Table of Contents

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 2017

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

TABLE OF CONTENTS

Table of Contents

Forward-Looking Statements

This Form 6-K contains forward-looking statements. James Hardie Industries plc (the "company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, 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 concerning the costs associated with the significant capital expenditure projects at any of the company's plants and future plans with respect to any such projects;
- 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 legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- 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 market conditions 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 18 May 2017, 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 company 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; 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 favorable 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 regulatory 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.

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
99.1	ASX Cover Sheet
99.2	Media Release
99.3	Management’s Analysis of Results
99.4	Management Presentation
99.5	Consolidated Financial Statements
99.6	KPMG Actuarial Pty Limited Report
99.7	Appendix 3A.1 Notification of Dividend / Distribution
99.8	Appendix 3X - S Simms - 16 May 2017

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: 18 May 2017	By: /s/ Natasha Mercer
	Natasha Mercer Company Secretary

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
99.1	ASX Cover Sheet
99.2	Media Release
99.3	Management’s Analysis of Results
99.4	Management Presentation
99.5	Consolidated Financial Statements
99.6	KPMG Actuarial Pty Limited Report
99.7	Appendix 3A.1 Notification of Dividend / Distribution
99.8	Appendix 3X - S Simms - 16 May 2017

Exhibit 99.1

Results for Announcement to the Market

James Hardie Industries plc

ARBN 097 829 895

Appendix 4E - Preliminary Final Report Year Ended 31 March 2017				
Key Information	Year Ended 31 March			
	2017 US$M	2016 US$M	Movement	
Net Sales From Ordinary Activities	1,921.6	1,728.2	Up	11%
Profit From Ordinary Activities After Tax Attributable to Shareholders	276.5	244.4	Up	13%
Net Profit Attributable to Shareholders	276.5	244.4	Up	13%
Net Tangible (Liabilities) Assets per Ordinary Share	US$(0.51)	US($0.51)	Flat	-

Dividend Information

- A FY2017 second half ordinary dividend ("**FY2017 second half dividend"**) of US28.0 cents per security is payable to CUFS holders on 4 August 2017.
- A FY2017 first half ordinary dividend ("**FY2017 first half dividend"**) of US10.0 cents per security was paid to CUFS holders on 24 February 2017.
- The record date to determine entitlements to the FY2017 second half dividend is 8 June 2017 (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).
- The FY2017 first half dividend, the FY2017 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 this dividend 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 FY2017 second half dividend to be paid to 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 be paid in those currencies.
- No dividend reinvestment plan is in operation for the FY2017 second half dividend.
- The FY2016 second half ordinary dividend ("**FY2016 second half dividend**") of US29.0 cents per security was paid to share/CUFS holders on 5 August 2016.

Movements in Controlled Entities during the Year Ended 31 March 2017

There were no movements in controlled entities during the year ended 31 March 2017.

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 2017

Contents

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 2017 Annual Report which can be found on the company website at www.jameshardie.com.

Media Release

18 May 2017

James Hardie

James Hardie Announces Adjusted Net Operating Profit of US$54.6 million for Q4 Fiscal Year 2017 and US$248.6 million for the full year ended 31 March 2017

James Hardie today announced results for the fourth quarter of fiscal year 2017 and the full year ended 31 March 2017:

- Group Adjusted net operating profit of US$54.6 million for the quarter and US$248.6 million for the full year, a decrease of 6% for the quarter and an increase of 2% for the full year, compared to the prior corresponding periods ("pcp");
- Group Adjusted EBIT of US$77.1 million for the quarter and US$354.3 million for the full year, a decrease of 8% for the quarter and an increase of 1% for the full year, compared to pcp;
- Group net sales of US$494.3 million for the quarter and US$1,921.6 million for the full year, an increase of 13% and 11%, respectively, compared to pcp;
- North America Fiber Cement Segment volume for the quarter and full year increased 12% and 13%, respectively, compared to pcp;
- North America Fiber Cement Segment net sales of US$387.7 million for the quarter and US$1,493.4 million for the full year, an increase of 12% for the quarter and full year, compared to pcp;
- North America Fiber Cement Segment EBIT margin of 19.6% for the quarter and 23.0% for the full year; and
- International Fiber Cement Segment EBIT margin of 23.0% for the quarter and 23.1% for the full year.

CEO Commentary

James Hardie CEO Louis Gries said, "Our North America Fiber Cement Segment delivered strong top-line performance as fourth quarter and full year net sales were both up 12% versus prior corresponding periods. The volume and net sales growth was driven by underlying market growth and continued improvement in our commercial execution resulting in improved market penetration.

"During the year we significantly increased our manufacturing capacity with the addition of four new brownfield lines that will drive a high, longer term, return on capital for the company. However, this capacity growth created challenges for our North America manufacturing network as we accelerated commissioning of new capacity and overall performance of the network lagged fiscal year 2016 performance. These increased manufacturing costs along with increased investment in marketing development programs, in both the quarter and full year, resulted in EBIT decreasing 2% and 11% for the full year and fourth quarter, respectively. Improving the performance of our North America manufacturing network remains a key focus for the business going forward."

He added, "Within our International Fiber Cement business, net sales increased 18% for the fourth quarter and 9% for the full year. Furthermore, EBIT increased 21% for the quarter and 22% for the full year. This strong performance was driven by our Australian and New Zealand businesses net sales growth and the non-recurrence of Carole Park start-up costs reported in the prior corresponding periods."

Mr. Gries concluded, "Our group results for the full year reflected strong top line growth and cash generation, and $276.6 million returned to shareholders through dividends and share buybacks, while EBIT margin and Adjusted NOPAT were below internal expectations as North America incurred higher production costs as we continued to increase our capacity."

Outlook

We expect the modest market growth and more prolonged recovery of the US housing market to continue into fiscal year 2018. The single family new construction market and repair and remodel market are expected to grow similar to the year-on-year growth experienced in fiscal year 2017. The Company expects new construction starts between approximately 1.2 and 1.3 million.

We expect our North America Fiber Cement segment EBIT margin to be in our stated target range of 20% to 25% for fiscal year 2018. This expectation is based upon the Company continuing to drive improved operating performance in its plants, stable exchange rates and input cost trends.

Net sales from the Australian business are expected to trend in line with the average growth of the domestic repair and remodel and single family detached housing markets in the eastern states of Australia. Similarly, growth in the New Zealand business is expected into fiscal year 2018.

Further Information

Readers are referred to the Company's Consolidated Financial Statements and Management's Analysis of Results for the fourth quarter and full year ended 31 March 2017 for additional information regarding the Company's results, including information regarding income taxes, the asbestos liability and contingent liabilities.

As of 30 June 2016, the Company changed its reportable operating segments. Previously, the Company reported on three operating segments: (i) North America and Europe Fiber Cement, (ii) Asia Pacific Fiber Cement, and (iii) Research and Development. As of 30 June 2016, the Company began reporting on four operating segments: (i) North America Fiber Cement; (ii) International Fiber Cement; (iii) Other Businesses; and (iv) Research and Development. The significant changes to how certain businesses are reported in the new segment structure are as follows: (i) our European business is now reported in the International Fiber Cement segment, along with the other businesses that were historically reported in the Asia Pacific Fiber Cement segment; and (ii) business development, including some non-fiber cement operations, such as our Windows business in North America, are now reported in the Other Businesses segment as opposed to previously being reported in the North America and Europe Fiber Cement segment. The Company has revised its historical segment information at 31 March 2016 and for the fourth quarter and full year ended 31 March 2016 to be consistent with the new reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. Readers are referred to Note 14 of our condensed consolidated financial statements for further information on our segments.

Use of Non-GAAP Financial Information; Australian Equivalent Terminology

This Media Release includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (GAAP), such as Adjusted net operating profit and Adjusted EBIT. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measure. Management has included such 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 excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with US GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Media Release, including a reconciliation of each non-GAAP financial measure to the equivalent US GAAP measure, see the sections titled "Definition and Other Terms" and "Non-US GAAP Financial Measures" included in the Company's Management's Analysis of Results for the fourth quarter and full year ended 31 March 2017.

In addition, this Media Release includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies, such as operating profit, EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's Consolidated Financial Statements to the equivalent non-US GAAP financial measure used in this press release. See the sections titled "Definition and Other Terms" included in the Company's Management's Analysis of Results for fourth quarter and full year ended 31 March 2017.

Forward-Looking Statements

This Media Release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of James Hardie to be materially different from those expressed or implied in this release, including, among others, the risks and uncertainties set forth in Section 3 "Risk Factors" in James Hardie's Annual Report on Form 20-F for the year ended 31 March 2017; changes in general economic, political, governmental and business conditions globally and in the countries in which James Hardie does business; changes in interest rates, changes in inflation rates; changes in exchange rates; the level of construction generally; changes in cement demand and prices; changes in raw material and energy prices; changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. James Hardie assumes no obligation to update or correct the information contained in this Media Release except as required by law.

END

Media/Analyst Enquiries:
Jason Miele
Vice President, Investor and Media Relations

Telephone: +61 2 8845 3352

Email: media@jameshardie.com.au

Fiscal 2017
Fourth Quarter and Full Year Ended 31 March 2017

James Hardie

Management's Analysis of Results

This Management's Analysis of Results forms part of a package of information about James Hardie Industries plc'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. Except as otherwise indicated in this Management's Analysis of Results, James Hardie Industries plc is referred to as "JHI plc." JHI plc, together with its direct and indirect wholly-owned subsidiaries, are collectively referred to as "James Hardie," the "Company," "we," "our," or "us." Definitions for certain capitalized terms used in this Management's Analysis of Results can be found in the sections titled "Definitions and Other Terms" and "Non-GAAP Financial Measures."

This Management's Analysis of Results includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States ("US GAAP"). These non-GAAP financial measures should not be considered to be more meaningful than the equivalent US GAAP measures. Management has included such 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 excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with US GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management's Analysis of Results, including a reconciliation of eachnon-GAAP financial measure to the equivalent US GAAP measure, see the section titled "Non-US GAAP Financial Measures." In addition, this Management's Analysis of Results includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies. Since James Hardie prepares its consolidated financial statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's consolidated financial statements to the equivalent non-US GAAP financial measure used in this Management's Analysis of Results. See the section titled "Non-US GAAP Financial Measures."

These documents, along with an audio webcast of the Management Presentation on 18 May 2017, are available from the Investor Relations area of our website at http://www.ir.jameshardie.com.au

NOTE TO THE READER:

As of 30 June 2016, the Company changed its reportable operating segments. Previously, the Company reported on three operating segments: (i) North America and Europe Fiber Cement, (ii) Asia Pacific Fiber Cement, and (iii) Research and Development. As of 30 June 2016, the Company began reporting on four operating segments: (i) North America Fiber Cement, (ii) International Fiber Cement, (iii) Other Businesses, and (iv) Research and Development. The significant changes to how certain businesses are reported in the new segment structure are as follows: (i) our European business is now reported in the International Fiber Cement segment, along with the other businesses that were historically reported in the Asia Pacific Fiber Cement segment; and (ii) business development, including some non-fiber cement operations, such as our windows business in North America, are now reported in the Other Businesses segment as opposed to previously being reported in the North America and Europe Fiber Cement segment. The Company has provided its historical segment information for the fourth quarter and full year ended 31 March 2016 to be consistent with the new reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. Readers are referred to Note 17 of our consolidated financial statements for further information on our segments.

James Hardie

Media/Analyst Enquiries:

Jason Miele
Vice President, Investor and Media Relations

Telephone: +61 2 8845 3352

Email: media@jameshardie.com.au

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

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
Net sales	**$ 494.3**	**$ 435.8**	**13**	**$ 1,921.6**	**$ 1,728.2**	**11**
Cost of goods sold	(333.5)	(275.7)	(21)	(1,246.9)	(1,096.0)	(14)
Gross profit	**160.8**	**160.1**	**-**	**674.7**	**632.2**	**7**
Selling, general and administrative expenses	(75.9)	(68.7)	(10)	(291.6)	(254.2)	(15)
Research and development expenses	(8.1)	(8.1)	-	(30.3)	(29.5)	(3)
Asbestos adjustments	1.4	(27.0)		40.4	5.5	
EBIT	**78.2**	**56.3**	**39**	**393.2**	**354.0**	**11**
Net interest expense	(7.2)	(6.4)	(13)	(27.5)	(25.6)	(7)
Other income (expense)	0.1	(1.9)		1.3	2.1	(38)
Operating profit before income taxes	71.1	48.0	48	367.0	330.5	11
Income tax expense	(26.6)	(19.2)	(39)	(90.5)	(86.1)	(5)
Net operating profit	**$ 44.5**	**$ 28.8**	**55**	**$ 276.5**	**$ 244.4**	**13**
Earnings per share - basic (US cents)	10	6		62	55	
Earnings per share - diluted (US cents)	10	6		62	55	
Volume (mmsf)	704.5	630.9	12	2,702.6	2,450.1	10

Net sales for the quarter and full year increased 13% and 11% from the prior corresponding periods to US$494.3 million and US$1,921.6 million, respectively. For both periods net sales were favorably impacted by higher sales volumes in the North America Fiber Cement segment and higher sales volumes and a higher average net sales price in the International Fiber Cement segment.

Gross profit of US$160.8 million for the quarter and US$674.7 million for the full year was flat and increased 7%, respectively, when compared with the prior corresponding periods. Gross profit margin of 32.5% for the quarter and 35.1% for the full year decreased 4.2 percentage points and 1.5 percentage points, respectively, when compared with the prior corresponding periods.

Selling, general and administrative ("SG&A") of US$75.9 million for the quarter and US$291.6 million for the full year increased 10% and 15%, respectively, when compared with the prior corresponding periods. The increase primarily reflects increased investment in headcount and market development programs.

Research and development ("R&D") expenses for the quarter and full year were flat and increased 3% from the prior corresponding periods, primarily due to an increase in the number of R&D projects being undertaken by the R&D team.

Asbestos adjustments for both the quarter and full year were favorable compared to prior corresponding periods. For the full year, the primary driver is the US$38.6 million favorable movement in the actuarial adjustment recorded at year end in line with KPMGA's actuarial report and the US$1.8 million favorable impact of the depreciating AUD/USD spot exchange rate between balance sheet dates.

Other income (expense) for the quarter and full year reflects gains and losses on interest rate swaps and unrealized foreign exchange gains and losses. The full year fiscal 2016 results also include the gain on the sale of the Australian pipes business, which was sold in the first quarter of the prior year.

Net operating profit for the quarter increased compared to the prior corresponding period, primarily due to the favorable movement of asbestos adjustments, partially offset by an increase in SG&A expenses. Net operating profit for the full year increased compared to the prior corresponding period, primarily due to an increase in the underlying performance of the operating business units and the favorable movement of asbestos adjustments, partially offset by an increase in SG&A expenses.

North America Fiber Cement Segment

Operating results for the North America Fiber Cement segment were as follows:

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change	FY17	FY16	Change
Volume (mmsf)	578.6	518.0	12%	2,215.4	1,969.2	13%
Average net sales price per unit (per msf)	US$662	US$658	1%	US$665	US$669	(1%)
Net sales	387.7	345.8	12%	1,493.4	1,335.0	12%
Gross profit			(4%)			3%
Gross margin (%)			(5.5 pts)			(3.1 pts)
EBIT	76.1	85.4	(11%)	343.9	352.2	(2%)
EBIT margin (%)	19.6	24.7	(5.1 pts)	23.0	26.4	(3.4 pts)

Net sales for the quarter were favorably impacted by higher volumes. Net sales for the full year were favorably impacted by higher volumes, partially offset by a slightly lower average net sales price. The increase in our sales volume for both the quarter and the full year, compared to the prior corresponding periods, was driven by growth in both the repair and remodel and new construction markets and continued improvement in our commercial execution resulting in improved market penetration.

For the full year our average net sales price decreased slightly as a result of maintaining current strategic pricing levels and the ongoing execution of our tactical pricing strategies.

We note that there are a number of data sources that measure US housing market growth, most of which have reported mid to high single-digit growth in recent quarters when compared to prior corresponding periods. However, at the time of filing our results for the quarter and full year ended 31 March 2017, only US Census Bureau data was available. According to the US Census Bureau, single family housing starts for the quarter were 180,600, or 6% above the prior corresponding period, and for full year ended 31 March 2017, single family housing starts were 791,100, or 6% above the prior corresponding period.

While we have provided US Census Bureau data above, we note that this data can be different than other indices we use to measure US housing market growth, namely the McGraw-Hill Construction Residential Starts Data (also known as Dodge), the National Association of Home Builders and Fannie Mae.

The change in gross margin for the quarter and full year can be attributed to the following components:

For the Three Months Ended 31 March 2017:

Higher average net sales price	0.4 pts
Higher start up costs	(1.5 pts)
Higher production costs	(4.4 pts)
Total percentage point change in gross margin	(5.5 pts)

For the Full Year Ended 31 March 2017:

Lower average net sales price	(0.5 pts)
Higher start up costs	(0.9 pts)
Higher production costs	(1.7 pts)
Total percentage point change in gross margin	(3.1 pts)

Gross margin for the quarter and full year decreased 5.5 percentage points and 3.1 percentage points compared to the prior corresponding periods, respectively, primarily as a result of higher production and startup costs. The higher production costs resulted from unfavorable plant performance and higher freight costs. Plant performance was unfavorable for both the quarter and full year as a result of elevated spend and production inefficiencies. The higher startup costs were due to the acceleration of certain capacity projects, combined with inefficient startup programs.

The increase in SG&A expense for the quarter and full year was driven by an increase in our headcount in an effort to build and align organizational capability with our anticipated growth, as well as, increased spending on our market development programs. As a percentage of sales, SG&A decreased by 0.3 percentage points and increased by 0.4 percentage points for the quarter and full year, respectively, when compared to prior periods. The decrease in SG&A as a percentage of sales during the quarter reflects the timing of headcount additions made late in fiscal year 2016, and the continued growth of net sales.

EBIT for the quarter decreased 11%, driven by a 4% decrease in gross profit and a 9% increase in SG&A. EBIT for the full year decreased 2%, driven by a 15% increase in SG&A, offset by a 3% increase in gross profit.

EBIT margin for the quarter and full year decreased 5.1 percentage points and 3.4 percentage points to 19.6% and 23.0%, respectively, when compared to the prior corresponding periods, driven primarily by the increase in production costs, as described above.

International Fiber Cement Segment

The International Fiber Cement Segment is comprised of the following businesses: (i) Australia Fiber Cement, (ii) New Zealand Fiber Cement, (iii) Philippines Fiber Cement, and (iv) Europe Fiber Cement.

Operating results for the International Fiber Cement segment in US dollars were as follows:

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
Volume (mmsf)	125.9	112.9	12%	487.2	480.9	1%
Volume (mmsf) excluding[1]	125.9	112.9	12%	487.2	471.1	3%
Average net sales price per unit (per msf)	US$757	US$706	7%	US$775	US$729	6%
Average net sales price per unit (per msf)[1]	US$757	US$706	7%	US$775	US$734	6%
Net Sales	102.8	86.9	18%	411.8	379.4	9%
Gross Profit			25%			21%
Gross Margin (%)			1.9 pts			3.9 pts
EBIT	23.6	19.5	21%	95.1	77.9	22%
EBIT excluding[2]	23.6	19.5	21%	95.1	78.4	21%
EBIT Margin (%)	23.0	22.4	0.6 pts	23.1	20.5	2.6 pts
EBIT Margin excluding (%)[2]	23.0	22.4	0.6 pts	23.1	20.7	2.4 pts

1 Excludes Australian Pipes business sold in the first quarter of fiscal year 2016

2 Excludes New Zealand weathertightness claims

Volume for the quarter increased 12%, primarily driven by volume growth in our Australian, New Zealand and European businesses.

Net sales for the quarter increased 18% compared to the prior corresponding period, primarily due to higher volume and higher average net sales price. Average net sales price in US dollars was primarily driven by favorable product and geographic mix, and the effects of our annual price increase across the businesses.

Volume for the full year increased 1% compared to the prior corresponding period, primarily driven by volume growth in our Australian, New Zealand and European businesses, partially offset by the sale of the Australian Pipes business at the end of the first quarter of fiscal year 2016 and lower volumes in the Philippines. Excluding the Australian Pipes business, volume increased 3%, attributable to higher volumes in Australia, New Zealand and Europe, partially offset by lower volume in the Philippines due to the penetration of competitor imports within the Philippines market.

Net sales for the full year increased 9% compared to the prior corresponding period, and 10% excluding Australian Pipes. The increase in net sales excluding Australian Pipes was primarily driven by the Australian and New Zealand businesses which had a higher average net sales price along with higher volumes. Average net sales price in US dollars was primarily driven by favorable product and geographic mix, and the effects of our annual price increase across the businesses.

The change in gross margin for the quarter and full year can be attributed to the following components:

For the Three Months Ended 31 March 2017:	
Higher average net sales price and mix	0.7 pts
Lower production costs	1.2 pts
Total percentage point change in gross margin	1.9 pts
For the Full Year Ended 31 March 2017:	
Higher average net sales price and mix	1.7 pts
Lower production costs	2.2 pts
Total percentage point change in gross margin	3.9 pts

For the quarter and full year, production costs for the segment were favorable primarily due to the lack of Carole Park start-up costs in the current period compared to the prior corresponding period and favorable plant performance, partially offset by higher freight and fixed costs.

EBIT for the quarter and full year increased by 21% and 22%, respectively, when compared to the prior corresponding period, to US$23.6 million and US$95.1 million, respectively, due to the increase in gross profit described above, partially offset by higher SG&A expenses. The increase in SG&A was driven by an increase in headcount in an effort to build and align organizational capability with anticipated demand growth, as well as, increased spending on our market development programs.

Country Analysis

Australia

Net sales for the quarter and full year increased primarily due to higher average net sales price and increased volume. The key drivers of net sales growth were favorable conditions in our addressable markets and market penetration, combined with the favorable impact of our price increase and favorable product mix.

For the quarter and full year, production costs were lower, driven by lower start-up costs in the current periods compared to the prior corresponding periods associated with our new Carole Park sheet machine, favorable plant performance and lower input costs, partially offset by higher freight and fixed costs.

EBIT for the quarter and full year increased by 23% and 31%, respectively, compared to the prior corresponding periods, driven by improved gross profit, partially offset by higher SG&A expenses related to marketing and employee costs.

According to Australian Bureau of Statistics data, approvals for detached houses, which are a key driver of the Australian business' sales volume, were 25,868 for the quarter, a decrease of 5%, when compared to the prior corresponding quarter. For the full year, approvals for detached houses were 115,838, a decrease of 3% compared to the prior corresponding period. The other key driver of our sales volume is the alterations and additions market, which increased 12% for the three months ended 31 March 2017 when compared to the prior corresponding period. For the full year ended 31 March 2017, the alterations and additions market increased 4% compared to the prior corresponding period.

New Zealand

Net sales for the quarter and full year increased from the prior corresponding periods primarily due to a higher average net sales price due to our price increase and higher sales volumes from addressable markets. EBIT for the quarter and full year increased compared to the prior corresponding periods driven by improved net sales.

Philippines

Volume for the quarter and full year increased 2% and decreased 9%, respectively, compared to the prior corresponding periods. While recent periods have shown an increase in volume the change in the overall competitive landscape is expected to remain for some time. EBIT for the quarter was lower compared to the prior corresponding period due to lower average net sales price due to customer promotional programs, higher freight and SG&A expenses, partially offset by favorable plant performance. EBIT for the full year was lower compared to the prior corresponding period due to lower sales volume driven by the entrance of competitor imports, combined with higher SG&A expenses related to marketing and employment costs, partially offset by favorable plant performance.

Europe

For both the quarter and full year, volume and EBIT increased when compared to the prior corresponding period.

Other Businesses Segment

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
Net sales	3.8	3.1	23%	16.4	13.8	19%
Gross profit			NM			47%
Gross profit margin (%)			(48.1)pts			11.9 pts
EBIT	(2.0)	(2.4)	17%	(6.7)	(8.6)	22%

We continue to invest in business development opportunities aligned with our long term strategy and continue to incur losses in our Other Businesses segment. EBIT loss for the quarter and full year improved 17% and 22%, to a loss of US$2.0 million and US$6.7 million, respectively, when compared to the prior corresponding period. For the full year, the increase in EBIT was driven by increased sales volume, favorable product mix, favorable plant performance and lower SG&A expenses.

Research and Development Segment

We record R&D expenses depending on whether they are core R&D projects that are designed to benefit all business units, which are recorded in our R&D segment; or commercialization projects for the benefit of a particular business unit, which are recorded in the individual business unit's segment results. The table below details the expenses of our R&D segment:

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
Segment R&D expenses	$ (6.1)	$ (5.8)	(5)	$ (22.6)	$ (21.7)	(4)
Segment R&D SG&A expenses	(1.1)	(0.6)	(83)	(2.9)	(2.2)	(32)
Total R&D EBIT	$ (7.2)	$ (6.4)	(13)	$ (25.5)	$ (23.9)	(7)

The change in segment R&D expenses for the quarter and full year compared to the prior corresponding periods is a result of the number of core R&D projects being undertaken by the R&D team. The expense will fluctuate period to period depending on the nature and number of core R&D projects being worked on and the AUD/USD exchange rates during the period.

Other R&D expenses associated with commercialization projects in business units are recorded in the results of the respective business unit segment. Other R&D expenses associated with commercialization projects were US$2.0 million for the quarter and US$7.7 million for the full year, compared to US$2.3 million and US$7.8 million for the prior corresponding periods.

General Corporate

Results for General Corporate for the quarter and full year ended 31 March were as follows:

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
General Corporate SG&A expenses	$ (13.4)	$ (12.4)	(8)	$ (52.5)	$ (47.4)	(11)
Asbestos:						
Asbestos Adjustments	1.4	(27.0)		40.4	5.5	
AICF SG&A Expenses[1]	(0.3)	(0.4)	25	(1.5)	(1.7)	12
General Corporate EBIT	$ (12.3)	$ (39.8)	69	$ (13.6)	$ (43.6)	69

1 Relates to non-claims related operating costs incurred by AICF, w hich w e consolidate into our financial results due to our pecuniary and contractual interests in AICF. Readers are referred to Notes 2 and 11 of our 31 March 2017 Consolidated Financial Statements for further information on the Asbestos Adjustments.

For the quarter, General Corporate SG&A expenses increased US$1.0 million, primarily due to higher discretionary spending and higher employee costs, partially offset by lower stock compensation expense. For the full year, General Corporate SG&A expenses increased US$5.1 million, primarily due to higher employee costs and higher discretionary spending, partially offset by favorable movements in recognized foreign exchange gains.

Asbestos adjustments for both periods reflect a change in the actuarial estimate of the asbestos liability, insurance receivables, AICF claims handling costs and the foreign exchange translation impact of the Australian denominated asbestos related assets and liabilities being recorded on our consolidated balance sheet in US dollars at the reporting date for each respective period.

The AUD/USD spot exchange rates are shown in the table below:

FY17		FY16	
31 March 2016	0.7657	31 March 2015	0.7636
31 March 2017	0.7644	31 March 2016	0.7657
Change ($)	(0.0013)	Change ($)	0.0021
Change (%)	-	Change (%)	-

For fiscal years 2017 and 2016, the asbestos adjustments recorded by the Company were made up of the following components:

US$ Millions	Full Year ended 31 March	
	FY17	FY16
Change in actuarial estimate	$ 38.6	$ 8.1
Effect of foreign exchange rate movements	1.8	(2.6)
Asbestos adjustments	$ 40.4	$ 5.5

Per the KPMGA actuarial report, the undiscounted and uninflated central estimate net of insurance recoveries decreased to A$1.386 billion at 31 March 2017 from A$1.434 billion at 31 March 2016. The change in the undiscounted and uninflated central estimate of A$48.0 million or 3% is primarily due to lower average claims sizes and lower average defense legal cost assumptions for most disease types and a reduction in the assumed number of large mesothelioma claims. This was partially offset by lower future insurance recoveries as a result of a commutation agreement entered into by AICF during fiscal year 2017, in which cash of A$105.0 million was received in exchange for the discharge of certain insurance receivables.

During fiscal year 2017, mesothelioma claims reporting activity was below actuarial expectations for the second consecutive year. One of the more significant assumptions is the estimated peak period of mesothelioma disease claims, which is currently assumed to have occurred in the period 2014/2015 to 2016/2017. As the actual experience in fiscal year 2017 was favorable to expectations, no change to the assumed number of future mesothelioma claims is warranted at this time. However, potential variation in the estimated peak period of claims 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, if the peak claims reporting period was shifted two years from the currently assumed 2016/2017 (i.e. assuming that claim reporting begins to reduce after 2018/2019), together with increased claims reporting from 2026/2027 onwards, relative to current actuarial projections, the central estimate could increase by approximately 34% on a discounted basis.

At 31 March 2017, KPMGA has formed the view that, although there has been favorable claims reporting in fiscal year 2017, no change to the assumed number of future mesothelioma claims is warranted at this time. However, changes to the valuation assumptions may be necessary in future periods should mesothelioma claims reporting escalate or decline.

Asbestos gross cashflow expenditure of A$125.0 million for fiscal year 2017 were lower than the actuarial expectation of A$168.0 million, primarily as a result of favorable average claim settlement sizes, together with the favorable large claims experience in the year.

Readers are referred to Notes 2 and 11 of our 31 March 2017 consolidated financial statements for further information on asbestos adjustments.

EBIT

The table below summarizes EBIT results as discussed above:

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
North America Fiber Cement	$ 76.1	$ 85.4	(11)	$ 343.9	$ 352.2	(2)
International Fiber Cement[1]	23.6	19.5	21	95.1	78.4	21
Other Businesses	(2.0)	(2.4)	17	(6.7)	(8.6)	22
Research and Development	(7.2)	(6.4)	(13)	(25.5)	(23.9)	(7)
General Corporate[2]	(13.4)	(12.4)	(8)	(52.5)	(47.4)	(11)
Adjusted EBIT	**77.1**	**83.7**	**(8)**	**354.3**	**350.7**	**1**
Asbestos:						
Asbestos adjustments	1.4	(27.0)		40.4	5.5	
AICF SG&A expenses	(0.3)	(0.4)	25	(1.5)	(1.7)	12
New Zealand weathertightness claims	-	-		-	(0.5)	
EBIT	**$ 78.2**	**$ 56.3**	**39**	**$ 393.2**	**$ 354.0**	**11**

1 Excludes New Zealand weathertightness claims

2 Excludes Asbestos-related expenses and adjustments

Net Interest Expense

US$ Millions	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
Gross interest expense	$ (7.5)	$ (6.5)	(15)	$ (28.9)	$ (27.0)	(7)
Capitalized Interest	0.4	0.7	(43)	2.0	3.2	(38)
Interest income	0.2	0.1		0.5	0.4	25
Realized loss on interest rate swaps	-	(0.5)		-	(1.9)	
Net AICF interest expense	(0.3)	(0.2)	(50)	(1.1)	(0.3)	
Net interest expense	**$ (7.2)**	**$ (6.4)**	**(13)**	**$ (27.5)**	**$ (25.6)**	**(7)**

Gross interest expense for the quarter increased US$1.0 million when compared to the prior corresponding period, primarily due to the higher outstanding balance of our senior unsecured notes. Gross interest expense for the full year increased US$1.9 million when compared to the prior corresponding period, primarily due to the higher outstanding balance of our senior unsecured notes, partially offset by a reduction in the total cost of funding charged under our unsecured revolving credit facility in the current period when compared to the percentage charged under the bilateral credit facilities in the prior corresponding periods. For the full year, net AICF interest expense increased by US$0.8 million when compared to the prior corresponding period, due to an increase in the average balance of AICF's borrowing under its loan facility with the New South Wales Government.

Other Income

During the quarter, other income increased from a US$1.9 million loss in the prior corresponding period to a US$0.1 million gain. The US$2.0 million favorable change in other income compared to prior period is driven by a favorable movement on our interest rate swaps of US$1.6 million and a favorable movement in our net foreign exchange forward contracts of US$0.4 million.

For the full year, other income decreased from US$2.1 million in the prior corresponding period to US$1.3 million. The US$0.8 million unfavorable change in other income compared to prior corresponding period is primarily due to the non-recurring US$1.7 million gain on the sale of the Australian Pipes business in the first quarter of fiscal 2016 and the unfavorable movement of US$1.0 million in our net foreign exchange forward contracts, partially offset by a favorable movement of US$1.9 million in our interest rate swaps.

Income Tax

	Three Months and Full Year Ended 31 March			
	Q4 FY17	Q4 FY16	FY17	FY16
Income tax expense (US$ Millions)	(26.6)	(19.2)	(90.5)	(86.1)
Effective tax rate (%)	37.4	40.0	24.7	26.1
Adjusted income tax expense[1] (US$ Millions)	(15.7)	(17.7)	(80.6)	(84.6)
Adjusted effective tax rate[1] (%)	22.3	23.4	24.5	25.8

[1] Adjusted income tax expense represents income tax on net operating profit excluding asbestos adjustments, New Zealand w eathertightness and other tax adjustments

Total income tax expense for the quarter and full year increased by US$7.4 million and US$4.4 million, respectively, when compared to the prior corresponding periods. The increase was primarily due to a favorable movement in asbestos adjustments, partially offset by a decrease in the effective tax rate. The decrease in the effective tax rate was driven by a lower proportion of taxable earnings in jurisdictions with higher tax rates, in particular the USA.

Total Adjusted income tax expense for the quarter and full year decreased by US$2.0 million and US$4.0 million, respectively, when compared to the prior corresponding periods. The decrease in the quarter was primarily due to a decrease in Adjusted operating profit before income taxes, and the decrease in the full year was primarily due to the decrease in the adjusted effective tax rate due to a lower proportion of taxable earnings in jurisdictions with higher tax rates, in particular the USA.

Readers are referred to Note 14 of our 31 March 2017 consolidated financial statements for further information related to income tax.

Net Operating Profit

US$ Millions	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
	Three Months and Full Year Ended 31 March					
EBIT	**$ 78.2**	**$ 56.3**	39	**$ 393.2**	**$ 354.0**	11
Net interest expense	(7.2)	(6.4)	(13)	(27.5)	(25.6)	(7)
Other income (expense)	0.1	(1.9)		1.3	2.1	(38)
Income tax expense	(26.6)	(19.2)	(39)	(90.5)	(86.1)	(5)
Net operating profit	**44.5**	**28.8**	**55**	**276.5**	**244.4**	**13**
Excluding:						
Asbestos:						
Asbestos adjustments	(1.4)	27.0		(40.4)	(5.5)	
AICF SG&A expenses	0.3	0.4	(25)	1.5	1.7	(12)
AICF interest expense, net	0.3	0.2	50	1.1	0.3	
Asbestos and other tax adjustments	10.9	1.5		9.9	1.5	
New Zealand weathertightness claims	-	-		-	0.5	
Adjusted net operating profit	**54.6**	**57.9**	**(6)**	**248.6**	**242.9**	**2**
Adjusted diluted earnings per share (US cents)	12	13		56	54	

Adjusted net operating profit of US$54.6 million for the quarter decreased US$3.3 million, or 6%, compared to the prior corresponding period, primarily due to the underlying performance of the operating business units, as reflected in the US$6.6 million decrease in Adjusted EBIT, partially offset by a decrease in Adjusted income tax expense of US$2.0 million.

Adjusted net operating profit of US$248.6 million for the full year increased US$5.7 million, or 2%, compared to the prior corresponding period, primarily due to a decrease in Adjusted income tax expense of US$4.0 million and an increase in the underlying performance of the operating business units as reflected in the US$3.6 million increase in Adjusted EBIT, partially offset by an increase in Net interest expense of US$1.9 million.

Cash Flow

Operating Activities

Cash provided by operating activities increased US$31.7 million to US$292.1 million for the full year ended 31 March 2017. The increase in cash provided by operating activities was primarily driven by a favorable change in working capital of US$42.1 million and a US$23.3 million increase in net income adjusted for non-cash items, partially offset by a higher payment to AICF of US$28.3 million. The favorable change in working capital was primarily due to normal variations in accounts payable and accounts receivable as the result of the timing of collections and payments between periods, partially offset by an unfavorable change in inventories. Inventories on hand in the International Fiber Cement Segment have increased to meet anticipated demand.

Investing Activities

Cash used in investing activities increased US$42.4 million to US$109.0 million for the full year ended 31 March 2017. The change in net cash used in investing activities was primarily driven by the increase in the purchase of property, plant and equipment of US$28.7 million compared to the prior corresponding period, and the US$10.4 million in proceeds from the sale of the Blandon facility and the Australian Pipes business in the prior year, compared to nil in the current year.

Financing Activities

Cash used in financing activities increased US$58.3 million to US$212.7 million for the full year ended 31 March 2017. The increase in cash used in financing activities was primarily driven by a US$77.5 million increase in the repurchase of shares of common stock under the share buyback program, and a US$52.7 million decrease in net proceeds from borrowings and notes. This was partially offset by a US$69.7 million decrease in dividends paid compared to the prior corresponding period.

Capacity Expansion

We continually evaluate the capacity required to service the US housing market, and as a result, to ensure we meet demand and achieve our market penetration objectives, we have accelerated the start-up and commissioning of several lines across our US network. During the current fiscal year we:

- Continued to start-up both sheet machines at our Fontana facility;
- Commissioned the 3rd sheet machine at our Plant City facility and began work to recommission a 4th sheet machine at that facility, on track for early fiscal year 2018;
- Commissioned the 3rd sheet machine at our Cleburne facility which continues to start up as planned;
- Continued work to restart our Summerville facility which is on track to be commissioned in early fiscal year 2018; and
- Began the planning and design of a greenfield expansion project on land adjacent to our existing Tacoma facility, which is expected to be commissioned in the second half of fiscal year 2019.

In our International Fiber Cement segment, we are adding additional capacity in the Philippines with an estimated total cost of PHP550 million (equivalent to US$11.0 million utilizing the exchange rate on 31 March 2017) expected to be completed in the first half of fiscal year 2018.

Liquidity and Capital Allocation

Our cash position decreased from US$107.1 million at 31 March 2016 to US$78.9 million at 31 March 2017.

At 31 March 2017, the Company held two forms of debt; an unsecured revolving credit facility and senior unsecured notes. The effective weighted average interest rate on the Company's total debt was 4.8% and 4.5% at 31 March 2017 and 2016, respectively. The weighted average term of all debt, including undrawn facilities, was 4.7 years and 5.6 years at 31 March 2017 and 2016, respectively.

At 31 March 2017, the Company had US$500.0 million available in an unsecured revolving credit facility. At 31 March 2017, a total of US$175.0 million was drawn from the unsecured revolving facility, compared to US$190.0 million at 31 March 2016. The unsecured revolving facility expires in December 2020 and the size of the facility may be increased by up to US$250.0 million.

Based on our existing cash balances, together with anticipated operating cash flows arising during the year and unutilized committed credit facilities, we anticipate that we will have sufficient funds to meet our planned working capital and other expected cash requirements for the next twelve months.

We have historically met our working capital needs and capital expenditure requirements from a combination of cash flow from operations and credit facilities. Seasonal fluctuations in working capital generally have not had a significant impact on our short or long term liquidity.

Capital Management and Dividends

The following table summarizes the dividends declared or paid in respect of fiscal years 2015, 2016 and 2017:

US$ Millions	US Cents/ Security	US$ Total Amount	Announcement Date	Record Date	Payment Date
FY 2017 second half dividend	0.28	123.4	18 May 2017	8 June 2017	4 August 2017
FY 2017 first half dividend	0.10	46.6	17 November 2016	21 December 2016	24 February 2017
FY 2016 second half dividend	0.29	130.2	19 May 2016	9 June 2016	5 August 2016
FY 2016 first half dividend	0.09	39.7	19 November 2015	23 December 2015	26 February 2016
FY 2015 special dividend	0.22	92.8	21 May 2015	11 June 2015	7 August 2015
FY 2015 second half dividend	0.27	114.0	21 May 2015	11 June 2015	7 August 2015
FY 2015 first half dividend	0.08	34.2	19 November 2014	23 December 2014	27 February 2015
FY 2014 special dividend	0.20	89.0	22 May 2014	12 June 2014	8 August 2014
FY 2014 second half dividend	0.32	142.3	22 May 2014	12 June 2014	8 August 2014
125 year anniversary special dividend	0.28	124.6	28 February 2014	21 March 2014	30 May 2014

Share Buyback

On 19 May 2016, the Company announced a new share buyback program (the “fiscal 2017 program”) to acquire up to US$100.0 million of its issued capital in the twelve months through May 2017. Under this program, the Company repurchased and cancelled 6,090,133 shares of its common stock during the second quarter of fiscal year 2017. The aggregate cost of the shares repurchased and cancelled was A$131.4 million (US$99.8 million), at an average market price of A$21.58 (US$16.40).

We will continue to review our capital structure and capital allocation objectives and expect the following prioritization to remain:

- invest in R&D and capacity expansion to support organic growth;
- provide ordinary dividend payments within the payout ratio of 50-70% of net operating profit, excluding asbestos;
- maintain flexibility for accretive and strategic inorganic growth and/or flexibility to manage through market cycles; and
- consider other shareholder returns when appropriate.

Other Asbestos Information

Claims Data

	Three Months and Full Year Ended 31 March					
	Q4 FY17	Q4 FY16	Change %	FY17	FY16	Change %
Claims received	129	122	(6)	557	577	3
Actuarial estimate for the period	156	164	5	625	658	5
Difference in claims received to actuarial estimate	27	42	(36)	68	81	(16)
Average claim settlement[1] (A$)	258,000	287,000	10	224,000	248,000	10
Actuarial estimate for the period[2]	327,000	302,000	(8)	327,000	302,000	(8)
Difference in claims paid to actuarial estimate	69,000	15,000		103,000	54,000	91

1 Average claim settlement is derived as the total amount paid divided by the number of non-nil claim settlements
2 This actuarial estimate is a function of the assumed experience by disease type and and the relative mix of settlements assumed by disease type. Any variances in the assumed mix of settlements by disease type w ill have an impact on the average claim settlement experience

For the quarter and full year ended 31 March 2017, we noted the following related to asbestos-related claims:

- Claims received during the current quarter and full year were 17% and 11% below actuarial estimates, respectively;
- Claims received during the current quarter and full year were 6% higher and 3% lower than prior corresponding periods, respectively;
- Mesothelioma claims reported for the full year were 7% below actuarial expectations and were 6% below the prior corresponding period;
- The average claim settlement for both the quarter and full year was lower by 21% and 31%, respectively, versus actuarial estimates;
- Average claim settlement sizes were lower for most disease types, including for mesothelioma and asbestosis, compared to actuarial expectations for fiscal year 2017; and
- The decrease in average claim settlement for the full year versus actuarial estimates was largely attributable to lower average claim sizes for non-large mesothelioma claims together with a lower number of large mesothelioma claims being settled compared to the prior corresponding period.

AICF Funding

On 1 July 2016, we made a payment of A$120.7 million (US$91.1 million) to AICF, representing 35% of our free cash flow for fiscal year 2016. Free cash flow, as defined in the AFFA, was equivalent to our fiscal year 2016 operating cash flows of US$260.4 million.

We anticipate that we will make a contribution of approximately US$102.2 million to AICF on 3 July 2017. This amount represents 35% of our free cash flow for fiscal year 2017, as defined by the AFFA.

From the time AICF was established in February 2007 through 18 May 2017, we have contributed approximately A$919.9 million to the fund.

Readers are referred to Notes 2 and 11 of our 31 March 2017 consolidated financial statements for further information on asbestos.

Non-financial Terms

AFFA – Amended and Restated Final Funding Agreement

AICF – Asbestos Injuries Compensation Fund Ltd

Legacy New Zealand weathertightness claims ("New Zealand weathertightness claims") – Expenses arising from defending and resolving claims in New Zealand that allege poor building design, inadequate certification 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 we prepare our 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 our 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-US GAAP descriptions used by Australian companies.

EBIT – Earnings before interest and tax.

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.

NON-US GAAP FINANCIAL TERMS

This Management's Analysis of Results includes certain financial information to supplement the Company's consolidated financial statements which are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). These financial measures are designed to provide investors with an alternative method for assessing our performance from on-going operations, capital efficiency and profit generation. Management uses these financial measure for the same purposes. These financial measures include:

- Adjusted EBIT;
- Adjusted EBIT margin;
- Adjusted net operating profit;
- Adjusted diluted earnings per share;
- Adjusted operating profit before income taxes;
- Adjusted income tax expense;
- Adjusted effective tax rate;
- Adjusted EBITDA;
- Adjusted selling, general and administrative expenses ("Adjusted SG&A"); and
- Adjusted return on capital employed ("Adjusted ROCE")

These financial measures are or may be non-US GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission and may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with US GAAP. These financial measures are not meant to be considered in isolation or as a substitute for comparable US GAAP financial measures and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with US GAAP. In evaluating these financial measures, investors should note that other companies reporting or describing similarly titled financial measures may calculate them differently and investors should exercise caution in comparing the Company's financial measures to similar titled measures by other companies.

Financial Measures – US GAAP equivalents

Adjusted EBIT

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4 FY17	Q4 FY16	FY17	FY16
EBIT	**$ 78.2**	**$ 56.3**	**$ 393.2**	**$ 354.0**
Asbestos:				
Asbestos adjustments	(1.4)	27.0	(40.4)	(5.5)
AICF SG&A expenses	0.3	0.4	1.5	1.7
New Zealand weathertightness claims	-	-	-	0.5
Adjusted EBIT	**$ 77.1**	**$ 83.7**	**$ 354.3**	**$ 350.7**
Net sales	494.3	435.8	1,921.6	1,728.2
Adjusted EBIT margin	**15.6%**	**19.2%**	**18.4%**	**20.3%**

Adjusted Net Operating Profit

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4 FY17	Q4 FY16	FY17	FY16
Net operating profit	**$ 44.5**	**$ 28.8**	**$ 276.5**	**$ 244.4**
Asbestos:				
Asbestos adjustments	(1.4)	27.0	(40.4)	(5.5)
AICF SG&A expenses	0.3	0.4	1.5	1.7
AICF interest expense, net	0.3	0.2	1.1	0.3
New Zealand weathertightness claims	-	-	-	0.5
Asbestos and other tax adjustments	10.9	1.5	9.9	1.5
Adjusted net operating profit	**$ 54.6**	**$ 57.9**	**$ 248.6**	**$ 242.9**

Adjusted diluted earnings per share

	Three Months and Full Year Ended 31 March			
	Q4 FY17	Q4 FY16	FY17	FY16
Adjusted net operating profit (US$ millions)	**$ 54.6**	**$ 57.9**	**$ 248.6**	**$ 242.9**
Weighted average common shares outstanding - Diluted (millions)	441.4	447.1	443.9	447.2
Adjusted diluted earnings per share (US cents)	**12**	**13**	**56**	**54**

Adjusted effective tax rate

US$ Millions	Q4 FY17	Q4 FY16	FY17	FY16
	Three Months and Full Year Ended 31 March			
Operating profit before income taxes	**$ 71.1**	**$ 48.0**	**$ 367.0**	**$ 330.5**
Asbestos:				
Asbestos adjustments	(1.4)	27.0	(40.4)	(5.5)
AICF SG&A expenses	0.3	0.4	1.5	1.7
AICF interest expense, net	0.3	0.2	1.1	0.3
New Zealand weathertightness claims	-	-	-	0.5
Adjusted operating profit before income taxes	**$ 70.3**	**$ 75.6**	**$ 329.2**	**$ 327.5**
Income tax expense	$ (26.6)	$ (19.2)	$ (90.5)	$ (86.1)
Asbestos and other tax adjustments	10.9	1.5	9.9	1.5
Adjusted income tax expense	**$ (15.7)**	**$ (17.7)**	**$ (80.6)**	**$ (84.6)**
Effective tax rate	37.4%	40.0%	24.7%	26.1%
Adjusted effective tax rate	**22.3%**	**23.4%**	**24.5%**	**25.8%**

Adjusted EBITDA

US$ Millions	Q4 FY17	Q4 FY16	FY17	FY16
	Three Months and Full Year Ended 31 March			
EBIT	**$ 78.2**	**$ 56.3**	**$ 393.2**	**$ 354.0**
Depreciation and amortization	20.7	24.7	83.2	79.8
Adjusted EBITDA	**$ 98.9**	**$ 81.0**	**$ 476.4**	**$ 433.8**

Adjusted selling, general and administrative expenses ("Adjusted SG&A")

US$ Millions	Q4 FY17	Q4 FY16	FY17	FY16
	Three Months and Full Year Ended 31 March			
SG&A expenses	**$ 75.9**	**$ 68.7**	**$ 291.6**	**$ 254.2**
Excluding:				
New Zealand weathertightness claims	-	-	-	(0.5)
AICF SG&A expenses	(0.3)	(0.4)	(1.5)	(1.7)
Adjusted SG&A expenses	**$ 75.6**	**$ 68.3**	**$ 290.1**	**$ 252.0**
Net sales	$ 494.3	$ 435.8	$ 1,921.6	$ 1,728.2
SG&A expenses as a percentage of net sales	15.4%	15.8%	15.2%	14.7%
Adjusted SG&A expenses as a percentage of net sales	**15.3%**	**15.7%**	**15.1%**	**14.6%**

Adjusted Return on Capital Employed ("Adjusted ROCE")

US$ Millions	Full Year Ended 31 March[1]	
	FY17	**FY16**
Numerator		
Adjusted EBIT	**$ 354.3**	**$ 350.7**
Denominator		
Gross capital employed (GCE)	1,107.6	1,102.7
Adjustments to GCE	50.3	40.5
Adjusted gross capital employed	**$ 1,157.9**	**$ 1,143.2**
Adjusted Return on Capital Employed	**30.6%**	**30.7%**

1 Adjusted ROCE is used to assess annual financial results and therefore is not presented for the three months ending 31 March 2017

As set forth in Note 11 of the 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 the consolidated financial statements and related notes contained therein.

James Hardie Industries plc
Supplementary Financial Information
31 March 2017
(Unaudited)

US$ Millions	Total Fiber Cement – Excluding Asbestos Compensation	Asbestos Compensation	As Reported (US GAAP)
Restricted cash and cash equivalents – Asbestos	$ -	$ 108.9	**$ 108.9**
Insurance receivable – Asbestos[1]	-	63.8	**63.8**
Workers compensation asset – Asbestos[1]	-	43.3	**43.3**
Deferred income taxes – Asbestos	-	356.6	**356.6**
Short-term debt - Asbestos	$ -	$ 52.4	**$ 52.4**
Asbestos liability[1]	-	1,159.7	**1,159.7**
Workers compensation liability – Asbestos[1]	-	43.3	**43.3**
Income taxes payable	18.7	(16.8)	**1.9**
Asbestos adjustments	$ -	$ 40.4	**$ 40.4**
Selling, general and administrative expenses	(290.1)	(1.5)	**(291.6)**
Net interest expense	(26.4)	(1.1)	**(27.5)**
Income tax expense	(79.9)	(10.6)	**(90.5)**

[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 our consolidated balance sheets

This Management's Analysis of Results contains forward-looking statements. James Hardie Industries plc (the "company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, 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 concerning the costs associated with the significant capital expenditure projects at any of the company's plants and future plans with respect to any such projects;
- 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 legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- 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 market conditions 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 18 May 2017, 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 company 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; 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 favorable 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 regulatory 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

James Hardie

Q4 FY17 MANAGEMENT PRESENTATION

18 May 2017

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Management Presentation contains forward-looking statements. James Hardie Industries plc (the "company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, 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 concerning the costs associated with the significant capital expenditure projects at any of the company's plants and future plans with respect to any such projects;
- 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 legal proceedings brought against us and the potential 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 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 market conditions 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.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS (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 18 May 2017, 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 company 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; 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 favorable 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 regulatory 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.

NOTE TO THE READER

As of 30 June 2016, the Company changed its reportable operating segments. Previously, the Company reported on three operating segments: (i) North America and Europe Fiber Cement, (ii) Asia Pacific Fiber Cement, and (iii) Research and Development. As of 30 June 2016, the Company began reporting on four operating segments: (i) North America Fiber Cement, (ii) International Fiber Cement, (iii) Other Businesses, and (iv) Research and Development. The significant changes to how certain businesses are reported in the new segment structure are as follows: (i) our European business is now reported in the International Fiber Cement segment, along with the other businesses that were historically reported in the Asia Pacific Fiber Cement segment, and (ii) business development, including some non-fiber cement operations, such as our windows business in North America, are now reported in the Other Businesses segment as opposed to previously being reported in the North America and Europe Fiber Cement segment. The Company has provided its historical segment information for the fourth quarter and full year ended 31 March 2016 and 2015 to be consistent with the new reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. Readers are referred to Note 17 of our consolidated financial statements for further information on our segments.

USE OF NON-GAAP FINANCIAL INFORMATION; AUSTRALIAN EQUIVALENT TERMINOLOGY

This Management Presentation includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (US GAAP). These financial measures are designed to provide investors with an alternative method for assessing our performance from on-going operations, capital efficiency and profit generation. Management uses these financial measure for the same purposes. These financial measures include:

- Adjusted EBIT;
- Adjusted EBIT margin;
- Adjusted net operating profit;
- Adjusted diluted earnings per share;
- Adjusted operating profit before income taxes;
- Adjusted income tax expense;
- Adjusted effective tax rate;
- Adjusted EBITDA; and
- Adjusted selling, general and administrative expenses ("Adjusted SG&A")

These financial measures are or may be non-US GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission and may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with US GAAP. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent US GAAP measure. Management has included such 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 excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with US GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management Presentation , including a reconciliation of each non-GAAP financial measure to the equivalent US GAAP measure, see the slide titled "Non-US GAAP Financial Measures" included in the Appendix to this Management Presentation.

In addition, this Management Presentation includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies, such as operating profit, EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's Consolidated Financial Statements to the equivalent non-US GAAP financial measure used in this Management Presentation. See the section titled "Non-US GAAP Financial Measures" included in the Appendix to this Management Presentation.

AGENDA

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

OVERVIEW AND OPERATING REVIEW

Louis Gries, CEO

GROUP OVERVIEW

Adjusted Net Operating Profit[1]			
4th Qtr		Full Year	
US$54.6M	↓ 6%	US$248.6M	↑ 2%

Adjusted Diluted EPS[1]			
4th Qtr		Full Year	
US12 cents	↓ 8%	US56 cents	↑ 4%

Adjusted EBIT [2]			
4th Qtr		Full Year	
US$77.1M	↓ 8%	US$354.3M	↑ 1%

Net Operating Cash Flow	
Full Year	
US$292.1M	↑ 12%

Adjusted EBIT Margin % [2]			
4th Qtr		Full Year	
15.6%	↓ 3.6 pts	18.4%	↓ 1.9 pts

- Higher volumes in North America Fiber Cement and International Fiber Cement segments
- Higher average net sales price in International Fiber Cement segment
- Full year Adjusted EBIT up 1% compared to pcp, compressed by North America capacity expansion
- Full year North America Fiber Cement EBIT margin of 23.0%
- Net operating cash flow increased US$31.7 million during the year compared to pcp

[1] *Excludes Asbestos related expenses and adjustments, New Zealand weathertightness claims and tax adjustments*
[2] *Excludes Asbestos related expenses and adjustments, and New Zealand weathertightness claims*

NORTH AMERICA FIBER CEMENT SUMMARY

	Q4'17	Full Year
Net Sales	**US$387.7**M ↑ 12%	**US$1,493.4**M ↑ 12%
Sales Volume	**578.6** mmsf ↑ 12%	**2,215.4** mmsf ↑ 13%
Average Price	**US$662** per msf ↑ 1%	**US$665** per msf ↓ 1%
EBIT	**US$76.1**M ↓ 11%	**US$343.9**M ↓ 2%

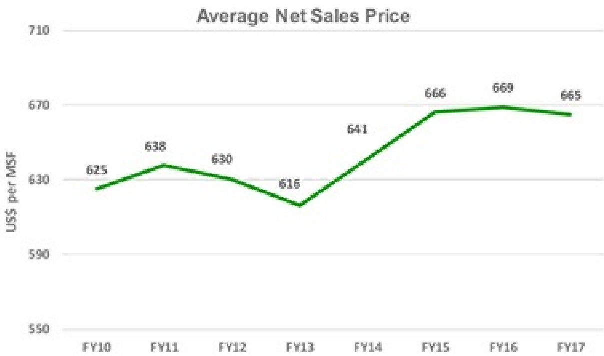
Volume

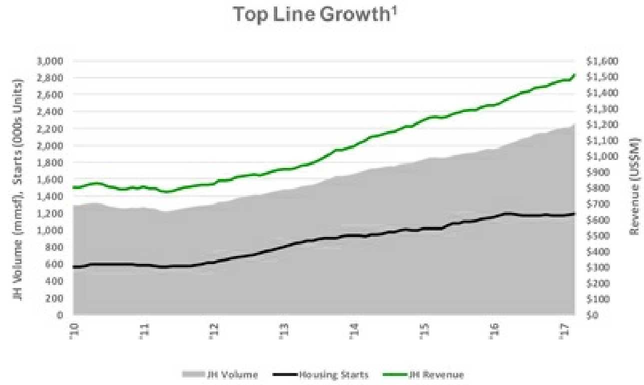
- Steady growth in R&R and new construction markets
- Market penetration was strong

EBIT

- EBIT for the year decreased compared to pcp driven by:
  - Unfavorable plant performance due to:
    - Elevated spend
    - Production inefficiencies
  - Higher start-up costs due to:
    - Acceleration of start ups into FY17
    - Inefficient start-ups in some locations
  - Higher freight costs
  - Continued investment in headcount and other programs to support and drive future growth

NORTH AMERICA FIBER CEMENT





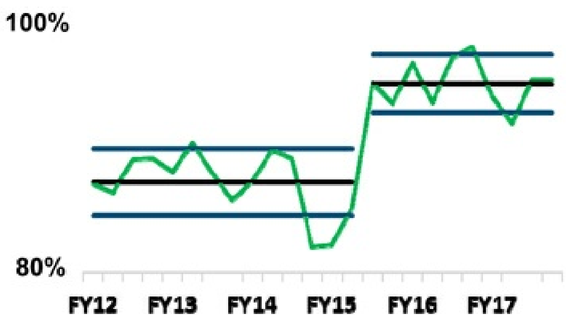
- Slight decrease ~1% due to maintaining current strategic pricing levels
- Overall, satisfied with tactical pricing and price positioning
- Price increase implemented on 1 April 2017

- Q4 FY17 revenue up 12% on 12% volume growth
- Full year revenue up 12% on 13% volume growth
- Continuing to outpace U.S. housing starts

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

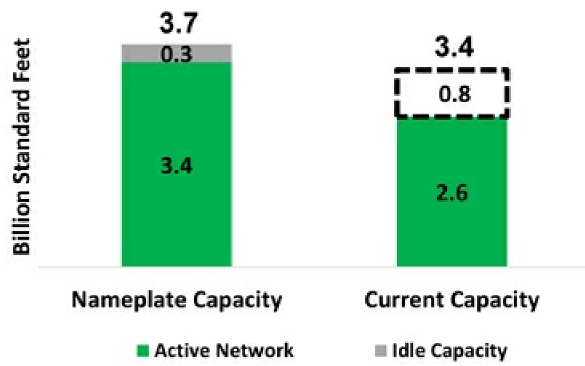
North America Machine Performance & Capacity

Machine Performance



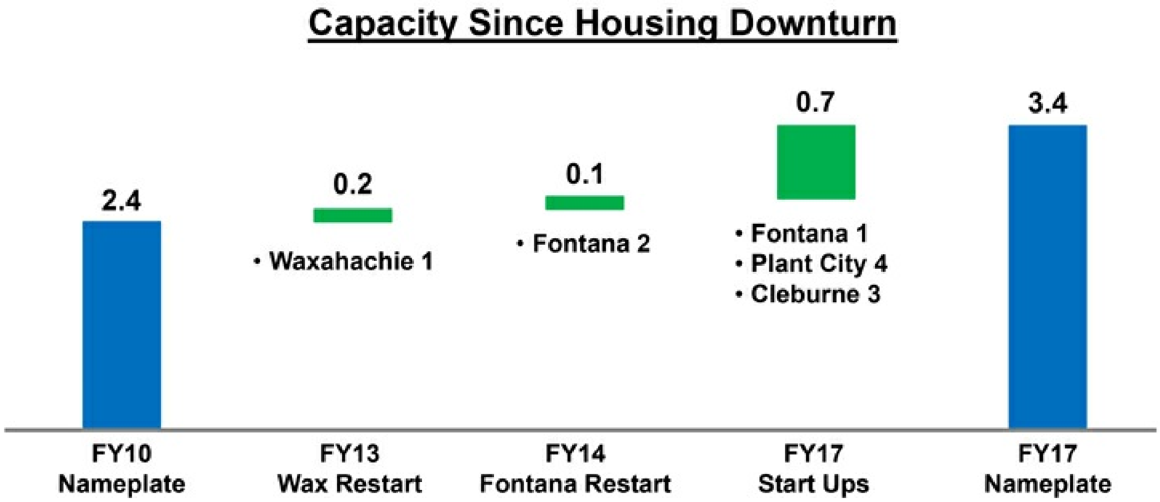
- FY16 step-change improvement in performance
- FY17 in higher band, but lower end of range

Current Capacity vs. Index



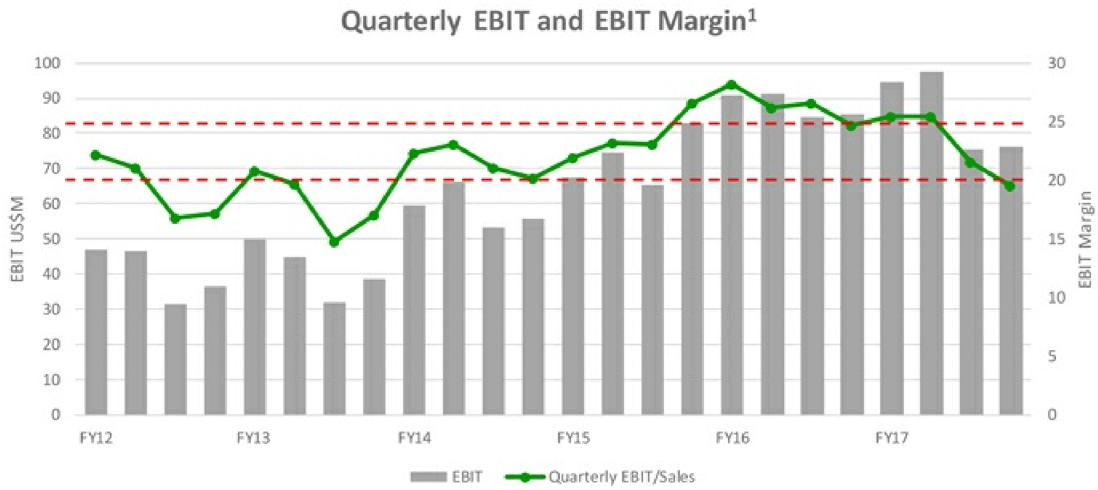
- Throughput at ~75% of nameplate capacity driven by mix adjustments, gross hour utilization & performance

North America Manufacturing Capacity



Future capacity additions:
- FY18 brownfield additions: Summerville (190 mmsf) + Plant City 3 (100 mmsf)
- FY19 & FY20 greenfield additions: Tacoma (250 mmsf) + Alabama (500 mmsf)

NORTH AMERICA FIBER CEMENT



Full year EBIT Margin % in target range, but down 340 bps to 23.0% compared to pcp

[1] *Excludes asset impairment charges of US$14.3 million in Q4 FY12, US$5.8 million in Q3 FY13 and US$11.1 million in Q4 FY13*

INTERNATIONAL FIBER CEMENT SUMMARY

	Q4'17	Full Year
Net Sales	**US$102.8**M ↑ 18%	**US$411.8**M ↑ 9%
Sales Volume	**125.9** mmsf ↑ 12%	**487.2** mmsf ↑ 1%
Sales Volume Excluding [1]	**125.9** mmsf ↑ 12%	**487.2** mmsf ↑ 3%
Average Price	**US$757** per msf ↑ 7%	**US$775** per msf ↑ 6%
EBIT	**US$23.6**M ↑ 21%	**US$95.1**M ↑ 22%
EBIT Excluding [2]	**US$23.6**M ↑ 21%	**US$95.1**M ↑ 21%

Volume

- Full year volume increased 3%, excluding Pipes business
  - Volume growth in Australia, New Zealand and Europe
  - Volume declined in Philippines

Price

- Increased price compared to pcp
- Favorable product and geographic mix, and effects of annual price increase across the businesses

EBIT

- Strong results driven by price and lower production costs due to the absence of prior year Carole Park start-up costs
- Partially offset by Philippines business; and
- Higher SG&A investment across the segment relative to pcp

[1] *Excludes Australian Pipes business which was sold in Q1 FY16*
[2] *Excludes New Zealand weathertightness claims*

INTERNATIONAL FIBER CEMENT (USD)

Q4'17		
Australia		
Volume	Net Sales	EBIT
↑	↑	↑

Full Year		
Australia [1]		
Volume	Net Sales	EBIT
↑	↑	↑

Australia

- Solid EBIT growth for quarter and full year
- Non-recurring start-up costs at Carole Park in FY16

Q4'17		
New Zealand		
Volume	Net Sales	EBIT
↑	↑	↑

Full Year		
New Zealand		
Volume	Net Sales	EBIT
↑	↑	↑

New Zealand

- Higher average net sales price and volume for quarter and full year

Q4'17		
Philippines		
Volume	Net Sales	EBIT
↑	↓	↓

Full Year		
Philippines		
Volume	Net Sales	EBIT
↓	↓	↓

Philippines

- Full year volume, sales and EBIT lower
- Entrance of competitor imports during the current fiscal year

Q4'17		
Europe		
Volume	Net Sales	EBIT
↑	↑	↑

Full Year		
Europe		
Volume	Net Sales	EBIT
↑	↑	↑

Europe

- Volume, sales and EBIT growth compared to pcp

[1] *Excludes Australian Pipes business which was sold in Q1 FY16*

FINANCIAL REVIEW

Matt Marsh, EVP and CFO

RESULTS – 4th QUARTER FY17

Three Months Ended 31 March			
US$ Millions	Q4'17	Q4'16	% Change
Net sales	494.3	435.8	13
Gross profit	160.8	160.1	-
SG&A expenses	(75.9)	(68.7)	(10)
EBIT	78.2	56.3	39
Net operating profit	44.5	28.8	55
Adjusted EBIT [1]	77.1	83.7	(8)
Adjusted net operating profit [2]	54.6	57.9	(6)

1 Excludes Asbestos related expenses and adjustments, and New Zealand weathertightness claims
2 Excludes Asbestos related expenses and adjustments, New Zealand weathertightness claims and tax adjustments

Net sales increased 13%

- Higher volumes in North America Fiber Cement and International Fiber Cement segments
- Higher average net sales price in International Fiber Cement segment

Gross gross margin % down 420 bps

SG&A expenses increased 10%

- Continued investment in building organizational capability

Adjusted net operating profit decreased 6%

- Adjusted EBIT decreased 8% compared to pcp
- North America Fiber Cement segment EBIT decreased 11% versus pcp

RESULTS – FULL YEAR 2017

Full Year Ended 31 March			
US$ Millions	**FY17**	**FY16**	**% Change**
Net sales	1,921.6	1,728.2	11
Gross profit	674.7	632.2	7
SG&A expenses	(291.6)	(254.2)	(15)
EBIT	393.2	354.0	11
Net operating profit	276.5	244.4	13
Adjusted EBIT [1]	354.3	350.7	1
Adjusted net operating profit [2]	248.6	242.9	2

Net sales increased 11%

- Higher volumes in North America Fiber Cement and International Fiber Cement segments
- Higher average net sales price in International Fiber Cement segment

Gross profit up 7%, gross margin % down 150 bps

SG&A expenses increased 15%

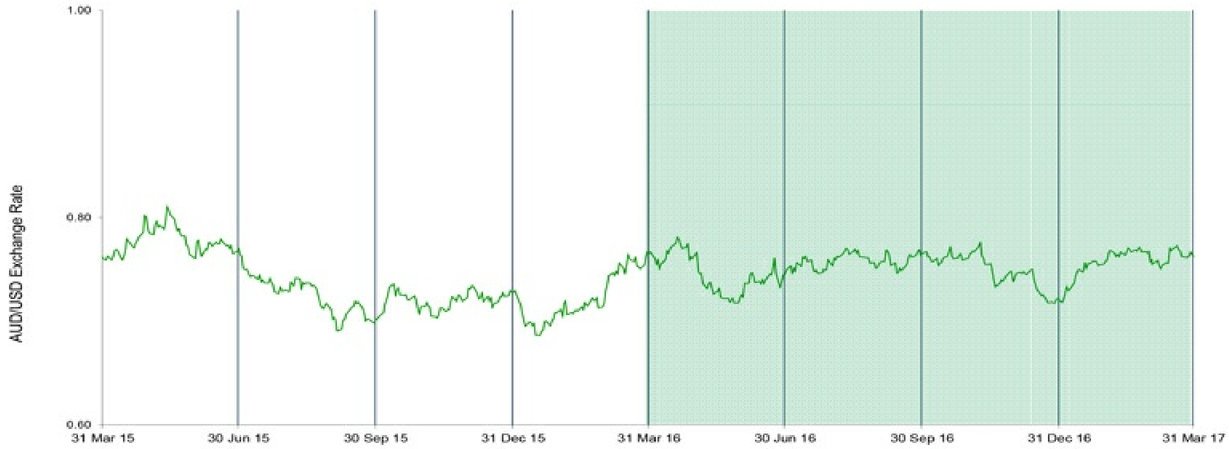
- Continued investment in building organizational capability

Adjusted net operating profit increased 2%

- Adjusted EBIT increased 1% compared to pcp

1 Excludes Asbestos related expenses and adjustments, and New Zealand weathertightness claims
2 Excludes Asbestos related expenses and adjustments, New Zealand weathertightness claims and tax adjustments

CHANGES IN AUD vs. USD



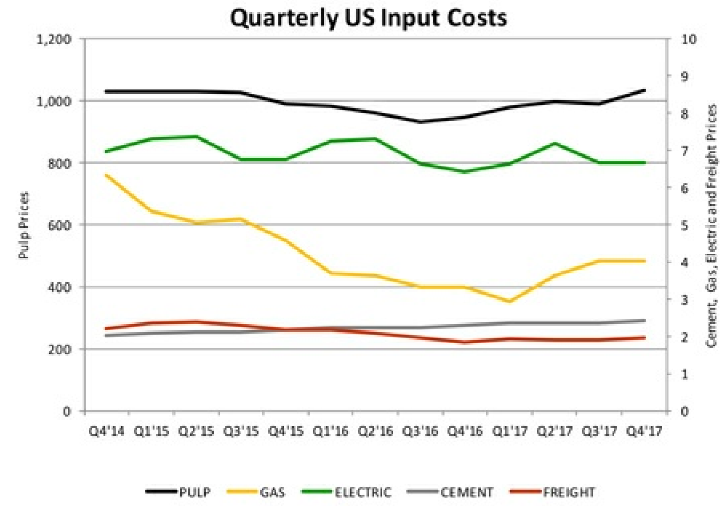
	As Reported			Excluding Translation Impact [1]	
US$ Millions	12 Months FY17	12 Months FY16	% Change	12 Months FY17	% Change
Net Sales	$ 1,921.6	$ 1,728.2	▲ 11%	$ 1,918.2	▲ 11%
Gross Profit	674.7	632.2	▲ 7%	672.9	▲ 7%
Adjusted EBIT	354.3	350.7	▲ 1%	353.0	▲ 1%
Adjusted net operating profit	$ 248.6	$ 242.9	▲ 2%	$ 246.2	▲ 1%

Translation Impact [2]	
$ Favorable	%
3.4	-
1.8	-
1.3	-
2.4	▲ 1%

[1] *As Reported 12 Months FY17 figures converted using 12 Months FY16 weighted average exchange rates*

[2] *Reflects the difference between 12 Months FY17 As Reported and 12 Months FY17 using 12 Months FY16 weighted average exchange rates*

NORTH AMERICA INPUT COSTS



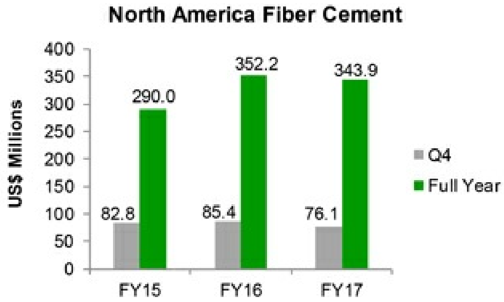
- The price of NBSK **pulp** increased 9% compared to pcp[1]
- **Cement** prices continue to rise, up 4% compared to pcp[1]
- **Gas** prices are up 21% compared to pcp[1]
- **Freight** market prices are up 6% compared to pcp[1]
- **Electricity** prices are up 4% compared to pcp[1]

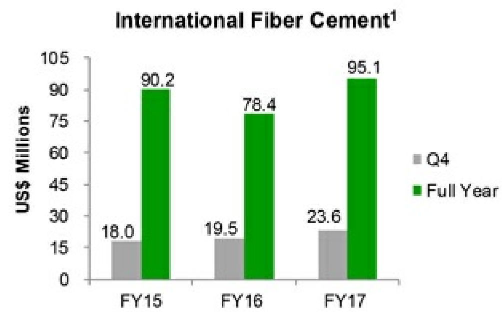
The information underlying the table above is sourced as follows:

- *Pulp – Cost per ton – from RISI*
- *Gas – Cost per thousand cubic feet for industrial users – from US Energy Information Administration*
- *Electric – Cost per thousand kilowatt hour for industrial users – from US Energy Information Administration*
- *Cement – Relative index from the Bureau of Labor Statistics*
- *Freight – Cost per mile – from Dial-a-Truck Solutions*
- *Gas and Electric prices for Q4'17 are based on Q3'17 actuals*

[1] Prior comparable period as noted above refers to input costs for Q4 FY16

SEGMENT EBIT – 4th QUARTER and FULL YEAR FY17





North America Fiber Cement EBIT

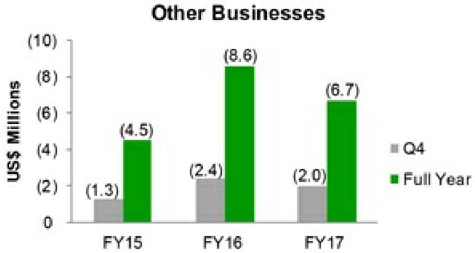
- Quarter and full year EBIT decreased 11% and 2%, respectively, compared to pcp
- Driven by unfavorable plant performance, increased start-up costs, higher freight costs; and
- Continued investment in SG&A expense

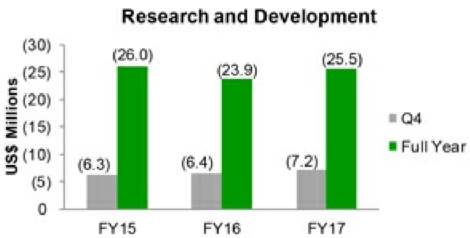
International Fiber Cement EBIT[1]

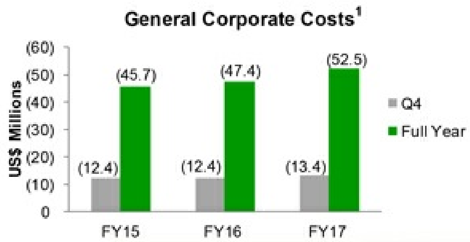
- Quarter and full year EBIT increased 21% compared to pcp
- Higher average net sales price and higher volumes in Australia, New Zealand and Europe
- Volume decrease in Philippines driven by competitive imports
- Lower production costs largely due to absence of prior year Carole Park start up

[1] *Excludes New Zealand weathertightness claims*

SEGMENT EBIT – 4th QUARTER and FULL YEAR FY17







Other Businesses

- Quarter and full year EBIT loss improved by 17% and 22%, respectively, compared to pcp

R&D

- On strategy to invest 2-3% of net sales
- Fluctuations reflect normal variation and timing in number of R&D projects in process

General Corporate Costs

- Continued investment in organization capability to support current and future growth initiatives

[1] *Excludes Asbestos related expenses and adjustments*

INCOME TAX

Three Months and Full Year Ended 31 March				
US$ Millions	**Q4'17**	**Q4'16**	**FY17**	**FY16**
Operating profit before taxes	71.1	48.0	367.0	330.5
Asbestos adjustments[1]	(0.8)	27.6	(37.8)	(3.5)
NZ weathertightness claims	-	-	-	0.5
Adjusted operating profit before income taxes	**70.3**	**75.6**	**329.2**	**327.5**
Adjusted income tax expense[2]	(15.7)	(17.7)	(80.6)	(84.6)
Adjusted effective tax rate	**22.3%**	**23.4%**	**24.5%**	**25.8%**
Income tax expense	(26.6)	(19.2)	(90.5)	(86.1)
Income taxes paid			51.5	57.8

24.5% adjusted effective tax rate for the year

- Adjusted income tax expense for the quarter and full year decreased primarily due to lower adjusted operating profit before income taxes and a lower adjusted effective tax rate, respectively
- Income taxes are paid and payable in Ireland, the US, Canada, New Zealand and the Philippines
- Income taxes are not currently paid or payable in Europe (excluding Ireland) or Australia due to tax losses. Australian tax losses primarily result from deductions relating to contributions to AICF

[1] *Includes Asbestos adjustments, AICF SG&A expenses and net AICF interest expense (income)*
[2] *Excludes tax effects of Asbestos and other tax adjustments*

CASHFLOW

US$ Millions	FY17	FY16	Change (%)
Net Income	**276.5**	**244.4**	**13**
Adjustment for non-cash items	90.1	98.9	(9)
Annual AICF contribution	(91.1)	(62.8)	(45)
Operating working capital[1]	1.5	(40.6)	
Other net operating activities	15.1	20.5	(26)
Cash Flow from Operations	**292.1**	**260.4**	**12**
Purchases of property, plant and equipment[2]	(103.9)	(76.4)	(36)
Proceeds from sale of property, plant and equipment	-	10.4	
Acquisition of assets	(5.1)	(0.6)	
Free Cash Flow[3]	**183.1**	**193.8**	**(6)**
Dividends paid	(176.8)	(246.5)	28
Net proceeds from borrowings and notes[4]	60.6	111.9	(46)
Share related activities	(96.5)	(19.8)	
Free Cash Flow after Financing Activities	**(29.6)**	**39.4**	

Increase in net operating cash flow

- Increase in net income adjusted for non-cash items
- Favorable changes in working capital
- Partially offset by increase in annual AICF contribution and unfavorable other net operating activities

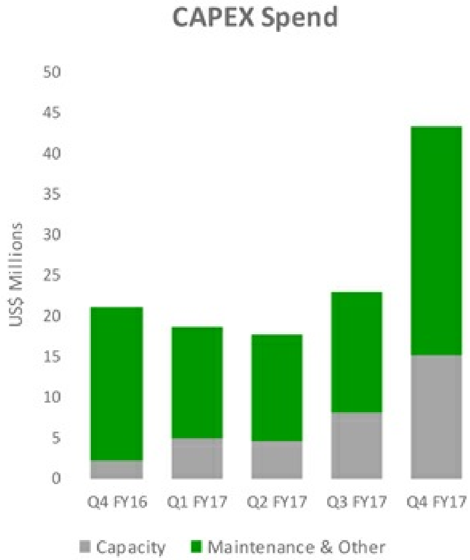
Higher capital expenditures

Higher financing activities

- Increase in share buy-back activity
- Decrease in net proceeds of debt
- Partially offset by decrease in dividend payments

1 *Excludes AP related to capital expenditures*
2 *Includes capitalized interest*
3 *Distinct from the term defined by the AFFA for purposes of calculating our annual contribution to AICF*
4 *Includes debt issuance costs*

CAPITAL EXPENDITURES



- **Full year CAPEX of US$101.9 million up by 39% compared to pcp**
- **North America capacity projects:**
  - Continued to start-up both sheet machines at Fontana facility
  - Commissioned 3rd sheet machine at Plant City facility; began to recommission 4th sheet machine, on track for early fiscal year 2018
  - Commissioned 3rd sheet machine at Cleburne
  - Continued work to restart our Summerville facility, on track to be commissioned in early fiscal year 2018
  - Greenfield expansion in Tacoma, expected to be commissioned in second half of fiscal year 2019
- Continue to expand capacity at our Philippines facility, expected to be completed in first half of fiscal year 2018

FINANCIAL MANAGEMENT SUPPORTING GROWTH

Strong Financial Management

- Strong margins and operating cash flows
- Strong governance and transparency
- Investment-grade financial management

Moody's	S&P	Fitch
Ba1 (upgraded Jun'16)	BB (Outlook revised to Positive from Stable, Rating affirmed Feb'17)	BBB- (affirmed Mar'17)

Disciplined Capital Allocation

- Invest in R&D and capacity expansion to support organic growth
- Maintain ordinary dividends within the defined payout ratio
- Flexibility for:
  - Accretive and strategic inorganic opportunities
  - Cyclical market volatility
  - Further shareholder returns when appropriate

Liquidity and Funding

- Conservative leveraging of balance sheet within 1-2 times adjusted EBITDA target
  - US$500 million of unsecured revolving credit facility; US$400 million senior unsecured notes at Q4 FY17
  - Weighted average maturity of 3.7 years on bank facilities; 4.7 years on total debt at Q4 FY17
  - 65% liquidity on bank debt at Q4 FY17

Financial management consistent with investment grade credit
Ability to withstand market cycles and other unanticipated events

LIQUIDITY PROFILE

Debt Profile
US$ Millions

[1] *Incremental liquidity of up to US$250 million may be accessed via an accordion feature, which is provided for under the terms of the syndicated revolving credit facility agreement, but not credit approved*
[2] *Callable from 15 February 2018; callable at par from 15 February 2021*
[3] *Excludes Short-term debt – Asbestos; includes unamortized OID ($1.9 million); bond premium ($2.0 million) and debt issuance costs ($10.6 million)*

Strong balance sheet

- US$78.9 million cash
- US$485.6 million net debt[3] at 31 March 2017
- 65% liquidity on bank debt at 31 March 2017

Corporate debt structure

- US$500 million unsecured revolving credit facility, with a December 2020 maturity
- US$400 million senior unsecured notes[2] maturing February 2023

Leverage strategy

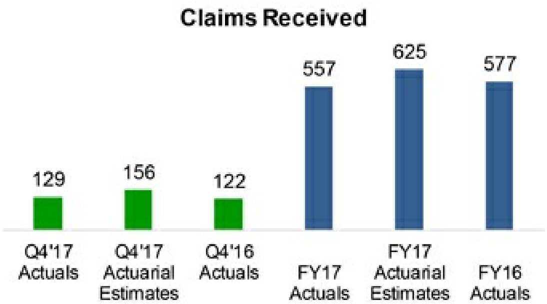
- 1.1x net debt to EBITDA excluding asbestos; within the 1-2x leverage target range

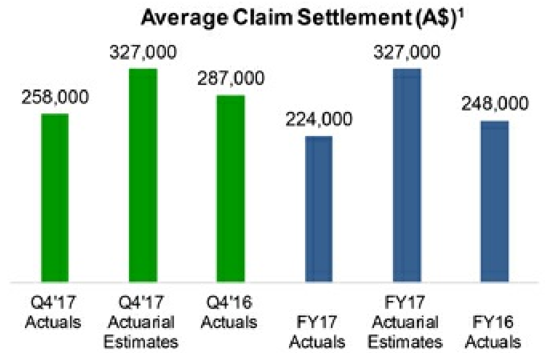
ASBESTOS COMPENSATION

KEY POINTS

- Updated actuarial report completed as at 31 March 2017
- Undiscounted and uninflated central estimate decreased to A$1,386 million from A$1,434 million
- Decreased A$164 million NPV of estimate to A$1,740 million, from A$1,904 million at 31 March 2016, reflecting:
  - Decrease of A$166 million due to actuarial assumptions;
  - Decrease of A$115 million due to payments made by AICF during the year; and
  - Increase of A$117 million due to lower future insurance proceeds owing to a commutation of certain policies
- Total contributions of US$91.1 million were made to AICF during FY2017 from our FY2016 free cash flow
- From the time AICF was established in February 2007, we have contributed A$919.9 million to the fund
- We anticipate we will make a further contribution of approximately US$102.2 million to AICF on 3 July 2017. This amounts represents 35% of our free cash flow for financial year 2017, as defined by the AFFA

ASBESTOS CLAIMS DATA





- Quarter claims received increased by 6% and full year claims received decreased by 3% compared to pcp
- Quarter and full year claims received were 17% and 11%, below actuarial estimates, respectively
- Mesothelioma claims reported during the year:
  - 6% lower than pcp
  - 7% lower than actuarial estimates
- Average claim settlement for the quarter and full year is 21% and 31% below actuarial estimates, respectively:
  - Lower average claim settlement sizes across most disease types
  - Large mesothelioma claims are lower in number compared to pcp
  - Lower average claim size for non-large mesothelioma claims

[1] *Average claim settlement is derived as the total amount paid divided by the number of non-nil claim*

FY2018 KEY PLANNING ASSUMPTIONS

- The modest market growth and more prolonged recovery of the US housing market to continue into FY2018. The single family new construction market and repair and remodel market are expected to grow similar to the year-on-year growth experienced in fiscal year 2017
- US Residential Housing Starts forecasted to be between 1.2 and 1.3 million
- North America Fiber Cement Segment
  - EBIT margins expected to be in our stated target range of 20% to 25%
  - Expectation is based upon the Company continuing to deliver operating performance in its plants consistent with recent quarters, and stable exchange rates and input cost trends
- Australian business expected to trend in line with the average growth of the domestic repair and remodel and single detached housing markets in the eastern states of Australia
- New Zealand growth expected to continue into fiscal year 2018

SUMMARY

Adjusted Net Operating Profit[1]				
4th Qtr		Full Year		
US$54.6M	↓ 6%	US$248.6M	↑ 2%	

Adjusted Diluted EPS[1]			
4th Qtr		Full Year	
US12 cents	↓ 8%	US56 cents	↑ 4%

Adjusted EBIT[2]			
4th Qtr		Full Year	
US$77.1M	↓ 8%	US$354.3M	↑ 1%

Net Operating Cash Flow	
Full Year	
US$292.1M	↑ 12%

- The financial performance noted above largely reflects:
  - Higher volumes across the North America Fiber Cement and International Fiber Cement segments
  - Compressed by North America capacity expansion
- Other highlights include:
  - 12% increase in net operating cashflow
  - US$276.6 million of capital returned to shareholders

[1] *Excludes Asbestos related expenses and adjustments, New Zealand weathertighness claims and tax adjustments*
[2] *Excludes Asbestos related expenses and adjustments and New Zealand weathertightness claims*

James Hardie

QUESTIONS

APPENDIX

FINANCIAL SUMMARY

US$ Millions	Q4'17	Q4'16	% Change	FY17	FY16	% Change
	Three Months and Full Year Ended 31 March					
Net Sales						
North America Fiber Cement	$ 387.7	$ 345.8	12	$ 1,493.4	$ 1,335.0	12
International Fiber Cement	102.8	86.9	18	411.8	379.4	9
Other Businesses	3.8	3.1	23	16.4	13.8	19
Total Net Sales	**$ 494.3**	**$ 435.8**	**13**	**$ 1,921.6**	**$ 1,728.2**	**11**
EBIT						
North America Fiber Cement	$ 76.1	$ 85.4	(11)	$ 343.9	$ 352.2	(2)
International Fiber Cement[1]	23.6	19.5	21	95.1	78.4	21
Other Businesses	(2.0)	(2.4)	17	(6.7)	(8.6)	22
Research & Development	(7.2)	(6.4)	(13)	(25.5)	(23.9)	(7)
General Corporate[2]	(13.4)	(12.4)	(8)	(52.5)	(47.4)	(11)
Adjusted EBIT	**$ 77.1**	**$ 83.7**	**(8)**	**$ 354.3**	**$ 350.7**	**1**
Net interest expense excluding AICF interest expense	(6.9)	(6.2)	(11)	(26.4)	(25.3)	(4)
Other income (expense)	0.1	(1.9)		1.3	2.1	(38)
Adjusted income tax expense	(15.7)	(17.7)	11	(80.6)	(84.6)	5
Adjusted net operating profit	**$ 54.6**	**$ 57.9**	**(6)**	**$ 248.6**	**$ 242.9**	**2**

[1] *Excludes New Zealand weathertightness claims*
[2] *Excludes Asbestos-related expenses and adjustments*

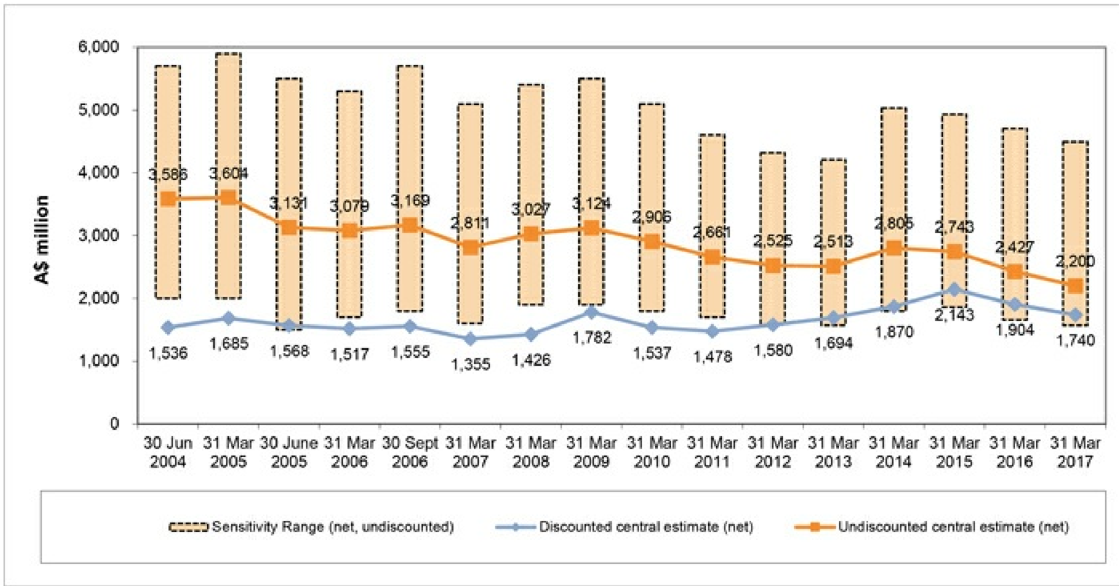
NET POST-TAX UNFUNDED ASBESTOS LIABILITY

A$ millions (except where stated)	FY17	FY16
Central Estimate - Undiscounted and Uninflated	$ 1,385.7	$ 1,433.9
Provision for claims handling costs of AICF	29.4	32.2
Cross claims and other	18.8	18.2
Net (assets)/liabilities of AICF	(71.9)	45.5
Effect of tax	(488.6)	(528.3)
Net post-tax unfunded liability in A$ millions	$ 873.4	$ 1,001.5
Exchange rate US$ per A$1.00	0.7644	0.7657
Net post-tax unfunded liability in US$ millions	**$ 667.6**	**$ 766.8**

ASBESTOS CASH MOVEMENTS FOR FULL YEAR ENDED 31 MARCH

A$ millions		
AICF cash and investments - 31 March 2016	$	22.2
Contributions to AFFA by James Hardie		120.7
Insurance recoveries		122.3
Loan drawdowns		101.6
Loan repayments		(99.4)
Interest expense, net		(1.4)
Claims paid		(120.5)
Operating costs		(3.7)
Other		0.6
AICF cash and investments - 31 March 2017	**$**	**142.4**

UPDATED ACTUARIAL ESTIMATE



DEPRECIATION AND AMORTIZATION

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'17	Q4'16	FY17	FY16
Depreciation and amortization				
North America Fiber Cement	$ 16.3	$ 16.4	$ 64.3	$ 61.8
International Fiber Cement	2.9	4.3	11.8	10.7
Other Businesses	0.5	0.5	2.2	2.0
Research and Development	0.3	0.5	1.7	1.7
General Corporate	0.7	3.0	3.2	3.6
Total depreciation and amortization	**$ 20.7**	**$ 24.7**	**$ 83.2**	**$ 79.8**

DEFINITIONS AND OTHER TERMS

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 Consolidated Financial Statements

Definitions

Non-financial Terms

AFFA – Amended and Restated Final Funding Agreement

AICF – Asbestos Injuries Compensation Fund Ltd

Legacy New Zealand weathertightness claims ("New Zealand weathertightness claims") – Expenses arising from defending and resolving claims in New Zealand that allege poor building design, inadequate certification review and compliance certification and deficient work by sub-contractors

NON-US GAAP FINANCIAL MEASURES

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-US GAAP descriptions used by Australian companies.

NON-US GAAP FINANCIAL MEASURES

EBIT – Earnings before interest and taxes

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

NON-US GAAP FINANCIAL MEASURES

Financial Measures – US GAAP equivalents

Adjusted EBIT

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'17	Q4'16	FY17	FY16
EBIT	**$ 78.2**	**$ 56.3**	**$ 393.2**	**$ 354.0**
Asbestos:				
Asbestos adjustments	(1.4)	27.0	(40.4)	(5.5)
AICF SG&A expenses	0.3	0.4	1.5	1.7
New Zealand weathertightness claims	-	-	-	0.5
Adjusted EBIT	**$ 77.1**	**$ 83.7**	**$ 354.3**	**$ 350.7**
Net sales	$ 494.3	$ 435.8	$ 1,921.6	$ 1,728.2
Adjusted EBIT margin	**15.6%**	**19.2%**	**18.4%**	**20.3%**

Adjusted net operating profit

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'17	Q4'16	FY17	FY16
Net operating profit	**$ 44.5**	**$ 28.8**	**$ 276.5**	**$ 244.4**
Asbestos:				
Asbestos adjustments	(1.4)	27.0	(40.4)	(5.5)
AICF SG&A expenses	0.3	0.4	1.5	1.7
AICF interest expense, net	0.3	0.2	1.1	0.3
New Zealand weathertightness claims	-	-	-	0.5
Asbestos and other tax adjustments	10.9	1.5	9.9	1.5
Adjusted net operating profit	**$ 54.6**	**$ 57.9**	**$ 248.6**	**$ 242.9**

NON-US GAAP FINANCIAL MEASURES

Adjusted diluted earnings per share

	Three Months and Full Year Ended 31 March			
	Q4'17	Q4'16	FY17	FY16
Adjusted net operating profit (US$ Millions)	**$ 54.6**	**$ 57.9**	**$ 248.6**	**$ 242.9**
Weighted average common shares outstanding - Diluted (millions)	441.4	447.1	443.9	447.2
Adjusted diluted earnings per share (US cents)	**12**	**13**	**56**	**54**

Adjusted effective tax rate

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'17	Q4'16	FY17	FY16
Operating profit before income taxes	**$ 71.1**	**$ 48.0**	**$ 367.0**	**$ 330.5**
Asbestos:				
Asbestos adjustments	(1.4)	27.0	(40.4)	(5.5)
AICF SG&A expenses	0.3	0.4	1.5	1.7
AICF interest expense, net	0.3	0.2	1.1	0.3
New Zealand weathertightness claims	-	-	-	0.5
Adjusted operating profit before income taxes	**$ 70.3**	**$ 75.6**	**$ 329.2**	**$ 327.5**
Income tax expense	$ (26.6)	$ (19.2)	$ (90.5)	$ (86.1)
Asbestos-related and other tax adjustments	10.9	1.5	9.9	1.5
Adjusted income tax expense	**$ (15.7)**	**$ (17.7)**	**$ (80.6)**	**$ (84.6)**
Effective tax rate	37.4%	40.0%	24.7%	26.1%
Adjusted effective tax rate	**22.3%**	**23.4%**	**24.5%**	**25.8%**

NON-US GAAP FINANCIAL MEASURES

Adjusted EBITDA

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'17	Q4'16	FY17	FY16
EBIT	**$ 78.2**	**$ 56.3**	**$ 393.2**	**$ 354.0**
Depreciation and amortization	20.7	24.7	83.2	79.8
Adjusted EBITDA	**$ 98.9**	**$ 81.0**	**$ 476.4**	**$ 433.8**

Adjusted selling, general and administrative expenses ("Adjusted SG&A")

US$ Millions	Three Months and Full Year Ended 31 March			
	Q4'17	Q4'16	FY17	FY16
SG&A expenses	**$ 75.9**	**$ 68.7**	**$ 291.6**	**$ 254.2**
Excluding:				
New Zealand weathertightness claims	-	-	-	(0.5)
AICF SG&A expenses	(0.3)	(0.4)	(1.5)	(1.7)
Adjusted SG&A expenses	**$ 75.6**	**$ 68.3**	**$ 290.1**	**$ 252.0**
Net Sales	$ 494.3	$ 435.8	$ 1,921.6	$ 1,728.2
SG&A expenses as a percentage of net sales	15.4%	15.8%	15.2%	14.7%
Adjusted SG&A expenses as a percentage of net sales	**15.3%**	**15.7%**	**15.1%**	**14.6%**

James Hardie

Q4 FY17 MANAGEMENT PRESENTATION

18 May 2017

James Hardie Industries plc

Consolidated Financial Statements
as of and for the Year Ended 31 March 2017

Report of Independent Registered Public Accounting Firm

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 2017 and 2016, and the related consolidated statements of operations and comprehensive income, changes in shareholders' deficit, and cash flows for each of the three years in the period ended 31 March 2017. 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 standards of the Public Company Accounting Oversight Board (United States). 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 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended 31 March 2017, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Irvine, California
18 May 2017

James Hardie Industries plc
Consolidated Balance Sheets

	(Millions of US dollars) 31 March 2017	31 March 2016
Assets		
Current assets:		
Cash and cash equivalents	**$ 78.9**	$ 107.1
Restricted cash and cash equivalents	**5.0**	5.0
Restricted cash and cash equivalents - Asbestos	**108.9**	17.0
Accounts and other receivables, net of provision for doubtful trade debts of US$0.9 million and US$1.1 million as of 31 March 2017 and 31 March 2016	**199.5**	173.3
Inventories	**202.9**	193.0
Prepaid expenses and other current assets	**28.3**	18.1
Insurance receivable - Asbestos	**5.7**	16.7
Workers' compensation - Asbestos	**2.9**	4.1
Total current assets	**632.1**	534.3
Property, plant and equipment, net	**879.0**	867.0
Insurance receivable - Asbestos	**58.1**	149.0
Workers' compensation - Asbestos	**40.4**	46.8
Deferred income taxes	**26.9**	25.9
Deferred income taxes - Asbestos	**356.6**	384.9
Other assets	**19.6**	21.5
Total assets	**$ 2,012.7**	$ 2,029.4
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 173.5**	$ 127.2
Short-term debt - Asbestos	**52.4**	50.7
Accrued payroll and employee benefits	**60.5**	63.0
Accrued product warranties	**9.4**	12.2
Income taxes payable	**1.9**	4.8
Asbestos liability	**116.4**	125.9
Workers' compensation - Asbestos	**2.9**	4.1
Other liabilities	**11.8**	11.9
Total current liabilities	**428.8**	399.8
Long-term debt	**564.5**	501.8
Deferred income taxes	**94.8**	82.1
Accrued product warranties	**37.2**	33.1
Asbestos liability	**1,043.3**	1,176.3
Workers' compensation - Asbestos	**40.4**	46.8
Other liabilities	**15.9**	14.7
Total liabilities	**2,224.9**	2,254.6
Commitments and contingencies (Note 13)		
Shareholders' deficit:		
Common stock, Euro 0.59 par value, 2.0 billion shares authorized; 440,843,275 shares issued and outstanding at 31 March 2017 and 445,579,351 shares issued and outstanding at 31 March 2016	**229.1**	231.4
Additional paid-in capital	**173.8**	164.4
Accumulated deficit	**(612.9)**	(621.8)
Accumulated other comprehensive (loss) income	**(2.2)**	0.8
Total shareholders' deficit	**(212.2)**	(225.2)
Total liabilities and shareholders' deficit	**$ 2,012.7**	$ 2,029.4

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 2017	2016	2015
Net sales	**$ 1,921.6**	$ 1,728.2	$ 1,656.9
Cost of goods sold	**(1,246.9)**	(1,096.0)	(1,078.1)
Gross profit	**674.7**	632.2	578.8
Selling, general and administrative expenses	**(291.6)**	(254.2)	(245.5)
Research and development expenses	**(30.3)**	(29.5)	(31.7)
Asbestos adjustments	**40.4**	5.5	33.4
Operating income	**393.2**	354.0	335.0
Interest expense, net of capitalized interest	**(28.5)**	(26.6)	(9.8)
Interest income	**1.0**	1.0	2.3
Other income (expense)	**1.3**	2.1	(4.9)
Income before income taxes	**367.0**	330.5	322.6
Income tax expense	**(90.5)**	(86.1)	(31.3)
Net income	**$ 276.5**	$ 244.4	$ 291.3
Income per share:			
Basic	**$ 0.62**	$ 0.55	$ 0.65
Diluted	**$ 0.62**	$ 0.55	$ 0.65
Weighted average common shares outstanding (Millions):			
Basic	**442.7**	445.3	445.0
Diluted	**443.9**	447.2	446.4
Comprehensive income, net of tax:			
Net income	**$ 276.5**	$ 244.4	$ 291.3
Pension and post-retirement benefit adjustments	**-**	0.3	-
Cash flow hedges	**-**	-	(0.6)
Currency translation adjustments	**(3.0)**	0.9	(32.9)
Comprehensive income	**$ 273.5**	$ 245.6	$ 257.8

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 2017	2016	2015
Cash Flows From Operating Activities			
Net income	**$ 276.5**	$ 244.4	$ 291.3
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	**83.2**	79.8	70.9
Deferred income taxes	**26.0**	(0.1)	(37.4)
Stock-based compensation	**9.3**	10.3	9.2
Asbestos adjustments	**(40.4)**	(5.5)	(33.4)
Excess tax benefits from share-based awards	**(3.0)**	(0.4)	(1.4)
Loss on disposal of property, plant and equipment, net	**15.0**	14.8	-
Changes in operating assets and liabilities:			
Restricted cash and cash equivalents - Asbestos	**0.9**	100.3	107.8
Restricted short-term investments - Asbestos	**-**	-	0.2
Payment to AICF	**(91.1)**	(62.8)	(113.0)
Accounts and other receivables	**(28.4)**	(39.9)	(5.1)
Inventories	**(9.7)**	16.2	(38.5)
Prepaid expenses and other assets	**(2.1)**	(3.9)	9.2
Insurance receivable - Asbestos	**93.3**	17.2	29.1
Accounts payable and accrued liabilities	**39.6**	(16.9)	15.7
Asbestos liability	**(92.0)**	(114.9)	(136.7)
Other accrued liabilities	**15.0**	21.8	11.6
Net cash provided by operating activities	**$ 292.1**	$ 260.4	$ 179.5
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	**$ (101.9)**	$ (73.2)	$ (276.2)
Proceeds from sale of property, plant and equipment	**-**	10.4	-
Capitalized interest	**(2.0)**	(3.2)	(1.7)
Acquisition of assets	**(5.1)**	(0.6)	-
Net cash used in investing activities	**$ (109.0)**	$ (66.6)	$ (277.9)
Cash Flows From Financing Activities			
Proceeds from credit facilities	**$ 395.0**	$ 528.0	$ 717.0
Repayments of credit facilities	**(410.0)**	(413.0)	(642.0)
Proceeds from senior unsecured notes	**77.3**	-	322.4
Debt issuance costs	**(1.7)**	(3.1)	(8.3)
Proceeds from issuance of shares	**0.3**	2.1	4.1
Excess tax benefits from share-based awards	**3.0**	0.4	1.4
Common stock repurchased and retired	**(99.8)**	(22.3)	(9.1)
Dividends paid	**(176.8)**	(246.5)	(390.1)
Net cash used in financing activities	**$ (212.7)**	$ (154.4)	$ (4.6)
Effects of exchange rate changes on cash	**$ 1.4**	$ 0.7	$ 2.5
Net (decrease) increase in cash and cash equivalents	**(28.2)**	40.1	(100.5)
Cash and cash equivalents at beginning of period	**107.1**	67.0	167.5
Cash and cash equivalents at end of period	**$ 78.9**	$ 107.1	$ 67.0
Components of Cash and Cash Equivalents			
Cash at bank	**$ 75.0**	$ 94.5	$ 60.0
Short-term deposits	**3.9**	12.6	7.0
Cash and cash equivalents at end of period	**$ 78.9**	$ 107.1	$ 67.0
Supplemental Disclosure of Cash Flow Activities			
Cash paid during the year for interest	**$ 26.2**	$ 20.5	$ 4.6
Cash paid during the year for income taxes, net	**$ 51.5**	$ 57.8	$ 35.6

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

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

(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Total
Balances as of 31 March 2014	**$ 230.6**	**$ 139.7**	**$ (602.4)**	**$ -**	**$ 33.1**	**$ (199.0)**
Net income	-	-	291.3	-	-	291.3
Other comprehensive loss	-	-	-	-	(33.5)	(33.5)
Stock-based compensation	0.6	8.6	-	-	-	9.2
Tax benefit from stock options exercised	-	1.4	-	-	-	1.4
Equity awards exercised	0.4	3.7	-	-	-	4.1
Dividends declared	-	-	(267.0)	-	-	(267.0)
Treasury stock purchased	-	-	-	(9.1)	-	(9.1)
Treasury stock retired	(0.4)	(0.2)	(8.5)	9.1	-	-
Balances as of 31 March 2015	**$ 231.2**	**$ 153.2**	**$ (586.6)**	**$ -**	**$ (0.4)**	**$ (202.6)**
Net income	-	-	244.4	-	-	244.4
Other comprehensive income	-	-	-	-	1.2	1.2
Stock-based compensation	0.8	9.5	-	-	-	10.3
Tax benefit from stock options exercised	-	0.4	-	-	-	0.4
Equity awards exercised	0.2	1.9	-	-	-	2.1
Dividends declared	-	-	(258.7)	-	-	(258.7)
Treasury stock purchased	-	-	-	(22.3)	-	(22.3)
Treasury stock retired	(0.8)	(0.6)	(20.9)	22.3	-	-
Balances as of 31 March 2016	**$ 231.4**	**$ 164.4**	**$ (621.8)**	**$ -**	**$ 0.8**	**$ (225.2)**
Net income	-	-	276.5	-	-	276.5
Other comprehensive loss	-	-	-	-	(3.0)	(3.0)
Stock-based compensation	0.9	8.4	-	-	-	9.3
Tax benefit from stock options exercised	-	3.0	-	-	-	3.0
Equity awards exercised	-	0.3	-	-	-	0.3
Dividends declared	-	-	(173.3)	-	-	(173.3)
Treasury stock purchased	-	-	-	(99.8)	-	(99.8)
Treasury stock retired	(3.2)	(2.3)	(94.3)	99.8	-	-
Balances as of 31 March 2017	**$ 229.1**	**$ 173.8**	**$ (612.9)**	**$ -**	**$ (2.2)**	**$ (212.2)**

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

1. Background and Basis of Presentation

Nature of Operations

James Hardie Industries plc ("JHI plc") manufactures and sells fiber cement building products for interior and exterior building construction applications, primarily in the United States, Canada, 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 JHI plc and its wholly-owned subsidiaries and variable interest entity ("VIE"). Unless the context indicates otherwise, JHI plc and its direct and indirect wholly-owned subsidiaries and VIE (as of the time relevant to the applicable reference) are collectively referred to as "James Hardie", the "James Hardie Group" or the "Company". 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.

Reporting Segments

During the first quarter of fiscal year 2017, the Company changed its reportable operating segments in conjunction with how information is evaluated by the Chief Operating Decision Maker ("CODM") for the purpose of assessing segment performance and allocation of resources. The Company has revised its historical segment information at 31 March 2016 and for the years ended 31 March 2016 and 2015 to be consistent with the current reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. See Note 17 for further details on segment reporting.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of JHI plc, its wholly-owned subsidiaries and VIE. All intercompany balances and transactions have been eliminated in consolidation.

A VIE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis is based on (i) what party has the power to direct the most significant activities of the VIE that impact its economic performance, and (ii) what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual assessment.

In February 2007, the Company's shareholders approved the Amended and Restated Final Funding Agreement (the "AFFA"), an agreement pursuant to which the Company provides long-term funding to Asbestos Injuries Compensation Fund ("AICF"), a special purpose fund that provides compensation for the 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. JHI plc owns 100% of James Hardie 117 Pty Ltd (the "Performing Subsidiary"), which, under the terms of the AFFA, has an obligation to make payments to AICF on an annual basis subject to the provisions of the AFFA. JHI plc guarantees the Performing Subsidiary's obligation. Additionally, the Company appoints three AICF directors and the New South Wales ("NSW") Government appoints two AICF directors.

Although the Company has no ownership interest in AICF, for financial reporting purposes, the Company consolidates AICF which is a VIE as defined under US GAAP 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 AICF's assets and liabilities being recorded on its consolidated balance sheets and AICF's income and expense transactions being recorded in the consolidated statements of operations and comprehensive income. These items are Australian dollar-denominated and are subject to remeasurement into US dollars at each reporting date.

For the fiscal years ended 31 March 2017 and 2016, the Company did not provide financial or other support to AICF that it was not previously contractually required to provide.

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/ Remeasurement

All assets and liabilities are translated or remeasured into US dollars at current exchange rates while revenues and expenses are translated or remeasured 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' deficit. Gains and losses arising from foreign currency transactions are recognized in income currently.

The Company has recorded on its balance sheet certain Australian 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 (Australian entities) or remeasurement (AICF entity) into US dollars at each reporting date. Unless otherwise noted, the Company converts Australian dollar denominated assets and liabilities into US dollars at the current spot rate at the end of the reporting period; while revenues and expenses are converted using an average exchange rate for the period.

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 net realizable value. 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, labor and applied factory overhead. On a regular basis, the Company evaluates its inventory balances for excess quantities and obsolescence by analyzing demand, inventory on hand, sales levels and other information. Based on these evaluations, inventory costs are adjusted to net realizable value, 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	10 to 40
Buildings Improvements	3 to 25
Leasehold Improvements	5 to 40
Machinery and Equipment	1 to 30

Depreciation and Amortization

The Company records depreciation and amortization under both cost of goods sold and selling, general and administrative expenses, depending on the asset's business use. All depreciation and amortization 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 recognized 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 maximize 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 recognized at an amount equal to the excess of the carrying value over the estimated fair value of the asset group.

See Note 7 for additional information.

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 at an estimated remediation cost per standard foot. Based on this analysis and other factors, the adequacy of the Company's warranty provisions is adjusted as necessary.

Debt

The Company's debt consists of senior unsecured notes and a revolving credit facility. The senior unsecured notes are recorded at cost net of the original issue discount. The related original issue discount and the borrowing costs are amortized over the term of the borrowing using the effective interest method. The revolving credit facility is recorded at cost. The related borrowing costs are amortized over the term of the borrowing using the effective interest method. Debt is presented as current if the liability is due to be settled within 12 months after the balance sheet date. Readers are referred to the discussion later in this footnote under Fair Value Measurements and Note 12 for the Company's fair value considerations.

In addition, the Company consolidates AICF which has a loan facility. Readers are referred to the discussion later in this footnote under Asbestos-related Accounting Policies.

Revenue Recognition

The Company recognizes 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 the Company's revenue is made through distributors under a Vendor Managed Inventory agreement whereby revenue is recognized upon the transfer of title and risk of loss to the distributors.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred income taxes are recognized 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 recognized 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 realized. Interest and penalties related to uncertain tax positions are recognized in Income tax expense on the consolidated statements of operations and comprehensive income.

Financial Instruments

The Company calculates the fair value of financial instruments and includes this additional information in the notes to the consolidated financial statements. 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 realize 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. Changes in the fair value that are not designated as hedges are recorded in earnings within Other income (expense) at each measurement date. The Company does not use derivatives for trading purposes. Readers are referred to Note 12 for discussion on financial instruments.

Fair Value Measurements

Assets and liabilities of the Company that are carried or disclosed, 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 carrying amounts of Cash and Cash Equivalents, Restricted cash and cash equivalents, Trade receivables, Trade payables and Revolving Credit Facility approximates their respective fair values due to the short-term nature of these instruments.

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 recognized 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 recognized 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 (“RSU’s”) has been satisfied.

For RSU’s 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 estimated dividends as the restricted stock holder is not entitled to dividends over the vesting period. For RSU’s 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 RSU’s subject to a market vesting condition, the fair value is estimated using a Monte Carlo Simulation.

Compensation expense recognized 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 RSU's, had been issued.

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

	Years Ended 31 March		
(Millions of shares)	**2017**	2016	2015
Basic common shares outstanding	**442.7**	445.3	445.0
Dilutive effect of stock awards	**1.2**	1.9	1.4
Diluted common shares outstanding	**443.9**	447.2	446.4

(US dollars)	**2017**	2016	2015
Net income per share - basic	**0.62**	0.55	0.65
Net income per share - diluted	**0.62**	0.55	0.65

Potential common shares of 1.8 million, 1.3 million and 1.7 million for the years ended 31 March 2017, 2016 and 2015, 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 RSU's vest, they are included in the basic EPS calculation on a weighted-average basis.

RSU's 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 calculation, 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 RSU's vest, they are included in the basic EPS calculation on a weighted-average basis.

Asbestos-related Accounting Policies

Asbestos Liability

The amount of the asbestos liability has been recognized by reference to (but not exclusively based upon) the most recent actuarial estimate of projected future cash flows as calculated by KPMG Actuarial Pty Ltd ("KPMGA"), who are engaged and appointed by AICF under the terms of the AFFA. 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 projected by KPMGA to occur through 2077.

The Company recognizes the asbestos liability in the consolidated financial statements by reference to (but not exclusively based upon) the undiscounted and uninflated central estimate. The Company considered discounting when determining the best estimate under US GAAP. The Company has recognized the asbestos liability by reference to (but not exclusively based upon) the central estimate as undiscounted on the basis 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 liability balances.

Insurance Receivable

The insurance receivable recorded by the Company has been recognized by reference to (but not exclusively based upon) the most recent actuarial estimate of recoveries expected from insurance policies and insurance companies with exposure to the asbestos claims, as calculated by KPMGA. The assessment of recoveries is 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, however, where the timing of recoveries has been agreed with the insurer, the receivables are recorded on a discounted basis. The Company records insurance receivables that are deemed probable of being realized.

Adjustments in the 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.

Workers' Compensation

An estimate of the liability related to workers' compensation claims is prepared by KPMGA 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 estimated liability is included as part of the asbestos liability and adjustments to the estimate are reflected in the consolidated statements of operations and comprehensive income during the period in which they occur. Amounts that are expected to be paid by the workers' compensation schemes or policies are recorded as 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.

Restricted Cash and Cash Equivalents

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. Since cash and cash equivalents are highly liquid, the Company classifies these amounts as a current asset on the consolidated balance sheets.

Short-Term Debt

AICF has access to a secured loan facility (the "AICF Loan Facility") made available by the NSW Government, which can be used by AICF to fund the payment of asbestos claims and certain operating and legal costs of AICF and Former James Hardie Companies (together, the "Obligors").

Interest accrues daily on amounts outstanding, is calculated based on a 365-day year and is payable monthly. AICF may, at its discretion, elect to accrue interest payable on amounts outstanding under the AICF Loan Facility on the date interest becomes due and payable.

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 recognized equivalent to the anticipated tax benefit over the life of the AFFA.

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

Asbestos Adjustments

The Asbestos adjustments reflected in the consolidated statements of operations and comprehensive income reflect the net change in the actuarial estimate of the asbestos liability and insurance receivables and change in the estimate of AICF claims handling costs. Additionally, as the asbestos-related assets and liabilities are denominated in Australian dollars, 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 dates, the effect of which is also included in Asbestos adjustments in the consolidated statements of operations and comprehensive income.

Asbestos Impact on Statement of Cash Flows

Asbestos Adjustments

The Asbestos adjustments, as recorded on the consolidated statements of operations and comprehensive income (as described above) is presented as a reconciling item from net income to cash flows from operating activities in the consolidated statements of cash flows.

Operating assets and liabilities related to Asbestos

Movements in the operating assets and liabilities related to asbestos (asbestos liability, insurance receivable, restricted cash and cash equivalents, restricted short-term investments) recorded on the balance sheets are reflected in the cash flow from operating activities section of the consolidated statements of cash flows as a change in operating assets and liabilities.

Payment to AICF

Payments made to AICF by the Performing Subsidiary under the terms of the AFFA are reflected in the consolidated statements of cash flows as a change in operating assets and liabilities.

AICF Loan Facility

Any drawings, repayments, or payments of accrued interest under the AICF Loan Facility, made by AICF, are offset against movement in restricted cash in the cash flow from operating activities section of the consolidated statements of cash flows.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, which provides guidance requiring companies to recognize revenue depicting the transfer of goods or services to customers in amounts that reflect the payment to which a company expects to be entitled in exchange for those goods or services. ASU No. 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU No. 2014-09 is effective for annual reporting periods beginning after 15 December 2017, and interim periods within those years, with early adoption permitted for annual reporting periods beginning after 15 December 2016. Companies may use either a full retrospective or a modified retrospective approach to adopt ASU No. 2014-09. The Company will adopt ASU 2014-09 (and related clarifying guidance issued by the FASB) starting with the fiscal year beginning 1 April 2018. The Company has begun its process for implementing this guidance, including performing a preliminary review of all revenue streams to identify any differences in the timing, measurement or presentation of revenue recognition. The Company will continue to assess the method of adoption and the overall impact the adoption will have on the consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, which defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The amendments in ASU No. 2014-15 are effective for fiscal years and interim periods within those years, ending after 15 December 2016, with early adoption permitted. The Company adopted ASU No. 2014-15 in the current fiscal year; which had no impact to its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in ASU No. 2015-03 were effective for fiscal years and interim periods within those years, beginning after 15 December 2015, with early adoption permitted. The new guidance shall be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. The Company adopted ASU 2015-03 starting with the fiscal year beginning 1 April 2016. The balances at 31 March 2016 of US$1.6 million and US$9.4 million were reclassified from Prepaid expenses and other current assets and Other assets, respectively, and are now included as an offset to Long-term debt in accordance with ASU No. 2015-03.

In July 2015, the FASB issued ASU No. 2015-11, which requires inventory to be measured at the lower of cost or net realizable value. The amendments in ASU No. 2015-11 are effective for fiscal years and interim periods within those years, beginning after 15 December 2016, with early adoption permitted. The new guidance shall be applied on a prospective basis. The Company adopted ASU No. 2015-11 in the current fiscal year; which had no impact to its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, which provides guidance on the amount, timing, and uncertainty of cash flows arising from leases. The standard requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. Lessor accounting will remain largely unchanged from current guidance, however ASU 2016-02 will provide improvements that are intended to align lessor accounting with the lessee model and with updated revenue recognition guidance. The amendments in ASU No. 2016-02 are effective for fiscal years and interim periods within those years, beginning after 15 December 2018, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on its financial statements.

In March 2016, the FASB issued ASU No. 2016-09, which provides guidance to simplify several aspects of the accounting for share-based payment transactions including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in ASU No. 2016-09 were effective for fiscal years and interim periods within those years, beginning after 15 December 2016, with early adoption permitted. An entity that elects early adoption must adopt all of the amendments in the same period. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value shall be applied on a modified retrospective basis, wherein the beginning retained earnings in the period in which the guidance is adopted should include a cumulative-effect adjustment to reflect the effects of applying the new guidance. Amendments related to the presentation of employee taxes paid on the statements of cash flows shall be applied retrospectively. Amendments requiring recognition of excess tax benefits and tax deficiencies in the consolidated statements of operations and comprehensive income and the practical expedient for estimating term shall be applied prospectively. An entity may elect to apply the amendments related to the presentation of excess tax benefits on the statements of cash flows using either a prospective transition method or a retrospective transition method. The Company will adopt ASU No. 2016-19 starting with the fiscal year beginning 1 April 2017. Upon adoption, the Company will recognize forfeitures as they occur and will apply the change in classification of cash flows resulting from excess tax benefits or deficiencies on a prospective basis. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, which provides clarification regarding how certain cash receipts and cash payments are presented and classified in the consolidated statements of cash flows. Among the types of cash flows addressed are payments for costs related to debt prepayments or extinguishments, payments representing accreted interest on discounted debt, payments of contingent consideration after a business combination, proceeds from insurance claims and company-owned life insurance, and distributions from equity method investees, among others. The amendments in ASU No. 2016-15 are effective for fiscal years and interim periods within those years, beginning after 15 December 2017, with early adoption permitted. The Company early adopted ASU No. 2016-15 in the current fiscal year which had no impact to its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, which requires entities to recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. The amendments in ASU No. 2016-16 are effective for fiscal years and interim periods within those years, beginning after 15 December 2017, with early adoption permitted. The amendments in ASU No. 2016-16 shall be applied on a modified retrospective basis, wherein the beginning retained earnings in the period in which the guidance is adopted should include a cumulative-effect adjustment to reflect the effects of applying the new guidance. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, which requires the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in ASU No. 2016-18 are effective for fiscal years and interim periods within those years, beginning after 15 December 2017, with early adoption permitted. The amendments in ASU No. 2016-18 shall be applied on a retrospective basis for each period presented. The Company is currently evaluating the impact of the new guidance on its financial statements.

In January 2017, the FASB issued ASU No. 2017-01, which clarifies the definition of a business, to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of either assets or of businesses. The amendments in ASU No. 2017-01 are effective for fiscal years and interim periods within those years, beginning after 15 December 2017, on a prospective basis. Early application of the amendments in ASU No. 2017-01 is allowable for transactions in which the acquisition date, the date of the deconsolidation of a subsidiary or the date a group of assets is derecognized occurs before the report issuance date. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

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.

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 2017 and 2016, which restricts the cash from use for general corporate purposes.

5. Accounts and Other Receivables

Accounts and other receivables consist of the following components:

	31 March	
(Millions of US dollars)	**2017**	2016
Trade receivables	**$ 194.5**	$ 169.6
Other receivables and advances	**5.9**	4.8
Provision for doubtful trade debts	**(0.9)**	(1.1)
Total accounts and other receivables	**$ 199.5**	$ 173.3

The collectability of accounts receivable, consisting mainly of trade receivables, is reviewed on an ongoing basis. A provision for doubtful trade debts is provided for known and estimated bad debts by analyzing specific customer accounts and assessing the risk of uncollectability based on insolvency, disputes or other collection issues.

The following are changes in the provision for doubtful trade debts:

(Millions of US dollars)	31 March 2017	2016	2015
Balance at beginning of period	**$ 1.1**	$ 0.8	$ 1.0
Adjustment to provision	**(0.1)**	0.5	(0.1)
Write-offs, net of recoveries	**(0.1)**	(0.2)	(0.1)
Balance at end of period	**$ 0.9**	$ 1.1	$ 0.8

6. Inventories

Inventories consist of the following components:

(Millions of US dollars)	31 March 2017	2016
Finished goods	**$ 146.7**	$ 144.4
Work-in-process	**6.5**	5.7
Raw materials and supplies	**57.5**	50.7
Provision for obsolete finished goods and raw materials	**(7.8)**	(7.8)
Total inventories	**$ 202.9**	$ 193.0

As of 31 March 2017 and 2016, US$29.8 million and US$32.1 million, respectively, of the Company's 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]	Total
At 31 March 2015	$ 70.2	$ 239.8	$ 974.6	$ 248.9	$ 1,533.5
Additions [2]	-	27.0	155.5	(103.9)	78.6
Disposals [3]	-	(0.7)	(65.8)	(1.5)	(68.0)
Exchange differences	(0.1)	(0.1)	(1.9)	-	(2.1)
At 31 March 2016	$ 70.1	$ 266.0	$ 1,062.4	$ 143.5	$ 1,542.0
Additions [2]	1.3	2.3	27.8	81.8	113.2
Transfers	1.9	23.1	112.3	(137.3)	-
Disposals [3]	-	(1.4)	(55.5)	(0.5)	(57.4)
Other [4]	-	(12.5)	-	6.4	(6.1)
Exchange differences	(0.4)	(0.8)	(2.4)	(0.1)	(3.7)
Adjustment [5]	(3.4)	67.8	31.1	(37.2)	58.3
At 31 March 2017	$ 69.5	$ 344.5	$ 1,175.7	$ 56.6	$ 1,646.3
Accumulated depreciation:					
At 31 March 2015	$ -	$ (88.2)	$ (565.2)	$ -	$ (653.4)
Charge for the year	-	(10.7)	(65.6)	-	(76.3)
Disposals [3]	-	0.5	51.1	-	51.6
Exchange differences	-	0.2	2.9	-	3.1
At 31 March 2016	$ -	$ (98.2)	$ (576.8)	$ -	$ (675.0)
Charge for the year	-	(10.2)	(70.1)	-	(80.3)
Disposals [3]	-	1.3	41.1	-	42.4
Other [4]	-	1.6	-	-	1.6
Exchange differences	-	0.3	2.0	-	2.3
Adjustment [5]	-	(22.8)	(35.5)	-	(58.3)
At 31 March 2017	$ -	$ (128.0)	$ (639.3)	$ -	$ (767.3)
Net book amount:					
At 31 March 2016	$ 70.1	$ 167.8	$ 485.6	$ 143.5	$ 867.0
At 31 March 2017	$ 69.5	$ 216.5	$ 536.4	$ 56.6	$ 879.0

---

1 Construction in progress is presented net of assets transferred into service.

2 Additions include US$2.0 million and US$3.2 million of capitalized interest for the years ended 31 March 2017 and 2016, respectively.

3 The US$15.0 million net book value of disposals in fiscal year 2017 includes US$13.1 million of usage of replacement parts and US$0.5 million of impairment charges on individual assets. The remaining net book value of disposals of US$1.4 million is related to the disposal of assets no longer in use, and do not represent a sale of assets.

4 Other includes the transfer of the Fontana building to Prepaid and other current assets on the consolidated balance sheet. The Fontana building met the held for sale criteria as of 31 March 2017 and has a net book value of US$4.5 million.

5 The adjustments correct immaterial errors identified by management during the current year in classification in prior periods whereby certain amounts were misclassified by asset category and certain fully depreciated items were excluded from the balances. The correction had no impact on the consolidated balance sheets, statements of operations and comprehensive income, and cash flows for any of the periods presented.

Depreciation expense for the years ended 31 March 2017, 2016 and 2015 was US$80.3 million, US$76.3 million and US$70.2 million, 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 years ended 31 March 2017, 2016 and 2015, the Company recorded US$0.5 million, US$3.5 million and US$3.7 million of impairment charges related to individual assets which is included in Cost of goods sold on the consolidated statements of operations and comprehensive income.

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following components:

	31 March	
(Millions of US dollars)	**2017**	2016
Trade creditors	**$ 108.4**	$ 77.2
Accrued Interest	**4.8**	6.3
Other creditors and accruals	**60.3**	43.7
Total accounts payable and accrued liabilities	**$ 173.5**	$ 127.2

9. Long-Term Debt

At 31 March 2017, the Company had two forms of debt; a revolving credit facility and senior unsecured notes. The effective weighted average interest rate on the Company's total debt was 4.8% and 4.5% at 31 March 2017 and 31 March 2016, respectively. The weighted average term of all debt, including undrawn facilities, was 4.7 years and 5.6 years at 31 March 2017 and 2016, respectively.

Revolving Credit Facility

In December 2015, James Hardie International Finance Designated Activity Company ("JHIF") and James Hardie Building Products Inc. ("JHBP"), each a wholly-owned subsidiary of JHI plc, entered into a new US$500.0 million revolving credit facility (the "Revolving Credit Facility") with certain commercial banks and HSBC Bank USA, National Association, as administrative agent. The Revolving Credit Facility expires in December 2020 and the size of the facility may be increased by up to US$250.0 million.

Debt issuance costs in connection with the Revolving Credit Facility are recorded as an offset to Long-Term Debt in the Company's consolidated balance sheet and are being amortized as interest expense using the effective interest method over the stated term of 5 years. At 31 March 2017 and 2016, the Company's total debt issuance costs have an unamortized balance of US$3.1 million and US$3.9 million, respectively.

The amount drawn under the Revolving Credit Facility was US$175.0 million and US$190.0 million at 31 March 2017 and 2016, respectively.

The effective weighted average interest rate on the Company's total outstanding Revolving Credit Facility was 2.5% and 2.0% at 31 March 2017 and 2016, respectively.

Borrowings under the Revolving Credit Facility bear interest at per annum rates equal to, at borrower's option, either: (i) the London Interbank Offered Rate ("LIBOR") plus an applicable margin for LIBOR loans; or (ii) a base rate plus an applicable margin for base rate loans. The base rate is calculated as the highest of (x) the rate that the administrative agent announces from time to time as its prime lending rate, as in effect from time to time, (y) 1/2 of 1% in excess of the overnight Federal Funds Rate, and (z) LIBOR for an interest period of one month plus 1.00%. The applicable margin is calculated based on a pricing grid that in each case is linked to our consolidated net leverage ratio. For LIBOR Loans, the applicable margin ranges from 1.25% to 2.00%, and for base rate loans it ranges from 0.25% to 1.00%. We also pay a commitment fee of between 0.20% and 0.35% on the actual daily amount of the unutilized revolving loans. The applicable commitment fee percentage is based on a pricing grid linked to the company's consolidated net leverage ratio.

In the event that JHIF's or James Hardie International Group Limited's ("JHIGL"), as applicable, long-term senior unsecured non-credit enhanced rating from each of Standard & Poor's Financial Group, a division of The McGraw Hill Companies ("S&P"), and Moody's Investors Service, Inc. ("Moody's") is at least BBB- from S&P, and at least Baa3 from Moody's, at JHIF's election, for new borrowings under the Revolving Credit Facility, an alternate applicable rate may be applied with respect to the commitment fee of 0.25% per annum and an alternative margin may be applied with respect to: (a) LIBOR Loans, 1.50%; and (b) base rate loans, 0.50%.

The Revolving Credit Facility is guaranteed by each of JHIGL and James Hardie Technology Limited, each of which are wholly-owned subsidiaries of JHI plc.

The Revolving Credit Facility agreement contains certain covenants that, among other things, restrict JHIGL and its restricted subsidiaries' ability to incur indebtedness and grant liens other than certain types of permitted indebtedness and permitted liens, make certain restricted payments, and undertake certain types of mergers or consolidations actions. In addition, the Company: (i) must not exceed a maximum ratio of net debt to earnings before interest, tax, depreciation and amortization, excluding all asbestos-related liabilities, assets, income, gains, losses and charges other than AICF payments, all AICF selling, general and administrative ("SG&A") expenses, all Australian Securities and Investment Commission ("ASIC")-related expenses, all recoveries and asset impairments, and all New Zealand product liability expenses and (ii) must meet or exceed a minimum ratio of earnings before interest, tax, depreciation and amortization to interest charges, excluding all income, expense and other profit and loss statement impacts of asbestos income, gains, losses and charges, all AICF SG&A expenses, all ASIC-related expenses, all recoveries and asset impairments, and all New Zealand product liability expenses. At 31 March 2017, the Company was in compliance with all covenants contained in the Revolving Credit Facility agreement.

Senior Unsecured Notes

In February 2015, JHIF, a wholly-owned subsidiary of JHI plc, completed the sale of US$325.0 million aggregate principal amount of senior unsecured notes due 15 February 2023. Interest is payable semi-annually in arrears on 15 February and 15 August of each year, at a rate of 5.875%.

The senior notes were sold at an offering price of 99.213% of par value, an original issue discount of US$2.6 million. Debt issuance costs in connection with the offering are recorded as an offset to Long-Term Debt on the Company's consolidated balance sheet. Both the discount and the debt issuance costs are being amortized as interest expense using the effective interest method over the stated term of 8 years. The discount has an unamortized balance of US$1.9 million and US$2.2 million at 31 March 2017 and 2016, respectively. The debt issuance costs have an unamortized balance of US$6.0 million and US$7.1 million at 31 March 2017 and 2016, respectively.

In July 2016, JHIF completed the re-offering and sale of an additional US$75.0 million aggregate principal amount of its 5.875% senior notes due 2023. The senior notes issued and sold pursuant to the re-offering constitute a further issuance of, and are consolidated with, the US$325.0 million aggregate principal amount of 5.875% senior notes issued in February 2015 and form a single series with the outstanding notes. The re-offered senior notes have the same terms (other than issue date and issue price) as those of the outstanding notes and were sold at an offering price of 103.0% of par value, plus accrued and unpaid interest from 15 February 2016 (as if the senior notes had been issued on such date). Following the completion of this re-offering, the aggregate principal amount of senior notes due in 2023 is US$400.0 million.

The re-offering was sold at an offering price of 103.0% of par value, a premium of US$2.3 million. Debt issuance costs in connection with the re-offering are recorded as an offset to Long-Term Debt on the Company's consolidated balance sheet. Both the premium and the debt issuance costs are being amortized as interest expense using the effective interest method over 6.6 years, the term of the US$75.0 million re-offering. The premium has an unamortized balance of US$2.0 million at 31 March 2017. The debt issuance costs have an unamortized balance of US$1.5 million at 31 March 2017.

The senior notes are guaranteed by JHIGL, James Hardie Technology Limited and JHBP, each of which are wholly-owned subsidiaries of JHI plc.

The senior notes and guarantees are senior unsecured obligations of JHIF and guarantors and rank equal in right of payment with all of JHIF's and the guarantors' existing and future senior debt; rank senior in right of payment to all of JHIF's and the guarantors' existing and future subordinated debt; are structurally subordinated to all liabilities of the Company's existing and future subsidiaries that do not guarantee the senior notes; and are effectively subordinated in right of payment to all of JHIF's and the guarantors' secured indebtedness to the extent of the value of the assets securing such indebtedness.

Before 15 February 2018, JHIF may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of certain equity offerings at a redemption price of 105.875% of the principal amount plus accrued and unpaid interest, if any, up to but excluding, the redemption date. JHIF may also redeem some or all of the senior notes before 15 February 2018 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, plus a make whole premium equal to the greater of: (i) 1.0% of the principal amount of such note; and (ii) the excess, if any, of (x) the present value of the sum of the principal amount and premium that would be payable on such note on 15 February 2018 and all remaining interest payments to and including 15 February 2018, discounted on a semi-annual basis from 15 February 2018 to the redemption date at a per annum interest rate equal to the applicable treasury rate plus 50 basis points, over (y) the outstanding principal amount of such note.

On or after 15 February 2018, JHIF may redeem all or a part of the senior notes at any time or from time to time at the redemption prices (expressed as percentages of the principal amount) set forth in the following table plus accrued and unpaid interest, if any, to the applicable redemption date, if redeemed during the 12-month period beginning 15 February, of the years indicated:

Year	Percentage
2018	104.406%
2019	102.938%
2020	101.469%
2021 and thereafter	100.000%

In addition, if a change of control triggering event occurs with respect to the senior notes, as defined in the indenture, JHIF may be required to offer to repurchase the notes at a price equal to 101% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to, but not including, the date of the purchase.

The indenture governing the senior notes contains covenants that, among other things, limit the ability of the guarantors and their restricted subsidiaries to incur liens on assets, make certain restricted payments, engage in certain sale and leaseback transactions and merge or consolidate with or into other companies. These covenants are subject to certain exceptions and qualifications as described in the indenture. At 31 March 2017, the Company was in compliance with all of its requirements under the indenture related to the senior unsecured notes.

The Company's senior unsecured notes have an estimated fair value of US$414.0 million and US$329.1 million at 31 March 2017 and 2016, respectively based on the trading price observed in the market at or near the balance sheet date and are categorized as Level 1 within the fair value hierarchy.

Global Exchange Market Listing

On 19 March 2015, the senior notes were admitted to listing on the Global Exchange Market ("GEM") which is operated by the Irish Stock Exchange. On 11 August 2016, the US$75.0 million re-offered senior notes were admitted to listing on the GEM. The notes were consolidated and form a single series with the US$325.0 million 5.875% senior notes due 2023 issued on 10 February 2015. Interest paid on the senior notes quoted on the GEM is not subject to Irish withholding tax.

10. Product Warranties

The Company offers various warranties on its products, including a 30-year limited warranty on certain of its fiber 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. It is possible that future warranty costs could differ from those estimates.

The following are the changes in the product warranty provision:

	31 March		
(Millions of US dollars)	**2017**	2016	2015
Balance at beginning of period	**$ 45.3**	$ 35.2	$ 31.4
Accruals for product warranties	**17.0**	28.0	16.0
Settlements made in cash or in kind	**(15.7)**	(17.9)	(12.2)
Balance at end of period	**$ 46.6**	$ 45.3	$ 35.2

11. Asbestos

The AFFA was approved by shareholders in February 2007 to provide long-term funding to AICF. For a discussion of the AFFA and the accounting policies utilized by the Company related to the AFFA and AICF, see Note 2.

Asbestos Adjustments

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

	Years Ended 31 March		
(Millions of US dollars)	**2017**	2016	2015
Change in estimates:			
Change in actuarial estimate - asbestos liability	**$ 44.7**	$ 2.4	$ (129.0)
Change in actuarial estimate - insurance receivable	**(8.2)**	4.5	16.6
Change in estimate - AICF claims-handling costs	**2.1**	1.2	1.1
Subtotal - Change in estimates	**38.6**	8.1	(111.3)
Gain (loss) on foreign currency exchange	**1.8**	(2.6)	144.7
Total Asbestos Adjustments	**$ 40.4**	$ 5.5	$ 33.4

Actuarial Study; Claims Estimate

AICF commissioned an updated actuarial study of potential asbestos-related liabilities as of 31 March 2017. Based on KPMGA's assumptions, KPMGA 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 KPMGA as of 31 March 2017:

	Year Ended 31 March 2017	
(Millions of US and Australian dollars, respectively)	**US$**	**A$**
Central Estimate - Discounted and Inflated	1,330.1	1,740.1
Central Estimate - Undiscounted but Inflated	1,681.5	2,199.7
Central Estimate - Undiscounted and Uninflated	1,059.2	1,385.7

The asbestos liability has been revised to reflect the most recent undiscounted and uninflated actuarial estimate prepared by KPMGA as of 31 March 2017.

In estimating the potential financial exposure, KPMGA has made a number of assumptions, including, but not limited to, assumptions related to the total number of claims that are reasonably estimated to be asserted through 2077, the typical cost of settlement (which is sensitive to, among other factors, the industry in which a plaintiff claims exposure, the alleged disease type, the age of the claimant 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 liability could differ materially from that which is currently recorded.

The potential range of costs as estimated by KPMGA 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 defense and plaintiff legal costs, base wage inflation and superimposed inflation. The potential range of losses disclosed includes both asserted and unasserted claims.

A sensitivity analysis performed by KPMGA 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. The sensitivity analysis performed in the actuarial report is specifically in regards to the discounted but inflated central estimate and the undiscounted but inflated central estimate. This analysis shows that the discounted (but inflated) central estimates could be in a range of A$1.3 billion (US$1.0 billion) to A$3.2 billion (US$2.5 billion). The undiscounted (but inflated) estimates could be in a range of A$1.6 billion (US$1.2 billion) to A$4.5 billion (US$3.4 billion) as of 31 March 2017. 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 fiscal year 2017, mesothelioma claims reporting activity was below actuarial expectations for the second consecutive year. One of the more significant assumptions is the estimated peak period of mesothelioma disease claims, which is currently assumed to have occurred in the period 2014/2015 to 2016/2017. As the actual experience in fiscal year 2017 was favorable to expectations, no change to the assumed number of future mesothelioma claims is warranted at this time. However, potential variation in the estimated peak period of claims 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, if the peak claims reporting period was shifted two years from the currently assumed 2016/2017 (i.e. assuming that claim reporting begins to reduce after 2018/2019), together with increased claims reporting from 2026/2027 onwards, relative to current actuarial projections, the central estimate could increase by approximately 34% on a discounted basis.

At 31 March 2017, KPMGA has formed the view that, although there has been favorable claims reporting in fiscal year 2017, no change to the assumed number of future mesothelioma claims is warranted at this time. However, changes to the valuation assumptions may be necessary in future periods should mesothelioma claims reporting escalate or decline.

Claims Data

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				
	2017	2016	2015	2014	2013
Number of open claims at beginning of period	**426**	494	466	462	592
Number of new claims	**557**	577	665	608	542
Number of closed claims	**631**	645	637	604	672
Number of open claims at end of period	**352**	426	494	466	462
Average settlement amount per settled claim	**A$ 223,535**	A$ 248,138	A$ 254,209	A$ 253,185	A$ 231,313
Average settlement amount per case closed	**A$ 167,563**	A$ 218,900	A$ 217,495	A$ 212,944	A$ 200,561
Average settlement amount per settled claim	**US$ 168,300**	US$ 182,763	US$ 222,619	US$ 236,268	US$ 238,615
Average settlement amount per case closed	**US$ 126,158**	US$ 161,229	US$ 190,468	US$ 198,716	US$ 206,892

Under the terms of the AFFA, the Company has rights of access to actuarial information produced for AICF by the actuary appointed by AICF, which is currently KPMGA. The Company's disclosures with respect to claims statistics are subject to it obtaining such information, however, 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 provided by the AICF to the approved actuary and the resulting information and analysis of the approved actuary when making disclosures with respect to claims statistics.

Asbestos-Related Assets and Liabilities

The Company has included on its consolidated balance sheets the asbestos-related assets and liabilities of AICF 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 2017	31 March 2016
Asbestos liability – current	**$ (116.4)**	$ (125.9)
Asbestos liability – non-current	**(1,043.3)**	(1,176.3)
Asbestos liability - Total	**(1,159.7)**	(1,302.2)
Insurance receivable – current	**5.7**	16.7
Insurance receivable – non-current	**58.1**	149.0
Insurance receivable – Total	**63.8**	165.7
Workers' compensation asset – current	**2.9**	4.1
Workers' compensation asset – non-current	**40.4**	46.8
Workers' compensation liability – current	**(2.9)**	(4.1)
Workers' compensation liability – non-current	**(40.4)**	(46.8)
Workers' compensation – Total	**-**	-
Loan facility	**(52.4)**	(50.7)
Other net liabilities	**(1.6)**	(1.0)
Restricted cash and cash equivalents of the AICF	**108.9**	17.0
Net Unfunded AFFA liability	**$ (1,041.0)**	$ (1,171.2)
Deferred income taxes – non-current	**356.6**	384.9
Income tax payable	**16.8**	19.6
Net Unfunded AFFA liability, net of tax	**$ (667.6)**	$ (766.7)

The following is a detailed rollforward of the Net Unfunded AFFA liability, net of tax, for the year ended 31 March 2017:

(Millions of US dollars)	Asbestos Liability	Insurance Receivables	Deferred Tax Assets	Other Loan Facilities	Restricted Cash and Investments	Other Assets and Liabilities[1]	Net Unfunded AFFA Liability, net of tax
Opening Balance - 31 March 2016	$ (1,302.2)	$ 165.7	$ 384.9	$ (50.7)	$ 17.0	$ 18.6	$ (766.7)
Asbestos claims paid	90.7	-	-	-	(90.7)	-	-
Payment received in accordance with AFFA[2]	-	-	-	-	91.1	-	91.1
AICF claims-handling costs incurred (paid)	1.2	-	-	-	(1.2)	-	-
AICF operating costs paid - non claims-handling	-	-	-	-	(1.5)	-	(1.5)
Change in actuarial estimate	44.7	(8.2)	-	-	-	-	36.5
Change in claims handling cost estimate	2.1	-	-	-	-	-	2.1
Impact on deferred income tax due to change in actuarial estimate	-	-	(11.5)	-	-	-	(11.5)
Insurance recoveries	-	(93.3)	-	-	93.3	-	-
Movement in income tax payable	-	-	(16.6)	-	-	(2.5)	(19.1)
Funds received from NSW under loan agreement	-	-	-	(77.0)	77.0	-	-
Funds repaid to NSW under loan agreement	-	-	-	74.3	(74.3)	-	-
Other movements	-	-	0.8	-	(0.6)	(1.4)	(1.2)
Effect of foreign exchange[3]	3.8	(0.4)	(1.0)	1.0	(1.2)	0.5	2.7
Closing Balance - 31 March 2017	**$ (1,159.7)**	**$ 63.8**	**$ 356.6**	**$ (52.4)**	**$ 108.9**	**$ 15.2**	**$ (667.6)**

1 Other assets and liabilities include an offset to income tax payable of US$16.8 million and US$19.6 million at 31 March 2017 and 2016, respectively. The remaining balance includes the other assets and liabilities of AICF, with a net liability of US$1.6 million and US$1.0 million at 31 March 2017 and 2016, respectively.

2 The payment received in accordance with AFFA of US$91.1 million reflects the US dollar equivalent of the A$120.7 million payment, translated at the exchange rate set five days before the day of payment.

3 For the year ended 31 March 2017, the Asbestos adjustments of US$40.4 million on the Company's consolidated statements of operations and comprehensive income include the effect of foreign exchange above of US$2.7 million, which is partially offset by the loss on the foreign currency forward contract associated with the AICF payment of US$0.9 million.

AICF Funding

We anticipate that we will make a contribution of approximately US$102.2 million to AICF on 3 July 2017. This amount represents 35% of our free cash flow for fiscal year 2017, as defined by the AFFA.

On 1 July 2016, the Company made a payment of A$120.7 million (US$91.1 million) to AICF, representing 35% of its free cash flow for fiscal year 2016. For the 1 July 2016 payment, free cash flow, as defined in the AFFA, was equivalent to the Company's fiscal year 2016 operating cash flows of US$260.4 million.

On 1 July 2015, the Company made a payment of A$81.1 million (US$62.8 million) to AICF, representing 35% of its free cash flow for fiscal year 2015. For the 1 July 2015 payment, free cash flow, as defined in the AFFA, was equivalent to the Company's fiscal year 2015 operating cash flows of US$179.5 million.

On 1 July 2014, the Company made a payment of A$119.9 million (US$113.0 million) to AICF, representing 35% of its free cash flow for fiscal year 2014. For the 1 July 2014 payment, free cash flow, as defined in the AFFA, was equivalent to the Company's fiscal year 2014 operating cash flows of US$322.8 million.

AICF – NSW Government Secured Loan Facility

AICF may borrow, subject to certain conditions, up to an aggregate amount of A$320.0 million (US$244.6 million, based on the exchange rate at 31 March 2017). The AICF Loan Facility is available to be drawn for the payment of claims through 1 November 2030, at which point, all outstanding borrowings must be repaid. Borrowings made under the AICF Loan Facility are classified as current, as AICF intends to repay the debt within one year.

At 31 March 2017 and 2016, AICF had an outstanding balance under the AICF Loan Facility of US$52.4 million and US$50.7 million, respectively.

To the extent the NSW Government sources funding for the AICF Loan Facility from the Commonwealth of Australia (the “Commonweath”), the interest rate on the AICF Loan 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.

To the extent that NSW’s source of funding is not from the Commonwealth, the interest rate on drawings under the AICF Loan 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 AICF Loan 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 AICF Loan 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 AICF Loan Facility, the Former James Hardie Companies each guarantee the payment of amounts owed by AICF and AICF’s performance of its obligations under the AICF Loan Facility. Each Obligor has granted the NSW Government 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 AICF Loan Facility are paid, except as permitted under the terms of the security interest.

Under the terms of the AICF Loan 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 AICF Loan 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 AICF Loan Facility to ensure AICF has sufficient liquidity to meet its future cash flow needs.

The Obligors are subject to certain operating covenants under the AICF Loan 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, cancelling, 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 AICF Loan 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 AICF Loan 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.

12. Derivative Instruments

Interest Rate Swaps

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 recognized 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 categorized as Level 2.

For interest rate swap contracts, the Company has agreed to pay fixed interest rates while receiving a floating interest rate. At 31 March 2017 and 2016, the Company had interest rate swap contracts with total notional principal of US$100.0 million.

At 31 March 2017, the weighted average fixed interest rate of these contracts is 2.1% and the weighted average remaining life is 2.4 years. These contracts have a fair value of US$1.1 million and US$3.7 million at 31 March 2017 and 2016, respectively, which is included in Accounts payable. For the years ended 31 March 2017, 2016 and 2015, the Company included in Other income (expense) an unrealized gain of US$2.6 million, an unrealized loss of US$0.6 million and an unrealized loss of US$2.6 million, respectively, on interest rate swap contracts. Also included in Other income (expense) for the year ended 31 March 2017 was a realized loss on interest rate swap contracts of US$1.3 million. Included in Interest expense is a realized loss on interest rate swap contracts of US$1.9 million and US$1.3 million for the years ended 31 March 2016 and 2015, respectively.

Foreign Currency Forward Contracts

The Company's foreign currency forward contracts are valued using models that maximize the use of market observable inputs including interest rate curves and both forward and spot prices for currencies and are categorized as Level 2 within the fair value hierarchy. At 31 March 2017, the Company did not have any forward currency forward contracts.

For the years ended 31 March 2017 and 2016, the forward contracts not designated as a cash flow hedging arrangement had an unrealized gain of nil and US$0.9 million, respectively.

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 2017 and 2016.

(Millions of US dollars)	Notional Amount		Fair Value as of 31 March 2017		Fair Value as of 31 March 2016	
	31 March 2017	31 March 2016	Assets	Liabilities	Assets	Liabilities
Derivatives not accounted for as hedges						
Interest rate swap contracts	$ 100.0	$ 100.0	$ -	$ 1.1	$ -	$ 3.7
Foreign currency forward contracts	-	0.4	-	-	-	-
Total	**$ 100.0**	**$ 100.4**	**$ -**	**$ 1.1**	**$ -**	**$ 3.7**

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 consolidated financial statements.

New Zealand Weathertightness Claims

Since fiscal year 2002, the Company’s New Zealand subsidiaries have been and continue to be joined in a number of weathertightness 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 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 recognizes a liability for both asserted and unasserted New Zealand weathertightness 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 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 statutory limitation periods will apply to any received claims.

Historically, the Company’s New Zealand subsidiaries have been joined to these 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 portion of the costs incurred in resolving such claims. However, in 2015 the Company’s New Zealand subsidiaries were named as the sole defendants in four claims on behalf of multiple defendants, each of which allege that the subsidiaries’ products were inherently defective.

The Company has established a provision for asserted and unasserted New Zealand weathertightness claims within the current portion of Other liabilities, with a corresponding estimated receivable for third-party recoveries being recognized within Accounts and other receivables. At 31 March 2017 and 2016, the amount of the provision for New Zealand weathertightness claims, net of estimated third-party recoveries, was US$1.1 million and US$1.8 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 the resolution 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 2017.

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 2017:

Years ending 31 March (Millions of US dollars):	
2018	16.0
2019	13.0
2020	10.6
2021	7.2
2022	6.7
Thereafter	17.8
Total	**$ 71.3**

Rental expense amounted to US$18.4 million, US$16.9 million and US$16.7 million for the years ended 31 March 2017, 2016 and 2015, respectively.

Capital Commitments

Commitments for the acquisition of plant and equipment and other purchase obligations contracted for but not recognized as liabilities and generally payable within one year, were nil at 31 March 2017.

14. Income Taxes

Income tax 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 expense consists of the following components:

(Millions of US dollars)	Years Ended 31 March 2017	2016	2015
Income before income taxes:			
Domestic	$ 172.2	$ 150.1	$ 145.5
Foreign	194.8	180.4	177.1
Income before income taxes:	$ 367.0	$ 330.5	$ 322.6
Income tax expense:			
Current:			
Domestic	$ (15.2)	$ (12.6)	$ (11.9)
Foreign	(36.0)	(59.2)	(39.3)
Current income tax expense	(51.2)	(71.8)	(51.2)
Deferred:			
Domestic	(4.0)	(5.6)	(3.7)
Foreign	(35.3)	(8.7)	23.6
Deferred income tax (expense) benefit	(39.3)	(14.3)	19.9
Total income tax expense	$ (90.5)	$ (86.1)	$ (31.3)

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

(Millions of US dollars)	Years Ended 31 March 2017	2016	2015
Income tax expense computed at the statutory tax rates	$ (84.4)	$ (79.1)	$ (75.0)
US state income taxes, net of the federal benefit	(3.0)	(3.6)	(2.4)
Asbestos - effect of foreign exchange	0.8	(0.8)	48.3
Expenses not deductible	(2.5)	(2.0)	(3.4)
Non-assessable items	0.4	1.9	0.5
US manufacturing deduction	2.2	4.1	2.6
Foreign taxes on domestic income	(2.1)	(5.7)	(0.7)
Amortization of intangibles	2.8	2.9	2.8
Taxes on foreign income	(5.4)	(7.4)	(4.5)
Other items	0.7	3.6	0.5
Total income tax expense	$ (90.5)	$ (86.1)	$ (31.3)
Effective tax rate	24.7%	26.1%	9.7%

Deferred tax balances consist of the following components:

(Millions of US dollars)	31 March 2017	2016
Deferred tax assets:		
Asbestos liability	**$ 356.6**	$ 384.9
Other provisions and accruals	**52.8**	49.0
Net operating loss carryforwards	**24.2**	24.2
Foreign tax credit carryforwards	**107.5**	112.4
Total deferred tax assets	**541.1**	570.5
Valuation allowance	**(110.4)**	(115.0)
Total deferred tax assets net of valuation allowance	**430.7**	455.5
Deferred tax liabilities:		
Depreciable and amortizable assets	**(130.0)**	(117.4)
Other	**(12.0)**	(9.4)
Total deferred tax liabilities	**(142.0)**	(126.8)
Total deferred taxes, net	**$ 288.7**	$ 328.7

Deferred income taxes include European and Australian net operating loss carry-forwards. At 31 March 2017, the Company had European tax loss carry-forwards of approximately US$6.4 million and Australian tax loss carry-forwards of approximately US$17.8 million that are available to offset future taxable income in the respective jurisdiction. 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 realized.

The European tax loss carry-forwards relate to losses incurred in prior years during the establishment of the European business. At 31 March 2017, the Company had a valuation allowance against a portion of the European tax loss carry-forwards in respect of which realization is not more likely than not. During the year ended 31 March 2016, the Company reversed a valuation allowance of US$4.2 million for a portion of its European tax loss carry-forwards for which realization is now more likely than not. At 31 March 2017, the Company had European tax loss carry-forwards of approximately US$6.4 million that are available to offset future taxable income, of which US$3.5 million will never expire. Carry-forwards of US$2.9 million will expire in fiscal years 2018 through 2026.

The Australian tax loss carry-forwards primarily result from current and prior year tax deductions for contributions to AICF. James Hardie 117 Pty Limited, the performing subsidiary under the AFFA, 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. At 31 March 2017, the Company recognized a tax deduction of US$55.3 million (A$73.4 million) for the current year relating to total contributions to AICF of US$312.3 million (A$366.9 million) incurred in tax years 2013 through 2017.

At 31 March 2017, the Company had foreign tax credit carry-forwards of US$107.5 million that are available to offset future taxes payable. At 31 March 2017, 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 realization 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 realize its asbestos related deferred tax asset and that no valuation allowance is necessary as of 31 March 2017. In the future, based on review of the empirical evidence by management at that time, if management determines that realization 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 realizable value.

Income taxes payable represents taxes currently payable which are computed at statutory income tax rates applicable to taxable income derived in each jurisdiction in which the Company conducts business.

At 31 March 2017, the Company had income taxes currently payable of US$1.9 million, after taking into account total income tax and withholding tax paid, net of refunds received, during the year ended 31 March 2017 of US$51.5 million. Income taxes were paid in Canada, Ireland, New Zealand, the Philippines and the United States. Withholding taxes were paid or refunded in Australia, Canada, New Zealand and the Philippines.

At 31 March 2017, the Company intends to indefinitely reinvest the undistributed earnings of approximately US$201.9 million of a certain subsidiary 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 recognizes 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.

The Company or its subsidiaries files income tax returns in various jurisdictions including Ireland, the United States, Australia, New Zealand, the Philippines and The Netherlands. The Company is no longer subject to US federal examinations by US Internal Revenue Service (“IRS”) for tax years prior to tax year 2014 and Australian federal examinations by the Australian Taxation Office (“ATO”) for tax years prior to tax year 2013.

Taxing authorities from various jurisdictions in which the Company operates are in the process of reviewing and auditing the Company’s respective jurisdictional tax returns for various ranges of years. The Company accrues 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.

Unrecognized Tax Benefits

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

(Millions of US Dollars)	Unrecognized tax benefits	Interest and Penalties
Balance at 31 March 2014	**$ 0.5**	**$ -**
Additions for tax positions of the current year	4.2	0.1
Additions for tax positions of prior year	0.2	0.2
Balance at 31 March 2015	**$ 4.9**	**$ 0.3**
Additions for tax positions of the current year	0.2	-
Reductions in tax positions of prior year	(4.1)	(0.3)
Settlements paid during the current period	(0.3)	-
Balance at 31 March 2016	**$ 0.7**	**$ -**
Additions for tax positions of the current year	0.1	-
Reductions in tax positions of prior year	(0.1)	-
Balance at 31 March 2017	**$ 0.7**	**$ -**

At 31 March 2017, the total amount of unrecognized tax benefits and the total amount of interest and penalties accrued by the Company related to unrecognized tax benefits that, if recognized, would affect the tax expense is US$0.7 million and nil, respectively.

The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. During the years ended 31 March 2017, 2016 and 2015, income of nil, income of US$0.3 million and expense of US$0.3 million, respectively, relating to interest and penalties was recognized within income tax expense arising from movements in unrecognized tax benefits.

The liabilities associated with uncertain tax benefits are included in Other liabilities on the Company's consolidated balance sheets.

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 unrecognized tax benefits could significantly increase or decrease within the next twelve months. These changes could result from 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.

15. Stock-Based Compensation

Total stock-based compensation expense consists of the following:

(Millions of US dollars)	Years Ended 31 March 2017	2016	2015
Liability Awards Expense	**$ 5.4**	$ 4.8	$ 3.3
Equity Awards Expense	**9.3**	10.3	9.2
Total stock-based compensation expense	**$ 14.7**	$ 15.1	$ 12.5

As of 31 March 2017, the unrecorded future stock-based compensation expense related to outstanding equity awards was US$15.0 million after estimated forfeitures and will be recognized over an estimated weighted average amortization period of 1.6 years.

2001 Equity Incentive Plan

Under the Company's 2001 Equity Incentive Plan (the "2001 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 Plan was first approved by the Company's shareholders in 2001 and was reapproved to continue until September 2021 at the 2011 annual general meeting. The Company is authorized to issue 45,077,100 shares under the 2001 Plan.

Under the 2001 Plan, grants have been made at fair market value to management and other employees of the Company. Each grant confers the right to subscribe for one ordinary share in the capital of JHI plc. The grants may be exercised as follows: 25% after the first year; 25% after the second year; and 50% after the third year. All unexercised grants 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 Plan, the Company granted 315,636 and 327,354 restricted stock units to its employees in the years ended 31 March 2017 and 2016, respectively. These restricted stock units may not be sold, transferred, assigned, pledged or otherwise encumbered so long as such units remain restricted. The Company determines the conditions or restrictions of any restricted stock units, which include requirements of continued employment. At 31 March 2017, there were 619,581 restricted stock units outstanding under this plan.

Long-Term Incentive Plan 2006

At the 2006 Annual General Meeting, the Company's shareholders approved the establishment of a Long-Term Incentive Plan 2006 (the "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 with certain amendments at each of the 2008, 2012 and 2015 Annual General Meetings.

As of 31 March 2017, the Company had granted 11,027,496 restricted stock units under the LTIP. These restricted stock units may not be sold, transferred, assigned, pledged or otherwise encumbered so long as such units 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 either vest or expire as set out in the grant documents or LTIP rules. At 31 March 2017, there were 2,720,664 restricted stock units outstanding under the LTIP.

The following table summarizes the Company's shares available for grant as options, restricted stock units or other equity instruments under the LTIP and 2001 Plan at 31 March 2017, 2016 and 2015:

	Shares Available for Grant
Balance at 31 March 2015	**24,754,902**
Granted	(1,410,560)
New Shares Authorized	5,000,000
Forfeitures Available for Re-grant	74,466
Balance at 31 March 2016	**28,418,808**
Granted	(1,179,994)
Balance at 31 March 2017	**27,238,814**

Stock Options

There were no stock options granted during the years ended 31 March 2017 and 2016. The following table summarizes the Company's stock options activity during the noted period:

	Outstanding Options	
	Number	Weighted Average Exercise Price (A$)
Balance at 31 March 2015	**511,780**	**8.17**
Exercised	(333,287)	8.54
Forfeited	(74,466)	7.85
Balance at 31 March 2016	**104,027**	**7.22**
Exercised	(55,131)	7.97
Balance at 31 March 2017	**48,896**	**6.38**

The total intrinsic value of stock options exercised was A$0.8 million and A$2.9 million for the years ended 31 March 2017 and 2016, respectively.

Windfall tax benefits realized 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$3.0 million, US$0.4 million and US$1.4 million for the years ended 31 March 2017, 2016 and 2015, respectively.

The following table summarizes outstanding and exercisable options under both the 2001 Plan and the LTIP as of 31 March 2017:

	Options Outstanding and Exercisable			
Exercise Price (A$)	Number	Weighted Average Remaining Life (in Years)	Weighted Average Exercise Price (A$)	Aggregate Intrinsic Value (A$)
6.38	48,896	0.7	6.38	693,834

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$20.57 as of 31 March 2017, which would have been received by the option holders had those option holders exercised their options as of that date.

Restricted Stock Units

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

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

	Restricted Stock Units	Weighted Average Fair Value at Grant Date (A$)
Non-vested at 31 March 2015	**4,008,001**	**8.44**
Granted	1,410,560	14.95
Vested	(1,219,352)	7.28
Forfeited	(149,755)	9.92
Non-vested at 31 March 2016	**4,049,454**	**11.00**
Granted	1,179,994	18.54
Vested	(1,314,825)	8.60
Forfeited	(574,378)	9.10
Non-vested at 31 March 2017	**3,340,245**	**14.80**

Restricted Stock Units – service vesting

During fiscal year 2017, 315,636 restricted stock units (service vesting) were granted to employees under the 2001 Plan. During fiscal year 2016, 327,354 restricted stock units (service vesting) were granted to employees under the 2001 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 unit holder is not entitled to dividends over the vesting period.

During fiscal year 2017, 304,470 restricted stock units (service vesting) that were previously granted as part of the 2001 Plan became fully vested and the underlying common stock was issued. During fiscal year 2016, 228,481 restricted stock units (service vesting) that were previously granted as part of the 2001 Plan became fully vested and the underlying common stock was issued.

Restricted Stock Units – performance vesting

The Company granted 407,539 and 503,944 restricted stock units with a performance vesting condition under the LTIP to senior executives and managers of the Company on 16 September 2016 and 16 September 2015, 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 negative 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. During fiscal year 2017, after exercise of negative discretion by the Board, 281,468 restricted stock units (performance vesting) that were granted on 16 September 2013 as part of the fiscal year 2014 long-term incentive award became fully vested and the underlying common stock was issued. The remaining 152,611 unvested restricted stock units from this grant were cancelled on 16 September 2016.

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.

Restricted Stock Units – market condition

Under the terms of the LTIP, the Company granted 456,819 and 579,262 restricted stock units (market condition) to senior executives and managers of the Company on 16 September 2016 and 16 September 2015, respectively. The vesting of these restricted stock units is subject to a market condition as outlined in the relevant notice of meeting.

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 2017 and 2016, respectively:

Vesting Condition:	**Market** FY17	**Market** FY16
Date of grant	16 Sep 2016	16 Sep 2015
Dividend yield (per annum)	2.3%	3.8%
Expected volatility	31.5%	36.8%
Risk free interest rate	1.1%	1.5%
Expected life in years	3.0	3.0
JHX stock price at grant date (A$)	20.82	17.76
Number of restricted stock units	456,819	579,262

During fiscal year 2017, 728,887 restricted stock units (market condition) that were previously granted became fully vested and the underlying common stock was issued. During fiscal year 2016, 659,725 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 458,484 and 566,936 Scorecard LTI units on 16 September 2016 and 16 September 2015, respectively. These awards provide recipients a cash incentive based on an average 20 trading-day closing price of JHI plc's common stock price and each executive's scorecard rating. The vesting of awards is measured on individual performance conditions based on certain performance measures. Compensation expense recognized 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 recognized 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 16 September 2016, 316,841 of the 518,647 Scorecard LTI units that were previously granted on 16 September 2013 as part of the FY2014 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 an average 20 trading-day closing price of JHI plc's common stock price.

On 14 September 2015, 288,552 of the 506,627 Scorecard LTI units that were previously granted on 14 September 2012 as part of the FY2013 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 an average 20 trading-day closing price of JHI plc's common stock price.

16. Capital Management and Dividends

The following table summarizes the dividends declared or paid during the fiscal years 2017, 2016 and 2015:

(Millions of US dollars)	US Cents/Security	US$ Millions Total Amount	Announcement Date	Record Date	Payment Date
FY 2017 first half dividend	0.10	46.6	17 November 2016	21 December 2016	24 February 2017
FY 2016 second half dividend	0.29	130.2	19 May 2016	9 June 2016	5 August 2016
FY 2016 first half dividend	0.09	39.7	19 November 2015	23 December 2015	26 February 2016
FY 2015 special dividend	0.22	92.8	21 May 2015	11 June 2015	7 August 2015
FY 2015 second half dividend	0.27	114.0	21 May 2015	11 June 2015	7 August 2015
FY 2015 first half dividend	0.08	34.2	19 November 2014	23 December 2014	27 February 2015
FY 2014 special dividend	0.20	89.0	22 May 2014	12 June 2014	8 August 2014
FY 2014 second half dividend	0.32	142.3	22 May 2014	12 June 2014	8 August 2014
125 year anniversary special dividend	0.28	124.6	28 February 2014	21 March 2014	30 May 2014

During the fiscal year 2017, the Company announced a share buyback program (the "fiscal 2017 program") to acquire up to US$100.0 million of its issued capital in the twelve months through May 2017. Under this program, the Company repurchased and cancelled 6,090,133 shares of its common stock during the second quarter of fiscal year 2017. The aggregate cost of the shares repurchased and cancelled was A$131.4 million (US$99.8 million), at an average market price of A$21.58 (US$16.40).

Subsequent to 31 March 2017, the Company announced an ordinary dividend of US28.0 cents per security, with a record date of 8 June 2017 and a payment date of 4 August 2017.

17. Operating Segment Information and Concentrations of Risk

During the first quarter of fiscal year 2017, the Company changed its reportable operating segments. Previously, the Company maintained three operating segments: (i) North America and Europe Fiber Cement; (ii) Asia Pacific Fiber Cement; and (iii) Research and Development. Beginning in the first quarter of fiscal year 2017, the Company replaced the North America and Europe Fiber Cement and Asia Pacific Fiber Cement segments with three new segments: (i) North America Fiber Cement; (ii) International Fiber Cement; and (iii) Other Businesses. There were no changes to the Research and Development segment. The Company has revised its historical segment information at 31 March 2016 and for the years ended 31 March 2016 and 31 March 2015 to be consistent with the current reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented.

The Company has reported its operating segment information in the format that the operating segment information is available to and evaluated by the CODM. The North America Fiber Cement segment manufactures fiber cement interior linings, exterior siding products and related accessories in the United States; these products are sold in the United States and Canada. The International Fiber Cement segment includes all fiber cement products 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. This segment also includes product manufactured in the United States that is sold in Europe. The Other Businesses segment includes certain non-fiber cement manufacturing and sales activities in North America, including fiberglass windows. The Research and Development segment represents the cost incurred by the research and development centers. General Corporate costs primarily consist of Asbestos adjustments, officer and employee compensation and related benefits, professional and legal fees, administrative costs and rental expense, net of rental income, on the Company's corporate offices.

Operating Segments

The following is the Company's operating segment information:

	Net Sales to Customers Years Ended 31 March		
(Millions of US dollars)	**2017**	2016	2015
North America Fiber Cement	**$ 1,493.4**	$ 1,335.0	$ 1,224.7
International Fiber Cement	**411.8**	379.4	418.4
Other Businesses	**16.4**	13.8	13.8
Worldwide total	**$ 1,921.6**	$ 1,728.2	$ 1,656.9

(Millions of US dollars)	Income Before Income Taxes Years Ended 31 March 2017	2016	2015
North America Fiber Cement [1]	**$ 343.9**	$ 352.2	$ 290.0
International Fiber Cement [1,6,7]	**95.1**	77.9	94.5
Other Businesses	**(6.7)**	(8.6)	(4.5)
Research and Development [1]	**(25.5)**	(23.9)	(26.0)
Segments total	**406.8**	397.6	354.0
General Corporate [2]	**(13.6)**	(43.6)	(19.0)
Total operating income	**393.2**	354.0	335.0
Net interest expense [3]	**(27.5)**	(25.6)	(7.5)
Other income (expense)	**1.3**	2.1	(4.9)
Worldwide total	**$ 367.0**	$ 330.5	$ 322.6

(Millions of US dollars)	Total Identifiable Assets 31 March 2017	2016
North America Fiber Cement	**$ 917.4**	$ 889.7
International Fiber Cement	**335.7**	324.0
Other Businesses	**28.4**	27.7
Research and Development	**12.3**	13.6
Segments total	**1,293.8**	1,255.0
General Corporate [4,5]	**718.9**	774.4
Worldwide total	**$ 2,012.7**	$ 2,029.4

The following is the Company's geographical information:

(Millions of US dollars)	Net Sales to Customers Years Ended 31 March 2017	2016	2015
North America	**$ 1,509.9**	$ 1,348.8	$ 1,238.5
Australia	**252.5**	228.4	267.7
New Zealand	**73.3**	61.4	64.7
Other Countries	**85.9**	89.6	86.0
Worldwide total	**$ 1,921.6**	$ 1,728.2	$ 1,656.9

(Millions of US dollars)	Total Identifiable Assets 31 March 2017	2016
North America	**$ 953.1**	$ 925.1
Australia	**237.0**	232.4
New Zealand	**31.8**	26.5
Other Countries	**71.9**	71.0
Segments total	**1,293.8**	1,255.0
General Corporate [4,5]	**718.9**	774.4
Worldwide total	**$ 2,012.7**	$ 2,029.4

1 Research and development expenditures are expensed as incurred and are summarized by segment in the following table:

	Years Ended 31 March		
(Millions of US dollars)	**2017**	2016	2015
North America Fiber Cement	**$ 6.2**	$ 6.6	$ 6.1
International Fiber Cement	**1.5**	1.2	1.4
Research and Development [a]	**22.6**	21.7	24.2
	$ 30.3	$ 29.5	$ 31.7

a The Research and Development segment also included selling, general and administrative expenses of US$2.9 million, US$2.2 million and US$1.8 million in fiscal years 2017, 2016 and 2015, respectively.

2 The principal components of General Corporate costs are officer and employee compensation and related benefits, professional and legal fees, administrative costs, and rental expense on the Company's corporate offices. Also included in General Corporate costs are the following:

	Years Ended 31 March		
(Millions of US dollars)	**2017**	2016	2015
Asbestos adjustments	**$ 40.4**	$ 5.5	$ 33.4
AICF SG&A expenses	**$ (1.5)**	$ (1.7)	$ (2.5)

3 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 is net AICF interest expense (income) of US$1.1 million, US$0.3 million and US$(1.4) million in fiscal years 2017, 2016 and 2015, respectively.

4 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 General Corporate costs.

5 Asbestos-related assets at 31 March 2017 and 2016 are US$573.8 million and US$619.8 million, respectively, and are included in the General Corporate costs.

6 Included in the International Fiber Cement segment for the year ended 31 March 2016 was a gain on the sale of the Australian Pipes business of US$1.7 million.

7 Included in the International Fiber Cement segment are adjustments to the provision for New Zealand weathertightness claims.

	Years Ended 31 March		
(Millions of US dollars)	**2017**	2016	2015
New Zealand weathertightness claims (expense)/ benefit	$ **-**	$ (0.5)	$ 4.3

Concentrations of Risk

The distribution channels for the Company's fiber 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.

We have one customer who contributes greater than 10% of our gross sales in each of the past three fiscal years.

This customer's accounts receivable represented 9.1% and 8.1% of the Company's accounts receivable at 31 March 2017 and 2016, respectively. The following is gross sales generated by this customer, which is from the North America Fiber Cement segment:

	Years Ended 31 March					
(Millions of US dollars)	**2017**		2016		2015	
		%		%		%
Customer A	**$ 226.0**	10.3%	$ 197.0	10.1%	$ 177.4	10.7%

Approximately 21%, 22% and 25% of the Company's net sales in fiscal year 2017, 2016 and 2015, respectively, were 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. Accumulated Other Comprehensive Income (Loss)

During the year ended 31 March 2017 there were no reclassifications out of Accumulated other comprehensive income (loss):

(Millions of US dollars)	Cash Flow Hedges	Foreign Currency Translation Adjustments	Total
Balance at 31 March 2016	$ 0.3	$ 0.5	$ 0.8
Other comprehensive loss	-	(3.0)	(3.0)
Balance at 31 March 2017	**$ 0.3**	**$ (2.5)**	**$ (2.2)**

Exhibit 99.6

KPMG

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

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

As at 31 March 2017

18 May 2017

KPMG Actuarial Pty Ltd
Australian Financial Services Licence No. 392050
International Towers 3 Sydney
300 Barangaroo Ave
Sydney NSW 2000

PO Box H67
Australia Square NSW 1215
Australia

ABN: 91 144 686 046
Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

18 May 2017

Narreda Grimley
General Manager
Asbestos Injuries Compensation Fund Limited
Suite 1, Level 6, 56 Clarence Street
Sydney NSW 2000

Cc Matthew Marsh, Chief Financial Officer, James Hardie Industries plc
Karen Smith, Executive Director, Legal, 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 2017 and has taken into account claims data and information provided to us by AICFL as at 31 March 2017.

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

Yours sincerely

N Donlevy

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

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

Executive Summary

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 24 November 2016.

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 2017. It has been based on claims data and information as at 31 March 2017 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 2016/17 (referred to in the following tables as "FY17 Actual") with the projections for 2016/17 that were contained within our previous valuation report at 31 March 2016. We will refer to these projections for 2016/17 as "FY17 Expected" in the tables that follow.

Claim numbers

There have been 373 mesothelioma claims reported in 2016/17, a 6% decrease compared to the 397 mesothelioma claims reported in 2015/16 and 7% below expectations for 2016/17.

For non-mesothelioma claims (excluding workers compensation claims), there have been 158 claims reported in 2016/17, a 5% increase compared to 151 claims reported in 2015/16.

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

	FY17 Actual	FY17 Expected	Ratio of Actual to Expected (%)	FY16 Actual
Mesothelioma	373	400	93%	397
Asbestosis	98	120	82%	90
Lung Cancer	18	24	75%	19
ARPD & Other	31	36	86%	31
Wharf	11	12	92%	11
Workers	26	33	79%	29
Total	**557**	**625**	**89%**	**577**

Average Claim Awards

Average claims awards in 2016/17 have been lower than expectations across all disease types.

There have been two large mesothelioma claim settlements (being claims in excess of $1m in 2006/07 money terms) in 2016/17. This is significantly lower than our expectations. Total claims expenditure on large claims has been 82% below expectations, reflecting the low number of large claims reported and settled in 2016/17.

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

	FY17 Actual ($)	FY17 Expected ($)	Ratio of Actual to Expected (%)	FY16 Actual ($)
Mesothelioma	274,530	359,600	76%	306,124
Asbestosis	78,298	121,600	64%	104,616
Lung Cancer	40,708	137,500	30%	120,991
ARPD & Other	94,575	100,500	94%	105,908
Wharf	36,398	112,100	32%	140,165
Workers	0	156,000	0%	0
Mesothelioma Large Claims (settled)				
Number	2	8	25%	3
Average claim size	1,637,500	2,260,000	72%	3,296,800
Large claim expenditure	3,275,000	18,080,000	18%	9,890,400

Note: FY16 Actuals have been inflated (by 4%) to mid 2016/17 values

Cashflow expenditure: gross and net

Gross cashflow expenditure, at $125.0m, was 26% below expectations.

Net cashflow expenditure, at $(2.2)m, was 102% below expectations.

Table E.3. Comparison of cashflow

	FY17 Actual ($M)	FY17 Expected ($M)	Ratio of Actual to Expected (%)	FY16 Actual ($M)
Gross Cashflow	**125.0**	**168.0**	**74%**	**154.7**
Insurance and Other Recoveries	(22.3)	(20.3)	110%	(23.7)
Insurance recoveries from HIH and from commutations	(105.0)	0.0	n/a	(2.0)
Net Cashflow	**(2.2)**	**147.7**	**-2%**	**129.0**

Gross cashflow was lower than expectations primarily due to the lower average claim size of non-nil, non-large claims which were 24% below expectations for mesothelioma and 36% below expectations for asbestosis, together with lower expenditure on large mesothelioma claims, which were $15m favourable to expectations.

Net cashflow was beneficially impacted by commutation proceeds arising from the Equitas Commutation in the amount of $105.0m.

Liability Assessment

At 31 March 2017, our projected central estimate of the liabilities of the Liable Entities (the Discounted Central Estimate) to be met by the AICF Trust is $1,740.1m (March 2016: $1,904.1m). 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 2017 $m			31 March 2016 $m
	Gross of insurance recoveries	Insurance recoveries	Net of insurance recoveries	Net of insurance recoveries
Total uninflated and undiscounted cash-flows	1,467.6	81.9	1,385.7	1,433.9
Inflation allowance	843.0	29.0	814.0	993.0
Total inflated and undiscounted cash-flows	2,310.6	110.9	2,199.7	2,426.9
Discounting allowance	(480.9)	(21.4)	(459.6)	(522.8)
Net present value liabilities	**1,829.7**	**89.5**	**1,740.1**	**1,904.1**

Comparison with previous valuation

In the absence of any change to the claim projection assumptions from our 31 March 2016 valuation, other than allowing for the changes in the discount rate, we would have projected a Discounted Central Estimate liability of $1,789.6m as at 31 March 2017, i.e. a reduction of $114.5m from our 31 March 2016 valuation result.

This decrease of $114.5m is due to:

- A reduction of $111.7m, 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 $2.8m resulting from changes to the yield curve between 31 March 2016 and 31 March 2017.

Our liability assessment at 31 March 2017 of $1,740.1m represents a decrease of $49.5m, which arises from changes to the actuarial assumptions. The decrease of $49.5m is principally a consequence of:

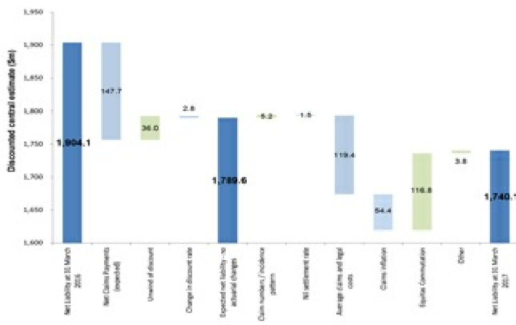
- Lower average claim sizes and defence legal cost assumptions across most disease types;
- A reduction in the assumed number of large mesothelioma claims; and
- Lower claims inflation assumptions in the longer-term;

offset by

- Lower future insurance recoveries as a result of the Equitas Commutation.

The following chart shows an analysis of the change in our liability assessments from 31 March 2016 to 31 March 2017 on a discounted basis.

Figure E.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.

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)	1,740.1
Period Actuarial Estimate (net of cross-claim recoveries, gross of Insurance and Other Recoveries) comprising:	482.8
Discounted value of cashflow in 2017/18	*151.6*
Discounted value of cashflow in 2018/19	*166.8*
Discounted value of cashflow in 2019/20	*164.4*
Term Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,731.5

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.2, depending on the actual out-turn of experience relative to that currently forecast, the variation could potentially be substantial.

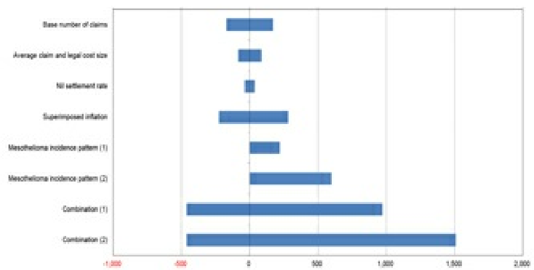
Thus, no assurance can be given that the actual liabilities of the Liable Entities to be met by the AICF Trust will not ultimately exceed the estimates contained in this Report. Any such variation may be significant.

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 have not included a sensitivity test for the impact of changes in discount rates although, as noted in this Report, changes in discount rates can introduce significant volatility to the Discounted Central Estimate result reported at each year-end.

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.2. 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 relative to current actuarial projections, could add approximately $600m (34%) on a discounted basis to our valuation (as shown in the above chart by the scenario labelled "mesothelioma incidence pattern (2)").

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

	Undiscounted	Discounted
Central estimate	2,199.7	1,740.1
Low Scenario	1,570.8	1,279.3
High Scenario	4,496.0	3,248.8

Whilst the table above indicates a range around the discounted central estimate of liabilities of -$461m to +$1,509m, 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 2017 with individual claims listings;
- Accounting transactions dataset at 31 March 2017 (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 2017.

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.

Contents

Appendices

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 F 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 24 November 2016.

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 2017 and has been based on claims data and information as at 31 March 2017 provided to us by AICFL.

1.2 Scope of report

We have been requested to provide an actuarial assessment as at 31 March 2017 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 2017.

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 2017, the annual limit is $971,170;
- There is an overall unindexed aggregate cap of $30m;
- At 31 March 2017, AICF has paid out $8,523,992 to the DDB. Additionally, there are approximately $2.5m of unpaid claims at 31 March 2017; the pace of payment of which would be subject to the impact of the annual limit.

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 2017) the projected future cashflows using yields on Commonwealth Government Bonds.

Conceptually, the Discounted Central Estimate at 31 March 2017 would normally represent an amount of money which, if fully provided in advance (i.e. as of 31 March 2017) 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.

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

We 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. Examples include the amendments under the Wrongs Act in Victoria (as noted in Section 1.3.3 of this Report) and the current consultation by the Law Reform Commission in Western Australia in relation to damages for gratuitous services and provisional damages;
- 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);
- Changes to taxation; 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 v Amaca* (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 Victorian amendments to the Wrongs Act

In 2015, the State of Victoria implemented amendments to the Wrongs Act (the Wrongs Amendment Act 2015) to incorporate the payment of *Sullivan vs Gordon* awards. These amendments came into force on 19 November 2015.

The Department of Justice and Regulation of Victoria made amendments to the Regulations that apply to Dust Diseases, namely the Wrongs (Part VB) (Dust and Tobacco-Related Claims) Regulations 2006.

We have been advised that the effect of the various amendments is that from 10 May 2016, the AICF Trust has been required to pay for *Sullivan vs Gordon* awards (to the extent applicable) in relation to claims brought against the Liable Entities in Victoria.

Such awards constitute Payable Liabilities under the Amended Final Funding Agreement.

We have therefore made allowance for these awards in our valuation. We have allowed for such amounts over all future years over which claims are projected to emerge and settle.

Our allowance, being $20,000 per mesothelioma claim in 2016/17 money terms, has added the following values to the overall liabilities that are included in this Report:

- $57m on an uninflated & undiscounted basis.
- $94m on an inflated & undiscounted basis.
- $73m on an inflated & discounted basis.

1.3.4 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 significant additional surge in third-wave claims (over and above current levels of activity) 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.

1.4 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 "2016" claim settlement would be a claim settled in the period 1 April 2016 to 31 March 2017. This might also be referred to as "2016/17" or "FY17".

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 Professional Standard 300 of the Institute of Actuaries of Australia ("PS300"), "Valuation of General Insurance Claims".

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.

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 any shortfall in 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 2017 with individual claims listings;
- Accounting transactions dataset at 31 March 2017 (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 2017.

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 2017 are detailed in Appendix E.

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 2017 with the data provided at 31 March 2016.

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 2017 with that provided at 31 March 2016.

Our findings are:

- Claims notifications: There were no new claims reported that had a report date prior to 31 March 2016. No claims changed notification date between the two databases.
- Portfolio category: Four claims changed category. All of these related to claims reported in 2015/16.
- Settlement date: There have been two claims with a settlement date prior to 31 March 2016 that changed settlement dates.

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, nor do we consider the changes to be material to the valuation.

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 have 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.

The table below 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)	1,470.3	Damages (gross of recoveries)	1,480.4
Costs	42.4	Costs	43.5
DDB	13.6	DDB	13.7
Other (inc Medicare)	5.5	Consulting	2.3
		Medicare	3.2
Defence legal costs	177.7	Defence legal costs	179.1
Total Value	**1,709.5**	**Total Value**	**1,722.1**
Standardisation			
Award plus Medicare plus DDB	1,487.0	Award plus Medicare plus DDB	1,497.3
Costs / Other	44.8	Costs / Other	45.8
Defence legal costs	177.7	Defence legal costs	179.1
Total Value	**1,709.5**	**Total Value**	**1,722.1**

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 for claim awards totalling approximately $10.3m or 0.7% (31 March 2016: $9.8m).

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:

- $1,497.9m for the claims award component;
- $46.2m for the costs / other component; and
- $179.2m 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". No material data issues have been identified and notified to us by the Approved Auditor of AICFL (Ernst & Young) during their testing.

We have tested the data for internal consistency with the data provided at the previous valuation (31 March 2016).

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 2016.

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 2016/17 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 2016/17 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 may 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 low financial significance and the reduced credibility of the data if sub-divided by disease type (given the low number of claims).

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 counted 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 counted as a lung cancer claim. If a product or public liability claim has asbestosis as one of its listed diseases, it is only counted 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.

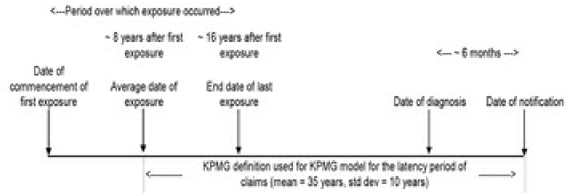
Statistically speaking, the projected peak incidence of mesothelioma is not equal to the peak year of production (or consumption) plus the average latency of mesothelioma.

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 assumed 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.

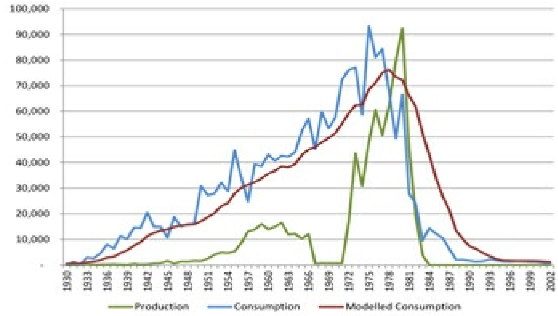
We start by constructing an exposure index from the annual consumption of asbestos within Australia from 1900-2002. We split this between the various asbestos types and by year of consumption.

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 consumption, appeared to peak in the early-1970s 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 D.

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 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 is 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.

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 and incidence patterns 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 2017/18 financial year.

---

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, 1979-1996: P Yeung, A Rogers, A Johnson (1999)

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 common law 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 projected to be reported in 2017/18 are summarised in Sections 4.4 and 5.6.

3.4.5 Model adjustments made at 31 March 2014 for mesothelioma claims

As a consequence of heightened mesothelioma claims reporting observed in 2013/14 (and which has continued thereafter), we made some modifications to the future incidence pattern for mesothelioma in our 31 March 2014 valuation.

The changes were most pronounced for the period of claims reporting through to, and including, 2016/17 and the changes are documented more extensively in our Annual Actuarial Report effective at 31 March 2014.

We have maintained those modifications to the incidence pattern.

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 $1.48m in mid 2016/17 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 2016/17 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 2016/17 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 2016/17 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 numbers 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 2017, there were 393 claims (31 March 2016: 464) 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.

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.

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 2017 has deteriorated (or improved) compared to our prior estimate (as at 31 March 2016).

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 2016: 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 2016/17 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 2016 (undiscounted)	0.0	79.9	79.9
Paid amounts in year to 31 March 2017	58.6	47.2	105.8
Estimates for pending claims at 31 March 2017 (undiscounted)	57.0	15.3	72.3
Incurred Cost in the financial year	**115.6**	**(17.4)**	**98.2**

The table above shows that there has been a $17.4m saving in the case estimates for claims that were reported prior to 31 March 2016. This saving supports the 25% assumption we have adopted for savings on case estimates.

It should 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 claim limit for that year.

Historical analysis of the claims data suggests that approximately 97.5% 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 their coverage by way of a Scheme of Arrangement.

3.9.3 Equitas Commutation

In March 2017, AICFL finalised a commutation agreement with Resolute Management Services Limited on behalf of Equitas and certain Lloyd's Syndicates who had provided insurance coverage to the Liable Entities in the period from 1 April 1980 to 31 May 1986.

AICFL commuted its insurance coverage with Equitas for a payment of $105.0m effective as at 28 February 2017, and this amount was paid to AICFL on 31 March 2017.

As a consequence of the Equitas Commutation:

- Net payments made by AICFL in 2017 were negative, reflecting that insurance proceeds (including the Equitas Commutation payment) exceeded gross expenditure in the year.
- AICFL's net cash position has been significantly improved.
- Future insurance recoveries are now projected at a much lower level than previously assumed.
- All other things being equal, the net liability has increased significantly compared with the previous year to reflect the lower future insurance recoveries expected to be received.

3.9.4 Other Commutations

Other commutations have been entered into by AICFL in previous years and these commutations have typically (other than QBE) involved the payment of a lump sum amount.

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 to the timing of receipt of insurance recoveries for any potential future commutations.

3.9.5 HIH

We have assumed that all monies have been paid in relation to insurance recoveries for the claims occurring period from HIH. Any future insurance proceeds from HIH are not expected to be material.

3.9.6 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.

3.9.7 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 $1.5m at 31 March 2017.

These amounts are more appropriately dealt with as being debtors of AICFL.

3.9.8 Claims made insurance protection from 31 May 1986 onwards

Insurance protection purchased from 31 May 1986 to 31 March 1997 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 these insurance policies in our liability assessment.

3.9.9 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' 2015 Annual Global Corporate Default Study and Rating Transitions, dated 2 May 2016 and they are based on bond default rates.

We have considered the credit rating of the insurers of the Liable Entities as at March 2017 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 5.50% per annum assumed (March 2016: 6.00% per annum).

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.

There have been minor variations in observed yields on Commonwealth Government Bonds in the last twelve months.

Our approach to the determination of the discount rates is unchanged from the approach adopted at 31 March 2016, other than in relation to the selected long-term discount rate assumed, and 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 5.50% 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 5.50%).

Our selected assumptions are summarised in Section 9.4.

We observe that the long-term discount rate assumption (5.50% per annum) does not materially affect the overall Discounted Central Estimate. This is because the vast majority of the future cashflows (approximately 90%) are projected to be paid over the next 18 years.

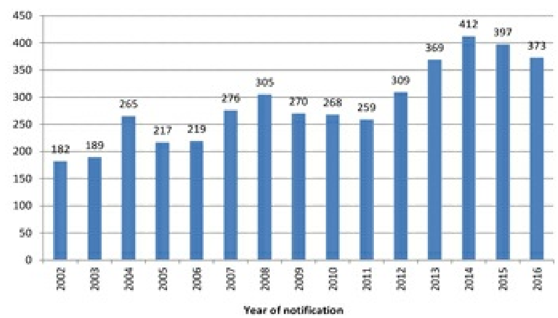
By way of illustration, if we selected a long-term discount rate of 5.00% per annum, the Discounted Central Estimate would increase by approximately $3m (0.2%).

4. Claims Experience: Mesothelioma Claim Numbers

4.1 Overview

The following chart 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.

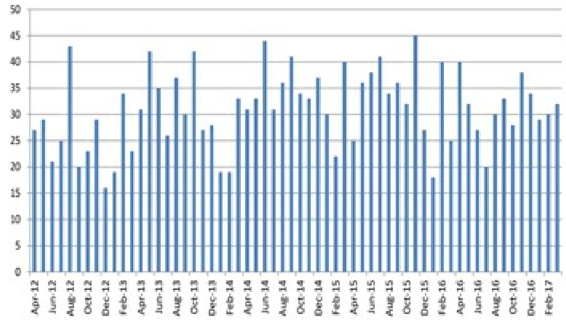
After three successive years of increases in claims reporting from 2011/12 through to 2014/15, there have now been two years of reductions in claims reporting activity.

Claims reporting in 2015/16 reduced by 4% to 397 claims and fell by a further 6% in 2016/17 to 373 claims.

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



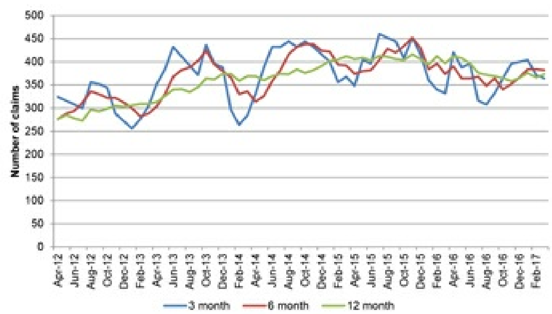
It is observed that:

- The number of claims reported in 2016/17 (373 claims) has been 7% below our previous expectations (400 claims) and 6% below the level observed in 2015/16 (397 claims).
- April 2016 represented the highest claims reporting activity in the 2016/17 year, with 40 claims reported in that month.
- In 2016/17, six months of the year had 30 or fewer claims reported.

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



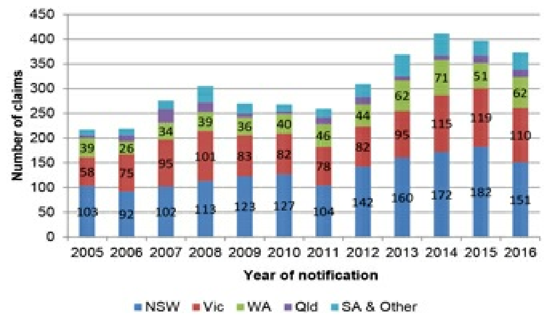
It can be seen that the current annualised rolling averages at 31 March 2017 are between 364 (3-month average) and 382 (6-month average).

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 4.4: Number of mesothelioma claims by State

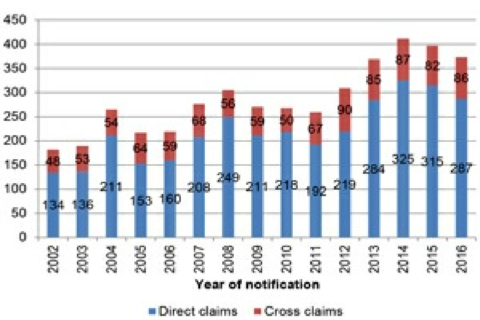


Historically NSW contributed more than 45% of all claims reported. Since 2004/2005 this proportion has declined and remained relatively stable between 40% and 45%.

4.2.2 Direct claims and cross-claims

The following chart 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 4.5: 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.

The higher level of cross claims has continued with the number of cross claims reported in the last four financial years at a similar level to 2012/13.

NSW is currently the primary source of cross claims (making up approximately 52% of the total number of cross claims in 2016/17).

The reduction in the overall number of mesothelioma claims since 2014/15 has been entirely attributable to direct claims. Additional analysis indicates that NSW has been the primary driver of this feature.

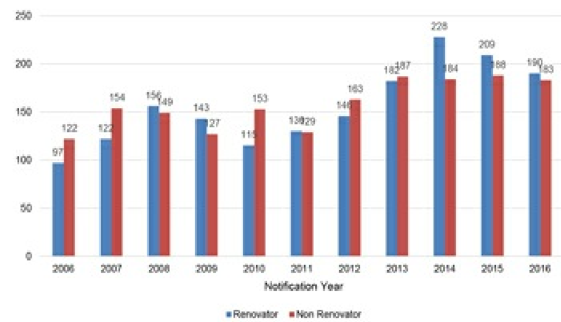
4.2.3 Source of claims

We have analysed the number of mesothelioma claims according to whether they involve renovation activity or not.

The number of non-renovator claims has been broadly stable over the four years from 2013/14 to 2016/17.

The chart shows that the number of renovator claims showed a significant increase from 2011/12 to 2014/15 but has since moderated, albeit remaining at levels higher than previously observed.

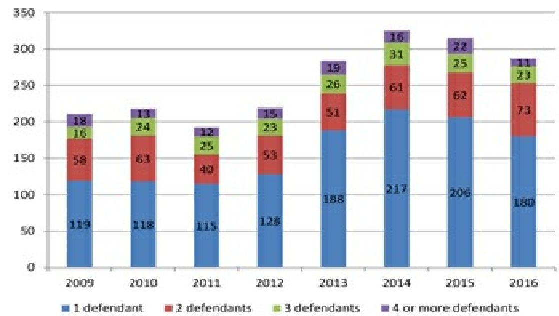
Figure 4.6: Number of mesothelioma claims by source of claim



4.2.4 Number of defendants

The following chart 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 now seen two successive years of reductions, following three years of significant increases.

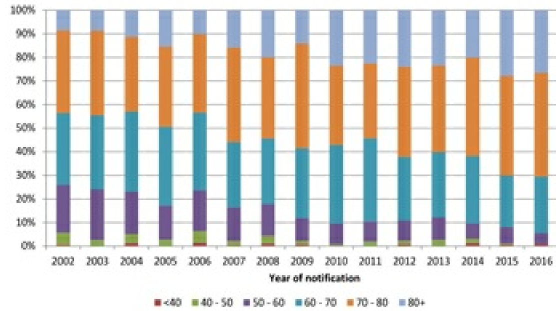
Claims in which the Liable Entities are the only defendants to the claim are typically associated with higher average claim sizes whilst claims involving multiple defendants typically involve the Liable Entities paying 65% or less of the total settlement (see Section 7.2).

This feature is a contributor to the trends in average claim sizes experienced in the last three years.

4.2.5 Age profile of claimants

The following chart shows the proportion of claims notified by year of notification and by age of claimant.

Figure 4.8: Proportion 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.

In absolute terms, the number of claims arising from claimants aged 70 years or older rose by 81% from 140 in 2011/12 to 253 in 2016/17.

By contrast, the number of claims arising from claimants aged less than 70 years has declined by 10% from 118 in 2011/12 to 106 in 2016/17.

There are currently 14 claims notified in 2016/17 where the age of claimant is not yet known; primarily relating to very recent claim notifications.

The growth in overall mesothelioma claim numbers that took place from 2011/12 to 2014/15 has therefore primarily arisen from claimants aged 70 or older.

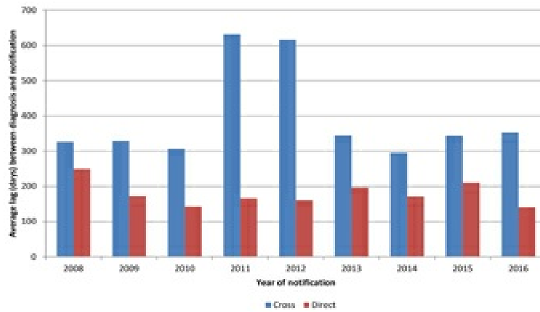
The higher proportion (and number) of claims involving claimants over 70 years of age has been a contributor to the trends in average claim sizes experienced in the last ten years (thereby acting to offset other claims inflation drivers) and in particular the reductions in average claim sizes experienced in the last three years.

4.2.6 Delay from diagnosis to notification

The chart below measures the time-lag (in days) from diagnosis to notification. The chart shows that direct claims are reported more quickly than cross-claims.

Direct claims have typically taken between 5 months and 8 months to be reported after diagnosis of mesothelioma.

Figure 4.9: Delay from diagnosis of mesothelioma to notification of claim against the Liable Entities



There has been a significant speed up in claims reporting for direct claims in 2016/17. The average time between diagnosis to notification has reduced to 141 days, and this represents the lowest level observed by AICF since its formation.

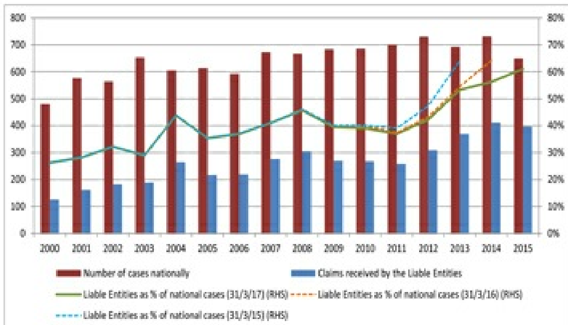
4.3 External statistics on mesothelioma claims incidence

The following chart compares the total number of mesothelioma cases reported (diagnosed) nationally to the number of mesothelioma claims received by the Liable Entities.

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.

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).

Figure 4.10: 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 2017 for 2000-2013

Annual Report of the Australian Mesothelioma Registry for 2014 and onwards

The annual number of mesothelioma cases diagnosed nationally has been relatively stable for the period 2007 to 2014 varying between 667 and 732 cases.

In calendar year 2015, the number of cases diagnosed nationally (as currently reported) fell to 650. It should be noted there may be a considerable degree of under-reporting in the 2015 year, noting that:

- The 2013 year was initially reported as 575, and this increased to 676 (as reported in the 2014 Australian Mesothelioma Registry Report) and 692 (as reported in the 2015 Australian Mesothelioma Registry Report); and
- The 2014 year was first reported as 641 and this increased to 732 (as reported in the 2015 Australian Mesothelioma Registry Report).

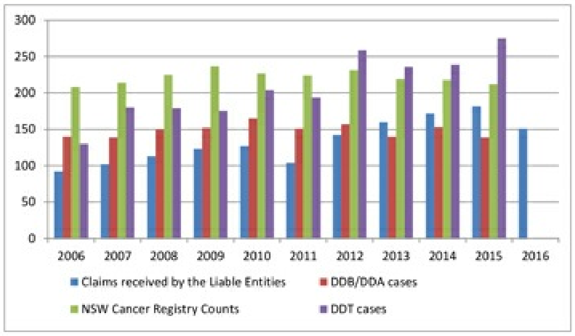
These increases in national statistics lead to a lower ratio for the number of Liable Entity claims as a percentage of the number of national cases of mesothelioma. As a consequence the currently estimated 61% for 2015/16 may be over-stated and (if previous experience of initial under-reporting of the number of national cases were to recur) may be more in the order of 55% (consistent with 2014/15).

It should be noted that not all cases of mesothelioma result in a claim being brought in Common Law. Furthermore, even if a claim is brought, not all claims will involve the Liable Entities.

In relation to NSW, we have additional information from the Dust Diseases Tribunal that allows us to measure what proportion of common law claims the Liable Entities are joined in for NSW.

For the DDB/DDA data, the "year" is financial year (i.e. 2012 is the year running from 1 July 2012 to 30 June 2013). In contrast, in the DDT data, "year" is defined as a calendar year (i.e. 2012 is the year running from 1 January 2012 to 31 December 2012). It should be noted that the four sets of data correspond to different definitions of year and so are not directly comparable and some caution should be exercised.

Figure 4.11: Number of mesothelioma cases reported in NSW



Sources: NSW Central Cancer Registry Reporting Module, 2012 for 2003-2012.
Australian Mesothelioma Registry for 2013-2015.
Insurance and Care NSW Annual Report 2015-16.
DDT statistics provided by the State of New South Wales

The chart shows that whilst the number of NSW cases of mesothelioma has been relatively stable from 2006/07 to 2015/16 (as has the number of cases received by the DDB/DDA), the number of common law claims has risen by more than 100%. At the same time, the Liable Entities have experienced a very similar rate of growth.

The data would appear to indicate that the Liable Entities are not being increasingly joined in common law claims in NSW, nor that there is an increasing prevalence of mesothelioma in NSW, but rather that the proportion of people being diagnosed who then bring a common law claim is the primary factor leading to the increases in claim numbers that have been observed in the last ten years (i.e. there has been an increase in the propensity to claim).

4.4 Base valuation assumption for number of mesothelioma claims

The actual claims experience in 2016/17 has been favourable compared to expectations for 2016/17 in relation to overall mesothelioma claim numbers and therefore it has provided no evidence, at this time, for a higher level of claims reporting being assumed in 2017/18.

Equally, whilst experience has been favourable, this is the first year of materially favourable experience in the last four years. Therefore, at this time, there is no strong evidence to support a reduction in the levels of future claims reporting to be assumed.

Therefore, we have selected our assumption of 372 claims for 2017/18; this being the same level that had previously been assumed (at 31 March 2016) for the level of claims reporting for 2017/18.

There remain material uncertainties in relation to the base level of claims reporting and it is possible that claims activity could increase next year, or fall next year.

There also remain material uncertainties as to the pace at which future claims reporting will reduce ("the decay rate") as well as the rate of co-joining of the Liable Entities in common law claims.

Depending on the outcome of future experience, further changes to the valuation assumptions and therefore to the valuation results may be necessary in future periods. Such changes could be material.

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)

5.1 Overview

The table below 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
2002	90	36	41	15	52
2003	101	26	27	10	36
2004	121	34	26	6	62
2005	103	32	17	6	33
2006	161	36	31	7	44
2007	171	28	43	8	46
2008	163	40	44	11	59
2009	120	40	43	3	61
2010	140	13	36	9	30
2011	110	15	36	6	30
2012	128	33	38	7	27
2013	117	26	49	15	32
2014	144	25	39	11	34
2015	90	19	31	11	29
2016	98	18	31	11	26
2002-2016	1,857	421	532	136	601
All Years	2,294	604	761	222	1,387

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 2013/14 saw claims reporting reduce, varying between 110 and 140 claims.

In 2014/15, claims reporting increased to 144 claims, although this reverted back to 90 claims in 2015/16.

There is some evidence that the high level of claims reporting in 2014/15 was due in part to an acceleration of claim lodgements and that this had consequential effects to the low level of claims reporting in 2015/16.

In 2016/17, there was a moderate increase in claims reporting to 98 claims, albeit lower than our assumption of 120 claims.

In selecting our assumption for 2017/18, we have (in broad terms) taken the average of the last three years as a base level.

We have assumed 108 asbestosis claims will be reported in 2017/18.

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.

In 2015/16, the number of claims reported fell to 19 and in 2016/17 it reduced to 18 claims.

In selecting our assumption for 2017/18, we have (in broad terms) taken the average of the last three years as a base level.

We have assumed 21 lung cancer claims will be reported in 2017/18.

5.4 ARPD & Other claims

The number of ARPD & Other claims, has typically been between 30 and 45 over the last eleven years, although in 2013/14 the number of claims reported was the highest observed historically, at 49 claims.

In both 2015/16 and 2016/17, the number of claims reported was 31.

In selecting our assumption for 2017/18, we have (in broad terms) taken the average of the last three years as a base level.

We have assumed 33 ARPD & Other claims will be reported in 2017/18.

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 historically exhibited some degree of volatility. However claims reporting activity has been relatively stable in the most recent seven years ranging from 26 claims to 34 claims.

In 2015/16 there were 29 claims reported, in 2016/17 there were 26 claims reported.

We have assumed 30 Workers Compensation claims will be reported in 2017/18.

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, there have been 11 claims reported in each of the last three years. We have assumed 12 claims will be notified in 2017/18. 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 2017/18, 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 2017/18 are as follows:

Table 5.2: Claim numbers experience and assumptions for 2017/18

	2015/16 actual	2016/17 actual	2016/17 H1 (annualised)	2016/17 H2 (annualised)	2016/17 expected	2017/18 Assumption
Mesothelioma	397	373	364	382	400	372
Asbestosis	90	98	106	90	120	108
Lung Cancer	19	18	26	10	24	21
ARPD & Other	31	31	36	26	36	33
Wharf	11	11	12	10	12	12
Worker	29	26	26	26	33	30
Total	**577**	**557**	**570**	**544**	**625**	**576**

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.

2016/17 Expected is the assumption selected for 2016/17 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 11 future claims reported, comprising 6 mesothelioma claims, 2 other product and public liability claims and 3 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 2017 of the additional provision (for claims not yet reported) that could potentially be required is an undiscounted liability of $3.3m and a discounted liability of $2.8m, all of which is deemed to be a liability of Amaca.

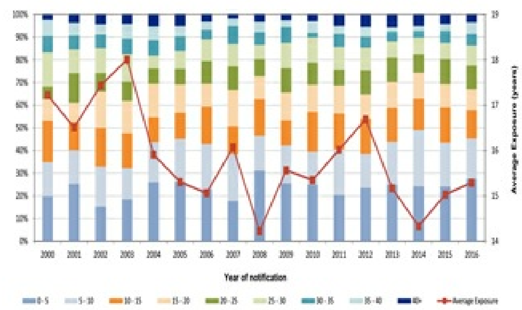
6. Exposure and Latency Experience and Incidence Pattern Assumptions

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)

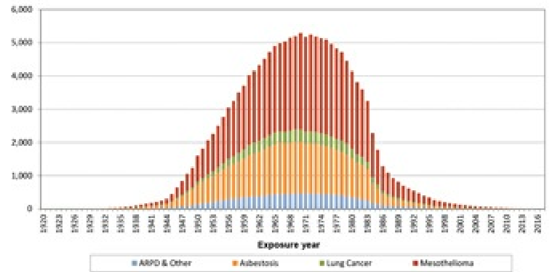


It can be seen that generally the average duration of exposure has varied between 14 years and 18 years and is currently 15.3 years.

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-1970s 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.

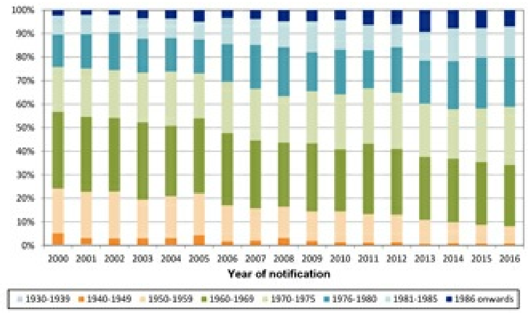
The relatively low level of exposure from 1987 onwards (about 5% of the total) is not unexpected given that all asbestos products ceased being manufactured by the Liable Entities by 1987. The exposure after that date likely results from usage of products already produced and sold before that date.

The chart above 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. The chart below shows the analysis for mesothelioma claims only.

Figure 6.3: Exposure (person years) of all mesothelioma claimants to date by report year and exposure period



As can be seen in the chart above, 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.

For example, pre-1970 exposures made up approximately 55% of mesothelioma claims exposures in 2005/06 but less than 35% of claims exposures in 2016/17.

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 an underlying 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.

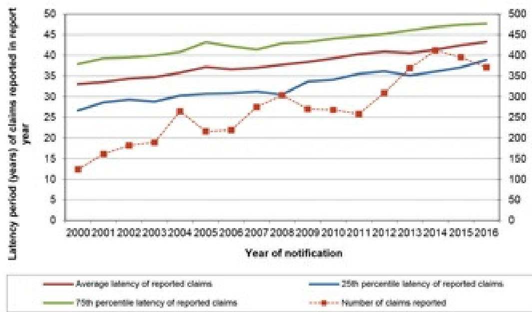
Because our model utilises latency assumptions from the average date of exposure, the latency period reported in the following charts is not directly comparable with that referred to in epidemiological literature.

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 6 to 8 months for mesothelioma and by approximately 2 years for non-mesothelioma disease types, the latency trends shown in the following charts might slightly overstate the latency to diagnosis.

The chart below shows the average latency observed for mesothelioma claims reported in each report year from 2000/01 to 2015/16, and the 25th percentile and 75th percentile observations.

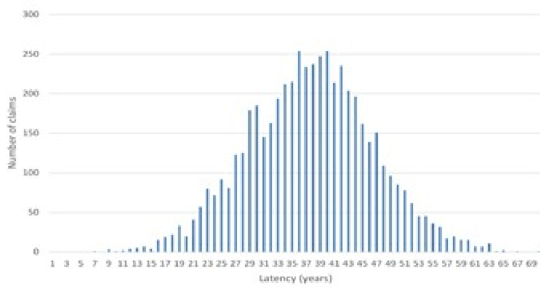
Figure 6.4: Latency of mesothelioma claims



The above chart indicates that the observed average latency period from the average exposure is currently approximately 43 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. This is supported by the observed latency distribution of mesothelioma claims reported across all years, shown in the chart below.

Figure 6.5: Latency distribution of mesothelioma claims



Our latency model assumes a "normal distribution" and the above chart seems to support that assumption at this time.

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 45 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 37 years to 43 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 7.2 years.

The claims experience to date and the assumptions selected seem to broadly 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 6.6: Latency of asbestosis claims

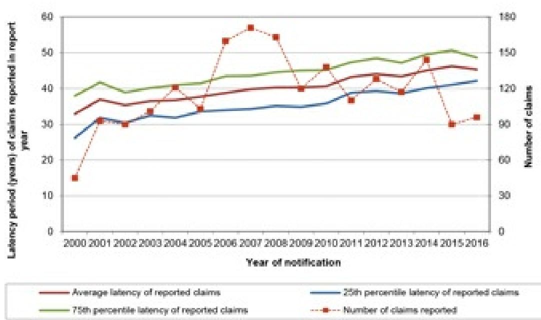


Figure 6.7: Latency of lung cancer claims

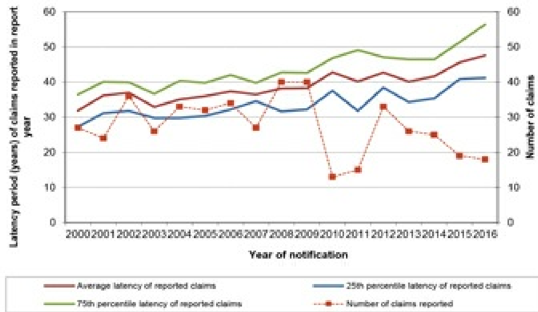
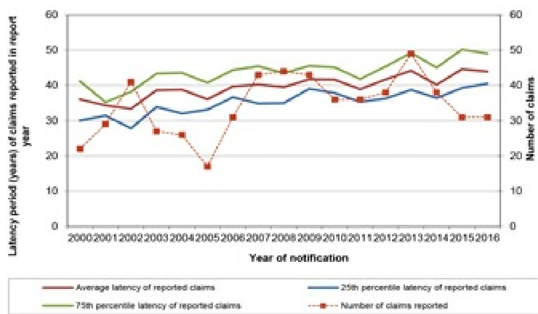


Figure 6.8: Latency of ARPD & Other claims



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	2008/09	2000/01
Workers Compensation	2007/08	2007/08

The modelled peak year for Wharf has been shifted from 2000/01 to 2008/09 in light of the observed Wharf claims reporting over the last five years. The peak year for Wharf has been selected to be in line with a blend of the assumptions selected for the other disease types.

Otherwise, 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 Potential future considerations and impact on future valuations for mesothelioma claims reporting

At 31 March 2014, we modified the incidence pattern for mesothelioma to reflect the heightened claims reporting that emerged in 2013/14. We adopted a peak period of reporting of 2014/15 to 2016/17.

That change in incidence pattern has been maintained at the current valuation given that actual experience has been favourable to expectations for 2016/17, i.e. that there is no evidence at this stage to suggest further increase to the incidence levels have been warranted.

Should mesothelioma claims reporting escalate in future periods, further valuation responses in future years may be necessary.

Such responses would also likely lead to the need to make additional adjustments to the longer-term incidence pattern assumptions and those changes could be material to the valuation result.

The experience from 2012/13 to 2016/17 has created additional uncertainty in setting valuation assumptions for mesothelioma claim numbers and this means that we expect additional valuation volatility for at least the next few years.

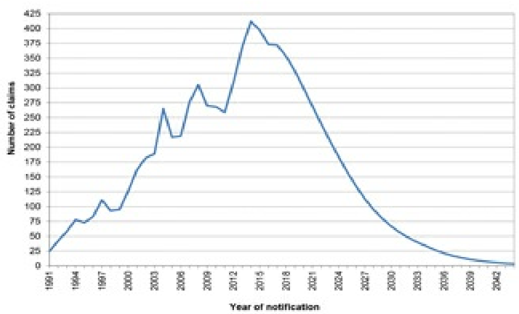
That additional volatility is likely to remain until such time as sufficient experience has been gathered to determine if the recent claims experience was aberrational or is a more permanent feature of future levels of mesothelioma claims reporting.

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 6.9: Projected future claim notifications for mesothelioma

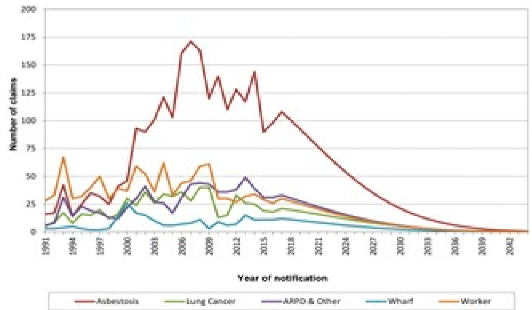


6.4.2 Other disease types

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 2017/18 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 2017/18.

Figure 6.10: Projected future claim notifications for other disease types



7. Claims Experience: Average Claims and 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.

The table below shows how the average settlement cost for non-nil attritional claims has varied by client settlement year. All data have been converted into mid 2016/17 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.

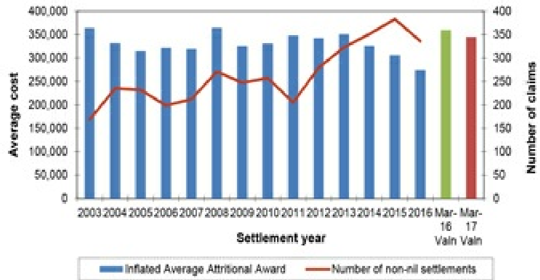
Table 7.1: Average attritional non-nil claim award (inflated to mid 2016/17 money terms)

Client Settlement Year	Mesothelioma	Asbestosis	Lung Cancer	ARPD & Other	Wharf	Workers Compensation
2003	364,284	169,393	183,949	155,693	173,751	176,825
2004	331,757	119,013	175,317	118,968	118,182	203,590
2005	314,541	108,339	83,609	109,521	120,058	186,354
2006	321,889	123,323	124,884	118,563	174,026	140,623
2007	319,525	111,938	156,243	67,158	67,331	372,094
2008	364,645	117,341	115,511	122,511	197,973	75,271
2009	325,547	131,810	133,586	116,142	77,466	132,207
2010	330,991	107,988	173,655	91,337	64,478	0
2011	348,032	131,821	152,133	118,765	92,575	1,094,988
2012	342,642	143,343	136,830	101,598	41,161	99,438
2013	350,890	111,131	116,671	109,458	116,778	22,497
2014	326,047	107,237	145,218	77,103	86,554	75,712
2015	306,124	104,616	120,991	105,908	140,165	0
2016	274,530	78,298	40,708	94,575	36,398	0

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 2016/17 money terms) and number of non-nil claims settlements for mesothelioma claims (excluding large claims)



The chart shows the historical variability in average claim sizes for mesothelioma, i.e. from $275,000 to $365,000 in mid 2016/17 money terms.

The average of the past three years is $303,000; the average of the past four years is $314,000 and the average of the past five years is $319,000.

The experience in 2016/17 was 24% below expectations.

Taking all of the above factors into consideration, we have adopted a base valuation assumption of $325,000 for mesothelioma claims in mid 2016/17 money terms.

We have then made explicit allowance for the impact of *Sullivan vs Gordon* in Victoria (see Section 1.3.3 of this report). The per claim loading of $20,000 has been derived based on past experience of the cost of Sullivan vs Gordon in NSW (of approximately $70,000 per claim) and applying this to Victorian claims, which make up approximately 30% of claims by number.

The overall size assumption of $345,000 represents a 4% decrease in inflation-adjusted terms.

Table 7.2: Average mesothelioma claims assumptions

	Claim settlement year	
Valuation Report	**2015/16**	**2016/17**
31-Mar-16	340,000	359,600
31-Mar-17	n/a	345,000

Note: 2015/16 settlements are in 2015/16 dollars whilst 2016/17 settlements are in 2016/17 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 2016/17 money terms) split between Direct claims and Cross claims

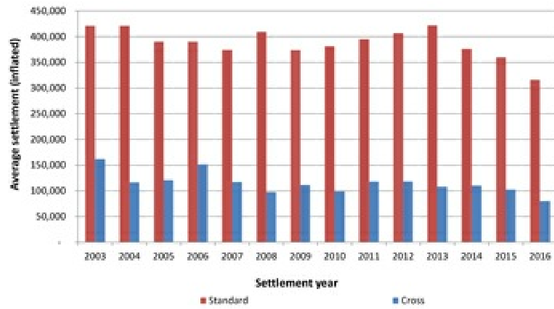
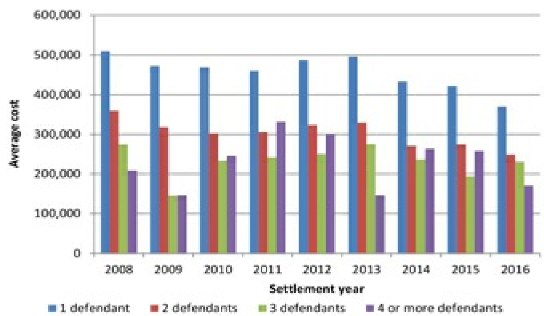


Figure 7.3: Average attritional awards (inflated to mid 2016/17 money terms) by number of defendants for Direct claims

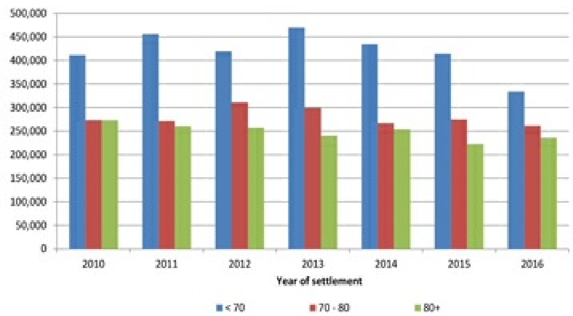


Average mesothelioma claim sizes payable by the Liable Entities have fallen in the last three years. It can be seen from the above charts that this has occurred both for single-defendant cases (where the Liable Entities pay 100% of the award) and multi-defendant cases (where the Liable entities are on average paying around 65% of the total amount awarded to the claimant).

The reduction in average claim sizes is primarily a result of the lower proportions of mesothelioma claimants under the age of 70 (see Figure 4.8 of this report).

As shown in the following chart, there is a marked difference between the average cost of non-large claims for claimants aged under 70 years, and those aged 70 and over.

Figure 7.4: Average attritional awards (inflated to mid 2016/17 money terms) by age of claimant



If we consider the period 2010/11 to 2015/16 (ignoring the very favourable experience in 2016/17), we can observe that:

- The average claim size for under-70 years old claimants has been broadly stable.
- The average claim size for 70-80 year old claimants has been broadly stable.
- The average claim size for claimants over 80 years of age has seen a reduction of around 18%.

The key factor therefore driving down the average claim size has been a change in the mix of claims by claimant age (as discussed further in Figure 4.8 of this report).

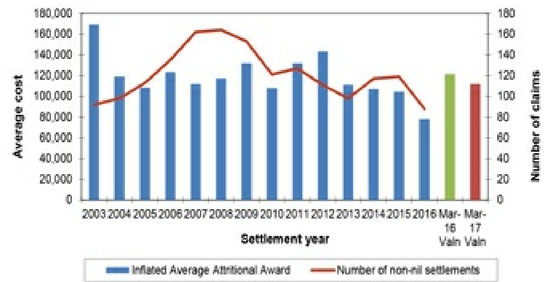
The sharp fall in overall average claim sizes in 2016/17 appears to be primarily a result of fewer claims over $500,000; claims of this size primarily come from the under-70 years old cohort of claimants.

Given the smaller number of claims involved in relation to under-70 years old claimants, it is possible that the 2016/17 experience is more a function of random variability and specific characteristics of the small number of claimants. As such, we have not given significant credibility to the 2016/17 experience in setting the valuation assumptions.

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 $78,000 to $169,000 (in mid 2016/17 money terms).

Figure 7.5: Average awards (inflated to mid 2016/17 money terms) and number of non-nil claims settlements for asbestosis claims



The average of the past three years is $98,000; the average of the past four years is $101,000 and the average of the past five years is $110,000.

In setting an assumption, we also note there has been one asbestosis claim settled for more than $1.6m in 2016/17 money terms (i.e. it is a "large claim" and is not shown in the above analysis).

Taking all of the above factors into consideration, we have adopted a valuation assumption of $112,000 for asbestosis claims in mid 2016/17 money terms. This assumption represents a 8% decrease in inflation-adjusted terms.

Table 7.3: Average asbestosis claims assumptions

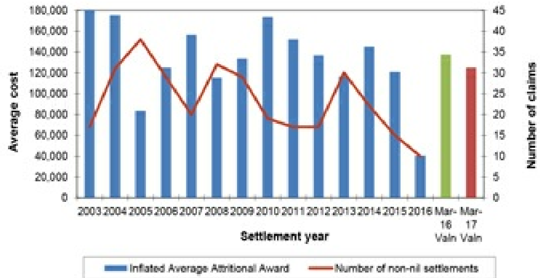
	Claim settlement year	
Valuation Report	2015/16	2016/17
31-Mar-16	115,000	121,600
31-Mar-17	n/a	112,000

Note: 2015/16 settlements are in 2015/16 dollars whilst 2016/17 settlements are in 2016/17 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 10 to 30 claims per annum).

Figure 7.6: Average awards (inflated to mid 2016/17 money terms) and number of non-nil claims settlements for lung cancer claims



The average of the past three years is $115,000; the average of the past four years is $116,000 and the average of the past five years is $120,000.

At this valuation, we have adopted an average award size of $125,000, 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 9% in inflation-adjusted terms from our previous assumption.

Table 7.4: Average lung cancer claims assumptions

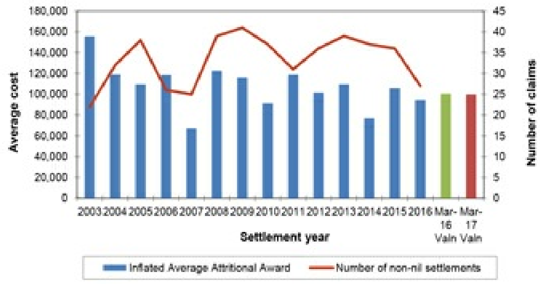
	Claim settlement year	
Valuation Report	**2015/16**	**2016/17**
31-Mar-16	130,000	137,500
31-Mar-17	n/a	125,000

Note: 2015/16 settlements are in 2015/16 dollars whilst 2016/17 settlements are in 2016/17 dollars.

7.5 ARPD & Other claims

The average award size over the past nine years has been relatively stable, with the exception of the low average award sizes observed in 2007/08 and 2014/15.

Figure 7.7: Average awards (inflated to mid 2016/17 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 $92,000; the average of the past four years is $97,000 and the average of the past five years is $98,000.

Taking all of the above factors into consideration, we have adopted a valuation assumption of $100,000 for ARPD & Other claims in mid 2016/17 money terms. This assumption is in line with our previous assumption in inflation-adjusted terms.

Table 7.5: Average ARPD & Other claims assumptions

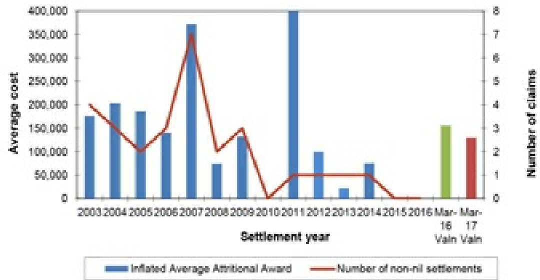
	Claim settlement year	
Valuation Report	**2015/16**	**2016/17**
31-Mar-16	95,000	100,500
31-Mar-17	n/a	100,000

Note: 2015/16 settlements are in 2015/16 dollars whilst 2016/17 settlements are in 2016/17 dollars.

7.6 Workers Compensation claims

The average award for non-nil Workers Compensation claims has shown a large degree of volatility, reflecting the small number of non-nil claims.

Figure 7.8: Average awards (inflated to mid 2016/17 money terms) and number of non-nil claims settlements for Workers Compensation claims



It should be noted that the high average claim size in 2011/12 is due to one claim of $900,000 (in 2011/12 values). Furthermore, we understand that this claim payment was able to be recovered from the workers compensation insurer at a later date.

There have been no non-nil claims settled in 2016/17.

At this valuation, we have adopted an average award size of $130,000, which represents a decrease of 17% in inflation-adjusted terms from our previous assumption.

This assumption is not material to the overall liability given the high proportion of claims (in excess of 90%) which are settled with no retained liability against the Liable Entities.

Table 7.6: Average Workers Compensation claims assumptions

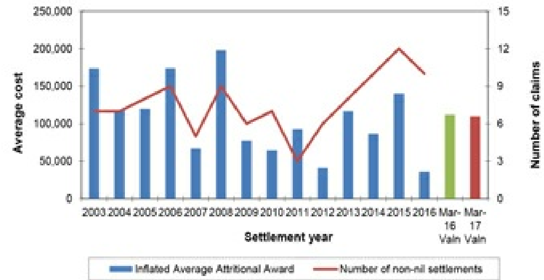
	Claim settlement year	
Valuation Report	**2015/16**	**2016/17**
31-Mar-16	147,500	156,000
31-Mar-17	n/a	130,000

Note: 2015/16 settlements are in 2015/16 dollars whilst 2016/17 settlements are in 2016/17 dollars.

7.7 Wharf claims

For wharf claims, the average of the past three years has been $91,000; the average of the past four years has been $96,000 and the average of the past five years has been $89,000.

Figure 7.9: Average awards (inflated to mid 2016/17 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 2008/09 values). In the absence of this claim, the average claim size for that year would have been $122,000.

We have adopted a valuation assumption of $110,000 in mid 2016/17 money terms which represents a 2% decrease compared to our 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

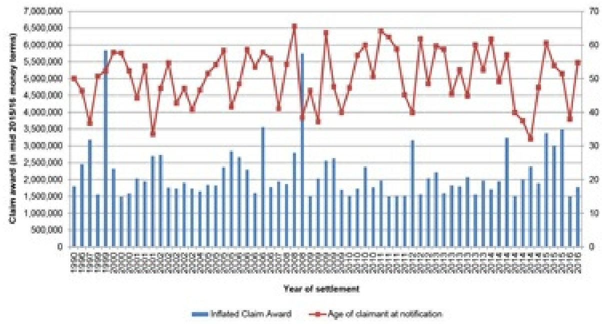
	Claim settlement year	
Valuation Report	**2015/16**	**2016/17**
31-Mar-16	106,000	112,100
31-Mar-17	n/a	110,000

Note: 2015/16 settlements are in 2015/16 dollars whilst 2016/17 settlements are in 2016/17 dollars.

7.8 Mesothelioma large claim size and incidence rates

There have been 65 mesothelioma claims settled with awards in excess of $1m in 2006/07 money terms. All of these claims are product and public liability claims.

Figure 7.10: Distribution of individual large claims by settlement year



In aggregate these claims have been settled for $143.6m in mid 2016/17 money terms, at an average cost of approximately $2.21m. There have been two claims of more than $5.0m each in mid 2016/17 money terms.

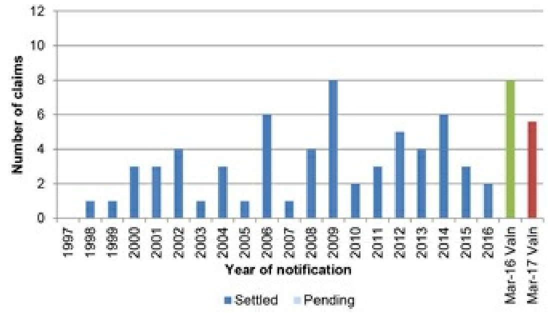
At the 31 March 2017 valuation, there are no large mesothelioma claims that are open.

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; although we note that at this valuation, there are no such pending large claims.

We have also indicated our previous valuation assumption at 31 March 2016 (being for 8 large claims based on a 2% incidence rate for 400 claims) and our revised valuation assumption at 31 March 2017 (being for 5.6 claims, based on a 1.5% incidence rate for 372 claims).

Figure 7.11: Number of mesothelioma large claims by year of notification



We have assumed a future large claim incidence rate of 1.50% over all future years. The incidence rate assumption is reduced from our assumption of 2.00% at the previous valuation.

For the average large claim size, we have adopted a valuation assumption of $2.21m in mid 2016/17 money terms which represents a 2% reduction compared to our previous assumption in inflation-adjusted terms.

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 $33,150 (being 1.50% x $2,210,000). This is a 27% reduction from our previous valuation assumption of $45,260 (in 2016/17 money terms) (being calculated as 2.00% x $2,140,000 x 1.0575).

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 and also for defence costs.

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).

For other disease types, we observe that there has been (in 2014/15) one asbestosis claim which exceeds the "large claims threshold". We have made implicit allowance for this claim in setting our attritional claim size assumption for that disease type.

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	345,000	359,600
Asbestosis	112,000	121,600
Lung Cancer	125,000	137,500
ARPD & Other	100,000	100,500
Wharf	110,000	112,100
Workers Compensation	130,000	156,000
Mesothelioma Large Claims (award only)	Average Size: $2.21m. Frequency: 1.50%	Average Size: $2.26m. Frequency: 2.00%

Note: Both the current valuation assumption and the previous valuation assumption are expressed in 2016/17 money terms.

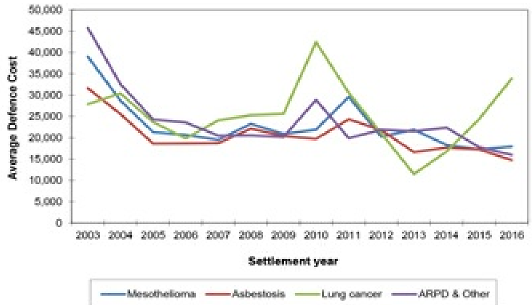
7.10 Defence legal costs

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 ten 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 10 to 30 claims per annum).

Figure 7.12: Average defence legal costs (inflated to mid 2016/17 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 $17,000 and $20,000 over the past three to five years.

For lung cancer, the average of the past three years is $23,000; the average of the past four years is $18,000 and the average of the past five years is $19,000.

For ARPD & Other, the average of the past three to five years is around $20,000.

7.10.2 Large claims

The average defence legal costs across all 65 large claims has been $149,000 although this has generally been trending downwards over time.

By way of illustration, the average defence legal costs for claims settled in the period 2010/11 to 2016/17 has been $93,700.

We have allowed for defence legal costs of $93,000 per large claim having regard to the more recent experience.

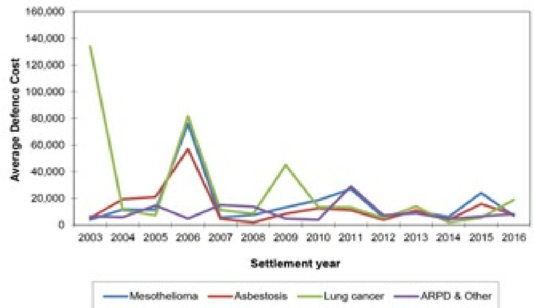
7.10.3 Nil claims

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 7.13: Average defence legal costs (inflated to mid 2016/17 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.

7.11 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.

Table 7.9: Summary average defendant legal costs assumptions

	Current Valuation		Previous Valuation	
	Non Nil Claims	Nil Claims	Non Nil Claims	Nil Claims
Mesothelioma	18,000	18,000	20,700	20,700
Asbestosis	17,500	10,000	17,600	12,400
Lung Cancer	25,000	8,500	28,500	8,800
ARPD & Other	20,000	12,500	21,700	12,400
Wharf	20,000	2,500	23,800	2,100
Workers Compensation	15,500	1,500	15,500	1,600
Mesothelioma Large	93,000		93,150	

Note: Both the current valuation assumption and the previous valuation assumption are expressed in 2016/17 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).

The table below shows the observed nil settlement rates by disease type and by settlement year.

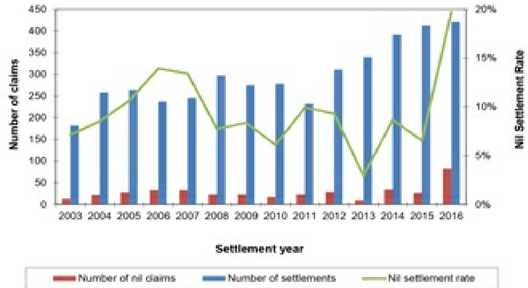
Table 8.1: Nil settlement rates

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%	26%	38%	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%	7%	32%	11%	0%	67%
2012	9%	16%	23%	20%	40%	99%
2013	3%	8%	3%	13%	20%	99%
2014	9%	11%	12%	8%	9%	97%
2015	7%	6%	25%	8%	8%	100%
2016	20%	13%	58%	13%	9%	100%

8.2 Mesothelioma claims

The following chart 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:

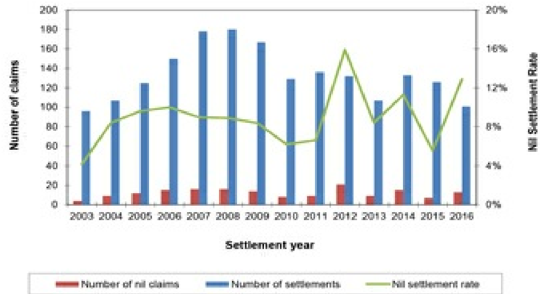
- The nil settlement rate for the past three years has averaged 12%, for the past four years has averaged 10% and for the past five years has averaged 10%. Each of these is significantly impacted by the 20% rate observed in 2016/17.
- The nil settlement rate for the 2013/14 year at 3% has been the lowest nil settlement rate observed historically.
- The nil settlement rate for the 2016/17 year at 20% was due to 54 Queensland statutory recovery claims being closed at nil cost in December 2016.
- Excluding the 54 Queensland Statutory nil claims, the nil settlement rate for 2016/17 was 7.9%, compared with our assumption (at 31 March 2016) of 7.0%.

Taking all of these factors into consideration, we have assumed a future nil settlement rate of 7.0%, unchanged from our previous valuation.

8.3 Asbestosis claims

As with mesothelioma, the historical asbestosis nil settlement rate has been volatile.

Figure 8.2: Asbestosis nil claims experience



In considering the future nil settlement rate assumption, we note the following:

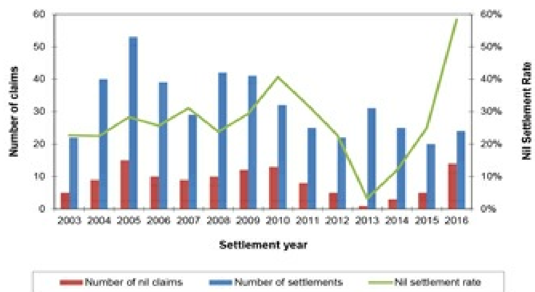
- The nil settlement rate for the past three years has averaged 10%, for the past four years has averaged 9% and for the past five years has averaged 11%.
- The nil settlement rate for 2016/17 was 13%. Excluding 2 Queensland Statutory nil claims, the nil settlement rate was at 11%, compared with our assumption (at 31 March 2016) of 8.5%.

Taking all of these factors into consideration, we have assumed a future nil settlement rate of 9.0%, an increase from our previous valuation assumption of 8.5%.

8.4 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:

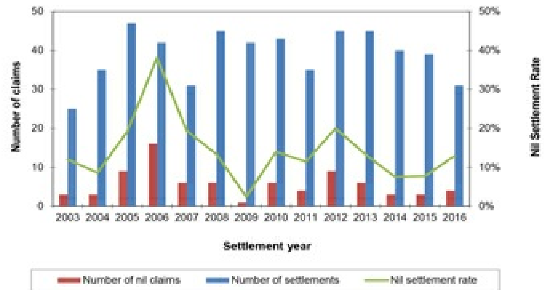
- The nil settlement rate for the past three years has averaged 32%, for the past four years has averaged 23% and for the past five years has averaged 23%. Each of these is significantly impacted by the 3% rate observed in 2013/14 and the 58% rate observed in 2016/17;
- The nil settlement rate for the 2013/14 year at 3% has been the lowest nil settlement rate in the past 16 years;
- The nil settlement rate for 2016/17 was 58%, the highest nil settlement rate observed historically, and this compares with our assumption (at 31 March 2016) of 20%.

Taking all of these factors into consideration, we have assumed a future nil settlement rate of 23%, an increase from our previous assumption of 20%.

8.5 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 9%, for the past four years has averaged 10% and for the past five years has averaged 13%.

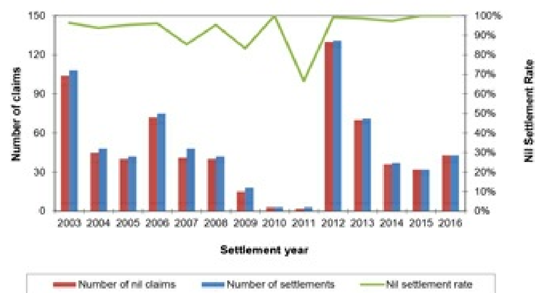
We have selected 13% as our nil settlement rate assumption, unchanged from our previous valuation.

8.6 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 97% as our nil settlement rate assumption, unchanged from our previous valuation.

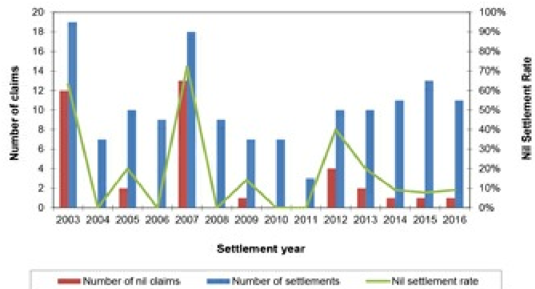
The overall financial impact of this assumption is not material.

8.7 Wharf claims

During the past six years, the nil settlement rate has exhibited considerably volatility for wharf claims, varying between 0% and 40%.

The nil settlement rate for the past three years has averaged 9%, for the past four years it has averaged 11% and for the past five years it has averaged 16%.

Figure 8.6: Wharf nil claims experience



We have selected a nil settlement rate assumption of 15%, a decrease from our previous valuation assumption of 18%.

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.

8.8 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	7.0%	7.0%
Asbestosis	9.0%	8.5%
Lung Cancer	23.0%	20.0%
ARPD & Other	13.0%	13.0%
Wharf	15.0%	18.0%
Workers Compensation	97.0%	97.0%

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

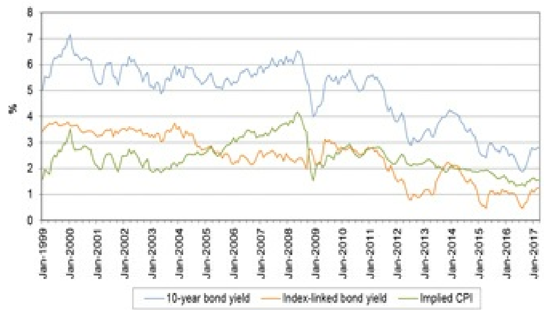
We have considered two indicators for our CPI assumption:

- 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



Source: Reserve Bank of Australia

It can be seen that the implied rate of CPI has varied between 1.3% per annum and 4.2% per annum during the past 10 years.

At 31 March 2017, the effective annual yield on long-term Commonwealth Government Bonds was 2.8% per annum (31 March 2016: 2.6% per annum) and the equivalent effective real yield on long-term index-linked bonds was approximately 1.25% per annum (31 March 2016: 1.1% per annum). This implies current market expectations for the long-term rate of CPI are of the order of 1.55% 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.

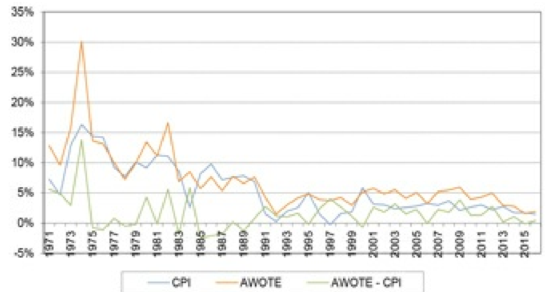
- Since October 2008, the implied rate of CPI has remained below 3.0% per annum.
- Since April 2015, the implied rate of CPI has generally decreased from a level of 1.9% in April 2015 to 1.3% in September 2016. Since then it has increased to 1.55% in March 2017.

Weighing this evidence together suggests a long term CPI inflation benchmark of 2.50% to 3.00% per annum, albeit that in the near term rates might be lower.

9.2.3 Wages (AWOTE) / CPI relativity

The following chart summarises the annualised rate of AWOTE and CPI inflation, and their relativity, for the 1971 to 2016 period. The years shown in the chart are calendar years.

Figure 9.2: Trends in CPI and AWOTE



Sources: Reserve Bank of Australia, Australian Bureau of Statistics

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 1971 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 1.50% 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 4.00% to 5.00% p.a.

9.2.4 Impact of claimant ageing and non-AWOTE inflation effects

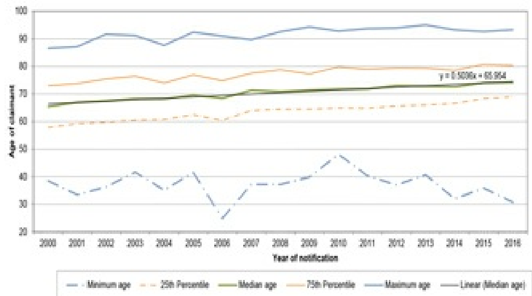
The overall age profile of claimants is expected to rise over future years with the consequent impact that, other factors held constant, claim amounts should tend to increase more slowly than average wage inflation (excluding any societal changes, e.g. changes in retirement age).

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.

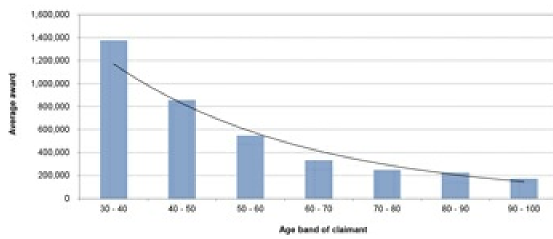
Figure 9.3: Age profile of mesothelioma claimants by report year



The chart indicates that the median age of mesothelioma claimants is increasing by approximately 0.50 years each year, with the median age now in excess of 74 years.

The following chart shows how average claim size varies by decade of age.

Figure 9.4: Average mesothelioma claim settlement amounts by decade of age (inflated to mid-2016/17 money terms)



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.

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 4.00% per annum.

The adopted assumption is slightly lower than our previous long-term assumption of 4.25% per annum.

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.

In the short to medium term, we have adopted 3.50% as the base inflation assumption for 2017/18, increasing to 3.75% for 2018/19 and 4.00% for 2019/20. These assumptions have been maintained from our previous valuation.

We have assumed that the long-term rates of base inflation will apply from 2020/21 onwards.

The following table summarizes the base inflation assumptions we have selected for the current and previous valuations.

Table 9.1: Base inflation assumptions

	Current Valuation	Previous Valuation
2016/17	n/a	3.50%
2017/18	3.50%	3.50%
2018/19	3.75%	3.75%
2019/20	4.00%	4.00%
Long-term	4.00%	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 commonly used by Australian actuaries to measure the rate at which average claims costs 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 which might result from changes in the number of defendants joined in claims; and
- Changes in the mix of claims costs by different heads of damage.

Additionally, superimposed inflation also captures those characteristics of claims experience which might have different relative claim sizes but which are currently modelled in aggregate (rather than explicitly and separately modelled). This includes factors such as:

- Changes in the mix of claims between direct and cross claims;
- Changes in the mix of claims between renovator and non-renovator claims;
- Changes in the mix of claims by the numbers of defendants to each claim; and
- Changes in the mix of claims by claimant age.

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) and that, if anything, average claim sizes have trended downwards in the last three years. As discussed elsewhere in this report, this reflects the changing mix of claimants by claimant age (shifting towards older claimants).

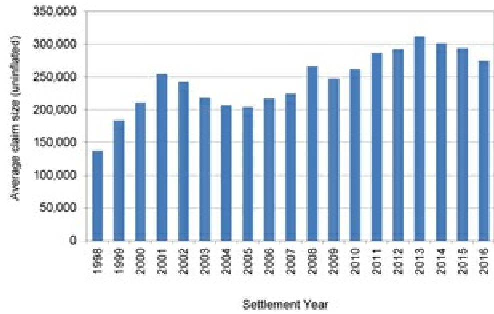
Furthermore, the emergence of new or expanding heads of damage does not tend to proceed smoothly but progresses in "steps", depending on the outcome of legislative and other developments.

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 19 years for mesothelioma claims. We have assessed this by analysing uninflated claim costs and therefore the following chart measures the trend in the total rate of claims inflation.

The following chart 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:

- From 1998/99 to 2005/06, the average rate of claims inflation was 5.9% per annum.
- From 1998/99 to 2007/08, the average rate of claims inflation was 5.6% per annum.
- From 1998/99 to 2008/09, the average rate of claims inflation was 6.9% per annum.
- From 2008/09 to 2011/12, the average rate of claims inflation was 2.4% per annum.
- From 2008/09 to 2013/14, the average rate of claims inflation was 3.2% per annum.
- From 2008/09 to 2015/16, the average rate of claims inflation was 1.4% per annum.

The impact of the above is that:

- From 1998/99 to 2011/12, the average rate of claims inflation was 5.8% per annum.
- From 1998/99 to 2013/14, the average rate of claims inflation was 5.6% per annum.
- From 1998/99 to 2015/16, the average rate of claims inflation was 4.6% 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 and that cashflows are projected for the next 50 or more years.

Weighing all of the evidence together, and in particular recognising that the 15-year period since 2001/02 has generally been benign, we have adopted an assumed long-term rate of future superimposed inflation of claims awards of 2.00% per annum.

This is lower than our previous assumption of 2.25% per annum.

There is no superimposed inflation applied to legal costs.

The outcome of this assumption is a "superimposed inflation allowance" of approximately $225m on a discounted central estimate basis. The majority of this "superimposed inflation allowance" arises in the projected cashflows from 2020 to 2040.

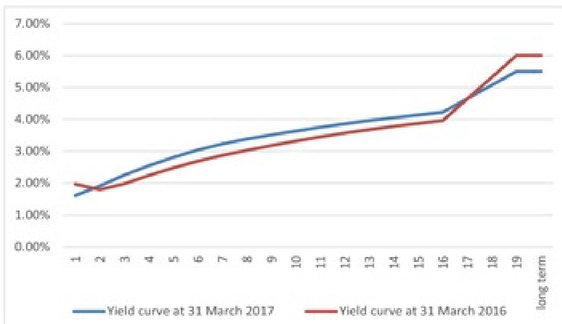
9.4 Discount rates: Commonwealth bond zero coupon yields

We have calculated the zero coupon yield curve at 31 March 2017 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.

The chart below shows the assumptions for the current valuation and the previous valuation.

Figure 9.6: Zero coupon yield curve by duration



9.5 Cross-claim recovery rates

The following chart shows how the experience of cross-claim recoveries has varied over the last six years, both in monetary terms and expressed as a percentage of gross payments.

Figure 9.7: Cross-claim recovery experience

Cross claim recoveries reduced year on year from 2012/13 to 2015/16, both in absolute terms and as a percentage of gross payments. In 2016/17, there was a material increase in the level of cross-claim recoveries.

At this stage, and given this is only one year's experience, we have retained our previous assumption for cross-claim recoveries at 1.5% of claims awards.

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%	96.1%	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%	98.3%	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%	88.2%	91.3%	94.4%	95.6%	98.5%	98.5%	98.5%	98.8%
2002	54.9%	90.3%	95.7%	98.7%	99.6%	99.9%	100.0%	100.0%	100.0%
2003	55.2%	90.6%	95.6%	99.4%	99.4%	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%	97.5%	97.5%	97.9%	99.4%	100.0%	100.0%	100.0%
2006	61.6%	93.6%	97.4%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
2007	53.1%	97.0%	99.4%	99.7%	99.7%	99.9%	99.9%	99.9%	99.9%
2008	66.9%	95.9%	97.1%	98.7%	99.3%	99.4%	99.4%	99.4%	99.4%
2009	57.6%	88.3%	92.6%	98.1%	99.3%	99.6%	99.9%	99.9%	
2010	71.7%	96.4%	99.6%	99.9%	100.0%	100.0%	100.0%		
2011	57.1%	96.9%	99.1%	99.7%	100.0%	100.0%			
2012	55.6%	97.7%	99.7%	100.0%	100.0%				
2013	65.3%	96.8%	99.5%	98.7%					
2014	65.8%	96.3%	98.3%						
2015	64.1%	94.4%							
2016	53.9%								

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%	22.8%	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%	73.5%	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	16.2%	47.2%	66.7%	82.7%	86.3%	89.3%	89.4%	89.4%	93.4%
2001	22.5%	56.4%	82.0%	85.3%	89.9%	92.3%	94.0%	97.1%	97.1%
2002	12.6%	59.5%	80.3%	87.7%	94.9%	97.2%	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	19.5%	81.3%	94.5%	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%	99.9%
2007	28.6%	82.4%	92.2%	98.7%	99.2%	99.2%	99.2%	99.2%	99.2%
2008	25.7%	83.2%	94.6%	96.2%	98.6%	98.9%	98.9%	98.9%	98.9%
2009	39.7%	78.3%	92.5%	94.2%	94.4%	95.8%	98.2%	98.2%	
2010	26.0%	84.3%	95.3%	97.0%	99.6%	99.6%	99.6%		
2011	36.7%	90.0%	99.7%	99.8%	99.8%	99.8%			
2012	38.0%	87.7%	96.9%	98.3%	98.3%				
2013	28.4%	84.4%	98.0%	98.0%					
2014	29.9%	83.0%	92.6%						
2015	43.6%	83.8%							
2016	21.4%								

We have estimated the settlement pattern for future claim reporting as follows:

Table 9.2: Settlement pattern of claims awards by delay from claim reporting

Delay (years)	Mesothelioma	Non-mesothelioma
0	59.0%	32.0%
1	35.0%	52.0%
2	3.0%	10.0%
3	1.0%	2.0%
4	1.0%	0.5%
5	0.5%	0.5%
6	0.5%	1.0%
7	0.0%	1.0%
8	0.0%	0.5%
9	0.0%	0.5%

These assumed settlements patterns have been modified slightly since our previous valuation, resulting in an assumption of a slight slowing down for mesothelioma claim settlements and a slight speeding up for non-mesothelioma claim settlements.

10. Valuation Results

10.1 Central estimate liability

At 31 March 2017, our projected central estimate of the liabilities of the Liable Entities (the Discounted Central Estimate) to be met by the AICF Trust is $1,740.1m (March 2016: $1,904.1m).

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 2017 $m			31 March 2016 $m
	Gross of insurance recoveries	Insurance recoveries	Net of insurance recoveries	Net of insurance recoveries
Total uninflated and undiscounted cash-flows	1,467.6	81.9	1,385.7	1,433.9
Inflation allowance	843.0	29.0	814.0	993.0
Total inflated and undiscounted cash-flows	2,310.6	110.9	2,199.7	2,426.9
Discounting allowance	(480.9)	(21.4)	(459.6)	(522.8)
Net present value liabilities	**1,829.7**	**89.5**	**1,740.1**	**1,904.1**

10.2 Comparison with previous valuation

In the absence of any change to the claim projection assumptions from our 31 March 2016 valuation, other than allowing for the changes in the discount rate, we would have projected a Discounted Central Estimate liability of $1,789.6m as at 31 March 2017, i.e. a reduction of $114.5m from our 31 March 2016 valuation result.

This decrease of $114.5m is due to:

- A reduction of $111.7m, 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 decrease of $2.8m resulting from changes to the yield curve between 31 March 2016 and 31 March 2017.

Our liability assessment at 31 March 2017 of $1,740.1m represents a decrease of $49.5m, which arises from changes to the actuarial assumptions.

The decrease of $49.5m is principally a consequence of:

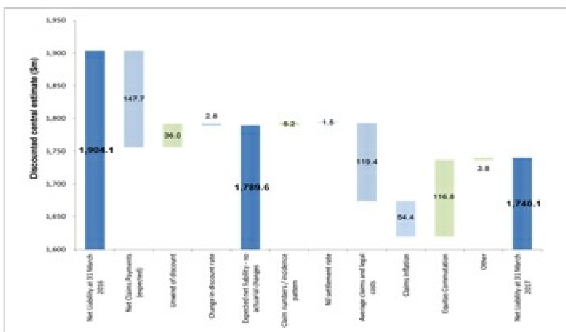
- Lower average claim sizes and defence legal cost assumptions across most disease types;
- A reduction in the assumed number of large mesothelioma claims; and
- Lower claims inflation assumptions in the longer-term;

offset by

- Lower future insurance recoveries as a result of the Equitas Commutation.

The following chart shows an analysis of the change in our liability assessments from 31 March 2016 to 31 March 2017 on a discounted basis.

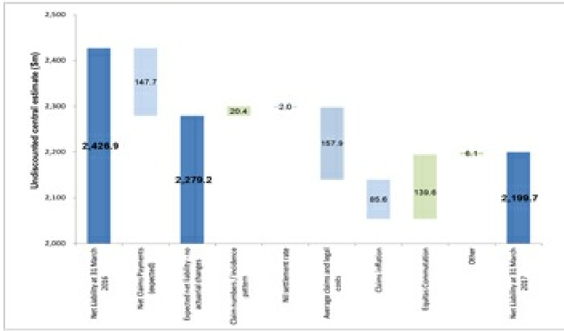
Figure 10.1: Analysis of change in central estimate liability (discounted basis)



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.

The following chart shows an analysis of the change in our liability assessments from March 2016 to March 2017 on an undiscounted basis.

Figure 10.2: Analysis of change in central estimate liability (undiscounted basis)



The undiscounted liability as of 31 March 2017 has decreased from $2,279m (based on the 31 March 2016 valuation) to $2,200m. This represents a decrease of $79m. On an undiscounted basis, the Equitas Commutation has contributed an increase of $140m.

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	FY 2015	FY 2016	FY2017
Valuation result at end of previous financial year	3,169	2,811	3,027	3,124	2,906	2,661	2,525	2,513	2,805	2,743	2,427
Net payments made (actual)	-32	-55	-91	-86	-76	-76	-86	-113	-121	-129	2
Expected valuation result (no actuarial changes)	3,137	2,756	2,936	3,038	2,830	2,585	2,439	2,400	2,684	2,614	2,429
Actual valuation at end of financial year	2,811	3,027	3,124	2,906	2,661	2,525	2,513	2,805	2,743	2,427	2,200
Impact of actuarial valuation changes	-326	271	188	-132	-169	-60	74	405	59	-187	-229
Cumulative changes since 30 September 2006	**-326**	**-55**	**133**	**1**	**-168**	**-228**	**-154**	**251**	**310**	**123**	**-106**

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 2017 the valuation has improved by $106m (3% of the valuation contained in the Initial Report).

In terms of net cashflows, actual net payments of $863m have been made since 30 September 2006. This compares with an estimate of $1,072m projected for the same period (1 October 2006 to 31 March 2017) in the valuation at 30 September 2006.

After allowing for removal of the beneficial impact of HIH and other commutations ($178m), actual net cashflows have been approximately $31m (3%) below those projected in the valuation at 30 September 2006.

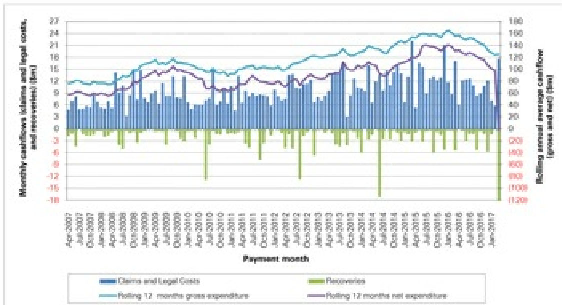
Gross cashflows in the same period have been $21m (2%) below those projected in the valuation at 30 September 2006 ($1,224m vs $1,245m).

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 nine years.

Figure 10.3: Historical claim-related expenditure of the Liable Entities



Gross cashflow payments in the 12 months to 31 March 2017 were \$125.0m (FY16: \$154.7m).

Gross cashflow was lower than expectations by \$43m, primarily due to the lower average claim size of mesothelioma claims which were 24% below expectations, together with lower expenditure on large mesothelioma claims, which were \$15m favourable to expectations.

Actual net cashflow in 2016/17 (-\$2.2m) was lower than the net cashflow projected for 2016/17 (\$147.7m) in our 31 March 2016 valuation report.

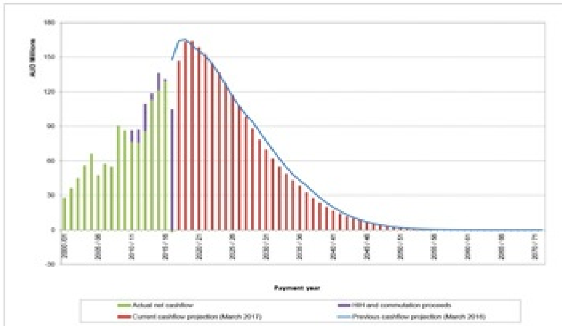
In the absence of the Equitas commutation proceeds, actual net cashflow was \$44.9m (30%) lower than the net cashflow projected for 2016/17.

10.4.2 Future cashflow projections

The following chart shows the projected net cashflows underlying our current valuation and the projected net cashflow projection underlying our previous valuation at 31 March 2016.

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 10.4: Annual cashflow projections – inflated and undiscounted ($m)



The projected inflated and undiscounted cashflows underlying this chart are documented in Appendix B.

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)	1,740.1
Period Actuarial Estimate (net of cross-claim recoveries, gross of Insurance and Other Recoveries) comprising:	482.8
Discounted value of cashflow in 2017/18	*151.6*
Discounted value of cashflow in 2018/19	*166.8*
Discounted value of cashflow in 2019/20	*164.4*
Term Central Estimate (net of cross-claim recoveries, Insurance and Other Recoveries)	1,731.5

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 $89.5m.

This estimate is comprised as follows:

Table 10.4: Insurance recoveries at 31 March 2017

$m	Undiscounted central estimate	Discounted central estimate
Gross liability	**2,310.6**	**1,829.7**
Product liability recoveries	104.0	84.4
Bad and doubtful debt allowance (product)	(2.8)	(2.1)
Public liability recoveries	9.9	7.4
Bad and doubtful debt allowance (public)	(0.2)	(0.1)
Insurance recovery asset	**110.9**	**89.5**
Net liability	**2,199.7**	**1,740.1**
Insurance recovery rate	4.9%	5.0%
Bad and doubtful debt rate	2.7%	2.5%
Value of Insurance Policies per Facility Agreement		**82.3**

The combined bad and doubtful debt rate is 2.5% on a discounted basis (2016: 2.0%).

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 2017, the discounted central estimate of the Insurance Policies, as specified in Schedule 5 of the AICF Facility Agreement, is $82.3m (March 2016: $219.7m).

The significant reduction in the value of Insurance Recoveries is a result of the Equitas Commutation.

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 and future pattern of incidence 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 significant increases in claims reporting in the next three years through to 2014/15;
- 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 mix of claimants by age, in particular noting the shift towards older claimants and which has had a downwards effect on average claim sizes in recent years;
- 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**: 10% above and below our central estimate assumption.
- **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.

We have not included a sensitivity test for the impact of changes in discount rates although, as noted in this Report, changes in discount rates can introduce significant volatility to the Discounted Central Estimate result reported at each year-end.

11.3 Results of sensitivity testing

The chart below 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)

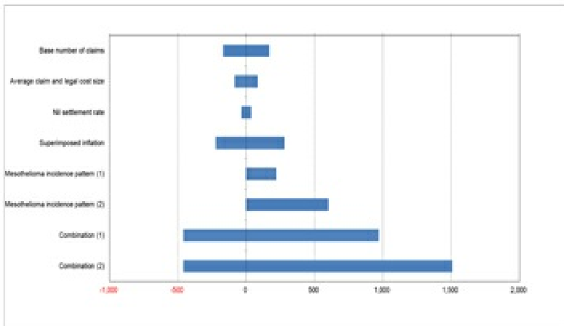
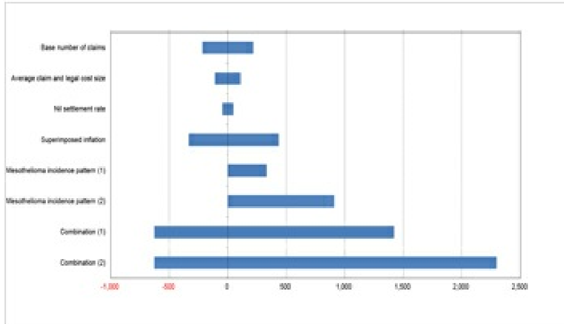


Figure 11.2: Sensitivity testing results – Impact around the undiscounted central estimate (in $m)



The 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 from that currently assumed of 2016/17 (i.e. assuming that claim reporting begins to reduce after 2018/19) together with increased claims reporting from 2026/27 onwards relative to current actuarial projections, could add approximately $600m (34%) on a discounted basis to our valuation (as shown in Figure 11.1 by the scenario labelled "mesothelioma incidence pattern (2)").

Table 11.1: Summary results of sensitivity analysis ($m)

	Undiscounted	Discounted
Central estimate	2,199.7	1,740.1
Low Scenario	1,570.8	1,279.3
High Scenario	4,496.0	3,248.8

Whilst the table above indicates a range around the discounted central estimate of liabilities of -$461m to +$1,509m, 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.

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%	0.14%	0.25%	0.35%	0.47%	0.52%	0.61%	0.67%	0.73%	0.76%	0.79%	0.82%	0.89%	0.96%
AA+	0.00%	0.06%	0.06%	0.11%	0.17%	0.23%	0.29%	0.35%	0.41%	0.47%	0.54%	0.61%	0.68%	0.75%	0.82%
AA	0.02%	0.04%	0.09%	0.23%	0.38%	0.50%	0.64%	0.75%	0.85%	0.96%	1.05%	1.11%	1.23%	1.30%	1.38%
AA-	0.03%	0.10%	0.21%	0.30%	0.38%	0.49%	0.57%	0.62%	0.69%	0.75%	0.82%	0.89%	0.92%	0.97%	1.03%
A+	0.06%	0.12%	0.25%	0.40%	0.52%	0.62%	0.75%	0.89%	1.04%	1.21%	1.36%	1.53%	1.73%	1.96%	2.14%
A	0.07%	0.18%	0.28%	0.42%	0.57%	0.77%	0.97%	1.16%	1.38%	1.63%	1.84%	2.00%	2.14%	2.22%	2.41%
A-	0.09%	0.22%	0.36%	0.49%	0.68%	0.87%	1.14%	1.34%	1.50%	1.64%	1.78%	1.93%	2.07%	2.21%	2.33%
BBB+	0.15%	0.41%	0.70%	0.98%	1.26%	1.59%	1.84%	2.11%	2.41%	2.71%	3.00%	3.20%	3.46%	3.80%	4.19%
NR	3.87%	7.58%	10.79%	13.39%	15.49%	17.23%	18.69%	19.90%	20.98%	21.97%	22.79%	23.49%	24.13%	24.68%	25.22%
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' 2015 Annual Global Corporate Default Study and Rating Transitions, 2 May 2016.

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
2017 / 2018	125.3	8.9	2.8	2.3	14.0	0.4	0.1	0.6	0.2	0.4	2.1	152.8	6.1	146.7
2018 / 2019	140.4	11.4	2.4	3.0	14.3	0.2	0.1	1.1	0.2	0.4	2.4	171.1	7.6	163.5
2019 / 2020	140.9	12.0	2.4	3.1	14.2	0.2	0.1	1.2	0.2	0.3	2.4	172.1	8.1	164.0
2020 / 2021	137.4	11.4	2.2	2.9	13.6	0.1	0.1	1.2	0.2	0.3	2.3	167.0	8.4	158.6
2021 / 2022	133.2	11.1	2.2	2.8	12.6	0.1	0.1	1.1	0.2	0.3	2.3	161.3	8.6	152.7
2022 / 2023	126.9	10.7	2.1	2.7	11.9	0.1	0.1	1.1	0.2	0.2	2.2	153.9	9.0	144.8
2023 / 2024	120.3	10.3	2.1	2.6	11.0	0.1	0.1	1.0	0.2	0.2	2.0	145.8	8.8	137.1
2024 / 2025	111.3	9.8	2.0	2.4	10.2	0.1	0.0	1.0	0.2	0.2	1.9	135.4	8.5	126.9
2025 / 2026	102.3	9.3	1.9	2.3	9.4	0.1	0.0	0.9	0.2	0.2	1.8	124.9	7.5	117.4
2026 / 2027	93.0	8.7	1.8	2.1	8.3	0.1	0.0	0.9	0.1	0.1	1.6	113.7	6.0	107.7
2027 / 2028	83.5	8.0	1.7	1.9	7.4	0.1	0.0	0.8	0.1	0.1	1.4	102.4	3.9	98.5
2028 / 2029	74.6	7.4	1.6	1.8	6.6	0.1	0.0	0.7	0.1	0.1	1.3	91.7	3.7	88.0
2029 / 2030	66.6	6.7	1.5	1.6	5.8	0.1	0.0	0.7	0.1	0.1	1.2	81.9	3.4	78.5
2030 / 2031	59.4	6.0	1.3	1.4	5.1	0.1	0.0	0.6	0.1	0.1	1.0	73.1	3.2	69.9
2031 / 2032	52.9	5.3	1.2	1.2	4.5	0.1	0.0	0.5	0.1	0.1	0.9	65.1	2.9	62.1
2032 / 2033	47.2	4.7	1.1	1.1	3.9	0.0	0.0	0.5	0.1	0.1	0.8	57.8	2.7	55.1
2033 / 2034	42.0	4.1	1.0	0.9	3.4	0.0	0.0	0.4	0.1	0.0	0.7	51.4	2.5	48.8
2034 / 2035	37.5	3.6	0.9	0.8	3.0	0.0	0.0	0.4	0.1	0.0	0.6	45.5	2.3	43.2
2035 / 2036	32.5	3.1	0.8	0.7	2.5	0.0	0.0	0.3	0.0	0.0	0.6	39.5	1.1	38.4
2036 / 2037	27.7	2.6	0.7	0.6	2.1	0.0	0.0	0.3	0.0	0.0	0.5	33.6	0.9	32.7
2037 / 2038	23.6	2.2	0.6	0.5	1.8	0.0	0.0	0.2	0.0	0.0	0.4	28.6	0.9	27.7
2038 / 2039	20.1	1.9	0.5	0.4	1.5	0.0	0.0	0.2	0.0	0.0	0.3	24.2	0.8	23.5
2039 / 2040	17.1	1.5	0.4	0.3	1.2	0.0	0.0	0.2	0.0	0.0	0.3	20.5	0.7	19.8
2040 / 2041	14.5	1.3	0.3	0.3	1.0	0.0	0.0	0.1	0.0	0.0	0.2	17.3	0.6	16.8
2041 / 2042	12.3	1.0	0.3	0.2	0.9	0.0	0.0	0.1	0.0	0.0	0.2	14.6	0.5	14.1
2042 / 2043	10.4	0.8	0.2	0.2	0.7	0.0	0.0	0.1	0.0	0.0	0.2	12.3	0.4	11.9
2043 / 2044	8.9	0.7	0.2	0.1	0.6	0.0	0.0	0.1	0.0	0.0	0.1	10.4	0.4	10.0
2044 / 2045	7.5	0.5	0.2	0.1	0.5	0.0	0.0	0.1	0.0	0.0	0.1	8.7	0.3	8.4
2045 / 2046	6.2	0.4	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.1	7.1	0.2	6.9
2046 / 2047	5.0	0.3	0.1	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1	5.7	0.2	5.6
2047 / 2048	4.0	0.3	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.1	4.5	0.1	4.4
2048 / 2049	3.2	0.2	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	3.6	0.1	3.5
2049 / 2050	2.5	0.2	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.1	2.8
2050 / 2051	2.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.1	2.2
2051 / 2052	1.6	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.1	1.7
2052 / 2053	1.3	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0	1.4
2053 / 2054	1.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	1.1
2054 / 2055	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.9
2055 / 2056	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.7
2056 / 2057	0.5	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
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	0.4
2058 / 2059	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3
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	0.2	0.0	0.2
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
2076 / 2077	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	1,899.0	166.9	38.8	40.8	173.8	2.2	0.9	16.6	2.9	3.3	32.4	2,310.6	110.9	2,199.7

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
2017 / 2018	124.3	8.9	2.7	2.3	13.9	0.4	0.1	0.6	0.2	0.4	2.1	151.6	6.1	145.5
2018 / 2019	136.9	11.1	2.3	2.9	14.0	0.2	0.1	1.1	0.2	0.3	2.3	166.8	7.4	159.4
2019 / 2020	134.6	11.4	2.3	3.0	13.5	0.2	0.1	1.1	0.2	0.3	2.3	164.4	7.7	156.7
2020 / 2021	128.1	10.7	2.1	2.7	12.7	0.1	0.1	1.1	0.2	0.3	2.2	155.8	7.9	147.9
2021 / 2022	120.9	10.0	2.0	2.6	11.5	0.1	0.1	1.0	0.2	0.2	2.0	146.5	7.8	138.7
2022 / 2023	112.0	9.4	1.9	2.4	10.5	0.1	0.1	1.0	0.2	0.2	1.9	135.8	8.0	127.8
2023 / 2024	103.0	8.8	1.8	2.2	9.4	0.1	0.0	0.9	0.2	0.2	1.8	124.8	7.5	117.3
2024 / 2025	92.2	8.1	1.6	2.0	8.5	0.1	0.0	0.8	0.1	0.2	1.6	112.1	7.0	105.1
2025 / 2026	81.9	7.4	1.5	1.8	7.5	0.1	0.0	0.8	0.1	0.1	1.4	100.0	6.0	94.0
2026 / 2027	71.9	6.7	1.4	1.6	6.4	0.1	0.0	0.7	0.1	0.1	1.2	87.9	4.6	83.3
2027 / 2028	62.3	6.0	1.3	1.5	5.5	0.1	0.0	0.6	0.1	0.1	1.1	76.4	2.9	73.4
2028 / 2029	53.6	5.3	1.1	1.3	4.7	0.1	0.0	0.5	0.1	0.1	0.9	65.9	2.6	63.2
2029 / 2030	46.0	4.6	1.0	1.1	4.0	0.0	0.0	0.5	0.1	0.1	0.8	56.6	2.4	54.3
2030 / 2031	39.5	4.0	0.9	0.9	3.4	0.0	0.0	0.4	0.1	0.1	0.7	48.6	2.1	46.5
2031 / 2032	33.8	3.4	0.8	0.8	2.9	0.0	0.0	0.3	0.1	0.0	0.6	41.5	1.9	39.7
2032 / 2033	28.9	2.9	0.7	0.7	2.4	0.0	0.0	0.3	0.0	0.0	0.5	35.5	1.7	33.8
2033 / 2034	24.7	2.4	0.6	0.6	2.0	0.0	0.0	0.2	0.0	0.0	0.4	30.1	1.5	28.7
2034 / 2035	21.0	2.0	0.5	0.5	1.7	0.0	0.0	0.2	0.0	0.0	0.4	25.5	1.3	24.2
2035 / 2036	17.3	1.6	0.4	0.4	1.3	0.0	0.0	0.2	0.0	0.0	0.3	21.0	0.6	20.4
2036 / 2037	14.0	1.3	0.3	0.3	1.1	0.0	0.0	0.1	0.0	0.0	0.2	16.9	0.5	16.5
2037 / 2038	11.3	1.1	0.3	0.2	0.9	0.0	0.0	0.1	0.0	0.0	0.2	13.6	0.4	13.2
2038 / 2039	9.1	0.8	0.2	0.2	0.7	0.0	0.0	0.1	0.0	0.0	0.2	11.0	0.4	10.6
2039 / 2040	7.3	0.7	0.2	0.1	0.5	0.0	0.0	0.1	0.0	0.0	0.1	8.8	0.3	8.5
2040 / 2041	5.9	0.5	0.1	0.1	0.4	0.0	0.0	0.1	0.0	0.0	0.1	7.1	0.2	6.8
2041 / 2042	4.7	0.4	0.1	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1	5.6	0.2	5.4
2042 / 2043	3.8	0.3	0.1	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1	4.5	0.2	4.3
2043 / 2044	3.1	0.2	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1	3.6	0.1	3.5
2044 / 2045	2.5	0.2	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.1	2.8
2045 / 2046	1.9	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.1	2.2
2046 / 2047	1.5	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	1.6
2047 / 2048	1.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0	1.2
2048 / 2049	0.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.9
2049 / 2050	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	0.7
2050 / 2051	0.5	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
2051 / 2052	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4
2052 / 2053	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3
2053 / 2054	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
2054 / 2055	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
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	0.1	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
2057 / 2058	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
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
2076 / 2077	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	**1,502.2**	**130.9**	**28.5**	**32.4**	**140.7**	**1.8**	**0.7**	**12.9**	**2.3**	**2.8**	**25.6**	**1,829.7**	**89.5**	**1,740.1**

D Australian asbestos consumption and production data: 1930-2002

Figures in this table are in 000's metric tonnes

Year	Australian Production - All companies	Import	Export	Australian Consumption - All companies
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

E 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

F 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.

kpmg.com.au

Notification of dividend / distribution

Announcement Summary

Entity name
JAMES HARDIE INDUSTRIES PLC

Security on which the Distribution will be paid
JHX - CHESS DEPOSITARY INTERESTS 1:1

Announcement Type
New announcement

Date of this announcement
Thursday May 18, 2017

Distribution Amount
USD 0.28000000

Ex Date
Wednesday June 7, 2017

Record Date
Thursday June 8, 2017

Payment Date
Friday August 4, 2017

Refer to below for full details of the announcement

Announcement Details

Part 1 - Entity and announcement details

1.1 Name of +Entity
JAMES HARDIE INDUSTRIES PLC

1.2 Registered Number Type
ARBN

Registration Number
097829895

1.3 ASX issuer code
JHX

1.4 The announcement is
New announcement

1.5 Date of this announcement
Thursday May 18, 2017

1.6 ASX +Security Code
JHX

ASX +Security Description
CHESS DEPOSITARY INTERESTS 1:1

Part 2A - All dividends/distributions basic details

2A.1 Type of dividend/distribution
Ordinary

2A.2 The Dividend/distribution:
relates to a period of six months

2A.3 The dividend/distribution relates to the financial reporting or payment period ending ended/ending (date)
Friday March 31, 2017

2A.4 +Record Date
Thursday June 8, 2017

2A.5 Ex Date
Wednesday June 7, 2017

2A.6 Payment Date
Friday August 4, 2017

2A.7 Are any of the below approvals required for the dividend/distribution before business day 0 of the timetable?

- **Security holder approval**
- **Court approval**
- **Lodgement of court order with +ASIC**
- **ACCC approval**
- **FIRB approval**
- **Another approval/condition external to the entity required before business day 0 of the timetable for the dividend/distribution.**

No

2A.8 Currency in which the dividend/distribution is made ("primary currency")
USD - US Dollar

2A.9 Total dividend/distribution payment amount per +security (in primary currency) for all dividends/distributions notified in this form
USD 0.28000000

2A.9a AUD equivalent to total dividend/distribution amount per +security

2A.9b If AUD equivalent not known, date for information to be released
Friday June 9, 2017

Estimated or Actual?
Actual

2A.10 Does the entity have arrangements relating to the currency in which the dividend/distribution is paid to securityholders that it wishes to disclose to the market?
Yes

2A.11 Does the entity have a securities plan for dividends/distributions on this +security?
We do not have a securities plan for dividends/distributions on this security

2A.12 Does the +entity have tax component information apart from franking?
No

2A.13 Withholding tax rate applicable to the dividend/distribution
20.000000

Part 2B - Currency Information

2B.1 Does the entity default to payment in certain currencies dependent upon certain attributes such as the banking instruction or registered address of the +securityholder? (For example NZD to residents of New Zealand and/or USD to residents of the U.S.A.).
No

2B.2 Please provide a description of your currency arrangements

The dividend is payable in Australian currency unless the securityholder elects otherwise.

Part 3A - Ordinary dividend/distribution

3A.1 Is the ordinary dividend/distribution estimated at this time?
No

3A.1a Ordinary dividend/distribution estimated amount per +security
USD

3A.1b Ordinary Dividend/distribution amount per security
USD 0.28000000

3A.2 Is the ordinary dividend/distribution franked?
No

3A.3 Percentage of ordinary dividend/distribution that is franked
0.0000 %

3A.4 Ordinary dividend/distribution franked amount per +security
USD 0.00000000

3A.5 Percentage amount of dividend which is unfranked
100.0000 %

3A.6 Ordinary dividend/distribution unfranked amount per +security excluding conduit foreign income amount

USD 0.28000000

Part 5 - Further information

5.1 Please provide any further information applicable to this dividend/distribution

5.2 Additional information for inclusion in the Announcement Summary

Rule 3.19A.1

Appendix 3X

Initial Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	James Hardie Industries plc
ARBN	097 829 895

We (the entity) give ASX the following information under listing rule 3.19A.1 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Steven SIMMS
Date of appointment	14 May 2017

Part 1 - Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities
Nil

+ See chapter 19 for defined terms.

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Name of holder & nature of interest Note: Provide details of the circumstances giving rise to the relevant interest.	**Number & class of Securities** Nil

Part 3 – Director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Not applicable
Nature of interest	Not applicable
Name of registered holder (if issued securities)	Not applicable
No. and class of securities to which interest relates	Not applicable