Resilience through the Cycle

Key Financials

Alumina Limited $US million	***1H12***	***2H11***	***1H11***
Net (Loss)/Profit After Tax	(14.6)	58.9	67.7
Equity share of AWAC retirement benefit obligations	*15.7*	*47.3*	*14.2*
Equity share of AWAC embedded derivatives	*(9.3)*	*(55.9)*	*(4.2)*
Underlying (Loss)/Earnings [1]	(8.2)	50.3	77.7

Dividend to Alumina Limited Shareholders (US cps)	Nil	3 cps	3 cps

AWAC Joint Venture $US million			
Revenue	2,936	3,288	3,379
EBITDA [2]	161	463	611
Dividends and Distributions Paid	176	175	425

Highlights

Result impacted by low prices

- Underlying loss of $8.2 million and Net Loss After Tax $14.6 million
- Revenue impact at AWAC level of $352 million from prior half – weak prices
- AWAC productivity gains offset cost pressures
- Profits from refineries partly offset by losses from smelters

Operations continue to generate cash

- AWAC EBITDA $161 million
- Alumina segment EBITDA margin $33/mt
- Cash from operations exceeded sustaining capex requirements
- More than a third of sales now based on spot/index prices

Balance sheet strengthened and cash conservation measures in place

- Net debt $602 million and gearing 18%
- Undrawn bank facilities of $315 million
- Modest growth capex and equity investments for second half
- Conservative cash management – no interim dividend

Short term outlook remains volatile but catalysts for improvement are evident

- Aluminium physical demand fundamentals remain solid
- Chinese demand for bauxite and alumina imports is growing
- Spot/index alumina prices strong relative to LME-linked prices

Alumina Limited results are presented in US dollars

Alumina Limited CEO, John Bevan, commented, "It was a tough half, but the operations performed strongly.

"The AWAC refining operations continued to generate positive EBITDA margins and AWAC was able to self-fund the sustaining capital requirements of the business. Productivity improvements across the refining portfolio offset the impact of higher input prices and this was a significant achievement for the half.

"The transition to base sales on spot/index alumina prices rather than LME aluminium linked prices has continued with more than a third of shipments for the half based on spot/index prices. With spot/index prices exceeding the traditional levels of the LME-linked contracts, this has continued to deliver real value to AWAC and Alumina Limited shareholders. It is anticipated that 40 per cent of sales will be based on spot/index prices by year end.

"The AWAC joint venture has continued to pay dividends and distributions throughout the recent downturn in market conditions and the $70 million paid to Alumina Limited during the half is in line with the previous half.

"Given the current volatility in external markets, the Company's cash flows and balance sheet are being conservatively managed and the Board has determined that no interim dividend will be paid.

"AWAC has modest capital requirements for growth capital and equity investment in the second half.

"While the short term outlook remains volatile, we are encouraged by the continued strong physical demand for aluminium and evidence of some positive catalysts for improved alumina pricing are emerging. The AWAC assets remain at a competitive advantage to global peers with a flexible operating capacity and low cash cost profile".

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[1] Underlying earnings exclude the impact of mark to market valuation for embedded derivatives in energy contracts and non-cash adjustments for certain movements in defined benefit pension plans.

[2] Earnings before interest, tax and depreciation and amortisation