To: The Manager
Announcements
Company Announcements Office

ALUMINA
LIMITED

Public Announcement 2004 – 8AWC

Attached, in accordance with Listing Rule 4.7, is a copy of Alumina Limited's Concise Annual Report 2003 that will be distributed to shareholders today.

Stephen Foster
Company Secretary

16 March 2004

Alumina Limited

ABN 85 004 820 419

GPO Box 5411
Melbourne Vic 3001
Australia

Level 12 IBM Centre
60 City Road
Southbank Vic 3006
Australia

Tel +61 (0)3 8699 2600
Fax +61 (0)3 8699 2699
Email
info@aluminalimited.com

BRINGING ALUMINA TO LIFE

ALUMINA LIMITED

ALUMINA LIMITED CONCISE ANNUAL REPORT 2003

THROUGH PRODUCTS

THAT YOU USE

EVERYDAY

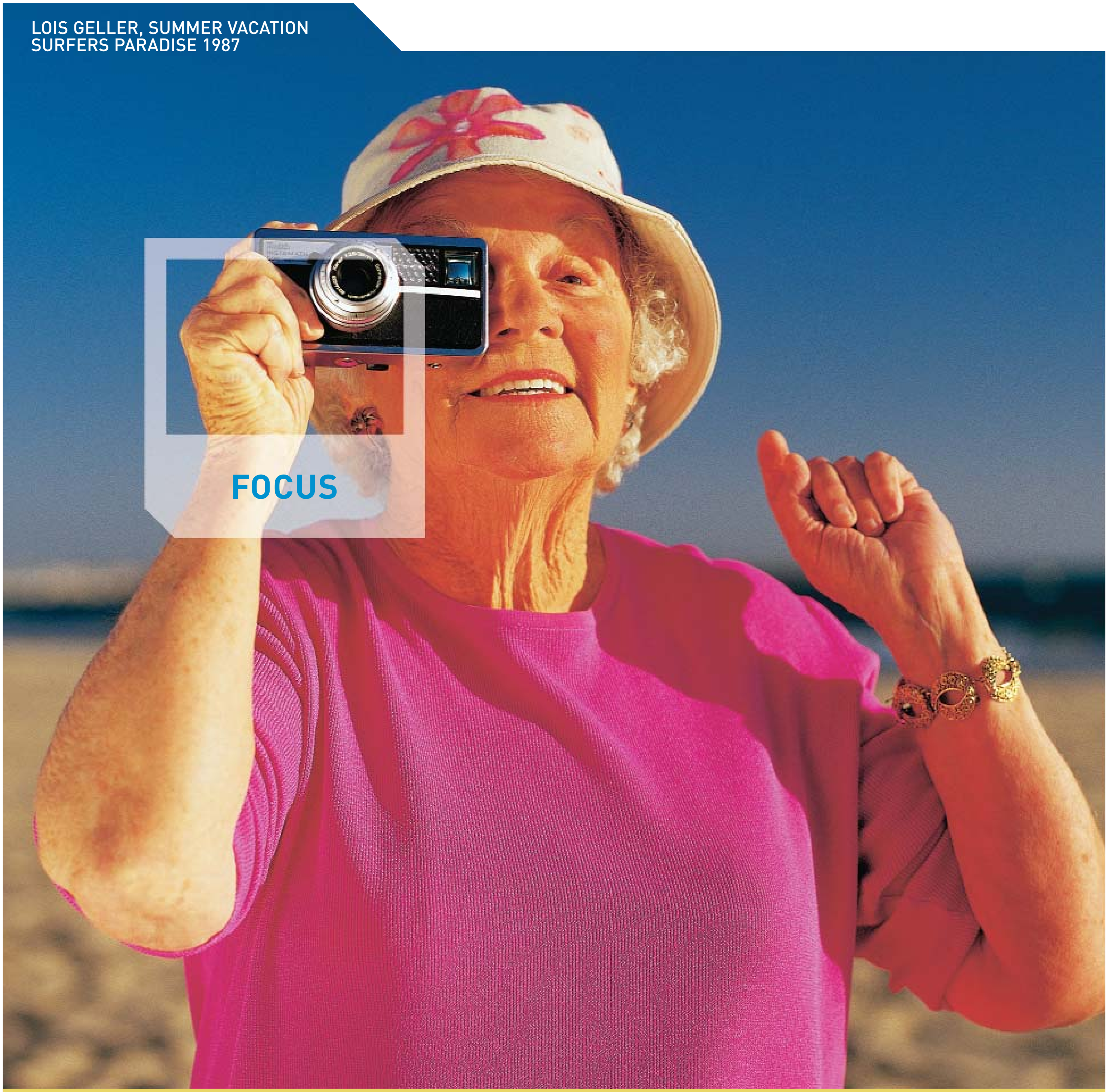
MANY THINGS WE TAKE FOR GRANTED TODAY RELY ON ALUMINIUM FOR LIGHTNESS, STRENGTH AND DURABILITY.

Who would have thought that a simple white powder called alumina could turn out to be such a great performer.

ALUMINA IS THE RAW MATERIAL FROM WHICH ALUMINIUM IS PRODUCED AND IS A HIGHLY SOUGHT AFTER COMMODITY. ALUMINIUM IS USED IN MANY PRODUCTS THAT HAVE CHANGED OUR LIVES.

WHAT IS ALUMINA? P7.

LOIS GELLER, SUMMER VACATION
SURFERS PARADISE 1987

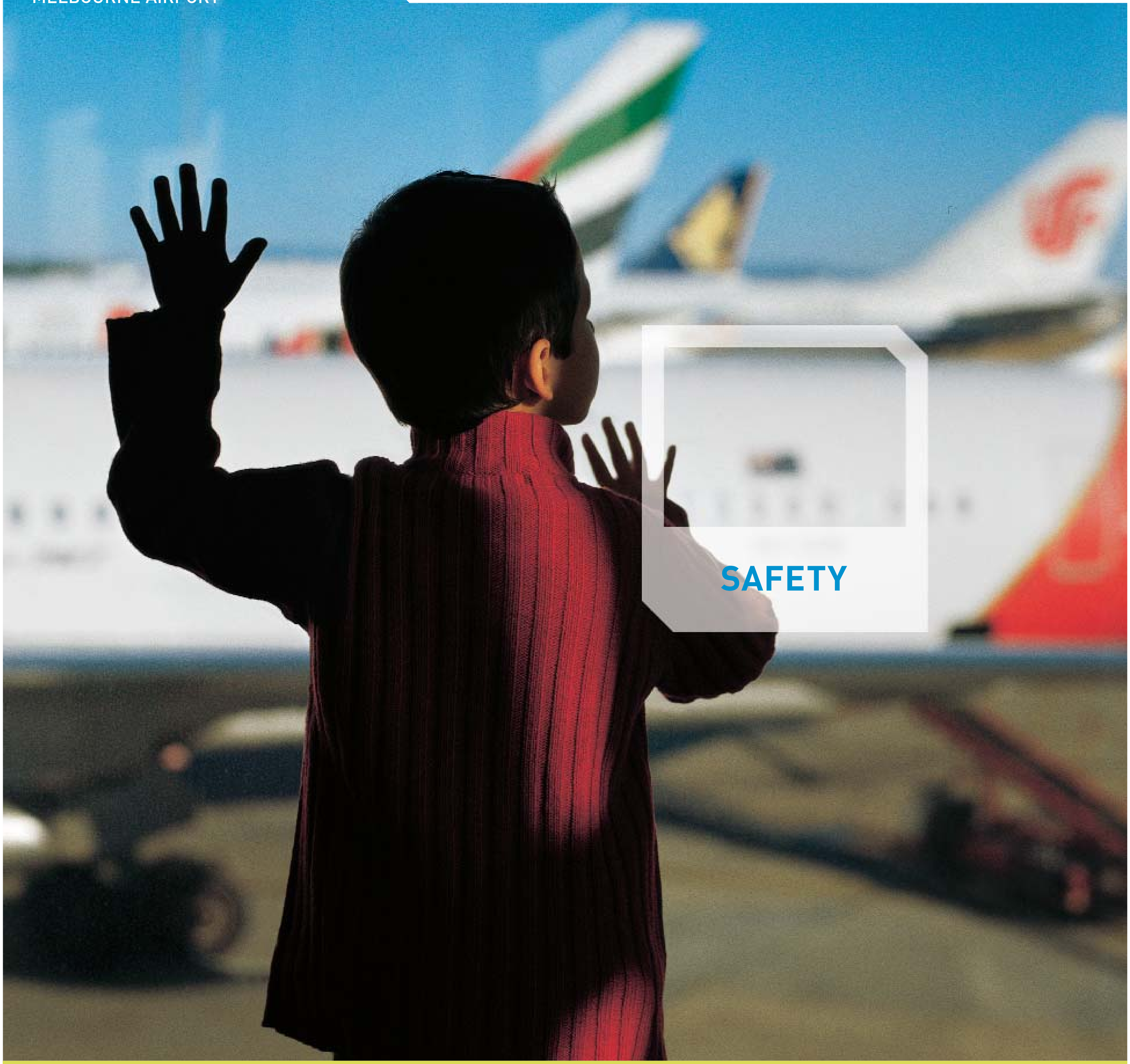


Aluminium has been there helping record the memories collected over a lifetime.

THE KODAK COMPANY HAS BEEN MAKING LIGHTWEIGHT CAMERAS OUT OF ALUMINIUM SINCE 1890.

SNAPSHOT OF THE LAST 12 MONTHS P13.

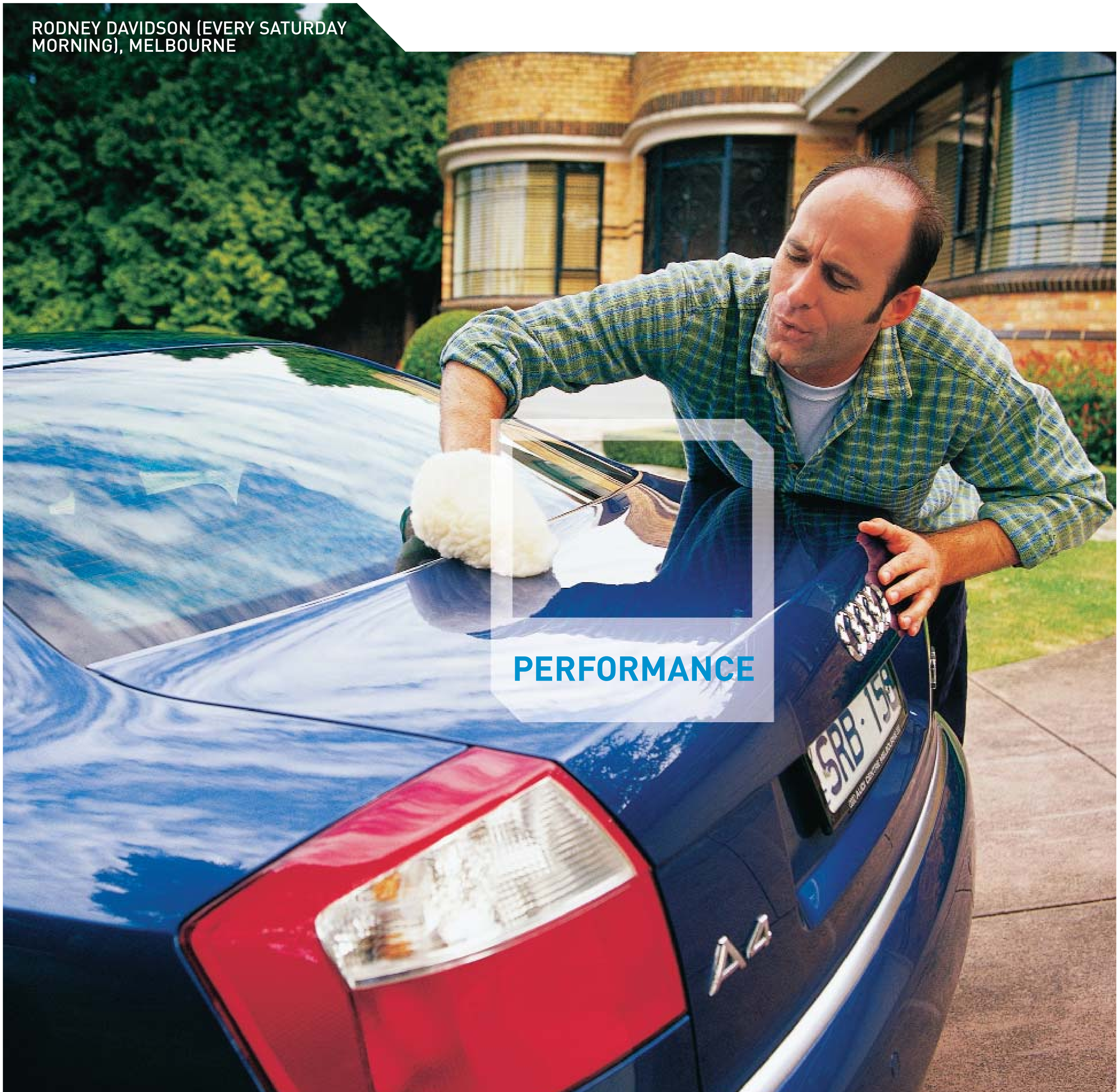
DANIEL HOSKIN JNR,
MELBOURNE AIRPORT



Aluminium was there helping make sure that someone's dad came home just like he promised.

IN 1970 ALUMINIUM ALLOYS REVOLUTIONISED COMMERCIAL AEROPLANES, ENABLING LOW-COST TRAVEL ON A SCALE NEVER SEEN BEFORE. AWAC OPERATIONS P18

RODNEY DAVIDSON (EVERY SATURDAY MORNING), MELBOURNE

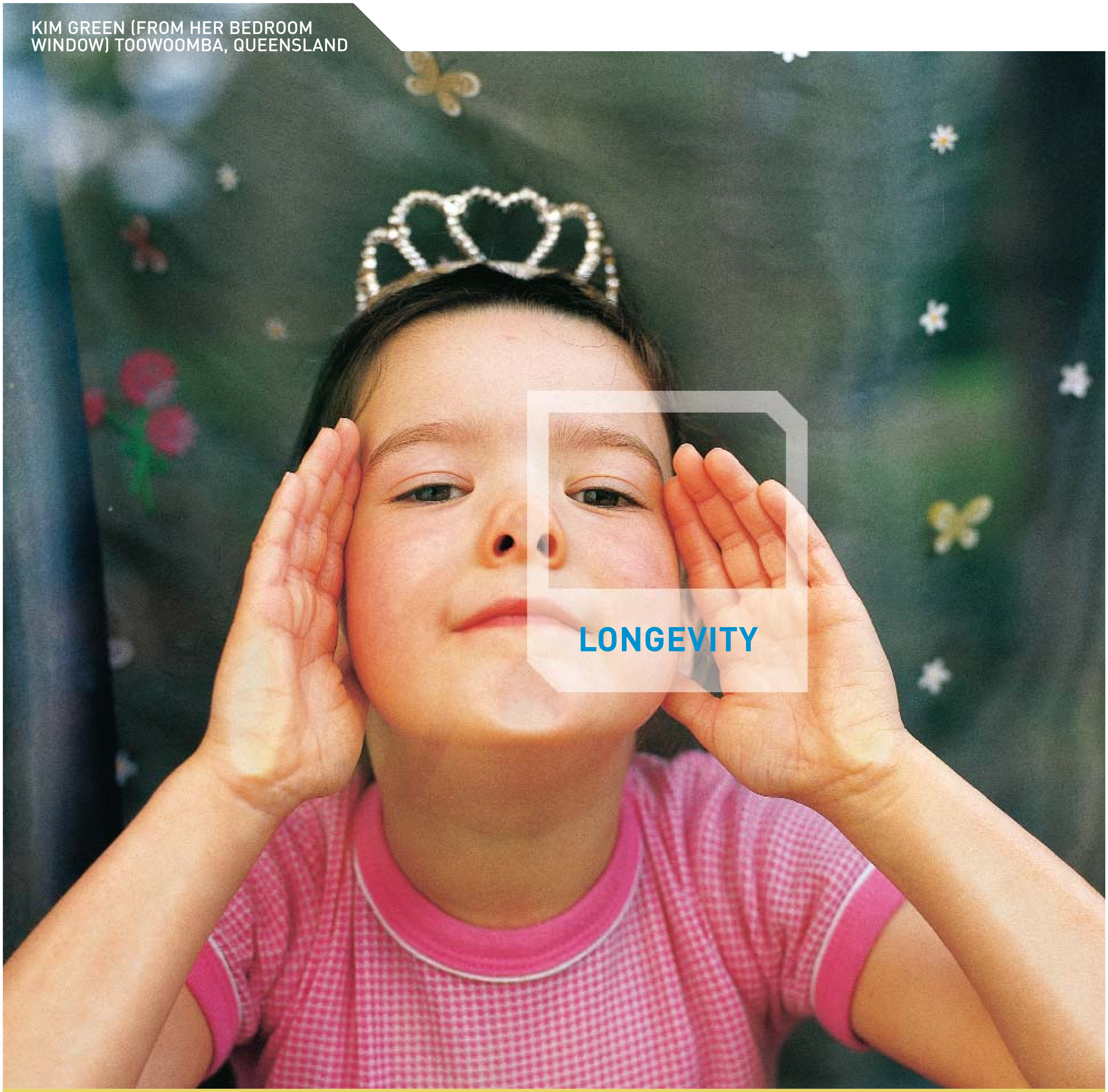


PERFORMANCE

Aluminium was there when Sue Davidson realised that her husband had fallen in love with someone else.

MAZDA, AUDI AND FERRARI USE ALUMINIUM TO CREATE SEDUCTIVE STREAMLINED VEHICLES THAT ARE LIGHTER, MORE FUEL EFFICIENT AND ENVIRONMENTALLY FRIENDLY. MARKET OUTLOOK AND RESULTS P12.

KIM GREEN (FROM HER BEDROOM
WINDOW) TOOWOOMBA, QUEENSLAND



Supporting this generation and the next with products that stand the test of time.

LOW MAINTENANCE, HARD-WEARING ALUMINIUM FRAMED WINDOWS ARE NOW THE PREFERRED OPTION IN HOMES AROUND THE WORLD. CORPORATE GOVERNANCE P24.

Alumina Limited is a leading Australian resource company with global alumina and aluminium assets. We invest world-wide in bauxite mining, alumina refining and selected aluminium smelting operations through our 40 per cent ownership of Alcoa World Alumina and Chemicals (AWAC). Our partner in AWAC, Alcoa, owns the remaining 60 per cent.

AWAC is the world's leading alumina producer, with the capacity to produce 25 per cent of the world's alumina. The AWAC joint venture was formed in 1994 and our partnership with Alcoa dates back to 1961. Together, we take a long-term approach to managing and operating the AWAC joint venture.

AWAC's operations currently include interests in six bauxite mines and eight alumina refineries in Australia, the United States, the Republic of Guinea, Suriname, Jamaica, Brazil and Spain, as well as two aluminium smelting operations in Victoria, Australia.

ALUMINA LIMITED ABN 85 004 820 419

The Alumina Limited Concise Annual Report 2003 provides a review of Alumina Limited's, operating performance and financial data, for the year ended 31 December 2003. Printed reports are available for distribution to shareholders and prospective investors, or may be accessed via the Alumina Limited website (www.aluminalimited.com).

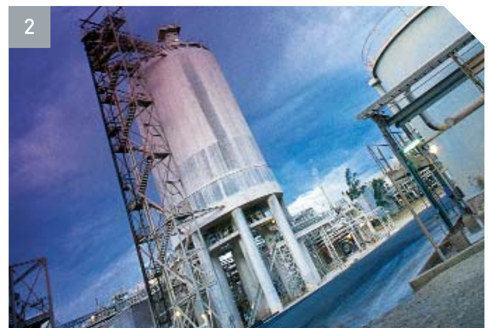
All dollar amounts are Australian dollars and all units of measurement are metric, unless otherwise stated.

What is Alumina?

1

Alumina (aluminium oxide) is the raw material from which aluminium is produced. Aluminium oxide is found in bauxite ore.

2



Alumina is extracted from the bauxite ore using a refining process that relies on heat, pressure and chemical reactions.

3

Once extracted, alumina is a white, granular substance, similar to a very fine table salt in appearance.

4

The most significant use of alumina is in the production of aluminium. Alumina is converted into aluminium metal in a smelting process.

Aluminium is used to manufacture a vast array of products, many of which play a part in our everyday lives, from high voltage electrical cables and beverage cans, home furnishings and door and window frames, through to bicycles, cars and aeroplanes.

Chairman & CEO's Report

01 SECTION

When we became an independent company one year ago we set out to focus on long-term, profitable growth. Alumina Limited is now recognised as a significant resources company delivering on its commitment to shareholders.

Our first year as an independent company was a success for Alumina Limited and our shareholders. Focused solely on our 40 per cent ownership of AWAC, we achieved our key objectives of delivering value to shareholders and establishing Alumina Limited as a major, quality resources company.

DELIVERING VALUE TO SHAREHOLDERS

In 2003 we took the first steps in building a record of strong performance. Our profit after tax was $236.9 million; an increase of 13 per cent over 2002. This result demonstrates that the scale and low-cost position of the AWAC business can deliver strong returns, even in the face of challenging currency and energy markets in 2003.

Fully franked dividends of 20 cents per share were declared to shareholders for the 2003 year. AWAC generated a cash flow of $719 million, with $284 million of dividends paid to Alumina Limited. AWAC's low level of debt and capital expenditure during the year enabled it to pay 108 per cent of profits as dividends. AWAC has distributed 94 per cent of its profits to shareholders since formation in 1994. Alumina Limited's intention is to pay substantial dividends to shareholders and pass on to shareholders all fully franked dividends received, to the extent practicable.

During the year we worked to ensure that investors understood the value of the AWAC business and its potential for growth. This has enabled a clearer valuation and understanding of the AWAC business, which is reflected in our market capitalisation and share price. Our market capitalisation increased from $5.5 billion at the start of 2003 to $7.5 billion at year end. During the year, Alumina's total shareholder returns were among the top 10 per cent of the Australian Stock Exchange's ASX50 index, and among the top 20 per cent of the Global Mining Index. While the share market value of Alumina Limited may change over time for many reasons, it is pleasing to note a growing recognition of the quality of the AWAC business and the benefits of holding Alumina Limited shares.

Operating performance delivered an excellent return on equity of 20 per cent in 2003, above the 18 per cent achieved in 2002.

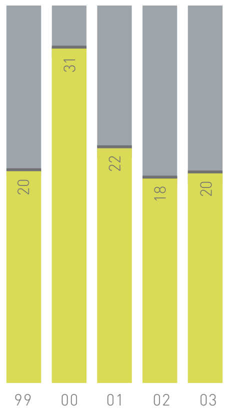
SHARE PRICE PERFORMANCE SINCE 4 DECEMBER 2002
INDEXED TO 100 SOURCE: BLOOMBERG

SCORECARD ALUMINA LIMITED, 2003

- AWAC LOST WORK DAYS FREQUENCY REDUCED BY 43%
- NET PROFIT AFTER TAX UP 13% TO $236.9M
- DIVIDENDS OF 20 CENTS PER SHARE (FULLY FRANKED)
- SHARE PRICE INCREASED BY 34%
- RETURN ON EQUITY OF 20%

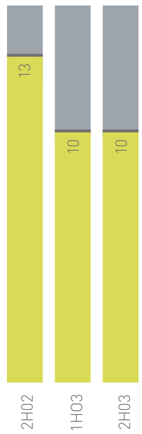
RETURN ON CAPITAL

PERCENTAGE %



DIVIDENDS

CENTS



After adjusting for price, exchange rate and interest rate sensitivities, the 2003 profit was in line with the forecast provided in the Demerger Scheme Booklet. The Australian dollar rose rapidly in 2003 against the USD. The average AUD/USD exchange rate of 0.65 was higher than the Scheme Booklet forecast of 0.58.

Alumina Limited's corporate costs of $12.6 million, were higher than the $8.2 million estimated in the Demerger Scheme Booklet. Corporate costs included an amount of $2.6 million relating to stock appreciation rights held by former WMC Limited employees, which was not included in the Demerger Scheme Booklet forecast and increased due to the strength of the share price. These rights are not an additional liability for shareholders as a result of demerger but represent Alumina's share of obligations that existed prior to demerger. Management pursued issues including Alumina Limited participating in AWAC growth and strategy, investment decisions, AWAC dividend policy and communicating the value of the AWAC business to shareholders. These activities as well as the acquisition of QBE's 0.75 per cent interest in Alcoa of Australia and divestment of the Specialty Chemicals business have been directly related to increasing shareholder value in 2003. Certain costs were incurred in the first year of operation which will not be repeated and we are planning for lower costs in 2004.

In November 2003 AWAC announced the sale of its Specialty Chemicals business to Rhone Capital LLC. The sale is expected to be completed in the first quarter of 2004.

AWAC PERFORMANCE

AWAC operations are managed on a day-to-day basis by Alcoa, our 60 per cent partner in the AWAC joint venture. Alcoa is a world leader in safety performance and its objective is zero workplace injuries. Lost work day frequency in AWAC operations declined in 2003 from 0.14 to 0.08 per 200,000 hours worked.

AWAC increased both alumina and aluminium production in 2003. The higher level of alumina production, together with a rising AUD/USD exchange rate, higher energy and raw materials costs, contributed to an increase in AWAC's costs in 2003.

AWAC has successfully reduced odour emissions at the Wagerup refinery in Western Australia, with emission levels well below licence requirements. A number of actions taken since 1997 have seen a more than 95 per cent reduction in odour emissions. AWAC continues to work to address community concerns on environmental, health and safety issues regarding Wagerup.

PROFITABLE GROWTH

Alumina Limited is committed to ensuring that AWAC's production growth increases returns to shareholders over the long term, and to ensuring that AWAC remains the world's leading alumina producer.

AWAC is a truly global business. This was evident in 2003 with the completion of an expansion to alumina capacity in Jamaica, and the announcement of further expansions in Suriname, and Pinjarra, Western Australia. In addition to these growth projects, our own strong balance sheet and that of AWAC, which has net debt of only US$25m, allows us to take advantage of growth options.

ALUMINA'S STRATEGY

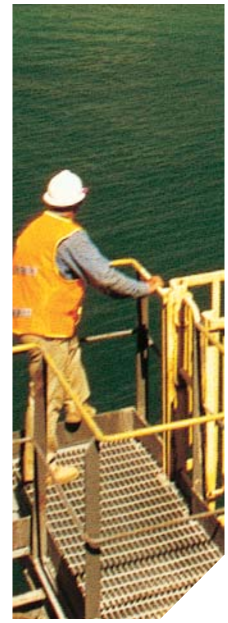
Subsequent to the demerger of WMC in December 2002, the Alumina Limited Board of Directors determined that our long-term strategy will be to participate in bauxite mining, alumina refining, alumina chemicals and selected aluminium smelting operations via AWAC. We believe the alumina market is one of the most attractive in the resources industry. Further, AWAC is well positioned within this market as a low-cost producer with 25 per cent of world production capacity and considerable brownfields expansion opportunities. Our strategic focus is to work closely with our partner Alcoa to strengthen AWAC's market leadership to generate profitable growth from AWAC expansions and return substantial dividends to shareholders. We expect AWAC's growth will be principally low-risk brownfields refining projects.

We are reviewing a potential equity participation in the Bahrain aluminium smelter company, Alba. It is a low-cost smelter which can offer excellent long term returns. However the investment must meet our strategic and financial requirements. The transaction would significantly increase alumina sales to Alba, one of AWAC's key customers. A final decision on our participation is expected by mid 2004.

In December 2003 we acquired an additional 0.75 per cent shareholding in Alcoa of Australia, the entity which holds AWAC's Australian assets. AWAC's Australian alumina refineries and aluminium smelters are among the lowest cost in the world, and, following the acquisition, all assets in the AWAC joint venture are now held on a 60/40 basis. We issued approximately 18 million shares to QBE for a total cost of $108 million.

As at 31 December 2003 Alumina's gross debt was a modest $467 million. We have maintained a conservative financial structure and an A-credit rating with Standard & Poor's. Our financial flexibility

KWINANA, WESTERN AUSTRALIA.



will be further strengthened following the sale of the specialty chemicals assets. We will use this financial flexibility to pursue profitable growth options, reduce debt or return funds to shareholders.

GOVERNANCE

Our governance structures and procedures are designed to ensure that management of Alumina Limited generates long-term shareholder value and protects shareholder interests. Our board comprehensively reviewed our corporate governance arrangements in 2003. Our corporate governance practices are summarised in Section 5 of this report, are included on our website, and comply with the Australian Stock Exchange best practice guidelines.

MARKET CONDITIONS/OUTLOOK

The alumina and aluminium markets strengthened considerably in 2003, as the demand for commodities generally improved over the year. We enter 2004 with higher aluminium prices, a weaker US dollar and high energy prices. The US economy continued its recovery and demand for alumina and aluminium in China continues to grow strongly.

Alumina Limited believes the near-term outlook is for increasing alumina and aluminium consumption and supply tightness in the alumina market.

The majority of AWAC's alumina is sold under long-term contracts. The Company's key profit sensitivities remain the aluminium price and AUD/USD exchange rate. For each one cent per pound movement in the aluminium price and one cent movement in the AUD/USD exchange rate, Alumina's 2004 net profit will change by $A11m for each movement. AWAC's 2003 alumina production of 13.1 million tonnes is planned to be exceeded in 2004, with Point Comfort planned to be operating for the full year at capacity, the Jamaica expansion contributing an additional 125,000 tonnes and production capacity creep at most refineries.

AWAC's focus is on improving its already low-cost position and participating in the projected growth in the alumina market.

Our thanks go to Alumina's employees for their dedication and enthusiasm for the company.

Looking forward, AWAC's world-class assets and low level of debt ensure we are well placed to effectively participate in the growing alumina market and deliver substantial returns to shareholders. AWAC has a number of low-cost alumina refineries which can be expanded to meet expected growth in alumina demand. This allows Alumina Limited's shareholders to participate in a potentially exciting future of profitable growth for AWAC.

Don Morley
Chairman

John Marlay
Chief Executive
Officer

Market Outlook and Results

SECTION 02

In 2003, Alumina withstood a number of challenges to deliver substantial dividends to shareholders, at the same time paving the way for capital growth and increasing investment value.

OBJECTIVES	ACHIEVEMENTS	OBJECTIVES FOR 2004
Deliver substantial returns to shareholders by passing on 100 per cent of all fully franked dividends as far as practicable	• Net profit up 13 per cent from 2002 to $236.9m. • 20 cents per share dividends – fully franked. • Alumina dividends declared represented 97 per cent of profits. • Return on equity of 20 per cent. For more on financial results, turn to page 14	• Continue to deliver substantial dividends to shareholders.
Maintain AWAC's leadership in the alumina industry	• AWAC produced 13.1 million tonnes of alumina, up from 12.3 million tonnes in 2002. • AWAC produced 384,000 tonnes of aluminium, up 1.7 per cent from 2002. • AWAC improved cost profile of Jamaica (Jamalco) operations partly from the refinery expansion. For more on AWAC's operations, turn to page 18	• AWAC to increase operating efficiencies to counteract the weaker US dollar and higher energy costs. • AWAC to maintain production at full capacity to meet market demand. • AWAC to achieve increased production from capacity creep and the Jamalco expansion.
Grow AWAC to meet market demands and maintain leadership position	• AWAC completed Jamaican expansion to increase 2004 production by 125,000 tonnes. • AWAC approved Pinjarra efficiency upgrade to increase annual production by 600,000 tonnes. • AWAC announced Suriname refinery expansion and further bauxite exploration in West Suriname. For more on AWAC's Strategies for Growth, turn to page 20	• AWAC to progress the Suriname refinery expansion. • AWAC to commence construction of Pinjarra alumina refinery efficiency upgrade. • Work with Alcoa on further brownfields expansion of alumina production to deliver profitable growth.
Increase market understanding of Alumina Limited and the value of AWAC	• Developed a clearer understanding of the value and growth prospects for AWAC. • Alumina Limited delivered total shareholder return of 37 per cent.	• Continue to ensure Alumina Limited's corporate strategy and growth focus is clearly articulated to investors.
Participate in the strategic direction of AWAC	• Strategic Council initiated several growth and investment decisions for AWAC • Evaluated Alumina Limited's participation in an equity stake in Alba. • Acquired QBE's 0.75 per cent stake in Alcoa of Australia. • Announced the sale of the Specialty Chemicals Division. For more on strategic direction, turn to page 21	• Review the potential acquisition of an equity stake in Alba aluminium smelter. • Progress the structure for participation in the bauxite and alumina operations of the Pingguo joint venture. • Continue to review brownfields expansion opportunities in the AWAC system.

PINJARRA ALUMINA REFINERY.

FINANCIAL PERFORMANCE

Alumina Limited's equity share of AWAC's* after tax profit was $244 million in 2003 compared to $216 million in 2002; an increase of 13 per cent. Alumina's cash flow from operating activities in 2003 was $268 million ($273 million in 2002).

This profit performance was due to higher realised alumina and aluminium prices and higher sales volumes. These higher prices reflected an improving world economy and the benefit of higher alumina spot sales driven by growing Chinese aluminium production. Average LME aluminium prices were 6 per cent higher in 2003 than in 2002. These higher prices were offset by a weaker US dollar, higher energy prices and higher raw materials costs.

The majority of AWAC's alumina is sold under long-term contracts. However in response to the strong alumina spot market, AWAC restarted idle capacity at its Point Comfort refinery six months earlier than planned. Also, following Alcoa's announced curtailment of production at its North American smelters, additional alumina was available for sale into the spot market.

Alumina Limited's share of dividends received from AWAC for 2003 was higher at $284 million, compared with $281 million in 2002. Of these dividends, 94 per cent were fully franked. Fully franked dividends of 20 cents a share were declared for the year, up from 18 cents in 2002, representing a payout ratio of 97 per cent of profit.

PRODUCTION PERFORMANCE

AWAC increased alumina production in 2003 in response to improving alumina and aluminium markets. AWAC's total alumina production was 13.1 million tonnes, a 6.2 per cent increase from 2002.

Increased production was predominantly achieved by returning Point Comfort to full capacity in June and capacity creep at other refineries. Record alumina production was achieved at Pinjarra, Wagerup, São Luis, Suralco and Jamalco.

AWAC's aluminium production in Australia also increased by 1.7 per cent in 2003 to 384,000 tonnes, with record production at both Point Henry and Portland. The increase reflected a higher level of operating efficiency at the Victorian smelters.

* Alumina Limited accounts for its interest in the AWAC joint venture on an equity accounting basis.

COSTS AFFECTED BY WEAKER US DOLLAR

The total cost of alumina and aluminium production in 2003 in US dollar terms was higher than in 2002. This was due to the increase in the Australian dollar and the euro/US dollar exchange rates, higher production levels, higher oil and gas prices, higher raw material costs, and costs incurred to start up additional capacity at Point Comfort.

The AUD/USD exchange rate increased by 33 per cent from US$0.57 at 31 December 2002 to US$0.75 at 31 December 2003, and averaged US$0.65 for the year; 11 cents higher than for 2002. AWAC hedged approximately 46 per cent of its Australian dollar costs in 2003. AWAC has no currency hedging in place for 2004 onwards.

A consequence of the weaker US dollar is a charge to Alumina's profit of $25 million after tax for the revaluation of accounts receivable and payable in Alcoa of Australia. There was also a reduction in Alumina's tax expense in 2003 of $13 million following a change in Australian tax legislation. AWAC does maintain limited short term energy price hedging to reduce volatility in natural gas and fuel oil prices. It is AWAC's and Alumina's current practice not to hedge its aluminium and currency price risks.

One of the principal challenges for AWAC in 2004 is to improve operating performance to counteract higher energy prices, a weaker US dollar and reduced tonnages available for sale into the spot market.

DEBT AND CAPITAL EXPENDITURE

AWAC had cash of US$98 million and debt of US$123 million as at 31 December 2003.

Alumina Limited had cash of A$165 million at year end and borrowings were A$467 million (US$351 million) at 31 December 2003. The strengthening of the Australian dollar to US$0.75 from US$0.57 at the start of the 2003 year reduced the Australian dollar debt balance by A$147 million. Net interest costs for the year of $6 million were lower due to continuing low US interest rates. AWAC's capital expenditure of USD170.2 million in 2003 was equivalent to 100 per cent of depreciation compared with 72 per cent in 2002, with the increase due to the Jamalco expansion in 2003.

Sustaining capital expenditure in 2003 as a percentage of depreciation was 66 per cent, and assisted AWAC to continue to pay a high level of dividends.

A VERSATILE METAL

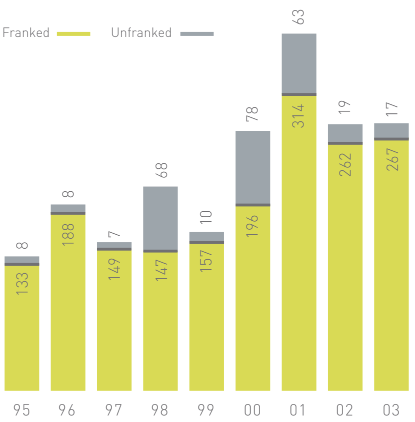
Aluminium is inherently versatile, highly valued for its light weight and non-corrosive properties, and for its strength and durability. The increasing variety of uses for aluminium in the manufacture of building, automotive, aeronautical, recreational and household products reflect its many qualities.

Aluminium is increasingly sought by the motor vehicle manufacturing industry. Its strength and light weight can reduce fuel consumption and therefore emissions. The widely acclaimed Audi A8 is constructed using an Aluminium Space Frame. The lighter weight also improves vehicle handling, while the metal's ability to absorb kinetic energy provides greater protection for vehicle occupants.

Aluminium is also widely used in the power industry. On a weight-for-weight basis it can carry twice as much power as copper, significantly reducing power loss and therefore improving energy conservation. The power industry now uses high-voltage aluminium cables to transport electrical power over long distances. Aluminium also forms the base of 95 per cent of electric light bulbs, of which some four billion are manufactured every year in the US alone.

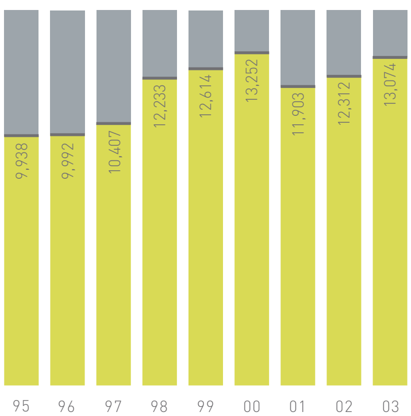
AWAC DIVIDENDS

A$Million



ALUMINA PRODUCTION

'000 TONNES



OTHER DEVELOPMENTS

Options previously issued to WMC Limited Group employees were exercised, which resulted in the issue of 13,071,920 shares for total consideration of $56 million.

MARKET REVIEW AND OUTLOOK*

Aluminium prices on the London Metal Exchange (LME) rose to a 31-month high of USD1,600 per tonne in December 2003 and averaged USD1,430 per tonne for the year, an increase of 6% over 2002. The higher aluminium prices reflected increased demand and a lower US dollar and confidence in global economic growth. LME inventories increased to 1.4 million tonnes at year end. The aluminium price improved in the second half of 2003, averaging US$1,473 per tonne. The price of alumina for long-term contracts also rose during 2003 due to higher aluminium prices and a tightening in the world-wide balance between supply and demand. Spot alumina prices rose significantly due to increasing demand, particularly in China, with spot prices at the end of 2003 more than double those of 2002.

Global demand for aluminium and therefore alumina continues to be strong. During 2003, the two largest markets for aluminium – China and the US – both increased aluminium consumption. China's economy recorded strong activity in the key areas of building, manufacturing and automotive manufacturing. The outlook is improving for those metal-consuming sectors which are key markets for aluminium.

CHINA – A GROWTH OPPORTUNITY

China is the world's second-largest aluminium consumer and its consumption will continue to dominate the outlook for global aluminium demand. Chinese consumption has grown from 5 per cent of the world total in 1990 to approximately 20 per cent today.

This strong growth in Chinese demand is still in its early stages as the Chinese economy begins to benefit from growth in domestic consumption and higher per capita income levels. Domestic growth is expected to remain the primary driver of China's aluminium consumption over the next one to two decades, and consumption requirements are forecast to be largely met by domestic aluminium production.

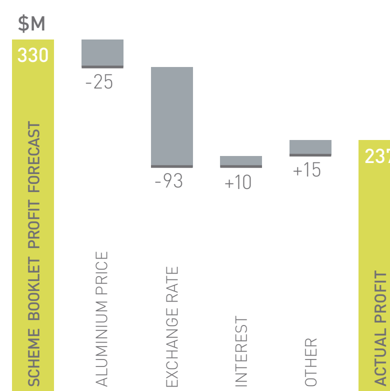
China's alumina supplies, however, are likely to be insufficient to meet growth in domestic aluminium production. Chinese alumina production and alumina imports are forecast to grow substantially in coming years. These developments in the Chinese market provide opportunities for alumina producers such as AWAC, with capacity to expand alumina production, to meet the shortfall in Chinese domestic alumina supply.

* These comments represent the views of Alumina Limited only.

PORTLAND, VICTORIA.

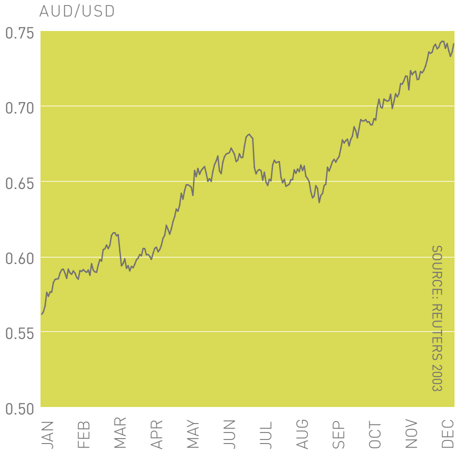
ALUMINA LIMITED SCHEME BOOKLET 2003 FORECAST	PRO FORMA FORECAST 2003	ACTUAL 2003
Net profit attributable to members of Alumina Limited $M	330.5	236.9
Alumina Limited's dividends received from AWAC $M	375.9	284.2
Net cash flow after tax and before financing activities $M	348.2	268.2
AWAC (100% basis)		
Profit after tax (USDmillion)	557.4	445.8
Alumina production ('000 tonnes)	12,930	13,074
Aluminium production ('000 tonnes)	382	384
Market assumptions		
LME aluminium (USD/lb)	0.67	0.65
USD/AUD exchange rate	0.58	0.65

SENSITIVITIES (TO 2003 NET PROFIT AFTER TAX)	$M
Price (US$0.03/lb)	35.6
Exchange Rate (each 2 cents)	25.6

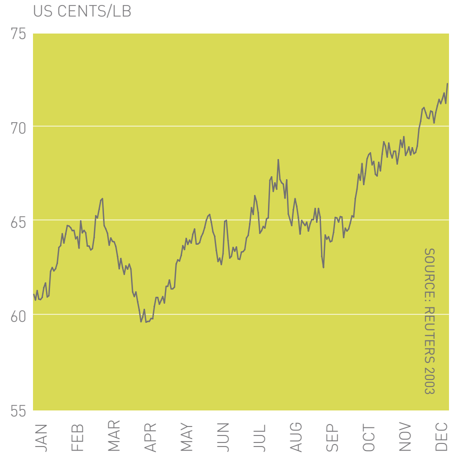


After adjusting for the sensitivity to changes in the aluminium price, AUD/USD exchange rate and interest rates the 2003 profit was close to the Scheme Booklet forecast.

EXCHANGE RATE
AUD/USD



ALUMINIUM PRICE
US CENTS/LB



AWAC Operations

AWAC – AN INTEGRATED GLOBAL NETWORK

In 2003, AWAC's global refinery network produced:

- 13.1 million tonnes of alumina (6% increase from 2002)
- 384,000 tonnes of aluminium (1.7% increase from 2002)

AWAC'S GLOBAL INTERESTS

	USA	
1	Point Comfort	R
	Jamaica	
2	Clarendon	B R
	Brazil	
3	São Luis	R
4	Trombetas	B
	Spain	
5	San Ciprian	R
	Suriname	
6	Paranam	R
7	Moengo	B
8	Accaribo	B
	Australia	
9	Kwinana	R
10	Huntly	B
11	Pinjarra	R
12	Willowdale	B
13	Wagerup	R
14	Portland	S
15	Point Henry	S
	Guinea	
16	Sangaradi	B

B AWAC Bauxite Mines
R AWAC Alumina Refineries
S AWAC Aluminium Smelters

SECTION 03

AWAC's global operations are an integrated network of bauxite mines, alumina refineries and two aluminium smelters. AWAC refineries are among the most cost efficient in the world.

ENVIRONMENT, HEALTH AND SAFETY

AWAC's policy is to conduct its world-wide operations in a safe and responsible manner that respects the environment and the health of employees, customers and the communities in which it operates.

Striving for an injury-free workplace

AWAC's goal is to achieve an injury-free workplace. The relentless pursuit of continuous improvement in environment, health and safety (EHS) systems and processes to achieve an EHS incident-free workplace has resulted in a continuing reduction of lost work days due to injury. In 2003, AWAC's Western Australian mining operations received the Australian minerals industry's highest accolade for safety and health excellence – the 2003 MINEX Award.

Protecting the environment

AWAC has been recognised for its efforts in ensuring the environment is protected now, and for future generations. Within the Australian operations several projects have resulted in significant environmental achievements.

In 2003, Alcoa of Australia was the recipient of the prestigious Society of Ecological Restoration (SERI) Model Project Award – the SERI Award for Outstanding Contribution to the Field of Ecological Restoration. The award recognised the effort in returning the plant species richness of jarrah forest in rehabilitated bauxite mines in Western Australia to a level equal to that of the surrounding native forest.

AWAC is committed to implementing best practice technologies to reduce greenhouse gas (GHG) emissions and improving energy efficiency at all operations. AWAC has achieved reductions in the internal tonnes of GHG per unit of production. Since 1990 the AWAC Victorian smelters have reduced direct GHG emissions by 57%.

Sustainability

AWAC operations constantly strive to meet high standards of technical excellence and cost reduction targets, but also to exceed corporate and community expectations relating to environment, health and safety. We have set out just a few examples of AWAC's activities and achievements in these areas. For more detailed information, refer to Alcoa of Australia's website and Alcoa's 2002 Sustainability Report: www.alcoa.com/australia/en/news/releases/20030819_Sustainability_Report.asp

2003 OPERATIONAL PERFORMANCE

Australian operations

Alumina production by AWAC's three Australian refineries was slightly higher in 2003 than in the previous year. Pinjarra and Wagerup achieved record production levels. Total Australian alumina production was 7.9 million tonnes.

The Point Henry and Portland aluminium smelters achieved another record production result in 2003, producing 189,000 and 356,000 tonnes respectively.

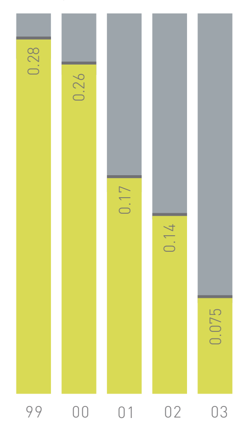
Atlantic operations

Alumina production at the Suralco (Suriname), Jamalco (Jamaica) and São Luis (Brazil) refineries were at record levels.

In response to increased alumina demand, the Point Comfort refinery restarted additional alumina refining capacity in the second quarter of 2003. Point Comfort production was affected by a hurricane and power outage. San Ciprian production was slightly less than the previous year. Total Atlantic alumina production was 5.2 million tonnes.

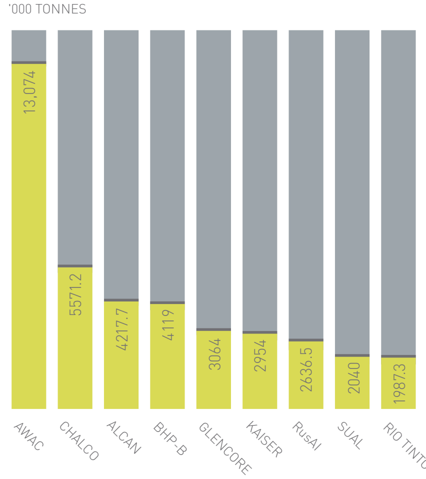
LOST WORK DAYS

PER 200,000 WORK HOURS



LEADING ALUMINA PRODUCERS IN 2003

'000 TONNES



SOURCE: BROOK HUNT 2003

Strategies for Growth

SECTION 04

Aluminium is one of the world's most used metals. Consumption of aluminium translates to demand for alumina – the raw material required to produce aluminium.

ALUMINA LIMITED'S CORPORATE STRATEGY

During 2003, the board conducted a review of Alumina Limited's strategic options and concluded that our strategy should be to participate in bauxite mining, alumina refining and selected aluminium smelting operations world-wide through our 40% participation in the AWAC partnership.

The global alumina industry offers attractive returns with substantial long-term growth potential. Our holding in AWAC allows us to leverage this market-leading position and provides us with ownership in a business with strong returns and growth opportunities.

We believe AWAC offers the greatest potential to satisfy our objectives of providing long-term capital growth and substantial dividends to shareholders. Our strategic participation within the AWAC joint venture is intended to provide the following outcomes:

STRATEGY	OUTCOMES
Improve AWAC's market leadership through operational excellence and incremental capacity creep	• Productivity improvement to ensure that a competitive cash operating cost position is sustained. • Leverage AWAC technology, investment capital and operational know-how for capacity creep. • Continuously meet customer expectations.
Generate profitable growth from planned and sustainable AWAC expansion	• Principally low-risk brownfields expansion of existing alumina and bauxite capacity, • Maintain AWAC's share of the world alumina market.
Return substantial dividends to shareholders	• 100 per cent of Alcoa of Australia's fully franked dividends to be distributed, to the extent practicable. • Capital management – investing in high-return opportunities in AWAC, using surplus capital to reduce debt or return to shareholders.

AWAC'S LOW-RISK, LOW-COST STRATEGY FOR GROWTH

The AWAC operations have a history of strong profitability and growth, delivered through a consistent and successful business strategy as the world's leading alumina producer. AWAC's growth strategy is principally focused on delivering low-risk growth from existing operations in its low-cost alumina refineries, to meet market demand and further reduce AWAC's operating costs.

Growth can be generated by 'brownfields' expansion, which is achieved through expansions to existing operations. It can also be generated by 'capacity creep', which results from continuous refinements and enhancements to the efficiency of existing operations.

BROWNFIELDS EXPANSION

AWAC has the capacity to further increase alumina production through brownfields expansion, with the flexibility to choose from a number of locations within its network of refineries. Those include attractive expansion opportunities at AWAC's wholly owned Wagerup and Pinjarra refineries and also at AWAC's partly owned refineries at São Luis, Suriname and Jamaica. Brownfield expansions carry lower risk due to the use of proven AWAC technology, and leverage existing refinery infrastructure to achieve additional production efficiency and capacity growth. These expansions are relatively low-cost when compared with new start-up (greenfield) projects.

In 2003, AWAC announced or completed three brownfield expansions.

Pinjarra refinery

At the Pinjarra refinery in Western Australia – AWAC's leading edge and most cost-competitive refinery, a 600,000 tonne efficiency upgrade is scheduled to come on line in late 2005. The upgrade, requiring capital expenditure of A$440 million, will lift Pinjarra's annual production capacity to more than 4.2 million tonnes per year, making it the world's largest alumina refinery. The upgrade will provide a highly cost-effective increase in production capacity, and will result in improved refinery efficiency, lower energy costs, better use of natural resources and a reduction in the intensity of greenhouse gas emissions.


JAMALCO ALUMINA REFINERY

Jamalco refinery (50% owned)

A 25 per cent production expansion at the Jamalco refinery in Jamaica was completed ahead of schedule in November 2003, demonstrating AWAC's ability to improve production processes and efficiency, reduce wastage and improve returns. The 250,000 tonne per year expansion, together with removal of the bauxite levy, will reduce Jamalco's cash operating costs by more than 30 per cent and reposition Jamalco operations into the second cost quartile. The improvement in operating costs makes further expansion of this refinery a potentially attractive future growth project.

Suralco refinery (55% owned)

The Suralco refinery is located at Paranam in Suriname, South America. An expansion commenced in late 2003 will increase production levels by 250,000 tonnes per year to 2.2 million tonnes per year. The expansion is scheduled for completion by July 2005. This investment will lower overall operating costs at this already low-cost refinery.

FURTHER AVENUES FOR GROWTH

Alcoa and Alumina Limited are also developing the basis of AWAC's potential participation in the Alcoa Pingguo joint venture with Chalco, pending a successful negotiation between Alcoa and Chalco for this project.

A memorandum of understanding was signed in January 2003 between AWAC and BHP Billiton relating to the investigation of bauxite mining and alumina refining opportunities in western Suriname.

POTENTIAL INVESTMENT IN BAHRAIN

A potential growth opportunity was announced in September 2003, when Alcoa signed a memorandum of understanding (MOU) with the Government of the Kingdom of Bahrain. The MOU relates to the potential acquisition of an equity stake of up to 26 per cent in Alba – a Bahrain company that owns and operates an aluminium smelter with a capacity of 512,000 tonnes per year. Alcoa and Alumina Limited are evaluating whether AWAC should participate in the acquisition of the equity stake in Alba.

The investment is an opportunity for AWAC to secure increased sales of alumina to one of the world's largest and lowest cost aluminium producers. This opportunity aligns with Alumina Limited's strategy to pursue profitable growth focused on attractive investment opportunities in refining and smelting, through our participation in the AWAC partnership.

A capacity expansion currently in progress at the Alba smelter will soon increase the smelter's capacity to more than 819,000 tonnes per year. AWAC is the major supplier of alumina to the smelter having supplied the smelter for over 30 years. The potential equity stake in the operation provides for AWAC to continue to supply alumina to the expanded smelter. The MOU also incorporates a potential further expansion of the smelter to more than 1 million tonnes per year.

A STRATEGIC PARTNERSHIP

Successful partnerships work together for a common goal. AWAC's strength is our shared commitment with Alcoa to achieve the best possible performance from the business, and to maximise the growth and returns on shareholders' investment.

AWAC Strategic Council

The AWAC Strategic Council is a five-member body responsible for:

- the strategy for AWAC
- the development, acquisition and disposal of assets
- funding and dividend policy
- capital and operating budgets of AWAC companies.

The number of representatives on the council is proportional to each partner's interest in AWAC; Alumina Limited 40 per cent, and Alcoa 60 per cent. Alumina Limited is represented on the Strategic Council by John Marlay (Deputy Chairman of the Strategic Council) and Bob Davies, who replaced Donald Morley in 2003.

Alumina Limited representation in AWAC

Alumina Limited has proportional representation on the Board of Directors of Alcoa of Australia and AWA LLC, the holding company for Atlantic operations.

ALUMINA - STRATEGIC PARTNER

STRATEGIC COUNCIL (Alcoa and Alumina)
Strategy • Investments • Dividends

ALCOA OF AUSTRALIA
ALCOA WORLD ALUMINA LLC
(Alcoa and Alumina)
Governance • Performance

AWAC MANAGEMENT (Alcoa)
Marketing • Operations

ALCOA BUSINESS SYSTEM (ABS)

The proposed Pinjarra efficiency upgrade will result in improved refinery efficiency, lower energy costs, better use of natural resources and a reduction in the intensity of greenhouse gas emissions.

Corporate Governance

05 SECTION

Our experienced board members and senior management team are committed to responsible financial and management practices to protect and advance shareholders' interests.

Alumina Limited is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices. At a minimum we will ensure that all regulatory requirements are met and ethical standards maintained. During 2003, the Alumina Limited Board of Directors reviewed, and in some instances revised, our corporate governance policies and procedures. Alumina Limited adheres to the substantive and procedural recommendations of the Australian Stock Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles).

Our website (www.aluminalimited.com) provides comprehensive corporate governance information, including a discussion of the new NYSE corporate governance standards.

ROLE OF THE ALUMINA LIMITED BOARD OF DIRECTORS

The Alumina Limited Board of Directors (the board) is ultimately responsible for the overall management of Alumina Limited and for formulating and establishing its strategic goals. Its aim is to create and deliver shareholder value by maximising the performance of our interest in the Alcoa World Alumina and Chemicals (AWAC) business.

The primary role of the board is to:

- appoint the Chief Executive Officer, and monitor performance of the Chief Executive Officer and senior executives
- monitor and optimise business performance
- formulate and establish the strategic direction of the company and monitor its execution
- protect the interests of shareholders
- approve external financial reporting by Alumina Limited.

The Board Charter defines the role of the board, its duties and specific responsibilities, responsibilities of the Chairman, the delegation of authorities to board committees and the relationship with management.

A copy of the Board Charter is available on our website.

BOARD COMPOSITION

The Alumina Limited board has five directors; four non-executive directors including the Chairman, and one executive director.

Details of each director's skills and experience are set out on page 27 of this report.

Directors are subject to re-election by rotation at annual general meetings as stipulated in the Corporations Act. The board has agreed that non-executive directors shall retire after nine years of continuous service, unless otherwise requested to continue by the board.

DIRECTOR INDEPENDENCE

The board assesses director independence on an annual basis, or more often, if it feels it is warranted, depending on disclosures made by individual directors.

The board has concluded that all non-executive directors are independent. In reaching that conclusion the directors considered the following:

- Mr Morley's previous executive position with WMC Limited does not result in him taking into account any interests other than those of the company in acting as Director and Chairman.
- Mr Hay is a partner of the legal firm Freehills, a provider of services to the company. The board reviewed the company's past association, current relationship and potential future involvement with Freehills and concluded that the relationship does not affect Mr Hay's independence. There are no relationships relevant to independence other than noted for Mr Hay and as yet we have not established materiality thresholds.
- Mr Rayner and Mr McNeilly do not have any previous association with the company or any other relationships that are relevant to independence issues.

For further information on director independence, please refer to our website.

CHIEF EXECUTIVE OFFICER

Alumina's most senior employee, the Chief Executive Officer, is selected by the board and is subject to annual performance reviews by the non-executive directors. The Chief Executive Officer recommends policy, strategic direction and business plans for board approval and is responsible for managing the company's day-to-day operations.

BOARD MEETINGS

The full board meets on a monthly basis and meetings of non-executive directors are also conducted at regular intervals without the presence of executives. Ad hoc board and committee meetings may be convened occasionally to consider appropriate matters.

In addition the board conducts visits to operational sites to gain first-hand knowledge. Directors' attendance at board and committee meetings is detailed on page 29 of this report.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of four non-executive directors and meets regularly during the year. Its role is to assist the board in fulfilling its responsibilities for Alumina Limited's accounts, external reporting and internal controls. This is achieved by ensuring that appropriate processes are in place to support the board in fulfilling these responsibilities in relation to Alumina Limited's:

- reporting of financial information to users of financial reports
- application of accounting policies
- financial management
- internal financial control systems.

It is also the responsibility of the Audit Committee to appoint the External Auditor, to agree the scope and monitor the progress of the internal and external audit plans, review the assessment of business risk across the Group to see that there is appropriate coverage in the internal audit plans and to review other issues as requested by the board or the Chief Executive Officer.

Compensation Committee

The Compensation Committee consists of four non-executive directors, and meets at least two times a year. The role of the committee is to oversee Alumina Limited's remuneration and compensation plans, policies and practices on behalf of the board and shareholders to ensure that:

- shareholder interests and employee interests are aligned
- Alumina Limited is able to attract, develop and retain employees of superior talent
- the integrity of Alumina Limited's reward program is maintained.

Nomination Committee

The Nomination Committee consists of four non-executive directors, and meets as necessary. The committee's objective is to assist the board in fulfilling its responsibilities to shareholders relating to:

- identifying the necessary and desirable competencies of board members
- assessing the extent to which the competencies are represented on the board
- the selection and appointment process for directors.

In endeavouring to ensure that the board has an appropriate mix of skills and experience, the committee will consider directors who have a demonstrated record of high levels of integrity and performance and enhancing shareholder returns, and who can apply those skills and experience to the benefit of the company.

Charters for each of the board committees' are available for review on our website (www.aluminalimited.com) or can be obtained from us on request.

BOARD PERFORMANCE EVALUATION

The directors recognise the merit of annually evaluating both the collective performance of the board and that of individual members. A process of performance evaluation of the board and individual directors was implemented in 2003. That performance evaluation was conducted in accordance with Alumina's established process for performance evaluation, details of which are included on our website.

DIRECTORS' ACCESS TO INDEPENDENT ADVICE

The board collectively, and each director individually, has the right to seek independent professional advice to enable them to fulfil their responsibilities. Where the directors intend to exercise their right to obtain independent advice, Alumina Limited will meet the expense, providing prior approval by the Chairman or the Board to obtain such advice has been given.

CODE OF CONDUCT

The Alumina Code of Conduct sets parameters for ethical behaviour and business practices for directors, employees and contractors. The board has adopted a new Code of Conduct in 2003. The board is also available to any employee for guidance on ethical issues. Alumina Limited's values and Code of Conduct are available on our website.

SHARE TRADING

Alumina Limited has established a policy on the trading of its shares by its directors and employees. A copy of the policy is on our website. Directors and employees are prohibited from engaging in short-term trading of any Alumina Limited securities, or buying or selling Alumina Limited shares, if they possess unpublished price-sensitive information. In addition, directors and senior management must not buy or sell Alumina Limited shares in the period between the end of the half or full financial year and the release of the results for the relevant period. Directors and senior management must also receive approval from the Chairman, Chief Executive Officer or Company Secretary before buying or selling company shares.

DISCLOSURE

Alumina Limited has in place comprehensive policies and procedures for the purposes of compliance with our continuous and periodic disclosure obligations under the Corporations Act and the ASX Listing Rules, including a Continuous Disclosure Policy. A copy of the policy is available on our website. The Company Secretary has primary responsibility for meeting stock exchange disclosure requirements.

CONFLICTS OF INTEREST

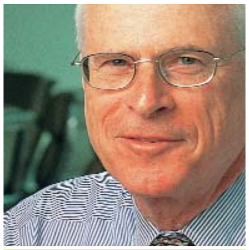
Alumina Limited's directors are required to disclose to the board details of transactions that may create a conflict of interest.

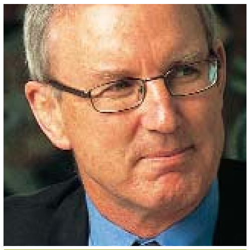
AUDITORS

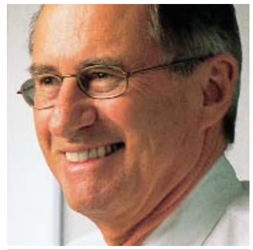
Alumina Limited and PricewaterhouseCoopers have adopted the following policy in relation to any work undertaken by the external auditors, PricewaterhouseCoopers, that does not directly relate to auditing:

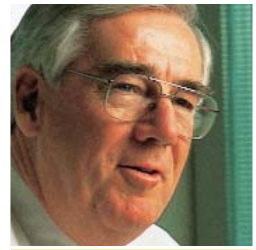
- PricewaterhouseCoopers services which have fees of up to $100,000 require the prior approval of the Audit Committee Chairman. Such approval includes the scope of the services and the approximate amount of fees and shall be reported to the next Audit Committee meeting
- For PricewaterhouseCoopers services of more than $100,000 and less than $250,000, the provision of such services requires the prior approval of the Audit Committee
- For PricewaterhouseCoopers services of more than $250,000, the proposed services are to be put to competitive tender with the requirement for Chief Financial Officer, Chief Executive Officer and Audit Committee Chairman's approval of the inclusion of PricewaterhouseCoopers in the tender list. The provision of such services also requires the prior approval of the Audit Committee.

During 2003, we paid PricewaterhouseCoopers $609,000 to audit the parent entity and controlled entities, and $205,000 for other services, primarily for work on taxation issues. The PricewaterhouseCoopers partner responsible for Alumina Limited's audit has recently been rotated and there will be periodic rotation of the audit partner.


DON MORLEY


PETER HAY


RONALD McNEILLY


MARK RAYNER


JOHN MARLAY

MANAGING BUSINESS RISK

During 2003 our Risk Management Policy was revised. This policy sets out our policies and procedures for covering risks such as those relating to markets, credit, price, operations, safety, health, environment, financial reporting and internal control. The Risk Management Policy has been adopted by the board and is reviewed annually.

Alumina Limited is exposed to risks, both indirectly through its investment in AWAC, and directly as a separately listed public company.

Alcoa is the manager of the AWAC venture and has direct responsibility for managing the risks associated with the AWAC business. Alumina Limited is subject to those risks and Alcoa utilises its policies and management systems to identify, manage and mitigate those risks. Alumina Limited reviews the management and mitigation of AWAC risks through its participation on the AWAC Strategic Council and the boards of the key operating entities within AWAC.

Alumina Limited uses appropriate internal controls and formulation of, and adherence to, risk management policies appropriate for its risks as an independent corporate entity.

Alumina's most significant risks are to the AUD/USD exchange rate and the aluminium price.

EXCHANGE RATE AND ALUMINIUM PRICE RISK

Alumina Limited's current financial position is strong and debt levels are modest. AWAC's operations are low-cost and long life, generating substantial positive net cash flow. AWAC's revenues are underpinned by medium and long-term sales contracts with high quality industry participants with whom AWAC has long-standing relationships.

Given this strong underlying business position, shareholders' interests are best served by Alumina Limited and AWAC remaining exposed to aluminium price and exchange rate risk and not seeking to manage that risk through the use of derivative instruments.

When managing interest rate risk, Alumina Limited seeks to reduce the overall cost of funds. A preference for floating rate exposure will be sought in light of the cash-generating capacity of AWAC and the continued strength of Alumina Limited's financial position.

POLITICAL DONATIONS

Alumina Limited does not make donations to political parties.

ALUMINA LIMITED BOARD OF DIRECTORS

Alumina Limited directors in office as at 31 December 2003 were:

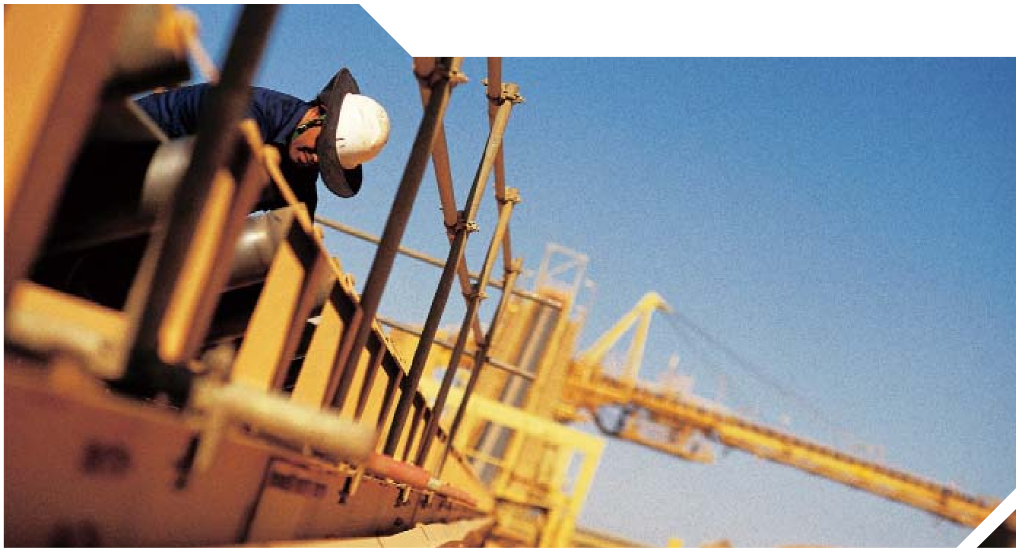
DON MORLEY AGE 63
BSc MBA FAusIMM **Chair**
Elected to take office as non-executive director and appointed Chairman of Alumina Limited on 11 December 2002. He is a member of the Audit Committee, Compensation Committee and Nomination Committee. Mr Morley was the Director of Finance of WMC Limited until April 2001. He retired from his executive duties with WMC in October 2002. Mr Morley is a director of Iluka Resources Ltd.

PETER A F HAY AGE 53
LLB **Director**
Elected to take office as non-executive director of Alumina Limited on 11 December 2002. Chief Executive Officer and member of the board, and former National Executive Chairman, of the national law firm Freehills; Director of Pacifica Group Limited; and former Chairman of the Board of Freehill Hollingdale & Page, Melbourne. Mr Hay is a member of the Audit Committee, Compensation Committee and the Nomination Committee.

RONALD J McNEILLY AGE 60
BCom MBA, FCPA, FAICD **Director**
Elected to take office as non-executive director of Alumina Limited on 11 December 2002. Deputy Chairman BlueScope Steel Limited; Director of Ausmelt Limited and Chairman; Director of GH Michell Holdings Pty Ltd; Deputy Chairman of Worley Limited; Chairman of Melbourne Business School Limited; Past Director of BHP Billiton Limited, QCT Resources Limited and Tubemakers of Australia Limited. Executive Director Global Markets BHP Billiton Limited from 2001 to 2002; Executive Director and President of BHP Minerals from 1999 to 2001; Mr McNeilly is a member of the Audit Committee and Chair of the Compensation and Nomination Committees.

MARK R RAYNER AGE 66
BSc (Hons) ChemEng FTSE FAusIMM FIEA FAICD **Director**
Elected to take office as non-executive director of Alumina Limited on 11 December 2002. Director and CEO Comalco Ltd 1978-89, Deputy Chairman 1989-97, Executive Director CRA Limited 1989-95. Director of Boral Ltd since February 1996. Mr Rayner is a member of the Nomination Committee and Compensation Committee and Chair of the Audit Committee.

JOHN MARLAY AGE 55
BSc GAICD **Chief Executive Officer**
Elected as executive director and Chief Executive Officer on 11 December 2002. Joined WMC in August 2002, following role as Head of Strategy for RMC Group PLC in London. Mr Marlay was previously Executive General Manager Business Integration, Hanson PLC from 2000 to 2001. He has held senior management roles with Pioneer International Ltd, James Hardie Industries Limited and Esso Australia Ltd.



FOCUSED MANAGEMENT

Alumina Limited's management team is a small group with a practical focus on maximising returns and growth from the AWAC business, and providing our shareholders with consistent returns.

The Alumina Limited executive management team comprises:

JOHN MARLAY BSc GAICD
Chief Executive Officer
As Chief Executive Officer, John Marlay has responsibility for the overall ongoing management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the board.

ROBERT DAVIES CMA, Canadian designation
Chief Financial Officer
As Chief Financial Officer, Robert Davies is responsible for finance, accounting, treasury, investor relations and tax.

STEPHEN FOSTER BCom LLB(Hons) GdipAppFin (Sec Inst) Grad.Dip. CSP
General Counsel & Company Secretary
Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources.

REMUNERATION

Non-executive director fees

Total remuneration for non-executive directors is determined by resolution of shareholders. The maximum aggregate remuneration approved for directors is currently $950,000. During 2003, $512,283 was paid.

Directors' remuneration details are set out on page 30.

Non-executive director retirement benefits

Non-executive directors receive a superannuation guarantee contribution required by government regulation which is currently 9 per cent of their fees, and do not receive any other retirement benefits.

Non-executive director share acquisitions

During 2003 a share plan was approved and introduced for the non-executive directors. The plan requires the directors to allocate a minimum of 10 per cent of fees to acquiring shares in the Company. There are no discounts provided to directors for the acquisition of shares under the Plan. The directors can determine their level of participation in the plan above the minimum. The plan further aligns the directors' interests with those of shareholders. The Company's policy is that directors must hold shares in the Company having a value approximately equal to their annual fees by the expiry of their first term as a director.

Executive director and senior executive remuneration

Alumina Limited executives receive competitive remuneration packages which include a fixed annual salary inclusive of superannuation benefits, a variable short-term incentive which is performance related, and an annual long-term incentive taking the form of participation in the Alumina Employee Share Plan, which only vests if longer term shareholder returns exceed the median of peer indices. The cost and value of overall remuneration components are considered as a whole and are designed to ensure an appropriate balance between fixed and variable performance-related components.

The Compensation Committee reviews executive remuneration packages and other employment terms annually. This review is based on performance against specific business goals set at the start of the year, relevant market information and independent expert advice.

In February 2003, the Alumina Employee Share Plan was introduced. The plan provides reward for employees based on Alumina Limited's total shareholder return (TSR) against two peer indices. Actual rewards are determined and vest progressively based on the performance of Alumina Limited exceeding the performance of a percentage of companies in an index on a total shareholder return basis. Shares will only vest if the TSR exceeds the fiftieth percentile of the index and are fully vested above the seventy-fifth percentile. All rewards for employees through this plan are directed to purchasing Alumina Limited shares. Executive officers are required to hold shares equivalent in value to 0.5 times their salary. These shares may only be released to executives once the multiple is exceeded and then only those shares over the multiple. The total gross cost (pre tax) of the share plan awards to employees in 2003 was $385,373.

Alumina Limited's short-term variable remuneration is subject to the approval of the Compensation Committee and is based on the achievement of key performance indicators (KPIs) applicable to the individual and the total shareholder return generated for the year. KPIs applicable to the individual relate to performance against individual objectives. In 2003 only, a proportion of short-term variable remuneration was also linked to strategic objectives with regard to the successful establishment of Alumina Limited post demerger.

Chief Executive Officer contract arrangement

Mr John Marlay was appointed Chief Executive Officer of Alumina Limited on 11 December 2002. His contract is for three years on a fixed annual salary of $700,000 in 2003, with an annual performance-based short-term incentive and a performance-based award of Alumina Limited shares under the long-term incentive. Both of these performance-based benefits, which have a combined maximum payout of 100 per cent of fixed annual reward, are assessed against individual objectives and company performance and are subject to review and board approval. Under the terms of his contract, certain relocation costs were also payable to him.

Mr Marlay's employment contract provides for an initial three-year term, expiring in August 2005. Under the terms of that contract, he is required to provide six months notice to Alumina Limited to terminate his employment. Alumina Limited is required to give 12 months notice of termination, or payment in lieu of notice, or of a period equivalent to the remaining period of his initial term, whichever is the greater.

ALUMINA LIMITED DIRECTORS' ATTENDANCE AT MEETINGS JANUARY TO DECEMBER 2003

	Board Meeting		Board Committee Meetings		Audit Committee Meetings		Compensation Committee Meetings		Nomination Committee Meetings	
Directors	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
P A F Hay	12	12			7	7	7	7	1	1
J Marlay	12	12	3	3	-	-	-	-	-	-
R J McNeilly	12	12			7	7	7	7	1	1
D M Morley	12	12			7	6	7	7	1	1
M R Rayner	12	11	1	1	7	6	7	7	1	1
R D J Davies*	-	-	2	2	-	-	-	-	-	-

* MR DAVIES IS AN ALTERNATE DIRECTOR FOR MR RAYNER

DIRECTORS INTERESTS AT 31 DECEMBER 2003, DIRECTORS' INTERESTS IN COMPANY SHARES WERE:

Director			D M Morley		P A F Hay		M R Rayner		J Marlay		R J McNeilly		R D J Davies*	
			2003	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Fully paid shares			310,492	310,492	2,200	1,200	20,000	10,000	40,000	0	20,000	0	31,938	16,938
Employee share plan									**44,500**				**58,824**	
Options issued	**Issue price**	**Expiry date**												
1999	$4.52	20-Dec-04	150,000	150,000									-	20,000
2000	$4.04	18-Dec-05	120,000	120,000									-	32,000
2001	$5.02	30-Nov-06											50,000	50,000
Total options issued			270,000	270,000									50,000	102,000

* MR DAVIES IS AN ALTERNATE DIRECTOR FOR MR RAYNER

REMUNERATION INFORMATION EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES REMUNERATION
ACCRUED AND PAYABLE FOR YEAR ENDED 31 DECEMBER 2003

	Fixed Remuneration[1] $	Other Compensation[2] $	Total Remuneration $
Current executive directors			
John Marlay, Chief Executive Officer	700,000	594,701	1,294,701
Current senior executives			
Robert Davies, Chief Financial Officer	360,000	288,137	648,137
Stephen Foster, General Counsel and Company Secretary	260,000	209,123	469,123

1 Includes Company's contribution to superannuation. All employees of Alumina Limited are members of an accumulation category plan which offers a minimum company contribution (subject to certain cashing out options and legislation) of 9 per cent of basic salary to each member's account.
2 Other Compensation includes incentives, relocation allowances, parking, health management and executive indemnity insurance.

NON-EXECUTIVE DIRECTORS REMUNERATION ACCRUED AND PAYABLE FOR THE YEAR ENDED 31 DECEMBER 2003

Current non-executive directors	Director's Fee[1] $	Other [2] $	Total $	Stock Appreciation Plan [3]
Don Morley	212,500	19,802	**232,302**	387,263
Peter Hay	85,000	8,327	**93,327**	
Ronald McNeilly	85,000	8,327	**93,327**	
Mark Rayner	85,000	8,327	**93,327**	

1 Includes director's fees
2 Includes superannuation and executive indemnity insurance
3 In May 2002, Mr Morley received an allocation of 250,000 units under WMC Limited's Stock Appreciation Plan ('SAP') that expires on 31 October 2004. The allotment had a notional price of $9.35 per share, equal to the weighted average sale price of WMC Limited shares on the ASX on the trading day that the invitation to apply for the SAPs was made. On demerger, Mr Morley's WMC Limited SAPs converted into units of Alumina SAPs and WMC Resources SAPs at the proportionate market value of each company share value on demerger, resulting in a notional price of $5.02 for the Alumina SAPs. Upon redemption of an Alumina SAP before its expiry, Mr Morley is entitled to a payment equal to the difference between the closing price of Alumina shares on the ASX on the trading day immediately before the redemption, and the notional allotment price of the Alumina SAP. Based on Alumina's closing share price on 31 December 2003 of $6.57, Alumina has provided $387,263 for Mr Morley's SAP for the year ended 31 December 2003.

WILLOWDALE, WESTERN AUSTRALIA.

SHAREHOLDERS

Alumina Limited has more than 93,000 shareholders, with the 20 largest holding 53 per cent of the approximately 1.16 billion shares on issue. Some 94.6 per cent of these shareholders have registered addresses in Australia. A more detailed analysis of our shareholders is available in the full financial report, available on request or on our website. Our shares are listed on the Australian and New York stock exchanges.

SHAREHOLDER COMMUNICATION

At Alumina Limited we place considerable importance on timely and effective communication with our shareholders and the market.

We use internet-based information systems to improve communication with our shareholders and the investment community. Examples include posting company announcements on our website (usually within one hour of lodgement with the Australian Stock Exchange), and webcasting our financial presentations and briefings. Shareholders may elect to receive company reports by mail or e-mail.

DIVIDENDS

The board determines dividends paid to shareholders based on performance and current business conditions. Our intention is, to the extent practicable, to distribute to shareholders all fully franked dividends received by Alumina Limited from AWAC.

SHARE ENQUIRIES

Investors seeking information about their Alumina Limited shareholding or dividends should contact:

Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne,
Victoria 3001, Australia

Telephone: 1300 556 050
(for callers within Australia)

+61 (0) 3 9415 4027 (for international callers)

Facsimile: (03) 9473 2500
(for callers within Australia)

+61 (0) 3 9473 2500 (for international callers)

E-mail: web.queries@computershare.com.au

Please note, when seeking information shareholders will be required to provide their Shareholder Reference Number or Holder Identification Number, which is recorded on their shareholding statements.

AMERICAN DEPOSITARY RECEIPTS

Alumina Limited shares are traded on the New York Stock Exchange as American Depositary Receipts (ADRs). This facility enables American investors to conveniently hold and trade Alumina Limited securities. Each ADR represents four Alumina Limited shares. Investors seeking information on our ADRs should contact our depositary, the Bank of New York:
Telephone: +1 (610) 312 5315
(for non-US callers)
1-888-BNY-ADRS (US callers only)
Website: www.adrbny.com
E-mail: shareowners@bankofny.com

ANNUAL GENERAL MEETING

The Annual General Meeting of Alumina Limited will be held on Wednesday 21 April 2004 commencing at 10.30 am (AEST), Auditorium, Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Melbourne.

ALUMINA LIMITED AND CONTROLLED ENTITIES

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The Directors present their report for the financial year ended 31 December 2003 on the consolidated entity consisting of Alumina Limited ('the company') and the entities it controlled during or at the end of the financial year (the 'Group').

Directors

a The names of each person holding the position of director of the company during the financial year are:

D M Morley	(Chairman)
J Marlay	(Chief Executive Officer)
P A F Hay	
R J McNeilly	
M R Rayner	(Alternate R D J Davies)

b Particulars of the qualifications, experience and special responsibilities of each director are set out on page 27.

c Particulars of the numbers of meetings of the company's directors (including meetings of committees of directors) and the number of meetings attended by each director, are detailed on page 29.

d Particulars of shares held by the directors of the company in the company or in any related body corporate as at the date of this report are set out on page 29.

Remuneration of directors and executives

e The policy and basis for the remuneration of directors and senior executives is set by the board's compensation committee. Refer to Section 5 Corporate Governance on page 28.

Insurance of officers

f During or since the end of the financial year, the Group has paid the premiums in respect of a contract to insure directors and officers of the group against liabilities incurred in the performance of their duties on behalf of the Group.

The officers of the Group covered by the insurance policy include any natural person acting in the course of duties for the Group who is or was a director, secretary or executive officer as well as senior and executive staff. The company is prohibited, under the terms of the insurance contract, from disclosing details of the nature of liability insured against and the amount of the premium.

Dividends

g Details of the dividends paid during the financial year are referred to in Note 5.

Principal activities

h The principal activities of the group relate to its 40% interest in the series of operating entities forming Alcoa World Alumina and Chemicals ('AWAC'). AWAC has interests in bauxite mining, alumina refining, aluminium smelting and alumina-based chemicals.

Review of operations and results

i The financial results for Alumina Limited include the 12 months results of AWAC and associated corporate activities.

j The Group's net profit attributable to members of Alumina Limited was $236.9 million (2002: $174.5 million). The Group's net profit attributable to members of Alumina Limited from continuing operations (AWAC and associated corporate activities) was $236.9 million (2002: $209.7 million).

For further information on the operations of the Group during the financial year and the results of these operations, refer to Section 2 on page 13 and Section 3 on page 19.

Significant changes in the state of affairs

k In December 2003, Alumina Limited increased its interest in Alcoa of Australia purchasing an additional 0.75% interest by issuing 18,372,881 shares in Alumina. The acquisition was accounted for based on Alumina's closing price on 12 December 2003 of $5.90 (the closing price on the trading day prior to the date when the purchase was agreed) which implies a value of $108.4 million. The purchase of QBE's interest results in Alumina holding 40% of all AWAC assets with Alcoa holding the remaining 60%.

Events after the end of the year

l In January 2003, AWAC announced that it had conducted a portfolio review of its businesses and the markets they serve and decided to divest its Specialty Chemicals business. On 7 November 2003, AWAC announced that it had agreed to sell Alcoa Specialty Chemicals to Rhone Capital LLC. The transaction is expected to be completed in the first quarter of 2004. This transaction has not been brought to account as at 31 December 2003.

ALUMINA LIMITED AND CONTROLLED ENTITIES

At the date of this report no further matters or circumstances have arisen since 31 December 2003 which significantly affected or may significantly affect:

i the operations of the Group; or
ii the results of those operations; or
iii the state of affairs of the Group in future years.

Likely developments

m In the opinion of the directors it would prejudice the interests of the Group to provide additional information, except as reported in this Directors' Report, relating to likely developments in the operations of the Group and expected results of those operations in the financial years subsequent to the financial year ended 31 December 2003.

Environment

n AWAC's Australian operations are subject to various Commonwealth and state laws governing the protection of the environment in areas such as air and water quality, waste emission and disposal, environmental impact assessments, mine rehabilitation, and access to and use of ground water. In particular, most operations are required to be licensed to conduct certain activities under the environmental protection legislation of the state in which they operate, and such licenses include requirements specific to the subject site.

Outstanding options issued under the WMC Employee Share Scheme

o Options over Alumina Limited ordinary shares issued under the WMC Employee Share Scheme at the date of this report are:

Allotment date	Number	Exercise price	Expiry date
20 December 1999	1,495,600	$4.52	20 December 2004
18 December 2000	1,986,400	$4.04	18 December 2005
30 November 2001	4,577,600	$5.02	30 November 2006
Total	8,059,600		

The above options are exercisable by the employee after one year from the date of allotment, at the issue price. Restrictions exist for certain employees on the number of options which can be exercised in any year. If a request to exercise options has not been made to the company within five years of the allotment date, the options will lapse.

Details of Alumina Limited ordinary shares issued following the exercise of options under the terms of the WMC Employee Share Scheme are as follows:

	Number of options exercised	Issue price
During the financial year	13,071,920	Various
Since the balance date	589,700	Various

The shares issued on exercise of the options mentioned above are fully paid.

Rounding of amounts

p The company is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/0100. Amounts shown in the concise financial report and this Directors' Report have been rounded off to the nearest hundred thousand dollars, except where otherwise required, in accordance with that Class Order.

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

Donald M Morley
Chairman

John Marlay
Chief Executive Officer

26 February 2004

CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2003

ALUMINA LIMITED AND CONTROLLED ENTITIES		Consolidated Millions of dollars Continuing operations		Discontinuing operations	Total	
	Notes	2003	2002	2002	2003	2002
Sales revenues		–	–	2,220.9	–	2,220.9
Proceeds from sale of assets other than goods		–	–	101.0	–	101.0
Other revenue from outside the operating activities		4.8	1.3	186.3	4.8	187.6
Revenue from ordinary activities		**4.8**	**1.3**	**2,508.2**	**4.8**	**2,509.5**
Cost of goods sold		–	–	(1,650.9)	–	(1,650.9)
Selling and distribution		–	–	(143.7)	–	(143.7)
General and administrative		(12.6)	(6.3)	(327.5)	(12.6)	(333.8)
Exploration and evaluation		–	–	(34.3)	–	(34.3)
Other expenses from ordinary activities		–	(1.3)	(272.0)	–	(273.3)
Borrowing costs		(8.7)	(0.6)	(140.0)	(8.7)	(140.6)
Share of net profits of associates accounted for using the equity method		244.1	216.3	–	244.1	216.3
Profit/(loss) from ordinary activities before income tax		**227.6**	**209.4**	**(60.2)**	**227.6**	**149.2**
Income tax credit		9.3	0.3	24.3	9.3	24.6
Net profit/(loss)		**236.9**	**209.7**	**(35.9)**	**236.9**	**173.8**
Net (profit)/loss attributable to outside equity interest		–	–	0.7	–	0.7
Net profit/(loss) attributable to members of Alumina Limited		**236.9**	**209.7**	**(35.2)**	**236.9**	**174.5**
Net exchange differences on translation of financial reports of self sustaining foreign operations		28.4	(42.9)	48.9	28.4	6.0
Equity share of movements in reserves of associates		–	29.4	–	–	29.4
Total revenues, expenses and valuation adjustments attributable to members of Alumina Limited and recognised directly in equity		**28.4**	**(13.5)**	**48.9**	**28.4**	**35.4**
Total changes in equity other than those resulting from transactions with owners as owners		**265.3**	**196.2**	**13.7**	**265.3**	**209.9**
Basic earnings per share	4				**20.9c**	**15.7c**
Diluted earnings per share	4				**20.9c**	**15.6c**
Dividends per share	5				**23.0c**	**18.0c**
Special dividend paid per share	5				**–**	**73.0c**

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes and discussion and analysis.

The financial statements and specific disclosures included in this concise financial report have been derived from the Alumina Limited Annual Report 2003 Financial Report. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the entity as the financial report. Refer Note 7 for further details.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

ALUMINA LIMITED AND CONTROLLED ENTITIES		Consolidated Millions of dollars	
		2003	2002
CURRENT ASSETS	Cash assets	165.3	23.2
	Receivables	4.0	2.3
	Deferred tax assets	4.1	–
	Other	0.3	0.9
	Total current assets	173.7	26.4
NON-CURRENT ASSETS	Investments in associates	1,625.0	1,668.7
	Property, plant and equipment	0.4	–
	Total non-current assets	1,625.4	1,668.7
TOTAL ASSETS		1,799.1	1,695.1
CURRENT LIABILITIES	Payables	3.2	2.6
	Interest-bearing liabilities	467.0	534.8
	Current tax liabilities	2.5	1.7
	Provisions	0.1	0.1
	Other	2.3	–
	Total current liabilities	475.1	539.2
NON-CURRENT LIABILITIES	Deferred tax liabilities	–	2.2
	Provisions	0.2	0.2
	Total non-current liabilities	0.2	2.4
TOTAL LIABILITIES		475.3	541.6
NET ASSETS		1,323.8	1,153.5
EQUITY	Parent entity interest:		
	Contributed equity	384.8	220.2
	Reserves:		
	– group	131.0	102.6
	– associates	–	101.3
	Retained profits:		
	– group	400.3	382.9
	– associates	407.7	346.5
TOTAL EQUITY		1,323.8	1,153.5

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes and discussion and analysis.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2003

ALUMINA LIMITED AND CONTROLLED ENTITIES	Continuing operations		Consolidated Millions of dollars Discontinuing operations	Total	
	2003	2002	2002	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	–	–	2,193.5	–	2,193.5
Proceeds from interest rate swap close-out	–	–	71.2	–	71.2
Payments to suppliers and employees (inclusive of goods and services tax)	(7.9)	(8.1)	(1,823.9)	(7.9)	(1,832.0)
GST refund received	0.6	–	–	0.6	–
Proceeds from guarantee	2.4	–	–	2.4	–
Dividends received from associates	284.2	281.0	–	284.2	281.0
Interest received	2.2	–	27.6	2.2	27.6
Borrowing costs	(8.3)	(0.3)	(149.7)	(8.3)	(150.0)
Income taxes paid	(4.7)	–	(3.2)	(4.7)	(3.2)
Proceeds from insurance claims	–	–	35.0	–	35.0
Payments for:	–	–	–	–	–
– exploration (grassroots)	–	–	(17.1)	–	(17.1)
– exploration (additional, supporting existing operations)	–	–	(3.4)	–	(3.4)
Net cash provided by operating activities	**268.5**	**272.6**	**330.0**	**268.5**	**602.6**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment	(0.3)	–	(412.3)	(0.3)	(412.3)
Proceeds from sale of Central Norseman Gold Corporation (net of cash divested)	–	–	25.7	–	25.7
Proceeds from sale of non-current assets	–	–	67.6	–	67.6
Proceeds from insurance claims	–	–	15.7	–	15.7
Payments for gold hedge close-out	–	–	(34.4)	–	(34.4)
Proceeds from short-term investments	–	–	2.6	–	2.6
Payments for research and development	–	–	(0.4)	–	(0.4)
Payments for evaluation expenditure	–	–	(4.4)	–	(4.4)
Payment for purchase of Halco and MRN shares	–	(72.9)	–	–	(72.9)
Cash reserves retained by WMC Resources Ltd upon demerger	–	–	(65.2)	–	(65.2)
Net cash used in by investing activities	**(0.3)**	**(72.9)**	**(405.1)**	**(0.3)**	**(478.0)**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2003

ALUMINA LIMITED AND CONTROLLED ENTITIES	Consolidated Millions of dollars Continuing operations		Discontinuing operations	Total	
	2003	2002	2002	2003	2002
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of shares	56.2	38.5	–	56.2	38.5
Proceeds from borrowings	79.2	537.9	1,278.7	79.2	1,816.6
Repayment of borrowings	–	(600.0)	(1,366.1)	–	(1,966.1)
Dividends paid	(259.6)	(199.7)	–	(259.6)	(199.7)
Net cash used in financing activities	**(124.2)**	**(223.3)**	**(87.4)**	**(124.2)**	**(310.7)**
Net (decrease)/increase in cash held	144.0	(23.6)	(162.5)	144.0	(186.1)
Cash at the beginning of the financial year	23.2	46.8	167.4	23.2	214.2
Effects of exchange rate changes on foreign currency cash balances	(1.9)	–	(4.9)	(1.9)	(4.9)
Cash at end of the financial year	**165.3**	**23.2**	**–**	**165.3**	**23.2**
(a) Reconciliation of cash					
For the purposes of the statements of cash flows, cash represents cash on hand, at the bank and on short-term deposit (maturing in three months or less):					
Cash assets				41.7	15.0
Short-term deposits				123.6	8.2
				165.3	**23.2**

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes and discussion and analysis.

DISCUSSION AND ANALYSIS OF CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2003

Discussion of comparatives in relation to the consolidated statement of financial performance relates only to continuing operations for 2002.

Revenue from ordinary activities

Revenue from ordinary activities increased by $3.5 million to $4.8 million. The key points to note are:

- The once-off receipt of $2.4 million guarantee fee in 2003 from WMC Resources Limited in relation to foreign currency and gold hedging transactions undertaken by WMC Resources Ltd subsidiary WMC Finance Limited with the Union Bank of Switzerland.
- $1.1 million higher interest in 2003 as a result of Alumina Limited earning interest on cash held between receipt of dividends and payment of dividends.

Expenses from ordinary activities

Expenses from ordinary activities increased by $6.3 million to $12.6 million. The key points to note are:

- Higher costs from the first full year of operating as a stand-alone entity.
- Inclusion of $2.6 million in 2003 in relation to WMC Resources employee stock appreciation plan.

Borrowing costs

Borrowing costs increased by $8.1 million to $8.7 million due to interest costs on USD303 million borrowings drawdown in December 2002 and the subsequent further drawdown of USD48 million in April 2003.

Share of net profits of associates using the equity method

Share of net profit of associates increased by $27.8 million to $244.1 million. Higher US dollar sales revenue from a stronger aluminium market (average LME aluminium price in 2003 of USD65 cents per pound versus 2002 average of USD61 cents per pound) coupled with increased sales volumes from increased production (alumina production is up 6.2% from 2002) was partially offset by the impact of stronger Australian dollar (2003 averaged 0.6531 compared with 0.5437 in 2002).

Income tax credit on ordinary activities

Income tax credit increased by $9.0 million to $9.3 million. The key points to note are:

- Tax payments of $3.7 million expensed in 2002 are expected to be recovered following a change in tax legislation.
- Overpayment of $0.3 million of tax for the 2002 year was refunded in 2003.
- Deferred tax assets associated with taxable losses of $4.1 million previously not brought to account were accrued in 2003 in anticipation that these losses would offset tax otherwise payable as a result of the sale of the Specialty Chemicals business.

DISCUSSION AND ANALYSIS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2003

Assets

The asset classes with significant movements are as follows:

Cash increased from $23.2 million to $165.3 million. Refer to comments below in discussion and analysis of the consolidated statement of cash flows

Deferred Tax Assets of $4.1 million commented on in the discussion and analysis of consolidated statement of financial performance.

Investment in Associates decreased by $43.7 million to $1,625.0 million. The reduction in investment is due to the negative impact of $112.0 million from the revaluation of the USD denominated investments in AWAC and the impact of dividends received exceeding Alumina's equity share of profits by $40.1 million offset by the purchase of an additional interest in Alcoa of Australia ($108.4 million). QBE's 0.75% interest in Alcoa of Australia was acquired by issuing 18,372,881 new shares in Alumina. The acquisition was accounted for based on Alumina's closing price on 12 December of $5.90 (the closing price of the trading day prior to the date when QBE agreed the sale).

Liabilities

The liability classes with significant movements are as follows:

Other liabilities increased by $2.3 million from nil at 31 December 2002. The increase relates to accrual of costs for 2003 with the key accruals being the accruing of the unexercised units of WMC Resources Ltd employee Stock Appreciation Plan for $1.8 million based on Alumina's closing share price on 31 December 2003 of $6.57 and the accrual of audit fees for 2003 of $0.2 million.

Interest Bearing Liabilities reduced by $67.8 million to $467.0 million. Alumina Limited borrows in US dollars and increased its debt in April 2003 by drawing down a further US$48million ($79.2 million) of debt. This increase was offset by the impact of the exchange rate movement which reduced debt in Australian dollar terms by $147.0 million.

Equity

Equity increased in 2003 by:

- Purchase of QBE's 0.75% interest in Alcoa of Australia.
- Exercising of 13,071,920 options (increase in equity of $56.2 million shares) refer note 4 on page 41.
- $236.9 million of net profits for 2003
- $28.4 million net exchange difference recognised in equity.
- Offset by payment of 23.0 cents per share of dividends ($259.6 million).

DISCUSSION AND ANALYSIS OF CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2003

Discussion of comparatives in relation to the consolidated statement of cash flows relates only to continuing operations for 2002.

Cash flows from operating activities

An increase in dividends received from associates was offset by higher payments to suppliers and employees and increases in net borrowing costs and income taxes paid.

Cash flows from investing activities

No significant cash flows from investing activities occurred during the year. 2002 included the payment for the purchase of increased interests by Alumina Limited in Halco and MRN (bauxite assets in Guinea and Brazil respectively).

Cash flows from financing activities

The outflow from the payment of 23.0 cents per share of dividends ($259.6 million) was offset by proceeds from the issue of shares as a result of the exercising of 13,071,920 options and the drawdown of USD48.0 million ($79.2 million) of further borrowings.

NOTE 1 BACKGROUND AND BASIS OF ACCOUNTING

Presentation of financial statements

The demerger of WMC Limited into two separate ASX listed entities, Alumina Limited and WMC Resources Ltd, was implemented in December 2002. As a consequence of the demerger, Alumina Limited's primary assets are its 40% interest in the series of operating entities forming AWAC. The financial statements as presented reflect the results of the AWAC and associated corporate activities as Continuing Operations and the results of the activities of the entities sold to WMC Resources Ltd as Discontinuing Operations.

Basis of Accounting

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 'Concise Financial Reports' and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year.

The concise financial report has been prepared on the basis of historical cost. The accounting policies have been consistently applied by each entity in the consolidated entity and, unless stated otherwise, are consistent with those of the previous year.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

NOTE 2 CHANGES IN ACCOUNTING POLICY

There have been no changes to the company's accounting policies during the financial year.

NOTE 3 FINANCIAL REPORTING BY SEGMENT

Year ended 31 December 2003

Alumina Limited's primary assets are its 40 per cent interest in the series of operating entities forming AWAC. The company operates in the alumina/aluminium business through its equity interests in AWAC.

NOTE 3 FINANCIAL REPORTING BY SEGMENT CONTINUED

Year ended 31 December 2002

Consolidated millions of dollars

	Copper/ uranium	Alumina/ aluminium	Nickel	Fertilizers	Consolidated
Revenue					
Segment revenues	682.9	-	1,206.3	401.9	2,291.1
Unallocated revenue	-	-	-	-	107.4
Less insurance proceeds	-	-	-	-	(67.2)
Less proceeds from sale of non-current assets	-	-	-	-	(101.0)
Less other sundry revenue	-	-	-	-	(9.4)
Operating revenues	-	-	-	-	**2,220.9**
Result					
Segment result	(19.6)	(6.3)	198.9	(50.1)	122.9
Share of net profit or loss/result of equity accounted investments	–	216.3	-	-	216.3
Unallocated profit	-	-	-	-	45.4
Unallocated corporate expenses:					
New business	-	-	-	-	(32.0)
Regional exploration	-	-	-	-	(26.1)
Corporate	-	-	-	-	(109.1)
Finance and other costs	-	-	-	-	(25.1)
Net borrowing costs	-	-	-	-	(42.4)
Profit from ordinary activities before income tax but after outside equity interest	-	-	-	-	149.9
Income tax benefit	-	-	-	-	24.6
Net profit	-	-	-	-	**174.5**
Depreciation and amortisation	212.8	17.7	195.9	56.5	482.9
Unallocated	-	-	-	-	7.0
Consolidated depreciation and amortisation	-	-	-	-	**489.9**
Other non-cash expenses	13.1	-	37.6	9.3	60.0
Assets					
Segment assets	-	26.4	-	-	26.4
Equity accounted investments	-	1,668.7	-	-	1,668.7
Consolidated total assets	-	-	-	-	**1,695.1**
Liabilities					
Segment liabilities	-	541.6	-	-	541.6
Consolidated total liabilities	-	-	-	-	**541.6**
Acquisitions of non-current assets	189.3	–	174.7	43.0	407.0
Unallocated	-	-	-	-	9.7
Total acquisition of non-current assets	-	-	-	-	**416.7**

NOTE 4 EARNINGS PER SHARE

		Consolidated 2003	Consolidated 2002
Basic earnings per share	cents	20.9	15.7
Diluted earnings per share	cents	20.9	15.6
Weighted average number of ordinary shares outstanding during the year used in the calculation of earnings per share			
Basic earnings per share		**1,132,189,594**	**1,112,878,659**
Effect of options and partly paid shares on issue		2,276,335	2,905,619
Diluted earnings per share		**1,134,465,929**	**1,115,784,278**

a Information concerning classification of securities

No employee options were issued during the year.
Options issued in previous financial years are considered dilutive.

b Conversion, call, subscription or issue after 31 December 2003

In the period from 31 December 2003 to 19 February 2004, the following movements in share capital and options on issue have taken place:

	Number of options	Exercise price
Options exercised	589,700	Various
Options lapsed	NIL	

c Net profit used in the calculation of earnings per share

	Consolidated millions of dollars 2003	Consolidated millions of dollars 2002
Net profit attributable to members of Alumina Limited used in the calculation of basic and diluted earnings per share	236.9	174.5

NOTE 5 DIVIDENDS

	Consolidated millions of dollars 2003	2002
Interim dividend No. 48 of 10 cents fully franked at 30% per fully paid share declared 24 July 2003 and paid 10 September 2003 (2002: 5 cents fully franked at 30% per fully paid share declared 13 August 2002 and paid 10 September 2002).	112.9	55.6
Final dividend No. 47 of 13 cents fully franked at 30% per fully paid share, paid on 8 April 2003 (2002: 13 cents fully franked at 30% per fully paid share declared 26 February 2002 and paid 15 May 2002).	146.7	144.1
Special unfranked dividend of 73 cents distributed to effect the demerger.	–	823.0
	259.6	1,022.7

a Dividends not recognised at year end
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend No. 49 of 10 cents fully franked at 30% per fully paid share, declared 28 January 2004 and payable on 30 March 2004. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December 2003, but not recognised as a liability at year end is $115.9 million.

b Franking account
Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in these financial statements:

	2003	2002
Class 'C' (30%) franking credits	38.3	37.1
The fully franked dividends received from Alcoa of Australia Limited ('AofA') in the financial year were	266.9	261.8

Due to changes in the Australian tax legislation, the franking account is maintained on a tax-paid basis from 1 July 2002.
The shortfall between the balance of the franking account credits and the franking credits required for final dividend 49 will be obtained from the proposed dividend of $40.0 million (franked to 30%) from 'AofA' due for payment on 29 March 2004.

NOTE 6 SUBSEQUENT EVENTS

In January 2003, AWAC announced that it had conducted a portfolio review of its businesses and the markets they serve and decided to divest its specialty chemicals business. On 7 November 2003, AWAC announced that it had agreed to sell Alcoa Specialty Chemicals to Rhone Capital LLC. The transaction is expected to be completed in the first quarter 2004. This transaction has not been brought to account as at 31 December 2003.

NOTE 7 FULL FINANCIAL REPORT

This concise report has been derived from the Alumina Limited Annual Report 2003 – Financial Report for the year ended 31 December 2003. The full financial report and auditor's report will be sent on request, free of charge. Please telephone +61 (03) 8699 2600. Copies can also be requested or downloaded from our website (www.aluminalimited.com).

DIRECTORS' DECLARATION

In the opinion of the directors of Alumina Limited the accompanying concise financial report of the consolidated entity, comprising Alumina Limited and its controlled entities for the year ended 31 December 2003, set out on pages 32 to 42:

a has been derived from and is consistent with the full financial report for the year ended 31 December 2003; and

b complies with the Accounting Standard AASB 1039 'Concise Financial Reports'.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 7 is available on request.

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

Donald M Morley
Chairman

26 February 2004

John Marlay
Chief Executive Officer

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ALUMINA LIMITED

Audit opinion

In our opinion, the concise financial report of Alumina Limited for the year ended 31 December 2003 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and notes to the financial statements, and the directors' declaration for Alumina Limited (the company) for the year ended 31 December 2003.

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We also performed an independent audit of the full financial report of the company for the financial year ended 31 December 2003. Our audit report on the full financial report was signed on 26 February 2004, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

Tim Goldsmith
Partner

Melbourne
26 February 2004

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

PricewaterhouseCoopers ABN 52 780 433 757
333 Collins Street Melbourne VIC 3000
GPO Box 1331L
Melbourne VIC 3001
DX 77 Melbourne Australia

www.pwc.com/au
Telephone +61 3 8603 1000
Facsimile +61 3 8603 1999

This page has been left blank intentionally.

Design and production: **ERD Design Communications** Photography: **Joe Vittorio** Scans: **Hell Colour** Printing: **Postscript Printing**
Paper: White Knight, **K.W. Doggett Fine Paper**, sourced from renewable plantation forests using elemental chlorine-free pulps.

ALUMINA LIMITED

REGISTERED CORPORATE HEAD OFFICE
LEVEL 12, IBM CENTRE 60 CITY ROAD
SOUTHBANK VICTORIA 3006

GPO BOX 5411
MELBOURNE VICTORIA 3001 AUSTRALIA
TELEPHONE: +61 (0)3 8699 2600
FACSIMILE: +61 (0)3 8699 2699
WEBSITE: WWW.ALUMINALIMITED.COM

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES PTY LIMITED
YARRA FALLS
452 JOHNSTON STREET
ABBOTSFORD VICTORIA 3067 AUSTRALIA

GPO BOX 2975
MELBOURNE VICTORIA 3001 AUSTRALIA
TELEPHONE: +61 (0)3 9415 4027 OR
1300 556 050 (FOR CALLERS WITHIN AUSTRALIA)
FACSIMILE: +61 (0)3 9473 2500
EMAIL: WEB.QUERIES@COMPUTERSHARE.COM.AU