

To: The Manager
Announcements
Company Announcements Office
Australian Stock Exchange



Public Announcement 2010 – 16AWC

Change in Functional Currency

As announced in February 2010, effective for the reporting period ending 31 December 2010, the Board of Alumina Limited has determined that the Company's functional currency is US dollars. The financial results for the 6 months to 30 June 2010, due to be released in August 2010, will be in US dollars.

Attached are prior period results restated in US dollars.

A handwritten signature in black ink, appearing to read "Stephen Foster".

Stephen Foster
Company Secretary

3 June 2010

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Change in Functional Currency – Prior Period Profit and Loss Restated to USD

Condensed consolidated income statement

	\$US million		\$A million
	Six months to 30 June 2009	Year ended 31 Dec 2009	Year ended 31 Dec 2009
Revenue from continuing operations	1.4	4.4	5.4
General and administrative expenses	(4.1)	(10.5)	(13.1)
Change in fair value of derivatives	6.8	11.5	15.0
Finance costs	(12.8)	(31.0)	(38.9)
Share of net profit of associates accounted for using the equity method	10.5	1.6	4.6
Profit/(loss) before income tax	1.8	(24.0)	(27.0)
Income tax credit from continuing operations	2.4	0.3	1.0
Profit/(loss) for the period	4.2	(23.7)	(26.0)

Note on underlying earnings within net profit for the period

Included in the calculation of net 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 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.

AWAC has a small number of defined benefit schemes. The movement in future costs of retirement benefit obligations, net of investment returns, is also reflected in the Company's equity share of AWAC's result.

These accounting entries do not relate to operations during the reporting periods, and accordingly are removed from net 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 2009 was to increase net profit after tax by net \$14.6 million and decrease the Company's result for the twelve months to 31 December 2009 by \$24.0 million as shown in the following table.

	Six months to 30 June 2009	Year ended 31 Dec 2009	Year ended 31 Dec 2009
	\$US million	\$US million	\$A million
Net profit/(loss) for the period, after tax	4.2	(23.7)	(26.0)
Non-operating non-cash items:			
Equity share of AWAC retirement benefit obligations	(5.8)	(18.0)	(22.2)
Equity share of AWAC embedded derivatives	(8.8)	42.0	46.0
Underlying (loss)/earnings for the period, after tax	(10.4)	0.3	(2.2)

Note: The income statement has been translated at the average rate for the 6 months ending 30 June 2009 and the six months ending 31 December 2009 for the year ended 31 December 2009

Change in Functional Currency – Prior Period Balance Sheet Restated to USD

Condensed consolidated statement of financial position

	31 December 2009 \$US million	30 June 2009 \$US million	31 December 2008 \$US million	31 December 2009 \$A million
Current Assets				
Cash and cash equivalents	305.6	157.0	46.3	340.6
Derivative financial instruments	-	8.5	4.6	-
Related party loan	-	82.5	50.0	-
Receivables	0.1	2.2	0.4	0.1
Other assets	8.6	5.6	1.1	9.6
Total current assets	314.3	255.8	102.4	350.3
Non-current Assets				
Investments accounted for using the equity method	3,189.7	2,951.8	2,597.0	3,555.2
Property, plant and equipment	0.2	0.2	0.1	0.2
Deferred tax assets	-	-	1.5	-
Total non-current assets	3,189.9	2,952.0	2,598.6	3,555.4
Total assets	3,504.2	3,207.8	2,701.0	3,905.7
Current Liabilities				
Payables	5.3	1.1	3.3	5.9
Interest bearing liabilities	-	7.1	250.0	-
Derivative financial instruments	1.4	-	-	1.6
Current tax liabilities	-	0.2	0.3	-
Related party loan	-	-	35.2	-
Provisions	0.2	0.2	0.1	0.2
Other	0.8	0.8	1.1	0.9
Total current liabilities	7.7	9.4	290.0	8.6
Non-current Liabilities				
Interest bearing liabilities	577.9	377.6	475.9	644.1
Provisions	0.3	0.2	0.2	0.3
Total non-current liabilities	578.2	377.8	476.1	644.4
Total liabilities	585.9	387.2	766.1	653.0
Net assets	2,918.3	2,820.6	1,934.9	3,252.7
Equity				
Contributed equity	2,154.1	2,154.6	1,379.1	2,400.9
Treasury shares	(1.0)	(1.0)	(0.6)	(1.1)
Reserves:				
- Group	(229.5)	(355.7)	(462.0)	(255.9)
- Associates	1.7	1.8	1.7	1.9
Retained profits:				
- Group	803.0	763.0	687.9	895.2
- Associates	190.0	257.9	328.8	211.7
Total equity	2,918.3	2,820.6	1,934.9	3,252.7

Note: Assets and Liabilities have been translated at period end AUD/USD rates