June 2012 Half-Yearly ASX Report

Alumina Limited - ABN 85 004 820 419
Six Months ended 30 June 2012 ("Current Period")
Results for Announcement to the Market

		% change	$US million
Net (loss) from ordinary activities after tax attributable to members of Alumina Limited	Down	122%	(14.6)
Net (loss) for the period attributable to members of Alumina Limited (Refer Note below)	Down	122%	(14.6)

Dividends

	Current Period Six months ended 30 June 2012	Previous Corresponding Period Six months ended 30 June 2011
Interim dividend per share	Nil	US 3¢
Franked amount per share	Nil	100%

Note on Underlying Earnings within Net Profit for the Period

Included in the calculation of net (loss)/profit for the period is the Company's equity share of non-cash entries related to the revaluation, under current market conditions, of AWAC's future benefits and obligations arising from certain energy purchase contracts and retirement benefit obligations. In order to analyse the Company's net (loss)/profit it is important to understand those entries and the reasons for them.

Some AWAC long term energy purchase contracts include an aluminium price component in the energy price so that costs are partially linked to the price of aluminium. This results in an embedded derivative, which is revalued at period end. This is a non-cash entry and does not relate to operations during the current reporting period, and accordingly is removed from net (loss)/profit after tax to arrive at underlying earnings.

AWAC has a number of defined benefit schemes. Certain non-cash actuarial adjustments do not relate to operations during the current reporting period, and accordingly are removed from net (loss)/profit after tax to arrive at underlying earnings.

The impact of these items in the Company's result for the six months to 30 June 2012 has been to decrease net (loss)/profit after tax by net US$6.4 million (1H11: US$10.0 million decrease) as shown in the following table. Net (loss)/profit after tax before these items is referred to in the Directors' Report as 'Underlying Earnings'.

	Six months ended 30 June 2012 US$ million	Six months ended 31 Dec 2011 US$ million	Six months ended 30 June 2011 US$ million
Net (loss)/profit for the period, after tax	(14.6)	58.9	67.7
Non-operating non-cash items:			
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 for the period, after tax	**(8.2)**	**50.3**	**77.7**

This half-yearly report is to be read in conjunction with the most recent annual financial report.

Condensed Consolidated Statement of Comprehensive Income

	Six months to 30 June 2012 US$ million	Six months to 31 Dec 2011 US$ million	Six months to 30 June 2011 US$ million
Revenue from continuing operations	0.1	0.1	0.1
General and administrative expenses	(9.1)	(8.9)	(8.4)
Change in fair value of derivatives/foreign exchange gains/(losses)	0.7	1.1	(1.0)
Finance costs	(13.7)	(13.2)	(15.3)
Share of net profit of associates accounted for using the equity method	7.8	79.8	93.3
(Loss)/profit before income tax	**(14.2)**	**58.9**	**68.7**
Income tax expense from continuing operations	(0.4)	-	(1.0)
(Loss)/profit for the half year	**(14.6)**	**58.9**	**67.7**
Other comprehensive (loss)/income			
Share of reserve movements accounted for using the equity method	(5.9)	(9.9)	4.9
Foreign exchange translation difference	(115.6)	(352.2)	183.3
Other comprehensive (loss)/income for the half-year, net of tax	**(121.5)**	**(362.1)**	**188.2**
Total comprehensive (loss)/income for the half-year attributable to the owners of Alumina Limited	**(136.1)**	**(303.2)**	**255.9**

Earnings Per Share (EPS)

	Six months ended 30 June 2012	Six months ended 31 Dec 2011	Six months ended 30 June 2011
Basic EPS	Negative US cents 0.6¢	US cents 2.4¢	US cents 2.8¢
Diluted EPS	Negative US cents 0.6¢	US cents 2.4¢	US cents 2.8¢

Condensed Consolidated Statement of Financial Position

	30 June 2012 US$ million	31 December 2011 US$ million	30 June 2011 US$ million
Current Assets			
Cash and cash equivalents	38.5	19.0	55.9
Derivative financial instruments	-	-	8.3
Receivables	0.1	0.2	0.1
Other assets	4.6	6.2	8.0
Total current assets	**43.2**	**25.4**	**72.3**
Non-current Assets			
Investments accounted for using the equity method	3,250.9	3,324.8	3,636.5
Property, plant and equipment	0.3	0.2	0.2
Total non-current assets	**3,251.2**	**3,325.0**	**3,636.7**
Total assets	**3,294.4**	**3,350.4**	**3,709.0**
Current Liabilities			
Payables	2.6	3.1	3.7
Interest bearing liabilities	52.1	52.9	145.3
Derivative financial instruments	4.3	1.3	-
Provisions	0.3	0.2	0.2
Other	0.8	0.7	0.8
Total current liabilities	**60.1**	**58.2**	**150.0**
Non-current Liabilities			
Interest bearing liabilities	588.8	437.7	328.3
Provisions	0.5	0.5	0.5
Total non-current liabilities	**589.3**	**438.2**	**328.8**
Total liabilities	**649.4**	**496.4**	**478.8**
Net assets	**2,645.0**	**2,854.0**	**3,230.2**
Equity			
Contributed equity	2,154.1	2,154.1	2,154.1
Treasury shares	(1.5)	(1.5)	(1.5)
Reserves:			
- Group	(281.6)	(166.3)	185.7
- Associates	(8.4)	(2.5)	7.4
Retained profits:			
- Group	903.4	928.5	952.7
- Associates	(121.0)	(58.3)	(68.2)
Total equity	**2,645.0**	**2,854.0**	**3,230.2**

Condensed Consolidated Statement of Changes in Equity

	Contributed Equity [1] US$ million	Reserves US$ million	Retained Profits US$ million	Total US$ million
Balance as at 1 January 2011	**2,152.6**	**6.8**	**912.1**	**3,071.5**
Profit for the half year	-	-	67.7	67.7
Other comprehensive income for the half-year	-	188.2	-	188.2
Transactions with owners in their capacity as owners:				
Dividends declared	-	-	(97.6)	(97.6)
Transfer capital reserve to retained earnings [2]	-	(2.3)	2.3	-
Movement in share based payments reserve	-	0.4	-	0.4
Balance at 30 June 2011	**2,152.6**	**193.1**	**884.5**	**3,230.2**
Balance as at 1 July 2011	**2,152.6**	**193.1**	**884.5**	**3,230.2**
Profit for the half year	-	-	58.9	58.9
Other comprehensive loss for the half-year	-	(362.1)	-	(362.1)
Transactions with owners in their capacity as owners:				
Dividends declared	-	-	(73.2)	(73.2)
Movement in share based payments reserve	-	0.2	-	0.2
Balance at 31 December 2011	**2,152.6**	**(168.8)**	**870.2**	**2,854.0**
Balance as at 1 January 2012	**2,152.6**	**(168.8)**	**870.2**	**2,854.0**
Loss for the half year	-	-	(14.6)	(14.6)
Other comprehensive loss for the half-year	-	(121.5)	-	(121.5)
Transactions with owners in their capacity as owners:				
Dividends declared	-	-	(73.2)	(73.2)
Movement in share based payments reserve	-	0.3	-	0.3
Balance at 30 June 2012	**2,152.6**	**(290.0)**	**782.4**	**2,645.0**

[1] Treasury shares have been deducted from contributed equity.

[2] Westminer International (U.K.) Limited, a wholly owned subsidiary of the group, was dissolved on the 10 May 2011.

Condensed Consolidated Statement of Cash Flows

	Six months to 30 June 2012 US$ million	Six months to 31 Dec 2011 US$ million	Six months to 30 June 2011 US$ million
Cash Flows Related to Operating Activities			
Payments to suppliers and employees (inclusive of goods and service tax)	(7.3)	(9.4)	(8.2)
GST refund received	0.4	0.4	0.4
Dividends received from associates	66.0	66.3	165.9
Distributions received from associates	4.4	3.6	4.1
Interest received	0.1	0.1	0.1
Interest and finance fees paid	(12.6)	(11.8)	(15.0)
Other	(0.2)	(0.2)	(0.2)
Net cash inflow from operating activities	**50.8**	**49.0**	**147.1**
Cash Flows Related to Investing Activities			
Payments for investment in associates	(110.1)	(39.9)	(126.7)
Proceeds from return of invested capital	-	-	17.3
Net cash outflow from investing activities	**(110.1)**	**(39.9)**	**(109.4)**
Cash Flows Related to Financing Activities			
Repurchase of convertible bond	-	-	(167.6)
Proceeds from borrowings	180.0	90.0	195.0
Repayment of borrowings	(26.5)	(62.0)	(24.0)
Dividends paid	(73.2)	(73.2)	(97.4)
Net cash outflow from financing activities	**80.3**	**(45.2)**	**(94.0)**
Net Increase/(Decrease) in Cash and cash equivalents	**21.0**	**(36.1)**	**(56.3)**
Cash and cash equivalents at the beginning of the reporting period	19.0	55.9	112.1
Effects of exchange rate changes on cash and cash equivalents	(1.5)	(0.8)	0.1
Cash and cash equivalents at the end of the reporting period	**38.5**	**19.0**	**55.9**

Reconciliation of Cash

	As at 30 June 2012 US$ million	As at 31 Dec 2011 US$ million	As at 30 June 2011 US$ million
Reconciliation of cash at the end of the reporting period (as shown in the condensed consolidated statement of cash flows) to the related items in the accounts is as follows:			
Cash on hand and at bank	5.0	5.5	4.9
Money market deposits (with maturity on investment three months or less)	33.5	13.5	51.0
Cash assets	38.5	19.0	55.9
Total cash and cash equivalents at the end of the reporting period	**38.5**	**19.0**	**55.9**

1. Basis of Preparation of Half-Year Report

This financial report for the interim half year reporting period ended 30 June 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2011 and any public announcements made by Alumina Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous year and corresponding interim reporting period.

2. Consolidated Retained Profits

	Six months to 30 June 2012 US$ million	Six months to 31 Dec 2011 US$ million	Six months to 30 June 2011 US$ million
Retained profits at the beginning of the reporting period	870.2	884.5	912.1
Net (loss)/profit attributable to members of Alumina Limited	(14.6)	58.9	67.7
Transfer from capital reserve	-	-	2.3
Dividends paid	(73.2)	(73.2)	(97.6)
Retained profits at the end of the reporting period	**782.4**	**870.2**	**884.5**

3. Income Tax

	Six months to 30 June 2012 US$ million	Six months to 31 Dec 2011 US$ million	Six months to 30 June 2011 US$ million
(Loss)/profit from ordinary activities before tax	(14.2)	58.9	68.7
Prima facie tax (expense)/credit for the period at the rate of 30%	4.3	(17.7)	(20.6)
The following items caused the total charge for income tax to vary from the above:			
Share of equity accounted profit not assessable for tax	(7.8)	(79.8)	(93.3)
Foreign income subject to accruals tax	0.4	0.5	0.6
Share of partnership income assessable for tax	4.4	3.6	4.1
Amounts non-assessable for tax	-	-	(0.1)
Timing differences not recognised	1.5	0.7	(2.4)
Tax losses not recognised	16.7	14.7	26.2
Non-deductible expenses	0.9	1.4	0.8
Previously unrecognised tax losses now recouped to reduce current tax expense	(0.5)	-	(1.2)
Net movement	15.6	(58.9)	(65.3)
Consequent (increase)/reduction in charge for income tax	(4.7)	17.7	19.6
Aggregate Income tax (expense) for the reporting period	**(0.4)**	**-**	**(1.0)**

4. Earnings Per Share (EPS)

	Six months to 30 June 2012	Six months to 31 Dec 2011	Six months to 30 June 2011
Calculation of basic and fully diluted EPS in accordance with AASB 133: *Earnings per Share*			
Earnings in cents per ordinary share (cps)			
Basic EPS	Negative US cents 0.6¢	US cents 2.4¢	US cents 2.8¢
Diluted EPS	Negative US cents 0.6¢	US cents 2.4¢	US cents 2.8¢
Weighted average number of shares outstanding during the year used in the calculation of earnings per share			
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	2,439,526,913	2,439,526,913	2,439,526,913

5. Net Tangible Asset Backing Per Security

Net tangible asset backing per ordinary security	US$0.98	US$1.06	US$1.22

6. Details of Entities Over Which Control Has Been Lost or Gained

There was no loss or increased control of entities for the six months ended 30 June 2012.

7. Contingent Liabilities

There are no contingent liabilities of Alumina Limited as at 30 June 2012.

8. Dividends

The franking account balance, which is maintained in Australian dollars, was A$355.9 million as at 30 June 2012.

9. Dividend Per Share

	Six months to 30 June 2012	Six months to 30 June 2011
Interim dividend per share (US cents)		
Amount per share	Nil	3¢
Franked amount per share at 30% tax rate	Nil	100%

10. Interim Dividend on All Shares

	Six months to 30 June 2012 US$ million	Six months to 30 June 2011 US$ million
Interim dividend determined	-	73.2
Total	**-**	**73.2**

11. Details of Aggregate Share of Results of Associates

	Six months to 30 June 2012 US$ million	Six months to 31 Dec 2011 US$ million	Six months to 30 June 2011 US$ million
Alumina's share of associates:			
(Loss)/profit from ordinary activities before income tax	(32.0) [1]	102.3	145.3
Income tax credit/(expense) on ordinary activities	39.8	(22.5)	(52.0)
Equity share of profit	**7.8**	**79.8**	**93.3**
Dividends received by Alumina Limited	(66.0)	(66.3)	(165.9)
Distributions received by Alumina Limited	(4.4)	(3.6)	(4.1)
(Surplus)/shortfall of dividends/distributions received over equity share of profits	**(62.6)**	**9.9**	**(76.7)**

1 The loss for the six months to 30 June 2012 includes a provision of $18 million in relation to potential settlement of the Alba civil proceedings. Alcoa Inc has recorded a $45 million provision in the AWAC result in relation to Alba Proceedings. Alumina Limited has reserved its rights in relation to the allocation of this charge and is in discussions with Alcoa on this matter.

Contingent Liability of Associate

On 27 February 2008, Aluminium Bahrain BSC ("Alba") filed a lawsuit against Alcoa Inc and Alcoa World Alumina LLC ("LLC"), and others, in the United States District Court for the Western District of Pennsylvania (the "Court") (the "Alba Proceeding", which is further described on page 73 of Alumina Limited's Annual Report 2011).

On 11 June 2012, Alcoa Inc's motion to dismiss the Alba's lawsuit was denied. Later that month, the Court held a status conference to discuss discovery and directed the parties to enter into mandatory alternative dispute resolution.

On 9 July 2012, Alcoa Inc announced in its 2Q 2012 quarterly results release that during the second quarter of 2012, Alcoa Inc proposed to settle the suit by offering Alba a cash payment of $45 million. Alcoa Inc has also offered Alba a long-term alumina supply contract. Based on the cash offer, Alcoa Inc recorded a $45 million pre-tax charge to LLC in its 2012 second quarter US GAAP earnings representing Alcoa Inc's estimate of the minimum end of the range probable to settle the case. Alcoa Inc currently estimates an additional reasonably possible charge of up to $75 million to settle the suit. Alba has claimed damages in excess of its alleged overpayments of approximately $433 million and unquantified damages relating to consequential loss, compound interest and other alleged overpayments, in total amounting to damages claimed in excess of $1,000 million. Alba has also sought treble damages under the Racketeer Influenced and Corrupt Organizations Act.

On July 25, 2012, Alcoa Inc filed a Consent Motion to extend the date upon which Alcoa Inc's Answer to the Amended Complaint is due to September 7, 2012. Alcoa Inc reported that Alba has agreed to an extension.

Alcoa Inc has reported that the Department of Justice's (DOJ) and the Securities and Exchange Commission's (SEC) investigations are ongoing and that it has been in dialogue with both the DOJ and the SEC and is exploring whether a settlement can be reached. Given the uncertainty regarding whether a settlement can be reached and what the terms of any such settlement would be, Alcoa Inc has stated that it has been unable to estimate a range of reasonably possible loss with regard to any such settlement. However, Alcoa Inc expects the amount of any such settlement would be material in a particular period to Alcoa Inc's results of operations. If a settlement cannot be reached, Alcoa Inc will proceed to trial with the DOJ and the SEC and under those circumstances is unable to predict an outcome or to estimate a range of reasonably possible loss. Alcoa Inc has stated that there can be no assurance that the final outcome of the government's investigations would not have a material adverse effect on Alcoa Inc. Alumina Limited is unable to quantify meaningfully the possible loss to which companies in which Alumina Limited has an equity interest may be subject as a result of the above governmental matters.

12. Material Interests in Entities which are Not Controlled Entities

Alumina has an interest in the following entities:

	Percentage of ownership interest held at end of period or date of disposal			Contribution to net profit		
	As at 30 June 2012	As at 31 Dec 2011	As at 30 June 2011	Six months to 30 June 2012 US$ million	Six months to 31 Dec 2011 US$ million	Six months to 30 June 2011 US$ million
Equity accounted associates						
AWAC	40%	40%	40%	7.8	79.8	93.3

13. Ratios

	Six months to 30 June 2012 %	Six months to 31 Dec 2011 %	Six months to 30 June 2011 %
Profit after tax/equity interests (annualised)			
Consolidated net profit from ordinary activities after tax attributable to members as a percentage of average members' equity	Negative 1.0	3.8	4.4

14. Issued and Quoted Securities at End of Current Reporting Period

Category of Securities	Number issued	Number quoted
Ordinary shares		
Fully paid[1]	2,440,196,187	2,440,196,187
Partly paid	Nil	Nil
Ordinary Shares - Changes during current reporting period:	Nil	

[1] Includes Treasury shares purchased through the Employee Share Plan Trust for Alumina Limited's long term incentive plan.

15. Financing Facilities

	Half year ended 30 June 2012 US$ million	Year ended 31 Dec 2011 US$ million	Half year ended 30 June 2011 US$ million
The facilities available at end of reporting period were as follows:			
Total loan facilities	955.9	785.6	773.6
Used at end of reporting period	640.9	490.6	473.6
Available at end of reporting period	315.0	295.0	300.0

Funding facilities include bilateral bank facilities, a syndicated facility and a development bank loan. All bilateral bank facilities are available in US dollars, of which two are also available in Australian dollars and one is also available in EURO. The syndicated facility is available in US dollars. The development bank loan is fully drawn in US dollars and Brazilian Reais and amortises at approximately $52 million per annum. The other facilities mature from November 2013 until March 2017. Funding facilities in currencies other than US dollars have been converted to US dollar equivalents at period end exchange rates.

Alumina Limited executed a $50 million revolving facility on 28 June 2012 with an AWAC entity (the "Entity") for the purposes of meeting the Entity's short term funding requirements. Alumina Limited's total commitment will not exceed 40% of the facility limit ($20 million), priced at Libor plus margin. The facility expires on 29 September 2012. There were no drawdowns as at 30 June 2012.

16. Segment Information

Business Segment

Alumina Limited's primary assets are its 40% interest in the series of operating entities forming Alcoa World Alumina & Chemicals (AWAC). Alumina Limited has one reportable segment, namely the investment in the alumina/aluminium business through its equity interest in AWAC. Alumina Limited participates in AWAC through The Strategic Council, which consists of three members appointed by Alcoa Inc and two members appointed by Alumina Limited. Operational decisions are made by Alcoa Inc.

17. Events Occurring After the Balance Sheet Date

There have been no significant transactions or events since 30 June 2012.

Directors' Declaration

In the directors' opinion:

a) the financial statements and notes set out on pages 2 to 10 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the six month period ended on that date; and

b) there are reasonable grounds to believe that Alumina Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

John Bevan

Director

Melbourne

16 August 2012

Independent auditor's review report to the members of Alumina Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alumina Limited, which comprises the balance sheet as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Alumina Limited Group (the consolidated entity). The consolidated entity comprises both Alumina Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alumina Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alumina Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Nadia Carlin
Partner

Melbourne
16 August 2012

DIRECTORS' REPORT

The Directors of Alumina Limited present their comments on the consolidated entity consisting of Alumina Limited and the entities it controlled (the Group) at the end of, or during, the half year to 30 June 2012.

Directors

The following persons were Directors of Alumina Limited during the half year and up to the date of this report.

J A Bevan
P A F Hay
G J Pizzey
E R Stein
P C Wasow

Basis of Financial Report Preparation

This financial report is for the interim half year reporting period ended 30 June 2012 and has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4D and in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial year ended 31 December 2011 and any public announcements made by Alumina Limited and its controlled entities (the Group) during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Comments are for the six months ended 30 June 2012, with comparatives for the six months ended 30 June 2011.

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or as otherwise indicated.

Alumina Limited Highlights

Net loss after tax was $14.6 million compared to a profit of $67.7 million in 1H 2011.

Underlying earnings was a loss of $8.2 million compared to a $77.7 million profit in 1H 2011. Underlying earnings were impacted by equity share of AWAC retirement benefit obligations ($15.7 million) and AWAC embedded derivatives ($9.3 million).

Alumina Limited received $66 million of fully franked dividends and $4.4 million of distributions (total $70.4 million) compared to $165.9 million of dividends and $4.1 million of distributions (total $170 million) in 1H 2011. Dividends received by Alumina Limited in 1H 2012 were in line with the dividends received in 2H 2011.

No Interim Dividend Declared by Alumina Limited

Generally the Board of Directors intends, on an annual basis, to distribute cash from operations after debt servicing and corporate costs commitments have been met. The Board will also consider the capital structure of Alumina Limited, the capital requirements for the AWAC business and market conditions. Dividends paid will be fully franked for the foreseeable future.

No interim dividend was declared by the Directors for 1H 2012. This compares to US 3 cents per share fully franked for 1H 2011. The decision to not pay a dividend for 1H 2012 is based on the above policy and will conserve cash, given the current difficult market conditions.

AWAC Highlights (US GAAP)

Total revenue was $2.9 billion, down 13% on 1H 2011 primarily reflecting the decline in aluminium and alumina prices. Revenue per tonne from alumina sales priced by reference to alumina price indices continued to be higher than that from LME-linked contracts.

AWAC continued to convert third party smelter grade alumina shipments to pricing based on indices and spot which drove margins upstream. The shift from the LME-linked contracts to the alumina price indices continued to gain acceptance with customers, with over 34% of third party smelter grade alumina shipments priced on the alumina price index or spot at the end of 1H 2012.

Alumina shipments were 7.7 million tonnes compared to production of 7.8 million, with the shortfall mainly due to weather-related delays in June.

Alumina production was 7.8 million tonnes for 1H 2012, which was flat on 1H 2011, but down 0.1 million tonnes on 2H 2011. The decline against 2H 2011 was largely due to lower production at refineries in Jamaica, Suriname and Spain as a result of a planned reduction to align with Alcoa Inc's smelter curtailments and to reflect prevailing market conditions. The Australian and Brazilian refineries production continued at or near record levels.

EBITDA for 1H 2012 was $160.5 million, down $451 million or 74% compared to 1H 2011 largely as a result of significantly weaker pricing, lower shipments and higher input costs which were partly offset by net productivity improvements.

Alumina Limited Key Financials

Alumina Limited's functional currency is US dollars.

	1H 12	2H 11	1H 11
Underlying earnings US$m[1]	(8.2)	50.3	77.7
NPAT US$m	(14.6)	58.9	67.7
Average AUD/USD	1.03	1.03	1.03
Average 3 month LME aluminium price US$ per tonne[2]	2,122	2,277	2,573
Average alumina spot price[3] **US$ per tonne**	316	352	399
Net Debt US$m	602	472	418[4]
Gearing[5]	18.3%	14.1%	11.3%
EPS (US cps)	(0.6)	2.4	2.8
Underlying EPS (US cps)	(0.4)	2.0	3.2
Return on Equity (ROE)	(1.0)%	3.8%	4.4%
ROE based on underlying earnings	(0.6)%	3.3%	5.1%
Dividends declared	Nil	US 3¢	US 3¢

Definitions and notes

1 Underlying earnings calculated by adjusting net profit after tax by $6.4 million, being the impact of embedded derivatives for energy contracts and non-cash adjustments for certain actuarial movements in defined benefit pension plans.

2 Pricing data sourced from Thomson Reuters.

3 Based on Platts index, spot FOB Australia average.

4 Includes unamortised finance costs of convertible bond in 1H 2011.

5 Calculated as (debt – cash)/(debt + equity).

AWAC Business Review (US GAAP)

Bauxite: Significant Deposits Meeting AWAC Needs

AWAC owns, or partly owns, bauxite mines in five countries, which meet the production needs of the AWAC refineries. The wholly owned Juruti mine in Brazil has continued to operate above its initial nameplate capacity.

Work continued on moving the crusher facility at the Huntly mine in Australia. This is a significant project to improve Huntly's productivity that occurs every eight to ten years.

Alumina: Index Pricing

The shift from LME-linked pricing of third party smelter grade alumina shipments to spot/alumina price indices continued to gain acceptance with customers, with over 34% of shipments priced on the alumina price index or spot at the end of 1H 2012.

Alumina: Production and Shipments

Production of 7.8 million tonnes of alumina for 1H 2012 was flat on 1H 2011, but down 0.1 million tonnes on 2H 2011. The reduction largely resulted from planned reduced annual production of approximately 390,000 metric tonnes in the Jamaican, Suriname and San Ciprian refineries to align production with Alcoa Inc's smelter curtailments and to reflect prevailing market conditions.

The three Australian refineries continued to operate at or above nameplate capacity during 1H 2012 with Pinjarra and Wagerup achieving production records. The São Luis (Brazil) refinery also increased production and operated near nameplate production capacity. AWAC's nameplate production capacity is 17.2 million tonnes per annum.

Alumina shipments were 7.7 million tonnes compared to production of 7.8 million. The shortfall was mainly due to storms causing loading delays in ports during June. These shortfall tonnes will be recovered during 2H 2012.

AWAC Production and Shipments

	1H 12	2H 11	1H 11
Alumina production	7.8mt	7.9mt	7.8mt
Aluminium production	178kt	180kt	177kt
Alumina shipments	7.7mt	7.9mt	7.8mt

AWAC Profit and Loss (US GAAP)

	1H 12 US$m	2H 11 US$m	1H 11 US$m
Third party revenue	1,786.7	2,056.5	2,088.1
Related party revenue	1,149.2	1,231.2	1,291.2
Total Revenue	**2,935.9**	**3,287.7**	**3,379.3**
COGS and operating expenses	(2,719.1)	(2,761.4)	(2,697.6)
Selling, Admin, R&D	(62.0)	(69.1)	(65.7)
Depreciation and Amortisation	(238.7)	(240.0)	(225.8)
Other	5.7	6.0	(4.1)
Total Expenses	**(3,014.1)**	**(3,064.5)**	**(2,993.2)**
(Loss)/profit before Tax	**(78.2)**	**223.2**	**386.1**
Income Tax	(8.9)	(32.1)	(107.5)
Net (Loss)/profit after Tax	**(87.1)**	**191.1**	**278.6**
EBITDA [1]	160.5	462.8	611.4

1 Earnings before interest, tax, depreciation and amortisation. Includes the AWAC provision for the Alba Proceeding.

Alumina: Price and Revenue Decline

Realised alumina prices fell 11% compared to 1H 2011 as a result of negative global macro-economic sentiment and market conditions.

Contracts based on LME-linked pricing fell to a greater extent than noted above, in line with the fall in LME aluminium prices. The historical long term average price for LME-linked contracts is between 12% and 14% of the 3-month LME aluminium price.

Contracts priced on spot/alumina price indices also fell over 1H 2012 but operated in a small range.

As a result of the lower alumina shipments and lower realised alumina price, alumina revenue fell by 13% compared to 1H 2011. Price movements accounted for approximately 80% of the revenue decrease, with shipments accounting for the balance.

Alumina: Margin Decline

Operating margin was $33 per tonne in 1H 2012, a decline of $43 per tonne on 1H 2011. The sharply weaker margins were predominately as a result of weaker realised alumina prices during the half.

The average 1H 2012 cash cost of alumina production increased by $11 per tonne as compared to 1H 2011. This increase mainly reflected a rise in the cost of caustic soda, which contributed $6 per tonne to the above noted increase. The remaining increase in the cost of production was mainly attributable to labour and bauxite. The average 1H 2012 cash cost of alumina production increased by $5 per tonne as compared to 2H 2011. The increase resulted from higher caustic soda and the decrease in production which increased fixed costs per tonne produced.

The exchange rate for the Australian dollar to the US dollar in 1H 2012 was flat against 1H 2011 and 2H 2011 at A$1/US$1.03, while the Brazilian Reais weakened against the US dollar during 1H 2012 by 8%, translating to a slight reduction in average Brazilian costs of production in US dollar terms.

Smelters: Losses Incurred

AWAC produces aluminium at two smelters in Australia. The smelters incurred operating losses in the first half of the year, mainly due to the lower aluminium prices, which were marginally offset by an increase in regional premiums. The LME spot aluminium price was 18% lower than 1H 2011, while the cost of production fell 2% due to lower prices for alumina and energy. Production of approximately 178 thousand tonnes in 1H 2012 was in line with 1H 2011.

On 8 February 2012 Alumina Limited announced that Alcoa of Australia Limited had commenced a review of the future viability of the Point Henry aluminium smelter because of continuing difficult economic conditions for the aluminium smelting industry in Australia. On 29 June 2012, Alcoa of Australia announced that it expects to operate the Point Henry aluminium smelter until at least mid-2014 following the efforts of the workforce and financial support provided by Australian and Victorian Governments. The decision to continue production is the best economic outcome given existing contractual obligations.

Australian Carbon Pricing Scheme

The refineries and smelters in Australia are subject to carbon pricing effective from 1 July 2012 relating to greenhouse gas emissions. This is not expected to have a significant impact on the AWAC underlying earnings for 2H 2012.

Shipping

Shipping operations contributed a small profit.

One-off Items

The 1H 2012 AWAC US GAAP loss pre-tax included the following one-off items that reduced profit:

- $9 million increase in long service leave adjustments due to lower discount rates;
- $6 million loss due to asset write-offs;
- $45 million provision relating to Aluminium Bahrain BSC (Alba) lawsuit.

AWAC Cash Flow (US GAAP)

Cash from operations in 1H 2012 declined to $172.6 million, 41% below 1H 2011 level of $292.2 million, reflecting lower shipments and lower realised prices for alumina and aluminium. This was partially offset by lower tax payments due to the lower profitability of the business. The impact on working capital flows from the delays in shipments is expected to be recovered in 2H 2012.

Capital expenditure totalled $184.2 million in 1H 2012, of which $168 million was sustaining capital expenditure, including spend associated with relocation of crushing facilities in Western Australia, which commenced during 2H 2011. Growth capital expenditure was $16.2 million, mainly relating to the Juruti mine (Brazil).

Equity contributions to the Ma'aden mine and refinery joint venture in Saudi Arabia, in which AWAC has a 25.1% shareholding, are not included in the above. Alumina Limited's equity contributions to the Ma'aden joint venture in 1H 2012 amounted to $43.2 million.

AWAC Cash Flow (US GAAP)

	1H 12 US$m	2H 11 US$m	1H 11 US$m
Net (loss)/ income	(87.1)	191.1	278.6
Depreciation	238.7	240.0	225.8
Decrease (increase) in receivables	58.1	22.5	(134.1)
Increase in inventories	(41.6)	(32.7)	(39.8)
Increase (decrease) in accounts payable	1.1	126.5	(23.8)
Other [1]	3.4	(101.0)	(14.5)
Cash from operations	172.6	446.4	292.2
Capital expenditure	(184.2)	(258.5)	(133.5)
Free cash flow [2]	(11.6)	187.9	158.7

[1] Includes cumulative translation adjustment
[2] Free cash flow defined as cash from operations less capital expenditure.

AWAC Balance Sheet (US GAAP)

Property, plant and equipment decreased due to the 8% depreciation of the Brazilian Reais against the US dollar since 2H 2011, which more than offset the increase in assets from capital expenditure net of depreciation.

AWAC continued to operate with minimal borrowings. With the exception of minor working capital facilities at individual sites, any borrowing required by an AWAC entity is provided by the joint venture partners.

AWAC Balance Sheet (US GAAP)

	1H 12 US$m	2H 11 US$m	1H 11 US$m
Cash, cash equivalents	180.8	204.0	190.2
Receivables	471.3	535.2	558.4
Related party note receivable	87.0	82.9	13.7
Inventories	808.7	777.3	785.5
Property plant & equipment	6,856.1	7,133.8	7,860.7
Other assets	2,233.2	2,189.4	2,307.3
Total Assets	**10,637.1**	**10,922.6**	**11,715.8**
Short term borrowings	61.1	38.5	36.3
Payables	828.4	886.2	819.4
Taxes payable and deferred	407.4	441.7	553.0
Other liabilities	1,300.8	1,213.1	1,057.5
Total Liabilities	**2,597.7**	**2,579.5**	**2,466.2**
Equity	**8,039.4**	**8,343.1**	**9,249.6**

IFRS Adjustments

The AWAC results are adjusted for differences between US GAAP and IFRS prior to incorporation into the Alumina Limited results. These adjustments are non-cash book entries which totalled approximately $109 million, and increased AWAC's profit after tax.

The main adjustments for 1H 2012 were:

- recognition of $69 million Brazil deferred tax credit adjustment;
- recognition of $37 million debit after tax for defined benefit pensions;
- reduction of $40 million income tax expense booked under FAS 109 which recognises a worldwide average tax rate;
- recognition of $23 million credit after tax for movements in embedded derivatives.

Alumina Limited's results include 40% of these adjustments.

In addition, Alumina Limited has accounted for the difference between US GAAP and IFRS in relation to the measurement of provisions.

AWAC Dividends Paid

	1H 12 US$m	2H 11 US$m	1H 11 US$m
Dividends paid	165	165	414

Alumina Limited Reported Profit

Most of Alumina Limited's corporate costs are incurred in Australian dollars, which totalled $9.1 million for the half. Finance costs were $13.7 million in the half, an increase of $0.5 million from 2H 2011 as a result of the increase in net debt levels. The underlying loss for Alumina Limited was $8.2 million, while the reported net loss after tax was $14.6 million.

Note on Calculation of Underlying Earnings

Alumina Limited shows underlying earnings in addition to profit after tax to provide a better understanding of the performance of the underlying operations. Underlying earnings are calculated by excluding the impact of mark to market valuations for embedded derivatives contained in AWAC energy contracts that are linked to the LME price of aluminium and actuarial gains and losses on AWAC pension plans that reflect the net result of expected returns on assets, employee costs, and the discount rate of return. In 1H 2012, revaluation of the embedded derivatives increased Alumina Limited's net profit after tax by $9.3 million, while actuarial movements in defined benefit plans resulted in a decrease to net profit of $15.7 million.

Alumina Limited Reported Profit

	1H 12 US$m	2H 11 US$m	1H 11 US$m
Share of AWAC underlying profit[1]	14.2	71.2	103.3
Corporate costs	(9.1)	(8.9)	(8.4)
Finance costs	(13.7)	(13.2)	(15.3)
Other & Tax	0.4	1.2	(1.9)
Underlying earnings	(8.2)	50.3	77.7
Retirement benefit obligations, AWAC	(15.7)	(47.3)	(14.2)
Embedded derivative, AWAC	9.3	55.9	4.2
Net (loss)/profit after tax	(14.6)	58.9	67.7

[1] Share of profit of associates accounted using the equity method adjusted for embedded derivatives and actuarial movements in defined benefit plans.

Alumina Limited Balance Sheet

Alumina Limited's net debt as at 30 June 2012 was $602 million, up from $472 million as at 31 December 2011. Gearing[(1)] was 18%.

Alumina Limited had $315 million of undrawn committed facilities as at 30 June 2012, an increase of $20 million from 31 December 2012. During the second quarter, Alumina Limited added $200 million in new committed debt facilities with terms of two and five years.

The Company has a fully drawn debt facility from the Brazil National Development Bank (BNDES). This facility amortises at approximately $52 million per annum. Amounts outstanding at 30 June 2012 under the BNDES loan were $211 million.

Aside from the monthly amortisation of the BNDES, Alumina Limited has no debt facilities expiring until November 2013.

Committed bank facilities of $745 million (excluding the BNDES) expire as follows:

- $107 million in 2013 (drawn to $105 million)
- $175 million in 2014 (drawn to $100 million)
- $213 million in 2015 (no amounts were drawn under this facility as at 30 June 2012)
- $225 million in 2016 (drawn to $225 million)
- $25 million in 2017 (no amounts were drawn under this facility as at 30 June 2012)

Current liabilities include $52 million of repayments on the facility from the BNDES that are due before 30 June 2013. Current liabilities of $60 million exceed current assets of $43 million, however Directors are confident that the liabilities can be met using available cash and undrawn committed facilities whose maturities extend beyond 30 June 2013.

Alumina Limited Cash Flows

Alumina Limited's cash receipts from operations primarily comprise the dividends received from AWAC entities. Dividends and distributions received by Alumina Limited from AWAC entities during 1H 2012 were $70 million, while Alumina Limited paid 3 cents per share to its shareholders for the final dividend for 2011.

A significant proportion of the increase in net debt during 1H 2012 resulted from investments in AWAC entities including growth capex for Juruti (Brazil) and Ma'aden operations. Alumina Limited also contributed to working capital for AWAC entities.

Alumina Limited Balance Sheet

	1H 12	2H 11	1H 11
	US$m	US$m	US$m
Cash and equivalents	38.5	19.0	55.9
Investments	3,250.9	3,324.8	3,636.5
Other	5.0	6.6	16.6
Total Assets	**3,294.4**	**3,350.4**	**3,709.0**
Payables	2.6	3.1	3.7
Interest bearing liabilities – current	52.1	52.9	145.3
Interest bearing liabilities – non-current	588.8	437.7	328.3
Other	5.9	2.7	1.5
Total Liabilities	**649.4**	**496.4**	**478.8**
Net Assets	**2,645.0**	**2,854.0**	**3,230.2**

Alumina Limited Cash Flow

	1H 12	2H 11	1H 11
	US$m	US$m	US$m
Dividends received	66.0	66.3	165.9
Distributions received	4.4	3.6	4.1
Interest paid	(12.6)	(11.8)	(15.0)
Payments to suppliers & employees	(7.3)	(9.4)	(8.2)
GST refund, interest received & other	0.3	0.3	0.3
Cash from operations	**50.8**	**49.0**	**147.1**
Net payments for investment in associates	(110.1)	(39.9)	(109.4)
Free cash flow[2]	(59.3)	9.1	37.7

Definitions and notes

[1] Calculated as (debt – cash)/(debt + equity)

[2] Free cash flow defined as cash from operations less net investments in associates.

AWAC Guidance

The following 2012 guidance is provided to assist the understanding of the sensitivity of AWAC results to key external factors. The guidance cannot be expected to be predictive of exact results, rather it provides direction and approximate quantum of the impact on profit before tax of movements around a given base figure. Actual results will vary from those computed using the guidance. Guidance is not linear, hence significant movement away from the base rates used may result in different sensitivities. No attempt has been made to correlate sensitivity to one element of the guidance with movements in other elements of the guidance.

Item	February 2012 Guidance	August 2012 Guidance
Production rate - alumina	Current annualised operating rate of approximately 15.9mt	Current annualised operating rate of approximately 15.5mt
Production - aluminium	360,000 tonnes	360,000 tonnes
Sensitivities: +$100 LME-aluminium price per tonne[1]	approximately +$102 million profit before tax	approximately +$102 million profit before tax
Sensitivities: +1¢ in A$/US$[2]	-$19 million profit before tax	-$19 million profit before tax
Third party smelter grade alumina sales expected to be based on alumina price indices or spot[3]	Approximately 40% by end 2012	Approximately 40% by end 2012
AWAC sustaining capital expenditure	Approximately $300 million	Approximately $300 million
AWAC growth capital expenditure	Approximately $50 million, and approximately $190 million equity investment in the Ma'aden joint venture	Approximately $50 million, and approximately $190 million equity investment in the Ma'aden joint venture

[1] This sensitivity covers alumina sales that are priced as a percentage of aluminium, and aluminium sales. It also includes exposure to LME Aluminium in the pricing formula mechanisms in a number of long term contracts for the purchase of energy. It excludes alumina sales where the price is based on spot or alumina indices.

[2] AWAC's profit and asset valuation is also exposed to fluctuations in other currencies such as the Brazilian Reais and Euro. However no sensitivity is provided.

[3] AWAC commenced 2012 with approximately 20% of its SGA third party sales volume based on alumina price indices or available for spot sales.

Market Outlook

The first half of 2012 was characterised by significant volatility and further decline in LME aluminium prices of 5% since the start of the year which also affected LME-linked alumina prices. This was largely driven by continued weakness in the Eurozone economy and negative macro-economic sentiment in other parts of the global economy.

Weak pricing has led to a significant number of high cost aluminium smelting production curtailments and under current market conditions, further curtailments are expected. New low cost smelters in Western China and the Middle East will ensure global aluminium production remains solid and supports alumina demand. Global demand for aluminium is still expected to grow between 5 and 7% in 2012.

In comparison, spot or index priced alumina traded within a relatively narrow range of between $303 per tonne and $325 per tonne, with Platts Australian FOB spot index averaging $316 per tonne for the first half.

China refines alumina using domestic and offshore bauxite, with significant volumes imported from Indonesia. In May, Indonesia introduced new export taxes and restricted exports of bauxite, which are expected to increase the cost of production of the refineries which are based in the coastal region of China. These refineries are dependent upon imported bauxite. As a result, imports of alumina into China are expected to grow, underpinning spot prices.

Alumina Limited continues to remain cautious on the outlook for the second half of 2012. LME aluminium prices started the second half below average levels in 1H 2012 and are likely to continue to be volatile, yet regional premiums for aluminium reflect a firm physical demand picture. Spot alumina prices at the beginning of the second half remain around the average of the first half.

AWAC remains the largest and a low cost alumina producer, and so in the medium term it will benefit as the alumina market grows. AWAC will also benefit from the transition of alumina pricing to spot based indices which better reflect the fundamentals of alumina and should see improving margins over the traditionally priced LME-linked sales.

John Bevan
Director

Melbourne

16 August 2012

Forward Looking Statements

Some statements in this report are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as “anticipate”, “estimates”, “should”, “will”, “expects”, “plans” or similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual outcomes to be different from the forward-looking statements. Important factors that could cause actual results to differ from the forward-looking statements include: (a) material adverse changes in global economic, alumina or aluminium industry conditions and the markets served by AWAC; (b) changes in production and development costs and production levels or to sales agreements; (c) changes in laws or regulations or policies; (d) changes in alumina and aluminium prices and currency exchange rates; (e) constraints on the availability of bauxite; and (f) the risk factors and other factors summarised in Alumina’s Form 20-F for the year ended 31 December 2011. Forward-looking statements that reference past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. Alumina Limited does not undertake any obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements which speak only as of the date of the relevant document.

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Auditor's Independence Declaration

As lead auditor for the review of Alumina Limited for the half year ended 30 June 2012, 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
16 August 2012

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au