ASBESTOS INJURIES COMPENSATION FUND

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2017

ASBESTOS INJURIES COMPENSATION FUND

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Contents

These financial statements cover the consolidated accounts of the Asbestos Injuries Compensation Fund (Charitable Fund and Discretionary Fund) and the entities controlled by Asbestos Injuries Compensation Fund Limited ('AICF'), the Trustee of the Asbestos Injuries Compensation Fund (collectively referred to as the 'AICF Group')

These financial statements are presented in Australian currency.

The Asbestos Injuries Compensation Fund comprises two trusts (the Charitable Fund and the Discretionary Fund), and is domiciled in Australia.

The registered office and principal place of business of AICF are located at Level 6, 56 Clarence Street, Sydney, NSW 2000.

A description of the nature of the AICF Group's operations and its principal activities are included in the trustee's report on pages 1 - 10. The trustee's report does not form part of these financial statements.

This financial report was authorised for issue by the directors of AICF as trustee of the Asbestos Injuries Compensation Fund on 15 June 2017. The trustee has the power to amend and reissue the financial report.

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Consolidated accounts

The consolidated accounts comprise the consolidated financial statements of the AICF Trust – being the Charitable Fund and the Discretionary Fund, and AICF's controlled entities, on the basis that these entities constitute a single economic entity (collectively referred to as the 'AICF Group').

The financial statements cover the operations of the Charitable Fund, the Discretionary Fund and the Liable Entities, being Amaca Pty Limited (under NSW administered winding up), Amaba Pty Limited (under NSW administered winding up) and ABN 60 Pty Limited (under NSW administered winding up), for the period from 1 April 2016 to 31 March 2017.

This trustee's report also covers the operations of Asbestos Injuries Compensation Fund Limited ('AICF'), which are principally to act as trustee of the AICF Trust, for the period from 1 April 2016 up to the date of this report.

Significant matters subsequent to 31 March 2017 are reported up to the date of this report.

The financial statements are general purpose financial statements which have been prepared to provide a consolidated set of financial statements for the AICF Trust for submission to the Government of New South Wales and to James Hardie Industries plc ('JHIPLC') as required under the Amended and Restated Final Funding Agreement ('AFFA'), the AICF Amended and Restated Trust Deed ('AICF Trust Deed') and the AICF Facility Agreement as amended ('AICF Loan Facility').

Directors of AICF

JHIPLC may appoint three directors, one of whom is the Chairman of AICF. The NSW Government may appoint two directors of AICF. The Directors of AICF during and since the year under review were:

Robert Russell (Chairman)	JHIPLC appointee
Joanne Marchione	JHIPLC appointee
Dennis Loduwick	JHIPLC appointee
Paul Miller	New South Wales Government appointee until 9 November 2016
Christopher Latham	New South Wales Government appointee
Karen Smith	New South Wales Government appointee from 9 November 2016

A brief biography of each of the current Directors appears below:

Robert Russell
Chairman
Age 51

Robert Russell became Chairman of AICF on 26 March 2009. Mr Russell is also Chairman of ABN 60 Pty Limited, Amaba Pty Limited, Amaca Pty Limited.

Mr Russell is a corporate executive who has held numerous senior level roles within the building materials industry. He was formerly Executive Director of Rain Bird Corporation, based in the United States of America.

He has held various positions in manufacturing, engineering, business development, marketing and sales including General Manager, Vice President of Engineering and Process Development and Vice President of Marketing and Sales. He has extensive experience in creating collaborative environments, cultivating awareness and appreciation for market needs, and leading the operations and organisational management of multiple international facilities.

Mr Russell earned his Bachelor of Science Degree in Industrial Engineering from the University of Arizona, USA and his MBA from the University of California Los Angeles, USA.

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Directors of AICF (Continued)

Joanne Marchione
Director
Age 50

Joanne Marchione was appointed a Director of AICF on 14 February 2006.

Ms Marchione was formerly Legal Counsel for the James Hardie Asia Pacific business from 1995 until December 2009. In that capacity, Ms Marchione advised on and managed significant commercial transactions, litigation and mediations. She developed and implemented legal compliance programs, and managed James Hardie's property portfolio.

She has a Bachelor of Laws and Bachelor of Economics (major in Accounting) from Macquarie University. Prior to joining James Hardie, she worked at Phillips Fox solicitors and was also the associate to the Chief Judge of the Land and Environment Court.

Dennis Loduwick
Director
Age 54

Dennis Loduwick was appointed a Director of AICF on 30 May 2007.

Mr Loduwick joined James Hardie in November 2006 as Finance Director-Asia Pacific. In this role he is responsible for the Finance and IT functions across the Australian, New Zealand and Philippines businesses.

Prior to James Hardie, he has held a number of senior finance roles with Campbells/Arnotts, Kellogg's and Kimberly-Clark Australia.

He has a Bachelor of Economics majoring in Accounting and an MBA from the Macquarie Graduate School of Management.

Christopher Latham
Director
Age 67

The NSW Government appointed Chris Latham as a Director of AICF on 25 September 2013.

Mr Latham is a Director of ReturnToWorkSA (formerly WorkCover SA).

Mr Latham was formerly a partner of PricewaterhouseCoopers Sydney from 1989 to 2010. Previously he was a Principal of Mercer Campbell Cook & Knight from 1985 to 1989 and served as Chairman of Principals from 1987 to 1989.

He has consulted to most accident compensation schemes in Australia, as well as in New Zealand, Papua New Guinea and South Africa and has provided actuarial advice to scheme stakeholders including employers, employees and their unions, lawyers and governments.

He has been an active member of the actuarial profession, serving on numerous committees associated with general insurance and professional standards. He was a member of the Board of the Institute of Actuaries of Australia from 2007 to 2010.

Mr Latham has a Bachelor of Science from the University of Tasmania and is a Fellow of the Institute of Actuaries of Australia.

Karen Smith
Director
Age 47

Ms Smith was appointed by the NSW Government as a Director of AICF on 9 November 2016.

Ms Smith is General Counsel and Deputy Secretary, Cabinet and Legal, of the NSW Department of Premier and Cabinet.

Ms Smith previously was Deputy General Counsel and Executive Director, Legal NSW Department of Premier and Cabinet and Executive Director, Energy, Industry and Investment NSW. She had also undertaken legal roles for the State of New South Wales with the NSW Department of Water and Energy, The Cabinet Office and the enquiry into the Independent Commission Against Corruption in 2004-2005.

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Directors of AICF (Continued)

Ms Smith has a Bachelor of Economics and Bachelor of Laws from Macquarie University and Master of Laws from the University of Sydney.

AICF Directors Attendance at Meetings held in the period 1 April 2016 - 31 March 2017

	Board Meetings	
	Total Held during term of Office	Number Attended
R Russell	6	6
C Latham	6	6
D Loduwick	6	6
J Marchione	6	6
K Smith	3	3
P Miller	3	3

Remuneration of Directors

As specified in the AICF Constitution, a Director who is an employee of the JHIPLC Group or an employee of the NSW Government is not entitled to be paid any fee or remuneration by AICF for holding office as a Director of AICF.

No fees or remuneration have been paid to any director by AICF during the year under review.

Corporate Governance Protocols

The AICF Board has adopted a set of Governance Protocols for its operations and deliberations. The Protocols acknowledge the rights of Directors to take into account the interests of their Appointors, as set out in the AICF Constitution, as follows:

Clause 3.4(b) of the AICF Constitution provides:

"A Director is not precluded from voting or otherwise acting in his or her capacity as a Director as a result of any conflict of interest arising from the fact that the Director is an employee, consultant or officer of an Appointor, or in the case of a Director appointed by the NSW Government, a public servant."

Further, clause 6.11 of the AICF Constitution provides:

"(a) Subject always to a Director's obligations under the Trust Deed, the Constitution, statute or otherwise at law, a Director may take into account the views of that Director's Appointor and may act on the wishes of that Appointor in performing any of his or her duties or exercising any power, right or discretion as a Director in relation to AICF.

(b) A Director may provide that Director's Appointor with copies of all documents, Board Papers and other material which come into the possession of the Director in that capacity and may disclose to and discuss with the Appointor all information to which the Director becomes privy in that capacity."

The Protocols also note that Directors of AICF owe duties to AICF and, in respect of matters concerning its role as trustee of the Charitable Fund, are obliged to act in a manner consistent with the charitable purpose of the Fund.

Principal Activities

The principal activities of the AICF Trust are as follows:

- Receive, manage and apply the funds constituting the AICF Trust;
- Manage and administer the role of the Trustee under the AFFA and the AICF Trust Deed;
- Receive and assess claims against the Liable Entities for asbestos related compensation, and pay "payable liabilities" as defined in the AFFA;
- Pursue insurance and other recoveries on behalf of the Liable Entities; and
- Manage the statutory winding up of the Liable Entities under the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW).

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AICF Trust

The Charitable Fund was established to implement the agreement reached between JHIPLC, James Hardie 117 Pty Ltd (the Performing Subsidiary), AICF and the New South Wales Government whereby JHIPLC would commit to funding the Charitable Fund, via the Performing Subsidiary, in accordance with the terms and conditions originally set out in an agreement dated 1 December 2005 and subsequently amended and restated in the AFFA. The AICF Trust was expanded with the addition of the Discretionary Fund under the AFFA, between the same parties to the earlier agreement. The AFFA is dated 21 November 2006 and is available at www.aicf.org.au.

The AICF Trust comprises the Charitable Fund and the Discretionary Fund. All shares in the former James Hardie companies (Amaca Pty Limited, Amaba Pty Limited and ABN 60 Pty Limited – the Liable Entities) are held by AICF as trustee of the Charitable Fund.

The Liable Entities are subject to the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW) (Winding up Act) that places them in a form of statutory-based winding up and administration.

This regime ensures the continued existence of the Liable Entities, even if they are insolvent, and prohibits them from paying any liabilities except for "payable liabilities" as defined in the AFFA and the Winding up Act – these are primarily limited to asbestos personal injury or death claims arising from exposure to asbestos in Australia and where the claim is made in Australia and settled or determined in an Australian court or tribunal.

If there are sufficient funds to do so (including funds available under the AICF Loan Facility), the Liable Entities (or AICF acting as trustee) are authorised to pay the payable liabilities as and when they fall due for payment. If it appears reasonably likely that, for a period of time, there will be insufficient funds for all payable liabilities of a Liable Entity to be paid in full as and when they fall due for payment, the provisions of section 35 of the Winding up Act apply. The section 35 provisions of the Winding up Act provide for AICF as Trustee, to apply to the Supreme Court to establish an approved payments scheme and to obtain rationing directions.

Liable Entities

AICF, in its capacity as trustee of the Charitable Fund acquired all shares of Amaca Pty Limited (subject to NSW administered winding up), Amaba Pty Limited (subject to NSW administered winding up) and ABN 60 Pty Limited (subject to NSW administered winding up) on 9 February 2007. On the same date, following the satisfaction of a number of conditions precedent, the AFFA came into effect.

The current Directors of the Liable Entities are Robert Russell (Chairman), Dennis Loduwick and Chris Latham.

Following the transfer of the shares of the Liable Entities to AICF, and the receipt of the initial funding from the Performing Subsidiary, AICF commenced its operations. A formal Claims Management Agreement was entered into between AICF as Trustee and each of the Liable Entities.

In this way –

- Claims for compensation and damages that are made against Amaca Pty Limited and Amaba Pty Limited continue to be managed, as required;
- Any claims for compensation and damages that are made against ABN 60 Pty Limited are managed by AICF, as required;
- Insurance and other recoveries to which the Liable Entities are entitled continue to be pursued; and
- Payable Liabilities are paid in accordance with the provisions of the AFFA and the Winding up Act.

Claims received and settlements paid

The numbers of claims received by Amaca, Amaba and ABN 60 during the year under review (and during the previous financial year) were as follows:

Nature of Claim	Number Received Year Ending 31 March 2017	Number Received Year Ending 31 March 2016
Mesothelioma	373	397
Asbestosis	98	90
Lung Cancer	18	19
Asbestos Related Pleural Disease and Other	31	31
Wharf	11	11
Worker	26	29
Total	557	577

In the year to 31 March 2017 the AICF Group made gross payments, before insurance recoveries, statutory recovery payments, legal and other fees, of $113.682 million (2016: $146.749 million) in respect of asbestos claims against the AICF Group. These payments were made from both the assets of the Liable Entities and from the AICF Trust.

A detailed review of the number of claims lodged against the Liable Entities during the year to 31 March 2017, and payments in respect of those claims, is set out in the Annual Actuarial Report by KPMG Actuaries Pty Ltd available on the AICF website at www.aicf.org.au. The Annual Actuarial Report sets out the estimated asbestos liability of the AICF Group calculated on a central estimate basis.

Provision for asbestos related liabilities

The AICF Group reflects in its consolidated accounts the Current and Non-Current asbestos related disease liabilities of the Liable Entities. The total liability, net of insurance and other recoveries including an appropriate prudential margin for Australian accounting purposes to recognise the inherent uncertainty in the central estimate and an estimate of the future cost of handling claims, was $2,509.447 million as at 31 March 2017 (2016: $2,744.090 million).

The decrease of $234.407 million in the net provision for future claim settlements at 31 March 2017 compared to the previous year was mainly attributable to expected lower average claims sizes for most disease types, reduced frequency of large mesothelioma claims reported, and a 50 basis points reduction in the long-term inflation assumption offset by a reduction in the value of insurance recoveries following the agreement reached by the Liable Entities on 17 March 2017 with certain Lloyds Underwriters to commute the Equitas insurance policies.

Average mesothelioma claim sizes have fallen in recent years for both single-defendant and multi-defendant claims mainly due to fewer mesothelioma claimants under the age of 70 years.

Commutation of Equitas Insurance portfolio

The Liable Entities on 17 March 2017 reached agreement with certain Lloyds Underwriters consisting of Equitas Holdings Limited and certain of its subsidiaries ('Equitas') to commute the Equitas insurance policies held by the Liable Entities for the sum of $105.029 million ('Equitas Commutation Payment').

Commutation of Equitas Insurance portfolio - continued

The Equitas Commutation Payment received by the Liable Entities on 31 March 2017 was paid to each entity in the following proportions:

Amaca	97.5%	$102.403 million
Amaba	2.4%	$2.521 million
ABN 60	0.1%	$0.105 million
		$105.029 million

The Equitas Commutation Payment will help AICF and the Liable Entities to mitigate (but not remove in full) the risk that future funds made available to these entities, including the funds available to be drawn under the AICF Loan Facility will be insufficient to meet their obligations in full as and when they become due and payable.

From 1 April 2017 the Liable Entities will cease making insurance recoveries from Equitas. The value of the AICF Group's total insurance receivable as at 31 March 2017 has reduced by $207.442 to $129.076 million (2016: $336.518 million) mainly due to the commutation of the Equitas insurance portfolio on 31 March 2017.

Introduction of compensation payments for gratuitous care to dust diseases claims brought in Victoria

On 3 May 2016, the State of Victoria made a regulation ('3 May 2016 Regulation') that in its view would clarify damages for any loss of the claimant's capacity to provide gratuitous care to another person in dust disease claims since 19 November 2015 following amendments made to the Wrongs Act 1958 (Vic) ('section 281D damages'). Previously, damages for any loss of the claimant's capacity to provide gratuitous care to another person had not (in accordance with common law principles in effect before execution of the AFFA) been permitted to be awarded as part of dust diseases claims brought in Victoria.

As the Liable Entities were obliged to pay section 281D damages in Victoria from 3 May 2016, these liabilities formed part of Payable Liabilities under the AFFA and became payable by the Liable Entities. The AICF Group's provision for asbestos claims as at 31 March 2017 includes $104.300 million (2016: $117.800 million) for section 281D damages.

Under the AFFA, JHIPLC and the State of New South Wales have certain rights and obligations with respect to the introduction of any adverse or discriminatory legislation or regulation by the NSW Government or "Other Government" where:

1. The purpose or material purpose of the introduction of any adverse or discriminatory legislation or regulation includes having the effect of increasing any of the amounts payable under the AFFA or in respect of payments of the liabilities to be funded under the AFFA, and if enacted will have the result or effect of increasing the amounts payable under the AFFA or in respect of payments of the liabilities to be funded under the AFFA; or
2. The NSW State Government or Other Government legislates to reduce or increase damages payable for dust diseases.

The AFFA contemplates that, subject to a notice being issued by JHIPLC to the NSW State Government, JHIPLC and the NSW State Government are required to negotiate in good faith to amend the AFFA (and if necessary related legislation and documentation) to ensure that the liabilities of JHIPLC, AICF and the Liable Entities were not increased as result of the 3 May 2016 Regulation.

On 22 April 2016, JHIPLC issued a notice under clause 13.4 of the AFFA to the NSW State Government advising that the State of Victoria's intention to make the 3 May 2016 Regulation would constitute adverse legislation for the purposes of the AFFA ('AFFA Clause 13.4 Notice').

At the date of this report, AICF is unable to advise when the above negotiations will be concluded or their likely outcome. Should the impact of the 3 May 2016 Regulation on AICF Group's liabilities be reversed then the AICF Group's asbestos claims provision would reduce accordingly.

As the Liable Entities were obliged from 3 May 2016 by law to pay section 281D damages included in dust disease claims settled in Victoria against the Liable Entities, these entities have paid and will continue to pay *Sullivan v Gordon* Damages up to the date such amendments as contemplated in clause 13.4 of the AFFA (to ensure that the liabilities of JHIPLC, AICF and the Liable Entities are not increased as result of the 3 May 2016 Regulation), becoming effective.

Introduction of compensation payments for gratuitous care to dust diseases claims brought in Victoria - continued

Under the operation of the AFFA, the Liable Entities and AICF will not be made 'whole' for any payments of section 281D damages made in the period after the expiry of the AFFA Clause 13.4 Notice period on 22 October 2016 and up to the date the amendments contemplated in clause 13.4 of the AFFA become effective because JHIPLC does not have obligation to fund these payments.

AICF, as trustee of the AICF Trust, is the beneficiary of the undertakings of the Performing Subsidiary (James Hardie 117 Pty Ltd) as set out in the AFFA. These undertakings provide for the funding in accordance with the provisions of the AFFA of the asbestos related disease liabilities of the Liable Entities for a period of 38 years from February 2007.

The consolidated accounts include a total receivable from James Hardie 117 Pty Ltd as at 31 March 2017 of $2,333.295 million (2016: $2,789.592 million). The James Hardie 117 Pty Limited receivable does not include the sum matching the AICF Group's obligation to pay section 281D damages from 3 May 2016, which were estimated as at 31 March 2017 to be $104.300 million (2016: $117.800 million).

JHIPLC for the reasons given above is not obliged to fund any payment by the AICF Group of these liabilities, as when they become due and payable after the 22 October 2016. As a consequence of the shortfall in funding, the consolidated accounts show a deficiency in net assets as at 31 March 2017 of $104.300 million (2016: $nil). The shortfall in funding will not affect the ability of the AICF Group to pay its debts as and when they fall due until near the conclusion of the AFFA funding period. Accordingly, the financial accounts of the AICF Group have been prepared on a going concern basis.

If the AFFA was amended to exclude section 281D damages from payable liabilities, the AICF Group's obligation to pay section 281D damages will commensurately cease and the impact of section 281D damages on the AICF Group's liabilities will be reversed.

On 2 May 2017, a Victorian court found in favour of a plaintiff for an asbestos-related claim made against Amaca Pty Limited ('Amaca') that included section 281D damages. Amaca as co-defendant to this claim paid its share of this claim including section 281D damages of $0.066 million on 5 June 2017. JHIPLC under the AFFA is not obliged to fund either the AICF Trust or Amaca for the payment by Amaca of these section 281D damages.

Annual Payments

Annual Payments by JHIPLC to the AICF Trust, via the Performing Subsidiary, calculated in accordance with the provisions of the AFFA have totalled $919.937 million up to 1 July 2016. This sum includes the Annual Payment of $120.699 million received on 1 July 2016.

A determination of the Annual Payment amount, based on JHIPLC's net operating cash flow for each 12-month period ending 31 March, is made by JHIPLC in June of each year.

On 18 May 2017, JHIPLC indicated in its 4th Quarter and Final Results release lodged with the Australian Securities Exchange, that it anticipated making an Annual Payment to be paid to AICF on, 3 July 2017 that would be approximately USD $102.200 million (2016: USD $91.100 million).

The Australian Dollar equivalent of the Annual Payment to be paid to AICF on 3 July 2017 will be approximately $137.200 million. Accordingly, $137.200 million of the total receivable from James Hardie 117 Pty Ltd of $2,333.295 million as at 31 March 2017 (2016: $2,789.592 million) has been classified in the consolidated accounts as a current asset.

AICF Loan Facility drawdowns and repayments

AICF and the Liable Entities (together the 'Obligors') entered into a secured standby loan facility and related agreements with the State of New South Wales on 9 December 2010. A Deed of Amendment amending the AICF Loan Facility Agreement to give effect to certain amendments commenced on 18 September 2015.

Under the terms of the AICF Loan Facility, AICF as trustee of the Charitable Fund may borrow, subject to certain conditions, up to an aggregate amount of $320.000 million. AICF may drawdown loans under the AICF Loan Facility up to 1 October 2030 and repay in full the amount outstanding under the AICF Loan Facility on or before 1 November 2030.

AICF Loan Facility drawdowns and repayments - continued

On 1 July 2016 the amount outstanding as at 30 June 2016 under the AICF Loan Facility of $99.400 million including a draw down of $33.125 million made on 2 May 2016 and accrued interest, was repaid in full by AICF from the proceeds of the Annual Payment received on same date.

The rate of interest payable during the year calculated in accordance with the AICF Loan Facility, remained unchanged at 4.6475% per annum.

AICF made two drawdowns of $34.250 million each on 15 September 2016 and 8 February 2017 under the AICF Loan Facility.

The total amount outstanding under the AICF Loan Facility as at 31 March 2017 was $68.500 million (2016: $66.258 million) including interest accrued to this date of $nil (2016: $0.008 million).

Amaca repaid to the New South Wales Government in full the amount outstanding under the AICF Loan Facility of $68.500 million, together with accrued interest of $0.035 million on 4 April 2017 from the proceeds of the Equitas Commutation Payment received by Amaca on 31 March 2017. On same date, the AICF Trust repaid to Amaca the payment it had made to the New South Wales Government of $68.535 million by set–off of the payment sum against Amaca existing liabilities owing to the AICF Trust under Section 36(2) of the Winding up Act.

Each Liable Entity guarantees the payment of amounts owed by AICF and the AICF's performance of its obligations under the AICF Loan Facility. On demand, AICF must pay to the Liable Entities all amounts paid by the Liable Entities to the New South Wales Government under the AICF Loan Facility, and AICF indemnifies the Liable Entities against any loss, cost, liability or expense sustained or incurred as a direct or indirect consequence of any payment by the Liable Entities to the New South Wales Government under the facility agreement.

Funds available as at 31 March 2017 to pay claims

At the start of the year under review, the AICF Group had funds available comprising cash and investments of $22.029 million (2016: $28.745 million) to pay claims and to meet operating expenses. Funds available at the start of the year together with the proceeds of advances of $101.625 million made under the AICF Loan Facility, interest and investment income, commutations and recoveries made from insurance policies provided sufficient funding for claim payments and operating expenses during the course of the financial year. As at 31 March 2017, funds available to meet claims and operating expenses totalled $142.293 million (2016: $22.029 million).

Investment of funds

The net income of the AICF Group for the financial year earned by the Discretionary Fund was $0.626 million (2016: $0.640 million). AICF exercised its discretion and applied the whole of this amount for the benefit of Amaca, in accordance with the terms of the AICF Trust Deed. Amaca utilised these funds for the payment of payable liabilities against it.

The Board of AICF, as Trustee of the Charitable Fund, regularly reviews the nature and performance of the AICF Trust investments.

During the financial year ended 31 March 2017 the AICF Group held surplus cash funds with ANZ in an interest bearing account. The interest rate payable was calculated by reference to the Australian cash rate plus a margin of 25 basis points.

Amendment of the AFFA Deed

AICF, the State of New South Wales and JHIPLC reached agreement to amend a provision of the AFFA relating to financial covenants given by JHIPLC to its lenders from time to time. The amendment ensures that the financial covenants that apply in the AFFA match the financial undertakings given by JHIPLC and certain of its controlled entities to lenders in a credit agreement dated 10 December 2015.

The amendment to the AFFA became effective on 7 June 2016.

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Annual Actuarial Review

AICF arranged for the Approved Actuary, KPMG Actuaries Pty Ltd, to undertake the Annual Actuarial Review of the asbestos related disease liabilities of the Liable Entities as at 31 March 2017. This report was provided to AICF, JHIPLC and the New South Wales Government on 18 May 2017. The Annual Actuarial Report prepared by KPMG Actuaries Pty Ltd is available on AICF's website at www.aicf.org.au.

Environmental Regulation

AICF Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Significant Changes in the State of Affairs

Apart from the matters above, there were no significant changes to the state of affairs of the AICF Group during the financial year to 31 March 2017.

Matters Subsequent to the Financial Year

Apart from the announcement made by JHIPLC on 18 May 2017 of its intention to make an Annual Payment to AICFL on 3 July 2017 of USD $102.200 million, the repayment by Amaca to the New South Wales Government of the amount outstanding under the AICF Loan Facility of $68.500 million, together with accrued interest of $0.035 million on 4 April 2017 and the repayment on 4 April 2017 by AICF of the Amaca payment by set–off of the payment against Amaca's existing liabilities owing to AICF under Section 36(2) of the Winding up Act, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the AICF Group, the results of those operations, or the state of affairs of the AICF Group in future financial years.

Future Developments

AICF will continue to manage the Charitable Fund, the Discretionary Fund and the Liable Entities in accordance with the terms of the AFFA, the AICF Amended and Restated Trust Deed, the AICF Loan Facility agreement and the Winding up Act.

There is ongoing uncertainty as to the number, quantum and timing of claims for compensation and damages that will be made against the Liable Entities and the level of compensation that the Liable Entities will be required to meet. These uncertainties are described in more detail in the Annual Actuarial Report prepared by KPMG Actuaries Pty Ltd available on AICF's website at www.aicf.org.au.

Apart from liabilities that relate to section 281D damages for which the AICF Group under the AFFA will not receive funds, AICF and the Liable Entities' capacity to fund all other payable liabilities including compensation payable to claimants ("Other Payable Liabilities") as and when they fall due for payment will be determined by future Annual Payments received by AICF and paid by JHIPLC in accordance with the provisions of the AFFA, proceeds of recoveries made under certain insurance policies held by the Liable Entities (or proceeds from any commutation of insurance policies), and funds available to be drawn under the AICF Loan Facility.

In the event however that AICF determines that at some future date it appears reasonably likely that there will be insufficient funds for all Other Payable Liabilities to be paid in full as they fall due for payment, under the Winding up Act and the AFFA, AICF could seek the imposition of a Court-approved payments scheme in respect of each of the Liable Entities.

Auditors

The accounts are audited by an independent registered public accounting firm – Ernst and Young who have provided AICF (as trustee of the AICF Trust) with a declaration of their independence.

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Insurance and Indemnification

During the financial year, AICF purchased insurance against liabilities that may be incurred by directors and officers of AICF, and directors and officers of the Liable Entities, in defending civil or criminal proceedings that may be brought against them in their capacity as directors or officers of the companies, and any other payments arising from liabilities incurred by the directors or officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors or officers or the improper use by the directors or officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the companies. Disclosure of the insurance premiums and the nature of liabilities covered by such insurance are prohibited by the relevant contract of insurance.

AICF has agreed with Ernst and Young, as part of its terms of engagement, to indemnify Ernst and Young against certain liabilities to third parties arising from the audit engagement as permitted by the Corporations Act. AICF has not paid any premium in respect to any insurance for Ernst and Young.

AICF's Constitution, the AICF Amended and Restated Trust Deed and deeds of access, insurance and indemnity provided to the AICF's directors and other officers, provide that AICF shall to the maximum extent permitted by law indemnify any director or officer who suffers any loss as a result of any action in connection with their service to AICF, except to the extent such liability arises as a result of the wilful default, fraud or negligence of the person seeking indemnification.

In June 2016, the Amaca Pty Limited ('Amaca') directors were each served a Notice Endorsed by Judgement issued by a Victorian Court in relation to a shortfall of $0.130 million in the settlement of a claim. The service of these notices was to initiate enforcement proceedings against the individual directors of Amaca to compel payment of the shortfall by the directors personally. The shortfall was not a "payable liability". In these circumstances AICF as Trustee of the Compensation Funds paid the shortfall under the terms of the Deeds of Access, Insurance and Indemnity given to the individual directors of Amaca

Signed in accordance with a resolution of the Board of Directors of Asbestos Injuries Compensation Fund Limited.

Robert Russell
Chairman and Director

Joanne Marchione
Director

Sydney, 15 June 2017

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Auditor's Independence Declaration to the Trustee of the Asbestos Injuries Compensation Fund

As lead auditor for the audit of the Asbestos Injuries Compensation Fund for the financial year ended 31 March 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Paul Harris
Partner
15 June 2017

ASBESTOS INJURIES COMPENSATION FUND

CONSOLIDATED ACCOUNTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Revenue	2	(420,208)	(211,646)
Other income	2	-	30
Depreciation and amortisation expenses	3	(204)	(196)
Employee benefits expense	3	(1,394)	(1,377)
Finance costs	3	(2,123)	(1,280)
Claims expense	3	321,335	216,548
Other operating expenses		(1,706)	(2,079)
Loss before income tax		(104,300)	-
Income tax expense	4	-	-
Loss after income tax		(104,300)	-
Other comprehensive income after tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(104,300)	-

The accompanying notes form an integral part of these financial statements.

ASBESTOS INJURIES COMPENSATION FUND

CONSOLIDATED ACCOUNTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	142,293	22,029
Trade and other receivables	6	147,583	155,677
Other assets	8	118	105
TOTAL CURRENT ASSETS		289,994	177,811
Non-Current Assets			
Trade and other receivables	6	2,315,095	2,970,685
Financial assets	7	133	129
Plant and equipment	10	161	211
Intangible assets	11	1,229	1,383
TOTAL NON-CURRENT ASSETS		2,316,618	2,972,408
TOTAL ASSETS		2,606,612	3,150,219
LIABILITIES			
Current Liabilities			
Trade and other payables	12	953	945
Borrowings	13	68,500	66,258
Provisions	14	218,333	235,976
Other liabilities	15	5	-
TOTAL CURRENT LIABILITIES		287,791	303,179
Non-Current Liabilities			
Trade and other payables	12	2,673	2,200
Provisions	14	2,420,426	2,844,817
Other liabilities	15	22	23
TOTAL NON-CURRENT LIABILITIES		2,423,121	2,847,040
TOTAL LIABILITIES		2,710,912	3,150,219
NET LIABILITIES		(104,300)	-
DEFICIT IN EQUITY			
Accumulated losses		(104,300)	-

The accompanying notes form an integral part of these financial statements.

ASBESTOS INJURIES COMPENSATION FUND

CONSOLIDATED ACCOUNTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Accumulated Losses $'000
Balance at 1 April 2015	-
Profit for the year	-
Other comprehensive income	-
Balance at 31 March 2016	-
Loss for the year	(104,300)
Other comprehensive income	-
Balance at 31 March 2017	(104,300)

The accompanying notes form an integral part of these financial statements.

A Statement of Changes in Equity was not presented in previous financial periods as there were no movements in equity in prior years.

ASBESTOS INJURIES COMPENSATION FUND

CONSOLIDATED ACCOUNTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from insurance recoveries		122,136	23,220
Payments to claimants, suppliers and employees		(123,364)	(159,008)
Interest received		678	763
Investment distributions received		-	76
Finance costs paid		(2,132)	(1,369)
Net cash outflow from operating activities	17(a)	(2,682)	(136,318)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		-	(32)
Payment for investments		(4)	(11)
Proceeds from sale of investments		-	10,149
Net cash (outflow) inflow from investing activities		(4)	10,106
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan funds from NSW State Government		101,625	83,950
Repayment of loan from NSW State Government		(99,375)	(35,400)
Funding from James Hardie 117 Pty Limited		120,700	81,106
Net cash inflow from financing activities		122,950	129,656
Net increase in cash held		120,264	3,444
Cash and cash equivalents at beginning of period		22,029	18,585
Cash and cash equivalents at end of period	5	142,293	22,029

The accompanying notes form an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Asbestos Injuries Compensation Fund ('AICF Trust') comprises the Charitable Fund and the Discretionary Fund.

The consolidated accounts comprise the consolidated financial statements of the AICF Trust – being the Charitable Fund and the Discretionary Fund and AICF's controlled entities, on the basis that these entities constitute a single economic entity as required by the AICF Amended and Restated Trust Deed.

The controlled entities (Amaca Pty Limited, Amaba Pty limited and ABN 60 Pty Limited) are subject to the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW) which places these entities in a form of statutory-based winding up and administration (the Winding up Act). This regime ensures the continued existence of these entities, even if they are insolvent and prohibits them from paying any liabilities except for "payable liabilities" as defined in the Winding up Act – limited to asbestos personal injury or death claims arising from exposure to asbestos in Australia and where the claim is made in Australia.

Although the controlled entities are subject to a form of statutory-based winding up and administration under the Winding up Act these consolidated general purpose accounts have been prepared in accordance with the requirements of the AICF Amended and Restated Trust Deed and the AFFA on the basis of historical cost unless otherwise stated.

These general purpose financial statements have been prepared in accordance with the requirements of the AICF Amended and Restated Trust Deed and Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board. The financial statements comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

The financial statements of all AICF Group entities are prepared using consistent accounting policies.

All inter entity transactions have been eliminated in full on consolidation.

A list of entities included in the AICF Group is contained in Note 9 to the financial statements.

The financial statements as at 31 March 2017 reflect a payable of $104.300 million (2016: $117.800 million) in respect of damages under section 281D of the Wrongs Act 1958 (Vic) ("section 281D damages") which are not required to be funded by James Hardie Industries plc in accordance with the terms of the AFFA. As such the AICF Group is in a net deficiency for the amount of these section 281D damages. The shortfall in funding will not affect the ability of the AICF Group to pay its debts as and when they fall due until near the conclusion of the AFFA funding period, and the financial statements have been prepared on a going concern basis accordingly.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying AICF's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 22.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the AICF Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised on a time proportional basis taking into account the effective interest rates applicable to the financial assets.

Distributions from Managed Funds

Distributions from managed funds are recognised when the right to receive a distribution has been established.

Insurance Claim Recoveries

Insurance claim recoveries are recognised when the right to receive recoveries and the likelihood of recovery has been established.

Income Under Final Funding Agreement - James Hardie 117 Pty Ltd

The Amended and Restated Final Funding Agreement (‘AFFA’) sets out the arrangement for the provision of long term funding for compensation arrangements for certain victims of asbestos-related diseases in Australia. James Hardie 117 Pty Ltd is an Australian company within the JHIPLC Group and is the company directly responsible for the funding of the AICF Trust under the AFFA. The movement in the receivable from James Hardie 117 Pty Ltd (refer Note 1(h)) is recognised as income in the Statement of Comprehensive Income.

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax asset is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the AICF Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents include cash and cash equivalents, and bank overdrafts.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Plant and Equipment

Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

Depreciation is provided on all plant and equipment assets. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	5 to 20 years
Leasehold improvements	Term of lease

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss.

(f) Intangibles

Computer Software

Computer software is measured at cost less accumulated amortisation and any accumulated impairment losses. It is amortised over its estimated life of fifteen years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation amount is revised prospectively to reflect the new expectations.

(g) Financial Assets – Investments

Recognition

Investments are initially measured at cost (being the fair value of the consideration given, including transaction costs) when the related contractual rights or obligations exist. Investments are classified into the following specific categories and, after initial recognition, are measured as set out below.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Assets – Investments (cont'd)

Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments and for unlisted investments fair value is determined by using available market data.

(h) Trade and Other Receivables

Trade and other receivables

Trade and other receivables are carried at cost less impairment.

Insurance receivables

Insurance receivables are measured at the present value of the best estimate of future amounts receivable at the reporting date on insurance policies held by the Liable Entities and include an appropriate risk margin. An independent actuarial assessment of outstanding and likely future receivables is undertaken at least annually. The discount rate used to determine the present value reflects yields on Commonwealth Government Bonds.

James Hardie 117 Pty Limited receivable

The AFFA sets out the arrangement for the provision of long term funding for compensation arrangements for certain victims of Asbestos-related diseases in Australia. James Hardie 117 Pty Ltd is an Australian company within the JHIPLC Group and is the company directly responsible for the funding of the AICF Trust under the AFFA. The amount recognised as the receivable represents the difference between the assets held by the AICF Group and its liabilities, which includes provisions for future asbestos claims and claims handling costs. The amount is remeasured at each balance date.

(i) Impairment of Assets

At each reporting date, the Trustee assesses whether there are indicators that individual assets are impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the AICF Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

(j) Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the AICF Group prior to the year end and which are unpaid. These amounts are unsecured and generally have 30-60 day payment terms.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee Benefits

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services rendered up to the reporting date and measured at amounts expected to be paid when liabilities are settled. Liabilities for wages and salaries are included as part of other payables and liabilities for annual leave are included as part of employee benefit provisions.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the reporting date. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(l) Provision for Future Claims

Provisions for asbestos claims are measured at the reporting date at the present value of the best estimate of the expenditure required to settle the future compensation payments to victims of asbestos-related diseases arising from the activities of the former James Hardie companies in Australia. The provisions include claims handling costs and an appropriate risk margin (refer Note 22). This process involves extensive consultation with external actuaries and senior management. An independent actuarial assessment of outstanding and likely future claims is undertaken annually. The discount rate used to determine the present value reflects yields on Commonwealth Government Bonds.

(m) Leases

Lease payments for operating leases are charged as an expense in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and recognised as a reduction in the rental expense on a straight-line basis over the lease term.

(n) Functional and Presentation Currency

The financial statements are presented in Australian dollars which is the AICF Trust's functional and presentation currency.

(o) Rounding of Amounts to Nearest Thousand Dollars

Amounts in the financial statements have been rounded off to the nearest thousand dollars.

(p) Adoption of New and Revised Accounting Standards

During the financial year, the AICF Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these new standards and interpretations has not had a material impact on the AICF Group.

ASBESTOS INJURIES COMPENSATION FUND

CONSOLIDATED ACCOUNTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The AICF Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the AICF Group follows:

Pronouncement	**Summary of Change**	**Effective Date**	**Expected Impact on Future Financial Statements**
Revenue from Contracts with Customers AASB 15: Revenue from Contracts	This standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.	Annual reporting periods commencing or after 1 January 2018, with earlier application permitted.	There should be no change to the reported financial position and performance of the AICF Group.
Financial Instruments AASB 9: Financial Instruments AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 & AASB 2012-6: Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures AASB 2015-1: Amendments to Australian Accounting Standards.	Significant revisions to the classification and measurement of financial assets, reducing the number of financial asset categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.	Annual reporting periods beginning on or after 1 July 2018, with earlier application permitted.	The AICF Group has already elected to account for its investments as financial assets at fair value through profit or loss. Accordingly there should be no change to the reported financial position and performance of the AICF Group.
Leases AASB 16: Leases	This standard will replace the current accounting requirements applicable to leases in AASB 117: Leases. The main changes include: - recognition of a right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets) - depreciation of right-to-use assets in line with AASB 116: Property, Plant & Equipment in profit or loss and unwinding of the liability in principal and interest components	Annual reporting periods beginning on or after 1 January 2019, with earlier application permitted.	Although the directors anticipate that the adoption of AASB 16 will impact the AICF Group's financial statements, it is not expected that the impact would be material to the AICF Group's financial statements.

All other pending standards and interpretations issued have no application to the AICF Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 2: REVENUE AND OTHER INCOME			
Revenue			
Insurance recoveries			
- insurance recoveries received		122,136	23,219
- movement in provision for insurance recoveries		(207,443)	(29,581)
		(85,307)	(6,362)
Distributions from managed funds		-	27
Interest received		696	765
Movement in JH 117 Receivable	1(h)	(335,597)	(206,076)
Total Revenue		(420,208)	(211,646)
Other Income			
Profit on disposal of managed investments		-	30
Total Other Income		-	30

ASBESTOS INJURIES COMPENSATION FUND

CONSOLIDATED ACCOUNTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 3: EXPENSES			
(Loss) Profit from ordinary activities before income tax has been determined after the following expenses:			
Amortisation of intangible assets		154	153
Depreciation of property, plant and equipment		50	43
		204	196
Rental expense on operating lease			
- minimum lease payments		199	165
Finance Costs			
- interest payable		2,123	1,280
Claims Expense			
- settlement of claims		113,682	146,749
- legal and other costs net of other recoveries		7,068	8,149
- movement in provision for claims settlements		(442,085)	(371,446)
		(321,335)	(216,548)
Employee benefits expense			
- salary and wages		1,227	1,217
- superannuation		167	160
Total employee benefits expense		1,394	1,377

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000

NOTE 4: INCOME TAX EXPENSE

The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:

Prima facie tax benefit on loss before income tax at 30% (2016: 30%)		(31,290)	-
Tax effect of tax losses and temporary differences not brought to account		31,290	-
Income tax expense		-	-

The potential deferred tax asset in respect of tax losses and timing differences as at 31 March 2017 not brought to account is $1,058.063 million (2016: $1,127.000 million). The decrease in the carried forward losses is a result of losses recognised by each of the Liable Entities.

The benefit will only be realised if the conditions for deductibility set out in Note 1(c) occur. The Directors of AICF do not anticipate that the AICF Group will generate sufficient future taxable income and accordingly no deferred tax asset has been recognised.

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank		142,293	22,029

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 6: TRADE AND OTHER RECEIVABLES			
Current			
Distribution and interest receivables		77	59
Insurance claims receivables		10,076	29,718
Related party receivable	6(a)	137,200	125,707
Tax recoveries - GST		230	193
		147,583	155,677
Non-Current			
Insurance claims receivables		119,000	306,800
Related party receivable	6(a)	2,196,095	2,663,885
		2,315,095	2,970,685

(a) The amount receivable from a related party represents the estimated recoverable amount from James Hardie 117 Pty Ltd, the Performing Subsidiary under the terms of the Amended and Restated Final Funding Agreement dated 21 November 2006. Refer Note 1(h).

(b) All receivables are fully recoverable. No receivables are past due or impaired.

NOTE 7: FINANCIAL ASSETS

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Non-Current			
Bank term deposit	7(a)	133	129

(a) The bank term deposit is held with AICF's bank as collateral for a bank set off arrangement under the AICF property lease. The funds are not available for use by the AICF Group in its operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 8: OTHER ASSETS			
Current			
Prepayments		118	105

NOTE 9: CONSOLIDATED GROUP

The following entities comprise the Consolidated Group	Country of Domicile
Asbestos Injuries Compensation Fund	Australia
- Charitable Fund	
- Discretionary Fund	
Amaca Pty Limited (under NSW administered winding up)	Australia
Amaba Pty Limited (under NSW administered winding up)	Australia
ABN 60 Pty Limited (under NSW administered winding up)	Australia

Controlled Entities

AICF as Trustee holds all the issued shares of Amaca Pty Limited, Amaba Pty Limited and ABN 60 Pty Limited following the issuing of Ministerial orders under section 16 of the Winding up Act. The three companies are all under NSW administered winding up.

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 10: PLANT AND EQUIPMENT			
Plant and equipment:			
- at cost		316	316
- accumulated depreciation		(155)	(105)
Total plant and equipment		161	211

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000

NOTE 10: PLANT AND EQUIPMENT (CONT'D)

(a) Movement in carrying value of plant and equipment

	Note	2017 $'000	2016 $'000
Balance at the beginning of year		211	222
Additions		-	32
Depreciation expense		(50)	(43)
Carrying amount at end of year		161	211

NOTE 11: INTANGIBLE ASSETS

	Note	2017 $'000	2016 $'000
Computer software – claims database			
- at cost		2,305	2,305
- accumulated amortisation		(1,076)	(922)
	11(a)	1,229	1,383

(a) Movement in carrying value of intangible assets

	Note	2017 $'000	2016 $'000
Balance at the beginning of year		1,383	1,536
Additions		-	-
Amortisation expense		(154)	(153)
Carrying amount at end of year		1,229	1,383

NOTE 12: TRADE AND OTHER PAYABLES

	Note	2017 $'000	2016 $'000
Current			
Accrued legal fees - claims	12(a)	227	291
Other payables and accrued expenses	12(a)	726	654
		953	945
Non-Current			
Accrued NSW Dust Diseases Board payments		2,673	2,200

(a) Trade and other payables represent liabilities for goods and services provided to the AICF Group prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 13: BORROWINGS			
Current			
Secured loans	13(a)	68,500	66,250
Accrued and capitalised interest on loans		-	8
		68,500	66,258

(a) The borrowing comprised draw downs of the NSW Government Secured Loan facility. A security interest has been granted over certain assets including cash accounts and proceeds from insurance claims and commutations of insurance policies of the AICF Group.

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 14: PROVISIONS			
Current			
Claims settlements			
Opening balance at beginning of the period		235,804	245,892
Amounts paid		(120,221)	(154,898)
Addition to provisions during the period		102,532	144,810
Balance at end of period	14(a)	218,115	235,804
Employee entitlements			
Opening balance at beginning of the period		172	144
Addition to provisions during the period		111	114
Amounts used		(65)	(86)
Balance at end of period	14 (b)	218	172
		218,333	235,976

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 14: PROVISIONS (CONT'D)			
Non-Current			
Claims settlements			
Opening balance at beginning of the period		2,844,804	3,206,162
Amounts paid		(528)	-
Reduction in provisions during the period		(423,868)	(361,358)
Balance at end of period	14(a)	2,420,408	2,844,804
Employee entitlements			
Opening balance at beginning of the period		13	21
Addition to provisions during the period		5	3
Transfer to current provision during the period		-	(11)
Balance at end of period	14(b)	18	13
		2,420,426	2,844,817
Analysis of Total Provision			
Current		218,333	235,976
Non-Current		2,420,426	2,844,817
		2,638,759	3,080,793

(a) A provision is recognised for the estimated cost of settlement of claims in respect of costs incurred as a result of liabilities associated with the past manufacture and sale of asbestos related products. A provision of $31.323 million (2016: $35.208 million) was also recognised for the estimated future costs of handling those claims. The measurement and recognition criteria for claims settlements have been included in Note 1(l) and Note 22 (a).

(b) A provision is recognised for employee entitlements relating to annual and long service leave for employees. Calculation of the present value of future cash flows in respect of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(k).

(c) The net liability for future asbestos related liabilities of $2,509.447 million (2016: $2.744.090 million) has been recognised in the financial statements as follows:

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Current claims provision	218,115	235,804
Non-current claims provision	2,420,408	2,844,804
Current insurance receivable	(10,076)	(29,718)
Non-current insurance receivable	(119,000)	(306,800)
	2,509,447	2,744,090

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
NOTE 15: OTHER LIABILITIES		
Current		
Lease incentive	5	-
Non-Current		
Lease incentive	22	23

NOTE 16: CAPITAL AND LEASING COMMITMENTS

(a) Operating Leasing Commitments Payable

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
- not later than 12 months	183	174
- between 12 months and 5 years	274	457
	457	631

The property lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 3.75% per annum. The lease expires on 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

NOTE 17: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit (loss) for the year:

	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000
(Loss) profit after tax	(104,300)	-
Non cash flows in profit:		
Depreciation and amortisation	204	196
Net loss (gain) on disposal of managed investments and fixed interest securities	-	(30)
Net unrealised loss on investments in unlisted managed funds	-	45
Decrease in James Hardie 117 Pty Limited income receivable under the Amended and Restated Final Funding Agreement (AFFA)	335,597	206,076
Changes in assets and liabilities		
Decrease in other receivables and other assets	207,374	29,679
Increase (Decrease) in trade and other payables and other liabilities	477	(858)
Decrease in provisions	(442,034)	(371,426)
Net cash outflows from operations	(2,682)	(136,318)

(b) Credit standby arrangements

On 9 December 2010, AICF and the Liable Entities (together the 'Obligors') entered into a secured standby loan facility and related agreements with the State of New South Wales ('AICF Facility Agreement'). A Deed of Amendment amending the AICF Facility Agreement to give effect to certain amendments commenced on 18 September 2015.

Under the terms of the amended AICF Facility Agreement, AICF as trustee of the Charitable Fund may borrow, subject to certain conditions, up to an aggregate amount of $320.000 million. The drawings under the AICF Facility Agreement may only be used to fund the payment of asbestos claims and certain operating and legal expenses of AICF and the Liable Entities.

Under the AICF Facility Agreement, AICF, together with Amaca Pty Limited ('Amaca'), Amaba Pty Limited and ABN 60 Pty Limited, each guarantee the payment of amounts owed by AICF and the AICF's performance of its obligations under the AICF Facility Agreement. On demand, AICF must pay to the Liable Entities all amounts paid by the Liable Entities to the New South Wales Government under the facility agreement, and AICF indemnifies each Liable Entity against any loss, cost, liability or expense sustained or incurred as a direct or indirect consequence of any payment by the Liable Entities to the New South Wales Government under the facility agreement.

Amaca repaid to the New South Wales Government in full the amount outstanding under the AICF Loan Facility of $68.500 million, together with accrued interest of $0.035 million on 4 April 2017 from the proceeds of the Equitas Commutation Payment received by Amaca on 31 March 2017. AICF repaid to Amaca the payment it had made to the New South Wales Government of $68.535 million by a set–off of the payment sum against Amaca's existing liabilities payable to AICF under Section 36(2) of the Winding up Act.

Interest accrues daily on any amount outstanding under the AICF Facility Agreement. AICF may, at its discretion, elect to capitalise interest payable on amounts outstanding under the AICF Facility Agreement on the date interest becomes due and payable.

Each Obligor has granted a security interest in certain assets including cash accounts, proceeds from insurance claims, payments remitted by JHIPLC to AICF and contractual rights under certain documents including the Amended and Restated Final Funding Agreement. Each Obligor may not deal with the secured assets until all amounts outstanding under the AICF Facility Agreement are paid, except as permitted under the terms of the security interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	CONSOLIDATED 2017 $'000	CONSOLIDATED 2016 $'000

NOTE 18: KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of key management personnel of the AICF Group is set out below:

		2017 $'000	2016 $'000
Short-term employee benefits		493	466
Post-employment benefits		35	35
Other long-term employee benefits		19	8
		547	509

NOTE 19: AUDITOR'S REMUNERATION

		2017 $'000	2016 $'000
Remuneration of the auditor for:			
- auditing the financial statements		180	167
Total auditor's remuneration		180	167

NOTE 20: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The AICF Group's principal financial instruments comprise cash and investments. The main purpose of these non-derivative financial instruments is to raise finance for the AICF Group's operations.

The AICF Group has not entered into any derivative contracts throughout the year and has no derivative financial instruments at reporting date.

i. Treasury Risk Management

Management of the Trustee meet on a regular basis to analyse any interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the AICF Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Market Risk

The AICF Group's exposure to market risk from changes in interest rates relates primarily to the AICF Group's investments and receivables. Interest rate risk is managed with a mixture of fixed and floating rates. For further details on interest rate risk refer to Note 20 (b). The AICF Group operates solely in Australia and is not exposed to any significant foreign currency risk (apart from Annual Payments which are denominated in USD).

Liquidity risk

Under the AFFA, the AICF Group is entitled to annual payments from James Hardie 117 Pty Ltd - refer Note 24 for further details. The AICF Group manages liquidity risk by monitoring forecast cash flows. The AICF Group is also entitled to call upon a loan facility with the NSW Government. For further details on the AICF Facility Agreement refer to Note 17 (b).

Credit risk

Credit risk arises from cash and cash equivalents, and deposits and investments with banks and financial institutions, as well as credit exposures to outstanding receivables and the granting of financial guarantees. The Board regularly monitors the performance of its investments in managed funds.

The maximum exposure to credit risk for recognised financial assets at reporting date, net of any provisions for impairment, is the carrying amount as disclosed in the statement of financial position and notes to the financial statements. This excludes the value of any collateral or other security

The AICF Group has a credit exposure with James Hardie 117 Pty Ltd who as at 31 March 2017 owes the AICF Group $2,333.295 million which is currently not due and payable. The Trustee monitors its credit exposure as detailed in Note 20 (c).

NOTE 20: FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risk

The AICF Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2017

	Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing: Less than 1 year	1 to 5 Years	More Than 5 Years	Non-interest Bearing	Total Amount
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash at bank	2.05	142,293	-	-	-	-	142,293
Bank term deposit	2.60	-	-	133	-	-	133
Trade and other receivables	-	-	-	-	-	2,462,678	2,462,678
		142,293	-	133	-	2,462,678	2,605,104

2016

	Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing: Less than 1 year	1 to 5 Years	More Than 5 Years	Non-interest Bearing	Total Amount
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash at bank	2.72	22,029	-	-	-	-	22,029
Bank term deposit	2.69	-	-	129	-	-	129
Trade and other receivables	-	-	-	-	-	3,126,362	3,126,362
		22,029	-	129	-	3,126,362	3,148,520

Sensitivity

The AICF Group's main interest rate risk arises from cash and cash equivalents and other financial assets with varying interest rates. At 31 March 2017, if interest rates had changed by +/- 50 basis points from the year end rates, with all variables held constant, interest income from these financial assets would have been $0.187 million higher/lower (2016: $0.111 million higher/lower).

All other financial assets and financial liabilities are non-interest bearing.

NOTE 20: FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value and fair value hierarchy

The carrying amounts and fair values of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements. Fair values are materially in line with carrying values.

The AICF Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 March 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial Assets				
Quoted investments				
- Bank term deposit	133	-	-	133
Related party receivables - James Hardie 117 Pty Ltd	-	-	2,333,295	2,333,295
	133	-	2,333,295	2,333,428

31 March 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial Assets				
Quoted investments				
- Bank term deposit	129	-	-	129
Unquoted investments				
- Managed investments	-	-	-	-
Related party receivables - James Hardie 117 Pty Ltd	-	-	2,789,592	2,789,592
	129	-	2,789,592	2,789,721

NOTE 21: RELATED PARTY TRANSACTIONS

Transactions with related parties

The Charitable Fund was established to implement the agreement reached between James Hardies Industries SE (now James Hardie Industries plc), James Hardie 117 Pty Ltd (the 'Performing Subsidiary'), AICF and the New South Wales Government whereby JHIPLC would commit to funding the Charitable Fund via the Performing Subsidiary, in accordance with the terms and conditions set out in an agreement dated 1 December 2005. The AICF Trust was expanded with the addition of the Discretionary Fund under the Amended and Restated Final Funding Agreement ('AFFA') between the same parties to the earlier agreement. The AFFA is dated 21 November 2006.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Amounts of receivables with related parties are disclosed in Note 6.

Parent entity

AICF is deemed to be a subsidiary of James Hardie Industries plc ('JHIPLC'), an Irish public limited company under the Corporations Act as JHIPLC, and among other things has the power (except in certain circumstances specified in the AFFA) to appoint or remove the majority of directors of AICF.

Accordingly, JHIPLC is the ultimate holding company of AICF.

NOTE 22: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Board of the Trustee evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the AICF Group.

(a) Provision for claims settlements

Provision is made for the estimated cost of asbestos claims incurred but not settled at the reporting date. The estimated costs of claims include direct expenses that are expected to be incurred in settling those claims and expected insurance recoveries.

The AICF Group's process for establishing the outstanding claims provision involves extensive consultation with external actuaries, claims managers and senior management. An independent actuarial assessment of outstanding and likely future claims is undertaken at least annually.

The provision for outstanding claims comprises the central estimate (being the present value of expected future payments) and an appropriate risk margin which is added to the central estimate in accordance with Australian accounting requirements to recognise the inherent uncertainty in the central estimate and a provision for the net present value of estimated future claims handling costs of $31.323 million (2016 $35.208 million). The outstanding claims provision is discounted to present value at risk free rates of return to reflect the time value of money.

The AICF Group has adopted a policy of setting aside a risk margin that reflects the greater of:

1. A provision that provides probability of sufficiency of not less than 75%; or
2. An amount statistically derived that amounts to a half standard deviation above the mean of the distribution.

At 31 March 2017, a risk margin of $739.500 million (2016: $809.200 million) has been adopted that provides an 80.2% (2016: 80.2%) probability of sufficiency.

The determination of the provision for future asbestos claims involves a number of critical assumptions which are summarised below. Some of the uncertainties impacting these assumptions are as follows:

- Changes in patterns of claims incidence, reporting and payment;
- Volatility in the estimation of future costs due to the long period of time over which claims are expected to arise;
- Changes in the legal environment, including the interpretation of liability laws and the quantum of damages; and
- Social and economic trends, for example inflation and interest rates.

NOTE 22: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Provision for claims settlements (cont'd)

2017

Number of claims	**Mesothelioma**	**Asbestosis**	**Other**
Reported to date	5,326	2,295	2,972
Assumed unreported as at end of year	3,207	931	822
Total projected ultimate number of claims	8,533	3,226	3,794
Average claim size settled in the year	$226,882	$68,220	$30,501
Assumed future average claims size	$372,373	$107,597	$65,897

2016

Number of claims	**Mesothelioma**	**Asbestosis**	**Other**
Reported to date	4,953	2,197	2,886
Assumed unreported as at end of year	3,532	1,089	913
Total projected ultimate number of claims	8,485	3,286	3,799
Average claim size settled in the year	$296,427	$93,412	$65,738
Assumed future average claims size	$377,949	$111,275	$67,080

The following key assumptions were used in determining the provision for future asbestos claims.

Key Assumptions	**2017**	**2016**
Long term inflation rate (including superimposed inflation)	6.08%	6.60%
Discount rate	1.61% - 5.50%	1.80% - 6.00%

The table below illustrates sensitivities to the AICF Group's exposures to changes in the future number of claims reported, average claim size and long term inflation rate.

Sensitivity	**Impact on reserves**	
	Increase ($m)	**Decrease ($m)**
15% Increase / Decrease in future number of claims reported	372	(372)
5% Increase / Decrease in average claim size	124	(124)
2% Increase / Decrease in long term inflation rate	400	(321)

(b) JH 117 Receivable

The Trustee monitors its outstanding receivable balances for indicators of impairment on an ongoing basis. In particular, the receivable from James Hardie 117 Pty Ltd, which is described in Note 6 to these financial statements, is assessed for recoverability and the Trustee has determined that the receivable is not impaired as at 31 March 2017 due to the following factors:

1. The obligations of James Hardie 117 Pty Ltd and of JHIPLC are set out in the AFFA (as amended) including the obligation of James Hardie 117 Pty Ltd to make the funding payments in accordance with the provisions of the AFFA and the right of AICF in its capacity as trustee of the Charitable Fund to enforce these obligations upon the occurrence of certain events;
2. The Deed of Confirmation (Deed of Confirmation) entered into by the parties to the AFFA on 23 June 2009 under which the parties among other things confirmed that they will each continue to be bound by the AFFA during and following the then implementation of the transformation of JHINV from a Dutch NV company to a European SE company and re-domicile its place of registration from the Netherlands to Ireland;

NOTE 22: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) JH 117 Receivable (cont'd)

3. A Parent Guarantee has been provided by JHIPLC in favour of AICF in its capacity as trustee of the Charitable Fund, dated 14 December 2006 (Parent Guarantee) guaranteeing the performance and the payment obligations of James Hardie 117 Pty Ltd under the AFFA and the right of AICF in its capacity as trustee of the Charitable Fund to enforce the Parent Guarantee upon the occurrence of certain events. The Parent Guarantee was confirmed and amended under the Deed of Confirmation to accommodate, amongst other things, the re-domicile of JHINV;

4. JHIPLC trading, operating and financial performance for the 4th quarter and the year ended 31 March 2017, details of which were set out in the announcement made by JHIPLC on 18 May 2017 to the Australian Securities Exchange Limited, did not reveal any indicators that the receivable from James Hardie 117 Pty Ltd was impaired. The announcement also included an update by JHIPLC of the outlook for its global business and, in addition noted, in general, the risk factors that may adversely affect JHIPLC's business, operations, financial performance and condition or industry details of which were disclosed by JHIPLC in the Form 20-F lodged with the US Securities and Exchange Commission (SEC) on 19 May 2017; and

5. As at 31 March 2017, James Hardie had 440,843,275 shares outstanding at $20.57 per share (2016: $17.86 per share), which equals to approximately $9.068 billion (2016: $7.958 billion) in market capitalisation.

A copy of the JHIPLC Q4 and Full Year FY17 Results Announcement can be found at: http://www.ir.jameshardie.com.au.

NOTE 23: CONTINGENT LIABILITIES

The AICF Group has received claims from WorkCover Queensland estimated at $11.851 million (2016: $12.231 million) in relation to reimbursement of compensation paid by WorkCover Queensland to claimants of asbestos-related diseases as statutory recovery claims under an indemnity in s207B(7) of the Workers Compensation & Rehabilitation Act 2003 (QLD). Under the James Hardie Former Subsidiaries (Winding up and Administration) Act 2005 (NSW) (Winding Up Act), statutory recovery claims made by WorkCover Queensland cannot be paid by the AICF Group.

No amount has been recognised in the financial statements relating to this matter.

NOTE 24: EVENTS AFTER THE REPORTING DATE

A determination of the Annual Payment amount, based on JHIPLC's net operating cash flow for each 12-month period ending 31 March, is made by JHIPLC in June of each year.

On 18 May 2017, JHIPLC indicated in its 4th Quarter and Final Results release lodged with Australian Stock Exchange Limited that it anticipated making an Annual Payment to be paid to AICF on 3 July 2017 that would be approximately USD $102.2 million (2016: USD $91.100 million)

The Australian Dollar equivalent of the Annual Payment to be paid to AICF on 3 July 2017 will be approximately $137.200 million (2016: $125.707 million). Accordingly, $137.200 million (2016: $125.707 million) of the total receivable from James Hardie 117 Pty Ltd of $2,333.295 million as at 31 March 2017 (2016: $2,789.592 million), has been classified in these consolidated accounts as a current asset.

AICF arranged for the Approved Actuary, KPMG Actuaries Pty Ltd, to undertake the Annual Actuarial Review of the asbestos related disease liabilities of the Liable Entities as at 31 March 2017. This report was provided to AICF, JHIPLC and the New South Wales Government on 18 May 2017.

NOTE 24: EVENTS AFTER THE REPORTING DATE (CONT'D)

Amaca repaid to the New South Wales Government the amount outstanding under the AICF Loan Facility of $68.500 million, together with accrued interest of $0.035 million on 4 April 2017 and the repayment on same date by AICF of the Amaca payment by set–off of the payment against Amaca's existing liabilities owing to AICF under Section 36(2) of the Winding up Act.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the AICF Group, the results of those operations, or the state of affairs of the AICF Group in future financial years.

NOTE 25: ECONOMIC DEPENDENCY

The AICF Group is economically dependent on the provisions of the Amended and Restated Final Funding Agreement signed by James Hardie Industries plc and the New South Wales Government, and the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW).

ASBESTOS INJURIES COMPENSATION FUND

CONSOLIDATED ACCOUNTS

TRUSTEE'S DECLARATION

The Directors of the trustee company, Asbestos Injuries Compensation Fund Limited, declare that:

1. the financial statements and notes, as set out on pages 12 to 39 presents fairly the AICF Group's financial position as at 31 March 2017 and its performance for the period ended on that date in accordance with the AICF Amended and Restated Trust Deed and the Amended & Restated Final Funding Agreement dated 21 November 2006 ('AFFA'), and comply with Australian Accounting Standards;
2. the financial statements reflect a payable of $104.3 million in respect of damages under section 281D of the Wrongs Act 1958 (Vic) ("section 281D damages") which are not required to be funded by James Hardie Industries plc in accordance with the terms of the AFFA. As such the AICF Group is in a net deficiency for the amount of these section 281D damages. The shortfall in funding will not affect the ability of the AICF Group to pay its debts as and when they fall due until near the conclusion of the AFFA funding period, and the financial statements have been prepared on a going concern basis accordingly;
3. during periods of sufficient funds (including, where necessary, with the support of loan funds provided to the AICF Trust by the New South Wales Government), payable liabilities of the Liable Entities including liabilities for Excluded section 281D damages, will be paid as and when they fall due for payment, in accordance with section 34 of the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW); and
4. during periods of insufficient funds, payable liabilities of the Liable Entities will be paid in accordance with any "approved payment scheme" approved by the Supreme Court of New South Wales under section 35 of the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW).

Signed in accordance with a resolution of the Board of Directors of the trustee company.

Robert Russell
Chairman and Director

Joanne Marchione
Director

Dated 15 June 2017

Sydney

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Independent Auditor's Report to the Trustee of the Asbestos Injuries Compensation Fund

Opinion

We have audited the financial report of the Asbestos Injuries Compensation Fund (the AICF Trust) and its subsidiaries and controlled entities (collectively the Group), which comprises the Group consolidated and the AICF Trust statements of financial position as at 31 March 2017, the Group consolidated and the AICF Trust statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the Trustee's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the AICF Trust and the Group as at 31 March 2017, and their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group and the AICF Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – going concern

Without qualifying our opinion, we draw attention to the Trustee's' Declaration and to Note 1(a) in the financial report. Although the Group shows a net asset deficiency, the Trustee has determined that the going concern basis of preparation is appropriate as the shortfall in funding will not affect the ability of the consolidated entity to pay its debts as and when they fall due until near the conclusion of the AFFA funding period, accordingly the financial statements have been prepared on a going concern basis.

Information Other than the Financial Report and Auditor's Report Thereon

The Trustee is responsible for the other information. The other information is the Trustee's Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee for the Financial Report

The Trustee of the AICF Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the Trustee determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustee is responsible for assessing the AICF Trust's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustee either intend to liquidate the AICF Trust or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AICF Trust's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.

- Conclude on the appropriateness of the Trustee' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AICF Trust's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the AICF Trust or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Paul Harris
Ernst & Young
Sydney
15 June 2017