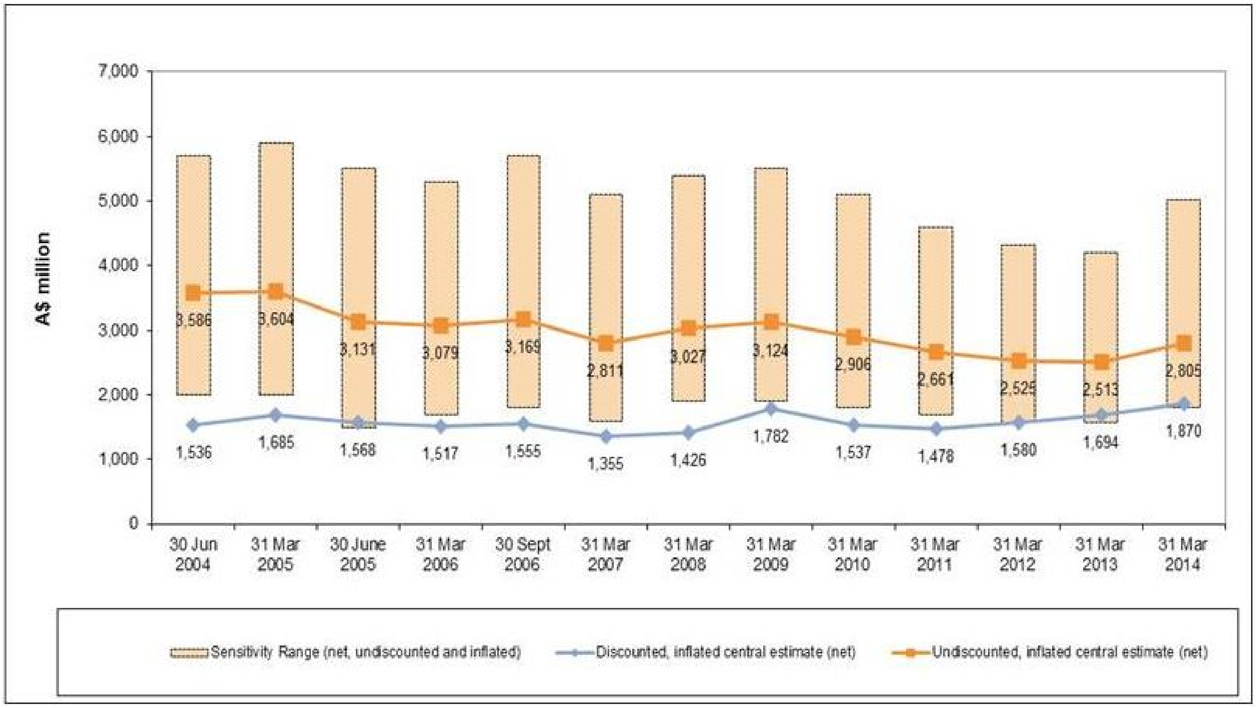
A$ millions (except where stated)

	31-Mar-14	31-Mar-13
Central Estimate – Undiscounted and Uninflated	1,546.6	1,345.0
Provision for claims handling costs of AICF	35.2	36.2
Other US GAAP adjustments	23.3	21.8
Net assets of AICF	(15.4)	(128.1)
Contributions for asbestos research and education	1.8	1.8
Effect of tax	(529.5)	(459.3)
Net post-tax unfunded accounting liability in A$	1,062.1	817.4
Exchange rate US$ per A$1.00	*0.9220*	*1.0420*
Net post-tax unfunded accounting liability in US$ millions	979.2	851.6

Summary

- Change in estimate – NPV is now A$1,870M. Increased from A$1,694M at 31 March 2014
- The A$176M increase reflects $294M increase arising from actuarial valuation assumption changes, and A$117M reduction from roll-forward and higher discount rates
- Claims reporting for mesothelioma – 20% higher than previous year, 23% higher than expectation. Other disease types in line with expectations.
- Claims average awards tracking considerably better than expectations
- Large mesothelioma claims increased frequency relative to prior year

UPDATED ACTUARIAL ESTIMATE



Net claims paid full year FY2014:

A$ Millions	AICF Full Year 2014	KPMG Actuarial Estimate For FY 2014*	AICF Full Year 2013
Claims Paid	131.4	117.3	112.6
Legal Costs	9.0	14.1	8.7
Insurance and cross claim recoveries	(27.5)	(17.6)	(35.7)
Total net claims costs	112.9	113.8	85.6

- While total net claim payments were up 32%, they were in line with the actuarial estimate from 31 March 2013

* *FY 2014 Actuarial Estimate as of 31 March 2013*

SUMMARY

- Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments was US$45.3 million and US$197.2 million, for the quarter and full year ended 31 March 2014, respectively
- The full year results reflected:
  - Higher sales volumes and average net sales price in local currencies in both the USA and Europe Fibre Cement and Asia Pacific Fibre Cement segments
  - Higher EBIT margins, with USA and Europe Fibre Cement excluding asset impairments, up 3.9 percentage points to 21.0% and Asia Pacific Fibre Cement EBIT margin excluding New Zealand product liability up 2.3 percentage points to 22.6%
- The commencement of production at the Fontana, California plant and ongoing investment in production capacity expansion at the Cleburne, Texas and Plant City, Florida plants
- Second half ordinary dividends declared of US32.0 cents per security and FY2014 special dividend declared of US20.0 cents per security.
- Announced a new share buyback program to acquire up to 5% of issued capital during the FY 2015
- In line with previously announced capital management objectives, increased total credit facilities to $505 million to fund capital expenditures and FY2015 shareholder returns

QUESTIONS

APPENDIX

US$ Millions	Q4 '14	Q4 '13	% Change	FY 2014	FY 2013	% Change
Net Sales						
USA and Europe Fibre Cement	$ 288.2	$ 236.8	22	$ 1,127.6	$ 951.4	19
Asia Pacific Fibre Cement	88.2	90.0	(2)	366.2	369.9	(1)
Total Net Sales	$ 376.4	$ 326.8	15	$ 1,493.8	$ 1,321.3	13
EBIT - US$ Millions						
USA and Europe Fibre Cement[1]	$ 57.2	$ 37.8	51	$ 237.0	$ 162.5	46
Asia Pacific Fibre Cement[2]	18.4	16.7	10	82.9	74.9	11
Research & Development	(6.4)	(6.9)	7	(24.4)	(26.0)	6
General corporate costs excluding asbestos and ASIC expenses	(11.8)	(10.6)	(11)	(42.7)	(30.4)	(41)
Total EBIT excluding asbestos, asset imparments, ASIC expenses and New Zealand product liability	**$ 57.4**	**$ 37.0**	**55**	**$ 252.8**	**$ 181.0**	**40**
Net interest expense excluding AICF interest income	(0.9)	(1.3)	31	(4.0)	(4.6)	13
Other income	1.2	0.6		2.6	1.8	44
Income tax expense excluding tax adjustments	(12.4)	(5.6)		(54.2)	(37.4)	(45)
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	**$ 45.3**	**$ 30.7**	**48**	**$ 197.2**	**$ 140.8**	**40**

1 Excludes asset impairments charges of US$11.1 million and US$16.9 million in the 4th quarter and full year of the prior fiscal year, respectively.

2 Asia Pacific Fibre Cement EBIT excludes New Zealand product liability expenses of US$1.1 million and expense of nil in Q4 '14 and Q4 '13, respectively and US$1.8 million and US$13.2 million in FY 2014 and FY 2013, respectively.

KEY RATIOS

	FY 2014	FY 2013	FY 2012
EPS (Diluted)[1]	44c	32c	33c
Dividend Paid per share	88c	42c	4c
Return on Shareholders' Funds[1, 3]	16.6%	10.4%	11.2%
Return on Capital Employed[2, 3]	28.0%	20.4%	21.0%
EBIT/ Sales (EBIT margin)[2]	16.9%	13.7%	15.7%
Gearing Ratio[1]	(19.4)%	(12.9)%	(24.4)%
Net Interest Expense Cover[2]	63.2x	39.3x	23.8x
Net Interest Paid Cover[2]	-	-	24.5x
Net Debt Payback[3]	-	-	-

1 *Excludes asbestos adjustments, asset impairments, AICF SG&A expenses, AICF interest income, ASIC expenses, New Zealand product liability and tax adjustments*

2 *Excludes asbestos adjustments, asset impairments, AICF SG&A expenses, New Zealand product liability and ASIC expenses*

3 *Includes restricted cash set aside for AFFA*

EBITDA – FULL YEAR

US$ Millions	FY 2014	FY 2013	% Change
EBIT			
USA and Europe Fibre Cement [1]	237.0	162.5	46
Asia Pacific Fibre Cement [2]	82.9	74.9	11
Research & Development	(24.4)	(26.0)	6
General corporate excluding asbestos and ASIC expenses	(42.7)	(30.4)	(41)
Depreciation and Amortisation			
USA and Europe Fibre Cement	53.1	51.4	3
Asia Pacific Fibre Cement [3]	8.3	9.8	(15)
Total EBITDA excluding asbestos, asset imparments, ASIC expenses and New Zealand product liability	**314.2**	**242.2**	**30**
Asbestos adjustments	(195.8)	(117.1)	(67)
AICF SG&A expenses	(2.1)	(1.7)	(24)
Asset impairments	-	(16.9)	
ASIC expenses	-	(2.6)	
New Zealand product liability expenses	(1.8)	(13.2)	86
Total EBITDA	**114.5**	**90.7**	**26**

1 *Excludes asset impairments charges of US$16.9 million in the prior fiscal year*

2 *Excludes New Zealand product expenses of US$1.8 million and expense US$13.2 million in FY2014 and FY2013, respectively*

3 *USA and Europe Fibre Cement depreciation and amortisation in 4th Quarter of FY 2013 includes a favourable accounting adjustment which is not expected to recur in the future, related to the company's estimated useful life for certain production assets*

ASBESTOS FUND

A$ millions	
AICF cash and investments - 31 March 2013	128.1
Insurance and cross-claim recoveries	27.5
Interest and investment income	4.0
Proceeds from loan facility	50.6
Claims paid	(140.4)
Operating costs	(5.0)
Other	0.7
AICF cash and investments - 31 March 2014	65.5

[1] *In accordance with Amended and Restated Final Funding Agreement*

This Management Presentation forms part of a package of information about the company's results. It should be read in conjunction with the other parts of this package, including the Management's Analysis of Results, Media Release and Condensed Consolidated Financial Statements

Definitions

Non-financial Terms

ABS – Australian Bureau of Statistics

AFFA – Amended and Restated Final Funding Agreement

AICF – Asbestos Injuries Compensation Fund Ltd

ASIC – Australian Securities and Investments Commission

ATO – Australian Taxation Office

NBSK – Northern Bleached Soft Kraft; the company's benchmark grade of pulp

Legacy New Zealand product liability benefit (expenses) ("New Zealand product liability") – Expenses arising from defending and resolving claims in New Zealand that allege poor building design, inadequate certification of plans, inadequate construction review and compliance certification and deficient work by sub-contractors

Financial Measures – US GAAP equivalents

This document contains financial statement line item descriptions that are considered to be non-US GAAP, but are consistent with those used by Australian companies. Because the company prepares its consolidated financial statements under US GAAP, the following table cross-references each non-US GAAP line item description, as used in Management's Analysis of Results and Media Release, to the equivalent US GAAP financial statement line item description used in the company's condensed consolidated financial statements:

Management's Analysis of Results and Media Release	**Consolidated Statements of Operations and Other Comprehensive Income (Loss) (US GAAP)**
Net sales	Net sales
Cost of goods sold	Cost of goods sold
Gross profit	Gross profit
Selling, general and administrative expenses	Selling, general and administrative expenses
Research and development expenses	Research and development expenses
Asbestos adjustments	Asbestos adjustments
EBIT*	Operating income (loss)
Net interest income (expense)*	Sum of interest expense and interest income
Other income (expense)	Other income (expense)
Operating profit (loss) before income taxes*	Income (loss) before income taxes
Income tax (expense) benefit	Income tax (expense) benefit
Net operating profit (loss)*	Net income (loss)

*- Represents non-U.S. GAAP descriptions used by Australian companies.

ENDNOTES (CONTINUED)

EBIT margin – EBIT margin is defined as EBIT as a percentage of net sales

Sales Volumes

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16” thickness

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16” thickness

Financial Ratios

Gearing ratio – Net debt (cash) divided by net debt (cash) plus shareholders’ equity

Net interest expense cover – EBIT divided by net interest expense (excluding loan establishment fees)

Net interest paid cover – EBIT divided by cash paid during the period for interest, net of amounts capitalised

Net debt payback – Net debt (cash) divided by cash flow from operations

Net debt (cash) – Short-term and long-term debt less cash and cash equivalents

Return on capital employed – EBIT divided by gross capital employed

NON-US GAAP FINANCIAL MEASURES

EBIT and EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability –
EBIT and EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT margin. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
EBIT	$ (266.4)	$ (108.3)	$ 53.1	$ 29.5
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
Asset impairments	-	11.1	-	16.9
ASIC expenses	-	2.1	-	2.6
New Zealand product liability expenses	1.1	-	1.8	13.2
EBIT excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	57.4	37.0	252.8	181.0
Net sales	$ 376.4	$ 326.8	$ 1,493.8	$ 1,321.3
EBIT margin excluding asbestos, asset impairments, ASIC expenses and New Zealand product liability	15.3%	11.3%	16.9%	13.7%

NON-US GAAP FINANCIAL MEASURES (CONTINUED)

Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments – Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than net operating profit. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Net operating (loss) profit	$ (186.8)	$ (69.5)	$ 99.5	$ 45.5
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
AICF interest income	(0.5)	(1.4)	(2.9)	(7.0)
Asset impairments	-	11.1	-	16.9
ASIC expenses	-	2.1	-	2.6
New Zealand product liability expenses	1.1	-	1.8	13.2
Asbestos and other tax adjustments	(91.2)	(43.7)	(99.1)	(49.2)
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	$ 45.3	$ 30.7	$ 197.2	$ 140.8

NON-US GAAP FINANCIAL MEASURES (CONTINUED)

Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments – Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than diluted earnings per share. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Net operating profit excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments	$ 45.3	$ 30.7	$ 197.2	$ 140.8
Weighted average common shares outstanding - Diluted (millions)	445.8	442.6	444.6	440.6
Diluted earnings per share excluding asbestos, asset impairments, ASIC expenses, New Zealand product liability and tax adjustments (US cents)	10	7	44	32

NON-US GAAP FINANCIAL MEASURES (CONTINUED)

Effective tax rate excluding asbestos, asset impairments, New Zealand product liability and tax adjustments – Effective tax rate on earnings excluding asbestos, asset impairments, New Zealand product liability and tax adjustments is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than effective tax rate. Management has included this financial measure to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations. Management uses this non-US GAAP measure for the same purposes

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Operating (loss) profit before income taxes	$ (265.6)	$ (107.6)	$ 54.6	$ 33.7
Asbestos:				
Asbestos adjustments	322.0	131.6	195.8	117.1
AICF SG&A expenses	0.7	0.5	2.1	1.7
AICF interest income	(0.5)	(1.4)	(2.9)	(7.0)
Asset impairments	-	11.1	-	16.9
New Zealand product liability expenses	1.1	-	1.8	13.2
Operating profit before income taxes excluding asbestos, asset impairments and New Zealand product liability	$ 57.7	$ 34.2	$ 251.4	$ 175.6
Income tax benefit	78.8	38.1	44.9	11.8
Asbestos-related and other tax adjustments	(91.2)	(43.7)	(99.1)	(49.2)
Income tax expense excluding tax adjustments	(12.4)	(5.6)	(54.2)	(37.4)
Effective tax rate	29.7%	35.4%	82.2%	35.0%
Effective tax rate excluding asbestos, asset impairments, New Zealand product liability, and tax adjustments	21.5%	16.4%	21.6%	21.3%

NON-US GAAP FINANCIAL MEASURES (CONTINUED)

Adjusted EBITDA – is not a measure of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP or as a measure of profitability or liquidity. Not all companies calculate Adjusted EBITDA in the same manner as James Hardie has and, accordingly, Adjusted EBITDA may not be comparable with other companies. Management has included information concerning Adjusted EBITDA because it believes that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
EBIT	$ (266.4)	$ (108.3)	$ 53.1	$ 29.5
Depreciation and amortisation	15.2	13.2	61.4	61.2
Adjusted EBITDA	$ (251.2)	$ (95.1)	$ 114.5	$ 90.7

NON-US GAAP FINANCIAL MEASURES (CONTINUED)

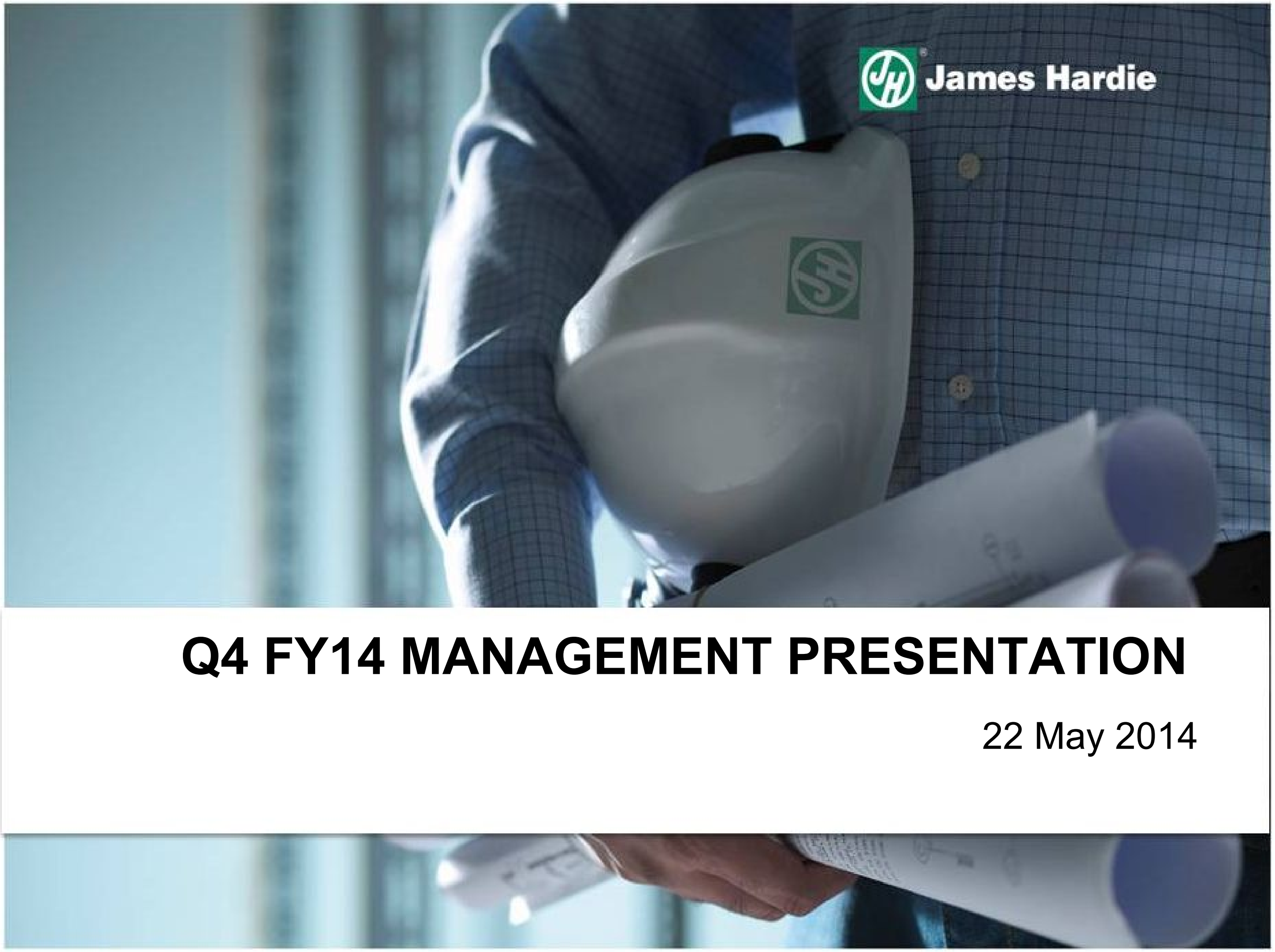
General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs – General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than general corporate costs. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
General corporate costs	$ 11.8	$ 12.7	$ 42.7	$ 33.0
Excluding:				
ASIC expenses	-	(2.1)	-	(2.6)
Intercompany foreign exchange gain	-	-	-	5.5
Recovery of RCI legal costs	-	-	-	2.7
General corporate costs excluding ASIC expenses, intercompany foreign exchange gain and recovery of RCI legal costs	$ 11.8	$ 10.6	$ 42.7	$ 38.6

NON-US GAAP FINANCIAL MEASURES (CONTINUED)

<u>Selling, general and administrative expenses excluding New Zealand product liability</u> – Selling, general and administrative expenses excluding New Zealand product liability is not a measure of financial performance under US GAAP and should not be considered to be more meaningful than selling, general and administrative expenses. Management has included these financial measures to provide investors with an alternative method for assessing its operating results in a manner that is focussed on the performance of its ongoing operations and provides useful information regarding its financial condition and results of operations. Management uses these non-US GAAP measures for the same purposes

US$ Millions	Q4 FY 2014	Q4 FY 2013	FY 2014	FY 2013
Selling, general and administrative expenses	$ 61.9	$ 58.0	$ 224.4	$ 218.6
Excluding:				
New Zealand product liability expenses	(1.1)	-	(1.8)	(13.2)
Selling, general and administrative expenses excluding New Zealand product liability	$ 60.8	$ 58.0	$ 222.6	$ 205.4
Net Sales	$ 376.4	$ 326.8	$ 1,493.8	$ 1,321.3
Selling, general and administrative expenses as a percentage of net sales	16.4%	17.7%	15.0%	16.5%
Selling, general and administrative expenses excluding New Zealand product liability as a percentage of net sales	16.2%	17.7%	14.9%	15.5%



Q4 FY14 MANAGEMENT PRESENTATION

22 May 2014

Exhibit 99.5

James Hardie Industries plc

Consolidated Financial Statements
as of and for the Year Ended 31 March 2014

	Page
Item 1. Consolidated Financial Statements	

Independent Auditors Report

The Board of Directors and Shareholders of
James Hardie Industries plc

We have audited the accompanying consolidated balance sheets of James Hardie Industries plc as of 31 March 2014 and 2013, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows for each of the three years in the period ended 31 March 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of James Hardie Industries plc at 31 March 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended 31 March 2014, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Irvine, California
22 May 2014

James Hardie Industries plc
Consolidated Balance Sheets

	(Millions of US dollars)	
	31 March 2014	31 March 2013
Assets		
Current assets:		
Cash and cash equivalents	**$ 167.5**	$ 153.7
Restricted cash and cash equivalents	**3.2**	2.5
Restricted cash and cash equivalents - Asbestos	**60.2**	126.4
Restricted short-term investments - Asbestos	**0.1**	7.1
Accounts and other receivables, net of allowance for doubtful accounts of US$1.0 million and US$2.1 million as of 31 March 2014 and 31 March 2013, respectively	**139.2**	149.0
Inventories	**190.7**	172.1
Prepaid expenses and other current assets	**21.9**	19.2
Insurance receivable - Asbestos	**28.0**	22.2
Workers' compensation - Asbestos	**4.3**	0.9
Deferred income taxes	**21.6**	24.9
Deferred income taxes - Asbestos	**16.5**	18.6
Total current assets	**653.2**	696.6
Restricted cash and cash equivalents	**1.8**	2.5
Property, plant and equipment, net	**711.2**	658.9
Insurance receivable - Asbestos	**198.1**	209.4
Workers' compensation - Asbestos	**47.6**	60.7
Deferred income taxes	**11.7**	20.6
Deferred income taxes - Asbestos	**455.2**	434.1
Other assets	**27.7**	30.4
Total assets	**$ 2,106.5**	$ 2,113.2
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 142.0**	$ 103.7
Current portion of long-term debt - Asbestos	**47.0**	-
Dividends payable	**124.6**	-
Accrued payroll and employee benefits	**56.7**	44.0
Accrued product warranties	**7.7**	6.6
Income taxes payable	**5.4**	6.0
Asbestos liability	**134.5**	135.0
Workers' compensation - Asbestos	**4.3**	0.9
Other liabilities	**15.0**	26.7
Total current liabilities	**537.2**	322.9
Deferred income taxes	**93.0**	95.4
Accrued product warranties	**23.7**	20.5
Asbestos liability	**1,571.7**	1,558.7
Workers' compensation - Asbestos	**47.6**	60.7
Other liabilities	**32.3**	36.8
Total liabilities	**2,305.5**	2,095.0
Commitments and contingencies (Note 13)		
Shareholders' equity:		
Common stock, Euro 0.59 par value, 2.0 billion shares authorised; 445,033,502 shares issued at 31 March 2014 and 441,644,484 shares issued at 31 March 2013	**230.6**	227.3
Additional paid-in capital	**139.7**	101.1
Accumulated deficit	**(602.4)**	(357.6)
Accumulated other comprehensive income	**33.1**	47.4
Total shareholders' (deficit) equity	**(199.0)**	18.2
Total liabilities and shareholders' (deficit) equity	**$ 2,106.5**	$ 2,113.2

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

James Hardie Industries plc
Consolidated Statements of Operations and Comprehensive Income

(Millions of US dollars, except per share data)	Years Ended 31 March 2014	2013	2012
Net sales	**$ 1,493.8**	$ 1,321.3	$ 1,237.5
Cost of goods sold	**(987.4)**	(902.0)	(830.5)
Gross profit	**506.4**	419.3	407.0
Selling, general and administrative expenses	**(224.4)**	(218.6)	(191.0)
Research and development expenses	**(33.1)**	(37.2)	(30.4)
Asset impairments	**-**	(16.9)	(14.3)
Asbestos adjustments	**(195.8)**	(117.1)	(15.8)
Operating income	**53.1**	29.5	155.5
Interest expense	**(4.5)**	(5.5)	(11.2)
Interest income	**3.4**	7.9	3.8
Other income	**2.6**	1.8	3.0
Income before income taxes	**54.6**	33.7	151.1
Income tax benefit	**44.9**	11.8	453.2
Net income	**$ 99.5**	$ 45.5	$ 604.3
Income per share - basic:			
Basic	**$ 0.22**	$ 0.10	$ 1.39
Diluted	**$ 0.22**	$ 0.10	$ 1.38
Weighted average common shares outstanding (Millions):			
Basic	**442.6**	439.2	436.2
Diluted	**444.6**	440.6	437.9
Comprehensive income, net of tax:			
Net income	**$ 99.5**	$ 45.5	$ 604.3
Unrealised gain on investments	**-**	0.9	0.1
Cash flow hedges	**0.9**	-	-
Currency translation adjustments	**(15.2)**	(2.9)	(5.9)
Comprehensive income:	**$ 85.2**	$ 43.5	$ 598.5

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

James Hardie Industries plc
Consolidated Statements of Cash Flows

(Millions of US dollars)	Years Ended 31 March 2014	2013	2012
Cash Flows From Operating Activities			
Net income	**$ 99.5**	$ 45.5	$ 604.3
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation	**61.4**	61.2	65.2
Deferred income taxes	**(70.7)**	(52.8)	11.3
Stock-based compensation	**8.5**	7.0	7.8
Asbestos adjustments	**195.8**	117.1	15.8
Asset impairments	**-**	16.9	14.3
Tax benefit from stock options exercised	**(5.6)**	(3.5)	-
Changes in operating assets and liabilities:			
Restricted cash and cash equivalents	**99.9**	224.7	(59.1)
Restricted short-term investments	**6.3**	(0.1)	(0.1)
Payment to AICF	**-**	(184.1)	(51.5)
Accounts and other receivables	**4.9**	(10.6)	2.2
Inventories	**(22.1)**	8.0	(26.7)
Prepaid expenses and other assets	**3.5**	8.8	19.2
Insurance receivable - Asbestos	**25.7**	36.8	25.0
Accounts payable and accrued liabilities	**48.5**	(40.4)	87.4
Asbestos liability	**(133.6)**	(127.6)	(106.3)
Australian Taxation Office - amended assessment	**-**	-	(197.4)
Other accrued liabilities	**0.8**	2.4	(24.2)
Net cash provided by operating activities	**$ 322.8**	$ 109.3	$ 387.2
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	**$ (115.4)**	$ (61.1)	$ (35.8)
Proceeds from sale of property, plant and equipment	**0.7**	1.4	0.3
Acquisition of business	**(4.1)**	-	(14.4)
Net cash used in investing activities	**$ (118.8)**	$ (59.7)	$ (49.9)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	**$ -**	$ 330.0	160.0
Repayments of long-term borrowings	**-**	(330.0)	(219.0)
Proceeds from issuance of shares	**29.3**	26.3	11.0
Tax benefit from stock options exercised	**5.6**	3.5	-
Common stock repurchased and retired	**(22.1)**	-	(19.0)
Dividends paid	**(199.1)**	(188.5)	(17.4)
Net cash used in financing activities	**$ (186.3)**	$ (158.7)	$ (84.4)
Effects of exchange rate changes on cash	**$ (3.9)**	$ (2.6)	$ (6.1)
Net increase (decrease) in cash and cash equivalents	**13.8**	(111.7)	246.8
Cash and cash equivalents at beginning of period	**153.7**	265.4	18.6
Cash and cash equivalents at end of period	**$ 167.5**	$ 153.7	$ 265.4
Components of Cash and Cash Equivalents			
Cash at bank and on hand	**$ 70.9**	$ 55.5	$ 256.1
Short-term deposits	**96.6**	98.2	9.3
Cash and cash equivalents at end of period	**$ 167.5**	$ 153.7	$ 265.4
Supplemental Disclosure of Cash Flow Activities			
Cash paid during the year for interest, net of amounts capitalised	**$ -**	$ 0.1	$ 11.2
Cash paid during the year for income taxes, net	**$ 11.6**	$ 83.3	$ 29.5

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

James Hardie Industries plc
Consolidated Statements of Changes in Shareholders' (Deficit) Equity

(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income	Total
Balances as of 31 March 2011	**$ 222.5**	**$ 52.5**	**$ (784.7)**	**$ -**	**$ 55.2**	**$ (454.5)**
Net income	-	-	604.3	-	-	604.3
Other comprehensive loss	-	-	-	-	(5.8)	(5.8)
Stock-based compensation	2.0	5.8	-	-	-	7.8
Equity awards exercised	1.3	9.7	-	-	-	11.0
Dividends declared	-	-	(17.4)	-	-	(17.4)
Treasury stock purchased	-	-	-	(19.0)	-	(19.0)
Treasury stock retired	(1.8)	(0.4)	(16.8)	19.0	-	-
Balances as of 31 March 2012	**$ 224.0**	**$ 67.6**	**$ (214.6)**	**$ -**	**$ 49.4**	**$ 126.4**
Net income	-	-	45.5	-	-	45.5
Other comprehensive loss	-	-	-	-	(2.0)	(2.0)
Stock-based compensation	0.6	6.4	-	-	-	7.0
Tax benefit from stock options exercised	-	3.5	-	-	-	3.5
Equity awards exercised	2.7	23.6	-	-	-	26.3
Dividends declared	-	-	(188.5)	-	-	(188.5)
Balances as of 31 March 2013	**$ 227.3**	**$ 101.1**	**$ (357.6)**	**$ -**	**$ 47.4**	**$ 18.2**
Net income	-	-	99.5	-	-	99.5
Other comprehensive loss	-	-	-	-	(14.3)	(14.3)
Stock-based compensation	1.0	7.5	-	-	-	8.5
Tax benefit from stock options exercised	-	5.6	-	-	-	5.6
Equity awards exercised	3.3	26.0	-	-	-	29.3
Dividends declared	-	-	(323.7)	-	-	(323.7)
Treasury stock purchased	-	-	-	(22.1)	-	(22.1)
Treasury stock retired	(1.0)	(0.5)	(20.6)	22.1	-	-
Balances as of 31 March 2014	**$ 230.6**	**$ 139.7**	**$ (602.4)**	**$ -**	**$ 33.1**	**(199.0)**

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

1. Background and Basis of Presentation

On 15 October 2012, the Company was transformed from an Irish Societas Europaea ("SE") to an Irish public limited company ("plc") and now operates under the name of James Hardie Industries plc.

Nature of Operations

James Hardie Industries plc (formerly James Hardie Industries SE) manufactures and sells fibre cement building products for interior and exterior building construction applications, primarily in the United States, Australia, New Zealand, the Philippines and Europe.

Basis of Presentation

The consolidated financial statements represent the financial position, results of operations and cash flows of James Hardie Industries plc and its wholly-owned subsidiaries and a special purpose entity, collectively referred to as either the "Company" or "James Hardie" and "JHI plc", together with its subsidiaries as of the time relevant to the applicable reference, the "James Hardie Group," unless the context indicates otherwise.

2. Summary of Significant Accounting Policies

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation. The reclassifications do not impact shareholders' equity (deficit).

Accounting Principles

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The US dollar is used as the reporting currency. All subsidiaries and qualifying special purpose entities are consolidated and all intercompany transactions and balances are eliminated.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Foreign Currency Translation

All assets and liabilities are translated into US dollars at current exchange rates while revenues and expenses are translated at average exchange rates in effect for the period. The effects of foreign currency translation adjustments are included directly in other comprehensive income in shareholders' equity. Gains and losses arising from foreign currency transactions are recognised in income currently.

The Company has recorded on its balance sheet certain assets and liabilities, including asbestos-related assets and liabilities under the terms of the AFFA, that are denominated in Australian dollars and subject to translation into US dollars at each reporting date.

Unless otherwise noted, the exchange rates used to convert Australian dollar denominated amounts into US dollars in the consolidated financial statements are as follows:

	31 March		
(US$1 = A$)	**2014**	2013	2012
Assets and liabilities	**1.0845**	0.9597	0.9614
Statements of operations	**1.0716**	0.9694	0.9573
Cash flows - beginning cash	**0.9597**	0.9614	0.9676
Cash flows - ending cash	**1.0845**	0.9597	0.9614
Cash flows - current period movements	**1.0716**	0.9694	0.9573

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents generally relate to amounts subject to letters of credit with insurance companies, which restrict the cash from use for general corporate purposes.

Inventories

Inventories are valued at the lower of cost or market. Cost is generally determined under the first-in, first-out method, except that the cost of raw materials and supplies is determined using actual or average costs. Cost includes the costs of materials, labour and applied factory overhead. On a regular basis, the Company evaluates its inventory balances for excess quantities and obsolescence by analysing demand, inventory on hand, sales levels and other information. Based on these evaluations, inventory costs are written down, if necessary.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Property, plant and equipment of businesses acquired are recorded at their estimated fair value at the date of acquisition. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	40
Building improvements	5 to 40
Manufacturing machinery	10 to 20
General equipment	5 to 10
Computer equipment, software, and software development	3 to 7
Office furniture and equipment	3 to 10

Depreciation and Amortisation

The Company records depreciation and amortisation under both cost of goods sold and selling, general and administrative expenses, depending on the asset’s business use. All depreciation and amortisation related to plant building, machinery and equipment is recorded in cost of goods sold.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant and equipment, are evaluated each quarter for events or changes in circumstances that indicate that an asset might be impaired because the carrying amount of the asset may not be recoverable. These include, without limitation, a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used, a current period operating or cash flow loss combined with a history of operating or cash flow losses, a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group and/or a current expectation that it is more likely than not that a long lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life.
When such indicators of potential impairment are identified, recoverability is tested by grouping long-lived assets that are used together and represent the lowest level for which cash flows are identifiable and distinct from the cash flows of other long-lived assets, which is typically at the production line or plant facility level, depending on the type of long-lived asset subject to an impairment review.

Recoverability is measured by a comparison of the carrying amount of the asset group to the estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount exceeds the estimated undiscounted future cash flows, an impairment charge is recognised at the amount by which the carrying amount exceeds the estimated fair value of the asset group.

The methodology used to estimate the fair value of the asset group is based on a discounted cash flow analysis that considers the asset group's highest and best use that would maximise the value of the asset group. In addition, the estimated fair value of an asset group also considers, to the extent practicable, a market participant's expectations and assumptions in estimating the fair value of the asset group. If the estimated fair value of the asset group is less than the carrying value, an impairment loss is recognised at an amount equal to the excess of the carrying value over the estimated fair value of the asset group.

The Company recorded asset impairment charges of nil, US$16.9 million and US$14.3 million during the years ended 31 March 2014, 2013 and 2012, respectively. Readers are referred to Note 7 for additional information.

Environmental Remediation and Compliance Expenditures

Environmental remediation and compliance expenditures that relate to current operations are expensed or capitalised, as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Estimated liabilities are not discounted to present value. Generally, the timing of these accruals coincides with completion of a feasibility study or the Company's commitment to a formal plan of action.

Revenue Recognition

The Company recognises revenue when the risks and obligations of ownership have been transferred to the customer, which generally occurs at the time of delivery to the customer. The Company records estimated reductions in sales for customer rebates and discounts including volume, promotional, cash and other discounts. Rebates and discounts are recorded based on management's best estimate when products are sold. The estimates are based on historical experience for similar programs and products. Management reviews these rebates and discounts on an ongoing basis and the related accruals are adjusted, if necessary, as additional information becomes available.

A portion of our revenue is made through distributors under a Vendor Managed Inventory ("VMI") agreement whereby revenue is recognised upon the transfer of title and risk of loss, following the customer's acknowledgement of the receipt of goods.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense was US$9.5 million, US$8.9 million and US$8.6 million during the years ended 31 March 2014, 2013 and 2012, respectively.

Accrued Product Warranties

An accrual for estimated future warranty costs is recorded based on an analysis by the Company, which includes the historical relationship of warranty costs to installed product.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred income taxes are recognised by applying enacted statutory rates applicable to future years to differences between the tax bases and financial reporting amounts of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognised in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that all or some portion of deferred tax assets will not be realised. Interest and penalties related to uncertain tax positions are recognised in income tax expense.

Financial Instruments

The Company calculates the fair value of financial instruments and includes this additional information in the notes to the consolidated financial statements when the fair value is different from the carrying value of those financial instruments. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realise in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Periodically, interest rate swaps, commodity swaps and forward exchange contracts are used to manage market risks and reduce exposure resulting from fluctuations in interest rates, commodity prices and foreign currency exchange rates. Where such contracts are designated as, and are effective as, a hedge, changes in the fair value of derivative instruments designated as cash flow hedges are deferred and recorded in other comprehensive income. These deferred gains or losses are recognised in income when the transactions being hedged are recognised. The ineffective portion of these hedges is recognised in income currently. Changes in the fair value of derivative instruments that are not designated as hedges for accounting purposes are recognised in income. The Company does not use derivatives for trading purposes.

Stock-based Compensation

Stock-based compensation expense represents the estimated fair value of equity-based and liability-classified awards granted to employees, adjusted for estimated forfeitures, and recognised as an expense over the vesting period. Stock-based compensation expense is included in the line item *Selling, general and administrative expenses* on the consolidated statements of operations and comprehensive income.

Equity awards with vesting based solely on a service condition are typically subject to graded vesting, in that the awards vest 25% after the first year, 25% after the second year and 50% after the third year. For equity awards subject to graded vesting, the Company has elected to use the accelerated recognition method. Accordingly, each vesting tranche is valued separately, and the recognition of stock-based compensation expense is more heavily weighted earlier in the vesting period. Stock-based compensation expense for equity awards that are subject to performance or market vesting conditions are typically recognised ratably over the vesting period. The Company issues new shares to award recipients upon exercise of stock options or when the vesting condition for restricted stock units has been satisfied.

The Company estimates the fair value of stock options on the date of grant using the Black-Scholes option-pricing model.

For restricted stock units subject to a service vesting condition, the fair value is equal to the market value of the Company's common stock on the date of grant, adjusted for the fair value of dividends as the restricted stock holder is not entitled to dividends over the vesting period. For restricted stock units subject to a scorecard performance vesting condition, the fair value is adjusted for changes in JHI plc's common stock price at each balance sheet date until the end of the performance period. For restricted stock units subject to a market vesting condition, the fair value is estimated using the Monte Carlo Simulation.

Compensation expense recognised for liability-classified awards are based on the fair market value of JHI plc's common stock on the date of grant and recorded as a liability. The liability is adjusted for subsequent changes in JHI plc's common stock price at each balance sheet date.

Earnings Per Share

The Company discloses basic and diluted earnings per share ("EPS"). Basic EPS is calculated using net income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is similar to basic EPS except that the weighted average number of common shares outstanding is increased to include the number of additional common shares calculated using the Treasury Method that would have been outstanding if the dilutive potential common shares, such as stock options and restricted stock units ("RSU's"), had been issued.

Accordingly, basic and dilutive common shares outstanding used in determining net income per share are as follows:

	Years Ended 31 March		
(Millions of shares)	**2014**	2013	2012
Basic common shares outstanding	**442.6**	439.2	436.2
Dilutive effect of stock awards	**2.0**	1.4	1.7
Diluted common shares outstanding	**444.6**	440.6	437.9

(US dollars)	**2014**	2013	2012
Net income per share - basic	**$ 0.22**	$ 0.10	$ 1.39
Net income per share - diluted	**$ 0.22**	$ 0.10	$ 1.38

Potential common shares of 1.9 million, 4.4 million and 11.1 million for the years ended 31 March 2014, 2013 and 2012, respectively, have been excluded from the calculation of diluted common shares outstanding because the effect of their inclusion would be anti-dilutive.

Unless they are anti-dilutive, RSU's which vest solely based on continued employment are considered to be outstanding as of their issuance date for purposes of computing diluted EPS and are included in the calculation of diluted EPS using the Treasury Method. Once these RSUs vest, they are included in the basic EPS calculation on a weighted-average basis.

RSUs which vest based on performance or market conditions are considered contingent shares. At each reporting date prior to the end of the contingency period, the Company determines the number of contingently issuable shares to include in the diluted EPS, as the number of shares that would be issuable under the terms of the RSU arrangement, if the end of the reporting period were the end of the contingency period. Once these RSUs vest, they are included in the basic EPS calculation on a weighted-average basis.

Asbestos

At 31 March 2006, the Company recorded an asbestos provision based on the estimated economic impact of the Original Final Funding Agreement ("Original FFA") entered into on 1 December 2005. The amount of the net asbestos provision of US$715.6 million was based on the terms of the Original FFA, which included an actuarial estimate prepared by KPMG Actuarial Pty Limited ("KPMG Actuarial") as of 31 March 2006 of the projected future cash outflows, undiscounted and uninflated, and the anticipated tax deduction arising from Australian legislation which came into force on 6 April 2006. The amount represented the net economic impact that the Company was prepared to assume as a result of its voluntary funding of the asbestos liability which was under negotiation with various parties.

In February 2007, the shareholders approved the AFFA entered into on 21 November 2006 to provide long-term funding to the Asbestos Injuries Compensation Fund ("AICF"), a special purpose fund that provides compensation for Australian-related personal injuries for which certain former subsidiary companies of James Hardie in Australia (being Amaca Pty Ltd ("Amaca"), Amaba Pty Ltd ("Amaba") and ABN 60 Pty Limited ("ABN 60") (collectively, the "Former James Hardie Companies")) are found liable.

Amaca and Amaba separated from the James Hardie Group in February 2001. ABN 60 separated from the James Hardie Group in March 2003. Upon shareholder approval of the AFFA in February 2007, shares in the Former James Hardie Companies were transferred to AICF, which manages Australian asbestos-related personal injury claims made against the Former James Hardie Companies and makes compensation payments in respect of those proven claims.

AICF

In February 2007, the Company's shareholders approved a proposal pursuant to which the Company provides long-term funding to AICF. The Company owns 100% of the Performing Subsidiary that funds the AICF subject to the provisions of the AFFA. The Company appoints three of the AICF directors and the New South Wales Government ("NSW") appoints two of the AICF directors.

Under the terms of the AFFA, the Performing Subsidiary has an obligation to make payments to AICF on an annual basis. The amount of these annual payments is dependent on several factors, including the Company's free cash flow (as defined in the AFFA), actuarial estimations, actual claims paid, operating expenses of AICF and the Annual Cash Flow Cap. JHI plc guarantees the Performing Subsidiary's obligation. As a result, the Company considers itself to be the primary beneficiary of AICF.

The Company's interest in AICF is considered variable because the potential impact on the Company will vary based upon the annual actuarial assessments obtained by AICF with respect to asbestos-related personal injury claims against the Former James Hardie Companies.

Although the Company has no legal ownership in AICF, for financial reporting purposes the Company consolidates AICF due to its pecuniary and contractual interests in AICF as a result of the funding arrangements outlined in the AFFA. The Company's consolidation of AICF results in a separate recognition of the asbestos liability and certain other asbestos-related assets and liabilities on its consolidated balance sheet. Among other items, the Company records a deferred tax asset for the anticipated future tax benefit the Company believes is available to it that arise from amounts contributed to AICF by the Performing Subsidiary. Since fiscal year 2007, movements in the asbestos liability arising from changes in foreign currency or actuarial adjustments are classified as asbestos adjustments and the income tax benefit arising from contributions to AICF is included within income tax benefit (expense) on the consolidated statements of operations and comprehensive income when realised.

For the year ended 31 March 2014, the Company did not provide financial or other support to AICF that it was not previously contractually required to provide. Future funding of AICF by the Company continues to be linked under the terms of the AFFA to the Company's long-term financial success, specifically the Company's ability to generate net operating cash flow.

AICF has operating costs that are claims related and non-claims related. Claims related costs incurred by AICF are treated as reductions in the accrued asbestos liability balances previously reflected in the consolidated balance sheets. Non-claims related operating costs incurred by AICF are expensed as incurred in the line item *Selling, general and administrative expenses* in the consolidated statements of operations and comprehensive income. AICF earns interest on its cash and cash equivalents and on its short-term investments; these amounts are included in the line item *Interest income* in the consolidated statements of operations and comprehensive income.

See Asbestos-Related Assets and Liabilities below and Note 11 for further details on the related assets and liabilities recorded in the Company's consolidated balance sheet under the terms of the AFFA.

Asbestos Adjustments

Adjustments in insurance receivables due to changes in the Company's assessment of recoverability are reflected as asbestos adjustments on the consolidated statements of operations and comprehensive income during the period in which the adjustments occur.

Asbestos-Related Assets and Liabilities

The Company has recorded on its consolidated balance sheets certain assets and liabilities under the terms of the AFFA. These items are Australian dollar-denominated and are subject to translation into US dollars at each reporting date. These assets and liabilities are referred to by the Company as *Asbestos-related assets and liabilities* and include:

Asbestos Liability

The amount of the asbestos liability reflects the terms of the AFFA, which has been recognised by reference to (but is not exclusively based upon) the most recent actuarial estimate of projected future cash flows calculated by KPMG Actuarial. Based on their assumptions, KPMGA arrived at a range of possible total future cash flows and calculated a central estimate, which is intended to reflect a probability-weighted expected outcome of those actuarially estimated future cash flows. The Company views the central estimate as the basis for recognizing the asbestos liability in the Company's financial statements.

The Company considered discounting when determining the best estimate under US GAAP. The Company has recognised the asbestos liability by reference to (but is not exclusively based upon) the central estimate as undiscounted on the basis that it is the Company's view that the timing and amounts of such cash flows are not fixed or readily determinable. The Company considered inflation when determining the best estimate under US GAAP. It is the Company's view that there are material uncertainties in estimating an appropriate rate of inflation over the extended period of the AFFA. The Company views the undiscounted and uninflated central estimate as the best estimate under US GAAP.

Adjustments in the asbestos liability due to changes in the actuarial estimate of projected future cash flows and changes in the estimate of future operating costs of AICF are reflected in the consolidated statements of operations and comprehensive income during the period in which they occur. Claims paid by AICF and claims-handling costs incurred by AICF are treated as reductions in the accrued balances previously reflected in the consolidated balance sheets.

<u>Insurance Receivable</u>

There are various insurance policies and insurance companies with exposure to the asbestos claims. The insurance receivable determined by KPMG Actuarial reflects the recoveries expected from all such policies based on the expected pattern of claims against such policies less an allowance for credit risk based on credit agency ratings. The insurance receivable generally includes these cash flows as undiscounted and uninflated. The Company records insurance receivables that are deemed probable of being realised.

Adjustments in insurance receivable due to changes in the actuarial estimate, or changes in the Company's assessment of recoverability are reflected in the consolidated statements of operations and comprehensive income during the period in which they occur. Insurance recoveries are treated as a reduction in the insurance receivable balance.

<u>Workers' Compensation</u>

Workers' compensation claims are claims made by former employees of the Former James Hardie Companies. Such past, current and future reported claims were insured with various insurance companies and the various Australian State-based workers' compensation schemes (collectively "workers' compensation schemes or policies"). An estimate of the liability related to workers' compensation claims is prepared by KPMG Actuarial as part of the annual actuarial assessment. This estimate contains two components, amounts that will be met by a workers' compensation scheme or policy, and amounts that will be met by the Former James Hardie Companies.

The portion of the estimate that is expected to be met by the Former James Hardie Companies is included as part of the *Asbestos liability*. Adjustments to this estimate are reflected in the consolidated statements of operations and comprehensive income during the period in which they occur.

The portion of the estimate that is expected to be met by the workers' compensation schemes or policies of the Former James Hardie Companies is recorded by the Company as a workers' compensation liability. Since these amounts are expected to be paid by the workers' compensation schemes or policies, the Company records an equivalent workers' compensation receivable.

Adjustments to the workers' compensation liability result in an equal adjustment in the workers' compensation receivable recorded by the Company and have no effect on the consolidated statements of operations and comprehensive income.

<u>Asbestos-Related Research and Education Contributions</u>

The Company agreed to fund asbestos-related research and education initiatives for a period of 10 years, beginning in fiscal year 2007. The liabilities related to these agreements are included in *Other liabilities* on the consolidated balance sheets.

<u>Restricted Cash and Cash Equivalents</u>

Cash and cash equivalents of AICF are reflected as restricted assets, as the use of these assets is restricted to the settlement of asbestos claims and payment of the operating costs of AICF. The Company classifies these amounts as a current asset on the face of the consolidated balance sheet since they are highly liquid.

Restricted Short-Term Investments

Short-term investments consist of highly liquid investments held in the custody of major financial institutions. All short-term investments are classified as available for sale and are recorded at market value using the specific identification method. Unrealised gains and losses on the market value of these investments are included as a separate component of accumulated other comprehensive income. Realised gains and losses on short-term investments are recognised in *Other income* on the consolidated statements of operations and comprehensive income.

Long-Term Debt

The AICF may draw funds under a long term credit facility to fund the payment of asbestos claims and certain operating and legal costs of AICF, Amaca, Amaba and ABN 60. The Facility is available to be drawn up to 9 December 2020 (being the tenth anniversary of signing) and must be repaid on or by 1 November 2030. Interest accrues daily on amounts outstanding and is calculated based on a 365-day year and is payable monthly. The borrowings under the credit facility are classified as current as AICF intends to repay the debt within one year.

AICF – Other Assets and Liabilities

Other assets and liabilities of AICF, including fixed assets, trade receivables and payables are included on the consolidated balance sheets under the appropriate captions and their use is restricted to the operations of AICF.

Deferred Income Taxes

The Performing Subsidiary is able to claim a tax deduction for its contributions to AICF over a five-year period commencing in the year the contribution is incurred. Consequently, a deferred tax asset has been recognised equivalent to the anticipated tax benefit over the life of the AFFA. The current portion of the deferred tax asset represents Australian tax benefits that will be available to the Company during the subsequent twelve months.

Adjustments are made to the deferred income tax asset as adjustments to the asbestos-related assets and liabilities are recorded.

Foreign Currency Translation

The asbestos-related assets and liabilities are denominated in Australian dollars and thus the reported values of these asbestos-related assets and liabilities in the Company's consolidated balance sheets in US dollars are subject to adjustment depending on the closing exchange rate between the two currencies at the balance sheet date. The effect of foreign exchange rate movements between these currencies is included in *Asbestos adjustments* in the consolidated statements of operations and comprehensive income.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued ASU No. 2013-02, which requires the presentation of significant amounts reclassified out of accumulated other comprehensive income (loss) by the respective line items of net income, either on the face of the statement where net income is presented or in the notes, but only if the amount reclassified is required under US GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under US GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under US GAAP that provide additional detail about those amounts. The amendments in ASU No. 2013-02 were effective for fiscal years and interim periods within those years, beginning after 15 December 2012. The adoption of this ASU did not result in a material impact on the Company's consolidated financial position, results of operations or cash flows.

In July 2013, the FASB issued ASU No. 2013-11, which provides explicit guidance on the financial statement presentation of an unrecognised tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The amendments in ASU No. 2013-11 are effective for fiscal years and interim periods within those years, beginning after 15 December 2013. The Company has evaluated the impact of this ASU and does not expect its adoption to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

3. Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in banks and cash invested temporarily in various highly liquid financial instruments with original maturities of three months or less when acquired.

Cash and cash equivalents consist of the following components:

(Millions of US dollars)	31 March 2014	31 March 2013
Cash at bank and on hand	**$ 70.9**	$ 55.5
Short-term deposits	**96.6**	98.2
Total cash and cash equivalents	**$ 167.5**	$ 153.7

4. Restricted Cash and Cash Equivalents

Included in restricted cash and cash equivalents is US$5.0 million related to an insurance policy at 31 March 2014 and 2013, which restricts the cash from use for general corporate purposes.

5. Accounts and Other Receivables

Accounts and other receivables consist of the following components:

(Millions of US dollars)	31 March 2014	31 March 2013
Trade receivables	**$ 135.5**	$ 134.1
Other receivables and advances	**4.7**	17.0
Allowance for doubtful accounts	**(1.0)**	(2.1)
Total accounts and other receivables	**$ 139.2**	$ 149.0

The collectibility of accounts receivable, consisting mainly of trade receivables, is reviewed on an ongoing basis. An allowance for doubtful accounts is provided for known and estimated bad debts by analysing specific customer accounts and assessing the risk of uncollectibility based on insolvency, disputes or other collection issues.

The following are changes in the allowance for doubtful accounts:

(Millions of US dollars)	31 March 2014	31 March 2013
Balance at beginning of period	$ 2.1	$ 2.3
Charged to expense	0.2	1.0
Write-offs, net of recoveries	(1.3)	(1.2)
Balance at end of period	$ 1.0	$ 2.1

6. Inventories

Inventories consist of the following components:

(Millions of US dollars)	31 March 2014	31 March 2013
Finished goods	$ 135.5	$ 115.8
Work-in-process	6.6	7.6
Raw materials and supplies	56.5	55.1
Provision for obsolete finished goods and raw materials	(7.9)	(6.4)
Total inventories	$ 190.7	$ 172.1

As of 31 March 2014 and 2013, US$18.3 million and US$19.2 million, respectively, of our finished goods inventory balance was held at third-party locations.

7. Property, Plant and Equipment

Property, plant and equipment consist of the following components:

(Millions of US dollars) **Cost or valuation:**	Land	Buildings	Machinery and Equipment	Construction in Progress[1, 2]	Total
At 31 March 2012	$ 18.3	$ 210.5	$ 984.9	$ 50.9	$ 1,264.6
Additions	0.2	3.0	47.7	10.2	61.1
Disposals	-	-	(7.3)	-	(7.3)
Impairment	-	(3.5)	(33.6)	-	(37.1)
Exchange differences	-	0.2	3.0	-	3.2
At 31 March 2013	$ 18.5	$ 210.2	$ 994.7	$ 61.1	$ 1,284.5
Additions	11.7	18.9	39.8	54.8	125.2
Disposals	-	-	(2.2)	-	(2.2)
Exchange differences	-	(1.0)	(27.5)	-	(28.5)
At 31 March 2014	$ 30.2	$ 228.1	$ 1,004.8	$ 115.9	$ 1,379.0
Accumulated depreciation:					
At 31 March 2012	$ -	$ (76.2)	$ (513.7)	$ -	$ (589.9)
Charge for the year	-	(8.8)	(51.2)	-	(60.0)
Disposals	-	-	6.5	-	6.5
Impairment	-	-	20.2	-	20.2
Exchange differences	-	(0.2)	(1.6)	-	(1.8)
Other	-	-	(0.6)	-	(0.6)
At 31 March 2013	$ -	$ (85.2)	$ (540.4)	$ -	$ (625.6)
Charge for the year	-	(9.1)	(52.2)	-	(61.3)
Disposals	-	-	1.5	-	1.5
Exchange differences	-	1.0	17.1	-	18.1
Other	-	-	(0.5)	-	(0.5)
At 31 March 2014	$ -	$ (93.3)	$ (574.5)	$ -	$ (667.8)
Net book amount:					
At 31 March 2013	$ 18.5	$ 125.0	$ 454.3	$ 61.1	$ 658.9
At 31 March 2014	$ 30.2	$ 134.8	$ 430.3	$ 115.9	$ 711.2

1 Construction in progress consists of plant expansions and upgrades.
2 Construction in progress balance is presented net of assets transferred into service.

Depreciation expense for the years ended 31 March 2014 and 2013 was US$61.3 million and US$60.0 million, respectively. Included in property, plant and equipment are restricted assets of AICF with a net book value of US$1.7 million and US$2.1 million as of 31 March 2014 and 2013, respectively.

Impairment of Long-Lived Assets

The Company performs an asset impairment review on a quarterly basis in connection with its assessment of production capabilities and the Company's ability to meet market demand. During the year ended 31 March 2014, there were no asset impairment charges recorded.

During the year ended 31 March 2013, the Company recorded asset impairment charges of US$16.9 million in the USA and Europe Fibre Cement segment. In addition, the Company made the decision that it would not re-open its Blandon, Pennsylvania plant. As a result the Company recorded impairment charges of US$4.4 million for buildings, land and manufacturing equipment at the Blandon plant. The remaining impairment charges of US$12.5 million included US$2.8 million related to redundant equipment that is no longer utilised to manufacture products and US$9.7 million related to manufacturing equipment that is in the process of being replaced by plant and equipment with enhanced capability in order to expand production capacity in anticipation of the continued recovery in the US housing market. The estimated fair value for the impaired property, plant and equipment was based on a discounted cash flow analysis that considered, to the extent practicable, a market participant's expectations and assumptions and the impaired assets' highest and best use.

During the year ended 31 March 2012, the Company recorded an asset impairment charge of US$14.3 million related to machinery and equipment no longer in service that was utilised to produce materials for certain of the Company's products. The asset impairment charge was recorded in the USA and Europe Fibre Cement segment. The impaired assets were reduced to a net book value of nil, which was the estimated fair value based on a discounted cash flow analysis that considered, to the extent practicable, a market participant's expectations and assumptions and the impaired assets' highest and best use.

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following components:

	31 March	
(Millions of US dollars)	**2014**	2013
Trade creditors	**$ 94.0**	$ 75.2
Other creditors and accruals	**48.0**	28.5
Total accounts payable and accrued liabilities	**$ 142.0**	$ 103.7

9. Long-Term Debt

At 31 March 2014, the Company's credit facilities consisted of:

Description	Effective Interest Rate	Total Facility	Principal Drawn
(US$ millions)			
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until March 2016	-	$ 50.0	$ -
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until April 2016	-	190.0	-
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until March 2017	-	40.0	-
Term facilities, can be drawn in US$, variable interest rates based on LIBOR plus margin, can be repaid and redrawn until April 2017	-	75.0	-
Total		$ 355.0	$ -

At 31 March 2014, no amounts were drawn under the combined facilities. The weighted average interest rate on the Company's total outstanding debt was nil at 31 March 2014 and 2013, and the weighted average term of all debt facilities is 2.4 years at 31 March 2014. The weighted average fixed interest rate on the Company's interest rate swap contracts is set forth in Note 12.

For all facilities, the interest rate is calculated two business days prior to the commencement of each draw-down period based on the US$ London Interbank Offered Rate ("LIBOR") plus the margins of individual lenders and is payable at the end of each draw-down period.

At 31 March 2014, the Company was in compliance with all restrictive debt covenants contained in its credit facility agreements. Under the most restrictive of these covenants, the Company (i) must not exceed a maximum of net debt to earnings before interest, tax, depreciation and amortisation, excluding all income, expense and other profit and loss statement impacts of AICF, Amaba, Amaca, ABN 60 and Marlew Mining Pty Limited and excluding assets, liabilities and other balance sheet items of the AICF, Amaba, Amaca, ABN 60 and Marlew Mining Pty Limited, (ii) must meet or exceed a minimum ratio of earnings before interest and taxes to net interest charges, excluding all income, expense and other profit and loss statement impacts of AICF, Amaba, Amaca, ABN 60 and Marlew Mining Pty Limited, and (iii) must ensure that no more than 35% of Free Cash Flow (as defined in the AFFA), in any given financial year ("Annual Cash Flow Cap") is contributed to AICF on the payment dates under the AFFA in the next following financial year. The Annual Cash Flow Cap does not apply to payments of interest, if any, to AICF and is consistent with contractual obligations of the Performing Subsidiary and the Company under the AFFA.

Subsequent to 31 March 2014, the Company added term facilities totaling US$150.0 million; US$25.0 million of these facilities mature in April 2017, US$50.0 million mature in April 2019 and US$75.0 million mature in May 2019. The addition of the new credit facilities increased the total borrowing capacity to US$505.0 million.

10. Product Warranties

The Company offers various warranties on its products, including a 30-year limited warranty on certain of its fibre cement siding products in the United States. A typical warranty program requires the Company to replace defective products within a specified time period from the date of sale. The Company records an estimate for future warranty related costs based on a trend analysis of actual historical warranty costs as they relate to sales. Based on this analysis and other factors, the adequacy of the Company's warranty provisions is adjusted as necessary. While the Company's warranty costs have historically been within its calculated estimates, it is possible that future warranty costs could differ from those estimates.

The following are the changes in the product warranty provision:

(Millions of US dollars)	Years Ended 31 March 2014	2013	2012
Balance at beginning of period	**$ 27.1**	$ 27.0	$ 26.2
Accruals for product warranties	**14.0**	12.1	13.1
Settlements made in cash or in kind	**(9.7)**	(12.0)	(12.3)
Balance at end of period	**$ 31.4**	$ 27.1	$ 27.0

11. Asbestos

The AFFA was approved by shareholders in February 2007 to provide long-term funding to AICF. The accounting policies utilised by the Company to account for the AFFA are described in Note 2.

Asbestos Adjustments

The asbestos adjustments included in the consolidated statements of operations and comprehensive income comprise the following:

(Millions of US dollars)	Years Ended 31 March 2014	2013	2012
Change in estimates:			
Change in actuarial estimate - asbestos liability	**$ (340.3)**	$ (163.0)	$ (67.8)
Change in actuarial estimate - insurance receivable	**31.2**	27.9	49.8
Change in estimate - AICF claims-handling costs	**0.9**	5.9	8.4
Subtotal - Change in estimates	**(308.2)**	(129.2)	(9.6)
Recovery of Insurance Receivables	**15.2**	11.9	-
Gain (loss) on foreign currency exchange	**97.2**	0.2	(6.2)
Total Asbestos Adjustments	**$ (195.8)**	$ (117.1)	$ (15.8)

Asbestos-Related Assets and Liabilities

The Company has included on its consolidated balance sheets certain asbestos-related assets and liabilities under the terms of the AFFA. These amounts are detailed in the table below, and the net total of these asbestos-related assets and liabilities is referred to by the Company as the “Net AFFA Liability.”

(Millions of US dollars)	31 March 2014	31 March 2013
Asbestos liability – current	**$ (134.5)**	$ (135.0)
Asbestos liability – non-current	**(1,571.7)**	(1,558.7)
Asbestos liability - Total	**(1,706.2)**	(1,693.7)
Insurance receivable – current	**28.0**	22.2
Insurance receivable – non-current	**198.1**	209.4
Insurance receivable – Total	**226.1**	231.6
Workers’ compensation asset – current	**4.3**	0.9
Workers’ compensation asset – non-current	**47.6**	60.7
Workers’ compensation liability – current	**(4.3)**	(0.9)
Workers’ compensation liability – non-current	**(47.6)**	(60.7)
Workers’ compensation – Total	**-**	-
Loan facility	**(47.0)**	-
Other net liabilities	**(0.8)**	(1.6)
Restricted cash and cash equivalents and restricted short-term investment assets of the AICF	**60.3**	133.5
Net AFFA liability	**$ (1,467.6)**	$ (1,330.2)
Deferred income taxes – current	**16.5**	18.6
Deferred income taxes – non-current	**455.2**	434.1
Deferred income taxes – Total	**471.7**	452.7
Income tax payable	**16.7**	25.9
Net Unfunded AFFA liability, net of tax	**$ (979.2)**	$ (851.6)

On 2 April 2012, in accordance with arrangements agreed with the NSW Government and AICF, the Company contributed US$138.7 million (A$132.3 million) to AICF. A further contribution of US$45.4 million (A$45.2 million) was contributed on 2 July 2012, in accordance with the terms of the AFFA. Total contributions for the year ended 31 March 2013 were US$184.1 million (A$177.5 million).

Restricted cash and cash equivalents at 31 March 2012 reflected the early contribution to AICF of US$138.7 million (A$132.3 million). The determination of any contribution to AICF in respect of the year ended 31 March 2013 will reverse the effect of the increase in the Company’s free cash flow resulting from the movement in restricted cash and cash equivalents to 31 March 2013 related to the early contribution. The Company’s adjusted free cash flow for these purposes is net cash used by operating activities for the year ended 31 March 2013 of US$29.4 million (A$28.2 million). In accordance with the terms of the AFFA, and the arrangements agreed with the NSW Government and AICF for an early contribution based on the Company's free cash flow for the year ended 31 March 2012, the Company did not make a contribution to AICF in respect of the year ended 31 March 2013.

Asbestos Liability

The amount of the asbestos liability reflects the terms of the AFFA; the asbestos liability has been recognised by reference to (but is not exclusively based upon) the most recent central estimate calculated by KPMG Actuarial, which is intended to reflect a probability-weighted expected outcome of projected future asbestos-related cash flows, which the Company reflects on an undiscounted and uninflated basis. The asbestos liability also includes an allowance for the future claims-handling costs of AICF. The Company receives an updated actuarial estimate as of 31 March each year. The most recent actuarial assessment was performed as of 31 March 2014.

The changes in the asbestos liability for the year ended 31 March 2014 are detailed in the table below:

	A$ Millions	A$ to US$ rate	US$ Millions
Asbestos liability – 31 March 2013	A$ (1,625.4)	0.9597	$ (1,693.7)
Asbestos claims paid[1]	140.4	1.0716	131.0
AICF claims -handling costs incurred[1]	2.7	1.0716	2.5
Change in actuarial estimate[2]	(369.1)	1.0845	(340.3)
Change in claims handling cost estimate[2]	1.0	1.0845	0.9
Effect of foreign exchange			$ 193.4
Asbestos liability – 31 March 2014	**A$ (1,850.4)**	1.0845	**$ (1,706.2)**

Insurance Receivable – Asbestos

The changes in the insurance receivable for the year ended 31 March 2014 are detailed in the table below:

	A$ Millions	A$ to US$ rate	US$ Millions
Insurance receivables – 31 March 2013	A$ 222.3	0.9597	$ 231.6
Insurance recoveries[1]	(27.5)	1.0716	(25.7)
Recovery of Insurance Receivables[2]	16.5	1.0845	15.2
Change in actuarial estimate[2]	34.0	1.0845	31.2
Effect of foreign exchange			(26.2)
Insurance receivables – 31 March 2014	**A$ 245.3**	1.0845	**$ 226.1**

Included in insurance receivable is US$2.6 million recorded on a discounted basis because the timing of the recoveries has been agreed with the insurer.

Deferred Income Taxes – Asbestos

The changes in the deferred income taxes - asbestos for the year ended 31 March 2014 are detailed in the table below:

	A$ Millions	A$ to US$ rate	US$ Millions
Deferred Tax Assets – 31 March 2013	A$ 434.4	0.9597	$ 452.7
Offset to Income Tax Payable[1]	(18.0)	1.0716	(16.8)
AICF Earnings[1]	(0.3)	1.0716	(0.3)
Impact of change in estimates[2]	95.3	1.0845	87.9
Effect of foreign exchange			(51.8)
Deferred tax asset – 31 March 2014	**A$ 511.4**	1.0845	**$ 471.7**

1 The average exchange rate for the period is used to convert the Australian dollar amount to US dollars based on the assumption that these transactions occurred evenly throughout the period.

2 The spot exchange rate at 31 March 2014 is used to convert the Australian dollar amount to US dollars as the adjustment was made on that date.

3 The weighted average spot exchange rates on the dates the transactions occurred are used to convert the Australian dollar amounts to US dollars as the adjustments were made on those dates.

Income Taxes Payable

A portion of the deferred income tax asset is applied against the Company's income tax payable. At 31 March 2014 and 2013, this amount was US$16.8 million and US$25.6 million, respectively. During the year ended 31 March 2014, there was a US$3.9 million unfavourable effect of foreign currency exchange.

Other Net Liabilities

Other net liabilities include a provision for asbestos-related education and medical research contributions of US$1.7 million and US$1.9 million at 31 March 2014 and 2013, respectively.

Also included in other net liabilities are the other assets and liabilities of AICF including trade receivables, prepayments, fixed assets, trade payables and accruals. These other assets and liabilities of AICF were a net asset of US$0.9 million and US$0.3 million at 31 March 2014 and 2013, respectively. During the year ended 31 March 2014, there was US$0.2 million favourable effect of foreign currency exchange on these other assets and liabilities.

Restricted Cash and Short-term Investments of AICF

Cash and cash equivalents and short-term investments of AICF are reflected as restricted assets as these assets are restricted for use in the settlement of asbestos claims and payment of the operating costs of AICF.

The changes in restricted cash and short-term investments of AICF for the year ended 31 March 2014 are set forth in the table below:

	A$ Millions	A$ to US$ rate	US$ Millions
Restricted cash assets – 31 March 2013	A$ 128.1	0.9597	$ 133.5
Asbestos claims paid[1]	(140.4)	1.0716	(131.0)
AICF operating costs paid - claims-handling [1]	(2.7)	1.0716	(2.5)
AICF operating costs paid - non claims-handling [1]	(2.3)	1.0716	(2.1)
Insurance recoveries[1]	27.5	1.0716	25.7
Interest and investment income[1]	3.1	1.0716	2.9
NSW loan - drawdowns [3]	25.3	1.1186	22.6
NSW loan - drawdowns [3]	25.3	1.0983	23.0
Interest Received[3]	0.9	1.0074	0.9
Other[1]	0.7	1.0716	0.7
Effect of foreign exchange			(13.4)
Restricted cash & investments – 31 March 2014	**A$ 65.5**	1.0845	**$ 60.3**

1 The average exchange rate for the period is used to convert the Australian dollar amount to US dollars based on the assumption that these transactions occurred evenly throughout the period.

2 The spot exchange rates on the date the transactions occurred are used to convert the Australian dollar amounts to US dollars.

3 The weighted average spot exchange rates on the dates the transactions occurred are used to convert the Australian dollar amounts to US dollars as the adjustments were made on those dates.

Actuarial Study; Claims Estimate

AICF commissioned an updated actuarial study of potential asbestos-related liabilities as of 31 March 2014. Based on KPMG Actuarial's assumptions, KPMG Actuarial arrived at a range of possible total cash flows and calculated a central estimate, which is intended to reflect a probability-weighted expected outcome of those actuarially estimated future cash flows.

The following table sets forth the Central Estimates, net of insurance recoveries, calculated by KPMG Actuarial as of 31 March 2014:

(Millions of US and Australian dollars, respectively)	Year Ended 31 March 2014 US$	A$
Central Estimate - Discounted & Inflated	$ 1,724.5	A$ 1,870.2
Central Estimate - Undiscounted but Inflated	2,586.5	2,805.1
Central Estimate - Used by the Company	**$ 1,426.1**	**A$ 1,546.6**

The asbestos liability has been revised to reflect the most recent actuarial estimate prepared by KPMG Actuarial as of 31 March 2014. The Company has released the KPMGA actuarial report in its entirety on the Company's Investor Relations website at http://www.ir.jameshardie.com.au.

In estimating the potential financial exposure, KPMG Actuarial made assumptions related to the total number of claims which were reasonably estimated to be asserted through 2076, the typical cost of settlement (which is sensitive to, among other factors, the industry in which a plaintiff claims exposure, the alleged disease type and the jurisdiction in which the action is brought), the legal costs incurred in the litigation of such claims, the rate of receipt of claims, the settlement strategy in dealing with outstanding claims and the timing of settlements.

Due to inherent uncertainties in the legal and medical environment, the number and timing of future claim notifications and settlements, the recoverability of claims against insurance contracts, and estimates of future trends in average claim awards, as well as the extent to which the above named entities will contribute to the overall settlements, the actual amount of liability could differ materially from that which is currently projected.

The potential range of costs as estimated by KPMG Actuarial is affected by a number of variables such as nil settlement rates, peak year of claims, past history of claims numbers, average settlement rates, past history of Australian asbestos-related medical injuries, current number of claims, average defence and plaintiff legal costs, base wage inflation and superimposed inflation. The potential range of losses disclosed includes both asserted and unasserted claims. While no assurances can be provided, the Company believes that it is likely to be able to partially recover losses from various insurance carriers. The Company has not netted the insurance receivable against the asbestos liability on its consolidated balance sheets.

A sensitivity analysis has been performed to determine how the actuarial estimates would change if certain assumptions (i.e., the rate of inflation and superimposed inflation, the average costs of claims and legal fees, and the projected numbers of claims) were different from the assumptions used to determine the central estimates. This analysis shows that the discounted (but inflated) central estimates could be in a range of A$1.3 billion (US$1.2 billion) to A$3.0 billion (US$2.7 billion). The undiscounted (but inflated) estimates could be in a range of A$1.8 billion (US$1.7 billion) to A$5.0 billion (US$4.6 billion) as of 31 March 2014. The actual cost of the liabilities could be outside of that range depending on the results of actual experience relative to the assumptions made.

During the 2014 fiscal year, mesothelioma claims reporting activity has been above actuarial expectations for the second consecutive year. One of the critical assumptions is the estimated peak year of mesothelioma disease claims, which was previously assumed to have occurred in 2010/2011. Potential variation in this estimate has an impact much greater than the other assumptions used to derive the discounted central estimate. In performing the sensitivity assessment of the estimated period of peak claims reporting for mesothelioma, KPMG Actuarial has determined that if claims reporting does not begin to reduce until after 2018/19, the discounted central estimate could increase by approximately 22% (in addition to the 17% increase that has already been factored into the 31 March 2014 valuation). At 31 March 2014, KPMG Actuarial has formed the view that the higher claims reporting assumed in the short and medium term is not necessarily indicative of longer term impacts, as at this stage it is too early to form such a conclusion on the basis of one year's experience.

Claims Data

AICF provides compensation payments for Australian asbestos-related personal injury claims against the Former James Hardie Companies. The claims data in this section are reflective of these Australian asbestos-related personal injury claims against the Former James Hardie Companies.

The following table shows the activity related to the numbers of open claims, new claims and closed claims during each of the past five years and the average settlement per settled claim and case closed:

	For the Years Ended 31 March				
	2014	2013	2012	2011	2010
Number of open claims at beginning of period	**462**	592	564	529	534
Number of new claims	**608**	542	456	494	535
Number of closed claims	**604**	672	428	459	540
Number of open claims at end of period	**466**	462	592	564	529
Average settlement amount per settled claim	**A$ 253,185**	A$ 231,313	A$ 218,610	A$ 204,366	A$ 190,627
Average settlement amount per case closed	**A$ 212,944**	A$ 200,561	A$ 198,179	A$ 173,199	A$ 171,917
Average settlement amount per settled claim	**US$ 236,268**	US$ 238,615	US$ 228,361	US$ 193,090	US$ 162,250
Average settlement amount per case closed	**US$ 198,716**	US$ 206,892	US$ 207,019	US$ 163,642	US$ 146,325

Under the terms of the AFFA, the Company has rights of access to actuarial information produced for AICF by the actuary appointed by AICF (the “Approved Actuary”). The Company’s disclosures with respect to claims statistics are subject to it obtaining such information from the Approved Actuary. The AFFA does not provide the Company an express right to audit or otherwise require independent verification of such information or the methodologies to be adopted by the Approved Actuary. As such, the Company relies on the accuracy and completeness of the information and analysis of the Approved Actuary when making disclosures with respect to claims statistics.

AICF – NSW Government Secured Loan Facility

On 9 December 2010, AICF, Amaca, Amaba and ABN 60 (together, the “Obligors”) entered into the Facility with The State of New South Wales, Australia whereby AICF may borrow, subject to certain conditions, up to an aggregate amount of A$320.0 million (US$295.1 million, based on the exchange rate at 31 March 2014). The amount available to be drawn depends on the value of the insurance policies benefiting the Obligors and may be adjusted upward or downward, subject to a ceiling of A$320.0 million. At 31 March 2014, the discounted value of insurance policies was A$214.3 million (US$197.6 million, based on the exchange rate at 31 March 2014).

At 31 March 2014, AICF had A$50.6 million (US$47.0 million, based on the exchange rate at 31 March 2014) outstanding on the Facility. The term of the Facility expires on 1 November 2030, at which time all amounts outstanding under the Facility become due and payable.

In accordance with the terms of the Facility, drawings under the Facility may only be used by AICF to fund the payment of asbestos claims and certain operating and legal costs of the Obligors. The amount available to be drawn is subject to periodic review by NSW. The Facility is available to be drawn up to the tenth anniversary of signing and must be repaid on or by 1 November 2030.

Interest accrues daily on amounts outstanding. Interest is calculated based on a 365-day year and is payable monthly. AICF may, at its discretion, elect to capitalise interest payable on amounts outstanding under the Facility on the date interest becomes due and payable. In addition, if AICF does not pay interest on a due date, it is taken to have elected to capitalise the interest.

NSW will borrow up to 50% of the amount made available under the Facility from the Commonwealth of Australia ("Commonwealth").

To the extent that NSW's source of funding the Facility is from the Commonwealth, the interest rate on the Facility is calculated by reference to the cost of NSW's borrowings from the Commonwealth for that purpose, being calculated with reference to the Commonwealth Treasury fixed coupon bond rate for a period determined as appropriate by the Commonwealth.

In summary, to the extent that NSW's source of funding is not from the Commonwealth, the interest rate on drawings under the Facility is calculated as (i) during the period to (but excluding) 1 May 2020, a yield percent per annum calculated at the time of the first drawdown of the Facility by reference to the NSW Treasury Corporation's 6% 1/05/2020 Benchmark Bonds, (ii) during the period after 1 May 2020, a yield percent per annum calculated by reference to NSW Treasury Corporation bonds on issue at that time and maturing in 2030, or (iii) in any case, if the relevant bonds are not on issue, a yield percent per annum in respect of such other source of funding for the Facility determined by the NSW Government in good faith to be used to replace those bonds, including any guarantee fee payable to the Commonwealth in respect of the bonds (where the bonds are guaranteed by the Commonwealth) or other source of funding.

Under the Facility, Amaca, Amaba and ABN 60 each guarantee the payment of amounts owed by AICF and AICF's performance of its obligations under the Facility. Each Obligor has granted a security interest in certain property including cash accounts, proceeds from insurance claims, payments remitted by the Company to AICF and contractual rights under certain documents including the AFFA. Each Obligor may not deal with the secured property until all amounts outstanding under the Facility are paid, except as permitted under the terms of the security interest.

Under the terms of the Facility, each Obligor must, upon receipt of proceeds from insurance claims and payments remitted by the Company under the AFFA, apply all of such proceeds in repayment of amounts owing under the Facility. NSW may, at its sole discretion, waive or postpone (in such manner and for such period as it determines) the requirement for the Obligors to apply proceeds of insurance claims and payments remitted by the Company to repay amounts owed under the Facility to ensure AICF has sufficient liquidity to meet its future cash flow needs.

The Obligors are subject to certain operating covenants under the Facility and the terms of the security interest, including, without limitation, (i) positive covenants relating to providing corporate reporting documents, providing particular notifications and complying with the terms of the AFFA, and (ii) negative covenants restricting them from voiding, canceling, settling, or adversely affecting existing insurance policies, disposing of assets and granting security to secure any other financial indebtedness, other than in accordance with the terms and conditions of the Facility.

Upon an event of default, NSW may cancel the commitment and declare all amounts outstanding as immediately due and payable. The events of default include, without limitation, failure to pay or repay amounts due in accordance with the Facility, breach of covenants, misrepresentation, cross default by an obligor and an adverse judgment (other than a personal asbestos or Marlew claim) against an Obligor.

The term of the Facility expires on 1 November 2030. At that time, all amounts outstanding under the Facility become due and payable.

Because the Company consolidates AICF due to the Company's pecuniary and contractual interests in AICF as a result of the funding arrangements outlined in the AFFA, any drawings, repayments or payments of accrued interest by AICF under the Facility impact the Company's consolidated financial position, results of operations and cash flows.

Any drawings, repayments, or payments of accrued interest under the Facility by AICF do not impact the Company's free cash flow, as defined in the AFFA, on which annual contributions remitted by the Company to AICF are based. James Hardie Industries plc and its wholly-owned subsidiaries are not a party to, guarantor of, or security provider in respect of the Facility.

12. Fair Value Measurements

Assets and liabilities of the Company that are carried at fair value are classified in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date;

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data for the asset or liability at the measurement date;

Level 3 Unobservable inputs that are not corroborated by market data used when there is minimal market activity for the asset or liability at the measurement date.

Fair value measurements of assets and liabilities are assigned a level within the fair value hierarchy based on the lowest level of any input that is significant to the fair value measurement in its entirety.

The Company's financial instruments consist primarily of cash and cash equivalents, restricted cash and cash equivalents, restricted short-term investments, trade receivables, trade payables, debt and interest rate swaps.

At 31 March 2014, the Company's financial instruments consist primarily of cash and cash equivalents, restricted cash and cash equivalents, restricted short-term investments, trade receivables, trade payables, debt and interest rate swaps.

Cash and cash equivalents, Restricted cash and cash equivalents, Trade receivables and Trade payables – These items are recorded in the financial statements at historical cost. The historical cost basis for these amounts is estimated to approximate their respective fair values due to the short maturity of these instruments.

Restricted short-term investments – Restricted short-term investments are held and managed by AICF and are recorded in the financial statements at fair value. The fair value of restricted short-term investments is based on inputs that are observable in the market or can be derived principally from or corroborated by observable market data such as pricing for similar securities, recently executed transactions, cash flow models with yield curves and benchmark securities. Accordingly, restricted short-term investments are categorised as Level 2. Changes in fair value are recorded as other comprehensive income and included as a component in shareholders' equity.

Debt – Debt is generally recorded in the financial statements at historical cost. The carrying value of debt provided under the Company's credit facilities approximates fair value since the interest rates charged under these credit facilities are tied directly to market rates and fluctuate as market rates change. As of 31 March 2014, no debt was outstanding under the Company's existing credit facilities.

Derivatives and Hedging – The Company uses derivatives from time to time for risk management purposes and does not engage in speculative activity. A key risk management objective for the Company is to mitigate interest rate risk associated with the Company's external credit facilities and foreign currency risk primarily with respect to forecasted transactions denominated in foreign currencies, as further described below. The determination of whether the Company enters into a derivative transaction to achieve these risk management objectives depends on a number of factors, including market related factors that impact the extent to which derivative instruments will achieve such risk management objectives of the Company.

The notional amount of interest rate swap contracts and foreign currency forward contracts represents the basis upon which payments are calculated and are reported on a net basis when a legal and enforceable right of set-off exists. The following table sets forth the total outstanding notional amount and the fair value of the Company's derivative instruments held at 31 March 2014 and 2013.

(Millions of US dollars)	Notional Amount		Fair Value as of 31 March 2014		Fair Value as of 31 March 2013	
	31 March 2014	31 March 2013	Assets	Liabilities	Assets	Liabilities
Derivatives accounted for as hedges						
Foreign currency forward contracts	$ 9.7	$ -	$ 0.5	$ -	$ -	$ -
Derivatives not accounted for as hedges						
Foreign currency forward contracts	124.0	-	1.8	-	-	-
Interest rate swap contracts	125.0	25.0	-	0.5	-	1.3
Total	**$ 258.7**	**$ 25.0**	**$ 2.3**	**$ 0.5**	**$ -**	**$ 1.3**

<u>Interest Rate Swaps</u>

The Company may from time to time enter into interest rate swap contracts to protect against upward movements in US$ LIBOR and the associated interest the Company pays on its external credit facilities. Interest rate swaps are recorded in the financial statements at fair value. Changes in fair value are recorded in the consolidated statements of operations and comprehensive income in *Other income*. At 31 March 2014 and 2013, the Company had interest rate swap contracts with a total notional principal of US$125.0 million and US$25.0 million, respectively. For all of these interest rate swap contracts, the Company has agreed to pay fixed interest rates while receiving a floating interest rate.

The fair value of interest rate swap contracts is calculated based on the fixed rate, notional principal, settlement date and present value of the future cash inflows and outflows based on the terms of the agreement and the future floating interest rates as determined by a future interest rate yield curve. The model used to value the interest rate swap contracts is based upon well recognised financial principles, and interest rate yield curves can be validated through readily observable data by external sources. Although readily observable data is used in the valuations, different valuation methodologies could have an effect on the estimated fair value. Accordingly, the interest rate swap contracts are categorised as Level 2.

During the year ended 31 March 2014, the Company entered into three additional interest rate swap contracts with an aggregate notional principal of US$100.0 million. The first was entered into in October 2013 with a notional principal of US$50.0 million, term of 5 years, fixed interest rate of 2.0% and a forward start date of October 2014. The remaining two contracts were entered into in December 2013 with notional principal amounts of US$25.0 million and US$25.0 million, terms of 6 years and 4 years, fixed interest rates of 2.3% and 1.5%, respectively, and a forward start date of July 2014.

At 31 March 2014, the weighted average fixed interest rate of these contracts is 2.1% and the weighted average remaining life is 4.5 years. These contracts have a fair value of US$0.5 million and US$1.3 million at 31 March 2014 and 2013, respectively, which is included in *Accounts payable*. For the years ended 31 March 2014 and 2013, the Company included in *Other income* an unrealised gain of US$0.8 million and US$1.8 million, respectively, on interest rate swap contracts. Included in interest expense is a realised loss on interest rate swap contracts of US$0.6 million and US$2.1 million for the years ended 31 March 2014 and 2013, respectively.

Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts and enters into hedging relationships from time to time in order to mitigate exposure to foreign currency fluctuations. When achievable, these instruments are designated as hedges and treated as a cash flow hedging arrangement for accounting purposes. In September 2013, the Company entered into foreign currency forward contracts designated as hedges in order to mitigate exposure associated with the anticipated purchases of production assets denominated in a foreign currency in a future period.

For foreign currency forward contracts that are designated as a cash flow hedging arrangement, the effective portion of the change in fair value of the contract is reported as a component of shareholders' equity within *Accumulated other comprehensive income* on the consolidated balance sheet and reclassified into earnings contemporaneously and in the same caption with the earnings effect of the hedged transaction. For cash flow hedges, the amount of ineffectiveness in the hedging relationship and amount of the changes in fair value of the foreign currency forward contracts that are not included in the measurement of ineffectiveness are both reflected in earnings each reporting period within *Other income*. For foreign currency forward contracts not designated as a hedge, changes in the fair value of foreign currency forward contracts are reflected in earnings within *Other income* at each measurement date.

The estimated fair value associated with these contracts was US$0.5 million at 31 March 2014. In addition, the cumulative unrealised gains arising from changes in the fair value of foreign currency forward contacts designated as a cash flow hedging arrangement was US$0.9 million as of 31 March 2014, which were classified within *Accumulated other comprehensive income*. There were no amounts reclassified from *Accumulated other comprehensive income* into earnings for the fiscal year ended 31 March 2014. The maximum term of foreign currency forward contracts that hedged forecasted transactions was 1.1 years at 31 March 2014. There were no significant gains or losses reclassified into earnings as a result of a discontinuance of a cash flow hedge resulting from an unfavourable change in probability of a forecasted transaction occurring. Further, the amount of deferred gains or losses to be reclassified into earnings within the next 12 months is not expected to be significant. The fair value of these contracts is included in *Other assets* at 31 March 2014.

In addition, the Company has entered into foreign currency forward contracts that are not designated as a cash flow hedging arrangements. For the years ended 31 March 2014 and 2013, the Company included in *Other income* the cumulative unrealised gains arising from changes in the fair value of these contracts of US$1.8 million and nil, respectively. The maximum term of foreign currency forward contracts that are not designated as hedges was 1.1 years at 31 March 2014.

The Company's foreign currency forward contracts are valued using models that maximise the use of market observable inputs including interest rate curves and both forward and spot prices for currencies and are categorised as Level 2 within the fair value hierarchy.

The following table sets forth by level within the fair value hierarchy, the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis at 31 March 2014 according to the valuation techniques the Company used to determine their fair values.

(Millions of US dollars)	Fair Value at 31 March 2014	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ 167.5	$ 167.5	$ -	$ -
Restricted cash and cash equivalents	65.2	65.2	-	-
Restricted short-term investments	0.1	-	0.1	-
Forward contracts included in Other Assets	2.3	-	2.3	-
Total Assets	**$ 235.1**	**$ 232.7**	**$ 2.4**	**$ -**
Interest rate swap contracts included in Accounts Payable	0.5	$ -	$ 0.5	$ -
Total Liabilities	**$ 0.5**	**$ -**	**$ 0.5**	**$ -**

13. Commitments and Contingencies

The Company is involved from time to time in various legal proceedings and administrative actions related to the normal conduct of its business, including general liability claims, putative class action lawsuits and litigation concerning its products.

Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows, except as they relate to asbestos and New Zealand product liability claims as described in these financial statements.

New Zealand Product Liability

Since fiscal year 2002, the Company's New Zealand subsidiaries have been and continue to be joined in a number of product liability claims in New Zealand that relate to residential buildings (single dwellings and apartment complexes) and a small number of non-residential buildings, primarily constructed from 1998 to 2004. The product liability claims often involve multiple parties and allege that losses were incurred due to excessive moisture penetration of the buildings' structures. The claims typically include allegations of poor building design, inadequate certification of plans, inadequate construction review and compliance certification and deficient work by sub-contractors.

The Company recognises a liability for both asserted and unasserted New Zealand product liability claims in the period in which the loss becomes probable and estimable. The amount of reasonably possible loss is dependent on a number of factors including, without limitation, the specific facts and circumstances unique to each claim brought against the Company's New Zealand subsidiaries, the existence of any co-defendants involved in defending the claim, the solvency of such co-defendants (including the ability of such co-defendants to remain solvent until the related claim is ultimately resolved), the availability of claimant compensation under a Government compensation scheme, the amount of loss estimated to be allocable to the Company's New Zealand subsidiaries in instances that involve co-defendants in defending the claim and the extent to which the co-defendants and the Company's New Zealand subsidiaries have access to third-party recoveries to cover a portion of the costs incurred in defending and resolving such actions. In addition to the above limitations, the total loss incurred is also dependent on the manner and extent to which the statute of limitations will apply in future periods.

Historically, the Company's New Zealand subsidiaries have been joined to these product liability claims as one of several co-defendants, including local government entities responsible for enforcing building codes and practices, resulting in the Company's New Zealand subsidiaries becoming liable for only a portion of each claim. In addition, the Company's New Zealand subsidiaries have had access to third-party recoveries to defray a significant portion of the costs incurred in resolving such claims.

The Company has established a provision for asserted and unasserted New Zealand product liability claims within the current portion of *Other liabilities*, with a corresponding estimated receivable for third-party recoveries being recognised within *Accounts and other receivables*. At 31 March 2014 and 31 March 2013, the amount of the provision for New Zealand product liability claims, net of estimated third-party recoveries, was US$12.7 million and US$15.2 million, respectively.

The estimated loss for these matters, net of estimated third-party recoveries, incorporates assumptions that are subject to the foregoing uncertainties and are principally derived from, but not exclusively based on, historical claims experience together with facts and circumstances unique to each claim. If the nature and extent of claims in future periods differ from the historical claims experience, then the actual amount of loss may be materially higher or lower than estimated losses accrued at 31 March 2014. Accordingly, due to the inherent uncertainties associated with estimating the amount of loss incurred for these matters, as discussed above, and based on information presently available, the Company believes it is possible that the ultimate resolution of these matters collectively could result in an additional loss of up to approximately US$3.6 million in excess of the amount already accrued, net of estimated third-party recoveries, at 31 March 2014.

Recently, the New Zealand High Court delivered a judgment holding that the ten year longstop under the Building Act did not apply to product liability lawsuits against building materials manufacturers. The Court's judgment has the potential to extend the time period in which claimants can pursue a limited type of claim against such parties for up to an additional five years. The Company has historically been successful in resolving such claims for de minimis amounts and as such does not expect the judgment to materially alter the provision for asserted and unasserted New Zealand product liability claims recorded on the Company's 31 March 2014 Consolidated Financial Statements.

New Zealand Ministry of Education Representative Action

On 16 April 2013, the New Zealand Ministry of Education and other related plaintiffs (the "MOE") initiated a 'representative action' in the New Zealand High Court against four building material manufacturers, including two of the Company's New Zealand subsidiaries, in relation to several thousand New Zealand school buildings. The MOE alleged that the cladding systems used on school buildings were defective and asserted claims of negligence, negligent misstatement, negligent failure to warn and breach of both the New Zealand Consumer Guarantees Act 1993 and Fair Trading Act 1986. On 23 December 2013, the Company finalised a commercial settlement with the MOE in relation to these claims, the specific details of which the parties agreed to keep confidential. As part of the settlement, the MOE agreed to discontinue the claims made against the Company's two New Zealand subsidiaries. The settlement did not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Environmental and Legal

The operations of the Company, like those of other companies engaged in similar businesses, are subject to a number of laws and regulations on air and water quality, waste handling and disposal. The Company's policy is to accrue for environmental costs when it is determined that it is probable that an obligation exists and the amount can be reasonably estimated.

Operating Leases

As the lessee, the Company principally enters into property, building and equipment leases. The following are future minimum lease payments for non-cancellable operating leases having a remaining term in excess of one year at 31 March 2014:

Years ending 31 March (Millions of US dollars):	
2015	$ 20.9
2016	17.7
2017	7.7
2018	6.3
2019	5.6
Thereafter	10.3
Total	**$ 68.5**

Rental expense amounted to US$18.0 million, US$20.6 million and US$19.6 million for the years ended 31 March 2014, 2013 and 2012, respectively.

Capital Commitments

Commitments for the acquisition of plant and equipment and other purchase obligations contracted for but not recognised as liabilities and generally payable within one year, were nil at 31 March 2014.

14. Income Taxes

Income tax benefit (expense) includes income taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities. Income tax benefit (expense) consists of the following components:

(Millions of US dollars)	Years Ended 31 March 2014	2013	2012
Income from operations before income taxes:			
Domestic	**$ 141.6**	$ 110.6	$ 97.1
Foreign	**(87.0)**	(76.9)	54.0
Total income before income taxes	**$ 54.6**	$ 33.7	$ 151.1
Income tax benefit (expense):			
Current:			
Domestic	**$ (8.9)**	$ (5.3)	$ (2.5)
Foreign	**44.6**	(14.7)	454.3
Current income tax benefit (expense)	**35.7**	(20.0)	451.8
Deferred:			
Domestic	**(3.3)**	0.7	(4.2)
Foreign	**12.5**	31.1	5.6
Deferred income tax benefit	**9.2**	31.8	1.4
Total income tax benefit	**$ 44.9**	$ 11.8	$ 453.2

Income tax benefit (expense) computed at the statutory rates represents taxes on income applicable to all jurisdictions in which the Company conducts business, calculated at the statutory income tax rate in each jurisdiction multiplied by the pre-tax income attributable to that jurisdiction.

Income tax benefit (expense) is reconciled to the tax at the statutory rates as follows:

(Millions of US dollars)	Years Ended 31 March 2014	2013	2012
Income tax benefit (expense) at statutory tax rates	**$ 6.2**	$ 8.8	$ (28.4)
US state income taxes, net of the federal benefit	**(1.8)**	(0.1)	(0.8)
Asbestos - effect of foreign exchange	**30.2**	(0.3)	(1.9)
Expenses not deductible	**(2.1)**	(2.0)	(0.7)
Non-assessable items	**0.6**	1.8	0.4
Repatriation of foreign earnings	**-**	2.7	(0.1)
Amortisation of intangibles	**1.7**	2.0	1.7
Taxes on foreign income	**(2.9)**	(1.6)	2.6
Tax assessment in dispute	**10.7**	-	478.4
Other items	**2.3**	0.5	2.0
Total income tax benefit	**$ 44.9**	$ 11.8	$ 453.2
Effective tax rate	**(82.2%)**	(35.0%)	(299.9%)

Deferred tax balances consist of the following components:

(Millions of US dollars)	31 March 2014	2013
Deferred tax assets:		
Asbestos liability	**$ 471.8**	$ 452.7
Other provisions and accruals	**52.5**	56.5
Net operating loss carryforwards	**12.8**	18.9
Foreign tax credit carryforwards	**135.4**	123.9
Capital loss carryforwards	**-**	34.5
Total deferred tax assets	**672.5**	686.5
Valuation allowance	**(142.4)**	(165.1)
Total deferred tax assets, net of valuation allowance	**530.1**	521.4
Deferred tax liabilities:		
Depreciable and amortisable assets	**(111.2)**	(110.8)
Other	**(6.9)**	(7.8)
Total deferred tax liabilities	**(118.1)**	(118.6)
Net deferred tax assets	**$ 412.0**	$ 402.8

The Company establishes a valuation allowance against a deferred tax asset if it is more likely than not that some portion or all of the deferred tax asset will not be realised.

At 31 March 2014, the Company had European tax loss carry-forwards of approximately US$7.0 million that are available to offset future taxable income, of which US$5.6 million will never expire. Carry-forwards of US$1.4 million will expire in fiscal years 2016 through 2022. At 31 March 2014, the Company had a 100% valuation allowance against the European tax loss carry-forwards.

The Company determined that US$34.5 million of the Australian deferred tax assets which had a 100% valuation allowance at 31 March 2013 were unlikely to be realised and had effectively expired. The deferred tax asset and the related valuation allowance were written off and had no impact to the consolidated statement of operations during the year ended 31 March 2014.

At 31 March 2014, the Company had foreign tax credit carry-forwards of US$135.4 million that are available to offset future taxes payable. At 31 March 2014, the Company had a 100% valuation allowance against the foreign tax credit carry-forwards.

In determining the need for and the amount of a valuation allowance in respect of the Company's asbestos related deferred tax asset, management reviewed the relevant empirical evidence, including the current and past core earnings of the Australian business and forecast earnings of the Australian business considering current trends. Although realisation of the deferred tax asset will occur over the life of the AFFA, which extends beyond the forecast period for the Australian business, Australia provides an unlimited carry-forward period for tax losses. Based upon managements' review, the Company believes that it is more likely than not that the Company will realise its asbestos related deferred tax asset and that no valuation allowance is necessary as of 31 March 2014. In the future, based on review of the empirical evidence by management at that time, if management determines that realisation of its asbestos related deferred tax asset is not more likely than not, the Company may need to provide a valuation allowance to reduce the carrying value of the asbestos related deferred tax asset to its realisable value.

At 31 March 2014, the undistributed earnings of non-Irish subsidiaries approximated US$675.3 million. The Company intends to indefinitely reinvest its undistributed earnings of the majority of its subsidiaries owned by its US subsidiary and has not provided for taxes that would be payable upon remittance of those earnings. The amount of the potential deferred tax liability related to these undistributed earnings is impracticable to determine at this time.

Due to the size and nature of its business, the Company is subject to ongoing reviews by taxing jurisdictions on various tax matters. The Company accrues for tax contingencies based upon its best estimate of the taxes ultimately expected to be paid, which it updates over time as more information becomes available. Such amounts are included in taxes payable or other non-current liabilities, as appropriate. If the Company ultimately determines that payment of these amounts is unnecessary, the Company reverses the liability and recognises a tax benefit during the period in which the Company determines that the liability is no longer necessary. The Company records additional tax expense in the period in which it determines that the recorded tax liability is less than the ultimate assessment it expects.

In fiscal years 2014, 2013 and 2012, the Company recorded an income tax benefit of US$0.3 million, income tax expense of US$0.2 million and US$0.5 million, respectively, as a result of the finalisation of certain tax audits (whereby certain matters were settled), the expiration of the statute of limitations related to certain tax positions.

Taxing authorities from various jurisdictions in which the Company operates are in the process of auditing the Company's respective jurisdictional income tax returns for various ranges of years. The Company accrues income tax liabilities in connection with ongoing audits and reviews based on knowledge of all relevant facts and circumstances, taking into account existing tax laws, its experience with previous audits and settlements, the status of current tax examinations and how the tax authorities view certain issues.

Unrecognised Tax Benefits

A reconciliation of the beginning and ending amount of unrecognised tax benefits and interest and penalties are as follows:

(US$ millions)	Unrecognised tax benefits	Interest and Penalties
Balance at 31 March 2011	**$ 185.5**	**$ 196.3**
Additions for tax positions of the current year	0.2	-
Additions for tax positions of prior year	-	6.1
Settlements paid during the current period	(184.4)	(208.9)
Other reductions for the tax positions of prior periods	(5.2)	-
Foreign currency translation adjustment	6.5	7.4
Balance at 31 March 2012	**$ 2.6**	**$ 0.9**
Additions for tax positions of the current year	0.1	-
Additions for tax positions of prior year	2.6	(0.1)
Expiration of statute of limitations	(2.8)	(0.7)
Other reductions for the tax positions of prior periods	(1.0)	-
Balance at 31 March 2013	**$ 1.5**	**$ 0.1**
Additions for tax positions of the current year	0.1	-
Additions for tax positions of prior year	0.1	-
Settlements paid during the current period	(1.2)	-
Other reductions for the tax positions of prior periods	-	(0.1)
Balance at 31 March 2014	**$ 0.5**	**$ -**

As of 31 March 2014, the total amount of unrecognised tax benefits and the total amount of interest and penalties accrued or prepaid by the Company related to unrecognised tax benefits that, if recognised, would affect the tax expense is US$0.5 million and nil, respectively.

The Company recognises penalties and interest accrued related to unrecognised tax benefits in income tax expense. During the year ended 31 March 2014, income of US$0.1 million relating to interest and penalties was recognised within income tax expense arising from movements in unrecognised tax benefits. During the year ended 31 March 2013, the total amount of interest and penalties recognised in income tax expense was US$0.8 million.

The liabilities associated with uncertain tax benefits are included in other non-current liabilities on the Company's consolidated balance sheet.

A number of years may elapse before an uncertain tax position is audited or ultimately resolved. It is difficult to predict the ultimate outcome or the timing of resolution for uncertain tax positions. It is reasonably possible that the amount of unrecognised tax benefits could significantly increase or decrease within the next twelve months. These changes could result from the settlement of ongoing litigation, the completion of ongoing examinations, the expiration of the statute of limitations, or other circumstances. At this time, an estimate of the range of the reasonably possible change cannot be made.

Interest Payments from ATO

During the fourth quarter ended 31 March 2012, the ATO provided a refund of US$396.3 million to RCI Pty Ltd ("RCI"), a wholly owned subsidiary of the Company, resulting from RCI's successful appeal of a disputed amended tax assessment related to RCI's income tax return for its 1999 fiscal year. The facts and circumstances relating to RCI's successful appeal of the disputed amended tax assessment were fully disclosed in the notes to the Company's Consolidated Financial Statements as of and for the year ended 31 March 2012.

On 4 November 2013, the ATO notified RCI that RCI was entitled to a final additional amount of interest of A$17.3 million (US$15.4 million) in respect of amounts paid by RCI to the ATO while the appeal of the disputed amended tax assessment was in process. This final amount of interest was received from the ATO on 7 January 2014. As the receipt of this interest from the ATO relates to RCI's successful appeal of its disputed amended tax assessment, the additional interest, net of tax, is included in *Income tax benefit* in the Company's Consolidated Statements of Operations and Comprehensive Income for the year ended 31 March 2014.

15. Stock-Based Compensation

The Company recognised stock-based compensation expense (included in selling, general and administrative expense) of US$13.0 million, US$10.8 million and US$11.1 million for the years ended 31 March 2014, 2013 and 2012, respectively. Compensation expense arising from equity-based award grants, as estimated using pricing models, was US$8.5 million, US$7.0 million and US$7.8 million for the years ended 31 March 2014, 2013 and 2012, respectively. Included in stock-based compensation expense for the years ended 31 March 2014, 2013 and 2012 is US$4.5 million, US$3.8 million and US$3.3 million, respectively, related to liability-classified awards. As of 31 March 2014, the unrecorded future stock-based compensation expense related to outstanding equity awards was US$12.3 million after estimated forfeitures and will be recognised over an estimated weighted average amortisation period of 1.6 years.

JHI plc 2001 Equity Incentive Plan

Under the JHI plc 2001 Equity Incentive Plan (the "2001 Equity Incentive Plan"), the Company can grant equity awards in the form of nonqualified stock options, performance awards, restricted stock grants, stock appreciation rights, dividend equivalent rights, phantom stock or other stock-based benefits such as restricted stock units. The 2001 Equity Incentive Plan was approved by the Company's shareholders in 2011. The Company is authorised to issue 45,077,100 shares under the 2001 Equity Incentive Plan.

Under the 2001 Equity Incentive Plan, grants have been made at fair market value to management and other employees of the Company. Each option confers the right to subscribe for one ordinary share in the capital of JHI plc. The options may be exercised as follows: 25% after the first year; 25% after the second year; and 50% after the third year. All unexercised options expire 10 years from the date of issue or 90 days after the employee ceases to be employed by the Company.

As set out in the plan rules, the exercise prices and the number of shares available on exercise may be adjusted on the occurrence of certain events, including new issues, share splits, rights issues and capital reconstructions.

Under the 2001 Equity Incentive Plan, the Company granted 315,749 and 265,988 restricted stock units to its employees in the years ended 31 March 2014 and 2013, respectively. These restricted shares may not be sold, transferred, assigned, pledged or otherwise encumbered so long as such shares remain restricted. The Company determines the conditions or restrictions of any restricted stock awards, which include requirements of continued employment. At 31 March 2014, there were 608,215 restricted stock units outstanding under this plan.

Long-Term Incentive Plan

At the 2006 Annual General Meeting, the Company's shareholders approved the establishment of a LTIP to provide incentives to certain members of senior management ("Executives"). The shareholders also approved, in accordance with certain LTIP rules, the issue of options in the Company to Executives of the Company. At the Company's 2008 Annual General Meeting, the shareholders amended the LTIP to also allow restricted stock units to be granted under the LTIP. The LTIP was re-approved by the Company's shareholders in 2012.

As of 31 March 2014, the Company had granted 8,216,899 restricted stock units under the LTIP. These restricted stock units may not be sold, transferred, assigned, pledged or otherwise encumbered so long as such shares remain restricted. The Company determines the conditions or restrictions of any restricted stock awards, which may include requirements of continued employment, individual performance or the Company's financial performance or other criteria. Restricted stock units expire on exercise, vesting or as set out in the LTIP rules.

In November 2006 and August 2007, 1,132,000 and 1,016,000 options were granted to Executives, respectively, under the LTIP. The vesting of these equity awards are subject to 'performance hurdles' as outlined in the LTIP rules. Unexercised options expire 10 years from the date of issue unless an Executive ceases employment with the Company.

At 31 March 2014, there were 101,000 options and 3,275,703 restricted stock units outstanding under the LTIP.

The following table summarises the Company's shares available for grant as options, restricted stock units or other equity instruments under the LTIP and 2001 Equity Incentive Plan at 31 March 2014, 2013 and 2012:

	Shares Available for Grant
Balance at 31 March 2012	**25,695,988**
Granted	(1,415,605)
Forfeitures available for re-grant	223,400
Balance at 31 March 2013	**24,503,783**
Granted	(1,266,656)
Balance at 31 March 2014	**23,237,127**

Stock Options

There were no stock options granted during the years ended 31 March 2014 and 2013. The following table summarises the Company's stock options activity during the noted period:

	Outstanding Options	
	Number	Weighted Average Exercise Price (A$)
Balance at 31 March 2012	**9,085,140**	**7.59**
Exercised	(3,622,106)	7.01
Forfeited	(306,898)	8.56
Balance at 31 March 2013	**5,156,136**	**7.94**
Exercised	(4,056,860)	7.89
Balance at 31 March 2014	**1,099,276**	**8.11**

The total intrinsic value of stock options exercised was A$13.8 million, A$7.2 million and A$2.0 million for the years ended 31 March 2014, 2013 and 2012, respectively.

Windfall tax benefits realised in the United States from stock options exercised and included in cash flows from financing activities in the consolidated statements of cash flows were US$5.6 million, US$3.5 million and nil for the years ended 31 March 2014, 2013 and 2012, respectively.

The following table summarises outstanding and exercisable options under both the 2001 Equity Incentive Plan and the LTIP as of 31 March 2014:

	Options Outstanding				Options Exercisable		
Exercise Price (A$)	**Number**	**Weighted Average Remaining Life (in Years)**	**Weighted Average Exercise Price (A$)**	**Aggregate Intrinsic Value (A$)**	**Number**	**Weighted Average Exercise Price (A$)**	**Aggregate Intrinsic Value (A$)**
5.99	47,500	0.7	5.99	$ 396,150	47,500	5.99	$ 396,150
6.38	200,896	3.7	6.38	1,597,123	200,896	6.38	1,597,123
8.40	337,880	2.6	8.40	2,003,628	337,880	8.40	2,003,628
8.40	101,000	2.6	8.40	598,930	101,000	8.40	598,930
8.90	394,900	1.7	8.90	2,144,307	394,900	8.90	2,144,307
8.90	17,100	1.7	8.90	92,853	17,100	8.90	92,853
Total	**1,099,276**			**$ 6,832,991**	**1,099,276**		**$ 6,832,991**

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value based on stock options with an exercise price less than the Company's closing stock price of A$14.33 as of 31 March 2014, which would have been received by the option holders had those option holders exercised their options as of that date.

Restricted Stock

The Company estimates the fair value of restricted stock units on the date of grant and recognises this estimated fair value as compensation expense over the periods in which the restricted stock vests.

The following table summarises the Company's restricted stock activity during the noted period:

	Shares	Weighted Average Fair Value at Grant Date (A$)
Non-vested at 31 March 2012	**3,677,511**	**5.59**
Granted	1,415,605	7.74
Vested	(846,415)	7.21
Forfeited	(242,333)	5.81
Non-vested at 31 March 2013	**4,004,368**	**5.99**
Granted	1,266,656	9.11
Vested	(1,227,372)	5.42
Forfeited	(159,734)	6.38
Non-vested at 31 March 2014	**3,883,918**	**7.17**

Restricted Stock – service vesting

On 16 September 2013 and 9 December 2013, 56,128 and 259,621, respectively, restricted stock units (service vesting) were granted to employees under the 2001 Equity Incentive Plan. On 7 December 2012, the Company granted 265,988 restricted stock units (service vesting) to employees under the 2001 Equity Incentive Plan. The fair value of each restricted stock unit (service vesting) is equal to the market value of the Company's common stock on the date of the grant, adjusted for the fair value of estimated dividends as the restricted stock holder is not entitled to dividends over the vesting period.

On 9 December 2013 and 24 January 2014, 253,741 and 5,231, respectively, restricted stock units (service vesting) that were previously granted as part of the 2001 Equity Incentive Plan became fully vested and the underlying common stock was issued. On 7 December 2012, 240,645 restricted stock units (service vesting) that were previously granted as part of the 2001 Equity Incentive Plan became fully vested and the underlying common stock was issued.

Restricted Stock – performance vesting

The Company granted 461,019 and 450,336 restricted stock units with a performance vesting condition under the 2006 Long Term Incentive Plan ("LTIP") to senior executives and managers of the Company on 16 September 2013 and 14 September 2012, respectively. The vesting of the restricted stock units is deferred for three years and is subject to a Return on Capital Employed ("ROCE") performance hurdle being met. The vesting of the restricted stock units is also subject to limited discretion by the Board. The Board's discretion will reflect the Board's judgment of the quality of the returns balanced against management's delivery of market share growth and a scorecard of key qualitative and quantitative performance objectives.

The Company granted 266,627 restricted stock units with a performance vesting condition under the LTIP to senior executives and managers of the Company on 7 June 2012. The vesting of the restricted stock units is deferred for two years and the amount of restricted stock units that will vest at that time is subject to the Board's exercise of negative discretion.

When the Board reviews the awards and determines whether any negative discretion should be applied at the vesting date, the award recipients may receive all, some, or none of their awards. The Board may only exercise negative discretion and may not enhance the maximum award that was originally granted to the award recipient.

The fair value of each restricted stock unit (performance vesting) is adjusted for changes in JHI plc's common stock price at each balance sheet date until the performance conditions are applied at the vesting date.

On 7 June 2013, 61,363 restricted stock units (performance vesting) that were granted on 7 June 2011 as part of the FY2011 long-term incentive award became fully vested and the underlying common stock was issued.

On 7 June 2012, 592,442 restricted stock units (performance vesting) that were granted on 7 June 2010 as part of the FY2001 long-term incentive award became fully vested and the underlying common stock was issued.

Restricted Stock – market condition

Under the terms of the LTIP, the Company granted 489,888 and 432,654 restricted stock units (market condition) to senior executives and managers of the Company on 16 September 2013 and 14 September 2012, respectively. The vesting of these restricted stock units is subject to a market condition as outlined in the LTIP.

The fair value of each of these restricted stock units (market condition) granted under the LTIP is estimated using a binomial lattice model that incorporates a Monte Carlo simulation (the "Monte Carlo" method). The following table includes the assumptions used for restricted stock grants (market condition) valued during the year ended 31 March 2014 and 2013, respectively:

	FY14	FY13
Date of grant	16 Sep 2013	14 Sep 2012
Dividend yield (per annum)	3.0%	1.5%
Expected volatility	43.3%	52.2%
Risk free interest rate	1.4%	0.7%
Expected life in years	3.0	3.0
JHX stock price at grant date (A$)	10.17	8.95
Number of restricted stock units	489,888	432,654

On 17 March 2014, 907,037 restricted stock units (market condition) that were previously granted became fully vested and the underlying common stock was issued.

Scorecard LTI – cash settled units

Under the terms of the LTIP, the Company granted awards equivalent to 518,647 and 506,627 Scorecard LTI units on 16 September 2013 and 14 September 2012, respectively. These awards provide recipients a cash incentive based on JHI plc's common stock price on the vesting date and each executive's scorecard rating. The vesting of awards is measured on individual performance conditions based on certain performance measures. Compensation expense recognised for awards are based on the fair market value of JHI plc's common stock on the date of grant and recorded as a liability. The expense is recognised ratably over the vesting period and the liability is adjusted for subsequent changes in JHI plc's common stock price at each balance sheet date.

On 29 June 2013, 324,027 of the 821,459 Scorecard LTI units that were previously granted on 29 June 2010 as part of the FY2011 long-term incentive award became fully vested and the balance lapsed as a result of the Board's exercise of negative discretion. The cash amount paid to award recipients was based on JHI plc's common stock price on the vesting date.

On 21 June 2012, 501,556 of the 1,083,021 Scorecard LTI units that were previously granted on 21 June 2009 as part of the FY2010 long-term incentive award became fully vested and the balance lapsed as a result of the Board's exercise of negative discretion. The cash amount paid to award recipients was based on JHI plc's common stock price on the vesting date.

16. Capital Management and Dividends

The following table summarises the dividends declared during the year ended 31 March 2014 and 2013:

(Millions of US dollars)	US Cents/Security	US$ Total Amount	Announcement Date	Record Date	Payment Date
125 year anniversary special dividend	0.28	124.6	28 February 2014	21 March 2014	30 May 2014
FY 2014 first half dividend	0.08	35.5	14 November 2013	19 December 2013	28 March 2014
FY 2013 special dividend	0.24	106.1	23 May 2013	28 June 2013	26 July 2013
FY 2013 second half dividend	0.13	57.5	23 May 2013	28 June 2013	26 July 2013
FY 2013 first half dividend	0.05	22.1	15 November 2012	18 December 2012	25 January 2013
FY 2012 second half dividend	0.38	166.4	21 May 2012	29 June 2012	23 July 2012

Subsequent to 31 March 2014, the Company announced an ordinary dividend of US32.0 cents per security and a special dividend of US20.0 cents per security, both with a record date of 12 June 2014 and payment date of 8 August 2014.

During the year ended 31 March 2014, the Company acquired approximately 1.9 million shares of its common stock under a share repurchase program announced on 23 May 2013 to acquire up to 5% of its issued capital during the subsequent twelve month period. The acquired shares had an aggregate cost of US$22.1 million (A$24.5 million) and the average price paid per share of common stock was US$11.64 (A$12.92). The US dollar amount was determined using the weighted average spot exchange rates for the days on which shares were acquired. All acquired shares were officially cancelled prior to 31 March 2014. In addition, no securities were bought back during the year ended 31 March 2013 under the May 2012 announced share buyback program.

Subsequent to 31 March 2014, the Company acquired an additional 715,000 shares of its common stock, with an aggregate cost of A$9.8 million (US$9.1 million), at an average market price of A$13.69 (US$12.73).

17. Operating Segment Information and Concentrations of Risk

The Company has reported its operating segment information in the format that the operating segment information is available to and evaluated by senior management. USA and Europe Fibre Cement manufactures fibre cement interior linings, exterior siding products and related accessories in the United States; these products are sold in the United States, Canada and Europe. Asia Pacific Fibre Cement includes all fibre cement manufactured in Australia, New Zealand and the Philippines and sold in Australia, New Zealand, Asia, the Middle East (Israel, Kuwait, Qatar and United Arab Emirates), and various Pacific Islands. Research and Development represents the cost incurred by the research and development centres.

Operating Segments

The following are the Company's operating segments and geographical information:

(Millions of US dollars)	Net Sales to Customers [1] Years Ended 31 March 2014	2013	2012
USA & Europe Fibre Cement	**$ 1,127.6**	$ 951.4	$ 862.0
Asia Pacific Fibre Cement	**366.2**	369.9	375.5
Worldwide total	**$ 1,493.8**	$ 1,321.3	$ 1,237.5

(Millions of US dollars)	Income Before Income Taxes Years Ended 31 March 2014	2013	2012
USA & Europe Fibre Cement [2, 3]	**$ 237.0**	$ 145.6	$ 148.4
Asia Pacific Fibre Cement [2, 8]	**81.1**	61.7	80.3
Research and Development [2]	**(24.4)**	(26.0)	(20.7)
Segments total	**293.7**	181.3	208.0
General Corporate [4]	**(240.6)**	(151.8)	(52.5)
Total operating income	**53.1**	29.5	155.5
Net interest expense [5]	**(1.1)**	2.4	(7.4)
Other income	**2.6**	1.8	3.0
Worldwide total	**$ 54.6**	$ 33.7	$ 151.1

(Millions of US dollars)	Total Identifiable Assets 31 March 2014	2013
USA & Europe Fibre Cement	**$ 782.6**	$ 730.6
Asia Pacific Fibre Cement	**237.6**	230.7
Research and Development	**19.7**	20.9
Segments total	**1,039.9**	982.2
General Corporate [6, 7]	**1,066.6**	1,131.0
Worldwide total	**$ 2,106.5**	$ 2,113.2

(Millions of US dollars)	Net Sales to Customers [1] Years Ended 31 March 2014	2013	2012
USA	**$ 1,094.6**	$ 923.8	$ 833.9
Australia	**259.2**	272.0	282.4
New Zealand	**63.0**	56.1	54.4
Other Countries	**77.0**	69.4	66.8
Worldwide total	**$ 1,493.8**	$ 1,321.3	$ 1,237.5

(Millions of US dollars)	Total Identifiable Assets 31 March 2014	2013
USA	**$ 785.8**	$ 739.8
Australia	**176.3**	156.3
New Zealand	**29.4**	39.8
Other Countries	**48.4**	46.3
Segments total	**1,039.9**	982.2
General Corporate [6, 7]	**1,066.6**	1,131.0
Worldwide total	**$ 2,106.5**	$ 2,113.2

1 Export sales and inter-segmental sales are not significant.

2 Research and development costs of US$9.6 million, US$11.9 million and US$10.1 million in fiscal years 2014, 2013 and 2012, respectively, were expensed in the USA and Europe Fibre Cement segment. Research and development costs of US$1.3 million, US$1.7 million and US$1.6 million in fiscal years 2014, 2013 and 2012, respectively, were expensed in the Asia Pacific Fibre Cement segment. Research and development costs of US$22.2 million, US$23.6 million and US$18.7 million in fiscal years 2014, 2013 and 2012, respectively, were expensed in the Research and Development segment. The Research and Development segment also included selling, general and administrative expenses of US$2.2 million, US$2.4 million and US$2.0 million in fiscal years 2014, 2013 and 2012, respectively.

Research and development expenditures are expensed as incurred and in total amounted to US$33.1 million, US$37.2 million and US$30.4 million for the years ended 31 March 2014, 2013 and 2012, respectively.

3 Included in the USA and Europe Fibre Cement segment for the years ended 31 March 2014, 2013 and 2012 are asset impairment charges of nil, US$16.9 million and US$14.3 million, respectively. See Note 7 for further information.

4 The principal components of the General Corporate segment are officer and employee compensation and related benefits, professional and legal fees, administrative costs, and rental expense on the Company's corporate offices. Included in the General Corporate segment for the year

ended 31 March 2014 are unfavourable asbestos adjustments of US$195.8 million and AICF SG&A expenses of US$2.1 million. Included in the General Corporate segment for the year ended 31 March 2013 are unfavourable asbestos adjustments of US$117.1 million, AICF SG&A expenses of US$1.7 million and ASIC expenses of US$2.6 million. Included in the General Corporate segment for the year ended 31 March 2012 are unfavourable asbestos adjustments of US$15.8 million, AICF SG&A expenses of US$2.8 million and ASIC expenses of US$1.1 million.

5 The Company does not report net interest expense for each operating segment as operating segments are not held directly accountable for interest expense. Included in net interest (expense) income is AICF interest income of US$2.9 million, US$7.0 million and US$3.3 million in fiscal years 2014, 2013 and 2012, respectively. See Note 11 for more information.

6 The Company does not report deferred tax assets and liabilities for each operating segment as operating segments are not held directly accountable for deferred income taxes. All deferred income taxes are included in the General Corporate segment.

7 Asbestos-related assets at 31 March 2014 and 2013 are US$812.4 million and US$882.8 million, respectively, and are included in the General Corporate segment.

8 Included in the Asia Pacific Fibre Cement segment for the years ended 31 March 2014, 2013 and 2012 are expenses related to the legacy New Zealand product liability claims of US$1.7 million, US$13.2 million and US$5.4 million, respectively. See Note 13 for more information.

Concentrations of Risk

The distribution channels for the Company's fibre cement products are concentrated. If the Company were to lose one or more of its major customers, there can be no assurance that the Company will be able to find a replacement. Therefore, the loss of one or more customers could have a material adverse effect on the Company's consolidated financial position, results of operations and cash flows.

The Company has two major customers that individually account for over 10% of the Company's net sales in one or all of the past three fiscal years.

These two customers' accounts receivable represented 14% and 22% of the Company's trade accounts receivable at 31 March 2014 and 2013, respectively. The following are gross sales generated by these two customers, which are all from the USA and Europe Fibre Cement segment:

	Years Ended 31 March					
(Millions of US dollars)	**2014**		2013		2012	
		%		%		%
Customer A	**$ 174.2**	11.7%	$ 223.0	16.9%	$ 207.4	16.8%
Customer B	**139.6**	9.3%	137.7	10.4%	135.7	11.0%
	$ 313.8		$ 360.7		$ 343.1	

Approximately 27% and 30% of the Company's net sales in fiscal year 2014 and 2013, respectively, were derived from outside the United States. Consequently, changes in the value of foreign currencies could significantly affect the consolidated financial position, results of operations and cash flows of the Company's non-US operations on translation into US dollars.

18. Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

During the year ended 31 March 2014, there were no reclassifications out of *Accumulated other comprehensive income*:

(Millions of US dollars)	Pension and Post-Retirement Benefit Adjustment	Unrealised Gain (Loss) on Investments	Cash Flow Hedges	Foreign Currency Translation Adjustments	Total
Balance at 31 March 2013	$ (0.3)	$ -	$ -	$ 47.7	$ 47.4
Other comprehensive loss before reclassifications	-	-	-	(15.2)	$ (15.2)
Cash flow hedges	-	-	0.9	-	0.9
Net current-period other comprehensive loss	-	-	0.9	(15.2)	(14.3)
Balance at 31 March 2014	**$ (0.3)**	**$ -**	**$ 0.9**	**$ 32.5**	**$ 33.1**

19. Acquisitions

On 13 December 2013, the Company acquired the assets of a US business engaged in the research, development and manufacturing of fibreglass windows. The Company paid cash consideration of US$4.1 million and assumed debt of US$2.2 million, which has been classified in the current and non-current portion of *Other liabilities* and is consolidated within the USA and Europe Fibre Cement segment.

KPMG
cutting through complexity

Valuation of Asbestos-Related Disease Liabilities of former James Hardie entities ("the Liable Entities") to be met by the AICF Trust

Prepared for Asbestos Injuries Compensation Fund Limited ("AICFL")

As at 31 March 2014

22 May 2014

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22 May 2014

Narreda Grimley
General Manager
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Sydney NSW 2000

Cc Matthew Marsh, Chief Financial Officer, James Hardie Industries plc
Paul Miller, General Counsel, Department of Premier and Cabinet, The State of New South Wales
The Board of Directors, Asbestos Injuries Compensation Fund Limited

Dear Narreda

VALUATION OF ASBESTOS-RELATED DISEASE LIABILITIES OF FORMER JAMES HARDIE ENTITIES ("THE LIABLE ENTITIES") TO BE MET BY THE AICF TRUST

We are pleased to provide you with our Annual Actuarial Report relating to the asbestos-related disease liabilities of the Liable Entities which are to be met by the AICF Trust.

The report is effective as at 31 March 2014 and has taken into account claims data and information provided to us by AICFL as at 31 March 2014.

If you have any questions with respect to the contents of this report, please do not hesitate to contact us.

Yours sincerely

N Donlevy

JGibbs

Neil Donlevy MA FIA FIAA	Jefferson Gibbs BSc FIA FIAA
Executive, KPMG Actuarial Pty Ltd	Executive, KPMG Actuarial Pty Ltd
Fellow of the Institute of Actuaries (London)	*Fellow of the Institute of Actuaries (London)*
Fellow of the Institute of Actuaries of Australia	*Fellow of the Institute of Actuaries of Australia*

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Important Note: Basis of Report

This valuation report ("***the Report***") has been prepared by KPMG Actuarial Pty Ltd (ABN 91 144 686 046) ("***KPMG Actuarial***") in accordance with an "Amended and Restated Final Funding Agreement in respect of the provision of long-term funding for compensation arrangements for certain victims of Asbestos-related diseases in Australia" (hereafter referred to as the "***the Amended Final Funding Agreement***") between James Hardie Industries NV (now known as James Hardie Industries plc) (hereafter referred to as "***James Hardie***"), James Hardie 117 Pty Limited, the State of New South Wales and Asbestos Injuries Compensation Fund Limited ("***AICFL***") which was signed on 21 November 2006.

This Report is intended to meet the requirements of the Amended Final Funding Agreement and values the asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust.

This Report is not intended to be used for any other purpose and may not be suitable, and should not be used, for any other purpose. Opinions and estimates contained in the Report constitute our judgment as of the date of the Report.

The information contained in this Report is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever as, advice and is not intended to influence a person in making a decision in relation to any financial product or an interest in a financial product. No one should act on the information contained in this Report without obtaining appropriate professional advice after a thorough examination of the accuracy and appropriateness of the information contained in this Report having regard to their objectives, financial situation and needs.

In preparing the Report, KPMG Actuarial has relied on information supplied to it from various sources and has assumed that the information is accurate and complete in all material respects. KPMG Actuarial has not independently verified the accuracy or completeness of the data and information used for this Report.

Except insofar as liability under statute cannot be excluded, KPMG Actuarial, its executives, directors, employees and agents will not be held liable for any loss or damage of any kind arising as a consequence of any use of the Report or purported reliance on the Report including any errors in, or omissions from, the valuation models.

The Report must be read in its entirety. Individual sections of the Report, including the Executive Summary, could be misleading if considered in isolation. In particular, the opinions expressed in the Report are based on a number of assumptions and qualifications which are set out in the full Report.

Introduction

The Amended Final Funding Agreement requires the completion of an Annual Actuarial Report evaluating the potential asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust. KPMG Actuarial has been retained by AICFL to provide this Annual Actuarial Report as required under the Amended Final Funding Agreement and this is detailed in our Engagement Letter dated 14 November 2013.

The Liable Entities are defined as being the following entities:

- Amaca Pty Ltd (formerly James Hardie & Coy);
- Amaba Pty Ltd (formerly Jsekarb, James Hardie Brakes and Better Brakes); and
- ABN60 Pty Ltd (formerly James Hardie Industries Ltd).

In addition, the liability for Baryulgil claims is deemed to be a liability of Amaca by virtue of the James Hardie (Civil Liability) Act 2005 (NSW). Under Part 4 of that Act, Amaca is liable for the "Marlew Asbestos Claims" or "Marlew Contribution Claims" as defined in that Act.

Our valuation is on a central estimate basis and is intended to be effective as at 31 March 2014. It has been based on claims data and information as at 31 March 2014 provided to us by AICFL.

Overview of Recent Claims Experience and comparison with previous valuation projections

In this section we compare the actual experience in 2013/14 (referred to in the following tables as "FY14 Actual") with the projections for 2013/14 that were contained within our previous valuation report at 31 March 2013. We will refer to these projections for 2013/14 as "FY14 Expected" in the tables that follow.

Claim numbers

The number of mesothelioma claims reported has shown a significant increase in the year. There have been 370 claims reported in 2013/14. This compares to 309 claims reported in 2012/13, 259 claims reported in 2011/12 and 268 claims reported in 2010/11.

For non-mesothelioma claims (including workers compensation claims), there have been 238 claims reported in 2013/14 compared to 233 claims reported in 2012/13. In aggregate, claims reporting has been broadly in line with expectations (240 claims) for these disease types, albeit with some variation between disease types.

The following table shows the comparison of actual experience with that which had been forecast at the previous valuation.

Table E.1. Comparison of claim numbers

	FY14 Actual	FY14 Expected	Ratio of Actual to Expected (%)	FY13 Actual
Mesothelioma	370	300	123%	309
Asbestosis	116	132	88%	129
Lung Cancer	26	33	79%	33
ARPD & Other	49	39	126%	38
Wharf	15	6	250%	7
Workers	32	30	107%	26
Total	**608**	**540**	**113%**	**542**

Average Claim Awards

Average claims awards in 2013/14 have typically been in line with, or lower than, expectations with the exception of mesothelioma claims which are tracking very slightly (0.2%) above expectations.

There have been seven large mesothelioma claim settlements (being claims in excess of $1m in 2006/07 money terms) in 2013/14 which is slightly above our expectations. Total claims expenditure on large claims has been 4% below expectations, reflecting a lower average cost on settlement than expected.

The following table shows the comparison of actual experience with that which had been forecast at the previous valuation.

Table E.2. Comparison of average claim size of non-nil claims

	FY14 Actual ($)	FY14 Expected ($)	Ratio of Actual to Expected (%)	FY13 Actual ($)
Mesothelioma	308,005	307,400	100%	291,185
Asbestosis	97,963	121,900	80%	122,141
Lung Cancer	103,720	148,400	70%	116,963
ARPD & Other	91,525	106,000	86%	86,847
Wharf	103,816	106,000	98%	35,185
Workers	20,000	155,400	13%	85,000
Mesothelioma Large Claims (settled)				
Number	7	6	117%	3
Average claim size	1,657,286	2,014,000	82%	1,929,500
Total Cost	11,601,000	12,084,000	96%	5,788,500

Note: FY13 Actual values are expressed in 2012/13 money terms. FY14 Actual values and FY14 Expected values are expressed in 2013/14 money terms.

Cashflow expenditure: gross and net

Gross cashflow expenditure, at $140.4m, was 7% above expectations.

Net cashflow expenditure, at $112.9m, was 1% below expectations.

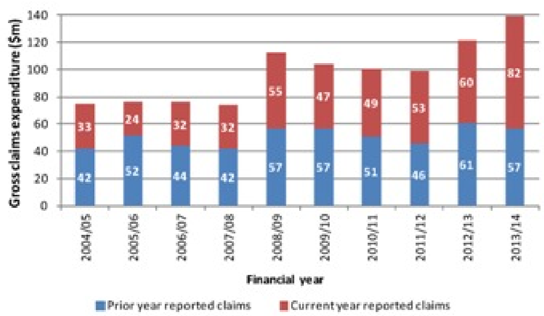
Table E.3. Comparison of cashflow

	FY14 Actual ($M)	FY14 Expected ($M)	Ratio of Actual to Expected (%)	FY13 Actual ($M)
Gross Cashflow	**140.4**	**131.4**	**107%**	**121.3**
Insurance and Other Recoveries	(21.5)	(17.6)	122%	(11.8)
Insurance recoveries from HIH (under 562A(4)) and from commutations	(6.0)	0.0	n/a	(23.9)
Net Cashflow	**112.9**	**113.8**	**99%**	**85.6**

Insurance and Other Recoveries have been considerably higher than expected. This is due to proceeds from insurance collections from HIH and associated entities as a result of successful applications of Section 562A(4) together with a strong focus on insurance collections more broadly.

The following chart shows the composition of the gross cashflow between current and prior years' reported claims.

Figure E.1. Composition of gross cashflow between current and prior years' reported claims



Payments in relation to claims reported in the financial year have shown a significant increase compared with the previous year. This is predominantly due to the higher number of mesothelioma claims reported in the year and which have been settled in the year.

Payments in relation to prior years' reported claims have reduced slightly relative to 2012/13, albeit they still represent the second highest level experienced.

As a consequence of the settlement activity that occurred in 2013/14, the number of claims that have been received and not yet settled ("pending claims") remain at their lowest levels since the formation of AICF.

Liability Assessment

At 31 March 2014, our projected central estimate of the liabilities of the Liable Entities (the Discounted Central Estimate) to be met by the AICF Trust is $1,870.2m (March 2013: $1,693.6m).

We have not allowed for the future Operating Expenses of the AICF Trust or the Liable Entities in the liability assessment.

Table E.4. Comparison of central estimate of liabilities

	31 March 2014 $m			31 March 2013 $m
	Gross of insurance recoveries	Insurance recoveries	Net of insurance recoveries	Net of insurance recoveries
Total inflated and undiscounted cash-flows	3,132.0	326.9	2,805.1	2,512.6
Discounting allowance	(1,030.5)	(95.6)	(934.9)	(818.9)
Net present value liabilities	**2,101.5**	**231.3**	**1,870.2**	**1,693.6**

Comparison with previous valuation

In the absence of any change to the claim projection assumptions from our 31 March 2013 valuation, other than allowing for the changes in the discount rate, we would have projected a Discounted Central Estimate liability of $1,576.2m as at 31 March 2014, i.e. a decrease of $117.4m from our 31 March 2013 valuation result.

This decrease of $117.4m is due to:

- A reduction of $67.1m, being the net impact of expected claims payments (which reduce the liability) and the "unwind of discount" (which increases the liability and reflects the fact that cashflows are now one year nearer and therefore are discounted by one year less).
- A reduction of $50.3m resulting from the higher discount rates prevailing at 31 March 2014 compared with those adopted at 31 March 2013.

Our liability assessment at 31 March 2014 of $1,870.2m represents an increase of $294.0m, which arises from changes to the claim projection assumptions.

The increase of $294.0m is principally a consequence of:

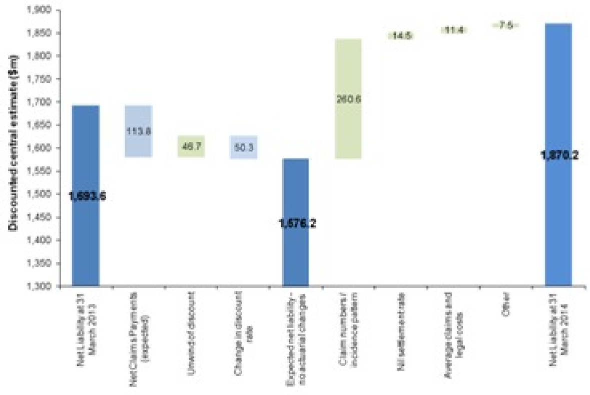
- An increase in the projected future number of claims for mesothelioma reflecting both higher levels of claims and a change in the incidence pattern assumed (in the short term to medium term);
- Lower nil settlement rates being assumed for mesothelioma and lung cancer; and
- Increased allowance for large claims for mesothelioma resulting from higher numbers of large claims (over $1.32m in 2013/14 money terms) received in 2013/14;

offset by

- Lower average claims sizes and average defence legal cost assumptions for most disease types.

The following chart shows an analysis of the change in our liability assessments from March 2013 to March 2014.

Figure E.2. Analysis of change in central estimate liability (discounted basis)



Note: Green bars signal that this factor has given rise to an increase in the liability whilst light blue bars signal that this factor has given rise to a reduction in the liability.

Note: The increase for Average claims and legal costs of $11.4m comprises a $48.5m increase for mesothelioma large claims offset by a $37.1m reduction for attritional claim sizes and legal costs.

The increase of approximately $261m in relation to claim numbers is comprised of:

- A $96m increase in relation to the increased mesothelioma claims reporting assumed for the next three years (i.e. 2014/15 to 2016/17);
- A $168m increase in relation to the increased mesothelioma claims reporting assumed for the period 2017/18 to 2025/26;
- No increase for the mesothelioma claims reporting assumed for the period 2026/27 and onwards; and
- A $3m reduction in relation to changes to other disease types.

The undiscounted liability as of 31 March 2014 has increased from $2,399m (based on the 31 March 2013 valuation) to $2,805m. This represents an increase of $406m.

Amended Final Funding Agreement calculations

The Amended Final Funding Agreement sets out the basis on which payments will be made to the AICF Trust.

Additionally, there are a number of other figures specified within the Amended Final Funding Agreement that we are required to calculate. These are:

- Discounted Central Estimate;
- Term Central Estimate; and
- Period Actuarial Estimate.

Table E.5. Amended Final Funding Agreement calculations

	$m
Discounted Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,870.2
Period Actuarial Estimate (net of cross-claim recoveries, gross of Insurance and Other Recoveries) comprising:	475.7
Discounted value of cashflow in 2014/15	144.1
Discounted value of cashflow in 2015/16	163.5
Discounted value of cashflow in 2016/17	168.2
Term Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,864.3

The actual funding amount due at a particular date will depend upon a number of factors, including:

- the net asset position of the AICF Trust at that time;
- the free cash flow amount of the James Hardie Group in the preceding financial year; and
- the Period Actuarial Estimate in the latest Annual Actuarial Report.

Uncertainty

Estimates of asbestos-related disease liabilities are subject to considerable uncertainty, significantly more than personal injury liabilities in relation to other causes, such as CTP or Workers Compensation claims.

It should therefore be expected that the actual emergence of the liabilities will vary from any estimate. As indicated in Figure E.3, depending on the actual out-turn of experience relative to that currently forecast, the variation could potentially be substantial.

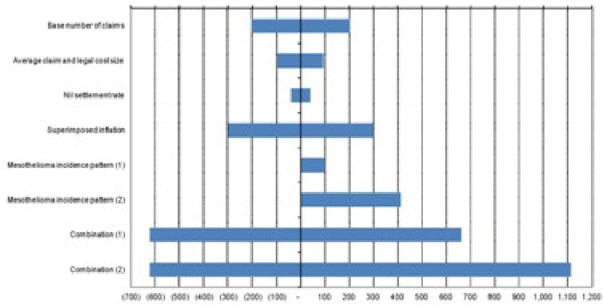
Thus, no assurance can be given that the actual liabilities of the Liable Entities to be met by the AICF Trust will not ultimately exceed the estimates contained in this Report. Any such variation may be significant.

The uncertainties prevailing at this time are higher than historically observed. This is a consequence of the higher than expected level of mesothelioma claims reporting and the uncertainty this brings in relation to the projection of the future number of mesothelioma claims to be received. Given that this increase reflects only one year's experience, it is not clear whether the increase observed in 2013/14 is a one-off, represents an acceleration of reporting, or reflects a longer-term trend of the future rate of joining of the Liable Entities.

We have performed sensitivity testing to identify the impact of different assumptions upon the size of the liabilities. The different scenarios selected are documented at Section 11.2 of this report.

We note that these sensitivity test ranges are not intended to correspond to a specified probability of sufficiency, nor are they intended to indicate an upper bound or a lower bound of all possible outcomes.

Figure E.3. Sensitivity testing results – Impact around the Discounted Central Estimate (in $m)



The single most sensitive assumption shown in the chart is the timing of the peak period of claims reporting against the Liable Entities. Shifting the assumed period of peak claims reporting by a further 2 years for mesothelioma (i.e. assuming that claim reporting begins to reduce after 2018/19) together with increased claims reporting from 2026/27 onwards could add a further $420m on a discounted basis (in addition to the $260m increase that has been made at 31 March 2014).

Table E.6. Summary results of sensitivity analysis ($m)

	Undiscounted	Discounted
Central estimate	2,805.1	1,870.2
Low Scenario	1,799.6	1,249.7
High Scenario	5,032.4	2,980.6

Whilst the table above indicates a range around the discounted central estimate of liabilities of -$620m to +$1,110m, the actual cost of liabilities could fall outside that range depending on the actual experience.

Data, Reliances and Limitations

We have been provided with the following data by AICFL:

- Claims dataset at 31 March 2014 with individual claims listings;
- Accounting transactions dataset at 31 March 2014 (which includes individual claims payment details); and
- Detailed insurance bordereaux information (being a listing of claims filed with the insurers of the Liable Entities) produced by Randall & Quilter Investment Holdings as at 31 March 2014.

While we have tested the consistency of the various data sets provided, we have not otherwise verified the data nor have we undertaken any auditing of the data at source. We have relied on the data provided as being complete and accurate in all material respects. Consequently, should there be material errors or incompleteness in the data, our assessment could be affected materially.

Executive Summary Not Report

Please note that this executive summary is intended as a brief overview of our Report. To properly understand our analysis and the basis of our liability assessment requires examination of our Report in full.

1 Scope and Purpose

1.1 Introduction

The Amended Final Funding Agreement requires the completion of an Annual Actuarial Report evaluating the potential asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust.

1.1.1 Liable Entities

The Liable Entities are defined as being the following entities:

- Amaca Pty Ltd (formerly James Hardie & Coy);
- Amaba Pty Ltd (formerly Jsekarb, James Hardie Brakes and Better Brakes); and
- ABN60 Pty Ltd (formerly James Hardie Industries Ltd).

In addition, the liability for Baryulgil claims is deemed to be a liability of Amaca by virtue of the James Hardie (Civil Liability) Act 2005 (NSW). Under Part 4 of that Act, Amaca is liable for "Marlew Asbestos Claims" or "Marlew Contribution Claims" as defined in that Act.

1.1.2 Personal asbestos claims

Under the Amended Final Funding Agreement, the liabilities to be met by the AICF Trust relate to personal asbestos-related disease liabilities of the Liable Entities.

Such claims must relate to exposure which took place in Australia and which have been brought in a Court in Australia.

The precise scope of the liabilities is documented in Section 1.2 and in Appendix G of this Report.

1.1.3 Purpose of report

KPMG Actuarial has been retained by AICFL to provide an Annual Actuarial Report as required under the Amended Final Funding Agreement and this is detailed in our Engagement Letter dated 14 November 2013.

The prior written consent of KPMG Actuarial is required for any other use of this Report or the information contained in it.

Our valuation is effective as at 31 March 2014 and has been based on claims data and information as at 31 March 2014 provided to us by AICFL.

1.2 Scope of report

We have been requested to provide an actuarial assessment as at 31 March 2014 of the asbestos-related disease liabilities of the Liable Entities to be met by the AICF Trust, consistent with the terms of the Amended Final Funding Agreement.

The assessment is on a central estimate basis and is based on the claims experience as at 31 March 2014.

A "central estimate" liability assessment is an estimate of the expected value of the range of potential future liability outcomes. In other words, if all the possible values of the liabilities are expressed as a statistical distribution, the central estimate is an estimate of the mean of that distribution.

It is of note that our liability assessment:

- Relates to the Liable Entities and Marlew (in relation to Marlew Claims arising from asbestos mining activities at Baryulgil).
- Is intended to cover:
  - The amount of settlements, judgments or awards for all Personal Asbestos Claims.
  - Claims Legal Costs incurred by the AICF Trust in connection with the settlement of Personal Asbestos Claims.
- Is not intended to cover:
  - Personal injury or death claims arising from exposure to asbestos which took place outside Australia.
  - Personal injury or death claims, arising from exposure to Asbestos, which are brought in Courts outside Australia.
  - Claims for economic loss, other than any economic loss forming part of an award for damages for personal injury and/or death.
  - Claims for loss of property, including those relating to land remediation.
  - The costs of asbestos or asbestos product removal relating to asbestos or asbestos products manufactured or used by or on behalf of the Liable Entities.
- Includes an allowance for:
  - Compensation to the NSW Dust Diseases Board or a Workers Compensation Scheme by way of a claim by such parties for contribution or reimbursement from the Liable Entities, but only to the extent that the cost of such claims is within the limits of funding for

such claims as outlined within the Amended Final Funding Agreement.

- Workers Compensation claims, being claims from former employees of the Liable Entities, but only to the extent that such liabilities are not met by a Workers Compensation Scheme or Policy (see section 1.2.1).

- Assumes that the product and public liability insurance policies of the Liable Entities will continue to respond to claims as and when they fall due. We have not made any allowance for the impact of any disputation concerning Insurance Recoveries, nor for any legal costs that may be incurred in resolving such disputes.

- Makes no allowance for:

  - potential Insurance Recoveries that could be made on product and public liability insurance policies placed from 1986 onwards which were placed on a "claims made" basis.
  - the future Operating Expenses of the Liable Entities or the AICF Trust. Separate allowance for future Operating Expenses should be considered by the management of AICFL.
  - the inherent uncertainty of the liability assessment. That is, no additional provision (or risk margin) has been included in excess of a central estimate.

Readers of this Report may refer to our previous reports which are available at www.ir.jameshardie.com.au and www.aicf.org.au.

1.2.1 *Workers Compensation*

Workers Compensation claims are claims made by former employees of the Liable Entities. Such past, current and future reported claims were insured with, amongst others, Allianz Australia Limited, QBE and the various State-based Workers Compensation Schemes.

Under the Amended Final Funding Agreement, the part of a future Workers Compensation claim that is met by a Workers Compensation Scheme or Policy of the Liable Entities is outside of the AICF Trust. The AICF Trust is, however, to provide for any part of a claim not covered by a Workers Compensation Scheme or Policy (e.g. as a result of the existence of limits of indemnity and policy deductibles on those policies of insurance).

On this basis our liability assessment in relation to Workers Compensation claims and which relates to the AICF Trust, includes only the amount borne by the Liable Entities in excess of the anticipated recoveries due from a Workers Compensation Scheme or Policy.

In making our assessment we have assumed that the Workers Compensation insurance programme will continue to respond to claims by former employees of the Liable Entities as and when they fall due. To the extent that they were not to respond owing to (say) insurer insolvency, Insurer Guarantee Funds may be available to meet such obligations.

1.2.2 *Dust Disease Board and Other Reimbursements*

There exists a right under Section 8E (Reimbursement Provisions) of the Dust Diseases Act 1942 for the NSW Dust Diseases Board ("DDB") to recover certain costs from common law defendants, excluding the employer of the claimant.

This component of cost is implicitly included within our liability assessment as the claims awards made in recent periods and in recent settlements contain allowance for DDB reimbursement where applicable. Furthermore, currently reported open claims have an allowance within their case estimates for the costs of DDB reimbursement where relevant and applicable.

The Amended Final Funding Agreement indicates that the AICF Trust is intended to meet Personal Asbestos Claims and that claims by the DDB or a Workers Compensation Scheme for reimbursement will only be met up to a certain specified limit (aggregated across the DDB and Workers Compensation Schemes), being:

- In the first financial year (2006/07) a limit of $750,000 applied;
- In respect of each financial year thereafter, that limit is indexed annually in line with the Consumer Price Index. At 31 March 2014, the annual limit is $913,401;
- There is an overall unindexed aggregate cap of $30m;
- At 31 March 2014, AICF has paid out $5,722,122 to the DDB.

The cashflow and liability figures contained within this Report have already removed that component of any reimbursements that will not be met by the AICF Trust owing to the application of these limits and caps.

1.2.3 *Baryulgil ("Marlew Claims")*

"Marlew Asbestos Claims" and "Marlew Contribution Claims" are deemed to be liabilities of Amaca. These claims specifically include:

- Claims made against Amaca Pty Ltd or ABN60 resulting from their past ownership of the mine; and, in the case of Amaca, includes claims made in relation to the joint venture (Asbestos Mines Pty Ltd) established with Wunderlich in 1944 to begin mining at Baryulgil.

- Claims made against the subsequent owner of the mine (following its sale by James Hardie Industries to Woodsreef in 1976), being Marlew Mining Pty Ltd ("Marlew") which is in liquidation, are to be met by the AICF Trust except where such claims are Excluded Marlew Claims, which are recoverable by the Claimant from other sources.

These claims are discussed further in Section 5.7.

1.2.4 Risk Margins

Australian-licensed insurance companies are required to hold, and many non-insurance companies elect to hold, insurance and self-insurance claims provisions at a level above the central estimate basis to reflect the uncertainty attaching to the liability assessment and to include an allowance in respect of that uncertainty.

A risk margin is an additional amount held, above the central estimate, so as to increase the likelihood of adequacy of the provisions to meet the ultimate cost of settlement of those liabilities.

We note that the Amended Final Funding Agreement envisages the ongoing financing of the AICF Trust is to be based on a "central estimate" approach and that the Annual Actuarial Report should provide a Discounted Central Estimate valuation.

Accordingly, we have made no allowance for any risk margins within this Report.

1.2.5 Discounting

We have determined a Discounted Central Estimate in this Report by discounting (to 31 March 2014) the projected future cashflows using yields on Commonwealth Government Bonds.

Conceptually, the Discounted Central Estimate at 31 March 2014 would normally represent an amount of money which, if fully provided in advance (i.e. as of 31 March 2014) and invested in risk-free assets (such as Commonwealth Government Bonds) of term and currency appropriate to the liabilities, would generate the necessary investment income such that (together with the capital value of those assets) it would be expected to be sufficient to pay for the liabilities as they fall due.

To the extent that the actual investments are:

- of different terms; and/or
- in different currencies; and/or
- provide different expected rates of return

investment profits or losses would emerge.

One of the uncertainties in our valuation is the fact that fixed interest Commonwealth Government Bonds do not exist at most of the durations of our cashflow projection.

At 31 March 2014, there were 20 fixed interest Commonwealth Government Bonds on issue, with 6 of them having maturity dates 10 years or more from now, and with the longest-dated maturity being April 2033.

This means we need to take a long-term view on bond yields that is not measured by market-observable rates of return.

At this valuation, we have made some further modifications to the approach taken in relation to the estimation of the bond yields between years 16 and 19. This revised approach is described in detail in Section 3.11 of this Report.

We continue to note that the actual funding mechanism under the Amended Final Funding Agreement only provides for up to three years' worth of projected Claims and Claims Legal Costs expenditure and one year's worth of Operating Expenses at any one time.

1.3 Areas of potential exposure

As identified in Section 1.2, there are other potential sources of claims exposure beyond those directly considered within this Report. However, in a number of cases they are unquantifiable even if they have the potential to generate claims. This is especially the case for those sources of future claim where there has been no evidence of claims to date.

1.3.1 General areas of potential exposure

Areas of potential changes in claims exposure we have not explicitly allowed for in our valuation include, but are not limited to:

- Future significant individual landmark and precedent-setting judicial decisions;
- Significant medical advancements;
- Unimpaired claims, i.e. claims for fear, stress, pure nervous shock or psychological illness. In this regard, we note the 2010/11 decisions by the Supreme Court (in relation to two cases: *Tamaresis v Amaca* and *Galea v Amaca*) which indicated that the AICF Trust was not required to meet the cost of nervous shock claims brought by individuals who have not been exposed to asbestos;

- A change in the basis of compensation for asymptomatic pleural plaques for which no associated physical impairment is exhibited;
- A proliferation (compared to past and current levels of activity) of "third-wave" claims, i.e. claims arising as a result of indirect exposure such as home renovation, washing clothes of family members that worked with asbestos, or from workers involved in the removal of asbestos or the demolition of buildings containing asbestos;
- Changes in legislation, especially those relating to tort reform for asbestos sufferers;
- Introduction of new, or elimination of existing, heads of damage;
- Exemplary and aggravated or punitive damages (being damages awarded for personal injuries caused as a result of negligence or reckless conduct);
- Changes in the basis of apportionment of awards for asbestos-related diseases for claimants who have smoked (we note the decisions in *Amaca v Ellis [2010] HCA 5* and *Evans v Queanbeyan City Council [2010] NSWDDT 7* which we understand are consistent with the previous decision in *Judd v Amaca [2002] NSWDDT 25*);
- Any changes to GST or other taxes; and
- Future bankruptcies of other asbestos claim defendants (i.e. other liable manufacturers or distributors).

Nonetheless, implicit allowance is made in respect of some of these items in the allowance for superimposed inflation included in our liability assessment. Furthermore, to the extent that some of these have emerged in past claims experience, they are reflected in our projections.

1.3.2 New Zealand and other overseas exposures

We have made no allowance for the risk of further development in relation to New Zealand exposures and the rights of claims from New Zealand claimants in Australian courts (as per *Frost vs. Amaca Pty Ltd (2005), NSWDDT 36* although this decision was successfully appealed by Amaca in August 2006) nor for the risk of additional exposures from overseas. This is because, as noted in Section 1.2, the AICF Trust is not required to meet the cost of these claims as they are Excluded Claims.

In relation to claimants where exposures have involved more than one country (e.g. UK and Australia), we have assumed that the AICF Trust will only meet that part of the cost which is attributable to the Australian-related exposure.

1.3.3 Third-wave claims

We have made allowance for so-called "third-wave" claims. These are defined as claims for personal injury and / or death arising from asbestos exposure during home renovations by individuals or to builders involved in such renovations. Such claims are allowed for within the projections to the extent to which they have arisen to date and to the extent our exposure model factors in these exposures in its projection.

We have not allowed for a surge in third-wave claims in the future arising from renovations, but conversely we have not allowed for a tempering of those third-wave claims already included within our projection as a result of improved education of individuals as to the risks of such home renovations, or of any local Councils or State Governments passing laws in this regard.

It should be noted that claims for the cost of asbestos or asbestos product removal from homes and properties or any claims for economic loss arising from asbestos or asbestos products being within such homes and properties is not required to be met by the AICF Trust.

1.3.4 Recent court cases of potential significance

Hamilton vs. BHP

In our previous valuation report at 31 March 2013, we noted that the matter of *Hamilton vs. BHP* was the subject of appeal by BHP on aspects including foreseeability and causation and cross appeal by the plaintiff in relation to the amount awarded for general damages.

The Full Court of the Supreme Court dismissed BHP's appeal and increased the amount awarded in relation to general damages for pain and suffering from $115,000 to $190,000 citing the significantly different levels of general damages awarded in other States as compared with those awarded in South Australia.

Perez vs. State of New South Wales

In NSW, a plaintiff who is no longer able to provide gratuitous services to their dependants is entitled to make a claim for damages under Section 15B of the Civil Liability (NSW) Act 2002. Such awards are referred to as *Sullivan vs. Gordon* damages in other States.

In the case of *Perez vs. State of New South Wales (2013, NSWDDT 7)*, Curtis J delivered a judgment in February 2013 in the amount of $928,731 in respect of past and future gratuitous care relating to four grandchildren.

The State of New South Wales appealed in relation to the award of damages made under Section 15B.

On appeal, Finnane J awarded $223,160 in relation to Section 15B damages. In particular, in making the determination Finnane J stated that he considered that the Section 15 rate was an upper limit and was not a prescribed rate. Finnane J determined different rates for different activities according to whether the care was active or passive and whether care was shared (between Mr Perez and Mr Perez' wife).

Rodgers vs. Amaca

In the case of *Rodgers vs. Amaca (2013, NSWDDT 235)*, a key matter for deliberation was the level of general damages for pain and suffering.

Up until the time of this decision, the highest amount awarded in the NSW Dust Diseases Tribunal had been $290,000.

In making his determination in relation to Mr Rodgers, Finnane J indicated that the key deliberation was determining an appropriate level of damages for pain and suffering having regard to the particular circumstances of the individual and the consequential impacts upon that individual's activities.

Having regard to the particular activities that Mr Rodgers participated in, Finnane J made a determination in the amount of $350,000.

1.4 Data reliances and limitations

KPMG Actuarial has relied upon the accuracy and completeness of the data with which it has been provided. KPMG Actuarial has not verified the accuracy or completeness of the data, although we have undertaken steps to test its consistency with data previously received. However, KPMG Actuarial has placed reliance on the data previously received, and currently provided, as being accurate and complete in all material respects.

1.5 Uncertainty

It must be understood that estimates of asbestos-related disease liabilities are subject to considerable uncertainty.

This is due to the fact that the ultimate disposition of future claims will be subject to the outcome of events that have not yet occurred. Examples of these events, as noted in Section 1.3, include jury decisions, court interpretations, legislative changes, epidemiological developments, medical advancements, public attitudes, potential additional third-wave exposures and social and economic conditions such as inflation.

Therefore, it should be expected that the actual emergence of the liabilities will vary, perhaps materially, from any estimate. Thus, no assurance can be given that the actual liabilities of the Liable Entities to be met by the AICF Trust will not ultimately exceed the estimates contained herein. Any such variation may be significant.

1.6 Distribution and use

The purpose of this Report is as stated in Section 1.1.

This Report should not be used for any purpose other than those specified.

This Report will be provided to the Board and management of AICFL. This Report will also be provided to the Board and management of James Hardie, the NSW Government and to Ernst & Young in their capacity as auditors to both James Hardie and AICFL.

We understand that this Report will be filed with the ASX and placed on James Hardie's website in its entirety.

We understand that this Report will also be placed on AICFL's website in its entirety.

KPMG Actuarial consents to this Report being made available to the above-mentioned parties and for the Report to be distributed in the manner described above.

To the extent permitted by law, neither KPMG Actuarial nor its Executives, directors or employees will be responsible to any third parties for the consequences of any actions they take based upon the opinions expressed with this Report, including any use of or purported reliance upon this Report not contemplated in Section 1.2. Any reliance placed is that party's sole responsibility.

Where distribution of this Report is permitted by KPMG Actuarial, the Report may only be distributed in its entirety and judgements about the conclusions and comments drawn from this Report should only be made after considering the Report in its entirety and with necessary consultation with KPMG Actuarial.

Readers are also advised to refer to the "Important Note: Basis of Report" section at the front of the Executive Summary of this Report.

1.7 Date labelling convention used in this Report

In our analyses throughout this Report (unless otherwise stated), the "year" we refer to aligns with the financial year of AICFL and James Hardie and runs from 1 April to 31 March.

A "2008" notified claim would be a claim notified in the period 1 April 2008 to 31 March 2009. This might also be referred to as "2008/09" or "FY09".

Similarly, a "2013" claim settlement would be a claim settled in the period 1 April 2013 to 31 March 2014. This might also be referred to as "2013/14" or "FY14".

1.8 Author of the report

This Report is authored by Neil Donlevy, an Executive of KPMG Actuarial Pty Ltd, a Fellow of the Institute of Actuaries (London) and a Fellow of the Institute of Actuaries of Australia.

This Report is co-authored by Jefferson Gibbs, an Executive of KPMG Actuarial Pty Ltd, a Fellow of the Institute of Actuaries (London) and a Fellow of the Institute of Actuaries of Australia.

In relation to this Report, the primary regulator for both Neil Donlevy and Jefferson Gibbs is the Institute of Actuaries of Australia.

1.9 Professional standards and compliance

This Report details a valuation of the outstanding claims liabilities of entities which hold liabilities with features similar to general insurance liabilities as self-insured entities, and which have purchased related insurance protection.

In preparing this Report, we have complied with the revised version of Professional Standard 300 of the Institute of Actuaries of Australia ("PS300"), "Valuation of General Insurance Claims". The revised standard is applicable for balance sheet dates occurring on or after 31 March 2013.

However, as we note in Section 1.2, this Report does not include an allowance for the future Operating Expenses of the AICF Trust (which are estimated by AICFL) and nor does it include any allowance for a risk margin to reflect the inherent uncertainty in the liability assessment.

1.10 Control processes and review

This valuation report and the underlying analyses have been subject to technical review and internal peer review.

The technical review focuses on ensuring that the valuation models and supporting claims experience analyses that are carried out are performed correctly and that the calculations are being correctly applied. The technical review also focuses on ensuring that the data that is being used has been reconciled insofar as possible.

Internal peer review involves a review of the approach, the methods, the assumptions selected and the professional judgments applied.

Both the technical review and internal peer review processes are applied to the Report as well as the valuation models.

1.11 Funding position of the AICF Trust

This Report does not analyse nor provide any opinion on the current, or prospective, funding position of the AICF Trust, nor of its likely funding needs and its potential use of the loan facility provided by the NSW Government.

This is because to do so within this Report would require consideration, estimation and documentation of the future financial performance of James Hardie.

This Report only provides analysis and opinion on the estimates of the future expenditure to be met by the AICF Trust.

The cashflow estimates contained in this Report assume that all claims against the Liable Entities will continue to be paid in full as and when they fall due. We have made no allowance or adjustment in this Report to either the timing or the quantum of the cashflows to reflect the impact of any potential future Rationing Scheme (as defined in Clause 9.15 of the Amended Final Funding Agreement).

1.12 Basis of preparation of Report

We have been advised by the management of AICFL to prepare the Report on a "going concern" basis (i.e. we should assume that AICFL will be able to meet the cost of the liabilities of the Liable Entities as they fall due).

2 Data

2.1 Data provided to KPMG Actuarial

We have been provided with the following data by AICFL:

- Claims dataset at 31 March 2014 with individual claims listings;
- Accounting transactions dataset at 31 March 2014 (which includes individual claims payment details); and
- Detailed insurance bordereaux information (being a listing of claims filed with the insurers of the Liable Entities) produced by Randall & Quilter Investment Holdings as at 31 March 2014.

We have allowed for the benefits of the product and public liability insurance policies of the Liable Entities based on information provided to us by AICFL relating to the insurance programme's structure, coverage and layers.

We have also considered the claims data listings which formed the basis of our previous valuation assessments.

The data structures for the claims and accounting databases provided to us by AICFL as of 31 March 2014 are detailed in Appendix F.

2.2 Data limitations

We have tested the consistency of the various data sets provided to us at different valuation dates. Section 2.3 outlines the nature of the testing undertaken.

However, we have not otherwise verified the data and have instead relied on the data provided as being complete and accurate in all material respects.

We have relied upon the robustness of AICFL's internal administration and systems as to the completeness of the data provided.

Consequently, should there be material errors or incompleteness in the data, our assessment could also be affected materially.

2.3 Data reconciliation and testing

We have performed a reconciliation of the data provided at 31 March 2014 with the data provided at 31 March 2013.

We have undertaken a number of tests and reconciliations to test the accuracy of the data to the extent possible, noting the limitations outlined above.

2.3.1 *Reconciliation with previous valuation's data*

We have performed a reconciliation of the claims database as at 31 March 2014 with that provided at 31 March 2013. Our findings are:

- Claims notifications: There were no late notifications (claims with a report date prior to 31 March 2013 that were not present in the database at 31 March 2013). In addition, no claims changed notification date between the two databases.
- Portfolio Category: Eight claims changed category. Of these, 5 related to claims reported in 2012/13, 1 related to 2011/12 and 2 related to 2010/11.
- Settlement date: Three claims changed their settlement date. In addition, there were two claims that previously did not have a settlement date recorded (as at 31 March 2013) but have since had a settlement date (prior to 31 March 2013) recorded against them.

Changing and developing data is not unexpected or to be considered as adverse. Indeed, changing data is common to all claims administration systems. We do not consider the number or extent of the changes noted above to be unreasonable.

2.3.2 *Reconciliation of claims settlement amounts between claims and accounting databases*

The accounting database extract contains the following fields:

- Damages – which are gross of cross-claim recoveries;
- Costs;
- DDB reimbursements;
- Other costs;
- Payments to Medicare; and
- Defence legal costs.

The claims database extract contains the following fields:

- Damages – which in some cases are net of cross-claim recoveries, and which in others are gross of cross-claim recoveries. We are able to identify which records are gross of cross-claims recoveries and which records are net of cross-claim recoveries. We have then restated all damages data to be gross of cross-claim recoveries;
- Costs;
- DDB reimbursements;
- Other costs (Consulting costs and payments to Medicare); and
- Defence legal costs.

We then mapped the financial data between the two databases into standardised groupings as follows:

Table 2.1: Grouping of financial data from claims and accounting databases

	CLAIMS DATABASE	ACCOUNTING DATABASE
Award	Damages (gross of cross-claims) **plus** DDB reimbursement **plus** Medicare (from Accounting Database)	Damages **plus** DDB reimbursements **plus** Medicare
Costs / Other	Costs **plus** Other **less** Medicare (from accounting database)	Costs **plus** Consulting
Defence legal costs	Defence legal costs	Defence legal costs

Note: Recovery amounts are available from the accounting database

We have compared the payment records between the claims database and the accounting database from the earliest date to the current file position. Table 2.2 shows the results of this reconciliation for all claim transactions to date.

Table 2.2: Comparison of amounts from claims and accounting databases ($m)

CLAIMS DATABASE		ACCOUNTING DATABASE	
Damages (gross of recoveries, excluding medicare)	1,089.0	Damages (gross of recoveries)	1,095.6
Costs	31.1	Costs	31.7
DDB	10.1	DDB	10.3
Other (inc Medicare)	5.8	Consulting	2.3
		Medicare	3.1
Defence legal costs	146.7	Defence legal costs	147.0
Total Value	**1,282.7**	**Total Value**	**1,290.1**
Standardisation			
Award plus Medicare plus DDB	1,102.2	Award plus Medicare plus DDB	1,109.1
Costs / Other	33.8	Costs / Other	34.1
Defence legal costs	146.7	Defence legal costs	147.0
Total Value	**1,282.7**	**Total Value**	**1,290.1**

The standardisation is the most relevant comparison because, as noted earlier, the two database extracts allocate the information (particularly in relation to Medicare) in slightly different ways.

Once the standardisation has been undertaken, the two datasets reconcile closely – with reconciliation differences totalling approximately $7.3m or 0.6% (31 March 2013: $5.8m).

Our approach for each claim record has been to take the maximum value of the two databases for each claim record. This results in the following overall totals being used in our analysis:

- $1,110.6m for the claims award component;
- $34.5m for the costs / other component; and
- $147.0m for the defence legal costs component.

This approach, of taking the maximum value for each claims record, may result in some minor prudence in our overall analysis although the amount of prudence is not considered to be significant in the context of the size of the potential liabilities and the underlying uncertainty in any valuation estimating future claims costs over the next 40 years or more.

2.4 Data conclusion

We have not verified the underlying data nor have we undertaken "auditing at source". We have assumed that any material data issues will have been identified by the Approved Auditor of AICFL (Ernst & Young) during their testing and would have been notified to us.

We have tested the data for internal consistency with the data provided at the previous valuation (31 March 2013).

Based on that testing and reconciliation, and subject to the limitations described in Section 1.4, we have formed the view that:

- Generally, the data is consistent between valuations, with any differences in the data being readily explainable;
- The financial data appears to reconcile reasonably between the two data sources (the claims dataset and the accounting dataset);
- Any data issues that have emerged are not significant in relation to the size of the liabilities; and
- Therefore, the data is appropriate for use for the purposes of this Report.

3 Valuation Methodology and Approach

3.1 Previous valuation work and methodology changes

We have, in broad terms, maintained the core valuation methodology adopted at our previous valuation at 31 March 2013.

There have been some modifications to the assumed future incidence pattern for mesothelioma claims, most notably in the short term to medium term.

We note there have been methodology changes made in the derivation of the yield curve for years 16 and onwards. We address this in detail in Section 3.11.

3.2 Overview of current methodology

The methodology involves assessing the liabilities in two separate components, being:

- Allowance for the cost of settling claims which have already been reported but have not yet been settled ("pending claims"); and
- Allowance for the cost of settling claims which have not yet been reported ("Incurred But Not Reported" or "IBNR" claims).

For pending claims, we have used the case estimates (where available) with some adjustments to reflect the extent to which the case estimates (on average) tend to overstate the ultimate cost. For IBNR claims we have used what can best be described as an "average cost per claim method".

In brief, the overall methodology may be summarised as follows:

- Project the future number of claims expected to be reported in each future year by disease type (for product and public liability) and for Workers Compensation and wharf claims taking into account the expected future incidence of mesothelioma and other diseases and also the past rate of co-joining of the Liable Entities;

- Analyse past average attritional claim costs of non-nil claims in mid 2013/14 money terms. We have defined attritional claims to be claims which are less than $1m in 2006/07 money terms. We estimate a baseline attritional non-nil average claim cost in mid 2013/14 money terms. This represents the Liable Entities' share of a claim rather than the total claim settlement. For Workers Compensation claims, the average cost represents only that part of a claim which is borne by the Liable Entities (i.e. it is net of any insurance proceeds from a Workers Compensation Scheme or Policy);
- Analyse past historical average plaintiff/other and defendant legal costs for non-nil claim settlements;
- Analyse past historical average defendant legal costs for nil claim settlements;
- Estimate a "large claims loading" for mesothelioma claims by estimating the frequency, or incidence rate, and average claim size and legal cost sizes of such claims (being claims which are in excess of $1m in 2006/07 money terms);
- Project the pattern and incidence of future claims settlements from the claims reporting profile projected. This is done by using a settlement pattern derived from consideration of past experience of the pattern of delay between claim reporting and claim settlement for each disease type;
- Estimate the proportion of claims which will be settled with no liability against the Liable Entities by reference to past proportions of claims settled for nil claim cost (we refer to this as the "nil settlement rate");
- Inflate average claim, plaintiff/other and defence legal costs and large claim costs to the date of settlement of claims allowing for base inflation and (where applicable) superimposed inflation;
- Multiply the claims numbers which are expected to be settled for non-nil amounts in a period by the inflated average non-nil claim costs (including the "large claims loading") and plaintiff/other and defence legal costs for that period;
- Make allowance in defence legal costs for that proportion of settled claims which are expected to be settled for no liability but for which defence costs will be incurred;

- Inflate average defence legal costs of nil claims to the date of settlement of claims allowing for base inflation;
- Multiply the claims numbers which are expected to be settled for nil amounts in a period by the inflated average defence legal costs for nil claims for that period;
- Add the expected claims and legal payments relating to pending claims (after allowance for the potential savings on case estimates) after making allowance for the assumed settlement pattern of pending claims;
- This gives the projected future gross cashflow for each future financial year;
- Adjust the projected gross cashflow for the impact of the annual and aggregate caps on DDB reimbursements;
- Estimate the recoveries resulting from cross-claims made by the Liable Entities against other parties ("cross-claim recoveries");
- Project Insurance Recoveries to establish the net cashflows;
- Discount the cashflows using a yield curve derived from yields on Commonwealth Government fixed interest Bonds at the valuation date to arrive at our present value liability assessment.

It should be noted that this description is an outline and is not intended to be exhaustive in consideration of all the stages we consider or all investigations we undertake. Those other stages are outlined in more detail elsewhere in this Report and readers are advised to refer to those sections for a more detailed understanding of the process undertaken.

As discussed elsewhere, the liabilities are established on a central estimate basis.

3.3 Disease type and class subdivision

3.3.1 Claims records excluded from our analysis

We have excluded cross-claims brought by the Liable Entities against other defendants. Where the cross-claim is brought as part of the main proceedings the claim is automatically counted in our analysis of the number of claims. However, where the cross-claim by the Liable Entities is severed from the main proceedings, the existence of a separate record in the claims dataset does not indicate an additional claim (or liability against the Liable Entities). In these circumstances such claims records are not counted in our analysis.

We have also excluded "insurance recovery" claims records. This is because the insurance recovery record is a separate record that exists for claims records where an insurance recovery is due. In other words, the claim against the Liable Entity has already been included in our analysis and the insurance recovery record exists for operational purposes only. We have, however, made separate, explicit allowance in the valuation for future insurance recoveries.

3.3.2 Categories of claim

We have sub-divided the remaining claims into the following groups:

- Product and Public Liability;
- Workers Compensation, being claims by former employees of the Liable Entities; and
- Wharf claims, being claims by individuals whose occupations involved working on the docks or wharves, or where part of their exposure related to wharves.

We have separated the Workers Compensation claims from product and public liability claims because claim payments from Workers Compensation claims do not generate recoveries under the product and public liability insurance cover, so that in order to value those insurance policies we need to separately identify the cashflows from product and public liability claims and the cashflows from Workers Compensation claims.

We have separated out wharfside workers claims because such claims are likely to have a different exposure and incidence profile compared with product and public liability claims.

3.3.3 Categories of disease

For product and public liability claims, we have separately analysed the individual disease types.

We have split the data by disease type because there is sufficient volume of claims to do so, because different disease types display substantially different average claim sizes, and because the incidence pattern of future notifications is expected to vary between the different disease types.

We have not divided the Workers Compensation or wharf claims data by disease type, given their relatively low financial significance and the reduced credibility of the data if sub-divided by disease type (given the low numbers of claims reported).

For the purposes of our analysis, we have allocated each claim once and therefore to one disease only. We have selected the following order of priority, based on the relative severity of the disease:

- Mesothelioma;
- Lung cancer / Other cancer;
- Asbestosis; and then
- Asbestos-Related Pleural Disease and Other ("ARPD & Other").

This means that if a product or public liability claim has mesothelioma as one of its listed diseases, it is automatically included as a mesothelioma claim. If a product or public liability claim has lung cancer or other cancer as one of its listed diseases (but not mesothelioma), it is included as a lung cancer claim. If a product or public liability claim has asbestosis as one of its listed diseases, it is only coded as asbestosis if it has no reference to mesothelioma, lung cancer or other cancer as one of its diseases.

3.4 Numbers of future claims notifications

To project the pattern of incidence of claims against the Liable Entities, we have constructed a model which utilises the following inputs:

- The exposure to asbestos in Australia, adjusted to allow for the Liable Entities' particular incidence of usage, noting that for the period to 1987 they had approximately a stable market share, but thereafter were not involved in asbestos products;
- The average period over which claimants are typically exposed; and
- The statistical distribution of the latency period from average exposure for each disease type, together with the underlying parameters (the mean and the standard deviation) of the latency model.

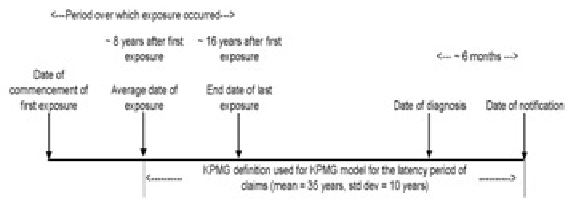
Statistically speaking, the projected peak incidence of mesothelioma is not equal to the peak year of production (or consumption) plus the average latency of mesothelioma.

Instead, the projected peak of claims reporting derived from our model is a function of the overall shape of the exposure and the full distribution of the latency period. In statistical terminology, the projected claims incidence curve is a "convolution" of the statistical distribution of "modelled consumption" and the statistical distribution of the latency period.

Furthermore, the notification pattern will not be symmetrically distributed around the peak year. The notification pattern is derived from the combined impact of the exposure model and the latency model. The exposure model is not a symmetrical distribution; whereas the latency model is a symmetrical distribution.

The following chart shows the timeline of exposure, latency, diagnosis and claims reporting.

Figure 3.1: Illustration of timeline of exposure, latency and claim reporting (example shown is for mesothelioma)



3.4.1 Exposure Model

We have constructed a proxy for an "exposure model" by reference to statistics showing the levels of Australian usage of asbestos.

We do not have detailed individual exposure information for the Liable Entities, its products or where the products were used and how many people were exposed to those products. However, given the market share of James Hardie over the years (through to 1987) and its relative stability, we have used a national pattern of usage as a reasonable proxy for the Liable Entities' exposure.

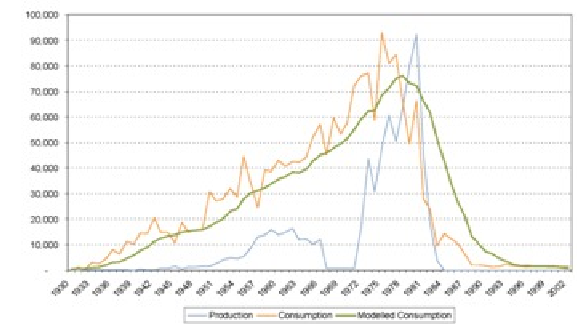
We start by constructing an exposure index from the annual consumption of asbestos within Australia from 1900-2002. We split this between the various asbestos types and by year of consumption.

We have not allowed for multiple exposures with respect to the Liable Entities from each unit of asbestos consumed, e.g. where the Liable Entities were both mining and milling the same asbestos. While there was some (moderate) mining at Baryulgil, in relative terms it is not significant. In any event, we have made separate explicit allowance for mining activities at Baryulgil within our liability assessment.

Figure 3.2 shows measures of the production and consumption of asbestos in Australia in the period 1930 to 2002.

It can be seen that the exposure, being measured in net consumption, appeared to peak in the early to mid 1970s. It can also be seen that for Australia as a whole, asbestos consumption continued at significant levels until the mid 1980s and then began to fall through to 2002.

Figure 3.2: Consumption and production indices – Australia 1930-2002



Source: World Mineral Statistics Dataset, British Geological Survey, www.mineralsuk.com
R Virta, USGS Website Annual Yearbook
The data underlying this chart is shown in Appendix E.

The "modelled consumption" is derived as the consumption averaged over the previous eight years, i.e. from the implied start date of exposure to the average date of exposure.

This selection of eight years is based on the analysis contained in Section 6.1 which shows that a typical claimant has an average exposure period of 16 years and that the average date of exposure is therefore typically eight years after the start date of exposure.

It is the "modelled consumption" which is used, together with an assumption about the statistical distribution of the latency period, as a basis for projecting future mesothelioma claim numbers.

There is an implicit assumption within the use of the "modelled consumption" to derive the level of future claim notifications that:

- the consumption of asbestos is directly correlated with, and a suitable proxy for, the number (and extent of exposure) of people exposed to asbestos in any year; and
- the rate of incidence of individuals developing an asbestos-related disease arising from exposure to asbestos is the same for each exposure year and is independent of the type of asbestos used or the age of the individuals exposed.

3.4.2 Latency model

Our assumption is that the latency pattern (from the average date of exposure) for all disease types is statistically distributed with a normal distribution.

The parameters (i.e. the mean and standard deviation) of the distribution have been set by reference to previous work undertaken by Professor Berry et al[1], by Jim Leigh et al[2] and by Yeung et al[3].

The parameters for the mean and, in particular, for the standard deviation have also been set taking into account the claims experience of the Liable Entities to date.

The parameters vary by disease type.

The analysis supporting the selection of these parameters is summarised in Section 6.2.

[1] Malignant pleural and peritoneal mesothelioma in former miners and millers of crocidolite at Wittenoom, Western Australia; G Berry, N H de Klerk et al (2004)

[2] Malignant Mesothelioma in Australia: 1945-2000; J Leigh et al (2002)

[3] Distribution of Mesothelioma Cases in Different Occupational Groups and Industries, 1979-1995: P Yeung, A Rogers, A Johnson (1999)

3.4.3 *Projecting the claims notification curve using the exposure and latency model*

Our methodology is to take each year of exposure, using "modelled consumption" of asbestos in tonnage for that year, and project an index of the number of claims we project to emerge in each future reporting year resulting from that exposure year.

The latency period is assumed to be normally distributed with a mean and a standard deviation which vary by disease type.

This means that for any given exposure year, the peak incidence of reporting claims would be (in the case of mesothelioma) 35 years after the average exposure date from that exposure year.

We then aggregate the claims notification index curves projected for each exposure year to produce an overall curve which shows the index of claim notifications arising from all exposure periods.

The curve is described as an index because consumption is used as a proxy measure for the number of individuals exposed and because we don't know what proportion of those people who were exposed will develop asbestos-related diseases.

Therefore the methodology produces a shape of the number of claims, rather than an absolute level of the number of claims to be reported.

This methodology provides not only the shape of claims reporting as an index but it also projects the implied peak year(s) of incidence for each disease type and the rate of decay in claims reporting levels after the peak year of incidence.

We allow for each of the diseases having different average latency periods. This results in different projected peak years for the different diseases.

These are summarised in Sections 6.2 and 6.3.

3.4.4 *Calibrating the curve index to current reporting experience*

We take the claim curve index and then calibrate the number of notifications in each future year by reference to the recent levels of claims reporting and the number of claims we have assumed for the 2014/15 financial year.

This approach implicitly assumes that:

- The future rate of incidence of asbestos-related diseases manifesting as a result of a past exposure to asbestos will remain stable;
- The pattern of diagnosis and the delay between diagnosis and reporting remain stable;

- The "propensity to claim" by individuals will remain stable; and
- The rate of co-joining the Liable Entities in claims will remain stable.

Changes to any of these factors over time will result in changes to the actual pattern of incidence of claims reporting compared with that derived in Section 3.4.3.

Our assumptions for the base number of claims reported in 2014/15 are summarised in Sections 4.4 and 5.6.

3.4.5 Model adjustments in relation to the mesothelioma claims experience in 2013/14

As a consequence of the heightened mesothelioma claims reporting observed in 2013/14, we have made some modifications to the future incidence pattern (as derived in Section 3.4.3) for this disease type.

The changes are most pronounced for the next three years (i.e. to 2016/17) and with consequential changes to the subsequent nine years to 2025/26.

We have made no changes to the assumed future level of claims reporting for the period 2026/27 onwards, retaining the previous projections for that period onwards.

These changes are explained in further detail in Section 6.3.

3.5 Incidence of claim settlements from future claim notifications

We derive a settlement pattern by analysing triangulations of the numbers of settlements and claims payments by delay from the year of notification.

From these settlement pattern analyses, we have estimated the pace at which claims notified in the future will settle, and used this to project the future number, and monetary amount, of settlements in each financial year for each disease type.

Our analysis and assumptions selected are summarised in Section 9.6.

3.6 Average claim costs of IBNR claims

3.6.1 Attritional claims

We define a large claim as one for which the award is greater than or equal to \$1m in 2006/07 money terms (which equates to approximately \$1.32m in mid 2013/14 money terms).

We define an attritional claim as a non-nil, non-large claim. We define a nil claim as one for which the award payable by the relevant Liable Entity is zero.

We have estimated the following five components to the average cost assessment:

- Average award (sometimes including plaintiff legal costs) of a non-nil "attritional" claim.
- Average plaintiff legal / other costs of a non-nil "attritional" claim.
- Average defence legal costs of a non-nil "attritional" claim.
- Average defence legal costs of a nil claim.
- Large claim awards and legal cost allowances.

All of our analyses have been constructed using past average awards, which have been inflated to mid 2013/14 money terms using a historical base inflation index (of 4% per annum). This allows for basic inflation effects when identifying trends in historical average settlements. We then determine a prospective average cost in mid 2013/14 money terms.

We perform the same analysis for the defence legal costs for nil and non-nil claims and for plaintiff legal / other costs in respect of non-nil claims (together "Claims Legal Costs").

Our analysis and assumptions are summarised in Section 7.

3.6.2 Large claims loading

We analyse the historical incidence rate of large claims (being measured as the ratio of the number of large claims to the total number of non-nil claims), and the average claim size and legal costs of these claims. We have determined a prospective incidence rate and an average cost in mid 2013/14 money terms to arrive at a "per claim" loading (being the average large claim cost multiplied by the large claim incidence rate per claim) being the additional amount we need to add to our attritional average claim size to allow for large claims.

Our analysis and assumptions are summarised in Section 7.8.

3.6.3 Future inflation of average claim sizes

Allowance for future claim cost inflation is made. This is modelled as a combination of base inflation plus superimposed inflation. This enables us to project future average settlement costs in each future year, which can then be applied to the IBNR claims as they settle in each future year.

Our analysis and assumptions in relation to claims inflation are summarised in Sections 9.2 and 9.3.

3.7 Proportion of claims settled for nil amounts

We apply a "nil settlement rate" to the overall number of settlements to estimate the number of claims which will be settled for nil claim cost (i.e. other than in relation to defence legal costs) and those which will be settled for a non-nil claim cost.

The prospective nil settlement rate is estimated by reference to the analysis of past trends in the rate of nil settlements.

Our analysis and assumptions selected are summarised in Section 8.

3.8 Pending claims

3.8.1 Definition of pending claims

At 31 March 2014, there were 506 claims (31 March 2013: 502) for which claim awards have not yet been fully settled by the Liable Entities.

Additionally, there are a number of other claims for which defence legal costs have not yet been settled, even though the awards have been settled.

There has been an increase in the number of pending mesothelioma claims during 2013/14 (an increase of 30 claims). This is a result of the higher claims reporting that has been experienced in the year and it reflects the time delay that naturally exists between notification and settlement.

Overall, the number of pending claims is broadly unchanged in the year reflecting lower claims reporting but higher settlement activity for non-mesothelioma (including workers compensation) claims.

We have adopted three definitions of settlement status:

- Where there is a closure date, there are not expected to be any further award or legal costs incurred.
- Where there is no closure date but the claim has a settlement date, there is the possibility of further emerging defendant legal costs, even though the claim award has been settled.
- Where there is no settlement date, there is the possibility of award, plaintiff legal costs and defendant legal costs being incurred.

3.8.2 Evaluating the liability for pending claims

The excess amount of the liability for pending claims, over the case estimates held, is what the insurance industry terms Incurred But Not Enough Reported ("IBNER").

Depending on the case estimation procedure of a company and the nature of the liabilities, IBNER can be either positive or negative, with a negative IBNER implying that the ultimate cost of settling claims will be less than case estimates, i.e. that there is some degree of redundancy in case estimates.

In assessing the extent of IBNER (whether positive or negative) required, we have undertaken a projection of the future settlement cost of pending claims and compared this to the case estimates for such claims. Our projection is based on a blending of the following actuarial techniques:

- Projection of future claim payments by year of notification using triangulation techniques and comparison with the case estimates for those claims; and
- Projection of future average cost per claim for reported, but not finalised claims. The average cost is assessed by reference to the delay from when the claim was reported to when the claim settles (this method is known as the PPCF method).

Mesothelioma claims were projected separately from other disease types due to differing reporting and settlement patterns as well as differing average claim awards.

Workers Compensation claims were excluded from the analysis due to limited data volumes and the impact of Workers Compensation insurance upon the data.

3.8.3 Findings

Our analysis has indicated that there is a degree of redundancy in case estimates, i.e. a negative IBNER.

The comparison of current case estimates with actuarially-projected future settlement costs for claims reported to date suggests that potential savings from case estimates in relation to the award component could be of the order of 25%.

AICFL's own analysis also suggests that historically there have also been savings which have typically varied between 20% and 30%.

Furthermore, we have assessed whether the cost of claims reported up to and including 31 March 2014 has deteriorated (or improved) compared to our prior estimate (as at 31 March 2013).

The table below shows that there has been no deterioration compared to the estimates we previously adopted and are currently adopting (both of which have already made allowance for a 25% saving on case estimates). This analysis lends further support to the view that the allowance we have made for the extent of redundancy in case estimates of 25% is reasonable and is borne out by the actual experience.

We have maintained our assumption for the level of redundancy in case estimates on currently reported claims at 25% at this valuation (March 2013: 25%). This assumption is only applied to the case estimates for the claim award, i.e. it is not applied to plaintiff/other costs or defence costs.

Table 3.1: Change in cost of claims during 2013/14 financial year ($m) – claim award component only

Figures in $ millions	Current year reported claims	Prior year reported claims	Total
Estimates for pending claims at 31 March 2013 (undiscounted)	0.0	81.2	81.2
Paid amounts in year to 31 March 2014	77.4	51.2	128.6
Estimates for pending claims at 31 March 2014 (undiscounted)	60.0	26.4	86.4
Incurred Cost in the financial year	**137.4**	**(3.6)**	**133.8**

It should also be noted that making allowance for savings from case estimates is expected to have a more significant impact on the near term cash flows and a lesser impact on the longer-term cashflows, with more than 95% of the cost of pending claims expected to be settled within the next six years.

3.9 Insurance Recoveries

Insurance Recoveries are defined as proceeds which are estimated to be recoverable under the product and public liability insurance policies of the Liable Entities, and therefore exclude any such proceeds from a Workers Compensation Scheme or Policy in which the Liable Entities participate or which the Liable Entities hold.

In applying the insurance programme we consider only the projected gross cashflows relating to product and public liability claims.

We split out product liability cashflows from public liability cashflows as they are covered by different sections of the insurance policy under different bases:

- Product liability claims are covered by an aggregate policy which provides cover for all product liability claims costs attached to any one year up to an overall aggregate limit for that year; and
- Public liability claims are covered by an "each and every loss" policy which provides cover for each public liability claim up to an individual limit for that year.

Historical analysis of the claims data suggests that more than 97% of all liability claims by cost have been product liability claims.

We make no allowance for the Workers Compensation cashflows in estimating the Insurance Recoveries, as the insurance programme only provides insurance cover to product and public liability exposures.

3.9.1 Programme overview

Until 31 March 1985, the Liable Entities had in place General and Products liability insurance policies with a $1m primary policy layer.

In addition, until 31 May 1986, the Liable Entities maintained further excess "umbrella" insurance policies, with varying retentions and policy limits. That is, the insurance policies paid all costs arising from claims with exposure in a specified year from the retention up to the relevant policy limit. All claim costs in relation to a given exposure year in excess of the limit would be retained by the Liable Entities.

Product liability claims were insured under these insurance policies on an "in the aggregate" basis whilst public liability claims were insured on an "each and every loss" basis.

These insurance policies were placed amongst a number of insurance providers on a claims occurring basis.

From 31 May 1986, the insurance policies were placed on a claims made basis in relation to asbestos-related product and public liability cover.

In summary, the insurance policies were placed as follows:

- For the period up to June 1976, the insurance policies were written on a claims occurring basis. The insurance was provided by QBE but the cover provided by these policies was commuted in June 2000 for a consideration of $3.1m per annum for the following 15 years (through to 30 June 2014).
- For the period from June 1976 to 31 May 1986, the insurance policies were written on a claims occurring basis. CE Heath acted as the underwriting agent and insured the risk in Australia and also into Lloyd's of London and the London Market. However, during this period CE Heath Underwriting & Insurance (Australia) Pty Ltd (CEH U&I) also insured some of the risk, reinsuring their placement on a facultative basis.
- For the period 31 May 1986 to 31 March 1989, the insurance policies were written on a claims-made basis. CE Heath acted as the underwriting agent and insured the risk into Lloyd's of London and the London Market.
- For the period 31 March 1989 to 31 March 1997, the insurance policies were written on a claims-made basis. However, CE Heath Casualty & General Insurance Ltd (later HIH Casualty & General) acted as the insurer of the programme and reinsured it on a facultative basis into Lloyd's of London and the London Market. CE Heath Casualty & General Insurance Ltd retained some share on some of the layers.

3.9.2 Modelling insurance recoveries on the claims occurring programme

Our methodology for projecting the future insurance recoveries to be collected by AICFL involves the following steps:

- Identify the current contract positions for each insurance policy year. This assumes that all monies due have been collected, and does not allow for the impact of commutations that have taken place.

- Allocate the projected future gross cashflows to individual insurance policy years using an allocation basis that has been determined by reference to the exposure methodology used to project future claim numbers and also using a "period of exposure" and "time on risk" allocation.
- This gives a projection of how the insurance programme is utilised over time.

This method allows us to:

- evaluate the total insurance recoveries due by payment year;
- determine how the insurance recoveries due will be assigned to each layer and therefore to each insurer; and
- identify and allow for when the individual layers are projected to be fully exhausted.

We then make an additional adjustment to the projected recoveries to exclude those projected future insurance recoveries that are assigned to the participations of insurers who have already commuted their coverage with AICFL and the Liable Entities or insurers who have settled the coverage by way of a Scheme of Arrangement.

3.9.3 Commutations

We have allowed for the value of the QBE commutation entered into in June 2000 which involves the payment of a consideration of $3.1m per annum for 15 years to (and including) 30 June 2014.

Other commutations have been entered into, but these commutations have involved the payment of a lump sum amount, rather than an annual cashflow amount paid over a period of time. In these circumstances, we have assumed that the insurance liabilities of that company to the Liable Entities have been fully discharged and no further recoveries will fall due.

We have made no allowance or adjustment for any future commutations.

3.9.4 HIH and the claims occurring period

In relation to those claims occurring policies where CEH U&I insured some of the risks (and then facultatively reinsured that risk), we have assumed, for the purposes of this Report, that cut-through from the reinsurers directly to the Liable Entities will not take place and that these Insurance Recoveries will therefore rank alongside other creditors of the HIH Group.

We note that this assumption is an actuarial valuation assumption and is not based on legal opinion and we pass no such opinion.

We note the decision of *Amaca Pty Ltd v McGrath & Anor as liquidators of HIH Underwriting and Insurance (Australia) Pty Ltd [2011] NSWSC 90.*

In that decision, Justice Barrett determined that Section 562A(4) of the Corporations Act could apply in relation to proceeds already collected by the liquidator of HIH on the relevant reinsurance policies.

However, Justice Barrett also said that the Court did not have the power to make a general order under Section 562A(4) of the Corporations Act in relation to future proceeds collected by the liquidator of HIH from relevant reinsurance policies.

Accordingly, our approach for this Report is to continue to assume that future cut-through is not achieved.

Were cut-through to be achieved, whether under Section 562A(4) of the Corporations Act or under Section 6 of the Law Reform (Miscellaneous Provisions) Act or on some other basis, this would be expected to increase the level of insurance recoveries, as the financial strength of the reinsurers to the HIH Group is generally better than that of the HIH Group itself, so that a lower bad debt charge would apply.

We have noted in the Annual Actuarial Reports of 31 March 2012 and 31 March 2013 that there have been material proceeds from HIH as a result of successful Section 562A(4) applications.

3.9.5 *Schemes of Arrangement*

For the claims occurring period, where a claim filed against a company under a Scheme of Arrangement has been accepted and payment made, we have assumed that the insurance liabilities of that company to the Liable Entities have been fully discharged and no further recoveries fall due.

3.9.6 *Unpaid insurance recoveries*

We have not included within our liability estimate any allowance for insurance recoveries under the claims occurring period that are due but have not yet been collected ("unpaid balances"). We are advised that such monies amount to approximately $3m at 31 March 2014 (31 March 2013: $6m).

These amounts are more appropriately dealt with as being debtors of AICFL.

3.9.7 Claims made insurance protection from 31 May 1986 onwards

Insurance protection purchased from 31 May 1986 onwards was placed on a "claims made" basis and as such may not provide protection or recoveries against the cost of future claim notifications made by claimants against the Liable Entities.

For the purpose of this Report, we have made no allowance for the value of insurance policies placed from 1986 onwards in our liability assessment.

3.9.8 Bad and doubtful debt allowance on Insurance Recoveries

We have made allowance for bad and doubtful debts on future Insurance Recoveries within our valuation by use of the default rates specified in Appendix A. These have been sourced from Standard & Poors' 2013 Annual Global Corporate Default Study and Rating Transitions, March 2014 and they are based on bond default rates.

We have considered the credit rating of the insurers of the Liable Entities as at March 2014 and applied the relevant credit rating default rates to the expected future cashflows by year, treaty and insurer.

Where additional information regarding the expected payout rates of solvent and insolvent Schemes of Arrangement is available, we have instead taken the expected payout rates to assess the credit risk allowance to be made in our liability assessment.

3.10 Cross-claim recoveries

A cross-claim can be brought by, or against, one or more Liable Entities. Cross-claims brought against a Liable Entity ("Contribution Claims") are included in our analysis of the claims experience.

Cross-claims brought by a Liable Entity relate to circumstances where the Liable Entity seeks to join (as a cross-defendant) another party to the claim in which the Liable Entity is already joined.

To the extent that the Liable Entities are successful in joining such other parties to a claim, the contribution to the settlement by the Liable Entities will reduce accordingly.

Our approach in the valuation has been to separately value the rate of recovery ("cross-claims recovery rate") as a percentage of the gross award based on historical experience of such recoveries.

Our analysis and assumptions selected are summarised in Section 9.5.

3.11 Discounting cashflows

Cashflows are discounted on the basis of yields available at the valuation date on Commonwealth of Australia fixed interest Government Bonds ("Commonwealth Government Bonds") of varying coupon rates and durations to maturity (matched to the liability cashflows), with a long-term discount rate of 6.00% per annum assumed.

It should be recognised that the yield curves and therefore the discount rates applied can vary considerably between valuations and can, and do, contribute significant volatility to the present value of the liability at different valuation dates.

At 31 March 2014, as compared with 31 March 2013, there have been significant increases in observed yields on Commonwealth Government Bonds at most durations.

Our previous approach to the determination of the discount rates, at 31 March 2013, was:

- For years 1 to 13, zero coupon spot rates were determined by reference to the prices, coupons and durations of Commonwealth Government Bonds;
- For years 16 and onwards, we selected a uniform long-term discount rate of 6.00% per annum; and
- For years 14 and 15, we selected spot rates that "linearly interpolate" between the year-13 rate and the year-16 rate (of 6.00%).

Our revised approach for this Report is:

- For years 1 to 16, zero coupon spot rates were determined by reference to the prices, coupons and durations of Commonwealth Government Bonds;
- For years 19 and onwards, we have selected a uniform long-term discount rate of 6.00% per annum; and
- For years 17 and 18, we have selected spot rates that "linearly interpolate" between the year-16 rate and the year-19 rate (of 6.00%).

Our selected assumptions are summarised in Section 9.4.

4 Claims Experience – Mesothelioma Claim Numbers

4.1 Overview

Figure 4.1 shows the number of mesothelioma claims reported by year of notification.

Figure 4.1: Number of mesothelioma claims reported annually

Note: Throughout Sections 4 to 9, the date convention used in tables and charts is that (for example) 2008/09 indicates the financial year running from 1 April 2008 to 31 March 2009. Furthermore, unless clearly identifying a calendar year, the label "2008" in charts or tables would indicate the financial year running from 1 April 2008 to 31 March 2009.

The number of mesothelioma claim notifications increased steadily from 2000/01 (126 claims) to 2003/04 (189 claims). There was an upward step in claim numbers during 2004/05 with 265 claims reported.

In 2008/09, there were 305 claims reported.

The next three years saw lower (and relatively stable) claim numbers reported, with the number of claims varying between 260 and 270 claims.

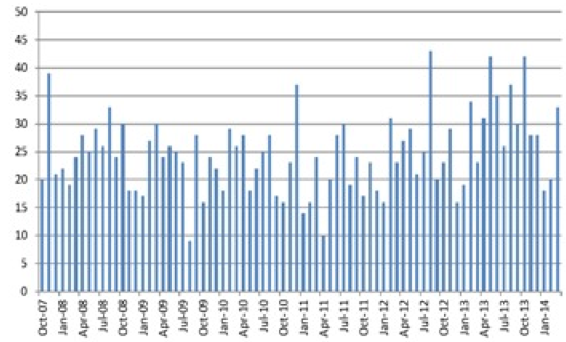
In 2012/13, the number of claims reported increased to 309, largely reflecting increased numbers of cross-claims from other defendants.

In 2013/14, the number of claims reported increased significantly, to 370 claims, largely reflecting increased numbers of direct claims from claimants.

4.1.1 *Monthly analysis of notifications*

We have examined the number of mesothelioma claims reported on a monthly basis to better understand the nature of the claims experience observed on an annual basis.

Figure 4.2: Monthly notifications of mesothelioma claims



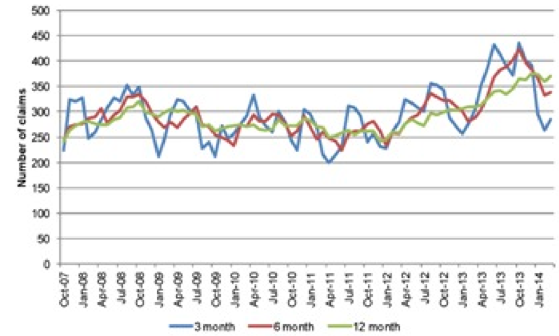
It is observed that:

- The number of claims reported in 2013/14 (370 claims) has been 23% above our previous expectations (300 claims) and 20% above the level observed in 2012/13.
- In 2013/14, the highest number of mesothelioma claims reported in one month occurred in May 2013 and October 2013 where 42 claims were reported to the Liable Entities. The highest ever number of mesothelioma claims reported in one month historically is 43 claims which occurred in August 2012.
- In 2013/14, seven months of the year had 30 or more claims reported. In 2011/12 and 2012/13, there were two months of each year where the number of claims reported was 30 or more.

4.1.2 *Rolling averages*

We have reviewed the number of mesothelioma claims reported on a monthly basis and reviewed the rolling 3-month, 6-month and 12-month averages in recent periods.

Figure 4.3: Rolling annualised averages of mesothelioma claim notifications



It can be seen that the current annualised rolling averages are between 284 (3-month average) and 370 (12-month average).

Over the past two years, the 6-month and 12-month averages have increased, ranging from 270 to 420 claims per annum.

Not surprisingly, the 3-month averages have shown more volatility, varying between 250 and 440 over the past two years.

4.1.3 'Seasonality' of claim notifications

The table below shows the 'seasonality' differences between H1 and H2 that occurred in 2012/13 and 2013/14.

Figure 4.4: Number of mesothelioma claims by half-year period

	Number of claims	Actuarial Forecast	% Difference
2012/13			
H1	165	138	20%
H2	144	138	4%
2013/14			
H1	201	150	34%
H2	169	150	13%

Note: Actuarial valuation forecast is the estimate of mesothelioma claims to be received in the year, based on the then most recent Annual Actuarial Report.

It can be seen in the two most recent years that the number of claims reported in the first half of the year is materially higher than the number of claims reported in the second half of the year.

The first three quarters of the 2013/14 financial year saw 299 claims reported, whilst the fourth quarter saw 71 mesothelioma claims reported, although this may in part be explained by the closure of law firms over the Christmas period and into January.

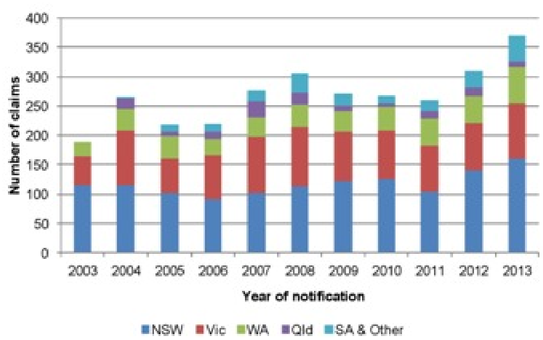
This 'seasonality' of claims reporting, and in particular the significant reduction in claims activity in the second half of the financial year, adds to the uncertainty around the underlying level of current claims reporting in relation to mesothelioma.

4.2 Profile of mesothelioma claims

4.2.1 Claims by State

We have analysed the number of mesothelioma claim notifications by the State in which the claim is filed.

Figure 4.5: Number of mesothelioma claims by State



Since 1997, NSW has contributed approximately 50% of all claims reported. However, in the past five years, its proportion has declined and NSW now contributes typically around 45% of all claims by number (although a higher proportion of mesothelioma claims by cost).

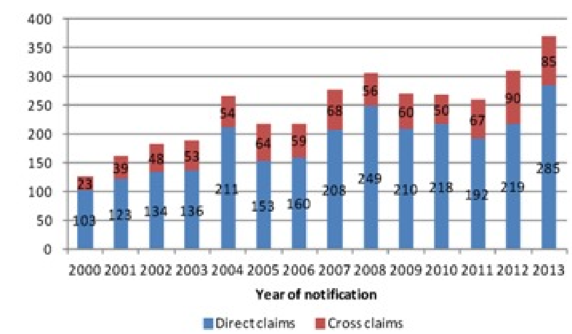
It is of note that for 2013/14:

- Overall, mesothelioma reporting activity is at the highest level in the history of reporting to the Liable Entities.
- Claim activity in SA and WA have shown material increases in 2013/14 (each being 18 claims higher than 2012/13).
- Claim activity in NSW has increased substantially this year (19 higher than 2012/13).
- Claim activity in Victoria has increased slightly.
- Claims activity in Queensland has reduced (in part this will be due to more of these claims now being lodged in NSW).

4.2.2 Direct claims and cross-claims

Figure 4.6 shows the number of claims notified by year of notification and separately as between claims brought by claimants (which we refer to as 'direct claims') and claims brought by other defendants, some of which are brought a number of years after the claim was first notified (these claims we refer to as 'cross claims').

Figure 4.6: Number of mesothelioma claims by type of claim



It can be seen that the increase in claim numbers that were observed in 2012/13 was primarily a function of a higher number of cross-claims being brought by other corporations and by State and Federal Government Entities. Direct claims were at levels consistent with (or, in some cases, below) levels observed in the preceding five years.

This higher level of cross claims continued in 2013/14 with the number of cross claims reported at a similar level to 2012/13, supporting our previous valuation assumption (made at 31 March 2013) that an increased rate of co-joining/cross claiming should be assumed to be a permanent feature of the claims experience.

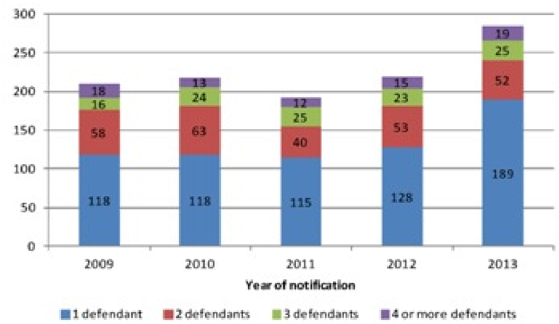
NSW is currently the primary source of cross claims (making up 65% of the total number of cross claims).

In 2013/14, there has additionally been a material increase in the number of direct claims most notably from NSW, WA and SA.

4.2.3 Number of defendants

Figure 4.7 shows the number of claims notified by year of notification and by number of defendants.

Figure 4.7: Number of mesothelioma claims by number of defendants (direct claims only)



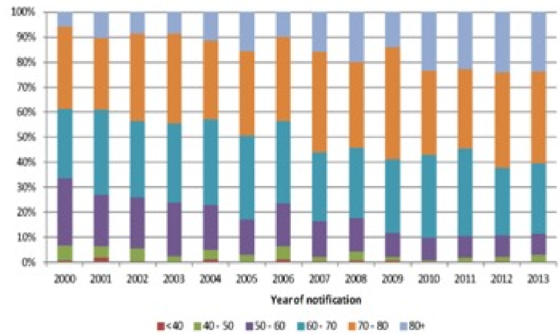
The number of claims reported involving only the Liable Entities (i.e. single-defendant claims) has seen the most material increase in the year.

Claims in which the Liable Entities are the only defendants to the claim are associated with higher average claim sizes whilst claims involving multiple defendants typically involve the Liable Entities paying 60% or less of the total settlement (see Section 7.2).

4.2.4 *Age profile of claimants*

Figure 4.8 shows the proportion of claims notified by year of notification and by age of claimant.

Figure 4.8: Number of mesothelioma claims by age of claimant



The proportion of claims reported involving claimants over the age of 70 has gradually increased, evident by the downwards trends in the chart from left to right.

The higher proportion of claims involving claimants over 70 years of age has been a contributor to the stability in average claim sizes experienced in the last ten years to date (thereby acting to offset other claims inflation drivers),

The most recent financial year saw a slight increase in the proportion of claimants between the ages of 40 and 50. This has in part contributed to the increased number (and proportion) of large claims that have been observed in the most recent financial year.

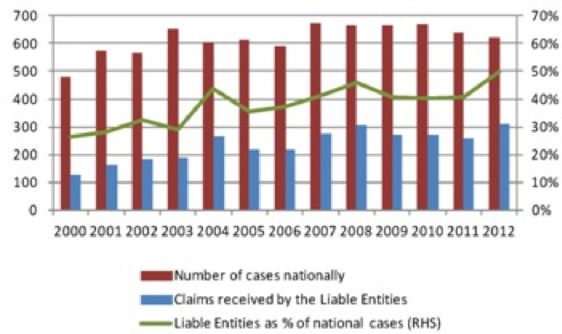
4.3 External statistics on mesothelioma claims incidence

Figure 4.9 compares the total number of mesothelioma cases reported (diagnosed) nationally to the number of mesothelioma claims received by the Liable Entities.

The "year" is calendar year for the national cases (i.e. 2012 is the year running from 1 January 2012 to 31 December 2012); whilst for the Liable Entities it is the financial year (i.e. 2012 is the year running from 1 April 2012 to 31 March 2013).

It should be noted that the two sets of data correspond to different definitions of year and so are not directly comparable and some caution should be exercised.

Figure 4.9: Number of mesothelioma cases reported nationally compared to the number of claims received by the Liable Entities



Sources: Australian Cancer Incidence and Mortality book for Mesothelioma, Australian Institute of Health and Welfare, updated February 2014 for 2000-2010

Second Annual Report of the Australian Mesothelioma Registry for 2011 and 2012

The annual number of mesothelioma cases diagnosed nationally was relatively stable for the period 2007 to 2010 at around 675 cases.

In 2011, the number of cases diagnosed nationally fell to 639.

In 2012, the number of cases diagnosed nationally fell to 619 although, consistent with 2011 (which increased by 27 after the year-end), there is expected to be some late processing that may take increase this figure to nearer 640 cases.

It should be noted that not all cases result in a claim being brought in Common Law. Furthermore, even if a claim is brought, not all claims will involve the Liable Entities.

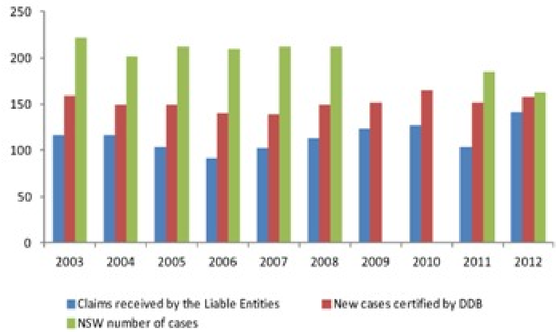
Analysis of the DDT data in recent years has indicated that around 75%-80% of all diagnoses of mesothelioma resulted in a claim being brought in Common Law in NSW.

Looking at the experience in NSW in more detail, the following chart compares the number of cases of mesothelioma in NSW with the number of claims brought in the Dust Diseases Board of New South Wales (DDB) and the number of claims brought against the Liable Entities under common law.

For the DDB data, the "year" is financial year (i.e. 2012 is the year running from 1 July 2012 to 30 June 2013).

It should be noted that the three sets of data correspond to different definitions of year and so are not directly comparable and some caution should be exercised.

Figure 4.10: Number of mesothelioma cases reported in NSW



Sources: NSW Central Cancer Registry Reporting Module, 2010 for 2000-2008.

Second Annual Report of the Australian Mesothelioma Registry for 2011 and 2012.

Total number of cases in NSW not identified for 2009 and 2010.

Workers Compensation (Dust Diseases) Board Annual Report, 2012/13 (Appendix 17).

It can be noted that the number of cases certified by the DDB in 2011 and 2012 has increased as a proportion of the total number of cases reported in NSW for these years. For 2012/13, there was a significant increase in both the number and proportion of claims that the Liable Entities had brought against them compared to the total number of cases of mesothelioma in NSW in total.

4.4 Base valuation assumption for number of mesothelioma claims

In setting a base valuation assumption for 2014/15, we have considered whether the observations in the most recent year were one-off fluctuations or may be part of a new or ongoing trend.

The increase in claims reporting in 2012/13 was primarily due to an increased number of cross-claims, many of which appeared to have a longer time lag since diagnosis.

In our March 2013 valuation, we assumed that this feature may continue into future years.

The actual experience in 2013/14 in relation to cross-claims has provided further support for the decision taken last year.

However, in 2013/14, there has been a substantial increase in claims reporting directly from claimants and in particular in relation to single-defendant claims.

At this stage, it is unclear if this feature is a one-off or will continue into future years.

For the purpose of determining an assumption for 2014/15, we have assumed that this feature will recur in 2014/15.

Based on the above observations, we have assumed 370 claims for 2014/15. There is, however, material uncertainty in relation to this assumption and it is possible that claims activity could increase further next year, or fall next year. Depending on the outcome, further changes to the valuation assumptions and therefore to the valuation results may be necessary. Such changes could be material.

Our deliberations in relation to a longer-term perspective are detailed in Section 6.3.

As a consequence of the above noted uncertainties, further volatility in relation to the valuation result should be anticipated for at least the next few years.

5 Claims Experience – Claim numbers (non-mesothelioma diseases)

5.1 Overview

Table 5.1 shows the number of claims reported by year of notification and by disease category.

Table 5.1: Number of claims by disease type

Year of notification	Asbestosis	Lung Cancer	ARPD & Other	Wharf	Workers	Total
1997	32	20	17	2	50	121
1998	25	12	13	3	30	83
1999	41	16	12	14	39	122
2000	46	30	22	26	37	161
2001	93	24	30	17	59	223
2002	90	36	41	15	52	234
2003	101	26	27	10	36	200
2004	121	34	26	6	62	249
2005	103	32	17	6	33	191
2006	161	36	31	7	44	279
2007	171	28	43	8	46	296
2008	162	40	45	11	59	317
2009	120	40	43	3	61	267
2010	140	13	36	9	30	228
2011	110	15	36	6	30	197
2012	129	33	38	7	26	233
2013	116	26	49	15	32	238
2000-2013	1,663	413	484	146	607	3,313
All Years	1,959	542	663	189	1,298	4,651

5.2 Asbestosis claims

For asbestosis, the three years of claims reporting from 2006/07 to 2008/09 saw claims reporting activity reasonably stable, at between 161 and 171 claims.

The years 2009/10 to 2012/13 saw claims reporting reduce, varying between 110 and 140 claims.

There have been 116 asbestosis claims reported in 2013/14.

We have assumed 120 asbestosis claims will be reported in 2014/15.

5.3 Lung cancer claims

The number of lung cancer claims reported has typically been between 25 and 40 claims per annum.

However, reporting in 2010/11 and 2011/12 was substantially lower, at 13 and 15 claims respectively, and this reduction was attributed to then-recent court cases (*Amaca vs. Ellis [2010] HCA 5* and *Evans vs. Queanbeyan City Council [2010] NSWDDT 7)* in relation to the interaction of smoking and asbestos exposure upon lung cancer.

In 2012/13, the number of claims increased again to 33 and in 2013/14 the number of claims reported was 26.

We have assumed 30 lung cancer claims will be reported in 2014/15.

5.4 ARPD & Other claims

The number of ARPD & Other claims, has typically been between 30 and 45 over the last seven years.

In 2013/14, the number of claims reported increased to 49.

In setting an assumption for 2014/15 we consider it appropriate to give recognition to the experience in the most recent year.

We have assumed 48 ARPD & Other claims will be reported in 2014/15.

5.5 Workers Compensation and Wharf claims

The number of Workers Compensation claims, including those met in full by the Liable Entities' Workers Compensation insurers, has exhibited some degree of volatility ranging from 26 claims to 61 claims in the most recent five years.

In 2013/14 there were 32 claims reported, in 2012/13 there were 26 claims reported and in 2011/12 there were 30 claims reported.

We have assumed 30 Workers Compensation claims will be reported in 2014/15.

It should be noted that the financial impact of this source of claim is not substantial to the Liable Entities given the proportion of claims which are settled for nil liability against the Liable Entities (typically above 90%), which results from the insurance arrangements in place.

For Wharf claims, we have assumed 12 claims will be notified in 2014/15. This compares with 15 claims reported in 2013/14, 7 reported in 2012/13 and 6 reported in 2011/12. Again, the financial impact of this source of claim is not currently significant.

5.6 Summary of base claims numbers assumptions (including mesothelioma)

In forming a view on the numbers of claims projected to be reported in 2014/15, we have taken into account the emerging experience in the latest financial year and a revised view of the expected numbers of claims reported based on recent trends.

As outlined in Sections 4 and 5, our assumptions as to the number of claims to be reported in 2014/15 are as follows:

Table 5.2: Claim numbers experience and assumptions for 2014/15

	2012/13 actual	2013/14 actual	2013/14 H1 (annualised)	2013/14 H2 (annualised)	2013/14 expected	2014/15 Assumption
Mesothelioma	309	370	402	338	300	370
Asbestosis	129	116	108	124	132	120
Lung Cancer	33	26	24	28	33	30
ARPD & Other	38	49	50	48	39	48
Wharf	7	15	22	8	6	12
Worker	26	32	36	28	30	30
Total	**542**	**608**	**642**	**574**	**540**	**610**

Annualised figures do not make allowance for any seasonality of reporting.
They are calculated by multiplying the half-year experience by a factor of 2.
2013/14 Expected is the assumption selected for 2013/14 in our previous valuation report.

5.7 Baryulgil

Almost half of the claims settled which relate to asbestos mining activities at Baryulgil (as discussed previously in Section 1.2.3) have been settled with no liability against the Liable Entities; and for the remaining settled claims, the Liable Entities have typically borne one-third to one-half of the settlement amount, reflecting the contribution by other defendants to the overall settlement (including those which have since been placed in liquidation).

For the purposes of our valuation, we have estimated there to be 14 future claims reported, comprising 6 mesothelioma claims, 4 other product and public liability claims and 4 Workers Compensation claims.

We have assumed average claims and legal costs, net of Workers Compensation insurances, broadly in line with those described in Section 7.

Our projected liability assessment at 31 March 2014 of the additional provision (for claims not yet reported) that could potentially be required is an undiscounted liability of $4.6m and a discounted liability of $3.5m, all of which is deemed to be a liability of Amaca.

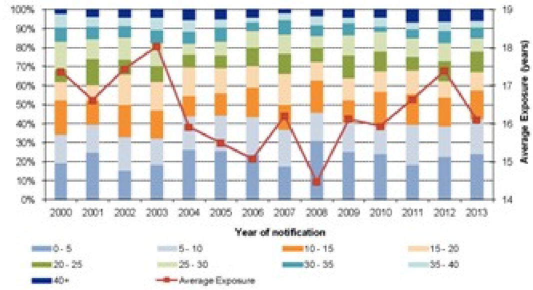
6 Exposure and Latency Experience and Incidence Pattern Assumptions

6.1 Exposure information

6.1.1 Average exposure period

The following chart shows the derivation of, and support for, the assertion that claims have resulted from, on average, approximately 16 years of exposure.

Figure 6.1: Mix of claims by duration of exposure (years)

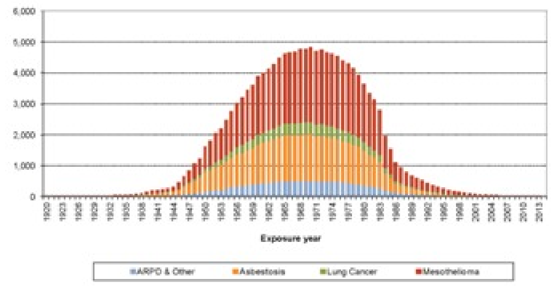


It can be seen that generally the average duration of exposure has varied between 15 years and 18 years.

6.1.2 Exposure information from claims notified to date

We have reviewed the actual exposure information available for claims notified to date. This has been conducted by using the exposure dates stored in the claims database at an individual claim level and identifying the number of person-years of exposure in each exposure year. We have reviewed the pattern of exposure for each of the disease types separately, although we note that they all tend to follow a similar pattern.

Figure 6.2: Exposure (person-years) of all Liable Entities' claimants to date



The chart shows that, currently, the peak year of exposure for claims reported to date is in 1970. It should be recognised that there is a degree of bias in this analysis in that the claims notified to date will tend to have arisen from the earlier periods of exposure.

Over time, we expect the right-hand side of this curve to develop and the peak year of exposure to trend towards the early to mid 1970s, and an increase in the absolute level at all periods of exposure as more claims are notified and the associated exposures from these are included in the analysis.

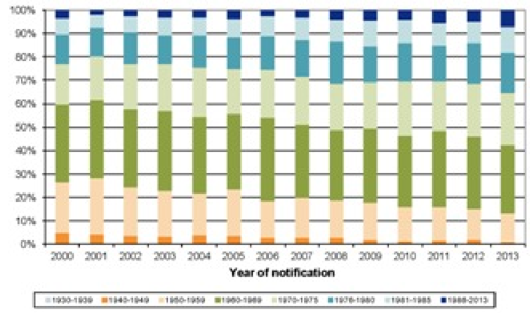
The relatively low level of exposure from 1987 onwards (about 4% of the total) is not unexpected given that all products ceased being manufactured by 1987. The exposure after that date likely results from usage of products already produced and sold before that date.

Figure 6.2 is a cumulative chart of the position to date and does not show temporal trends in the allocation of claims to exposure years.

For example, one would expect that more recently reported claims should be associated with, on average, later exposures; and that claims reported in future years would continue that trend towards later exposure periods.

To understand better these temporal trends, we have modelled claimants' exposures for each past claim report year.

Figure 6.3: Exposure (person years) of all claimants to date by report year and exposure period



As can be seen in Figure 6.3, there has been a general increasing shift towards the exposure period after 1970, evident by the downwards trends in the chart from left to right indicating that an increasing proportion of the claimants' exposure relates to more recent exposure periods.

We would expect that such a trend should continue for some time to come and that an increasing proportion of the exposure (in relation to future reported claims) will relate to the period 1981/82 to 1985/86.

6.2 Latency period of reported claims

Our latency model for mesothelioma assumes the latency period from the average date of exposure is normally distributed with a mean latency of 35 years and a standard deviation of 10 years.

We have analysed the actual latency period of the reported claims of the Liable Entities in order to test the validity of these assumptions.

We have measured the average actual latency period from the average date of exposure to the date of notification of a claim.

In strict epidemiological terms, the latency period should be measured from the date of first exposure to the date of diagnosis.

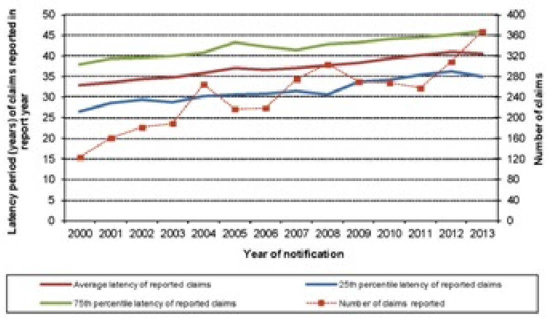
Because our model utilises latency assumptions from the average date of exposure, the latency period reported in the following charts is not directly comparable with that referred to in epidemiological literature.

As indicated in Section 6.1, the average period of exposure for claimants against the Liable Entities is approximately 16 years. This means the actual latency period from the date of first exposure is approximately 8 years greater than indicated in the following charts.

Furthermore, given that the date of notification lags the date of diagnosis by approximately 8 months for mesothelioma and by approximately 2 to 3 years for non-mesothelioma disease types, the latency trends shown in the following charts might slightly overstate the latency to diagnosis.

The charts below show the average latency observed for claims reported in each report year from 1997/98 to 2013/14, and the 25th percentile and 75th percentile observations.

Figure 6.4: Latency of mesothelioma claims



The above chart indicates that the observed average latency period from the average exposure is currently approximately 41 years for mesothelioma.

Epidemiological studies tend to suggest that the observed latency period (from first exposure) for mesothelioma is between 4 and 75 years, with an average latency of around 35 to 40 years and an implied standard deviation of approximately 11 years.

Given the average period of exposure is 16 years, this implies our mean latency assumption from the date of first exposure is approximately 43 years (being 35 + ½*16). Our model therefore generally accords with epidemiological literature and, if anything, assumes slightly longer latencies than epidemiological studies suggest.

At present, given that we are approximately 40 years after the main period of exposure, claims currently being reported reflect a broad mix of claims of varying latency periods. Accordingly, any analysis of the observed average latency period of reported claims during the most recent 5 to 10 report years:

- Should provide a good indicator of the underlying average latency period of each disease type; and
- Should have shown an upwards trend given the reduction in exposure in the late 1970s and 1980s.

Over the past ten years, the observed average latency of mesothelioma claims reported in a report year has increased from 35 years to 41 years, increasing at a rate of about 0.6 years with every year that passes.

The observed average latency of claims reported in future report years should also be expected to show a further upward trend in the coming years.

The currently observed standard deviation of the latency period is 8.3 years.

The claims experience to date and the assumptions selected seem to accord with epidemiological research in relation to mesothelioma, once the relevant adjustments to standardise onto a consistent terminology are made.

The trend in latency periods for other disease types is shown in the following charts.

Figure 6.5: Latency of asbestosis claims

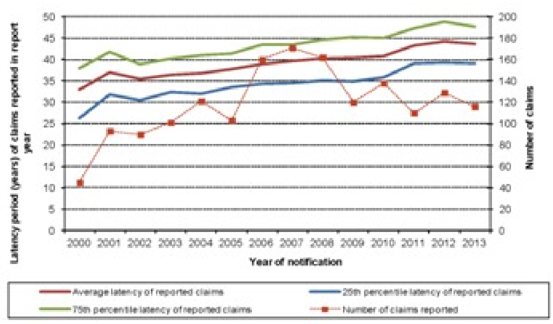


Figure 6.6: Latency of lung cancer claims

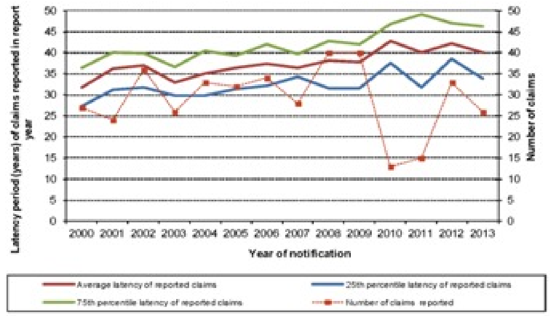
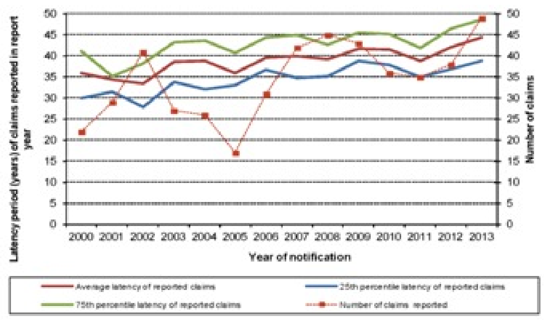


Figure 6.7: Latency of ARPD & Other claims



The average observed latency periods for the other disease types show a more surprising trend, appearing to be longer than epidemiological literature has tended to suggest.

A summary of our underlying latency assumptions by disease type are shown below. The mean and standard deviation values quoted are applied to a normal distribution model for the latency period.

Table 6.1: Assumed underlying latency distribution parameters from average date of exposure to date of notification

	Mean latency (years)	Standard deviation of latency (years)
Mesothelioma	35	10
Asbestosis	35	8
Lung Cancer	35	10
ARPD & Other	32	10
Wharf	n/a	n/a
Workers compensation	n/a	n/a

These assumptions are unchanged from the previous valuation.

An indication of how different assumptions would affect the incidence curve and therefore the number of IBNR claims is as follows:

- A higher mean latency period would increase the peak period of claims reporting (i.e. a higher number of IBNR claims).
- A lower standard deviation would lead to a faster decay in the number of claims being reported after the peak period of claims reporting (i.e. fewer IBNR claims).

6.3 Modelled peak year of claims

6.3.1 Modelled assumptions (excluding mesothelioma)

Based on the application of our exposure model and our latency model, and the assumptions contained explicitly or implicitly within those models, as described in detail in Section 3.4, the peak year of notification of claims reporting against the Liable Entities for each disease type (excluding mesothelioma) is modelled to be as follows:

Table 6.2: Modelled peak year of claim notifications

	Current valuation	Previous valuation
Asbestosis	2008/09	2008/09
Lung Cancer	2010/11	2010/11
ARPD & Other	2007/08	2007/08
Wharf	2000/01	2000/01
Workers Compensation	2007/08	2007/08

These modelled assumptions are unchanged and reflect no changes to the exposure data and no changes to the latency model assumptions at this time.

We note that whilst the "modelled peak" derived from our model is as shown above, this does not automatically translate to, nor does it imply that, the "highest claims reporting year" will be those years. This is because variation from year to year is expected due to normal 'statistical variation' in claim numbers.

6.3.2 *Modifications to mesothelioma incidence pattern in response to 2013/14 claims experience*

We have considered our response to the higher level of mesothelioma claims reporting that took place in 2013/14 in two parts:

- The potential response in relation to the base level of claims to be assumed in 2014/15 (i.e. the "height" of the curve); and
- The potential response in relation to the pattern of incidence of claims in future years (i.e. the "shape" of the curve).

In relation to the first aspect, we have noted in Section 4.4 of this Report that we have increased the base level of claims for 2014/15 from 300 to 370.

During 2012/13, the number of direct claims did not show a material deviation from prior expectations. However, the number of cross claims increased substantially (from 67 claims to 90 claims). We observed that this appeared to be due to a number of claims with longer time-lags since the claimant was diagnosed. At 31 March 2013, we increased our valuation assumptions indicating that we considered this increase to be a permanent feature of future experience. This has been further supported by the experience in 2013/14 (which had 85 cross claims received).

During 2013/14, there has been a material increase in the number of direct claims.

Whilst it is unclear if this is a one-off, an acceleration or a shift to a new level of claims reporting, we consider that for 2014/15 it is appropriate to assume this level will recur.

In relation to the second aspect, we have formed the view that we should recognize this higher claims experience in the short term and medium term but that potential impacts in the longer term are not recognised in the valuation at this stage as it is too early to form that conclusion on the basis of one year's experience.

Our valuation response has therefore been to:

- Increase the base claim numbers assumption for 2014/15 to 370.

- Assume that claims experience will continue at 370 claims for the next 3 years (up to, and including, 2016/17).
- Assume that claims reported to Liable Entities from 2026/27 and onwards will be at the same level as that which we assumed in our previous valuation. That is, we have assumed no increases in the number of claims projected to be reported after 2025/26.
- "Linearly interpolate" the number of claims between 2016/17 and 2026/27.

In arriving at this approach we have considered the following:

- Although this is the second year of increases in claims reporting, this is the first year where this has been due to an increase in direct claimants.
- We have therefore only one 'data point' to form a view on whether this increase in reported claims from direct claimants which occurred in 2013/14 is a 'one off' or the beginning of a more permanent feature of the claims experience.
- We note that the trend in the observed latency period of claims reported in 2013/14 was in line with prior expectations and is in line with that projected by the exposure and latency model.
- We also note that overall, the actual latency experience continues to provide a good "fit" to the modelled latency.

6.3.3 Potential future considerations and impact on future valuations

Should mesothelioma claims reporting continue to escalate, further valuation responses in future years may be necessary.

Such responses would also likely lead to the need to make adjustments to the longer-term assumptions and those changes could be material to the valuation result.

The experience in 2013/14 has created additional uncertainty in setting valuation assumptions for mesothelioma claim numbers and this means that we expect additional valuation volatility for the next few years. That additional volatility is likely to remain until such time as sufficient experience has been gathered to determine if the 2013/14 claims experience was a one-off observation or is a more permanent feature of future levels of mesothelioma claims reporting.

6.4 Pattern of future claim notifications assumed

6.4.1 Mesothelioma

The following chart shows the pattern of future notifications which have resulted from the application of our methodology as described in Section 6.3

Figure 6.8: Projected future claim notifications for mesothelioma

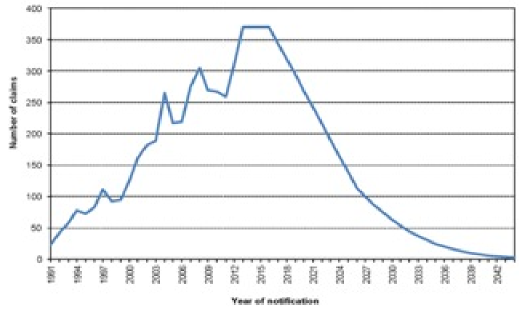
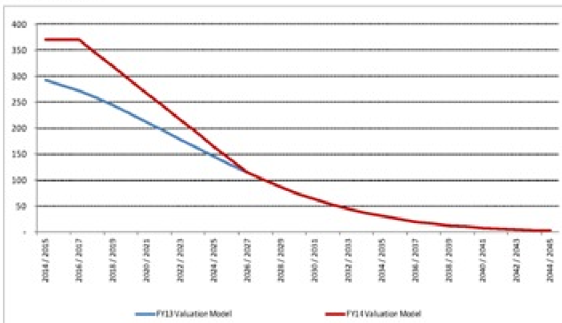


Figure 6.9: Comparison with previous mesothelioma incidence curve assumptions



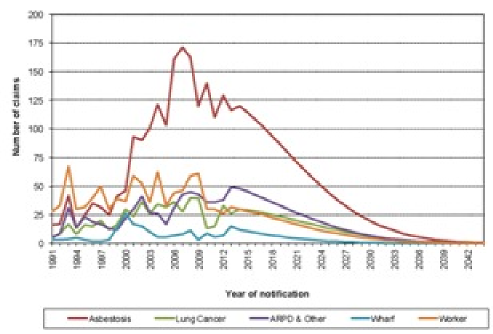
The recognition of the emerging experience in 2013/14 in both our base level assumption for 2014/15 and in our modified claims incidence pattern has increased our projected future number of claims to be reported (from 1 April 2014 onwards) by 688 claims (21%) compared with our previous valuation.

6.4.2 *Other disease types*

We have projected the future number of claim notifications from the curve we have derived using our exposure model and our latency model. We have applied this curve to the base number of claims we have estimated for each disease type for 2014/15 as summarised in Section 5.6.

The following chart shows the pattern of future notifications which have resulted from the application of our exposure and latency model and the recalibration of the curve to our revised expectations of claims reporting activity for 2014/15.

Figure 6.10: Projected future claim notifications for other disease types



The recognition of the emerging experience in 2013/14 has increased our projected future number of claims to be reported (from 1 April 2014 onwards) by 71 claims (3%) compared with our previous valuation.

7 Claims Experience – Average Claims Costs and Average Legal Costs

7.1 Overview

We have analysed the average claim awards, average plaintiff/other costs and average defendant legal costs by disease type in arriving at our valuation assumptions.

Table 7.1 shows how the average settlement cost for non-nil attritional claims has varied by client settlement year. All data have been converted into mid 2013/14 money terms using a historical base inflation index of 4% per annum.

We refer to these amounts as "inflated average attritional awards" in the charts and tables that follow.

The average amounts shown hereafter relate to the average amount of the contribution made by the Liable Entities, and does not reflect the total award payable to the plaintiff unless this is clearly stated to be the case.

In particular, for Workers Compensation the average award reflects the average contribution by the Liable Entities for claims in which they are joined but relates only to that amount of the award determined against the Liable Entities which is not met by a Workers Compensation Scheme or Policy.

Table 7.1: Average attritional non-nil claim award (inflated to mid 2013/14 money terms)

Client Settlement Year	Mesothelioma	Asbestosis	Lung Cancer	ARPD & Other	Wharf	Workers Compensation
2003	323,848	150,590	163,530	138,410	154,464	157,197
2004	294,931	105,802	155,856	105,762	105,063	180,991
2005	279,625	96,313	74,328	97,544	106,731	165,668
2006	286,158	109,634	117,122	86,317	154,709	125,014
2007	282,829	99,512	138,900	59,703	59,857	330,791
2008	324,225	104,316	102,689	108,912	175,997	66,916
2009	288,774	117,745	118,757	101,577	68,867	117,532
2010	293,783	96,001	154,379	81,199	57,321	0
2011	308,359	117,188	135,246	105,582	82,299	973,440
2012	302,832	127,027	121,641	90,321	36,592	88,400
2013	308,005	97,963	103,720	91,525	103,816	20,000

7.2 Mesothelioma claims

In setting our assumption for mesothelioma, we have considered average attritional awards over the past 3, 4 and 5 years.

Figure 7.1: Average attritional awards (inflated to mid 2013/14 money terms) and number of non-nil claims settlements for mesothelioma claims (excluding large claims)

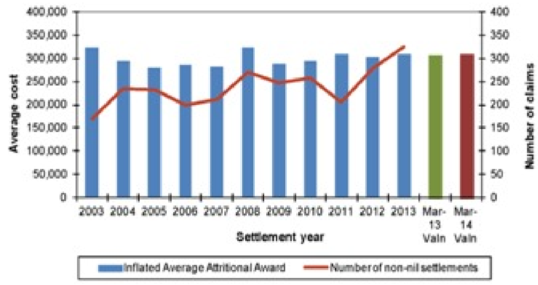


Figure 7.1 shows the historical variability in average claim sizes for mesothelioma, i.e. from $280,000 to $325,000 in mid 2013/14 money terms.

The average of the past three years is $306,000; the average of the past four years is $303,000 and the average of the past five years is $301,000.

The experience in 2013/14 was very slightly (0.2%) above expectations.

Taking all of the above factors into consideration, we have adopted a valuation assumption of $310,000 for mesothelioma claims in mid 2013/14 money terms. This assumption represents a 1% increase in inflation-adjusted terms.

Table 7.2: Average mesothelioma claims assumptions

	Claim settlement year	
Valuation Report	2012/13	2013/14
31-Mar-13	290,000	307,400
31-Mar-14	n/a	310,000

Note: 2012/13 settlements are in 2012/13 dollars whilst 2013/14 settlements are in 2013/14 dollars.

It is worth noting the variation between the cost of direct claims and cross claims and between the number of defendants in a "direct claim".

Figure 7.2: Average attritional awards (inflated to mid 2013/14 money terms) split between Direct claims and Cross claims

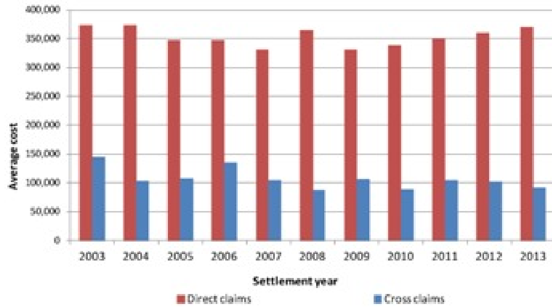
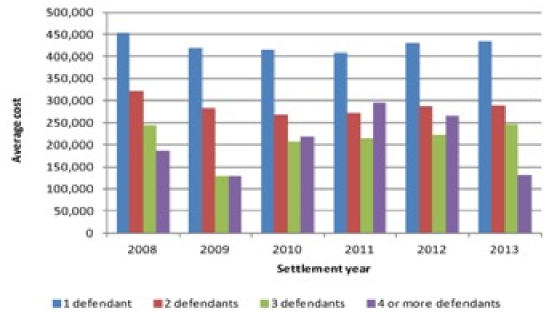


Figure 7.3: Average attritional awards (inflated to mid 2013/14 money terms) by number of defendants for Direct claims

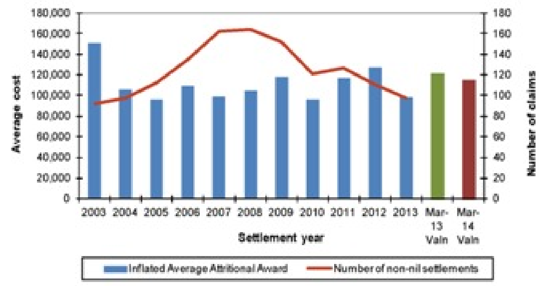


In setting our assumption for 2014/15, we have had regard to the increased proportion of claims which involve only one defendant and the relative size differential between single-defendant claims and multi-defendant claims. However, should the proportion of single-defendant claims increase further, the average claim size is likely to increase and potentially by a material amount.

7.3 Asbestosis claims

For asbestosis, it can be seen from Table 7.1 that the period since 2003/04 has had volatile average claim size experience, with average claim sizes ranging from $96,000 to $151,000 (in mid 2013/14 money terms).

Figure 7.2: Average awards (inflated to mid 2013/14 money terms) and number of non-nil claims settlements for asbestosis claims



The average of the past three years is $115,000; the average of the past four years is $110,000 and the average of the past five years is $112,000.

Taking all of the above factors into consideration, we have adopted a valuation assumption of $115,000 for asbestosis claims in mid 2013/14 money terms. This assumption represents a 6% decrease in inflation-adjusted terms.

Table 7.3: Average asbestosis claims assumptions

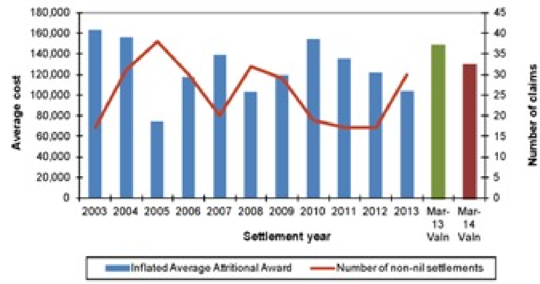
	Claim settlement year	
Valuation Report	2012/13	2013/14
31-Mar-13	115,000	121,900
31-Mar-14	n/a	115,000

Note: 2012/13 settlements are in 2012/13 dollars whilst 2013/14 settlements are in 2013/14 dollars.

7.4 Lung cancer claims

The average award for lung cancer claims has exhibited some volatility in the past five years, although this is not unexpected given the small volume of claim settlements (approximately 15 to 30 claims per annum).

Figure 7.3: Average awards (inflated to mid 2013/14 money terms) and number of non-nil claims settlements for lung cancer claims



The average of the past three years is $117,000; the average of the past four years is $125,000 and the average of the past five years is $124,000.

At this valuation, we have adopted an average award size of $130,000, which broadly represents the average observed experience in recent years but also takes into consideration the historic volatility in average cost of this disease type. This assumption represents a decrease of 12% in inflation-adjusted terms from our previous assumption.

Table 7.4: Average lung cancer claims assumptions

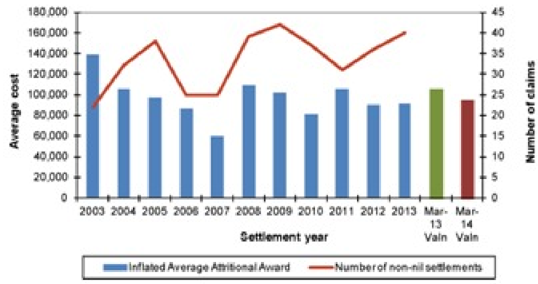
Valuation Report	Claim settlement year 2012/13	2013/14
31-Mar-13	140,000	148,400
31-Mar-14	n/a	130,000

Note: 2012/13 settlements are in 2012/13 dollars whilst 2013/14 settlements are in 2013/14 dollars.

7.5 ARPD & Other claims

The average award size over the past eight years has been relatively stable, with the exception of the low average award size observed in 2007/08.

Figure 7.4: Average awards (inflated to mid 2013/14 money terms) and number of non-nil claims settlements for ARPD & Other claims



For ARPD & Other claims, the average of the past three years is $95,000; the average of the past four years is $92,000 and the average of the past five years is $94,000.

Taking all of the above factors into consideration, we have adopted a valuation assumption of $95,000 for ARPD & Other claims in mid 2013/14 money terms. This assumption represents a 10% decrease in inflation-adjusted terms.

Table 7.5: Average ARPD & Other claims assumptions

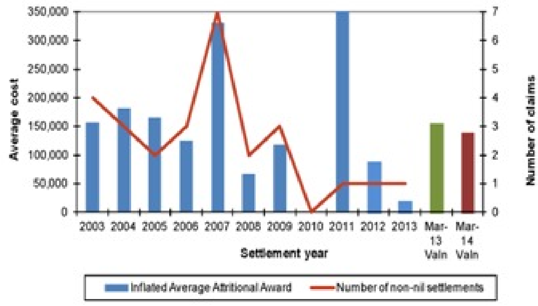
	Claim settlement year	
Valuation Report	2012/13	2013/14
31-Mar-13	100,000	106,000
31-Mar-14	n/a	95,000

Note: 2012/13 settlements are in 2012/13 dollars whilst 2013/14 settlements are in 2013/14 dollars.

7.6 Workers Compensation claims

The average award for non-nil Workers Compensation claims has shown a large degree of volatility.

Figure 7.5: Average awards (inflated to mid 2013/14 money terms) and number of non-nil claims settlements for Workers Compensation claims



Note: The chart has been "cut-off" at $350,000. The observation for the 2011/12 year was $973,440 (inflation adjusted) and related to a single claim.

It should be noted that the high average claim size in 2011/12 is due to one claim of $900,000. Furthermore, we understand that this claim payment was able to be recovered from the workers compensation insurer at a later date.

At this valuation, we have adopted an average award size of $140,000, which represents a decrease of 10% in inflation-adjusted terms from our previous valuation.

This assumption is not material to the overall liability given the high proportion of claims which are settled with no retained liability against the Liable Entities.

Table 7.6: Average Workers Compensation claims assumptions

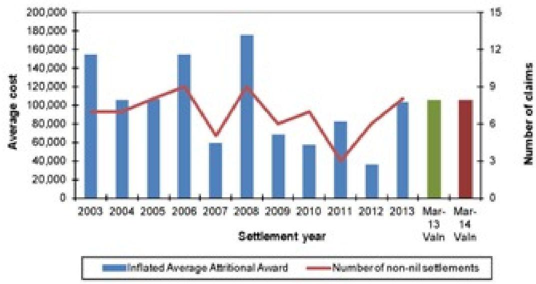
	Claim settlement year	
Valuation Report	2012/13	2013/14
31-Mar-13	146,600	155,400
31-Mar-14	n/a	140,000

Note: 2012/13 settlements are in 2012/13 dollars whilst 2013/14 settlements are in 2013/14 dollars.

7.7 Wharf claims

For wharf claims, the average of the past three years has been $76,000; the average of the past four years has been $71,000 and the average of the past five years has been $70,000.

Figure 7.6: Average awards (inflated to mid 2013/14 money terms) and number of non-nil claims settlements for wharf claims



The experience in 2008/09 was impacted by one large claim of almost $600,000. In the absence of this claim, the average claim size for that year would have been $108,000.

The experience in 2013/14 was 2% below expectations.

We have adopted a valuation assumption of $106,000 in mid 2013/14 money terms which is unchanged from the previous valuation in inflation-adjusted terms. Given the small volume of wharf claims, this assumption is not financially significant to the overall results.

Table 7.7: Average wharf claims assumptions

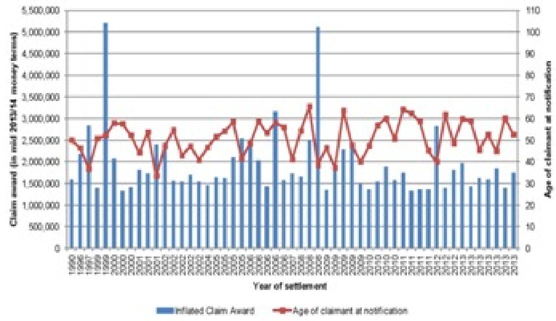
	Claim settlement year	
Valuation Report	2012/13	2013/14
31-Mar-13	100,000	106,000
31-Mar-14	n/a	106,000

Note: 2012/13 settlements are in 2012/13 dollars whilst 2013/14 settlements are in 2013/14 dollars.

7.8 Large claim size and incidence rates

There have been 53 claims settled with awards in excess of $1m in 2006/07 money terms. All of these claims are product and public liability claims and the disease diagnosed in each case was mesothelioma.

Figure 7.7: Distribution of individual large claims by settlement year



In aggregate these claims have been settled for $102.7m in mid 2013/14 money terms, at an average cost of approximately $1.94m. There have been two claims of more than $5.0m each in mid 2013/14 money terms.

There are nine mesothelioma claims which have not yet been settled and for which the case estimate at 31 March 2014 is in excess of $1m.

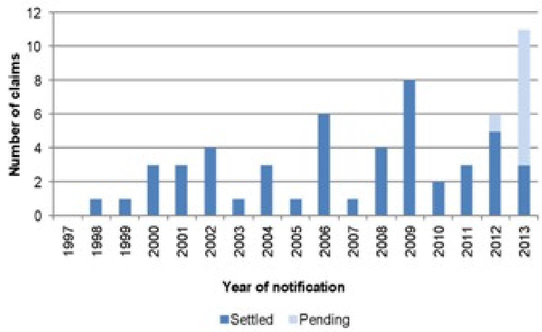
The incidence rate of large claims to non-nil settlements in any one year has been variable, dependent on the random incidence of large claims by settlement year:

- Over the period 1997-2013 there have been 51 large claims at an incidence rate of 1.59% (i.e. the ratio of the number of large claims to the total number of non-nil mesothelioma claims).
- Over the period 2001-2013 there have been 45 large claims at an incidence rate of 1.56%.

In selecting a large claim incidence rate, or expected annual number of large claims, we have analysed the number of large claims by year of notification.

The chart below shows the number of claims that are currently assessed as large. We have separately shown the number of claims that have been settled and the number of claims that are yet to settle but are currently anticipated to be settled as a large claim.

Figure 7.8: Number of large claims by year of notification



It would appear that an assumption of between 8 and 10 large claims notified per annum may be justified based on recent experience.

We have assumed a future large claim incidence rate of 2.50% over all future years. This equates to an assumption of 9.25 large claims being received in 2014/15. The incidence rate assumption (2.50%) is increased from our previous valuation (2.00%).

We have taken the average large claim size experienced to date as our base assumption, given the small volume of such claims. This has resulted in an assumption of $1.95m for the claim award.

Implicitly, this allows for the occasional $5.0m claim at an incidence rate broadly equivalent to past experience (approximately one such claim every five years).

As a consequence, the overall claim cost loading per non-nil mesothelioma claim (excluding legal cost allowances) to make allowance for large claims is $48,750 (being 2.5% x $1,950,000). This is a 21% increase from our previous valuation assumption of $40,280 (in 2013/14 money terms) (being calculated as 2.00% x $1,900,000 x 1.06).

To the extent some of the 9 pending claims do not settle as "large" claims, they would be counted as attritional claims and would therefore otherwise increase the average claim size for attritional claims. In selecting our large claim assumptions, we have had regard to these "boundary issues".

In relation to legal costs, we have made an additional allowance for plaintiff legal costs to allow for those instances where such costs are made additional to, rather than included with, the claims award. We have also allowed for defence legal costs of $100,000 per large claim.

The actual incidence of, and settlement of, large claims is not readily predictable and therefore deviations will occur from year to year due to random fluctuations because of the small numbers of large claims (between 5 and 10 per annum).

By way of illustration of the sensitivity of this assumption, if we increased the large claim frequency to 3.0% (from 2.5%) this would add approximately $40m to the Discounted Central Estimate.

For other disease types, there have been no claims settled which have exceeded $650,000 in actual money terms (excluding the $900,000 Workers Compensation claim to which we have previously referred). Therefore we have made no explicit allowance for large claims for other disease types.

7.9 Summary average claim cost assumptions

The following table provides a summary of our average claim cost assumptions at this valuation, and those assumed at the previous valuation.

Table 7.8: Summary average claim cost assumptions

	Current Valuation	Previous Valuation
Mesothelioma	310,000	307,400
Asbestosis	115,000	121,900
Lung Cancer	130,000	148,400
ARPD & Other	95,000	106,000
Wharf	106,000	106,000
Workers Compensation	140,000	155,400
Mesothelioma Large Claims (award only)	Average Size: $1.95m. Frequency: 2.50%	Average Size: $2.01m. Frequency: 2.00%

Note: Both the current valuation assumption and the previous valuation assumption are expressed in 2013/14 money terms.

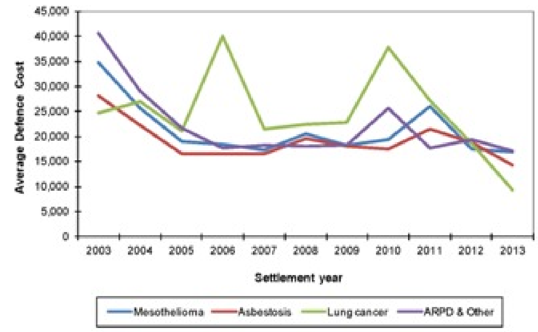
7.10 Defence legal costs

7.10.1 Non-nil claims

The average defence legal costs for non-nil claims by settlement year have been relatively stable over the last eight years for mesothelioma, asbestosis and ARPD & Other.

The average defence costs for lung cancer have shown a greater degree of variability, although this is not unexpected given the small volume of claim settlements (approximately 15 to 30 claims per annum).

Figure 7.9: Average defence legal costs (inflated to mid 2013/14 money terms) for non-nil claims settlements by settlement year



Note: The chart does not include average defence costs for Wharf and Worker claims due to the smaller number of claims involved and the variability that exists as a consequence.

For mesothelioma and asbestosis, defence legal costs have averaged between $18,000 and $20,000 over the past three to five years.

For lung cancer, the average of the past three years is $17,000; the average of the past four years is $21,000 and the average of the past five years is $22,000.

For ARPD & Other, the average of the past three to five years is around $20,000.

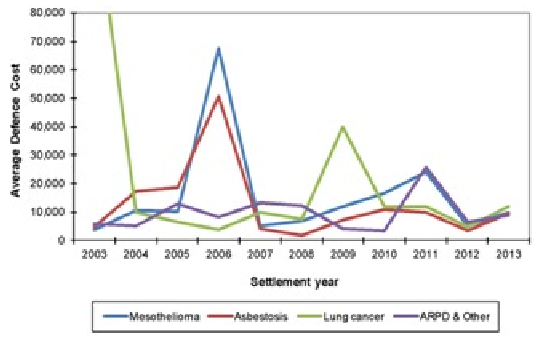
7.10.2 Nil claims

The average defence legal costs for nil claims by settlement year has been volatile for all disease types.

For mesothelioma, the volatility is a consequence of low nil settlement rate, meaning that there may be 20 to 30 nil claims in any year.

For the other disease types, the number of nil claims might typically be of the order of 10 claims per annum for each disease type.

Figure 7.11: Average defence legal costs (inflated to mid 2013/14 money terms) for nil claims settlements by settlement year



Note: The chart does not include average defence costs for Wharf and Worker claims due to the smaller number of claims involved and the variability that exists as a consequence.

7.10.3 Large claims

We have also made a separate allowance for defendant legal costs of $100,000 per claim.

We note that in the most recent three years, the average defence legal costs incurred for a large claim has been approximately $55,000 per claim.

However, we note that prior to the most recent three years, average defence legal costs for a large claim was considerably higher (in the order of $150,000).

7.11 Summary average defendant legal costs assumptions

The following table provides a summary of our defendant legal costs assumptions at this valuation, and those assumed at the previous valuation.

	Current Valuation		Previous Valuation	
	Non Nil Claims	Nil Claims	Non Nil Claims	Nil Claims
Mesothelioma	20,000	20,000	23,300	18,700
Asbestosis	18,500	16,000	20,800	16,600
Lung Cancer	30,000	7,000	28,500	7,300
ARPD & Other	25,000	10,000	28,500	10,400
Wharf	22,500	2,500	25,900	2,600
Workers Compensation	15,000	2,500	16,600	2,600
Mesothelioma Large	100,000		103,800	

Note: Both the current valuation assumption and the previous valuation assumption are expressed in 2013/14 money terms.

8 Claims Experience – Nil Settlement Rates

8.1 Overview

We have analysed the nil settlement rates, being the number of nil settlements expressed as a percentage of the total number of settlements (nil and non-nil).

Table 8.1 shows the observed nil settlement rates by disease type and by settlement year.

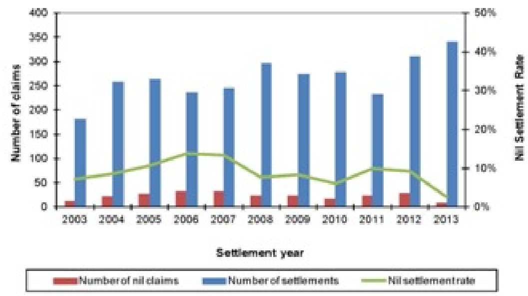
Table 8.1: Nil settlement rates

Client Settlement Year	Mesothelioma	Asbestosis	Lung Cancer	ARPD & Other	Wharf	Workers Compensation
2003	7%	4%	23%	12%	63%	96%
2004	9%	8%	23%	9%	0%	94%
2005	11%	10%	28%	19%	20%	95%
2006	14%	10%	23%	40%	0%	96%
2007	13%	9%	31%	19%	72%	85%
2008	8%	9%	24%	13%	0%	95%
2009	8%	8%	29%	2%	14%	83%
2010	6%	6%	41%	14%	0%	100%
2011	10%	6%	32%	11%	0%	67%
2012	9%	16%	23%	20%	40%	99%
2013	3%	8%	3%	11%	20%	99%

8.3 Mesothelioma claims

Figure 8.1 shows the number of claims settled for nil cost, the total number of claims settled and the implied nil settlement rate for each settlement year.

Figure 8.1: Mesothelioma nil claims experience



In considering the future nil settlement rate assumption, we note the following:

- The nil settlement rate for the past three years has averaged 7%, for the past four years has averaged 7% and for the past five years has averaged 7%. Each of these is significantly impacted by the 3% rate observed in 2013/14.
- The nil settlement rate for the 2013/14 year at 3% is the lowest nil settlement rate observed historically.
- During the past six years, the nil settlement rate has exhibited considerably volatility varying between 3% and 13%.

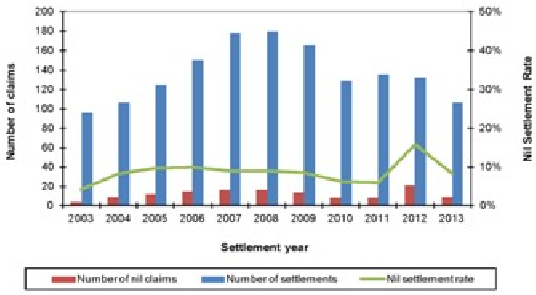
Taking all of these factors into consideration, we have assumed a future nil settlement rate of 7.5% which is a decrease from our previous assumption of 8.5%.

By way of illustration of the sensitivity of this assumption, if we reduced the nil settlement rate to 3.0% (from 7.5%) this would add approximately $75m to the Discounted Central Estimate.

8.4 Asbestosis claims

As with mesothelioma, the historical asbestosis nil settlement rate has been volatile.

Figure 8.2: Asbestosis nil claims experience



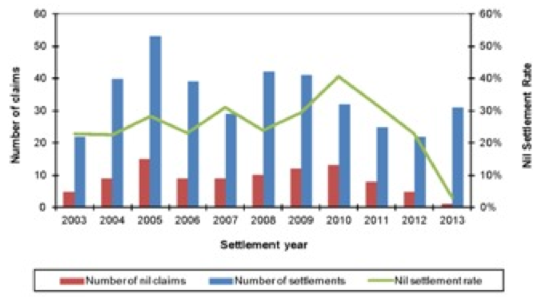
The nil settlement rate for the past three years has averaged 10%, for the past four years has averaged 9% and for the past five years has averaged 9%.

Given the 2013/14 nil settlement rate was 8% in line with our previous assumption, we have maintained our future nil settlement assumption from our previous valuation.

8.5 Lung cancer claims

Given the small volumes of claims, volatility in the nil settlement rate for lung cancer claims is to be expected.

Figure 8.3: Lung cancer nil claims experience



In considering the future nil settlement rate assumption, we note the following:

- The nil settlement rate for the past three years has averaged 18%, for the past four years has averaged 25% and for the past five years has averaged 26%. Each of these is significantly impacted by the 3% rate observed in 2013/14;
- The nil settlement rate for the 2013/14 year at 3% is the lowest nil settlement rate in the past 14 years.
- During the past six years, the nil settlement rate has exhibited considerably volatility varying between 3% and 41%.

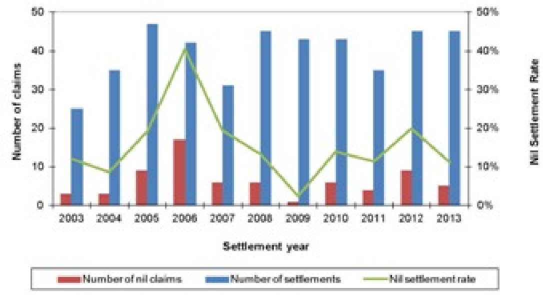
Taking all of these factors into consideration, we have assumed a future nil settlement rate of 25% which is a slight decrease from our previous assumption of 27%.

In the context of the overall valuation, this assumption is not overly material. By way of illustration, if the nil settlement rate reduced to 0%, the valuation would increase by less than $15m (i.e. less than 1% of the central estimate valuation result).

8.6 ARPD & Other claims

As with other disease types, there has been significant volatility in the historical nil settlement rate, given the low numbers of claims for this disease.

Figure 8.4: ARPD & Other nil claims experience



The nil settlement rate for the past three years has averaged 14%, for the past four years has averaged 14% and for the past five years has averaged 12%.

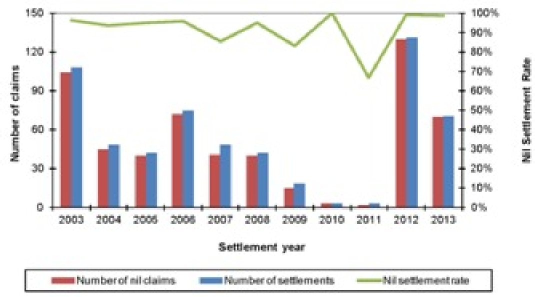
We have selected 13% as our nil settlement rate assumption. This is unchanged from our previous valuation assumption of 13%.

8.7 Workers Compensation claims

The nil settlement rates for Workers Compensation claims have been high and reflect the portion of claims whose costs are fully met by a Workers Compensation Scheme or Policy. The proportion of such claims which are fully met by insurance has been relatively stable since 1997/98, typically varying between 80% and 100%.

The nil settlement rate has been in excess of 90% for seven of the past ten years, and it has been above 80% for nine out of the past ten years.

Figure 8.5: Workers Compensation nil claims experience



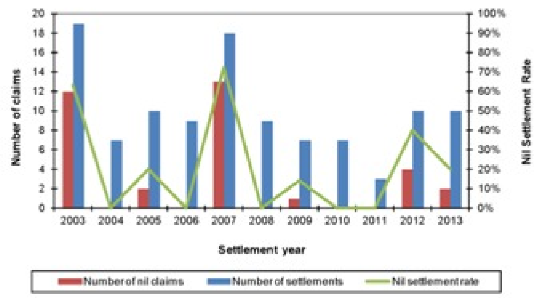
We have selected 95% as our nil settlement rate assumption, which broadly reflects the long term average observed nil settlement rate.

This is an increase from our previous valuation assumption of 90%.The impact of this (with 30 claims estimated to be reported annually) is that we are now projecting 1.5 claims per annum to settle for non-nil amounts as compared with 3 claims per annum previously. Consequently, it can be observed that the overall financial impact of this assumption is not material.

8.8 Wharf claims

For wharf claims, the nil settlement rate for the past three years has averaged 26%, for the past four years it has averaged 20% and for the past five years it has averaged 19%, although these are affected by the high nil settlement rate in 2012/13 and the absence of nil claims in two of the five most recent years. The experience in 2013/14 was in line with the previous valuation assumption of 20%.

Figure 8.6: Wharf nil claims experience



We have selected a nil settlement rate assumption of 20%. This is unchanged from our previous valuation assumption of 20%.

Given the low volume of claims activity for wharf claims, this assumption is highly subjective but is also not material to the overall liability assessment.

8.9 Summary assumptions

The following table provides a summary of our nil settlement rate assumptions at this valuation, and those assumed at the previous valuation.

Table 8.2: Summary nil settlement rate assumptions

	Current Valuation	Previous Valuation
Mesothelioma	7.5%	8.5%
Asbestosis	8.0%	8.0%
Lung Cancer	25.0%	27.0%
ARPD & Other	13.0%	13.0%
Wharf	20.0%	20.0%
Workers Compensation	95.0%	90.0%

9 Economic and Other Assumptions

9.1 Overview

The two main economic assumptions required for our valuation are:

- The underlying claims inflation assumptions adopted to project the future claims settlement amounts and related costs.
- The discount rate adopted for the present value determinations.

These are considered in turn in Sections 9.2 to 9.4.

We also discuss the basis of derivation of other assumptions, being:

- The cross-claim recovery rate; and
- The pattern of settlement of future reported claims and pending claims.

9.2 Claims inflation

We are required to make assumptions about the future rate of inflation of claims costs. We have adopted a standard Australian actuarial claims inflation model for liabilities of the type considered in this report that is based on:

- An underlying, or base, rate of general economic inflation relevant to the liabilities, in this case based on wage/salary (earnings) inflation; and
- A rate of superimposed inflation, i.e. the rate at which claims costs inflation exceeds base inflation.

9.2.1 Base inflation basis

Ideally, we would aim to derive our long term base inflation assumptions based on observable market indicators or other economic benchmarks. Unfortunately, such indicators and benchmarks typically focus on inflation measures such as CPI (e.g. CPI index bond yields and RBA inflation targets).

We have derived our base inflation assumption from CPI based indicators together with long term CPI / AWOTE relativities.

9.2.2 CPI assumption

We have considered two indicators for our CPI assumption:

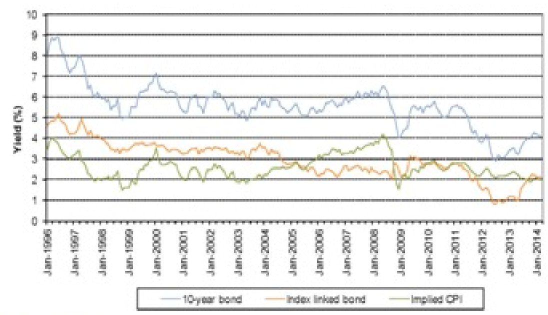
- Market implied CPI measures.

- RBA CPI inflation targets.

We have measured the financial market implied expectations of the longer-term rate of CPI by reference to the gap between the yield on Commonwealth Government Bonds and the real yield on Commonwealth Government CPI index-linked bonds.

The chart below shows the yields available for 10-year Commonwealth Government Bonds and Index-linked bonds. The gap between the two represents the implied market expectation for CPI at the time.

Figure 9.1: Trends in Bond Yields



http://www.rba.gov.au

It can be seen that the implied rate of CPI has varied between 1.5% per annum and 4% per annum during the past 11 years.

At 31 March 2014, the effective annual yield on long-term Commonwealth Government Bonds was 4.10% per annum and the equivalent effective real yield on long-term index-linked bonds was approximately 2.11% per annum. This implies current market expectations for the long-term rate of CPI are of the order of 2.00% per annum.

In considering this result we note that:

- The yield on both nominal and CPI-linked Commonwealth Government Bonds is driven by supply and demand. The yields on both, and their relativity, are subject to some volatility.
- The RBA's long term target is for CPI to be maintained between 2% and 3% per annum.

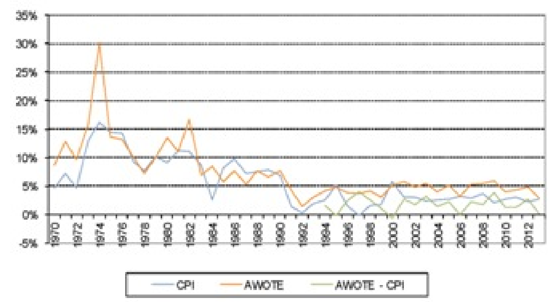
- The implied CPI rate stayed consistently above 3.2% per annum from March 2006 to September 2008, peaking at almost 4.2% in May 2008.
- Since October 2008, the implied rate of CPI has remained below 3.0% per annum.
- Since June 2013, the implied rate of CPI has remained between 1.9% per annum and 2.1% per annum.

Weighing this evidence together suggests a long term CPI inflation benchmark of 2.50% to 3.00% per annum.

9.2.3 Wages (AWOTE) / CPI relativity

The following chart summarises the annualised rate of AWOTE and CPI inflation, and their relativity, for the 1970 to 2013 period. The years shown in the chart are calendar years.

Figure 9.2: Trends in CPI and AWOTE



In considering the above, we note:

- The period from 1995 reflects largely a continuous period of economic growth which may not be reflective of longer term trends.
- The longer periods cover a range of business cycles, albeit that the period from 1970 includes the unique events of the early 1970's (i.e. general inflationary pressures, both locally and worldwide, and the impact of high oil prices owing to the Oil Crisis in 1973).

Allowing for these factors, the historical data suggests a CPI / AWOTE relativity, or gap, of approximately 1.75% to 2.00% per annum.

Given a longer term CPI benchmark of 2.50% to 3.00%, this suggests a longer-term wage inflation (AWOTE) assumption of 4.25% to 5.00% p.a.

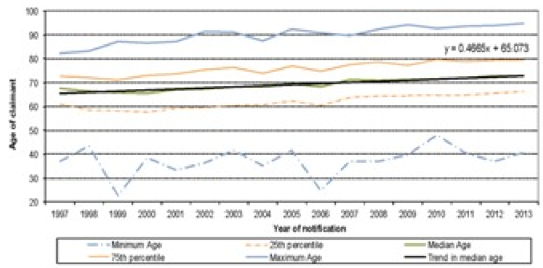
9.2.4 *Impact of claimant ageing and non-AWOTE inflation effects*

The overall age profile of claimants is expected to rise over future years with the consequent impact that, other factors held constant, claim amounts should tend to increase more slowly than average wage inflation (excluding any societal changes, e.g. changes in retirement age). This is due to both reduced compensation for years of income or life lost, and a tendency for post retirement age benefits to increase at a rate closer to CPI than AWOTE.

Furthermore, we note that:

- some heads of damage, such as general damages and compensation for loss of expectation of life, would typically be expected to increase at CPI or lower;
- other heads of damage, including loss of earnings, would be expected to increase at AWOTE (ignoring the ageing effect); and
- medical expenses and care costs would be expected to increase in line with medical cost inflation which in recent years has been considerably in excess of AWOTE.

Figure 9.3: Age profile of mesothelioma claimants by report year



The chart indicates that the median age of mesothelioma claimants is increasing.

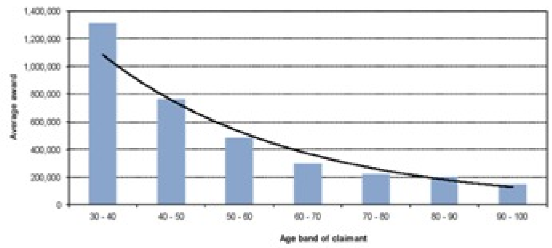
The claims experience does not indicate a considerable increase in the number (or proportion) of younger claimants. By way of illustration, the proportion of claimants below the age of 60 has reduced from 24% in 2003/04 to 12% in 2013/14.

The chart indicates that the trend for all of the lines in the graph is upwards, indicating that the age profile of claimants is typically increasing.

The chart also indicates that the median age of claimants is increasing by approximately 0.47 years each year, with the median age now in excess of 72 years.

Figure 9.4 shows how average claim size varies by decade of age.

Figure 9.4: Average mesothelioma claim settlement amounts by decade of age



The analysis suggests that the average mesothelioma award reduces by approximately 30% for each increasing decade of age when considering the typical age range of the claimants (i.e. over 60 years of age), although it can be seen that the rate of reduction in award sizes by decade of age decreases after 60 years of age.

Figure 9.3 suggests that the average mesothelioma claimant is typically ageing by approximately 0.47 years every year.

Weighing these various factors together, and allowing for the relative mix of claims between mesothelioma and non-mesothelioma, we consider that a reasonable assumption for the deflationary allowance for the impact of increases in the average age of claimants upon average sizes is approximately 0.75% to 1.00% per annum.

Taking all of these factors into account, we have adopted a long-term base inflation assumption of 4.25% per annum. This assumption is therefore set after having taken into account the negative effect of ageing upon claims awards.

This is unchanged from our previous long-term assumption for base inflation.

9.2.5 Adjustments to base inflation assumptions in the short term

With the current prevailing economic conditions, including lower yields and implied lower outlook for inflation measures, we consider it appropriate to select lower short term assumptions for base inflation.

Our approach (unchanged from the previous valuation) is to reduce the base inflation we adopt for the next two years by 50 basis points relative to the longer-term assumption (i.e. 3.75% per annum), and to reduce the base inflation we adopt for 2016/17 by 25 basis points relative to the longer-term assumption (i.e. adopting an assumption of 4.00%).

Table 9.1: Base inflation assumptions

	Current valuation	Previous valuation
2013/14	n/a	3.75%
2014/15	3.75%	3.75%
2015/16	3.75%	3.75%
2016/17	4.00%	4.00%
Longer-term	4.25%	4.25%

These assumptions apply both to claims awards and legal costs.

9.3 Superimposed inflation

9.3.1 Overview

Superimposed inflation is a term used by actuaries to measure the rate at which claims escalate in excess of a base (usually wage) inflation measure.

As a result, superimposed inflation is a "catch-all" for a range of potential factors affecting claims costs, including (but not limited to):

- Courts making compensation payments in relation to new heads of damage;
- Courts changing the levels of compensation paid for existing heads of damage;

- Advancements in medical treatments – for example, this could lead to higher medical treatment costs (e.g. the cost of the use of new drug treatments);
- Allowance for medical costs to rise faster than wages because of the use of enhanced medical technologies;
- Changes in life expectancy;
- Changes in retirement age – this would have the potential to increase future economic loss awards;
- Changes in the relative share of the liability to be borne by the Liable Entities' (which we refer to as "the contribution rate"); and
- Changes in the mix of claims costs by different heads of damage.

Additionally, we have considered the potential for these factors to be offset to some extent by:

- The potential for existing heads of damage to be removed, or for the contraction of these heads of damage; and
- The effect of an ageing population of claimants on the rate of inflation of overall damages, a component of which relates to economic loss. We have already made some allowance for this by way of an adjustment to the base inflation assumption.

Whilst the future rate of superimposed inflation is uncertain, and not predictable from one year to the next, it is of note that the average claim costs appear to have been relatively stable in recent years (after adjusting for wage inflation).

For example, mesothelioma average claim sizes (adjusted for wage inflation) have increased by less than $22,000 (7.6%, or 1.0% per annum) in a seven-year period from 2006/07 to 2013/14.

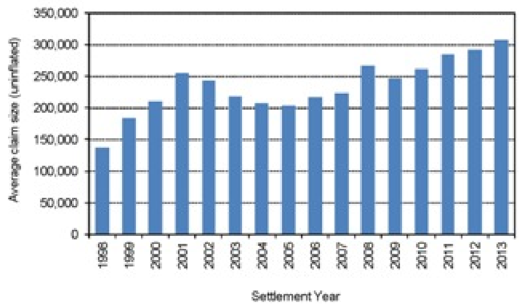
However, the emergence of new or expanding heads of damage does not tend to proceed smoothly but progresses in "steps", depending on the outcome of legislative and other developments.

9.3.2 *Analysis of past rates of superimposed inflation*

We have reviewed the rate of inflation of claims costs by settlement year for the past 15 years for mesothelioma claims. We have assessed this by analysing uninflated claim costs and therefore Figure 9.5 measures the trend in the total rate of claims inflation.

Figure 9.5 can then be used to determine the rate of inflation of claim awards over and above base inflation (i.e. measuring the rate of superimposed inflation) in any one year or an annualised rate of superimposed inflation over a longer term. The rate of inflation of claims costs measured by this chart therefore includes the negative effect of ageing upon claim awards.

Figure 9.5: Average mesothelioma awards of the Liable Entities (uninflated)



From Figure 9.5, we have the following observations in relation to the rate of total claim inflation (i.e. including both base inflation and superimposed inflation) of the Liable Entities' share of claims awards:

- Between 1998/99 and 2001/02, claims inflation of the Liable Entities' share of mesothelioma claims awards averaged approximately 22.9% per annum.
- Between 2001/02 and 2008/09, claims inflation of the Liable Entities' share of mesothelioma claims awards averaged approximately 0.7% per annum.
- Between 2008/09 and 2013/14, claims inflation of the Liable Entities' share of mesothelioma claims awards averaged approximately 2.9% per annum.
- The average rate of claims inflation of the Liable Entities' share of mesothelioma claims awards from 1998/99 to 2013/14 was approximately 5.54% per annum. This would imply superimposed inflation of around 1.25% per annum.

- The average rate of claims inflation of the Liable Entities' share of mesothelioma claims awards from 2001/02 to 2013/14 was approximately 1.60% per annum. This would imply superimposed inflation of around -2.50% per annum.
- The average rate of claims inflation of the Liable Entities' share of mesothelioma claims awards from 2005/06 to 2013/14 was approximately 5.26% per annum. This would imply superimposed inflation of around 1.00% per annum.

The actuarial approach for this report is to take an average view for superimposed inflation to be applied over the long-term, noting that there will necessarily be deviations from this average on an annual basis.

Furthermore, in considering the future rate of claim inflation, we have had regard to some of the recent court decisions and the impact they can have either directly or indirectly upon claim settlements, as well as a relatively lower level of large claim settlements in the most recent year.

Weighing all of the evidence together, and in particular recognising that the period since 2001/02 has generally been benign and may not therefore be reflective of a longer-term assumption, we have adopted an assumed long-term rate of future superimposed inflation of claims awards of 2.25% per annum. This is unchanged from our previous assumption.

There is no superimposed inflation applied to legal costs.

The outcome of this assumption is a "superimposed inflation allowance" of approximately $300m on a discounted central estimate basis.

9.4 Discount rates: Commonwealth bond zero coupon yields

We have calculated the zero coupon yield curve at 31 March 2014 underlying the prices, coupons and durations of Commonwealth Government Bonds for the purpose of discounting the liabilities for this report.

The use of such discount rates is consistent with standard Australian actuarial practice for such liabilities, is in accordance with the Institute of Actuaries of Australia's Professional Standard PS300 and is also consistent with our understanding of the Australian accounting standards.

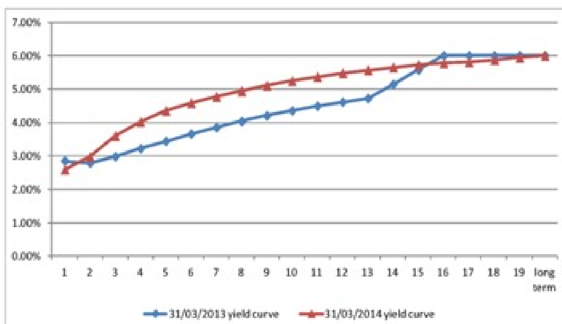
As noted in Section 3.11 of this Report, we have made some slight modifications to our approach to the setting of discount rates at 31 March 2014.

The table and chart below show the assumptions for the current valuation and the previous valuation.

Table 9.2: Zero coupon yield curve by duration

Year	Current Valuation	Previous Valuation
1	2.59%	2.85%
2	2.97%	2.79%
3	3.60%	2.98%
4	4.02%	3.22%
5	4.35%	3.44%
6	4.58%	3.66%
7	4.77%	3.85%
8	4.94%	4.03%
9	5.10%	4.20%
10	5.24%	4.35%
11	5.37%	4.49%
12	5.48%	4.61%
13	5.57%	4.72%
14	5.65%	5.15%
15	5.72%	5.57%
16	5.77%	6.00%
17	5.85%	6.00%
18	5.93%	6.00%
19+	6.00%	6.00%

Figure 9.6: Zero coupon yield curve by duration



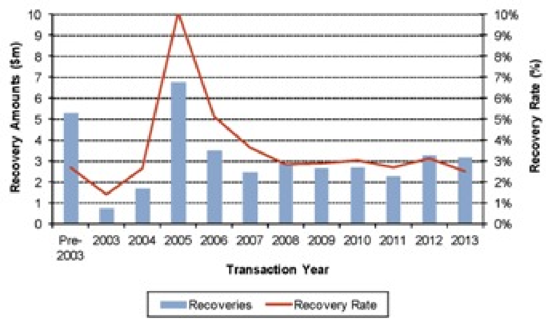
9.5 Cross-claim recovery rates

Cross-claim recoveries have totalled $37m to date. This represents 3.3% of gross claims costs.

The majority of cross-claim recoveries relate to the Hardie-BI Joint Venture with CSR, including more than $4m paid in 2005/06 and more than $2m paid in 2006/07 in relation to cross-claims against CSR and Bradford Insulation in relation to the Hardie-BI Joint Venture.

The following chart shows how the experience of cross-claim recoveries has varied over time, both in monetary terms and expressed as a percentage of gross payments.

Figure 9.7: Cross-claim recovery experience



Cross-claim recoveries in 2005/06 and 2006/07 were significantly impacted by recoveries from CSR and were due also to the impact of the Hardie-BI Joint Venture. Our analysis indicates that such recoveries in part relate to recoveries that ought to have been made earlier (i.e. they reflected an element of catch-up). Therefore, we believe the rate of recovery exhibited in those two years is not a good guide to the likely future level of recovery.

Taking this and the recent levels of cross-claim recoveries (which have averaged 2.3% over the past three years) into account we have assumed that future levels of cross-claim recoveries will be 2.25% of the average award. This is an increase from the previous valuation assumption of 2.0% at 31 March 2013.

9.6 Settlement Patterns

Triangulation methods are used to derive the past pattern of settlement of claims and are used in forming a view on future settlement patterns.

The following triangles provide an illustrative example of how we perform this:

Figure 9.8: Settlement pattern derivation for mesothelioma claims: paid as % of ultimate cost

Yr of Notification	0	1	2	3	4	5	6	7	8
1996	47.2%	98.1%	98.5%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%
1997	33.3%	71.0%	71.0%	71.6%	71.6%	78.3%	81.1%	90.2%	97.1%
1998	50.2%	82.2%	87.1%	87.4%	90.8%	90.8%	96.1%	97.4%	100.0%
1999	60.9%	92.2%	92.3%	92.5%	95.3%	96.3%	99.3%	100.0%	100.0%
2000	60.3%	90.0%	95.7%	97.4%	99.4%	100.0%	100.0%	100.0%	100.0%
2001	51.8%	88.3%	91.3%	94.4%	95.6%	98.5%	98.5%	98.5%	99.7%
2002	54.9%	90.3%	95.7%	98.7%	99.6%	99.9%	100.0%	100.0%	100.0%
2003	56.2%	90.5%	95.6%	99.3%	99.3%	100.0%	100.0%	100.0%	100.0%
2004	52.7%	93.9%	97.5%	98.6%	99.6%	100.0%	100.0%	100.0%	100.0%
2005	57.9%	92.3%	97.4%	97.5%	97.9%	99.4%	100.0%	100.0%	100.0%
2006	58.7%	89.3%	92.9%	95.3%	95.3%	95.3%	95.3%	95.3%	
2007	50.4%	92.4%	94.7%	95.0%	95.0%	95.2%	95.2%		
2008	65.5%	93.8%	95.0%	96.6%	97.1%	97.3%			
2009	57.0%	87.0%	91.3%	97.7%	97.9%				
2010	70.3%	94.3%	97.5%	97.7%					
2011	56.3%	95.4%	97.6%						
2012	52.9%	92.6%							
2013	61.4%								

Figure 9.9: Settlement pattern derivation for non-mesothelioma claims: paid as % of ultimate cost

Yr of Notification	0	1	2	3	4	5	6	7	8
1996	6.5%	22.6%	36.1%	53.3%	56.6%	56.6%	67.7%	83.2%	88.5%
1997	4.4%	36.4%	67.4%	72.7%	82.4%	85.6%	92.2%	97.8%	100.0%
1998	5.0%	43.9%	73.9%	78.0%	84.8%	91.9%	94.0%	99.6%	100.0%
1999	9.3%	56.3%	81.2%	89.9%	91.5%	96.6%	99.5%	100.0%	100.0%
2000	15.6%	45.4%	64.0%	79.5%	82.9%	85.8%	88.7%	88.7%	92.6%
2001	22.5%	56.4%	82.0%	86.3%	89.9%	92.3%	94.0%	97.1%	97.1%
2002	13.0%	61.5%	82.9%	90.5%	94.7%	97.1%	98.3%	99.0%	99.0%
2003	17.4%	68.5%	86.4%	92.2%	95.5%	99.0%	99.3%	99.3%	100.0%
2004	17.5%	58.9%	83.4%	92.6%	95.3%	96.6%	98.0%	98.0%	98.0%
2005	19.6%	81.3%	94.6%	98.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2006	22.6%	72.1%	91.5%	94.6%	99.3%	99.9%	99.9%	99.9%	
2007	28.8%	83.1%	92.9%	99.5%	99.9%	99.9%	99.9%		
2008	25.4%	82.1%	93.3%	94.9%	97.3%	97.5%			
2009	39.8%	76.5%	92.6%	94.3%	94.5%				
2010	25.5%	82.5%	93.3%	95.0%					
2011	36.2%	88.5%	97.9%						
2012	35.9%	82.4%							
2013	27.4%								

We have estimated the settlement pattern for future claim reporting as follows:

Table 9.3: Settlement pattern of claims awards by delay from claim reporting

Delay (years)	Mesothelioma	Non-mesothelioma
0	58.0%	29.0%
1	30.0%	53.0%
2	5.0%	11.0%
3	1.0%	2.0%
4	1.0%	1.0%
5	1.0%	1.0%
6	1.0%	1.0%
7	1.0%	1.0%
8	1.0%	0.5%
9	1.0%	0.5%

These assumed settlements patterns have been modified slightly since our previous valuation, resulting in an assumption of a slight speeding up of non-mesothelioma claim settlements.

The "mean term" for mesothelioma claims has been slowed slightly to reflect the volume of pending mesothelioma claims that also need to be handled whilst having regard to the assumption that claims reported are being assumed to continue at the level experienced in 2013/14.

Overall, this has minimal effect on the Discounted Central Estimate but does change the timing of the cashflows.

10 Valuation Results

10.1 Central estimate liability

At 31 March 2014, our projected central estimate of the liabilities of the Liable Entities (the Discounted Central Estimate) to be met by the AICF Trust is $1,870.2m (March 2013: $1,693.6m).

We have not allowed for the future Operating Expenses of the AICF Trust or the Liable Entities in the liability assessment.

The following table shows a summary of our central estimate liability assessment and compares the current assessment with our previous valuation.

Table 10.1: Comparison of central estimate of liabilities

	31 March 2014 $m			31 March 2013 $m
	Gross of insurance recoveries	**Insurance recoveries**	**Net of insurance recoveries**	**Net of insurance recoveries**
Total inflated and undiscounted cash-flows	3,132.0	326.9	2,805.1	2,512.6
Discounting allowance	(1,030.5)	(95.6)	(934.9)	(818.9)
Net present value liabilities	**2,101.5**	**231.3**	**1,870.2**	**1,693.6**

10.2 Comparison with previous valuation

In the absence of any change to the claim projection assumptions from our 31 March 2013 valuation, other than allowing for the changes in the discount rate, we would have projected a Discounted Central Estimate liability of \$1,576.2m as at 31 March 2014, i.e. a decrease of \$117.4m from our 31 March 2013 valuation result.

This decrease of \$117.4m is due to:

- A reduction of \$67.1m, being the net impact of expected claims payments (which reduce the liability) and the "unwind of discount" (which increases the liability and reflects the fact that cashflows are now one year nearer and therefore are discounted by one year less).
- A reduction of \$50.3m resulting from the higher discount rates prevailing at 31 March 2014 compared with those adopted at 31 March 2013.

Our liability assessment at 31 March 2014 of \$1,870.2m represents an increase of \$294.0m, which arises from changes to the claim projection assumptions.

The increase of \$294.0m is principally a consequence of:

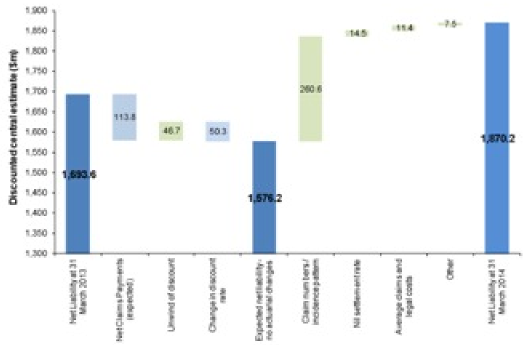
- An increase in the projected future number of claims for mesothelioma reflecting both higher levels of claims and a change in the incidence pattern assumed (in the short term to medium term);
- Lower nil settlement rates being assumed for mesothelioma and lung cancer; and
- Increased allowance for large claims for mesothelioma resulting from higher numbers of large claims (over \$1.32m in 2013/14 money terms) received in 2013/14;

offset by

- Lower average sizes and average defence legal costs for most disease types.

The following chart shows an analysis of the change in our liability assessments from March 2013 to March 2014 on a discounted basis.

Figure 10.1: Analysis of change in central estimate liability (discounted basis)



Note: Green bars signal that this factor has given rise to an increase in the liability whilst light blue bars signal that this factor has given rise to a reduction in the liability.

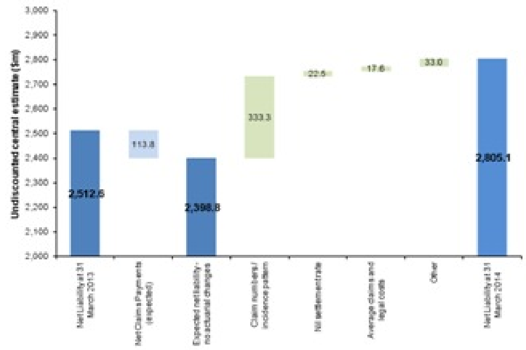
Note: The increase for Average claims and legal costs of $11.4m comprises a $48.5m increase for mesothelioma large claims offset by a $37.1m reduction for attritional claim sizes and legal costs.

The increase of approximately $261m in relation to claim numbers is comprised of:

- A $96m increase in relation to the increased mesothelioma claims reporting assumed for the next three years (i.e. 2014/15 to 2016/17);
- A $168m increase in relation to the increased mesothelioma claims reporting assumed for the period 2017/18 to 2025/26;
- No increase for the mesothelioma claims reporting assumed for the period 2026/27 and onwards; and
- A $3m reduction in relation to changes to other disease types.

The following chart shows an analysis of the change in our liability assessments from March 2013 to March 2014 on an undiscounted basis.

Figure 10.2: Analysis of change in central estimate liability (undiscounted basis)



Note: Green bars signal that this factor has given rise to an increase in the liability whilst light blue bars signal that this factor has given rise to a reduction in the liability.

The undiscounted liability as of 31 March 2014 has increased from $2,399m (based on the 31 March 2013 valuation) to $2,805m. This represents an increase of $406m.

10.3 Comparison of valuation results since 30 September 2006

We have analysed how our valuation results have changed since the Initial Report (as defined in the Amended Final Funding Agreement) at 30 September 2006.

The table below shows the results over time.

We have used the inflated and undiscounted results as the comparison. We consider this to be the most appropriate assessment as it removes the impacts of changes in discount rates and the "unwind of the discount".

Table 10.2: Comparison of valuation results since 30 September 2006

	FY2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Valuation result at end of previous financial year	3,169	2,811	3,027	3,124	2,906	2,661	2,525	2,513
Net payments made (actual)	-32	-55	-91	-86	-76	-76	-86	-113
Expected valuation result (no actuarial changes)	3,137	2,756	2,936	3,038	2,830	2,585	2,439	2,400
Actual valuation at end of financial year	2,811	3,027	3,124	2,906	2,661	2,525	2,513	2,805
Impact of actuarial valuation changes	-326	271	188	-132	-169	-60	74	405
Cumulative changes since 30 September 2006	**-326**	**-55**	**133**	**1**	**-168**	**-228**	**-154**	**251**

Note: For FY2007, the starting valuation ($3,169m) is the valuation at 30 September 2006, not the valuation at 31 March 2006.

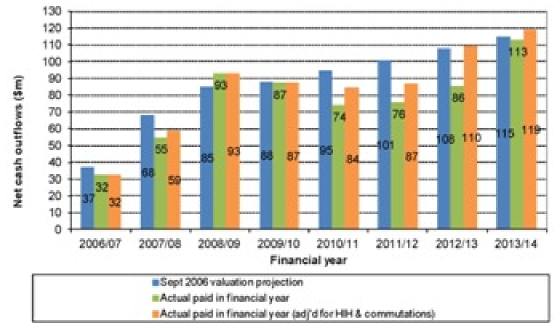
The table shows that whilst there have been some years where there have been increases and some years where there have been decreases arising from changes to actuarial valuation assumptions, over the period from 30 September 2006 to 31 March 2013 the valuation had (in aggregate) reduced by $154m (or 5% of the valuation contained in the Initial Report).

The increase in the 31 March 2014 valuation (of approximately $405m on an undiscounted basis) has now meant that since the Amended Final Funding Agreement, the valuation has deteriorated by $251m (8% of the valuation contained in the Initial Report).

In terms of net cashflows, actual net payments of $616m have been made since 30 September 2006. This compares with an estimate of $697m projected for the same period (1 October 2006 to 31 March 2014) in the valuation at 30 September 2006.

Even allowing for removal of the beneficial impact of HIH and other commutations, actual net cashflows have been $25m below those projected in the valuation at 30 September 2006.

Figure 10.3: Comparison of actual net cash outflows with projected net payments at the 30 September 2006 valuation



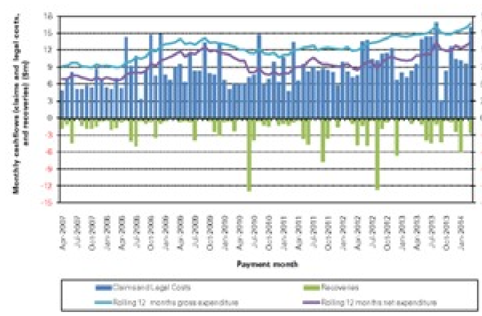
Note: Figures in the above chart differ slightly compared to Table 10.2 owing to accounting accrual adjustments. The aggregate difference is a net amount of $1m across the period.

10.4 Cashflow projections

10.4.1 Historical cashflow expenditure

The following chart shows the monthly rate of expenditure by AICF relating to asbestos-related claim settlements over the past seven years.

Figure 10.4: Historical claim-related expenditure of the Liable Entities



Cashflow payments in the 12 months to 31 March 2014 were $140.4m gross of insurance and other recoveries (FY13: $121.3m) and $112.9m net of insurance and other recoveries (FY13: $85.6m).

Actual gross cashflow in 2013/14 was $9.0m (7%) higher than the gross cashflow projected for 2013/14 ($131.4m) in our 31 March 2013 valuation report.

This was predominantly a result of four factors:

- Accelerated processing of claims that were otherwise due for payment in April 2014 ($7.7m). In the absence of this, actual gross cashflow would have been $1.3m (1%) higher than the projection in our 31 March 2013 valuation.
- Higher numbers of mesothelioma claims settled (340).
- A higher number of "large" mesothelioma claims (7) being settled, albeit at lower average sizes than assumed.
- A higher number of mesothelioma claims over $1m (but not large) (8) being settled.

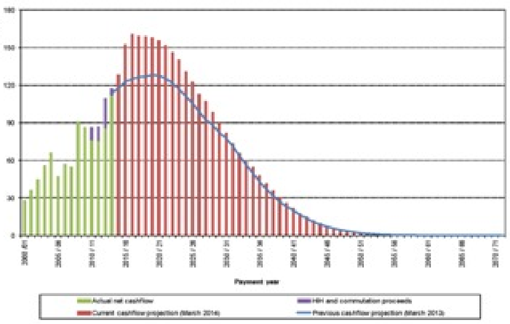
Actual net cashflow in 2013/14 ($112.9m) was $0.9m (1%) lower than the net cashflow projected for 2013/14 ($113.8m) in our 31 March 2013 valuation report. This was due to proceeds from insurance collections from HIH and associated entities as a result of successful applications of Section 562A(4) together with a strong focus on insurance collections more broadly.

10.4.2 Future cashflow projections

Figure 10.5 shows the projected net cashflows underlying our current valuation and the projected net cashflow projection underlying our previous valuation at 31 March 2013.

We have also indicated the actual annual net cashflows for all financial years since 2000/01 (the green bars) and the level of the actual net cashflows in the absence of HIH recoveries or commutation proceeds (the purple bars represent the incremental amount of those proceeds).

Figure 10.5: Annual cashflow projections – inflated and undiscounted ($m)



The projected inflated and undiscounted cashflows underlying this chart are documented in Appendix B.

The material increase in the projected cashflows for the next six years is a result of the increase to mesothelioma claims reporting that has been assumed at this valuation. Thereafter there is a gradual convergence to the prior cashflows, reflecting the fact that there are no changes assumed for mesothelioma claims reporting after 2025/26.

The step-up in projected cashflows between 2014/15 and 2015/16 reflects an assumption that the number of mesothelioma claims settled will need to increase to reflect the higher volumes of mesothelioma claims projected to be reported and reflecting the settlement of claims currently pending (we have previously noted that this year the number of pending claims for mesothelioma has risen by 30 in 2013/14). The increase in cashflow also reflects the impact of claims inflation (6%) upon average claim sizes.

Given the extremely long-tailed nature of asbestos-related liabilities, a small change in an individual assumption can have a significant impact upon the cashflow profile of the liabilities.

10.5 Amended Final Funding Agreement calculations

The Amended Final Funding Agreement sets out the basis on which payments will be made to the AICF Trust.

Additionally, there are a number of other figures specified within the Amended Final Funding Agreement that we are required to calculate. These are:

- Discounted Central Estimate;
- Term Central Estimate; and
- Period Actuarial Estimate.

Table 10.3: Amended Final Funding Agreement calculations

	$m	
Discounted Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,870.2	
Period Actuarial Estimate (net of cross-claim recoveries, gross of Insurance and Other Recoveries) comprising:	475.7	
Discounted value of cashflow in 2014/15		144.1
Discounted value of cashflow in 2015/16		163.5
Discounted value of cashflow in 2016/17		168.2
Term Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,864.3	

The actual funding amount due at a particular date will depend upon a number of factors, including:

- the net asset position of the AICF Trust at that time;
- the free cash flow amount of the James Hardie Group in the preceding financial year; and
- the Period Actuarial Estimate in the latest Annual Actuarial Report.

10.6 Insurance Recoveries

Our liability valuation has made allowance for a discounted central estimate of Insurance Recoveries of $231.3m. This estimate is comprised as follows:

Table 10.4: Insurance recoveries at 31 March 2014

$m	Undiscounted central estimate	Discounted central estimate
Gross liability	**3,132.0**	**2,101.5**
Product liability recoveries	322.1	229.8
Bad and doubtful debt allowance (product)	(19.2)	(14.4)
Public liability recoveries	21.8	13.4
Bad and doubtful debt allowance (public)	(0.9)	(0.5)
QBE commutation	3.1	3.1
Insurance recovery asset	**326.9**	**231.3**
Net liability	**2,805.1**	**1,870.2**
Insurance recovery rate	11.1%	11.7%
Bad and doubtful debt rate	5.8%	6.1%

The combined bad and doubtful debt rate is 6.1% (2013: 8.0%).

The reduction in the rate of bad debt reflects the beneficial impact of the collection activity in relation to HIH in 2012/13 and 2013/14.

The AICF Facility Agreement requires the Approved Actuary to calculate the discounted central estimate value of certain Insurance Policies, being those specified in Schedule 5 of the AICF Facility Agreement.

At 31 March 2014, the discounted central estimate of the Insurance Policies, as specified in Schedule 5 of the AICF Facility Agreement, is $214.3m (March 2013: $216.3m).

11 Uncertainty

11.1 Overview

There is uncertainty involved in any valuation of the liabilities of an insurance company or a self-insurer. The sources of such uncertainty include, but are not limited to:

- Parameter error – this is the risk that the parameters and assumptions chosen ultimately prove not to be reflective of future experience.
- Model error – this is the risk that the model selected for the valuation of the liabilities ultimately proves not to be adequate for the projection of the liabilities.
- Legal and social developments – this is the risk that the legal environment in which claims are settled changes relative to its current and historical position thereby causing significantly different awards.
- Future actual rates of inflation being different from that assumed.
- The general economic environment being different from that assumed.
- Potential sources of exposure – this is the risk that there exist sources of exposure which are as yet unknown or unquantifiable, or for which no liabilities have yet been observed, but which may trigger future claims.

In the case of asbestos liabilities, these uncertainties are exacerbated by the extremely long latency period from exposure to onset of disease and notification of a claim. Asbestos-related claims often take in excess of 40 years from original exposure to become notified and then settled, compared with an average delay from exposure to settlement of 4-5 years for many other compensation-type liabilities such as Comprehensive Third-Party injury liabilities or other Workers Compensation liabilities.

Specific forms of uncertainty relating to asbestos-related disease liabilities include:

- The difficulty in quantifying the extent and pattern of past asbestos exposures and the number and incidence of the ultimate number of lives that may be affected by asbestos related diseases arising from such past asbestos exposures;

- The timing of the peak level of claims reporting for mesothelioma, particularly in light of the high level of claims reporting activity in 2008/09, the lower levels of activity through to 2011/12 and the increase in claims reporting in 2012/13 and 2013/14;
- The propensity of individuals affected by diseases arising from such exposure to file common law claims against defendants;
- The extent to which the Liable Entities will be joined in such future common law claims;
- The fact that the ultimate severity of the impact of the disease and the quantum of the claims that will be awarded will be subject to the outcome of events that have not yet occurred, including:
  - medical and epidemiological developments, including those relating to life expectancy in general;
  - court interpretations;
  - legislative changes;
  - changes to the form and range of benefits for which compensation may be awarded ("heads of damage");
  - public attitudes to claiming;
  - the potential for future procedural reforms in NSW and other States affecting the legal costs incurred in managing and settling claims;
  - potential third-wave exposures; and
  - social and economic conditions such as inflation.

11.2 Sensitivity testing

As we have noted above, there are many sources of uncertainty. Actuaries often perform "sensitivity testing" to identify the impact of different assumptions on future experience, thereby providing an indication of the degree of parameter error risk to which the valuation assessment is exposed.

Sensitivity testing may be considered as being a mechanism for testing "what will the liabilities be if instead of choosing [x] for assumption [a] we choose [y]?" It is also a mechanism for identifying how the result will change if experience turns out different in a particular way relative to that which underlies the central estimate expectations. As such, it provides an indication of the level of variability inherent in the valuation.

We have performed some sensitivity tests of the results of our central estimate valuation. We have sensitivity tested the following factors:

- ***number of claims notified***: 15% above and below our central estimate assumption (equating to 315 and 425 mesothelioma claims).
- ***average claim cost of a non-nil claim***: 5% above and below our central estimate assumption.
- ***nil settlement rate***: 2 percentage points above and below our central estimate assumption.
- ***superimposed inflation***: being 0% per annum or 4% per annum over all future years.
- ***mesothelioma incidence pattern***: we have tested two separate alternative outcomes:
  - *Pattern 1* takes our central estimate pattern through to 2025/26 but assumes an increased rate of joining of the Liable Entities from 2026/27 onwards.
  - *Pattern 2* takes pattern 1 and shifts it out by a further two years, i.e. mesothelioma claims reporting does not begin to reduce until after 2018/19. This also therefore impacts the incidence pattern for all years after 2018/19.

There are other factors which influence the liability assessment and which could be sensitivity tested, including:

- The cross-claim recovery rate;
- The variation in timing of claim notifications (but with no change in the overall number of notifications); and
- The pattern and delay of claim settlements from claim notification.

We have not sensitivity tested these factors, viewing them as being of less financial significance individually.

We have not sensitivity tested the value of Insurance Recoveries as uncertainties typically relate to legal risk and disputation risk, and it is not possible to parameterise a sensitivity test in an informed manner.

11.3 Results of sensitivity testing

Figure 11.1 shows the impact of various individual sensitivity tests on the Discounted Central Estimate of the liabilities, and of a combined sensitivity test of a number of factors.

Although we have tested multiple scenarios of each assumption, one cannot gauge an overall potential range by simply adding these tests together. Accordingly, we have prepared a range based on a combination of factors.

Figure 11.1: Sensitivity testing results – Impact around the Discounted Central Estimate (in $m)

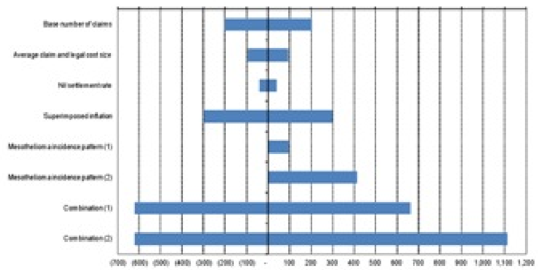
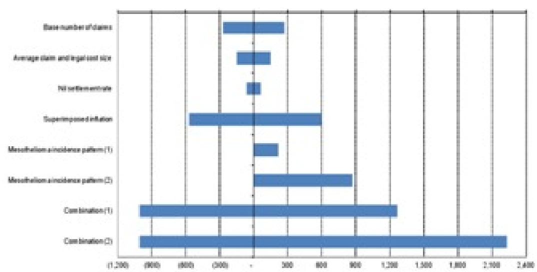


Figure 11.2: Sensitivity testing results – Impact around the undiscounted central estimate (in $m)



The uncertainties prevailing at this time are higher than historically observed. This is a consequence of the higher than expected level of mesothelioma claims reporting and the uncertainty this brings in relation to the projection of the future number of mesothelioma claims to be received. Given that this increase reflects only one year's experience, it is not clear whether the increase observed in 2013/14 is a one-off, represents an acceleration of reporting, or reflects a longer-term trend of the future rate of joining of the Liable Entities.

The single most sensitive assumption shown in the chart is the peak period of claims reporting against the Liable Entities. Shifting the assumed period of peak claims reporting by a further 2 years for mesothelioma (i.e. assuming that claim reporting begins to reduce after 2018/19) together with increased claims reporting from 2026/27 onwards could add a further $420m on a discounted basis (in addition to the $260m increase that has been made at 31 March 2014).

Table 11.1: Summary results of sensitivity analysis ($m)

	Undiscounted	Discounted
Central estimate	2,805.1	1,870.2
Low Scenario	1,799.6	1,249.7
High Scenario	5,032.4	2,980.6

Whilst the table above indicates a range around the discounted central estimate of liabilities of -$620m to +$1,110m, the actual cost of liabilities could fall outside that range depending on the actual experience.

We further note that these sensitivity test ranges are not intended to correspond to a specified probability of sufficiency nor are they intended to indicate an upper bound or a lower bound of all possible outcomes.

APPENDICES

A Credit rating default rates by duration

Rating	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10	Yr. 11	Yr. 12	Yr. 13	Yr. 14	Yr. 15
AAA	0.00%	0.03%	0.13%	0.24%	0.35%	0.47%	0.53%	0.62%	0.68%	0.74%	0.77%	0.81%	0.84%	0.91%	0.99%
AA+	0.00%	0.06%	0.06%	0.11%	0.17%	0.24%	0.30%	0.36%	0.43%	0.50%	0.57%	0.64%	0.72%	0.80%	0.89%
AA	0.02%	0.03%	0.09%	0.23%	0.38%	0.51%	0.65%	0.78%	0.88%	0.99%	1.09%	1.16%	1.28%	1.36%	1.45%
AA-	0.03%	0.10%	0.20%	0.29%	0.39%	0.50%	0.59%	0.65%	0.72%	0.79%	0.87%	0.95%	0.98%	1.05%	1.12%
A+	0.06%	0.11%	0.24%	0.40%	0.53%	0.64%	0.78%	0.93%	1.10%	1.29%	1.46%	1.65%	1.88%	2.14%	2.36%
A	0.07%	0.17%	0.27%	0.42%	0.57%	0.78%	0.99%	1.18%	1.42%	1.69%	1.91%	2.07%	2.21%	2.31%	2.52%
A-	0.08%	0.20%	0.34%	0.48%	0.69%	0.91%	1.20%	1.42%	1.59%	1.74%	1.88%	2.04%	2.19%	2.29%	2.38%
BBB+	0.14%	0.38%	0.66%	0.95%	1.27%	1.62%	1.86%	2.12%	2.43%	2.73%	3.02%	3.19%	3.41%	3.75%	4.17%
BBB	0.20%	0.51%	0.80%	1.24%	1.69%	2.12%	2.55%	2.98%	3.44%	3.91%	4.42%	4.86%	5.24%	5.37%	5.60%
BBB-	0.32%	0.97%	1.73%	2.63%	3.51%	4.30%	5.03%	5.71%	6.27%	6.84%	7.48%	8.00%	8.50%	9.24%	9.75%
BB+	0.43%	1.25%	2.35%	3.47%	4.56%	5.66%	6.61%	7.31%	8.19%	9.05%	9.64%	10.29%	10.85%	11.28%	12.05%
BB	0.68%	2.08%	4.07%	5.92%	7.66%	9.12%	10.45%	11.54%	12.54%	13.39%	14.23%	14.98%	15.35%	15.59%	15.90%
BB-	1.13%	3.47%	5.91%	8.26%	10.33%	12.40%	14.10%	15.75%	17.15%	18.33%	19.26%	19.97%	20.78%	21.58%	22.28%
B+	2.31%	6.26%	10.15%	13.52%	16.05%	18.02%	19.82%	21.43%	22.84%	24.25%	25.36%	26.23%	27.05%	27.79%	28.45%
B	4.73%	10.55%	15.19%	18.51%	21.02%	23.29%	24.79%	25.84%	26.79%	27.67%	28.50%	29.28%	29.99%	30.61%	31.37%
B-	7.92%	15.37%	20.55%	24.12%	26.93%	28.98%	30.64%	31.65%	32.32%	32.94%	33.66%	34.29%	34.64%	35.04%	35.49%
CCC/C	26.87%	36.05%	41.23%	44.27%	46.75%	47.77%	48.85%	49.67%	50.64%	51.35%	51.99%	52.76%	53.67%	54.40%	54.40%
NR	4.02%	7.86%	11.19%	13.86%	16.03%	17.82%	19.33%	20.60%	21.74%	22.78%	23.66%	24.42%	25.09%	25.69%	26.28%
L	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
R	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Standard & Poors' 2013 Annual Global Corporate Default Study and Rating Transitions, March 2014

L relates to Lloyds' of London and Equitas; NR relates to companies which are Not Rated; R relates to companies which have been subject to Regulatory Action regarding solvency.

B Projected inflated and undiscounted cashflows ($m)

Payment Year	Mesothelioma Claims	Asbestosis Claims	Lung Cancer Claims	ARPD & Other Claims	Legal and Other Costs	Workers Compensation Claims	Workers Compensation Legal and Other Costs	Wharf Claims	Wharf Legal and Other Costs	Baryulgil	Cross Claim Recoveries	Gross	Insurance	Net
2014 / 2015	114.0	11.2	3.6	3.3	15.0	0.4	0.1	0.7	0.2	0.5	3.0	145.9	17.5	128.4
2015 / 2016	132.7	13.6	3.5	4.2	17.6	0.3	0.1	1.0	0.3	0.4	3.5	170.2	17.8	152.4
2016 / 2017	142.5	14.4	3.5	4.4	17.6	0.3	0.1	1.0	0.3	0.4	3.7	180.8	20.0	160.9
2017 / 2018	142.9	14.1	3.4	4.3	17.3	0.2	0.1	1.0	0.2	0.4	3.7	180.3	20.9	159.4
2018 / 2019	140.1	14.1	3.5	4.3	16.6	0.2	0.1	0.9	0.2	0.4	3.7	179.7	20.6	159.0
2019 / 2020	142.2	14.0	3.5	4.2	16.1	0.2	0.1	0.9	0.2	0.3	3.7	178.0	20.1	157.9
2020 / 2021	141.1	13.9	3.5	4.2	15.5	0.2	0.1	0.8	0.2	0.3	3.7	176.2	20.6	155.6
2021 / 2022	138.5	13.7	3.5	4.1	15.0	0.2	0.1	0.7	0.2	0.3	3.6	172.6	20.7	151.9
2022 / 2023	134.9	13.2	3.4	3.9	14.3	0.2	0.1	0.7	0.1	0.2	3.5	167.6	21.4	146.3
2023 / 2024	130.6	12.6	3.4	3.8	13.3	0.2	0.1	0.6	0.1	0.2	3.4	161.8	21.5	140.3
2024 / 2025	123.0	12.2	3.2	3.5	12.3	0.2	0.1	0.5	0.1	0.2	3.2	152.1	21.0	131.1
2025 / 2026	113.3	11.5	3.1	3.3	11.2	0.2	0.1	0.5	0.1	0.2	3.0	140.5	17.8	122.7
2026 / 2027	101.7	10.8	3.0	3.1	10.0	0.2	0.1	0.4	0.1	0.1	2.7	126.7	13.6	113.1
2027 / 2028	93.3	10.0	2.8	2.8	9.0	0.2	0.1	0.4	0.1	0.1	2.5	116.2	9.0	107.2
2028 / 2029	86.6	9.2	2.6	2.6	8.1	0.1	0.0	0.3	0.1	0.1	2.3	107.6	8.9	98.7
2029 / 2030	80.0	8.4	2.4	2.3	7.3	0.1	0.0	0.3	0.0	0.1	2.1	99.0	8.8	90.2
2030 / 2031	73.2	7.6	2.2	2.1	6.5	0.1	0.0	0.2	0.0	0.1	1.9	90.3	8.4	81.8
2031 / 2032	66.4	6.8	2.0	1.9	5.8	0.1	0.0	0.2	0.0	0.1	1.7	81.6	8.0	73.6
2032 / 2033	59.7	6.1	1.8	1.6	5.1	0.1	0.0	0.2	0.0	0.1	1.6	73.1	7.4	65.7
2033 / 2034	53.2	5.3	1.7	1.4	4.4	0.1	0.0	0.1	0.0	0.0	1.4	65.0	6.1	58.9
2034 / 2035	47.1	4.7	1.5	1.2	3.8	0.1	0.0	0.1	0.0	0.0	1.2	57.2	2.4	54.9
2035 / 2036	41.3	4.0	1.3	1.1	3.3	0.1	0.0	0.1	0.0	0.0	1.1	50.1	2.0	48.1
2036 / 2037	36.0	3.5	1.1	0.9	2.8	0.0	0.0	0.1	0.0	0.0	0.9	43.5	1.8	41.7
2037 / 2038	31.2	2.9	1.0	0.8	2.3	0.0	0.0	0.1	0.0	0.0	0.8	37.5	1.6	35.9
2038 / 2039	26.8	2.5	0.8	0.6	2.0	0.0	0.0	0.0	0.0	0.0	0.7	32.1	1.4	30.6
2039 / 2040	22.6	2.1	0.7	0.5	1.6	0.0	0.0	0.0	0.0	0.0	0.6	27.2	1.3	25.9
2040 / 2041	19.2	1.7	0.6	0.4	1.3	0.0	0.0	0.0	0.0	0.0	0.5	22.8	1.1	21.8
2041 / 2042	16.1	1.4	0.5	0.4	1.1	0.0	0.0	0.0	0.0	0.0	0.4	19.0	0.9	18.1
2042 / 2043	13.3	1.1	0.4	0.3	0.9	0.0	0.0	0.0	0.0	0.0	0.3	15.7	0.8	14.9
2043 / 2044	10.9	0.9	0.3	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.3	12.9	0.7	12.2
2044 / 2045	8.9	0.7	0.3	0.2	0.6	0.0	0.0	0.0	0.0	0.0	0.2	10.5	0.6	9.9
2045 / 2046	7.2	0.6	0.2	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.2	8.4	0.5	8.0
2046 / 2047	5.8	0.5	0.2	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1	6.7	0.4	6.4
2047 / 2048	4.6	0.4	0.1	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1	5.3	0.3	5.0
2048 / 2049	3.6	0.3	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.1	4.2	0.2	4.0
2049 / 2050	2.8	0.2	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	3.3	0.2	3.1
2050 / 2051	2.2	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	2.5	0.2	2.4
2051 / 2052	1.7	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.1	1.8
2052 / 2053	1.3	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.1	1.4
2053 / 2054	1.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.1	1.0
2054 / 2055	0.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.1	0.8
2055 / 2056	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.6
2056 / 2057	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.4
2057 / 2058	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.3
2058 / 2059	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.2
2059 / 2060	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
2060 / 2061	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2061 / 2062	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2062 / 2063	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2063 / 2064	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2064 / 2065	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2065 / 2066	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2066 / 2067	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2067 / 2068	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2068 / 2069	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2069 / 2070	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2070 / 2071	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2071 / 2072	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2072 / 2073	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2073 / 2074	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2074 / 2075	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2075 / 2076	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**2,519.7**	**251.2**	**88.3**	**72.7**	**260.3**	**4.2**	**1.6**	**11.9**	**2.5**	**4.6**	**65.9**	**3,132.0**	**326.9**	**2,805.1**

C Projected inflated and discounted cashflows ($m)

Payment Year	Mesothelioma Claims	Asbestosis Claims	Lung Cancer Claims	ARPD & Other Claims	Legal and Other Costs	Workers Compensation Claims	Workers Compensation Legal and Other Costs	Wharf Claims	Wharf Legal and Other Costs	Baryulgil	Cross Claim Recoveries	Gross	Insurance	Net
2014 / 2015	112.5	11.1	3.5	3.3	14.8	0.4	0.1	0.7	0.2	0.5	3.0	144.1	17.3	126.7
2015 / 2016	127.5	13.1	3.3	4.0	16.9	0.3	0.1	1.0	0.2	0.4	3.4	163.5	17.1	146.4
2016 / 2017	132.5	13.4	3.3	4.1	16.3	0.2	0.1	1.0	0.2	0.4	3.5	168.2	18.6	149.6
2017 / 2018	128.1	12.6	3.1	3.9	15.5	0.2	0.1	0.9	0.2	0.3	3.3	161.5	18.7	142.8
2018 / 2019	123.1	12.1	3.0	3.7	14.3	0.2	0.1	0.8	0.2	0.3	3.2	154.5	17.7	136.8
2019 / 2020	117.1	11.5	2.9	3.5	13.3	0.2	0.1	0.7	0.2	0.3	3.1	146.5	16.5	130.0
2020 / 2021	111.0	11.0	2.8	3.3	12.2	0.2	0.1	0.6	0.1	0.2	2.9	138.6	16.2	122.4
2021 / 2022	103.9	10.3	2.6	3.1	11.3	0.2	0.1	0.6	0.1	0.2	2.7	129.5	15.5	114.0
2022 / 2023	96.4	9.4	2.4	2.8	10.2	0.1	0.1	0.5	0.1	0.2	2.5	119.7	15.3	104.5
2023 / 2024	88.6	8.7	2.3	2.5	9.0	0.1	0.1	0.4	0.1	0.1	2.3	109.9	14.6	95.3
2024 / 2025	79.3	7.9	2.1	2.3	7.9	0.1	0.0	0.4	0.1	0.1	2.1	98.1	13.5	84.6
2025 / 2026	69.3	7.0	1.9	2.0	6.9	0.1	0.0	0.3	0.1	0.1	1.8	85.9	10.9	75.1
2026 / 2027	59.0	6.3	1.7	1.8	5.8	0.1	0.0	0.2	0.0	0.1	1.6	73.5	7.9	65.6
2027 / 2028	51.2	5.5	1.5	1.6	4.9	0.1	0.0	0.2	0.0	0.1	1.4	63.8	4.9	58.9
2028 / 2029	45.0	4.8	1.4	1.3	4.2	0.1	0.0	0.2	0.0	0.1	1.2	55.9	4.6	51.2
2029 / 2030	39.3	4.1	1.2	1.2	3.6	0.1	0.0	0.1	0.0	0.0	1.0	48.6	4.3	44.3
2030 / 2031	34.0	3.5	1.0	1.0	3.0	0.1	0.0	0.1	0.0	0.0	0.9	41.9	3.9	38.0
2031 / 2032	29.1	3.0	0.9	0.8	2.5	0.0	0.0	0.1	0.0	0.0	0.8	35.8	3.5	32.3
2032 / 2033	24.7	2.5	0.8	0.7	2.1	0.0	0.0	0.1	0.0	0.0	0.6	30.2	3.1	27.2
2033 / 2034	20.8	2.1	0.6	0.6	1.7	0.0	0.0	0.0	0.0	0.0	0.5	25.3	2.4	23.0
2034 / 2035	17.6	1.7	0.5	0.5	1.4	0.0	0.0	0.0	0.0	0.0	0.5	21.1	0.9	20.2
2035 / 2036	14.5	1.4	0.5	0.4	1.1	0.0	0.0	0.0	0.0	0.0	0.4	17.4	0.7	16.7
2036 / 2037	11.8	1.1	0.4	0.3	0.9	0.0	0.0	0.0	0.0	0.0	0.3	14.3	0.6	13.7
2037 / 2038	9.6	0.9	0.3	0.2	0.7	0.0	0.0	0.0	0.0	0.0	0.3	11.6	0.5	11.1
2038 / 2039	7.8	0.7	0.2	0.2	0.6	0.0	0.0	0.0	0.0	0.0	0.2	9.4	0.4	8.9
2039 / 2040	6.3	0.6	0.2	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.2	7.5	0.3	7.1
2040 / 2041	5.0	0.4	0.2	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1	5.9	0.3	5.6
2041 / 2042	3.9	0.3	0.1	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1	4.7	0.2	4.4
2042 / 2043	3.1	0.3	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.1	3.6	0.2	3.5
2043 / 2044	2.4	0.2	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	2.8	0.1	2.7
2044 / 2045	1.8	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.1	2.0
2045 / 2046	1.4	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.1	1.5
2046 / 2047	1.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.1	1.2
2047 / 2048	0.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.1	0.9
2048 / 2049	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.6
2049 / 2050	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5
2050 / 2051	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.3
2051 / 2052	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.2
2052 / 2053	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
2053 / 2054	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2054 / 2055	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2055 / 2056	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
2056 / 2057	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2057 / 2058	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2058 / 2059	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2059 / 2060	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2060 / 2061	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2061 / 2062	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2062 / 2063	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2063 / 2064	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2064 / 2065	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2065 / 2066	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2066 / 2067	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2067 / 2068	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2068 / 2069	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2069 / 2070	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2070 / 2071	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2071 / 2072	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2072 / 2073	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2073 / 2074	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2074 / 2075	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2075 / 2076	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,685.1	168.1	45.1	46.5	183.2	2.6	1.2	8.8	1.8	3.5	44.0	2,101.5	231.3	1,870.2

D Allocation of central estimate liabilities to AICFL entities

We have been requested to provide an actuarially-assessed allocation of the central estimate liabilities set out in this report to each of the three entities (namely Amaca, Amaba and ABN60).

We have also been asked to split this between current and non-current liabilities and to separately identify the gross liabilities and the associated recoveries.

Table 1: Allocation of central estimate liabilities by Liable Entity ($m)

Central Estimate Basis ($ million)		Amaca	Amaba	ABN 60	Total
Current liabilities	Gross	143.3	3.7	0.0	147.0
	QBE receivable	2.9	0.1	0.0	3.0
	Insurance receivable	13.9	0.4	0.0	14.3
	Other receivable	2.9	0.1	0.0	3.0
	Net	**123.6**	**3.1**	**0.0**	**126.7**
Non-current liabilities	Gross	1,946.6	49.9	2.0	1,998.5
	QBE receivable	0.0	0.0	0.0	0.0
	Insurance receivable	208.4	5.4	0.2	214.0
	Other receivable	40.0	1.0	0.0	41.0
	Net	**1,698.2**	**43.5**	**1.8**	**1,743.5**
Total liabilities	Gross	2,089.9	53.6	2.0	2,145.5
	QBE receivable	2.9	0.1	0.0	3.0
	Insurance receivable	222.3	5.8	0.2	228.3
	Other receivable	42.9	1.1	0.0	44.0
	Net	**1,821.8**	**46.6**	**1.8**	**1,870.2**

Note: These figures make no allowance for claims handling expenses.

E Australian asbestos consumption and production data: 1930-2002

Figures in this table are in 000's metric tonnes

Year	Production	Import	Export	Consumption
1930	82	-	-	82
1931	128	1,200	-	1,328
1932	130	-	-	130
1933	279	2,676	-	2,955
1934	170	2,471	-	2,641
1935	170	4,423	-	4,593
1936	239	7,817	-	8,056
1937	298	6,199	-	6,497
1938	173	11,179	-	11,352
1939	78	10,081	-	10,159
1940	489	14,097	-	14,586
1941	251	14,220	-	14,471
1942	331	20,176	-	20,507
1943	678	14,229	-	14,907
1944	764	14,091	-	14,855
1945	1,629	9,131	32	10,728
1946	620	18,697	496	18,821
1947	1,377	14,246	652	14,971
1948	1,327	14,857	278	15,906
1949	1,645	14,767	346	16,066
1950	1,617	29,536	385	30,768
1951	2,558	25,289	588	27,259
1952	4,059	24,686	868	27,877
1953	4,970	28,784	1,631	32,123
1954	4,713	26,406	2,298	28,821
1955	5,352	42,677	3,287	44,742
1956	8,670	32,219	6,859	34,030
1957	13,098	23,235	11,644	24,689
1958	13,900	34,721	9,315	39,306
1959	15,959	34,223	11,584	38,598
1960	13,940	36,609	7,410	43,139
1961	14,952	32,947	7,196	40,703
1962	16,443	34,915	8,695	42,663
1963	11,941	32,704	2,347	42,298
1964	12,191	38,299	6,500	43,990
1965	10,326	46,179	4,295	52,210
1966	12,024	49,243	4,146	57,121
1967	647	46,950	2,254	45,343
1968	799	59,590	718	59,671
1969	734	52,739	162	53,311
1970	739	57,250	367	57,622
1971	756	71,777	174	72,359
1972	16,884	61,682	2,387	76,179
1973	43,529	61,373	27,810	77,092
1974	30,863	57,051	29,191	58,723
1975	47,922	69,794	24,524	93,192
1976	60,642	60,490	40,145	80,987
1977	50,601	54,267	20,510	84,358
1978	62,383	42,061	37,094	67,350
1979	79,721	23,735	54,041	49,415
1980	92,418	25,239	51,172	66,485
1981	45,494	20,960	38,576	27,878
1982	18,587	20,853	15,578	23,862
1983	3,909	10,113	4,460	9,562
1984	-	14,432	22	14,410
1985	-	12,194	-	12,194
1986	-	10,597	-	10,597
1987	-	6,294	-	6,294
1988	-	2,072	-	2,072
1989	-	2,128	-	2,128
1990	-	1,706	-	1,706
1991	-	1,342	-	1,342
1992	-	1,533	-	1,533
1993	-	2,198	-	2,198
1994	-	1,843	-	1,843
1995	-	1,488	-	1,488
1996	-	1,366	-	1,366
1997	-	1,556	-	1,556
1998	-	1,471	-	1,471
1999	-	1,316	-	1,316
2000	-	1,246	-	1,246
2001	-	945	-	945
2002	-	515	-	515

F Data provided by AICFL

Claims Dataset

Claim Details		
	State	State of jurisdiction of the claim
	Old Claim ID	Claim number under the old IT system
	New claim ID	Claim number under the new IT system
	Include?	This defines whether we count the claim record - we exclude insurance recovery records and cross-claim records
	Date of Birth	Date of Birth
	Date of Death	Date of Death
	Start 1st Exp	Start Date of the first Exposure
	End 1st Exp	End Date of the first Exposure
	Days 1st Exp	Number of days exposed during the first exposure
	Start 2nd Exp	Start Date of the second exposure
	End 2nd Exp	End Date of the second exposure
	Days 2nd Exp	Number of days exposed during the second exposure
	Start 3rd Exp	Start Date of the third exposure
	End 3rd Exp	End Date of the third exposure
	Days 3rd Exp	Number of days exposed during the third exposure
	Start 4th Exp	Start Date of the fourth exposure
	End 4th Exp	End Date of the fourth exposure
	Days 4th Exp	Number of days exposed during the fourth exposure
	Start 5th Exp	Start Date of the fifth exposure
	End 5th Exp	End Date of the fifth exposure
	Days 5th Exp	Number of days exposed during the fifth exposure
	Start 6th Exp	Start Date of the sixth exposure
	End 6th Exp	End Date of the sixth exposure
	Days 6th Exp	Number of days exposed during the sixth exposure
	Start 7th Exp	Start Date of the seventh exposure
	End 7th Exp	End Date of the seventh exposure
	Days 7th Exp	Number of days exposed during the seventh exposure
	Start 8th Exp	Start Date of the eighth exposure
	End 8th Exp	End Date of the eighth exposure
	Days 8th Exp	Number of days exposed during the eighth exposure
	Start 9th Exp	Start Date of the ninth exposure
	End 9th Exp	End Date of the ninth exposure
	Days 9th Exp	Number of days exposed during the ninth exposure
	Start 10th Exp	Start Date of the tenth exposure
	End 10th Exp	End Date of the tenth exposure
	Days 10th Exp	Number of days exposed during the tenth exposure
	Start 11th Exp	Start Date of the eleventh exposure
	End 11th Exp	End Date of the eleventh exposure
	Days 11th Exp	Number of days exposed during the eleventh exposure
	Start 12th Exp	Start Date of the twelfth exposure
	End 12th Exp	End Date of the twelfth exposure
	Days 12th Exp	Number of days exposed during the twelfth exposure
	ClaimsPOE: OccupationType_c	Occupations of claimant
	ClaimsPOE: ExposureNature_c	Nature of Exposures of claimant
	Pure Home Renovator	Home renovator indicator field
	MedicalAsbestosDiseases_c	A list of all the diseases specified by the claimant
	Disease	Disease grouping based on hierarchy (mesothelioma, cancer, asbestosis, ARPD&Other)
	DefendantAICF_c	Name of Liable Entity liable for claim
	Notification Date	Date claim was received by Liable Entity
	Client Sett Date	Date claim was settled by the Liable Entity with the claimant
	Closure Date	Date claim record was closed (settled all legal costs, no more activity)
	Date of Diag	Date of diagnosis of asbestos disease
	Claim Type	Standard claim, Cross-claim, Recovery claim, Insurance claim
Transaction Fields		
	Settled Damages	Total Damages awarded to claimant (by all defendants)
	AICF Damages	Total Damages awarded to claimant (by AICF/JH Liable Entities)
	Amount Actual Paid Damages	Total Damages paid to claimant (by AICF/JH Liable Entities)
	Settled Costs	Total Costs (by all defendants)
	AICF Costs	Total Costs to be borne by AICF/JH Liable Entities
	Amount Actual Paid Costs	Total Costs paid by AICF/JH Liable Entities
	Settled DDB	Total DDB Reimbursement Costs (by all defendants)
	AICF DDB	Total DDB Reimbursement Costs to be borne by AICF/JH Liable Entities
	Amount Actual Paid DDB	Total DDB Reimbursement Costs paid by AICF/JH Liable Entities
	Settled Other	Total Other Costs (by all defendants)
	AICF Other	Total Other Costs to be borne by AICF/JH Liable Entities
	Amount Actual Paid Other	Total Other Costs paid by AICF/JH Liable Entities
	AICF Legal Costs Total	Total Defence Legal Costs to be borne by AICF/JH Liable Entities
	Amount Actual Paid Legal Costs Total	Total Defence Legal Costs paid by AICF/JH Liable Entities
Case Estimate Fields		
	Reserve Damages	Case estimate of damages
	Reserve Costs	Case estimate of costs
	Reserve Legal Fees	Case estimate of defence legal costs
	Reserve Disbursements	Case estimate of other disbursements
	Reserve DDB	Case estimate of payments to DDB

Accounting Transactions Datasets

Accruals File

Date	Date of transaction entry
Claim ID	Claim number under new IT system
Transaction Ref	Transaction reference number
Type	Expense or Income
Description	This contains the values as follows: Bank Fees, Consulting Costs, Costs, Damages, DDB, Interest, Legal Fees, Medicare, Other Bank Charges, Recoveries (or Recovery)
Amount	Amount of transaction
GST	GST component of transaction
Amount - GST	Amount of transaction, net of GST
Account	Which AICF (or MRCF) account the money is credit to or drawn from
Drawer of cheque	The name of the party who has drawn the cheque or from whom a cheque has been received

Transactions File

Date	Date of transaction entry into system
Claim ID	Claim number under new IT system
Transaction Ref	Transaction reference number
Type	Payment of Receipt
Date Cheque Drawn	Date Cheque Drawn
Date Cheque Banked	Date Cheque Banked
Description	Description of transaction
Amount	Amount of transaction
GST	GST component of transaction
Amt - GST	Amount of transaction, net of GST
Drawer of cheque	The name of the party who has drawn the cheque or from whom a cheque has been received

G Glossary of terms used in the Amended Final Funding Agreement

The following provides a glossary of terms which are referenced in the Amended Final Funding Agreement and upon which we have relied in preparing our report.

The operation of these definitions cannot be considered in isolation but instead need to be considered in the context of the totality of the Amended Final Funding Agreement.

AICF means the trustee of the Asbestos Injuries Compensation Fund from time to time, in its capacity as trustee, initially being Asbestos Injuries Compensation Fund Limited.

AICF Funded Liability means:

(a) any Proven Claim;

(b) Operating Expenses;

(c) Claims Legal Costs;

(d) any claim that was made or brought in legal proceedings against a Former James Hardie Company commenced before 1 December 2005;

(e) Statutory Recoveries within the meaning and subject to the limits set out in the Amended Final Funding Agreement;

(f) a claim or category of claim which James Hardie and the NSW Government agree in writing is a "AICF Funded Liability" or a category of "AICF Funded Liability".

but in the cases of paragraphs (a), (c) and (d) excludes any such liabilities or claims to the extent that they have been recovered or are recoverable under a Worker's Compensation Scheme or Policy.

Claims Legal Costs means all costs, charges, expenses and outgoings incurred or expected to be borne by AICF or the Former James Hardie Companies, in respect of legal advisors, other advisors, experts, court proceedings and other dispute resolution methods in connection with Personal Asbestos Claims and Marlew Claims but in all cases excluding any costs included as a component of calculating a Proven Claim.

Concurrent Wrongdoer in relation to a personal injury or death claim for damages under common law or other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government in accordance with Amended Final Funding Agreement), means a person whose acts or omissions, together with the acts or omissions of one or more Former James Hardie Companies or Marlew or any member of the James Hardie Group (whether or not together with any other persons) caused, independently of each other or jointly, the damage or loss to another person that is the subject of that claim.

Contribution Claim means a cross-claim or other claim under common law or other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government in accordance with Amended Final Funding Agreement):

(a) for contribution by a Concurrent Wrongdoer against a Former James Hardie Company or a member of the James Hardie Group in relation to facts or circumstances which give rise to a right of a person to make a Personal Asbestos Claim or a Marlew Claim; or

(b) by another person who is entitled under common law (including by way of contract) to be subrogated to such a first mentioned cross-claim or other claim;

Discounted Central Estimate means the central estimate of the present value (determined using the discount rate used within the relevant actuarial report) of the liabilities of the Former James Hardie Companies and Marlew in respect of expected Proven Claims and Claims Legal Costs, calculated in accordance with the Amended Final Funding Agreement.

Excluded Claims are any of the following liabilities of the Former James Hardie Companies:

(i) personal injury or death claims arising from exposure to Asbestos outside Australia;

(ii) personal injury or death claims arising from exposure to Asbestos made outside Australia;

(iii) claims for economic loss (other than any economic loss forming part of the calculation of an award of damages for personal injury or death) or loss of property, including those relating to land remediation and/or Asbestos or Asbestos products removal, arising out of or in connection with Asbestos or Asbestos products manufactured, sold, distributed or used by or on behalf of the Liable Entities;

(iv) any Excluded Marlew Claim;

(v) any liabilities of the Liable Entities other than AICF Funded Liabilities.

Excluded Marlew Claim means a Marlew Claim:

(a) covered by the indemnities granted by the Minister of Mineral Resources under the deed between the Minister, Fuller Earthmoving Pty Limited and James Hardie Industries Limited dated 11 March 1996; or

(b) by a current or former employee of Marlew in relation to an exposure to Asbestos in the course of such employment to the extent:

  (i) the loss is recoverable under a Worker's Compensation Scheme or Policy; or

  (ii) the Claimant is not unable to recover damages from a Marlew Joint Tortfeasor in accordance with the Marlew Legislation;

(c) by an individual who was or is an employee of a person other than Marlew arising from exposure to Asbestos in the course of such employment by that other person where such loss is recoverable from that person or under a Worker's Compensation Scheme or Policy; or

(d) in which another defendant (or its insurer) is a Marlew Joint Tortfeasor from whom the plaintiff is entitled to recover compensation in proceedings in the Dust Diseases Tribunal, and the Claimant is not unable to recover damages from that Marlew Joint Tortfeasor in accordance with the Marlew Legislation.

Former James Hardie Companies means Amaca, Amaba and ABN 60.

Insurance and Other Recoveries means any proceeds which may reasonably be expected to be recovered or recoverable for the account of a Former James Hardie Company or to result in the satisfaction (in whole or part) of a liability of a Former James Hardie Company (of any nature) to a third party, under any product liability insurance policy or public liability insurance policy or commutation of such policy or under any other contract, including any contract of indemnity, but excluding any such amount recovered or recoverable under a Worker's Compensation Scheme or Policy.

Liable Entities see Former James Hardie Companies

Marlew means Marlew Mining Pty Ltd (in liquidation), ACN 000 049 650, previously known as Asbestos Mines Pty Ltd.

Marlew Claim means, subject to the limitation on Statutory Recoveries, a claim which satisfies one of the following paragraphs and which is not an Excluded Marlew Claim:

(a) any present or future personal injury or death claim by an individual or the legal personal representative of an individual, for damages under common law or other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government in accordance with the Amended Final Funding Agreement) which:

  (i) arose or arises from exposure to Asbestos in the Baryulgil region from Asbestos Mining Activities at Baryulgil conducted by Marlew, provided that:

    A. the individual's exposure to Asbestos occurred wholly within Australia; or

    B. where the individual has been exposed to Asbestos both within and outside Australia, the amount of damages included in the Marlew Claim shall be limited to the amount attributable to the proportion of the exposure which caused or contributed to the loss or damage giving rise to the Marlew Claim which occurred in Australia;

  (ii) is commenced in New South Wales in the Dust Diseases Tribunal; and

  (iii) is or could have been made against Marlew had Marlew not been in external administration or wound up, or could be made against Marlew on the assumption (other than as contemplated under the Marlew legislation) that Marlew will not be in the future in external administration;

(b) any claim made under compensation to relatives legislation by a relative of a deceased individual (or personal representative of such a relative) or (where permitted by law) the legal personal representative of a deceased individual in each case where the individual, but for such individual's death, would have been entitled to bring a claim of the kind described in paragraph (a); or

(c) a Contribution Claim relating to a claim described in paragraphs (a) or (b).

Marlew Joint Tortfeasor means any person who is or would be jointly and severally liable with Marlew in respect of a Marlew Claim, had Marlew not been in external administration or wound up, or on the assumption that Marlew will not in the future be, in external administration or wound up other than as contemplated under the Marlew Legislation.

Payable Liability means any of the following:

(a) any Proven Claim (whether arising before or after the date of this deed);

(b) Operating Expenses;

(c) Claims Legal Costs;

(d) any liability of a Former James Hardie Company to the AICFL, however arising, in respect of any amounts paid by the AICFL in respect of any liability or otherwise on behalf of the Former James Hardie Company;

(e) any claim that was made or brought in legal proceedings against a Former James Hardie Company commenced before 1 December 2005;

(f) if regulations are made pursuant to section 30 of the Transaction Legislation and if and to the extent the AICFL and James Hardie have notified the NSW Government that any such liability is to be included in the scope of Payable Liability, any liability of a Former James Hardie Company to pay amounts received by it from an insurer in respect of a liability to a third party incurred by it for which it is or was insured under a contract of insurance entered into before 2 December 2005; and

(g) Statutory Recoveries within the meaning and subject to the limits set out in the Amended Final Funding Agreement,

but in the cases of paragraphs (a), (c) and (e) excludes any such liabilities or claims to the extent that they have been recovered or are recoverable under a Worker's Compensation Scheme or Policy.

Period Actuarial Estimate means, in respect of a period, the central estimate of the present value (determined using the discount rate used in the relevant actuarial report) of the liabilities of the Former James Hardie Companies and Marlew in respect of expected Proven Claims and Claims Legal Costs (in each case which are reasonably expected to become payable in that period), before allowing for Insurance and Other Recoveries, calculated in accordance with the Amended Final Funding Agreement.

Personal Asbestos Claim means any present or future personal injury or death claim by an individual or the legal personal representative of an individual, for damages under common law or under other law (excluding any law introduced or imposed in breach of the restrictions on adverse regulatory or legislative action against the James Hardie Group under the Amended Final Funding Agreement, and which breach has been notified to the NSW Government under the Amended Final Funding Agreement) which:

(a) arises from exposure to Asbestos occurring in Australia, provided that:

  (i) the individual's exposure to Asbestos occurred wholly within Australia; or

  (ii) where the individual has been exposed to Asbestos both within and outside Australia, damages included in the Marlew Claim shall be limited to the amount attributable to the proportion of the exposure which caused or contributed to the loss or damage giving rise to the Personal Asbestos Claim which occurred in Australia;

(b) is made in proceedings in an Australian court or tribunal; and

(c) is made against:

  (i) all or any of the Liable Entities; or

  (ii) any member of the James Hardie Group from time to time;

(d) any claim made under compensation to relatives legislation by a relative of a deceased individual (or personal representative of such a relative) or (where permitted by law) the legal personal representative of a deceased individual in each case where the individual, but for such individual's death, would have been entitled to bring a claim of the kind described in paragraph (a); or

(e) a Contribution Claim made in relation to a claim described in paragraph (a) or (b)

but excludes all claims covered by a Worker's Compensation Scheme or Policy.

Proven Claim means a proven Personal Asbestos Claim in respect of which final judgment has been given against, or a binding settlement has been entered into by, a Former James Hardie Company, to the extent to which that entity incurs liability under that judgment or settlement, or a Proven Marlew Claim.

Statutory Recoveries means any statutory entitlement of the NSW Government or any Other Government or any governmental agency or authority of any such government ("Relevant Body") to impose liability on or to recover an amount or amounts from any person in respect of any payments made or to be made or benefits provided by a Relevant Body in respect of claims (other than as a defendant or in settlement of any claim, including a cross-claim or claim for contribution).

Term means the period

(i) from the date on which the principal obligations under the Amended Final Funding Agreement will commence to 31 March 2045,

(ii) as may be extended in accordance with the terms of the Amended Final Funding Agreement.

Term Central Estimate means the central estimate of the present value (determined using the discount rate used in the relevant Annual Actuarial Report) of the liabilities of the Former James Hardie Companies and Marlew in respect of expected Proven Claims and Claims Legal Costs (in each case reasonably expected to become payable in the relevant period) after allowing for Insurance and Other Recoveries during that period, from and including the day following the end of the Financial Year preceding that Payment Date up to and including the last day of the Term (excluding any automatic or potential extension of the Term, unless or until the Term has been extended).

Workers Compensation Scheme or Policy means any of the following:

(a) any worker's compensation scheme established by any law of the Commonwealth or of any State or Territory;

(b) any fund established to cover liabilities under insurance policies upon the actual or prospective insolvency of the insurer (including without limitation the Insurer Guarantee Fund established under the Worker's Compensation Act 1987 (NSW)); and

(c) any policy of insurance issued under or pursuant to such a scheme.

Rule 3.8A

Appendix 3F

Final share buy-back notice
(*except* minimum holding buy-back)

Introduced 1/9/99. Origin: Appendices 7D and 7E. Amended 30/9/2001, 11/01/10

Information and documents given to ASX become ASX's property and may be made public.

Name of entity	ABN/ARSN
James Hardie Industries plc	097 829 895

We (the entity) give ASX the following information.

Description of buy-back

1	Type of buy-back	On-market

Details of all shares/units bought back

2	Number of shares/units bought back	2,610,214
3	Total consideration paid or payable for the shares/units	A$34,286,236
4	If buy-back is an on-market buy-back – highest and lowest price paid	highest price: A$15.50 date: 7 March 2014 lowest price: A$8.98 date: 30 July 2013

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.

2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here: /s/ Natasha Mercer Date: 22 May 2014
(Company secretary)

Print name: Natasha Mercer

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+ See chapter 19 for defined terms.

Rule 3.8A

Appendix 3C

Announcement of buy-back
(*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
James Hardie Industries plc	097 829 895

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On-Market
2	+Class of shares/units which is the subject of the buy-back *(eg, ordinary/preference)*	Ordinary shares/CUFS
3	Voting rights *(eg, one for one)*	One for one
4	Fully paid/partly paid *(and if partly paid, details of how much has been paid and how much is outstanding)*	Fully paid
5	Number of shares/units in the +class on issue	445,037,502
6	Whether shareholder/unitholder approval is required for buy-back	Not required
7	Reason for buy-back	Ongoing capital management programme as announced to the ASX on 22 May 2014

+ See chapter 19 for defined terms.

8	Any other information material to a shareholder's/unitholder's decision whether to accept the offer *(eg, details of any proposed takeover bid)*	Not applicable

On-market buy-back

9	Name of broker who will act on the company's behalf	To be advised later
10	Deleted 30/9/2001.	
11	If the company/trust intends to buy back a maximum number of shares – that number Note: This requires a figure to be included, not a percentage.	Up to 22,216,125 ordinary shares/CUFS[1]
12	If the company/trust intends to buy back shares/units within a period of time – that period of time; if the company/trust intends that the buy-back be of unlimited duration – that intention	12 months
13	If the company/trust intends to buy back shares/units if conditions are met – those conditions	Not applicable

Employee share scheme buy-back

14	Number of shares proposed to be bought back	Not applicable
15	Price to be offered for shares	Not applicable

[1] Being 5% of the issued share capital after deducting the number of shares acquired under the previous buy-back that have not yet been cancelled.

Selective buy-back

16	Name of person or description of class of person whose shares are proposed to be bought back	Not applicable
17	Number of shares proposed to be bought back	Not applicable
18	Price to be offered for shares	Not applicable

Equal access scheme

19	Percentage of shares proposed to be bought back	Not applicable
20	Total number of shares proposed to be bought back if all offers are accepted	Not applicable
21	Price to be offered for shares	Not applicable
22	+Record date for participation in offer Cross reference: Appendix 7A, clause 9.	Not applicable

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.

2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here: /s/ Natasha Mercer
(Company secretary)

Date: 22 May 2014

Print name: Natasha Mercer

+ See chapter 19 for defined terms.