

JAMES HARDIE INDUSTRIES SE

Form 20-F

June 29, 2011

Table of Contents

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

FORM 20-F

(Mark One)

- o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934
OR**
- þ [X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended 31 March 2011
OR**
- o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
OR**
- o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
Date of event requiring this shell company report
For the transition period from to
Commission file number 1-15240
JAMES HARDIE INDUSTRIES SE
(Exact name of Registrant as specified in its charter)
N/A
(Translation of Registrant's name into English)
Ireland
(Jurisdiction of incorporation or organization)
Europa House, Second Floor
Harcourt Center
Harcourt Street, Dublin 2, Ireland
(Address of principal executive offices)
Marcin Firek
(Contact name)
353 1411 6924 (Telephone) 353 1479 1128 (Facsimile)
Securities registered or to be registered pursuant to Section 12(b) of the Act:**

Title of each class:	Name of each exchange on which registered:
Common stock, represented by CHESSE Units of Foreign Securities	New York Stock Exchange*
CHESSE Units of Foreign Securities	New York Stock Exchange* New York Stock Exchange

American Depositary Shares, each representing five
units

of CHESSE Units of Foreign Securities

* Listed, not for trading, but only in connection with the registered American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report 436,386,587 shares of common stock at 31 March 2011.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note: Checking the box will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	Page
<u>Form 20-F Cross-Reference Index</u>	2
<u>Section 1</u>	4
<u>Introduction</u>	4
<u>Selected Financial Data</u>	6
<u>Information on the Company</u>	9
<u>Section 2</u>	22
<u>Group Management Team</u>	22
<u>Board of Directors</u>	24
<u>Management's Discussion and Analysis</u>	26
<u>Remuneration Report</u>	41
<u>Corporate Governance Report</u>	63
<u>Consolidated Financial Statements</u>	74
<u>Notes to Consolidated Financial Statements</u>	80
<u>Remuneration of Independent Registered Public Accounting Firm</u>	105
<u>Selected Quarterly Financial Data</u>	105
<u>Section 3</u>	106
<u>Additional Information for Shareholders</u>	106
<u>Risk Factors</u>	106
<u>Commitment to Provide Funding on a Long-Term Basis in Respect of Asbestos-Related Liabilities of Former Subsidiaries</u>	121
<u>Legal Proceedings</u>	129
<u>Employees</u>	133
<u>Share Ownership</u>	133
<u>Major Shareholders and Related Party Transactions</u>	142
<u>Listing Details</u>	144
<u>Memorandum and Articles of Association</u>	146
<u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	153
<u>Material Contracts</u>	153
<u>Exchange Controls</u>	154
<u>Taxation</u>	155
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	164
<u>American Depositary Shares</u>	167
<u>Exhibits</u>	167
<u>EX-2.14</u>	
<u>EX-4.25</u>	
<u>EX-4.40</u>	
<u>EX-4.41</u>	
<u>EX-8.1</u>	
<u>EX-12.1</u>	
<u>EX-12.2</u>	
<u>EX-13.1</u>	
<u>EX-15.1</u>	
<u>EX-15.2</u>	
<u>EX-99.1</u>	
<u>EX-99.2</u>	

EX-101 INSTANCE DOCUMENT

EX-101 SCHEMA DOCUMENT

EX-101 CALCULATION LINKBASE DOCUMENT

EX-101 LABELS LINKBASE DOCUMENT

EX-101 PRESENTATION LINKBASE DOCUMENT

EX-101 DEFINITION LINKBASE DOCUMENT

Table of Contents**FORM 20-F CROSS REFERENCE INDEX**

20-F Item Number and Description	Page
PART 1	
Item 1. Identity of Directors, Senior Management and Advisers	Not applicable
Item 2. Offer Statistics and Expected Timetable	Not applicable
Item 3. Key Information	
A. Selected Financial Data	6-8
B. Capitalisation and Indebtness	Not applicable
C. Reasons for the Offer and Use of Proceeds	Not applicable
D. Risk Factors	106-121
Item 4. Information on the Company	
A. History and Development of the Company	9-11
B. Business Overview	12-18
C. Organisational Structure	10-11; 19
D. Property, Plants and Equipment	19-21; 38-40
Item 4A. Unresolved Staff Comments	None
Item 5. Operating and Financial Review and Prospects	
A. Operating Results	26-37
B. Liquidity and Capital Resources	37-39
C. Research and Development, Patents and Licenses, etc	17-18; 40
D. Trend Information	40
E. Off-Balance Sheet Arrangements	40
F. Tabular Disclosure of Contractual Obligations	40
G. Safe Harbor	5-6
Item 6. Directors, Senior Management and Employees	
A. Directors and Senior Management	22-25
B. Compensation	53-56
C. Board Practices	22-25; 61; 66-67
D. Employees	133
E. Share Ownership	133-142
Item 7. Major Shareholders and Related Party Transactions	
A. Major Shareholders	142-143
B. Related Party Transactions	143-144
C. Interests of Experts and Counsel	None
Item 8. Financial Information	
A. Consolidated Statements and Other Financial Information	74-104
B. Significant Changes	None
Item 9. The Offer and Listing	
A. Offer and Listing Details	144-145
B. Plan of Distribution	Not Applicable
C. Markets	145-146
D. Selling Shareholders	Not Applicable
E. Dilution	Not Applicable
E. Expenses of the Issue	Not Applicable
Item 10. Additional Information	
A. Share Capital	Not Applicable
B. Memorandum and Articles of Association	146-153
C. Material Contracts	153-154

D. Exchange Controls	154-155
E. Taxation	155-164
F. Dividends and paying agents	Not Applicable
G. Statement by Experts	Not Applicable

Table of Contents**FORM 20-F CROSS REFERENCE INDEX (Continued)**

20-F Item Number and Description	Page
H. Documents on Display	164
I. Subsidiary Information	Not Applicable
Item 11. Quantitative and Qualitative Disclosures About Market Risk	164-166
Item 12. Description of Securities Other Than Equity Securities	
A. Debt Securities	Not Applicable
B. Warrants and Rights	Not Applicable
C. Other Securities	Not Applicable
D. American Depositary Shares	167
PART II	
Item 13. Defaults, Dividend Arrearages and Delinquencies	None
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds	146-153
Item 15. Controls and Procedures	70-71
Item 16A. Audit Committee Financial Expert	66-67
Item 16B. Code of Business Conduct and Ethics	67
Item 16C. Principal Accountant Fees and Services	105
Item 16D. Exemptions from the Listing Standards for Audit Committees	Not Applicable
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	None
Item 16F. Change in Registrant's Certifying Accountant	None
Item 16G. Corporate Governance	72-73
PART III	
Item 17. Financial Statements	Not Applicable
Item 18. Financial Statements	74-104
Item 19. Exhibits	167-172

Table of Contents**SECTION 1.****INTRODUCTION**

In this annual report, unless the context otherwise indicates, James Hardie Industries SE, a Societas Europaea, or a European company incorporated and existing under the laws of Ireland, is referred to as JHI SE. JHI SE together with its direct and indirect wholly owned subsidiaries as of the time relevant to the applicable reference, are collectively referred to as the James Hardie Group. JHI SE and its current direct and indirect wholly owned subsidiaries are collectively referred to as we, us, our, JHI SE and its wholly owned subsidiaries, James Hardie or the Company.

The term fiscal year refers to our fiscal year ended 31 March of such year; the term dollars, US\$ or \$ refers to US dollars; the term A\$ refers to Australian dollars; and the term NZ\$ refers to New Zealand dollars. Unless otherwise stated, all amounts in A\$ have been converted into US\$ at the 31 March 2011 exchange rate of A\$0.9676 to US\$1.0000.

On 2 June 2010, our shareholders approved Stage 2 of a two-stage proposal to transform James Hardie Industries SE to an Irish SE by changing our registered corporate domicile from The Netherlands to Ireland. Following this vote, on 17 June 2010, we changed our registered corporate domicile to Ireland and are now subject to Irish law in addition to the Council of the European Union's Regulation on the Statute for a European Company (SE Regulations). In addition, we continue to operate under the regulatory requirements of numerous jurisdictions and organisations, including the ASX, ASIC, the NYSE, the United States Securities and Exchange Commission, the Irish Takeovers Panel and various other rulemaking bodies. We became an Irish tax resident on 29 June 2010.

As a company incorporated under the laws of Ireland, we have listed our securities for trading on the Australian Securities Exchange, or ASX, through the use of the Clearing House Electronic Subregister System, or CHESS, via CHESS Units of Foreign Securities, or CUFS. CUFS are a form of depositary security that represent a beneficial ownership interest in the securities of a non-Australian corporation. Each of our CUFS represents the beneficial ownership of one share of common stock of JHI SE, the legal ownership of which is held by CHESS Depositary Nominees Pty Ltd. The CUFS are listed and traded on the ASX under the symbol JHX.

We have also listed our securities for trading on the New York Stock Exchange, or NYSE. We sponsor a program, whereby beneficial ownership of five CUFS is represented by one American Depositary Share, or ADS, which is issued by The Bank of New York Mellon. These ADSs trade on the NYSE in the form of American Depositary Receipts, or ADRs, under the symbol JHX. Unless the context indicates otherwise, when we refer to ADSs, we are referring to ADRs or ADSs and when we refer to our common stock we are referring to the shares of our common stock that are represented by CUFS.

Glossary of abbreviations and terms**Non-financial Terms**

ABS	Australian Bureau of Statistics
ADR	American Depositary Receipt
ADS	American Depositary Share
AFFA	Amended and Restated Final Funding Agreement, as amended from time to time
AGM	Annual General Meeting
AICF	Asbestos Injuries Compensation Fund
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHESS	Clearing House Electronic Subregister System
CUFS	CHESS Units of Foreign Securities
FDRs	Freely Distributable Reserves
GIC	General Interest Charge

GMT	Group Management Team
IRS	United States Internal Revenue Service
KPMG Actuarial	KPMG Actuarial Pty Limited
LIBOR	London Interbank Offered Rate
NAHB	National Association of Home Builders
NBSK	Northern Bleached Softwood Kraft, the Company's benchmark grade of pulp
NSW	New South Wales
NYSE	New York Stock Exchange
RSU	Restricted Stock Unit
SCI	Special Commission Inquiry
SEC	United States Securities and Exchange Commission
Former James Hardie Companies	Consists of Amaca Pty Ltd, Amaba Pty Ltd and ABN 60 Pty Ltd.

Sales Volume

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

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

Table of Contents

Forward-Looking Statements

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

Examples of forward-looking statements include:

statements about our future performance;

projections of our results of operations or financial condition;

statements regarding our plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or our products;

expectations concerning the costs associated with the suspension or closure of operations at any of our plants and future plans with respect to any such plants;

expectations that our credit facilities will be extended or renewed;

expectations concerning dividend payments and share buy-back;

statements concerning our corporate and tax domiciles and potential changes to them, including potential tax charges;

statements regarding tax liabilities and related audits, reviews and proceedings;

statements as to the possible consequences of proceedings brought against us and certain of our former directors and officers by the Australian Securities and Investments Commission (which we refer to as ASIC);

expectations about the timing and amount of contributions to the Asbestos Injuries Compensation Fund (which we refer to as AICF), a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;

expectations concerning indemnification obligations;

statements about product or environmental liabilities; and

statements about economic conditions, such as economic or housing recovery, the levels of new home construction, unemployment levels, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates and consumer confidence.

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

Table of Contents

Forward-looking statements are based on our current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond our control. Such known and unknown risks, uncertainties and other factors may cause our actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under **Risk Factors** in Section 3, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; required contributions to the AICF, any shortfall in the AICF and the effect of currency exchange rate movements on the amount recorded in our financial statements as an asbestos liability; governmental loan facility to the AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy our products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; the effect of the transfer of our corporate domicile from The Netherlands to Ireland to become an Irish SE including employee relations, changes in corporate governance and potential tax benefits; currency exchange risks; dependence on customer preference and the concentration of our customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favourable to us, or at all; acquisition or sale of businesses and business segments; changes in our key management personnel; inherent limitations on internal controls; use of accounting estimates; and all other risks identified in our reports filed with Australian, Irish and US securities agencies and exchanges (as appropriate). We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of our current expectations concerning future results, events and conditions.

SELECTED FINANCIAL DATA

We have included in this annual report the audited consolidated financial statements of the Company, consisting of our consolidated balance sheets as of 31 March 2011 and 31 March 2010, and our consolidated statements of operations, changes in shareholders' deficit and cash flows for the years ended 31 March 2011, 2010 and 2009, together with the related notes thereto. The consolidated financial statements included in this annual report have been prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP. The selected consolidated financial information summarised below for the five most recent fiscal years has been derived in part from the Company's financial statements. You should read the selected consolidated financial information in conjunction with the Company's financial statements and related notes contained in Section 2,

Consolidated Financial Statements and with the information provided in Section 2, Management's Discussion and Analysis. Historic financial data is not necessarily indicative of our future results and you should not unduly rely on it.

Table of Contents

	Fiscal Year ended 31 March				
	2011	2010	2009	2008	2007
	(In millions of US dollars except sales price per unit and per share data)				
Consolidated Statements of Operations Data:					
Net Sales					
USA and Europe Fibre Cement (1)	\$ 814.0	\$ 828.1	\$ 929.3	\$ 1,170.5	\$ 1,291.2
Asia Pacific Fibre Cement (2)	353.0	296.5	273.3	298.3	251.7
Total net sales	\$ 1,167.0	\$ 1,124.6	\$ 1,202.6	\$ 1,468.8	\$ 1,542.9
Operating income (loss) (3)	\$ 104.7	\$ (21.0)	\$ 173.6	\$ (36.6)	\$ (86.6)
Interest expense	(9.0)	(7.7)	(11.2)	(11.1)	(12.0)
Interest income	4.6	3.7	8.2	12.2	5.5
Other (expense) income (4)	(3.7)	6.3	(14.8)		
Income (loss) from operations before income taxes	96.6	(18.7)	155.8	(35.5)	(93.1)
Income tax (expense) benefit	(443.6)	(66.2)	(19.5)	(36.1)	243.9
(Loss) income from operations	\$ (347.0)	\$ (84.9)	\$ 136.3	\$ (71.6)	\$ 150.8
Net (loss) income	\$ (347.0)	\$ (84.9)	\$ 136.3	\$ (71.6)	\$ 151.7
(Loss) income from operations per common share basic	\$ (0.80)	\$ (0.20)	\$ 0.32	\$ (0.16)	\$ 0.32
Net (loss) income per common share basic	\$ (0.80)	\$ (0.20)	\$ 0.32	\$ (0.16)	\$ 0.33
(Loss) income from operations per common share diluted	\$ (0.80)	\$ (0.20)	\$ 0.31	\$ (0.16)	\$ 0.32
Net (loss) income per common share diluted	\$ (0.80)	\$ (0.20)	\$ 0.31	\$ (0.16)	\$ 0.33
Dividends paid per share	\$	\$	\$ 0.08	\$ 0.27	\$ 0.09
Weighted average number of common shares outstanding					
Basic	435.6	433.1	432.3	455.0	464.6
Diluted	435.6	433.1	434.5	455.0	464.4
Consolidated Cash Flow Information:					
Cash flows provided by (used in) operating activities	\$ 147.2	\$ 183.1	\$ (45.2)	\$ 319.3	\$ (67.1)

Edgar Filing: JAMES HARDIE INDUSTRIES SE - Form 20-F

Cash flows used in investing activities	\$ (49.6)	\$ (50.5)	\$ (26.1)	\$ (38.5)	\$ (92.6)
Cash flows (used in) provided by financing activities	\$ (89.7)	\$ (159.0)	\$ 25.0	\$ (254.4)	\$ (136.4)

Other Data:

Depreciation and amortisation	\$ 62.9	\$ 61.7	\$ 56.4	\$ 56.5	\$ 50.7
Adjusted EBITDA (5)	\$ 167.6	\$ 40.7	\$ 230.0	\$ 19.9	\$ (35.9)
Capital expenditures	\$ 50.3	\$ 50.5	\$ 26.1	\$ 38.5	\$ 92.1

Volume (million square feet)					
USA and Europe Fibre Cement (1)	1,248.0	1,303.7	1,526.6	1,951.2	2,216.2
Asia Pacific Fibre Cement (2)	407.8	389.6	390.6	398.2	390.8

Average sales price per unit (per thousand square feet)					
USA and Europe Fibre Cement (1)	US \$652	US \$635	US \$609	US \$600	US \$583
Asia Pacific Fibre Cement (2)	A \$916	A \$894	A \$879	A \$862	A \$842

Consolidated Balance Sheet Data:

Net current assets (6)	\$ 135.6	\$ 50.4	\$ 137.7	\$ 183.7	\$ 259.0
Total assets	\$ 1,960.6	\$ 2,178.8	\$ 1,891.7	\$ 2,179.9	\$ 2,128.1
Total debt	\$ 59.0	\$ 154.0	\$ 324.0	\$ 264.5	\$ 188.0
Common stock	\$ 222.5	\$ 221.1	\$ 219.2	\$ 219.7	\$ 251.8
Shareholders (deficit) equity	\$ (454.5)	\$ (117.9)	\$ (108.7)	\$ (202.6)	\$ 258.7

7

Table of Contents

- (1) On 1 April 2008, the Company realigned its operating segments by combining the previously reported segments of USA Fibre Cement and Other into one operating segment, USA and Europe Fibre Cement. USA and Europe Fibre Cement manufactures fibre cement interior linings, exterior siding and related accessory products in the United States which are sold in the United States, Canada and Europe.

The segment also includes fibre reinforced concrete pipes manufactured and sold in the United States (through May 2008). Our Plant City, Florida Hardie Pipe Plant was closed and the business ceased operations in May 2008.

- (2) Asia Pacific Fibre Cement includes all fibre cement manufactured in Australia, New Zealand and the Philippines and sold in Australia, New Zealand, Asia, the Middle East (Israel, Kuwait, Qatar and United Arab Emirates) and various Pacific Islands.
- (3) Operating income (loss) includes the following asbestos adjustments, AICF SG&A expenses, ASIC related recoveries (expenses), SCI and other related expenses, and impairment charges:

	Fiscal Years Ended 31 March				
	2011	2010	2009	2008	2007
	(Millions of US dollars)				
(Unfavourable) favourable asbestos adjustments	\$ (85.8)	\$(224.2)	\$ 17.4	\$(240.1)	\$(405.5)
AICF SG&A expenses	(2.2)	(2.1)	(0.7)	(4.0)	
ASIC related recoveries (expenses)	8.7	(3.4)	(14.0)	(5.5)	
SCI and other related expenses					(13.6)
Impairment charges				(71.0)	

For additional information on the asbestos adjustments, AICF SG&A expenses and ASIC related recoveries (expenses), see Section 2, Management's Discussion and Analysis and Notes 11 and 13 to our consolidated financial statements in Section 2.

- (4) Other expense in fiscal year 2011 primarily includes an unrealised loss resulting from a change in the fair value of interest rate swap contracts. Other income in fiscal year 2010 primarily includes a realised gain arising from the sale of restricted short-term investments held by the AICF. Other expense in fiscal year 2009 consists of an other-than-temporary impairment charge related to restricted short-term investments held by the AICF of US\$14.8 million. For additional information see Section 2, Management's Discussion and Analysis Results of Operations.
- (5) Adjusted EBITDA represents income from operations before interest income, interest expense, income taxes, other non-operating expense (income), described in footnote four above, cumulative effect of change in accounting principle, and depreciation and amortisation charges. The following table presents a reconciliation of Adjusted EBITDA to net cash provided by (used in) operating activities, as this is the most directly comparable GAAP financial measure to Adjusted EBITDA for each of the periods indicated. Items comprising Net cash provided by (used in) operating activities, Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities and Change in operating assets and liabilities, net for fiscal years ended 31 March 2011, 2010 and 2009 are set forth on the Consolidated Statements of Cash Flows on page 78.

	Fiscal Years Ended 31 March				
	2011	2010	2009	2008	2007

(Millions of US dollars)

Net cash provided by (used in) operating activities	\$ 147.2	\$ 183.1	\$ (45.2)	\$ 319.3	\$ (67.1)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities	(136.8)	(312.0)	(3.5)	(318.9)	4.5
Change in operating assets and liabilities, net	(357.4)	44.0	185.0	(72.0)	214.3
Net (loss) income	(347.0)	(84.9)	136.3	(71.6)	151.7
Cumulative effect of change in accounting principle					(0.9)
Income tax expense (benefit)	443.6	66.2	19.5	36.1	(243.9)
Interest expense	9.0	7.7	11.2	11.1	12.0
Interest income	(4.6)	(3.7)	(8.2)	(12.2)	(5.5)
Other expense (income)	3.7	(6.3)	14.8		
Depreciation and amortisation	62.9	61.7	56.4	56.5	50.7
Adjusted EBITDA	\$ 167.6	\$ 40.7	\$ 230.0	\$ 19.9	\$ (35.9)

Adjusted EBITDA is not a measure of financial performance under US GAAP and should not be considered an alternative to, or more meaningful than, income from operations, net income or net cash provided by (used in) operating activities as defined by US GAAP or as a measure of our profitability or liquidity. Not all companies calculate Adjusted EBITDA in the same manner as we have and, accordingly, Adjusted EBITDA may not be comparable with other companies. We have included information concerning Adjusted EBITDA because we believe that this data is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements. To permit evaluation of this data on a consistent basis from period to period, Adjusted EBITDA has been adjusted for non-cash charges, as well as non-operating income and expense items.

(6) Total current assets less total current liabilities.

