

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)

ABN 98 000 387 342

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2008

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)

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This financial report covers the accounts of Amaba Pty Limited (under NSW administered winding up). The financial report is presented in Australian currency.

Amaba Pty Limited is domiciled in Australia. Its registered office and its principal place of business is:
Level 7
233 Castlereagh Street
Sydney 2000

A description of the nature of the Company's operations and its principal activities is included in the directors' report. The directors' report does not form part of this financial report.

The financial report was authorised for issue by the directors of the Company on 26 June 2008. The Company has the power to amend and reissue the financial report.

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
Directors' Report

The directors of Amaba Pty Limited (under NSW administered winding up) ("the Company") present their financial report of the Company for the period 1 April 2007 to 31 March 2008 and report as follows.

Directors

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name of Director	Date Appointed
Peter Baker	9 February 2007
Guy Jarvi	9 February 2007
Joanne Marchione	9 February 2007

The Company Secretary is Marcin Firek, an employee of the James Hardie Industries N.V. group.

There have been no changes to the Board during the period 1 April 2007 to the date of this report.

Principal Activities

The Company is under NSW administered winding up, in accordance with the provisions of the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW) (the Winding up Act). The Company's affairs are managed under and in accordance with that Act. This regime ensures the continued existence of the Company, even if it is insolvent, and prohibits it 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. The Company is expected to remain under NSW administered winding up for a period of 40 years from February 2007.

The Company's principal activities in the course of the financial year were to manage statutory and common law claims made against the Company, and to pursue insurance recoveries where available.

Other than as stated below, no significant changes in the nature of the Company's business activities occurred during the financial year.

Review of Operations and Results

- The Company continued to meet claims which have arisen as a result of its previous asbestos manufacturing operations, which concluded in the mid 1980's. During the year the Company entered into a Claims Management Agreement with Asbestos Injuries Compensation Limited for the management and resolution of claims against the Company and for the payment of "payable liabilities" on behalf of the Company.
- The Company continued to make claims under insurance policies taken out for the benefit of the Company and other members of the James Hardie group at the time it was a member of the James Hardie group.
- During the year the Company received a direction from Asbestos Injuries Compensation Fund Limited as trustee of the Asbestos Injuries Compensation Fund directing the Company to enter into arrangements for the pooling of funds and for allocation of the pooled funds to payment of "payable liabilities", under section 24 of the Winding up Act. As a result of this direction the Company pooled \$1.250 million of its funds with those of Amaca Pty Ltd, and these funds were used for the payment of "payable liabilities" of Amaca Pty Ltd in accordance with the provisions of the Winding up Act.
- In the 12 months to 31 March 2008, \$527,418 was paid in respect of asbestos claims against the Company. Payments are made from the Company's own funds, and when these are not sufficient, payments are made by the AICF Trust on behalf of the Company.
- A detailed review of the number of claims lodged against the Company and other former James Hardie entities during the 12 months to 31 March 2008, and the payments in respect of those claims, is set out in the annual actuarial report of the Asbestos Injuries Compensation Fund (AICF Trust), prepared by KPMG Actuaries Pty Ltd, and available on the James Hardie website at www.ir.jameshardie.com.au.

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
Directors' Report

Significant Changes in the State of Affairs

During the year the Directors of the Company considered the operation of the *James Hardie (Civil Liability) Act 2005* (NSW), and formed the view that any rights of the Company to receive payments from ABN 60 Pty Ltd under the Deed of Covenant and Indemnity dated 15 February 2001 had been extinguished. The provision in respect of this entitlement has therefore been removed from the accounts of the Company.

Matters Subsequent to the Financial Year

Apart from the following matter, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Following the end of the financial year, the Directors of the Company resolved in principle to appoint Ernst & Young as auditors of the Company. Arrangements are being made to complete this appointment.

Future Developments

There is ongoing uncertainty as to the number of claims for compensation and damages that will be made against the Company and the level of compensation which the Company will be required to meet. These uncertainties are described in more detail in the annual actuarial valuation of asbestos related disease liabilities of former James Hardie entities prepared by KMPG Actuaries Pty Ltd available on the James Hardie website at www.ir.jameshardie.com.au.

Insurance and Indemnification of Directors and Officers

Since 9 February 2007 the directors and officers of the Company have been covered by insurance taken out by Asbestos Injuries Compensation Fund Limited against liabilities that may be incurred by directors and officers in defending civil or criminal proceedings that may be brought against them in their capacity as directors or officers of the Company, 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 Company.

The Company's constitution and deeds of access, insurance and indemnity provided by AICFL as trustee of the AICF Trust to the Company's directors, Chief Executive Officer and Company Secretary provide that AICFL shall generally indemnify any director or officer who suffers any loss as a result of any action in connection with their service to the Company, provided they acted in good faith in carrying out their duties and in a manner reasonably believed to be in the Company's best interest. This indemnification generally will not be available if the person seeking indemnification acted with gross negligence or wilful misconduct in the performance of their duties to the Company.

Dividends

Dividends paid or payable during the period were \$nil.

Proceedings on behalf of the Company


No person has applied for leave of a court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period under review.


Auditors

The accounts are audited by an independent registered public accounting firm – PricewaterhouseCoopers. The auditor's independence declaration is included on page 3 in the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors:


 Peter W Baker
 Chairman and Director
 Sydney


 Guy M Jarvi
 Director
 Dated: 26 June 2008

PricewaterhouseCoopers
ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
Australia
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Auditor's Independence Declaration

As lead auditor for the audit of Amaba Pty Limited for the year ended 31 March 2008, I declare that 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.

This declaration is in respect of Amaba Pty Limited and the entities it controlled during the period.



DN Kelly
Partner
PricewaterhouseCoopers

Sydney
26 June 2008

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
Revenue	2	1,097,445	492,612
Claims expense	3	(9,927,418)	(37,490,074)
Finance costs	3	(7,612)	-
Provision against covenant & indemnity receivable		-	(3,600,043)
Reversal of covenant & indemnity deferred income		-	3,170,424
Pooling of funds	3	(1,250,000)	-
Other expenses		(8,385)	(101,319)
(Loss) before income tax		(10,095,970)	(37,528,400)
Income tax expense	4	-	-
(Loss) for the period		<u>(10,095,970)</u>	<u>(37,528,400)</u>

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

AMABA PTY LIMITED
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BALANCE SHEET AS AT 31 MARCH 2008

	Note	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	29,858	1,186,860
Trade and other receivables	6	370,408	425,030
TOTAL CURRENT ASSETS		<u>400,266</u>	<u>1,611,890</u>
Non Current Assets			
Trade and other receivables	6	7,000,000	6,100,000
TOTAL NON CURRENT ASSETS		<u>7,000,000</u>	<u>6,100,000</u>
TOTAL ASSETS		<u>7,400,266</u>	<u>7,711,890</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	7	22,115	6,511
Borrowings	8	-	21
Provisions	9	2,100,000	1,800,000
TOTAL CURRENT LIABILITIES		<u>2,122,115</u>	<u>1,806,532</u>
Non Current Liabilities			
Trade and other payables	7	382,512	13,749
Provisions	9	51,900,000	42,800,000
TOTAL NON CURRENT LIABILITIES		<u>52,282,512</u>	<u>42,813,749</u>
TOTAL LIABILITIES		<u>54,404,627</u>	<u>44,620,281</u>
NET LIABILITIES		<u>(47,004,361)</u>	<u>(36,908,391)</u>
DEFICIT IN SHAREHOLDER FUNDS			
Issued capital	10	3,600,002	3,600,002
Accumulated losses		(50,604,363)	(40,508,393)
TOTAL DEFICIT IN SHAREHOLDER FUNDS		<u>(47,004,361)</u>	<u>(36,908,391)</u>

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

AMABA PTY LIMITED
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

	Issued Share Capital Ordinary Shares (Note 10) \$	Accumulated Losses \$	Total \$
Balance at 1 April 2006	3,600,002	(2,979,993)	620,009
Loss for the year	-	(37,528,400)	(37,528,400)
Balance at 31 March 2007	3,600,002	(40,508,393)	(36,908,391)
Loss for the year	-	(10,095,970)	(10,095,970)
Balance at 31 March 2008	3,600,002	(50,604,363)	(47,004,361)

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

AMABA PTY LIMITED
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from insurance recoveries and agreements		200,949	160,329
Payments to claimants and suppliers		(1,409,548)	(441,468)
Interest received		51,618	57,026
Management fee rebate received		-	103
Net cash (outflows) from operating activities	11	<u>(1,156,981)</u>	<u>(224,010)</u>
Net (decrease) increase in cash held		(1,156,981)	(224,010)
Cash and cash equivalents at beginning of financial period		1,186,839	1,410,849
Cash and cash equivalents at end of financial period	5	<u>29,858</u>	<u>1,186,839</u>

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

AMABA PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report includes the separate financial statement of Amaba Pty Limited as an individual entity.

(a) Basis of Preparation

Reporting Basis

On 8 February 2007 the Company became subject to the *James Hardie Former Subsidiaries (Winding up and Administration) Act 2005* (NSW) which places it in a form of statutory-based winding up and administration (the Winding up Act). This regime ensures the continued existence of the Company, even if it becomes insolvent and prohibits it 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.

Following the commencement of the Amended and Restated Final Funding Agreement dated 21 November 2006 (FFA), the directors expect that "payable liabilities" of the Company will be met from the AICF Trust when the Company has insufficient funds for this purpose. The FFA is expected to operate for a period of 40 years, and the Company will remain subject to the Winding up Act during this period of time.

The Financial report has been prepared on a liquidation basis recognising the provisions of the Winding up Act.

(b) Statement of compliance

This financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations and complies with other requirements of the law. The financial report complies with Australian Accounting Standards, which include the Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

Reporting Basis and Conventions

The financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical Accounting Estimates

The preparation of financial statements in conformity with the Australian equivalents to International Financial Reporting Standards AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 17.

AMABA PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(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 balance sheet 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 period 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 tax 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 Company 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) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest

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

Covenant & Indemnity

Revenue received from ABN 60 under the Deed of Covenant & Indemnity is recognised on a proportional basis taking into account the terms of the Deed.

Distributions from Managed Funds

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

Insurance Recoveries

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

AMABA PTY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Loans and Receivables

Trade receivables, loans and other receivables are carried at amortised cost less impairment.

(g) Provision for Future Claims

Provisions for asbestos claims are measured at the present value of the best estimate of the expenditure required to settle the present obligation at the balance sheet date and includes an appropriate prudential margin. This process involves extensive consultation with external actuaries, claim managers and senior management. An independent actuarial assessment of outstanding and likely future claims is undertaken at least annually. The discount rate used to determine the present value reflects yields on Commonwealth Government Bonds.

(h) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

(i) Covenant and Indemnity

On 15 February 2001, the Company entered into a Deed of Covenant and Indemnity ("the Deed") with its then parent company ABN 60 Pty Ltd (ABN 60) whereby the Company covenants not to take action against ABN 60 and indemnifies ABN 60 for any actions taken against ABN 60 in respect of asbestos claims. Under the terms of the Deed, as amended on 10 September 2001, ABN 60 was contracted to make further payments to the Company. The Directors of the Company considered the operation of the *James Hardie (Civil Liability) Act 2005* (NSW), and formed the view that any obligations of the Company under the Deed of Covenant and Indemnity dated 15 February 2001 had been extinguished. As a result, amounts shown in the financial statements as owing by ABN 60 Pty Limited have been removed. In the 2007 year the Company provided against these amounts in full.

(j) Impairment of Assets

At each reporting date, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any excess of the asset's carrying value of its recoverable amount is expensed to the income statement.

(k) Functional and Presentation Currency

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

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
NOTE 2: REVENUE			
Interest received from other persons		51,618	57,026
Covenant & indemnity income		-	151,626
Insurance recoveries		1,045,827	283,857
Other		-	103
Total Revenue		<u>1,097,445</u>	<u>492,612</u>

NOTE 3: LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging for the following:

Settlements of claims			
- claims/legal expenses paid	9	527,418	264,882
- movement in provision for future claims		9,400,000	37,225,192
		<u>9,927,418</u>	<u>37,490,074</u>
Finance costs – Interest paid:			
- Asbestos Injuries and Compensation Fund – Charitable Fund	7(a)	<u>7,612</u>	-
Pooling of funds – Paid to Amaca Pty Ltd		<u>1,250,000</u>	-

The Company has received an order from Asbestos Injuries Compensation Fund Limited as trustee of the Asbestos Injuries Compensation Fund directing the Company to enter into arrangements for the pooling of funds and for allocation of the pooled funds to payment of "payable liabilities", under section 24 of the Winding up Act. As a result of this direction the Company's funds were pooled with those of Amaca Pty Limited, and used for the payment of "payable liabilities" of Amaca Pty Ltd.

Bad debt provision – related party	6	<u>-</u>	<u>3,600,043</u>
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AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

Note

	2008 \$	2007 \$
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% (2007: 30%)	(3,028,791)	(12,080,762)
Add tax effect of:		
- non allowable items	377,284	19
- tax losses and temporary differences not brought to account	2,651,507	12,098,277
Less tax effect of:		
- recoupment of prior year tax losses	-	(17,534)
	<u>-</u>	<u>-</u>

The potential future income tax benefit in respect of tax losses and temporary differences as at 31 March 2008 not brought to account is \$17,390,706 (2007: \$12,739,056)

As the Company is subject to the James Hardie Former Subsidiaries (Winding up and Administration) Act 2005 (NSW), the directors consider that the realisation of this benefit is highly improbable.

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	29,858	170,657
Other cash investment	-	1,016,203
	<u>29,858</u>	<u>1,186,860</u>

Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	29,858	1,186,860
Bank overdrafts	8	(21)
	<u>29,858</u>	<u>1,186,839</u>

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
NOTE 6: TRADE AND OTHER RECEIVABLES			
<i>Current</i>			
Other receivable		2,002	72
Covenant & indemnity receivable		-	808,696
less: provision against covenant and indemnity receivable.		-	(808,696)
Insurance settlement receivable	6(a)	-	-
Insurance claim receivables		368,406	423,528
Related parties	6(b)	-	1,430
		<u>370,408</u>	<u>425,030</u>
<i>Non Current</i>			
Covenant & indemnity receivable		-	2,791,347
less provision against covenant and indemnity receivable.		-	(2,791,347)
	6(a)	-	-
Insurance claims receivables		<u>7,000,000</u>	<u>6,100,000</u>
		<u>7,000,000</u>	<u>6,100,000</u>
(a) The covenant and indemnity receivable was due from ABN60 Pty Limited, a related party. The above amount represented payments owing to Amaba Pty Ltd under the Deed of Covenant and Indemnity. This amount was non-interest bearing. The Directors of the Company considered the operation of the James Hardie (Civil Liability) Act 2005 (NSW), and formed the view that any obligations of the Company under the Deed of Covenant and Indemnity dated 15 February 2001 had been extinguished. As a result, amounts shown in the financial statements as owing by ABN 60 Pty Limited have been removed.			
(b) Amounts owing by related party			
- Amaca Pty Limited		-	1,430
(c) All receivables are fully recoverable. No receivables are impaired or past due and not impaired.			

NOTE 7: TRADE AND OTHER PAYABLES

<i>Current</i>			
Trade payables	7(a)	19,415	811
Other payables and accrued expenses	7(a)	2,700	5,700
		<u>22,115</u>	<u>6,511</u>
<i>Non Current</i>			
Related parties	7(b)	382,512	13,749
		<u>382,512</u>	<u>13,749</u>

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
NOTE 7: TRADE AND OTHER PAYABLES (CONTD)			
(a) Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.			
(b) Amounts owing to related party			
Asbestos Injuries and Compensation Fund – Charitable Fund		430	277
Asbestos Injuries and Compensation Fund – Charitable Fund – (Section 36)	7(c)	382,082	13,472
		<u>382,512</u>	<u>13,749</u>
(c) No interest was charged on the amounts due to the Charitable Fund of the Asbestos Injuries Compensation Fund in the period ended 31 March 2007. However from 1 April 2007 interest was charged on this balance at a rate determined under and in accordance with the Amended and Restated Final Funding Agreement. Refer Note 15 for the amount of interest charged.			

NOTE 8: BORROWINGS

Current

Bank overdraft (unsecured)	8(a)	-	21
		<u>-</u>	<u>21</u>

(a) Bank overdraft is unsecured and did not incur interest.

NOTE 9: PROVISIONS

Current

Claims settlements			
Opening balance at beginning of the period		1,800,000	1,061,007
Amounts paid	3	(527,418)	(264,882)
Addition to provisions during the period		827,418	1,003,875
Balance at end of period		<u>2,100,000</u>	<u>1,800,000</u>

Non Current

Claims settlements			
Opening balance at beginning of the period		42,800,000	-
Addition to provisions during the period		9,100,000	42,800,000
Reductions to provisions during the period		-	-
Balance at end of period		<u>51,900,000</u>	<u>42,800,000</u>

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
NOTE 9: PROVISIONS (CONTD)			
Analysis of Total Provisions			
Current		2,100,000	1,800,000
Non current		51,900,000	42,800,000
		<u>54,000,000</u>	<u>44,600,000</u>

(a) The provision for future asbestos related liabilities of \$46,700,000 (2007: \$38,200,000) has been recognised in the financial report as follows:

Current claims provision		2,100,000	1,800,000
Non-current claims provision		51,900,000	42,800,000
Current insurance receivable		(300,000)	(300,000)
Non-current insurance receivable		<u>(7,000,000)</u>	<u>(6,100,000)</u>
		<u>46,700,000</u>	<u>38,200,000</u>

NOTE 10: ISSUED CAPITAL

1,800,001 (2007: 1,800,001) fully paid ordinary shares	10(a)	<u>3,600,002</u>	<u>3,600,002</u>
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The Company has authorised share capital amounting to 1,800,001 ordinary shares at no par value.

(a) Ordinary Shares	No.	No.
At the beginning of the reporting period	1,800,001	1,800,001
Shares issued during the period	-	-
At reporting date	<u>1,800,001</u>	<u>1,800,001</u>

Ordinary shares participate in dividends.

The activities of the Company are subject to the provisions of the James Hardie Former Subsidiaries (Winding up and Administration) Act 2005 (NSW). On 9 February 2007, the Asbestos Injuries and Compensation Fund - Charitable Fund acquired all the issued shares of Amaba Pty Limited.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
NOTE 11: CASH FLOW INFORMATION			
(a) Reconciliation of cash flow from operations with loss after income tax			
Loss after income tax		(10,095,970)	(37,528,400)
Changes in assets and liabilities			
(Increase)/ Decrease in receivables		(845,378)	55,490
Increase (Decrease) in payables and accruals		384,367	(7,856)
(Decrease) in deferred income		-	(3,482,280)
Increase in provisions		9,400,000	40,739,036
Cash (outflows) inflows from operations		<u>(1,156,981)</u>	<u>(224,010)</u>

(b) Credit standby arrangement

The Company has no credit standby arrangements and loan facilities.

**NOTE 12: KEY MANAGEMENT PERSONNEL
COMPENSATION**

The compensation of directors and key management personnel of the Company is set out below:

Short-term employee benefits	720,801	562,633
Post-employment benefits	89,806	189,793
Other long-term employee benefits	2,866	930
	<u>813,473</u>	<u>753,356</u>

Prior to 9 February 2007, the directors and key management personnel of the Company were remunerated by Amaca Pty Ltd. From 9 February 2007 to 5 March 2007, key management personnel were remunerated by Amaca Pty Ltd. Since 5 March 2007, key management personnel have been remunerated by Asbestos Injuries and Compensation Fund – Charitable Fund. No director has received remuneration since 9 February 2007.

NOTE 13: AUDITORS' REMUNERATION

Remuneration of the auditor for auditing the financial report	<u>-</u>	<u>25,000</u>
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The audit fees of the company have been borne by the Asbestos Injuries Compensation Fund - Charitable Fund.

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

NOTE 14: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Company's principal financial instruments comprise cash, receivables and payables. The main purpose of these non-derivative financial instruments is to meet the Company's claims liabilities.

The Company has not entered into any derivative contracts throughout the year and has no derivative financial instruments at balance date.

(i) Treasury Risk Management

The Company is wholly owned by Asbestos Injuries Compensation Fund Limited as trustee of the Asbestos Injuries Compensation Fund Charitable Fund. Management of the trustee meet on a regular basis to analyse the Company's 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 Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Market Risk

The Company's exposure to market risk from changes in interest rate relates to the Company's cash assets and payables. Interest rate risk is managed in accordance with the strategies outlined in Note 14(a)(i). For further details on interest rate risk refer to Note 14(b). The company operates solely in Australia and is not exposed to any significant foreign currency risk.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows.

Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to outstanding receivables. Cash and cash equivalents are only invested with one of the four major banks in Australia.

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

As detailed in Note 20, the Company is economically dependent on the provisions of the Amended and Restated Final Funding Agreement signed by James Hardie Industries NV and the NSW Government and the James Hardie Former Subsidiaries (Winding up and Administration) Act 2005.

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

NOTE 14: FINANCIAL INSTRUMENTS (CONTD)

(b) Interest Rate Risk

The Company'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:

For the period ended 31 March 2008

	Average Effective Interest Rate	Floating Interest Rate	Non-interest Bearing	Total Amount
	%	\$	\$	\$
Financial Assets				
Cash and cash equivalents	5.42	29,858	-	29,858
		29,858	-	29,858
Financial Liabilities				
Trade and other payables	6.36	382,512	22,115	404,627
		382,512	22,115	404,627

For the period ended 31 March 2007

	Average Effective Interest Rate	Floating Interest Rate	Non-interest Bearing	Total Amount
	%	\$	\$	\$
Financial Assets				
Cash and cash equivalents	4.77	1,186,860	-	1,186,860
		1,186,860	-	1,186,860
Financial Liabilities				
Bank overdraft (unsecured)	14.10	21	-	21
Trade and other payables	-	-	20,260	20,260
		21	20,260	20,281

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

Sensitivity

The Company's main interest rate risk arises from cash and cash equivalents and other financial assets with varying interest rates. At 31 March 2008, if interest rates had changed by +/- 50 basis points from the year end rates, with all variables held constant, post tax loss would have been \$292 lower/higher (2007 change of 50 bps: \$5,934 lower/higher) as a result in higher/lower interest income from these financial assets.

(c) Net Fair Values

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

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
NOTE 15: RELATED PARTY TRANSACTIONS			
<i>Transactions with related parties</i>			
Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.			
Amount of payables and receivables with related parties is disclosed in Notes 7 & 6. Other transactions with related parties are as follows:			
(a) Administration expenses paid to Amaca Pty Limited		-	80,755
(c) Interest paid to Asbestos Injuries and Compensation Fund – Charitable Fund pursuant to and in accordance with the Amended and Restated Final Funding Agreement.		7,612	-
(c) Settlement claims paid by Asbestos Injuries and Compensation Fund – Charitable Fund		360,998	-
(d) Pooling of funds paid to Amaca Pty Limited pursuant to Section 24 of the Winding up Act.		1,250,000	-

Parent entity

The parent entity is Asbestos Injuries Compensation Fund Limited as trustee of the Asbestos Injuries Compensation Fund – Charitable Fund.

NOTE 16: FRANKING CREDITS

The amount of franking credits available for subsequent reporting periods are:

- franking account balance at the end of the reporting date	39	39
- franking credits that will arise from the payment of income tax at the end of reporting period	-	-
Total amount of credits available for future reporting periods	39	39

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

NOTE 17: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Board evaluates estimates and judgements incorporated into the financial report 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 Company.

Key Estimates

Provision for future claims

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

The Company'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 determination of the provision for future asbestos claims involves a number of critical assumptions. 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

The provision for outstanding claims comprises the central estimate and an appropriate prudential margin which is added to the central estimate in accordance with Australian accounting requirements. The outstanding claims provision is discounted at risk free rates of return to reflect the time value of money.

AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2008

NOTE 18: SEGMENT REPORTING

The Company operates predominantly in one business and geographical segment being to manage statutory and common law claims made against the Company.

NOTE 19: EVENTS AFTER THE BALANCE SHEET DATE

Apart from the following matter, no matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Following the end of the financial year, the Directors of the Company resolved in principle to appoint Ernst & Young as auditors of the Company. Arrangements are being made to complete this appointment.

NOTE 20: ECONOMIC DEPENDENCY

The Company is economically dependent on the provisions of the Amended and Restated Final Funding Agreement signed by James Hardie Industries NV and the NSW Government and the James Hardie Former Subsidiaries (Winding up and Administration) Act 2005.

**AMABA PTY LIMITED
(UNDER NSW ADMINISTERED WINDING UP)
DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 21, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 March 2008 and of the performance for the year ended on that date of the Company.
2. They are unable, based on the information available to them at the present time, to conclude that the Company will be able to pay its debts as and when they become due and payable. The directors note Section 27 of the James Hardie Former Subsidiaries (Winding up and Administration) Act 2005 ("Act") which authorises the directors and Company to continue to conduct the Company's business in accordance with the Act even if it is insolvent and note that the Company is being managed in accordance with Part 4 of the Act.

This declaration is made in accordance with a resolution of the Board :



Peter W Baker
Chairman and Director



Guy M Jarvi
Director

Dated: 26 June 2008

Sydney

Independent auditor's report to the members of Amaba Pty Limited

Report on the financial report

We have audited the accompanying financial report of Amaba Pty Limited (the company), which comprises the balance sheet as at 31 March 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Amaba Pty Limited. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

**Independent auditor's report to the members of Amaba Pty Limited
(continued)**

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

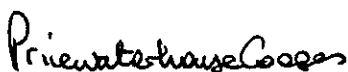
Emphasis of matter – Going concern no longer appropriate

Without qualifying our opinion, we draw attention to the Director's Declaration and to note 1(a) in the Financial Report. The directors have determined that the going concern basis of preparation is no longer appropriate. The report has been prepared on a liquidation basis recognising the provisions of the James Hardie Former Subsidiaries (Winding Up and Administration) Act 2005 (NSW).


Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Amaba Pty Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 March 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and
- (b) the consolidated financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1.



PricewaterhouseCoopers



DN Kelly
Partner

Sydney
26 June 2008