ANNEXURE M

This is a copy of Exhibit 75, Volume 8, Tab 121

DCI 17 Feb 01 (Philly Morley presented)

Assumptions:

Litigation costs, net of insurance recovery, are from Most Likely Trowbridge model, updated 9 February.
The Trowbridge model assumes 4% inflation on claims amounts.

Rental income assumes 3% CPI increases but ignores any Market Rate increases. A sinking fund of $1.0m pa (inflated at 3% annually) has been deducted from rental income, to allow for major capital renovations to the properties.

Buildings maintain their nominal value, i.e. are not inflated or depreciated. Land increases in value at 3% pa.
Properties are sold at March 2025, for their book value, and the cash proceeds invested.

Management costs (legal services, Directors fees etc) have been assumed at $2.4m pa (inflated at 3% pa), but limited in later years an amount equal to the litigation outgoings, plus present day $100k pa. There would be no need for a substantial legal dept and related cost structure if only minor amounts being paid out for litigation, and the only management required is for allocation of funds to charitable works.

It is not necessary to include any cashflows in relation to tax payments because separate detailed modelling has shown that:

- during the early years, when there are significant cash inflows through a combination of loan principal receipts and indemnity receipts, there will be no need to realise investment earnings and thereby create a tax liability
- in subsequent years, when the deferred investment earnings are realised, there will be sufficient accumulated losses from litigation and other outgoings to shelter the taxable investment earnings

Investment earnings of 11.70% are assumed, before tax.
Sensitivity analyses at various pre-tax earnings rates are attached.

Cashflows occur evenly through year, except for repayment of JHIL principal, external investment earnings and property proceeds which are received on 31 March.

Sensitivity analysis for net assets remaining for varying actuarial assumptions and projected earnings rates

Gross earnings rate	14.55%	11.70%
Equivalent after-tax to 35% taxpayer	9.5%	7.6%
	Assets remaining after 15 years (in A$'000)	
Most Likely Scenario	334,610	211,904
High Scenario	262,019	148,890
	Assets remaining after 20 years (in A$'000)	
Most Likely Scenario	418,959	158,972
High Scenario	217,224	(5,473)
	Assets remaining after 30 years (in A$'000)	
Most Likely Scenario	1,104,998	60,230
High Scenario	100,737	(625,227)
	Assets remaining after 40 years (in A$'000)	
Most Likely Scenario	4,100,514	16,935
High Scenario	36,374	(2,190,170)
	Assets remaining after 51 years (in A$'000)	
Most Likely Scenario	18,249,057	38,586
High Scenario	108,317	(7,440,244)

Assumes indemnity payment of $112 million with PV of $72.5 million

Sensitivity for earnings rates
Assumes Most Likely Scenario
Assets available
in A$'000

		Investment earnings, pre-tax				
		9.70%	10.70%	11.70%	12.70%	13.70%
10 years	241,883	213,334	227,085	241,883	257,800	274,913
15 years	211,904	149,478	178,589	211,904	249,927	293,215
20 years	158,972	48,463	97,795	158,972	234,156	325,859
25 years	103,743	-	-	103,743	243,600	427,309
30 years	60,230	-	-	60,230	319,569	685,423
40 years	16,935	-	-	16,935	880,311	2,287,367
50 years	34,960	-	-	34,960	2,892,543	8,240,742
51 years	38,586	-	-	38,586	3,259,429	9,369,255

Forecast JH&Coy and Jsekarb combined assets and cashflow

Assumes Most Likely Scenario and earnings rate of 11.70%

	Year	Investm't / (overdraft)	Other receivables & payables (but not warranties)	JHIL Intercoy	Net liquid assets	PP&E	Net Assets excl QBE and provisions	Uco income: rent, net of $1m pa refurbishment sinking fund	Uco interest earned on opening intercoy	Interco net receipt	QBE annual receipt, net of LOC fee	Indemnity receipt	cash depletion running costs	cash depletion asbestos litigation	Interest on avg investm't/overdraft	Property disposal and other	Net cash inflow / (outflow)
		At start of period A$'000						Interco mvts		Cashflows during period A$'000							
		a1	a2	b	c=a+b	d	e=c+d	f	g	h1=f+g+n	h2	h3	i	j	k	l	m=h+i+j+k+l
	10/00	(1,633)	(276)	127,265	125,356	67,143	192,499	2,534	5,173	64,972		5,575	(800)	(16,300)	(359)	(276)	52,813
	FY02	51,180		70,000	121,180	66,423	187,603	4,242	5,691	9,933	3,060	5,575	(2,400)	(22,308)	5,629		(512)
	FY03	50,668		70,000	120,668	67,436	188,104	4,369	5,691	25,060	3,063	5,575	(2,472)	(22,838)	5,541		13,929
	FY04	64,597		55,000	119,597	68,480	188,077	4,500	4,472	23,972	3,066	5,575	(2,546)	(23,493)	7,065		13,638
	FY05	78,235		40,000	118,235	69,555	187,790	4,635	3,252	22,887	3,069	5,575	(2,623)	(24,562)	8,530		12,877
	FY06	91,113		25,000	116,113	70,662	186,775	4,774	2,033	21,807	3,072	5,575	(2,701)	(25,688)	9,903		11,968
	FY07	103,081		10,000	113,081	71,803	184,884	4,918	813	15,731	3,075	5,575	(2,782)	(26,834)	11,169		5,933
	FY08	109,014			109,014	72,977	181,991	5,065		5,065	3,078	73,000	(2,866)	(27,155)	15,745		86,868
	FY09	175,882			175,882	74,187	250,069	5,217		5,217	3,081		(2,952)	(27,704)	19,270		(3,087)
	FY10	172,795			172,795	75,433	248,228	5,374		5,374	3,085		(3,040)	(28,362)	18,875		(4,069)
	FY11	168,726			168,726	76,717	245,443	5,535		5,535	3,088		(3,131)	(28,753)	18,380		(4,882)
10 years	FY12	163,844			163,844	78,039	241,883	5,701		5,701	3,091		(3,225)	(29,011)	17,798		(5,646)
	FY13	158,197			158,197	79,401	237,598	5,872		5,872	3,094		(3,322)	(29,115)	17,136		(6,335)
	FY14	151,862			151,862	80,803	232,666	6,048		6,048	3,097		(3,422)	(29,051)	16,403		(6,925)
	FY15	144,937			144,937	82,248	227,185	6,230		6,230	3,100		(3,524)	(28,738)	15,616		(7,317)
	FY16	137,620			137,620	83,736	221,356	6,416		6,416			(3,630)	(28,376)	14,605		(10,985)
15 years	FY17	126,635			126,635	85,269	211,904	6,609		6,609			(3,739)	(27,794)	13,358		(11,565)
	FY18	115,070			115,070	86,848	201,917	6,807		6,807			(3,851)	(27,004)	12,056		(11,992)
	FY19	103,078			103,078	88,474	191,551	7,011		7,011			(3,967)	(26,117)	10,710		(12,362)
	FY20	90,716			90,716	90,148	180,865	7,222		7,222			(4,086)	(25,146)	9,328		(12,684)
	FY21	78,032			78,032	91,873	169,906	7,438		7,438			(4,208)	(23,863)	7,923		(12,711)
20 years	FY22	65,322			65,322	93,650	158,972	7,662		7,662			(4,335)	(22,644)	6,513		(12,805)
	FY23	52,517			52,517	95,480	147,997	7,891		7,891			(4,465)	(21,447)	5,090		(12,931)
	FY24	39,587			39,587	97,365	136,952	8,128		8,128			(4,599)	(19,965)	3,670		(12,766)
	FY25	26,821			26,821	99,307	126,128	8,372		8,372			(4,737)	(18,460)	2,271	99,307	86,753
	FY26	113,574			113,574		113,574			0			(4,879)	(16,963)	12,010		(9,831)
	FY27	103,743			103,743		103,743			0			(5,025)	(15,502)	10,937		(9,590)
	FY28	94,153			94,153		94,153			0			(5,176)	(13,861)	9,902		(9,134)
	FY29	85,019			85,019		85,019			0			(5,331)	(12,234)	8,920		(8,645)
	FY30	76,374			76,374		76,374			0			(5,491)	(10,739)	7,986		(8,244)
	FY31	68,130			68,130		68,130			0			(5,656)	(9,339)	7,094		(7,901)
30 years	FY32	60,230			60,230		60,230			0			(5,825)	(8,053)	6,235		(7,644)
	FY33	52,586			52,586		52,586			0			(6,000)	(6,855)	5,400		(7,455)
	FY34	45,131			45,131		45,131			0			(6,038)	(5,780)	4,589		(7,229)
	FY35	37,901			37,901		37,901			0			(5,056)	(4,790)	3,858		(5,988)
	FY36	31,914			31,914		31,914			0			(4,169)	(3,896)	3,262		(4,803)
	FY37	27,110			27,110		27,110			0			(3,398)	(3,115)	2,791		(3,720)
	FY38	23,390			23,390		23,390			0			(2,744)	(2,454)	2,433		(2,766)
	FY39	20,624			20,624		20,624			0			(2,201)	(1,903)	2,173		(1,931)
	FY40	18,692			18,692		18,692			0			(1,752)	(1,445)	2,000		(1,197)
	FY41	17,496			17,496		17,496			0			(1,390)	(1,074)	1,903		(561)
40 years	FY42	16,935			16,935		16,935			0			(1,109)	(783)	1,871		(22)
	FY43	16,913			16,913		16,913			0			(790)	(454)	1,906		662
	FY44	17,575			17,575		17,575			0			(611)	(265)	2,005		1,130
	FY45	18,705			18,705		18,705			0			(530)	(173)	2,147		1,445
	FY46	20,150			20,150		20,150			0			(480)	(113)	2,323		1,729
	FY47	21,879			21,879		21,879			0			(447)	(68)	2,530		2,015
	FY48	23,894			23,894		23,894			0			(430)	(40)	2,768		2,298
	FY49	26,191			26,191		26,191			0			(421)	(20)	3,039		2,597
	FY50	28,788			28,788		28,788			0			(422)	(8)	3,343		2,913
	FY51	31,701			31,701		31,701			0			(426)	0	3,684		3,259
50 years	FY52	34,960			34,960		34,960			0			(438)	0	4,065		3,626
	FY53	38,586			38,586		38,586										
								148,57[illegible]	27,124	302,960	43,[illegible]18	112,025	(159,637)	(750,658)	393,100	99,031	10,[illegible]19

Interest rate JHIL to JH&Coy 8.13%

Initial running costs pa $2,400

Paid on last

JHIL principal repayments	
on 31/3/01	57,265
on 31/3/02	0
on 31/3/03	15,000
on 31/3/04	15,000
on 31/3/05	15,000
on 31/3/06	15,000
on 31/3/07	10,000
on 31/3/08	0

Note: [illegible] to control which series of data used in calculations

Current	Best Estimate	High Scenario
22,252	22,308	22,406
22,742	22,838	23,096
23,368	23,493	23,936
24,390	24,562	25,209
25,474	25,688	26,556
26,667	26,834	27,988
26,898	27,155	28,682
27,049	27,704	29,674
27,217	28,362	30,829
27,133	28,753	31,769
26,931	29,011	32,639
26,595	29,115	33,400
26,094	29,051	34,038
25,410	28,738	34,385
24,540	28,376	34,597
23,512	27,794	34,680
22,319	27,004	34,517
20,945	26,117	34,242
19,406	25,146	34,541
17,687	23,863	33,879
15,781	22,644	32,958
13,664	21,447	31,882
11,495	19,965	30,577
9,325	18,460	29,121
7,119	16,963	27,601
4,925	15,502	25,897
3,060	13,861	24,003
2,042	12,234	22,221
1,370	10,739	20,275
842	9,339	18,302
472	8,053	16,353
257	6,855	14,461
90	5,780	12,617
26	4,790	10,969
0	3,896	9,380
0	3,115	7,864
0	2,454	6,489
0	1,903	5,285
0	1,445	4,235
0	1,074	3,215
0	783	2,335
0	454	1,477
0	265	964
0	173	670
0	113	448
0	68	279
0	40	164
0	20	84
0	8	37
0	0	7
557,095	734,358	971,235

Note: data from Karl Marshall, Friday 9 Fe

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