To: The Manager
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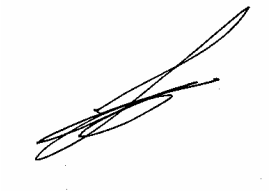
Company Announcements Office
Australian Stock Exchange

ALUMINA LIMITED

Public Announcement 2009 – 13AWC

Attached, in accordance with Listing Rule 3.17 is a copy of Alumina Limited's Annual Review 2008.



Stephen Foster
Company Secretary

30 March 2009

Alumina Limited

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ANNUAL REVIEW 2008

RESILIENT
FOCUSED
POSITIVE

ALUMINA LIMITED

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RESILIENT >>>>>>>>>>>>

>>>>> AWAC's Western Australian refineries, which represent 60% of AWAC's alumina production capacity, are amongst the world's lowest cost facilities.

>>>>>>>>> AWAC is adjusting alumina production to changing demand levels.

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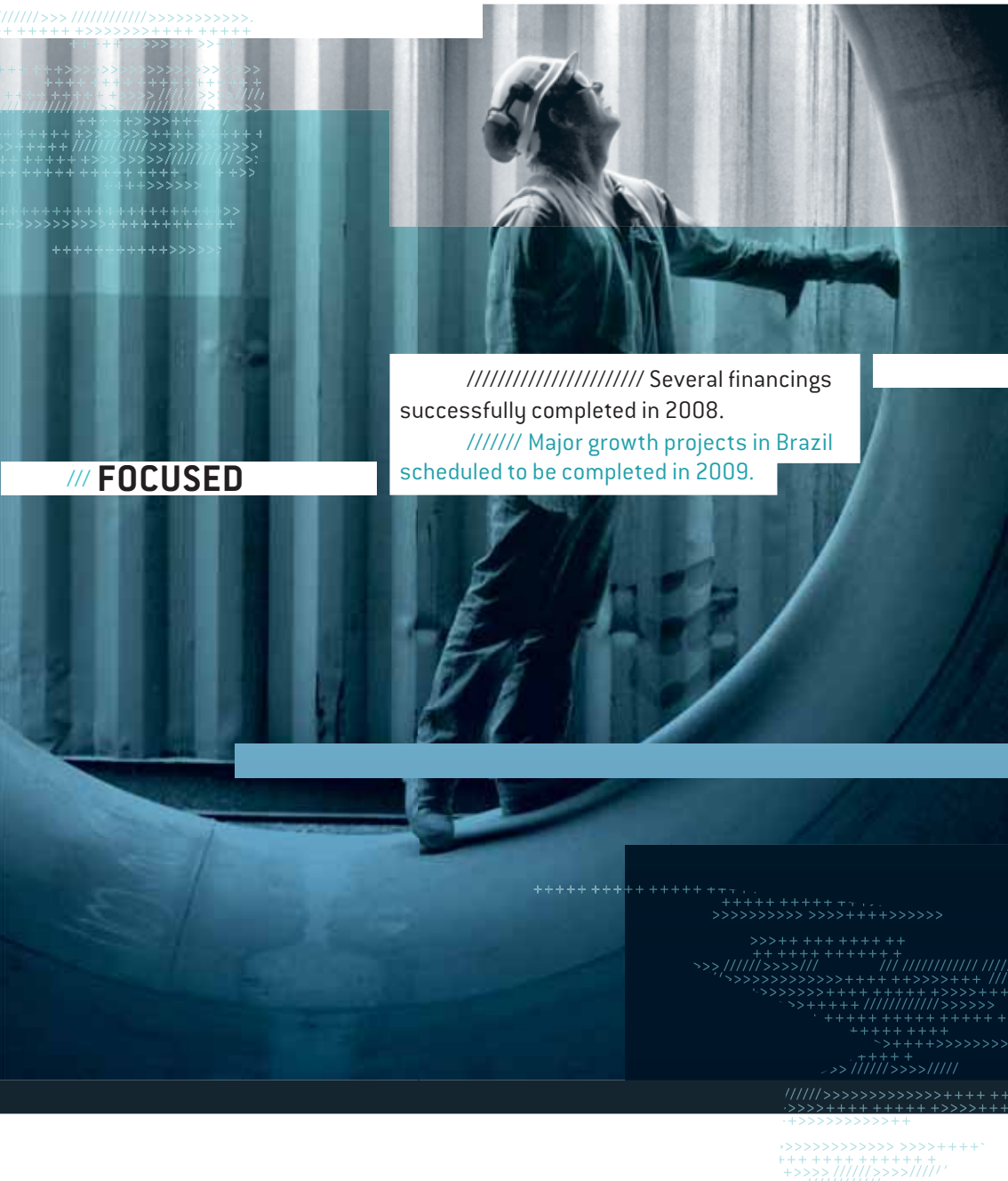


/// FOCUSED

////////////////////////// Several financings successfully completed in 2008.

/////// Major growth projects in Brazil scheduled to be completed in 2009.

POSITIVE +

+++++++ The AWAC business has a unique portfolio of long-life, low-cost assets and a leading market position.

+++ It is well positioned for the return of growth to the aluminum market through a strong pipeline of expansion opportunities.

STRATEGY

//// To provide long-term capital growth and substantial dividends for shareholders

RESULTS

- Net profit $168 million
- Underlying earnings of $241 million before $39 million write off
- Annual dividend of 12 cents per share or 82% of 2008 profit
- Capital Management Initiatives
  - US$350 million convertible bond attractively priced
  - A$910 million rights issue – fully subscribed
- Return on equity based on underlying earnings 10.2%
- Gearing reduced to 29%

//////// Generate profitable growth for Alumina shareholders from sustainable expansion of the AWAC enterprise

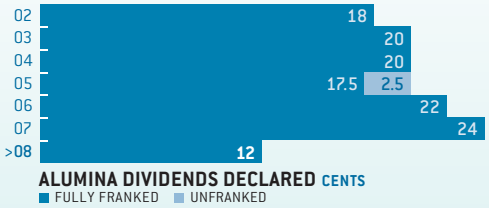
- AWAC development of the 2.6 million metric tonnes per year (mtpy) Juruti bauxite mine in Brazil nearing completion
- Construction of the 2.1 million mtpy expansion of the jointly owned Alumar alumina refinery in Brazil nearing completion
- AWAC cash from operating activities after sustaining capital expenditure US$651 million
- AWAC dividends of $356 million received
- Decisive response to changes in market demand – curtailed 1.5 million mtpy of higher cost production

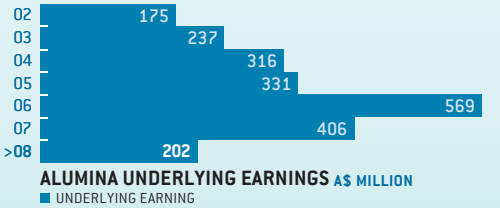
AWAC PARTNERSHIP — A GLOBAL JOINT VENTURE ////////////////

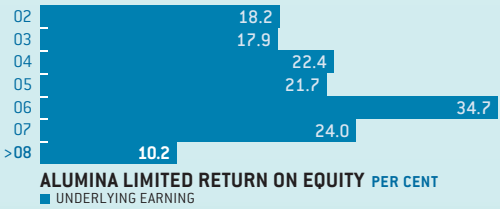
Alumina Limited is a leading Australian company listed on the Australian Securities Exchange (ASX) and the New York Stock Exchange (NYSE).

We invest worldwide in bauxite mining, alumina refining and selected aluminium smelting operations through our 40 per cent ownership of Alcoa World Alumina and Chemicals (AWAC), the world's largest alumina business.

Our partner, Alcoa, owns the remaining 60 per cent of AWAC, and is the manager. The AWAC joint venture was formed in 1994 and our partnership with Alcoa dates back to 1961.







Alumina Limited and AWAC have a focus and strategy to provide substantial returns and create shareholder value over the longer term. AWAC has a resilient business founded on its portfolio of low cost assets, long-life and sustainable bauxite supply and strong customer base and contracted sales arrangements.

>>>> **The deterioration in global economic and financial conditions during 2008 created substantial challenges for the resources industry. The aluminium industry experienced a year of escalating input costs and a sharp decline in metal prices in the second half of the year.**

Alumina Limited achieved a positive financial result for 2008 despite market conditions. We finished the year with a strengthened balance sheet. This achievement reflects the quality of the underlying assets and flexibility of the AWAC production network and an early decision to raise capital.

AWAC implemented a number of measures to respond directly to the challenges presented by the deterioration in external market conditions in the second half of 2008. The overall focus of these measures is to conserve cash and improve margins. Production has been reduced at some of AWAC's operations which will improve overall unit costs of production. Non essential capital expenditure, including progressing medium and longer term growth projects has been deferred in order to conserve cash. The current growth strategy has been refocused solely on the existing growth projects in Brazil, that are due for completion in 2009. When these projects start production, it is expected overall unit cash costs of production will be further reduced.

Alumina Limited and AWAC has a focus and strategy to provide substantial returns and create shareholder value over the longer term. AWAC has a resilient business founded on its portfolio of low cost assets, long-life and sustainable bauxite reserves and strong customer base and contracted sales arrangements.

The Company's share price declined substantially during 2008 reflecting falls in world equity markets and particularly, resource equities. We believe that the Company's recent share price does not reflect its underlying value and cash generating capacity.

WORLD PRIMARY ALUMINIUM CONSUMPTION Mtpa

WESTERN WORLD CHINA % GLOBAL GROWTH

Source: Brook Hunt

>>>>>>>>>> CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT >>>>>

>> 2008 RESULT

Alumina Limited's net profit after tax for 2008 was $168 million, a 62% decline compared to the previous year.

Underlying earnings after tax declined 50 per cent to $201 million.

Earnings in the first half of 2008 were negatively impacted by higher alumina production costs and a weaker US dollar, while second half earnings were eroded by sharply falling aluminium and alumina prices brought about by the global economic contraction, only partially offset by a stronger US dollar and lower input costs.

Underlying earnings are calculated by adding to reported net profit for the period an amount of $33 million (2007: (31) million) relating to the net value of non-cash items which do not reflect the year's operations. These non-cash items relate to mark-to-market valuations of AWAC embedded derivatives in energy purchase contracts, which reflect future aluminium prices based on the forward market at the end of the period, and adjustments resulting from the actuarial assessment of the future costs of retirement benefit obligations, net of investment returns, of AWAC employee benefit plans.

Underlying earnings included a one off charge of $39 million relating to the write down of certain expenditures for preliminary activities on a potential AWAC growth project that were incurred in prior years.

During the first half of the year, alumina and aluminium prices continued to rise, partially reflecting the rising input costs of raw materials and energy. However this was more than offset by a weaker US dollar and increased AWAC production costs. In the second half of the year, prices declined rapidly as the impact of the global financial crisis resulted in a marked reduction in the demand for aluminium.

Return on equity (based on underlying earnings) of 10.2 per cent was lower than in 2007 (26 per cent), reflecting the lower underlying earnings and the significant capital investment of over US$533 million by the Company in AWAC's growth projects. Return on equity, excluding investments in current growth projects which are not yet contributing to earnings, was 20 per cent (33 per cent). Earnings per share (based on underlying earnings) for Alumina Limited were 13 cents, down from 36 cents per share in 2007.

A first half interim dividend of 12 cents per share was paid in 2008, fully franked (2007: H1 12 cents fully franked). No final dividend was declared for 2008. The total dividend of 12 cents per share, represents a dividend payout of 82 per cent of 2008 profit. The decision not to pay a final dividend for 2008 was taken to conserve cash and is consistent with other cash conservation measures. The Board will continue to review the dividend at each half year in light of current and expected business conditions.

Cash dividends received from AWAC in 2008 were $356 million (2007: $445 million). The AWAC dividend payments represent a profit payout ratio in excess of 100 per cent. In 2008, 100 per cent of the AWAC dividends were fully franked.

Borrowing costs rose to $49 million in 2008 (2007: $46 million) resulting from increased borrowings to fund the investment in AWAC's Brazil growth projects. All interest paid on the Company's borrowings directly impact Alumina Limited current earnings, even though a significant portion in 2008 relates to the funding of assets which are not yet generating income. Alumina Limited's corporate costs were $19 million in 2008 (2007: $14 million), increasing principally due to the cost of arranging additional financing facilities, the restructuring of corporate holdings and costs associated with the retirement of the Chief Executive Officer. Also in 2008, Alumina Limited funded the research and development of a low cost large scale carbon reduction project. Corporate costs are expected to decline significantly in 2009.

AWAC FINANCIAL PERFORMANCE

AWAC's 2008 net profit after tax was US$592 million compared to US$953 million in 2007. AWAC's operating cash flow for the year was US$651 million (2007: US$903 million). AWAC's average cost of alumina production increased by US$43/tonne year on year, with the major contributors to the cost increases being the higher energy, caustic soda prices and shipping freight rates, with most of those cost increases being experienced in the first half. Combined with a weaker US dollar in the first half of 2008, these factors reduced AWAC's operating margins. The impact of higher costs affected producers across the alumina and aluminium industries.

>>>>>>>>>>>>>>>>>>>

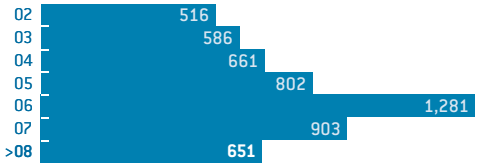
AWAC moved early in response to the deterioration in global markets. Higher cost production has been curtailed, and growth projects deferred to conserve cash and reduce costs of production. >>>>

AWAC's net profit declined in the second half of 2008 as the rapid downturn in the global financial markets drove down the demand and price for aluminium. This was only partially offset by a strengthening of the US dollar and lower alumina production costs. These factors combined to reduce AWAC's operating margins in the second half of 2008.

The LME aluminium price averaged US$1.19 per pound (2007: US$1.21), a 2 per cent decrease on the corresponding period. During the year the LME aluminium price fluctuated dramatically from a high of US$1.49 per pound in July to a low of US$0.65 in December following significant downturn in customer demand, particularly in the motor vehicle and construction industries. This led to increased inventories of aluminium thereby contributing to the decline in demand and the price of aluminium.

The Australian dollar averaged US$0.85 for the year, in line with the 2007 average of US$0.84. However currency fluctuations were significant during 2008. The Australian dollar strengthened against the US dollar in the first half of 2008 to almost reach parity in July after commencing the year at US$0.88 cents then rapidly depreciated to US$0.61 cents in October before closing the year at US$0.69 cents (2007: US$0.88).

The movement in the year-end exchange rate affected the Australian dollar and Brazilian Real carrying value of US dollar assets and liabilities held by AWAC, resulting in balance sheet revaluations and an increase in Alumina Limited's net profit by $24 million after tax.



AWAC OPERATING CASH FLOW

AWAC's alumina production was 14.4 million mtpy (2007:14.3 million mtpy). Record annual production levels were achieved at the Wagerup, Sao Luis and San Ciprian refineries. Overall production at the Western Australia refineries was marginally higher even with the disruption of gas supply resulting from an explosion at Apache Energy's Varanus Island facility.

Total AWAC alumina production was also impacted by the curtailment of production at AWAC's Point Comfort alumina refinery from November 2008. Aluminium margins at AWAC's two smelters were steady in 2008. AWAC's 2008 aluminium production was 388,000 tonnes (2007: 387,350 tonnes).

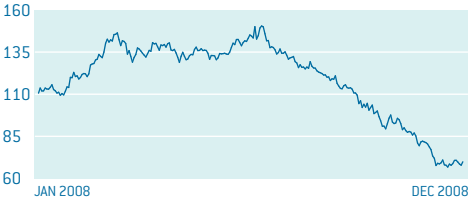
AWAC moved early in response to the deterioration in global markets. Higher cost production has been curtailed, and growth projects deferred to conserve cash and reduce costs of production. Alumina Limited's joint venture partner in AWAC, Alcoa, announced in September and November 2008 the curtailment of a cumulative 800,000 tonnes per annum smelting capacity in the US. AWAC is responding by reducing alumina production capacity totalling 1.5 million mtpy across the higher cost refineries in its worldwide network. AWAC's ability to vary production to meet market conditions is a positive feature of the AWAC business.

GROWTH PROJECTS

2008 was a year of substantial investment in the growth of the AWAC joint venture through expansion projects in bauxite mining and alumina refining. These are long-term investments in facilities which are well placed to meet future market demand. Our investment in those AWAC growth projects will add new alumina capacity with low cash operating costs.

Construction advanced on the 2.1 million mtpy expansion of the Alumar alumina refinery (AWAC 54 per cent share) and development of the 2.6 million mtpy Juruti bauxite mine, both long-life strategic assets in Brazil. Both projects are expected to commence operations in mid 2009. Juruti is a long-term bauxite resource base with infrastructure capacity to accommodate future expansion. It supports AWAC's strategy to own and operate high quality bauxite mining operations close to its refineries.

In July 2008, the Company advised that the estimated capital costs of AWAC's current investment projects in Brazil had increased during the construction phase, due to the appreciation of the Brazilian currency and increased construction costs. AWAC's share of the Alumar refinery expansion and development of the new Juruti mine, including the cost of infrastructure to support future capacity expansion, was estimated in July 2008 to be approximately US$3.7 billion. Since that time construction has continued to progress to plan, and the projects are expected to be completed within the local currency budgets totalling Brazilian Real of 6.3 billion which were the basis of the July 2008 capital cost estimates.



ALUMINIUM PRICE 2008
Source: Thomson Reuters

AUD/USD EXCHANGE RATE
Source: Thomson Reuters

The recent weakening of the Brazilian Real (BRL) against the US dollar has reduced the expected final US Dollar capital cost of the projects. During November 2008 the Company transacted a series of currency options to limit the risk of cost increases should the BRL strengthen during the remaining construction period. As a result of these developments, Alumina Limited's share of the capital cost of the projects is expected to be below US$1.4 billion. Other than these currency options, Alumina Limited has no currency hedging or commodity derivatives in place.

The AWAC growth strategy has been reviewed in light of the recent deterioration in commodity and credit markets and the immediate objective is to conserve cash. This has led to deferment of further growth projects until economic conditions improve. The current AWAC growth strategy is focused on the completion of existing projects while preserving options for medium and longer term growth. In November AWAC announced that work on the proposed expansion of the Wagerup alumina refinery in Western Australia had been suspended. The recent contraction in the aluminium market does not support the continuation of the project at this time, however the project remains one of AWAC's best capacity expansion opportunities and will be re-examined when market conditions improve. Other non critical capital expenditure has also been suspended until market conditions improve.

CAPITAL MANAGEMENT

The Company introduced a new Dividend Reinvestment Plan (DRP) to coincide with the 2007 final dividend payment in March 2008. The issue of shares for the March dividend was fully underwritten. The DRP was introduced to partially fund the Company's growth and sustaining capital projects. The 2008 interim dividend paid in October was not underwritten in light of the August 2008 Entitlement Offer.

In the first half of 2008 the Company considered the options available to diversify the Company's funding sources, replace existing bank debt and fund Alumina's investment in AWAC's Brazilian growth projects. It was decided to raise US$350 million in an issue of senior, unsecured, guaranteed convertible bonds due 2013. The Bonds bear interest at 2% per annum payable semi annually and have the right to be put to the Company in May 2011 and also to convert into fully paid shares in Alumina at a conversion price of A$7.76 per share. The Company also completed in 2008 a planned bank facility refinancing programme, strengthening the balance sheet by extending the maturity of US$450 million of bank debt.

In August 2008 the Company announced a fully underwritten accelerated, pro rata entitlement offer at an Offer Price of A$3.00 per share, representing a 29.1 per cent discount to the then dividend adjusted closing price of A$4.23. The purpose of the Offer was to raise funds to meet our share of the capital costs of AWAC's growth projects in Brazil and to strengthen the Company's balance sheet so there was sufficient capital for the requirements of the business, including increased working capital requirements. Eligible shareholders were offered the opportunity to acquire 5 new ordinary shares for every 19 existing shares. The success of the Entitlement Offer, completed on 26 September 2008 against a backdrop of a market volatility, underlines the strong support for the strategy and purpose of the Offer by both institutional and retail investors. The Offer raised approximately $910 million, $266 million via the retail component of the Offer and $644 million through the institutional component.

>>>>>> ALUMINA LIMITED'S STRATEGY

>>>>>>> **ALUMINA LIMITED'S STRATEGY is to participate in bauxite mining, alumina refining and selected aluminium smelting operations globally, solely through our 40 per cent interest in AWAC.**

- Generate profitable growth for Alumina shareholders from sustainable expansion of the AWAC enterprise; and
- Provide long-term capital growth and substantial dividends for shareholders.

The equity raising in the second half of 2008 enabled the Company to invest in our share of the substantial completion of AWAC's existing growth projects, and strengthened the balance sheet.

Alumina's net debt was $981 million at 31 December 2008, compared with $977 million at the beginning of 2008. Cash held at 31 December 2008 was $67 million. Undrawn committed facilities as at 31 December 2008 were $1,091 million. US$304 million of these facilities were due to mature during 2009, and the Company entered into agreements in February 2009 for the extension of US$229 million of these maturing facilities, the majority until July 2012.

The Company has US$520 million of bank facilities expiring in 2010 and will be seeking to renew those facilities during the course of 2009.

AWAC had minimal net debt at year end 2008.

GOVERNANCE AND SUSTAINABILITY

Alumina Limited continues to focus on its Corporate Governance methodology and behaviour, not merely to meet compliance and regulatory obligations but to minimize risk and contribute to creation of shareholder value.

In 2008, Alumina Limited's corporate governance practices were reviewed by the worldwide corporate governance rating agency, GovernanceMetrics International and were assessed as 9.5 on a maximum scale of 10. Australian companies on average rated 7.2.

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>>>>>>>>>>>>>>>> **The equity raising in the second half of 2008 enabled the Company to invest in our share of AWAC's existing growth projects, strengthened the balance sheet.** >>>>>

During the year the Company's Risk Management Framework was further enhanced and approved by the Board. The Framework provides explicit strategies and actions for the Company to take to manage identified risks and also allocate responsibility for the execution of specific risk mitigation actions and for reviewing the adequacy of risk response and assessment.

Alumina Limited's annual results are reported on the basis of Australian equivalents to International Financial Reporting Standards (A-IFRS). The Company also reports its underlying earnings, in addition to net profit, as Directors believe this provides a better understanding of the Company's performance.

Alumina Limited is listed on both the Australian Securities Exchange (ASX) and the New York Stock Exchange (NYSE) and is therefore subject to their respective Listing Rules and the applicable regulatory rules in each jurisdiction. As a foreign listed company in the USA, Alumina Limited is required to adhere to governance rules of the Sarbanes-Oxley Act (SOX) as they apply to foreign companies. A SOX audit was conducted during the year to assess Alumina's system of internal controls and the auditors issued an unqualified audit opinion. Alumina also complies with the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. Differences in governance practices compared to NYSE Rules, are detailed on Alumina's website. A detailed Corporate Governance Statement is contained in the 2008 Full Financial Report.

Alumina Limited's commitment to sustainable development is formalised in its Sustainability Policy, which is available on our website www.aluminalimited.com

Alcoa, as manager of the AWAC operations has the primary responsibility for developing and implementing a sustainable business framework for AWAC's worldwide operations. Alcoa's commitment to sustainability is supported by a range of business systems and operational processes which integrate sustainability into all aspects of AWAC's business. Alcoa's commitment to sustainability is acknowledged globally and Alcoa Inc was recognized in the 2008 list of world's top 100 most sustainable corporations in the world.

We recognise that the risk of significant climate change is an issue of vital importance requiring action. The Company is reviewing the Government's Carbon Pollution Reduction Scheme (CPRS) White Paper. The White Paper has important and sensible initiatives, including recognition of the challenges the scheme presents for emissions intensive trade exposed industries (EITEs). However we consider that in the current economic environment, the introduction of the CPRS should be delayed. We published a response to the Green Paper in 2008 and a copy of it is available for shareholders upon request.

Climate change is one of the most important sustainability issues for the global aluminium industry. AWAC, through Alcoa has adopted as business goals the reduction of carbon emissions, the optimisation of water management practices, rehabilitation of the environment and social responsibility.

>>>> OUTLOOK

The market outlook for the aluminium industry changed significantly in the second half of 2008 as the full impact of the global financial crisis began to take effect. In the second half of 2008, end user demand for aluminium dropped in major economies as the financial crisis negatively impacted key aluminium consuming industries such as construction, automotive and other manufacturing industries. As demand weakened LME inventories rose with the surplus of metal placing downward pressure on the aluminium price. The destocking by customers of the aluminium industry in 2008 has also reduced demand.

The deterioration in the aluminium price has forced high cost marginal producers to curtail production and the prospect of low demand in 2009 is expected to cause further production cuts. In response to oversupply, slowing demand and pricing pressure, curtailments of approximately 14% of world wide smelting capacity were announced by January 2009. A number of high cost alumina producers have cut production in the face of lower alumina prices with major Chinese producer Chalco announcing a 38 per cent cut in its alumina refining capacity. Notwithstanding production cutbacks, LME aluminium stocks continued to increase in early 2009.

Aluminium consumption increased by 1 per cent in 2008 compared to 10 per cent growth in 2007. Consumer markets in the US and Europe contracted rapidly in the fourth quarter of 2008 and China, the world's largest consumer of aluminium, also experienced a second half slowing in demand with full year growth averaging approximately 9 per cent compared to a rise of 36 per cent in 2007.

Although the near-term outlook for the aluminium and alumina markets is for a decline in demand in 2009, longer-term expectations are for the market to return to growth.

AWAC's alumina production has been reduced across the global refining system in early 2009 by a total of 1.5 million mtpy in response to market conditions. The Alumar refinery, on schedule for completion in mid 2009, will add to low cash cost alumina production capacity. AWAC will continue to monitor demand and optimise its global production to match demand, reduce production costs and conserve cash. AWAC's alumina production costs in 2009 are expected to reduce by more than US$50 per tonne, due to energy price declines and a stronger USD. The linkage of AWAC's long-term alumina sales contracts to the LME aluminium price during 2009 is expected to increase due to the expiry of certain long-term sales contracts, and the impact of a lower LME aluminium price on the mix of sales contracts.

The sensitivity for Alumina Limited's 2009 underlying earnings to a US 1 cent movement in the aluminium metal price is expected to be approximately A$13 million, based on 2008 underlying earnings and 2008 average LME and A$/US$ exchange rates. The sensitivity to the A$/US$ exchange rate is A$7 million for each 1 cent movement. These sensitivities exclude any impact of accounting for embedded derivatives and employee benefit plans and year-end balance sheet revaluations of foreign currency, assets and liabilities.

Most major western economies and also China have eased monetary policy and introduced economic stimulus packages to boost consumer spending and demand for manufactured goods and the housing and construction and infrastructure sectors. In the longer term, the global trend of urbanization, particularly in developing countries, is expected to drive demand for aluminium.

Resilience is about being able to recover quickly and effectively from challenging circumstances. Although the aluminium and alumina market conditions and the outlook have weakened, AWAC has a world class network of low-cost refineries and leading market position. Commodity businesses are cyclical in nature and AWAC is well placed to benefit from a future market upturn. AWAC's expansion of it's Alumar alumina refinery and greenfield Juruti bauxite mine in Brazil, both due for completion in mid 2009, will contribute to further decreasing AWAC operating cash costs.

When sustained growth returns in the aluminium and alumina markets, AWAC has world class brownfield expansion opportunities and additional existing greenfield growth options to develop. AWAC has attractive cash operating costs, long-life quality bauxite resources and long-term supply contracts.

The Company's Chief Executive Officer, John Marlay, retired from the Company in July 2008. The Board thanks Mr Marlay for his contribution in establishing Alumina Limited and managing its interest in the AWAC joint venture.

We thank the Company's employees for their valued contribution and results they have achieved.

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>> Directors and management will continue to work to achieve sustainable long-term value for shareholders.

>> **JOHN BEVAN**
CHIEF EXECUTIVE OFFICER

>> **DONALD M MORLEY**
CHAIRMAN

// OUR APPROACH

Sustainable development is a cornerstone of Alumina Limited strategy and business. It is also a strategic goal shared by Alcoa, our partner in Alcoa World Alumina and Chemicals (AWAC).

Alcoa, the manager of AWAC, has the primary responsibility for developing and implementing a sustainable business framework for AWAC's worldwide operations. Alcoa's commitment to sustainability is supported by a range of business systems and operational processes which integrate sustainability into all aspects of AWAC's business. AWAC's sustainability framework is designed to ensure profitable, sustainable growth for its stakeholders and includes long-term targets and short and long-term metrics for sustainability.

Alumina Limited fully supports Alcoa's 2020 Sustainability Framework objectives and initiatives.

Alumina Limited fundamentally believes that health, safety and environmental outcome impact profitability and returns for the Company's shareholders, employees, the communities in which AWAC operates and other stakeholders.

Responsibility for oversight of Alumina Limited's sustainability policy and performance rests with the Board of Directors.

Executive Management is required to formally review Alumina Limited's progress on key initiatives and performance measures relating to sustainability with the Board on an annual basis.

////// REPORTING

Alumina Limited has participated in the Carbon Disclosure Project for the last two years (CDP5) and (CDP6). The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation aiming to create a lasting relationship between shareholders and corporations regarding the implications for shareholder value and commercial operations presented by climate change. Alcoa, as manager/operator of AWAC is responsible for preparing and reporting on sustainability matters such as carbon emissions, to various government agencies in all the jurisdictions that AWAC operates. Alcoa also prepares reports and presentations for the investment community and other stakeholders.

GREENHOUSE GAS SOLUTIONS

Alumina Limited recognises that the issue of emissions reductions is a major challenge for Australia and the aluminium industry. AWAC continuously strives to improve direct emissions from its operations. In parallel, Alumina Limited is developing a carbon strategy with the aim of reviewing a range of projects which aim to generate carbon reducing credits to offset any limits in the ability to make internal improvements in the operations. Over the past 18 months Alumina Limited has supported and funded a project using technology with the potential to contribute significantly to solutions for the greenhouse gas challenges facing Australia and the global community. The aim of the technology is to store large amounts of atmospheric CO^2 through the conversion of agricultural and plantation wastes to a charcoal product called biochar and is also expected to create renewable energy in the form of biogas and biooil.

The project is still in a pre-feasibility stage and we will continue to monitor results and the feasibility of the project providing a source of carbon credits.

++ **MR DONALD M MORLEY** AGE 69 – BSc MBA FAusIMM

CHAIR, INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Morley was elected a Director and appointed Chairman of Alumina Limited on 11 December 2002. He is a director of Iluka Resources Ltd, a role he has held since December 2002, and has also been a director of SPARK Infrastructure Ltd since November 2005. He was previously a director of WMC Limited, in the role of Director of Finance until April 2001, and he retired from his executive duties with WMC in October 2002. Mr Morley is a member of the Audit Committee, Compensation Committee and, the Nomination Committee. He has wide-ranging financial skills and considerable resource industry experience.

++ **MR PETER A F HAY** AGE 58 – LLB

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Hay has been a Director of Alumina Limited since 11 December 2002. He is Chairman of the Advisory Board of Lazard Carnegie Wylie Pty Ltd, a director of Landcare Australia Limited and was appointed a director of the Australian and New Zealand Banking Group Limited in November 2008. He is a former Chief Executive Officer of the law firm Freehills. He is a member of the Audit Committee, and Compensation Committee and Chair of the Nomination Committee. Mr Hay brings to the Board considerable legal experience and advisory skills particularly in relation to public company takeovers, corporate governance matters and risk management.

++ **MR RONALD J MCNEILLY** AGE 65 – BCom MBA, FCPA, FAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr McNeilly was elected a Director of Alumina Limited on 11 December 2002. He is the Deputy Chairman of BlueScope Steel Limited; Chairman of Worley Parsons Limited; Chairman of Melbourne Business School Limited; past director of BHP Billiton Limited, QCT Resources Limited and Tubemakers of Australia Limited; past executive director Global Markets BHP Billiton Limited from 2001 to 2002; past executive director and President of BHP Minerals from 1999 to 2001. He is a member of the Audit and Nomination Committee and Chair of the Compensation Committee. Mr McNeilly brings substantial practical experience and skills gained from over 30 years working in the resource sector.

++ **MR G JOHN PIZZEY** AGE 63 – B.E (Chem), Dip. Mgt FTSE FAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Pizzey was elected a director of Alumina Limited on 8 June 2007. He is a Director of Iluka Resources Ltd, Amcor Limited, St Vincent's Institute of Medical Research and Ivanhoe Grammar School. Mr Pizzey is also formerly a director and chairman of the London Metal Exchange. He is a member of the Nomination and Compensation Committees and Chair of the Audit Committee. Mr Pizzey brings extensive knowledge gained in over 33 years in the alumina and aluminium industry.

++ **MR JOHN BEVAN** AGE 52 – BSc FAICD

CHIEF EXECUTIVE OFFICER

Mr Bevan was elected as Executive Director and Chief Executive Officer on 16 June 2008. Mr Bevan came to Alumina Limited from BOC Group Plc where he most recently held the position of chief executive of Process Gas Solutions and was elected to the Board of Directors. He has had a long career with the BOC Group Plc including a variety of management roles in Australia, Korea, Thailand and the UK before becoming chief executive of Asia in 2000. He was a director of BOC Plc in London from 2003–2007. Mr Bevan has strong commercial and operational experience gained through operating in joint ventures in many parts of the world, particularly Asia.

>>>>>>>>> **Alumina Limited's key objective is to provide shareholders with substantial returns through the creation of long-term sustainable value. To enable us to achieve that goal, we have implemented a corporate governance framework founded on a core set of values that reflect best practice standards. All directors, management and staff have adopted these values.** >>>>

>>>> OUR APPROACH

Alumina Limited's corporate governance principles and actions are designed to promote corporate fairness, transparency and accountability and ultimately creation of shareholder value. Alumina's corporate governance principles are developed from a fundamental set of values that define our Code of Conduct and drive our behaviours and activities. We believe that a strong value focused governance regime over time generates confidence and sustainable corporate and economic performance.

CORPORATE GOVERNANCE GUIDELINES

Alumina Limited's corporate governance structure and practices are reviewed regularly by local and international corporate governance rating agencies. In 2008 Governance Metrics International, a leading global corporate governance rating agency that rates in excess of 4,000 major corporations globally, rated Alumina Limited as 9.5 out of 10, compared to an overall Australian company (108 companies) average of 7.2.

Alumina Limited meets each of the requirements of the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations (Second Edition).

BOARD OF DIRECTORS

The primary focus of Alumina Limited's Board of Directors is representing shareholder interests in the ongoing management, guidance and success of the Company. The Board in discharging their responsibilities aim to create sustainable shareholder value through strategic goal setting, establishing resources and ensuring its management processes are effective. The Board defines the roles and responsibility of management thereby establishing a structure of accountability and delegates the day to day management of the Company to the Chief Executive Officer and the executive team. A complete description of the role and responsibility of the Board and its Committees is found in the Corporate Governance Statement in the 2008 Annual Report or the Alumina Limited's website.

BOARD MEMBERSHIP AND SUCCESSION PLANNING

The Board consists of four non-executive Directors including the Chairman, and an executive Director – the Chief Executive Officer, Mr John Bevan. It is the Directors' objective to have four non executive directors as the appropriate size for the Board. The Nomination Committee regularly reviews the size and composition of the Board and the balance of skills and expertise of its members. Director biographies are set out on page 16–17.

>>> BOARD, SENIOR EXECUTIVE & BOARD COMMITTEE PERFORMANCE EVALUATION

Performance evaluations of the Board, its committees, the individual Directors and key executives, were undertaken in accordance with the processes described above in 2008. The Board undertakes annual evaluations of both the collective performance of the Board and performance of individual members and also each Board committee.

SHARE TRADING POLICY

Alumina Limited's Share Trading Policy sets down prudent controls and guidelines on share trading by its Directors and employees including share trading limitations. The Share Trading Policy is located on the Company website.

CORPORATE REPORTING AND MANAGING RISK

Alumina Limited's Risk Management Policy sets out its policies and procedures for covering risks such as those relating to markets, credit, price, operating, safety, health, environment, financial reporting and internal control. Management provided the Board with a report attesting to the effectiveness of the Company's management of its material business risks. Further information on risk management can be found in the Corporate Governance Statement of the 2008 Annual Report or the Company website.

WHISTLEBLOWING

Alumina's Whistleblowing Policy encourages, and offers protection for staff to report, in good faith, any behaviour, practice or activity that they have reasonable grounds to believe is unethical or improper, involves impropriety or contravenes the law or manipulates the audit process.

DISCLOSURE POLICY

Alumina Limited is committed to providing best practice continuous disclosure and has comprehensive policies and procedures designed to ensure compliance with the continuous and periodic disclosure obligations under the Corporations Act and the ASX Listing Rules and to ensure accountability at a senior executive level for that compliance.

All of Alumina's corporate governance policies including those summarised above, are available for review or downloading on the Company website www.aluminalimited.com

++ MR JOHN BEVAN BCom

CHIEF EXECUTIVE OFFICER

John Bevan has responsibility for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. He has had a long career with the BOC Group Plc including a variety of management roles in Australia, Korea, Thailand and the UK before becoming chief executive of Asia in 2000. He was a director of BOC Plc in London from 2003–2007. Mr Bevan has strong commercial and operational experience gained through operating in joint ventures in many parts of the world, particularly Asia.

++ MS JUDITH DOWNES

BA(Hons), Dip Ed, Grad Dip Accounting, FCPA

CHIEF FINANCIAL OFFICER

Judith Downes joined Alumina Limited in January 2009 as Chief Financial Officer. She is responsible for finance, accounting, treasury, investor relations and taxation. Ms Downes is also an alternate director for Mr Pizzey. Ms Downes has extensive financial experience gained during her career at Australia and New Zealand Banking Group Limited, and prior to that in public accounting. She is a member of the Standards Advisory Council of the International Accounting Standards Board and a past director of ING Australia.

++ MR STEPHEN FOSTER

BCom LLB(Hons) GDipAppFin (Sec Inst) GradDip CSP ACIS

GENERAL COUNSEL & COMPANY SECRETARY

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources.
Mr Foster has a wide range of legal and commercial experience gained over 25 years, at Village Roadshow, WMC Limited, and the legal firm of Arthur Robinson & Hedderwicks (now Allens Arthur Robinson).

RETIRED OFFICERS

Mr John Marlay retired as Chief Executive Officer and Executive Director on 16 June 2008. He was replaced by Mr Bevan.

Mr Ken Dean retired as Chief Financial Officer on 12 January 2009 and was replaced by Ms Downes.

+++++ SENIOR MANAGEMENT

//// POLICY AND PRACTICES

The Company has adopted widely accepted conventional performance measures for executive remuneration, such as earnings per share, return on capital, and relative total shareholder return. These measures are used in our remuneration structure, as they do align management remuneration with shareholders' interests.

The Compensation Committee is empowered to oversee and implement the Company's compensation plans, policies and practices. The Committee reviews the remuneration strategy and plans of the Company, compares the strategy and plans with community and industry standards and verifies the appropriateness of the strategy and plans by reference to external information and advice. The duties and responsibilities delegated to the Compensation Committee ("the Committee") by the Board are set out in the Committee's Charter, which is available on the Company's website.

Senior executive remuneration is reviewed annually by the Committee. Senior executive rewards are influenced by three factors: individual performance, Company performance, and market position.

SHORT TERM INCENTIVE

The Company reviewed its remuneration policy during 2007 and increased the weighting of remuneration to those areas the executive can directly influence. From 2008, the Short Term Incentive ("STI") is up to a maximum of 100 per cent of Fixed Annual Reward ("FAR") for the Chief Executive Officer (50 per cent in 2007) and 70 per cent for Senior Executives (40 per cent in 2007).

At the same time, the potential Long Term Incentive ("LTI") component of remuneration was reduced in 2008 to a maximum of 50 per cent for the Chief Executive Officer (75 per cent in 2007) and a maximum of 40 per cent of FAR for Senior Executives (60 per cent in 2007).

Fifty per cent of the STI for the Chief Executive Officer and Senior Executives relates to performance against individual objectives and 50 per cent of the STI for the Chief Executive Officer and Senior Executives relates to return on capital and earnings per share hurdles. The individual objectives relate to promoting and protecting shareholder interests in the AWAC joint venture, Alumina Limited capital management and funding, influence on AWAC strategy and operational performance, corporate governance and fiscal compliance. These are matters which executives can most directly and immediately influence and have their performance measured against.

To ensure alignment of executive remuneration with shareholder returns, executives are also required to apply 50 per cent of any after tax STI payment to the purchase of Company shares. Those shares must be held by the executive for a period of at least three years, or until the executive ceases employment.

LONG TERM INCENTIVES

For the 2008 grant of Performance Rights under the LTI Plan, 100 per cent of the Performance Rights will be tested against the Total Shareholder Return ("TSR") hurdle.

For Performance Rights granted in 2008 onwards, if less than 100 per cent vest when tested initially at the end of a three year period, two further tests apply (over a four week period), 6 months and 12 months after the initial test. Any Performance Rights which do not vest after the second retest will lapse.

The volatility of global commodity prices and exchange rates, and the resulting volatility in the Company's share price, can mean a four week measure at the end of three years does not give a good or fair measure of long-term performance. The testing outcome can be potentially unrepresentative, depending on numerous market factors that may be present in a single four week period at the end of three years. Therefore, it is considered that the 6 months and 12 months retesting approach provides a more representative outcome.

// NON-EXECUTIVE DIRECTOR REMUNERATION

Alumina Limited's non-executive Directors receive fees for fulfilling their Directors duties. No additional fees are paid to Directors for participating on Board Committees. Non-executive Directors' fees are reviewed annually and are determined by the Committee based on comparative analysis and advice from remuneration consultants, and take into account the Directors' responsibilities and time spent on Company business. The level of fees reflects what is required to attract Directors with the necessary skills and experience.

Having regard to the review and organisations with comparable market capitalisation, total assets and operating profits, and taking into account duties and responsibilities, non-executive directors' fees were increased on 1 January 2008 from $121,350 per annum to $140,000 per annum, plus the superannuation guarantee levy. There is no increase in non-executive director's fees for 2009.

Non-executive Directors do not receive any performance-related remuneration and do not participate in the ESP. Directors are also required to direct at least 10 per cent of their fees to purchase Company shares.

CHIEF EXECUTIVE REMUNERATION

Mr Marlay's STI in 2008 was up to 100 per cent of FAR and a grant of Performance Rights at the Board's discretion, with a potential value up to 50 per cent of FAR per annum. Mr Marlay ceased employment with the Company on 31 July 2008.

In 2008, Mr Marlay was awarded an STI of $315,000, equivalent to 63 per cent of his FAR for the 6 month period to 30 June 2008. The payment comprised 40 per cent relating to performance against individual objectives and 23 per cent for Company performance for 2008. Mr Marlay resigned as Chief Executive Officer on 1 May 2008, providing the 12 months notice required under his contract of employment.

Mr Marlay received, on cessation of employment, a payment in lieu of notice equal to his FAR for a 9 month period and the STI at target (80% of FAR) for the period 1 July 2008 to 30 April 2009 ($1,416,667).

All Performance Rights held by Mr Marlay that were unvested at 31 July 2008 lapsed.

Mr Marlay was succeeded as Chief Executive Officer by Mr John Bevan from 16 June 2008. Mr Bevan's FAR upon appointment was $1,000,000 per annum, including superannuation. There is no increase in Mr Bevan's FAR for 2009.

Mr Bevan is entitled to a short term incentive of up to 100% of FAR per annum (pro-rata for 2008).

Mr Bevan may be invited to participate in the Long Term Incentive Plan (LTI), which, in each year, may provide Performance Rights under the LTI Plan of up to 50% of FAR (pro rata for 2008).

A more detailed review of remuneration is included in the Remuneration Report in the Annual Report 2008 or on the Company's website.

2008		SHORT-TERM $	POST-EMPLOYMENT $	SHARE BASED $	TERMINATION $	TOTAL $
NON-EXECUTIVE DIRECTORS	1					
D M Morley		350,000	13,437	–	–	363,437
P A F Hay		140,000	12,600	–	–	152,600
R J McNeilly		140,000	12,600	–	–	152,600
G J Pizzey		140,000	12,600	–	–	152,600
M R Rayner	4	47,205	4,248	–	–	51,453
Non-executive Total		817,205	55,485			872,690

2008		SHORT-TERM[2] $	POST-EMPLOYMENT $	SHARE BASED[3] $	TERMINATION $	TOTAL $
EXECUTIVE DIRECTOR – CEO						
J Bevan	5	785,308	7,419	–	–	792,727
J Marlay	6	941,078	7,710	(611,248)	1,475,468	1,813,008
SENIOR EXECUTIVES	2					
K A Dean		798,564	13,437	209,854	–	1,021,855
S C Foster		510,583	13,437	136,233	–	660,253
Executive Total		3,035,533	42,003	(265,161)	1,475,468	4,287,843

1 Non-executive directors are required to receive a minimum of 10 per cent of their fixed remuneration in Company shares. The directors have discretion to vary the amount of fixed remuneration they apply to acquiring shares. Mr Morley applied $35,000, Mr Hay $14,000, Mr McNeilly $35,000, Mr Pizzey $28,000 and Mr Rayner $9,441 to acquiring shares in the Company.

2 Short-term includes Fixed Annual Remuneration payments and cash bonuses for Mr Bevan ($243,000), Mr Marlay ($315,310), Mr Dean ($192,000) and Mr Foster ($124,000).

3 The value of Performance Rights is calculated in accordance with AASB2. On retirement Mr Marlay forfeited all unvested Performance Rights.

4 Mr Rayner retired as a director of Alumina Limited on 1 May 2008.

5 Mr Bevan commenced as Chief Executive Officer on 16 June 2008 following the retirement of Mr Marlay.

6 Mr Marlay retired as Chief Executive Officer on 16 June 2008. Mr Marlay received a Payment in lieu of Notice of $1,416,667 comprising of 9 months pay $750,000 and STI at Target of $666,667. The balance of $58,801 represents an annual leave component paid in lieu of notice.

AS AT 31 DECEMBER	2008 $A MILLION	2007 $A MILLION
CURRENT ASSETS		
Cash and cash equivalents	66.8	29.1
Related party loan	72.1	–
Derivative financial instruments	6.6	–
Receivables – other	0.6	0.1
Other assets	1.6	–
Total current assets	**147.7**	**29.2**
NON-CURRENT ASSETS		
Investments accounted for using the equity method	3,748.6	2,657.0
Property, plant and equipment	0.2	0.3
Deferred tax assets	2.1	2.1
Total non-current assets	**3,750.9**	**2,659.4**
Total assets	**3,898.6**	**2,688.6**
CURRENT LIABILITIES		
Payables	4.8	15.8
Interest bearing liabilities	360.9	440.6
Current tax liabilities	0.4	1.0
Related party loan	50.8	–
Provisions	0.1	0.1
Other	1.6	1.1
Total current liabilities	**418.6**	**458.6**
NON-CURRENT LIABILITIES		
Interest bearing liabilities	686.9	565.8
Provisions	0.3	0.3
Total non-current liabilities	**687.2**	**566.1**
Total liabilities	**1,105.8**	**1,024.7**
Net assets	**2,792.8**	**1,663.9**
EQUITY		
Contributed equity	1,444.4	411.9
Treasury shares	(0.7)	(0.7)
Reserves:		
– Group	214.3	12.6
– Associates	1.9	1.4
Retained profits:		
– Group	743.6	736.0
– Associates	389.3	502.7
Total equity	**2,792.8**	**1,663.9**

CONDENSED CONSOLIDATED BALANCE SHEET

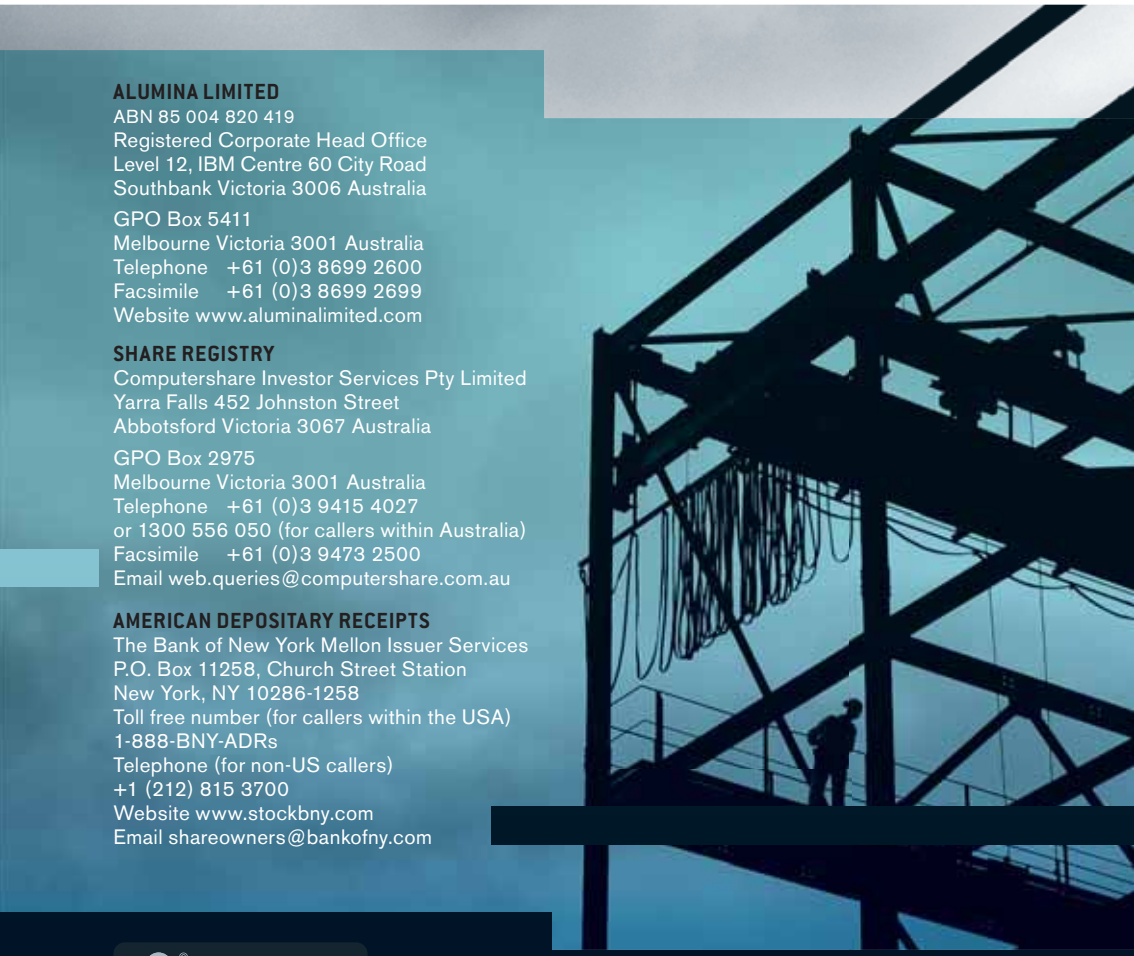
AS AT 31 DECEMBER	2008 $A MILLION	2007 $A MILLION	2006 $A MILLION	2005 $A MILLION	2004 $A MILLION
Revenue from continuing operations	**3.9**	2.8	1.4	4.0	8.9
Other income	**–**	–	–	–	44.5
Share of net profits of associates accounted for using the equity method	**242.6**	494.6	546.6	337.1	283.5
Finance costs	**(48.8)**	(45.7)	(25.1)	(15.3)	(8.1)
Change in fair value of derivatives	**(7.9)**	–	–	–	–
General and administrative expenses	**(19.2)**	(13.8)	(10.7)	(10.2)	(8.7)
Income tax expense	**(2.6)**	(1.5)	(1.1)	–	(3.7)
Net profit attributable to members of Alumina Limited	**168.0**	436.4	511.1	315.6	316.4
Non-operating non-cash items[1]	**33.6**	(30.8)	58.3	15.7	(0.05)
Underlying earnings[1]	**201.6**	405.6	569.4	331.3	315.9
Total assets	**3,898.6**	2,688.6	2,357.6	2,013.5	1,823.2
Total liabilities	**1,105.8**	1,024.7	603.0	483.3	411.3
Net assets	**2,792.8**	1,663.9	1,754.6	1,530.2	1,411.9
Shareholders' funds	**2,792.8**	1,663.9	1,754.6	1,530.2	1,411.9
Dividends provided for or paid	**273.8**	275.6	233.2	232.8	232.2
Dividends received from AWAC	**356.0**	444.9	521.1	95.9	160.4
STATISTICS					
Dividends declared per ordinary share	**12c**	24c	22c	20c	20c
Dividend payout ratio (cash dividends)	**146%**	63%	46%	74%	74%
Earnings per ordinary share	**12.9c**	35.7c	43.8c	27.1c	27.2c
Return on equity[2]	**8.5%**	25.5%	31.1%	21.5%	23.3%
Gearing (net debt to equity)	**26.0%**	37.0%	19.3%	24.0%	17.1%
Net tangible assets backing per share	**$1.71**	$1.21	$1.25	$1.06	$0.96

1 Underlying earnings has been calculated by adjusting reported net profit amounts relating to non-cash entries which do not reflect the operations of the Company. These non-cash entries related to mark-to-market valuations of AWAC embedded derivatives, and adjustments resulting from actuarial assessment of AWAC employee defined benefit plans.

2 Based on net profit attributable to members of Alumina Limited.

FINANCIAL HISTORY

ALUMINA LIMITED AND CONTROLLED ENTITIES



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