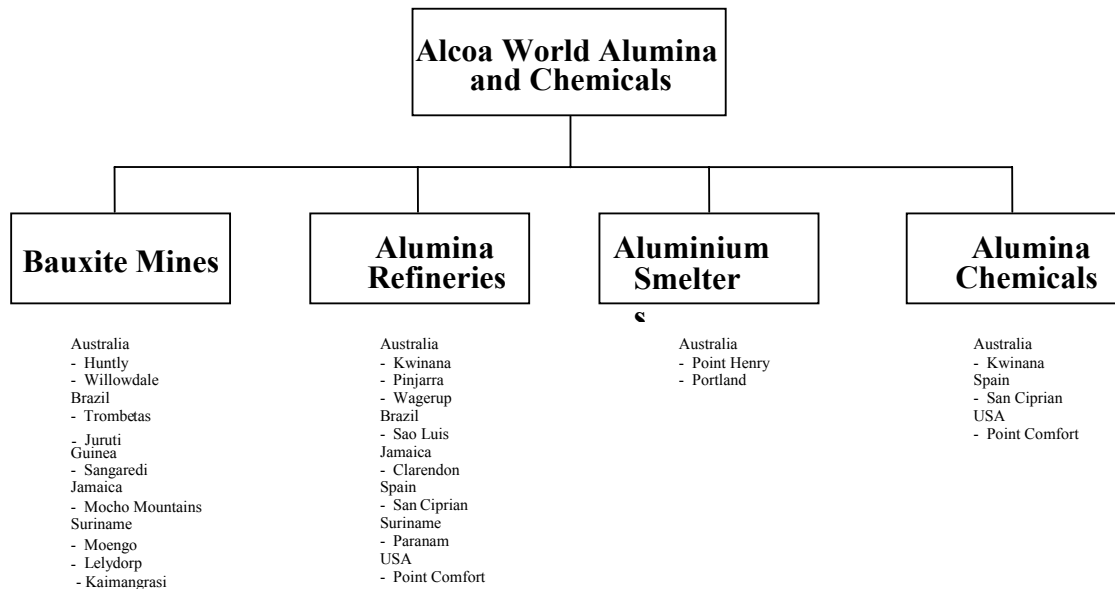


ALUMINA

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Diagram of AWAC Operations



Alcoa World Alumina and Chemicals (AWAC) Profit & Loss

US\$ Millions (US GAAP) 100%	Full Year 2006	1st Half 2006	2nd Half 2006	1st Half 2007
Sales and Operating Revenue	3,604.0	1,745.7	1,858.3	1,727.1
Revenue from Related Parties	2,079.1	1,028.3	1,050.8	1,175.6
Total Revenue	5,683.1	2,774.0	2,909.1	2,902.7
Cost of Goods Sold and Operating Expenses	(3,698.9)	(1,804.4)	(1,894.5)	(1,891.3)
Selling, Administration and Other Expenses	(99.4)	(47.5)	(51.9)	(50.9)
Provision for Depreciation, Depletion and Amortisation	(216.3)	(101.1)	(115.2)	(128.1)
Other	(8.5)	22.3	(30.8)	14.3
Total Expenses	(4,023.1)	(1,930.7)	(2,092.4)	(2,056.0)
Profit before Taxes on Income	1,660.0	843.3	816.7	846.7
Provision for Taxes on Income	(537.9)	(263.7)	(274.2)	(271.1)
Profit from Operations	1,122.1	579.6	542.5	575.6
Cumulative effect of accounting change	-	-	-	-
Net Income	1,122.1	579.6	542.5	575.6
Members' Equity				
Opening Balance at Start of Period	3,254.0	3,254.0	3,297.9	4,027.7
Net Income	1,122.1	579.6	542.5	575.6
Capital Contribution	500.5	-	500.5	431.7
Dividends Paid and Return of Capital to Partners	(989.9)	(498.6)	(491.3)	(507.5)
Common Stock Issued for Compensation Plans	-	2.2	(2.2)	-
Other Comprehensive Income/(Loss)	141.4	(39.3)	180.7	228.3
Other	(0.4)	-	(0.4)	-
Closing Balance at End of Period	4,027.7	3,297.9	4,027.7	4,755.8

Alcoa World Alumina and Chemicals (AWAC) Balance Sheet

US\$ Millions (US GAAP) 100%	30 June 2006	31 December 2006	30 June 2007
Cash and Cash Equivalents	90.4	195.1	279.2
Receivables	930.4	667.1 ¹	635.2
Inventories	428.1	477.8	505.5
Prepaid Expenses and Other Current Assets	151.5	231.3	109.7
Total Current Assets	1,600.4	1,571.3	1,529.6
Property Plant & Equipment	3,073.6	3,663.8	4,215.1
Investments	199.1	208.9	238.6
Other Assets and Deferred Charges	633.5	638.4	703.7
Total Non-Current Assets	3,906.2	4,511.1	5,157.4
Total Assets	5,506.6	6,082.4	6,687.0
Short Term Borrowings	262.5	132.1	181.2
Payables	835.3	624.5	578.6
Taxes Payable	341.4	434.7	331.8
Accrued Compensation and Retirement Costs	107.3	112.1	118.5
Other Current Liabilities	58.7	132.7	90.1
Total Current Liabilities	1,605.2	1,436.1	1,300.2
Long Term Debt	0.3	-	0.3
Deferred Taxes	202.6	227.9	231.1
Other Long Term Liabilities	400.6	390.7	399.6
Total Non-Current Liabilities	603.5	618.6	631.0
Total Liabilities	2,208.7	2,054.7	1,931.2
Minority Interest	-	-	-
Equity	3,297.9	4,027.7	4,755.8
Total Liabilities & Equity	5,506.6	6,082.4	6,687.0

¹ Receivables at 31 December 2006 includes an amount of US\$100 million advanced by Alcoa of Australia to a non-AWAC Alcoa Company, which is at call. This amount has been treated as a cash equivalent in calculating AWAC's net debt.

Alcoa World Alumina and Chemicals (AWAC) Statement of Cashflows

US\$ Millions (US GAAP) 100%	Full Year 2006	1st Half 2006	2nd Half 2006	1st Half 2007
<u>Operating Activities</u>				
Net Income	1,122.1	579.6	542.5	575.6
Adjustments to Reconcile Net Income to Cash from Operations				
Depreciation, Amortisation and Impairment	216.3	101.1	115.2	128.1
Other Items*	(57.5)	(130.9)	73.4	(107.6)
Cash from Operating Activities	1,280.9	549.8	731.1	596.1
<u>Financing Activities</u>				
Dividends Paid & Return of Capital to Partners	(989.9)	(498.6)	(491.3)	(507.5)
Change in Debt	18.2	148.9	(130.7)	48.9
Common Stock Issued for Compensation Plans	-	2.2	(2.2)	1.9
Capital Contribution	500.5	-	500.5	431.7
Other	0.8	-	0.8	-
Cash Used for Financing Activities	(470.4)	(347.5)	(122.9)	(25.0)
<u>Investing Activities</u>				
Capital Expenditure	(836.2)	(330.4)	(505.8)	(476.4)
Other	(26.8)	(17.8)	(9.0)	(22.2)
Cash Used for Investing Activities	(863.0)	(348.2)	(514.8)	(498.6)
Effect of Exchange Rate Changes on Cash	18.3	7.0	11.3	11.6
Cash Generated / (Used)	(34.2)	(138.9)	104.7	84.1
Cash and Cash Equivalents				
Cash and Cash Equivalents at Beginning of Period	229.3	229.3	90.4	195.1
Cash and Cash Equivalents at End of Period	195.1	90.4	195.1	279.2
Net Change in Cash and Cash Equivalents	(34.2)	(138.9)	104.7	84.1

* Other Items consists of net movement in working capital and other non-current assets and liabilities

Alcoa World Alumina and Chemicals (AWAC) Reconciliation of Profit to Alumina Limited Share of AWAC's Equity Profit

	Full Year 2005	1st Half 2006	2nd Half 2006	1st Half 2007
USD Profit Before Taxes on Income (US GAAP)	1,659.9	843.3	816.6	846.2
Adjust for USD AIFRS Adjustments	(132.0)	(102.5)	(29.5)	50.4
Total USD Profit Before Taxes (AIFRS)	1,527.9	740.8	787.1	896.6
Total AUD Profit Before Taxes (AIFRS)	2,033.5	1,001.0	1,032.5	1,107.9
Alumina Limited Share of Equity Profit Before Tax	813.4	400.4	413.0	443.2
Less: Share of Equity Income Tax Expense	(266.8)	(125.1)	(141.7)	(136.2)
Alumina Limited Share of Equity Profit After Tax	546.6	275.3	271.3	307.0