To: The Manager
Announcements
Company Announcements Office
Australian Stock Exchange

Public Announcement 2005 – 6AWC

Attached, in accordance with Listing Rule 4.7, is a copy of Alumina Limited's Concise Annual Report 2004 that will be distributed to shareholders today.

Stephen Foster
Company Secretary

22 March 2005

Alumina Limited

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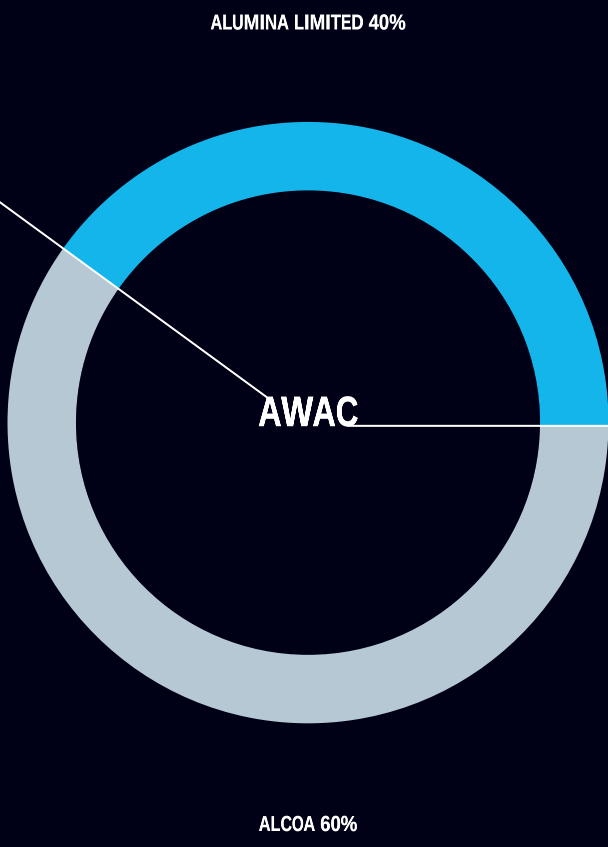
ALUMINA LIMITED

Alumina Limited Concise Annual Report 2004

TODAY'S VISION IS TOMORROW'S REALITY



A SUCCESSFUL PARTNERSHIP

Alumina Limited is a leading Australian company listed on the Australian Stock Exchange and the New York Stock Exchange. Our strategy is to invest world-wide in bauxite mining, alumina refining and selected aluminium smelting operations through our 40% ownership of Alcoa World Alumina and Chemicals (AWAC), the world's largest alumina business. Our partner, Alcoa, owns the remaining 60% 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 2004 HIGHLIGHTS

NET PROFIT OF $322 MILLION, UP 36% ON 2003

22.5% RETURN ON EQUITY

DIVIDEND OF 20 CENTS PER SHARE DECLARED FRANKED TO 17.5 CENTS

AWAC 2004 HIGHLIGHTS

ALUMINA PRODUCTION INCREASED 500,000 TONNES TO 13.6 MILLION TONNES

PROFIT BEFORE TAX OF US$886.2 MILLION, AN INCREASE OF 42% OVER 2003

SURALCO'S (SURINAME) 250,000 TONNE PER ANNUM ALUMINA REFINERY EXPANSION COMPLETED SIX MONTHS AHEAD OF SCHEDULE

ALUMINA LIMITED ABN 85 004 820 419

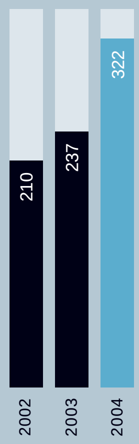
The Alumina Limited Concise Annual Report 2004 provides a review of Alumina Limited's, operating performance and financial data, for the year ended 31 December 2004. Printed reports are available for distribution to shareholders and prospective investors, or may be accessed via the Alumina Limited website (www.aluminalimited.com).

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

01 HARNESSING PROFITS
CHAIRMAN AND CEO'S REPORT

In 2004, Alumina Limited delivered a higher profit result, declared a 20 cent dividend to shareholders, achieved a 22.5 per cent return on shareholder equity and positioned the company for further growth. This was an excellent result for our shareholders.

ALUMINA PROFIT
A$Million



Our sole asset is a 40 per cent interest in Alcoa World Alumina and Chemicals (AWAC), a highly successful partnership between Alcoa and Alumina, which has its roots back in 1961 with the formation of Alcoa of Australia. AWAC has world-class operations located in Australia and in many other countries. In 2004, shareholders again reaped the benefits of substantial long-term investments made over several decades, which have resulted in AWAC being the world's leading alumina producer. Just as importantly, AWAC's quality assets and strong market position provide a platform for future growth for Alumina Limited, with potential to expand the annual capacity of AWAC's low-cost alumina refineries by up to 5 million metric tonnes per year (mtpy).

It has been a year of working towards Alumina Limited's successful participation in this growth potential and achieving the desired returns for shareholders. The role of AWAC in Brazil has been clarified and Alumina acquired through AWAC, an interest in the Juruti bauxite deposit. AWAC progressed upgrades at Suralco and Pinjarra refineries and concluded an agreement with the Jamaican government to increase its interest in the Jamalco refinery to 70 per cent in conjunction with a major expansion of that refinery.

CONSISTENT RESULTS FOR SHAREHOLDERS

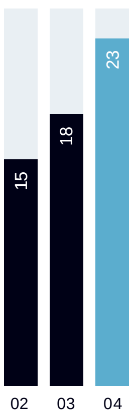
Alumina Limited's 2004 results demonstrate the ability of the AWAC joint venture to provide consistently attractive returns for shareholders. Net profit after tax increased to $322 million, up 36 per cent over the previous year. AWAC responded to strong global alumina demand and higher alumina prices by increasing production in 2004 by more than 500,000 tonnes.

AWAC generated an operating cash flow of US$661 million compared to US$586 million in 2003 and paid $160 million in dividends to Alumina Limited compared to $284 million in 2003. AWAC's improved operating performance saw increased return on equity of 22.5 per cent for Alumina Limited in 2004, (compared with 17.9 per cent achieved in 2003). Dividends of 20 cents per share (franked to 17.5 cents) were declared to shareholders for the 2004 year compared to 20 cents fully franked for 2003. In 2004, AWAC completed the sale of the Speciality Chemicals division, resulting in an after-tax profit of $15 million for Alumina Limited. The sale was consistent with AWAC directing its focus toward expanding its alumina operations.

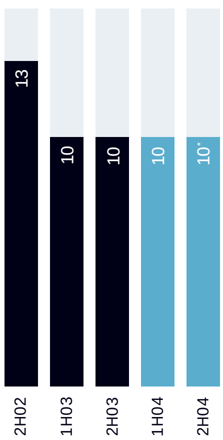
ALUMINA LIMITED 2004

NET PROFIT AFTER TAX UP 36% TO $322M
DIVIDENDS DECLARED OF 20 CENTS PER SHARE (FRANKED TO 17.5 CENTS)
RETURN ON EQUITY UP FROM 18% TO 22.5%

ALUMINA RETURN ON EQUITY
PERCENTAGE %



ALUMINA DIVIDENDS DECLARED
CENTS



*Franked to 7.5 cents

We anticipate that AWAC's strong internal cash flow will continue to be used to fund much of its future growth. The board's intention, subject to business conditions, is to maintain dividends to Alumina shareholders at current levels through a period of substantial AWAC growth anticipated during the next three to four years, and to frank that dividend to the fullest extent possible. In franking the final dividend at 75%, the Board considered the minimum dividend payout ratio required by the AWAC Agreements and that franking credits received for 2005 could be limited by funding decisions for AWAC's growth projects. The level of franking of the Company's future dividends will depend upon the timing and funding programs of the AWAC growth projects. The Company is working with Alcoa on alternatives to release the significant franking credits accumulated in Alcoa of Australia and the outcome of this work should be known in the coming months.

In the short term, financing AWAC's attractive growth opportunities will use cash flow of AWAC which might otherwise have been distributed to shareholders. However these high return investments will generate substantially more cash flow in the medium term. Alumina is also able to draw on its strong balance sheet to provide additional funding for AWAC's growth prospects. Alumina Limited has a sound balance sheet, Standard & Poor's continues to maintain our A-rating, and net debt was A$280 million as at 31 December 2004. The company has the financial strength to fund this attractive growth, within conservative financial targets and maintain the level of dividends to our shareholders. At 31 December 2004, AWAC was ungeared with a net cash balance of US$129 million.

Alumina Limited's share price opened the year at $6.59 and closed at $5.94, putting the company's market value at $6.9 billion.

In 2004, we achieved our objective of reducing Alumina Limited's corporate costs. Corporate costs of $8.4 million were below 2003 costs of $12.6 million, principally due to a focus on cost reduction, lower


POINT HENRY SMELTER

employee related costs, the absence of demerger costs and lower costs from stock appreciation rights arising prior to the demerger and held by current and former WMC Resources employees. We maintain a small staff and Board who during the year worked on a number of complex issues directed at protecting and enhancing the value of Alumina to our shareholders.

Alumina's debt was reduced by $22 million during the year to A$280 million, largely as a result of the sale of the Specialty Chemicals division. AWAC also utilised cash flow to repay the residual debt from the Jamalco alumina refinery expansion, which was completed in November 2003. Current expansions at the refineries in Suriname and Pinjarra in Western Australia are being funded entirely from AWAC operating cash flow.

OPERATING PERFORMANCE – AWAC

Alcoa, our partner, is the world's largest aluminium producer, effectively employing its technology and expertise to manage the AWAC operations.

AWAC employs approximately 7,500 people around the world. During 2004, AWAC recorded a lost work day frequency of 0.1 per 200,000 man hours worked, continuing towards AWAC's goal of zero work place injuries.

The AWAC operations, like many other industrial businesses in 2004, were challenged with higher operating costs due to rising energy, shipping and raw material costs. These costs, combined with a strengthening AUD/USD exchange rate had a negative effect on the profit generated by AWAC operations. However they were more than offset by productivity improvements and higher aluminium and alumina prices and sales.

AWAC's alumina production increased to 13.6 million tonnes. The output of the aluminium smelting operations located in Victoria, Australia, was 385,000 tonnes. Higher London Metal Exchange aluminium prices during the year contributed to higher alumina prices. Aluminium metal prices rose from US$1,619 to US$1,958 per tonne during 2004.

ALUMINA LIMITED'S STRATEGY

Alumina Limited's strategy and objectives remain clear – to participate, within AWAC, in bauxite mining, alumina refining and selected aluminium smelting operations world-wide, in order to provide long-term capital growth and substantial dividends to our shareholders.

Alumina Limited's participation in the AWAC joint venture provides us with the greatest potential to meet our objectives. We are now entering a period of dynamic and sustainable growth, to meet increasing global demand for aluminium and its base material, alumina. Expansion of AWAC's refinery capacity delivers profitable growth by adding low-cost, long-life additional alumina production for long-term customer contracts. AWAC has the advantage, compared to many other alumina producers, of having a number of expansion options being developed in its network of refineries.

Alumina decided not to participate in the investment opportunity in the Alba aluminium smelter, opting instead to focus on further attractive alumina brownfield development opportunities within the AWAC network. Alba continues to be one of AWAC's largest alumina customers.

PLATFORM FOR FUTURE GROWTH

A key element of AWAC's platform for future growth is the expansion of its refinery capacity.

In Suriname, Suralco completed the 250,000 tonne per annum, US$65 million capacity expansion at the Paranam alumina refinery in February 2005, six months ahead of schedule. This expansion increased production capacity to 2.2 million mtpy. Suralco is one of AWAC's lowest cost refineries and the expansion adds production at very attractive operating costs. AWAC owns 55% of the Paranam facility, while BHP Billiton owns 45%.

A KEY ELEMENT OF AWAC'S PLATFORM FOR FUTURE GROWTH IS THE EXPANSION OF ITS REFINERY CAPACITY

In Western Australia, the 600,000 tonne efficiency upgrade at Pinjarra – AWAC's largest and lowest cost refinery – continues to be on track for completion by the end of 2005. When completed, the facility's capacity will expand from 3.4 million mtpy to 4 million mtpy, further enhancing one of the world's most successful and cost-efficient alumina refineries.

Further expansion of AWAC's alumina production capacity is planned at the Alumar, Jamalco, and Wagerup refineries as part of AWAC's potential expansion of its refinery network capacity by over 5 million mtpy.

AWAC and the Government of Jamaica have signed an agreement in principle to expand the Jamalco refinery by 1.5 million mtpy, more than doubling the refinery's current capacity to at least 2.8 million mtpy. In addition, AWAC ownership in the refinery will increase from 50 per cent to 70 per cent. The Government of Jamaica will continue to hold the remaining 30 per cent.

A protocol has also been signed by AWAC with Alcan Inc. and the Government of the Republic of Guinea to develop jointly a 1.5 million mtpy alumina refinery in the Republic of Guinea, West Africa.

AWAC was a 20% participant in the consortium that acquired the Western Australian Dampier to Bunbury Natural Gas Pipeline in 2004. Participation in this acquisition secured energy delivery capacity required to support further capacity growth in AWAC's Australian refining system.

In December 2004, Alumina Limited and Alcoa resolved a disagreement over whether the Juruti bauxite deposits in Brazil must be offered to AWAC and clarified that all new investments in bauxite and alumina refining in Brazil will be through AWAC. Alumina acquired a 40% interest in the Juruti bauxite deposit in Brazil at a cost of US$40 million. The Juruti bauxite deposit is being considered for development to supply bauxite to the potential expansion of the Alumar refinery, and for potential supply to other AWAC and third-party operations. A final investment decision on this project is expected late in 2005.

GOVERNANCE

We continue to ensure that our governance practices and our Code of Conduct, which applies to directors, management and staff alike, meet best practice corporate governance rules and guidelines. A summary of our corporate governance practices is included in Section 5 of this report.

Alumina Limited will adopt reporting of results consistent with International Financial Reporting Standards (IFRS). A more detailed explanation is provided in the Full Financial Report.

OUTLOOK

Growth in the world-wide alumina market is expected to be favourable in 2005. Independent analysts are forecasting a continuing deficit in global alumina supply in the near term. AWAC has the resources, technology and global operating network to expand alumina production to meet this projected growth in market demand.

2005 commenced with a higher aluminium price and a generally weaker USD. We anticipate that in 2005 AWAC will receive higher alumina prices as a result of improved contract terms and higher LME aluminium prices. AWAC has negotiated better contract prices equivalent to 2 per cent of LME metal prices, for about one third of long-term supply agreements with third-party customers. The better overall average third party price will also improve the price AWAC receives for alumina purchased by Alcoa Inc. However, AWAC is anticipating further cost pressure in 2005 with significantly higher caustic soda prices and continuing high energy and raw material prices, which are expected to add US$15 per tonne to alumina production costs. Partly offsetting these cost increases will be a targeted 800,000 tonne increase in alumina production.

Based on average aluminium prices and exchange rates for 2004, Alumina's 2005 net profit after tax sensitivity to a US 1 cent movement in the aluminium metal price is approximately A$14.7 million and

sensitivity to the USD/AUD exchange rate is A$10.8 million for each 1 cent movement.

Consolidation in the alumina industry continued in 2004, with Alcan acquiring Pechiney and Kaiser Aluminum disposing of assets. Throughout a period of change in the resources industry, Alumina Limited continues to provide its shareholders with the benefits of an investment in high-quality alumina and aluminium assets and an attractive return on equity.

The company maintains low staffing levels, with a clear focus on protecting and adding value for Alumina's shareholders. As required we will continue to utilise external expertise for specialist advice on many of the business issues of strategic importance to the Company.

We thank all of Alumina's employees for their contributions to the excellent results achieved during the past year and for their dedication to delivering improved outcomes for our shareholders.

We have consolidated our position as a quality Australian company with a single focus of investing in AWAC to deliver to our shareholders consistent dividends and improved investment value. We support AWAC undertaking profitable expansion of its alumina operations and look forward to ensuring Alumina Limited's participation in that growth. Both Alumina Limited and AWAC are well positioned financially to fund the growth to meet the continuing lift in world demand for aluminium and alumina. We are confident that this exciting period of growth will deliver increased value to shareholders.

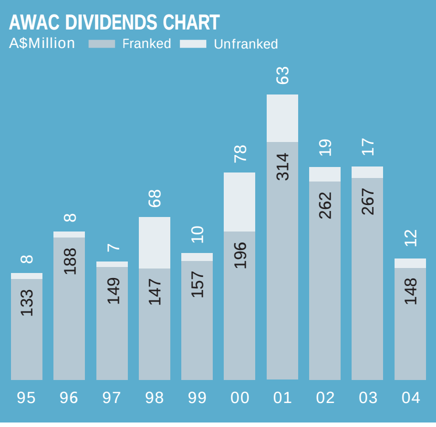
Don Morley
Chairman

John Marlay
Chief Executive Officer

02 A GOAL IN SIGHT
RESULTS AND MARKET OUTLOOK

In 2004, Alumina Limited profits grew by 36 per cent, maintained substantial dividends to shareholders, and paved the way for significant future growth.

OBJECTIVES	ACHIEVEMENTS
Deliver substantial returns to shareholders by passing on 100 per cent of all fully franked dividends as far as practicable	• Net profit up 36 per cent from 2003 to $322 million • 20 cents per share dividends declared – franked to 17.5 cents • Alumina dividends declared represented 72 per cent of profits • Return on equity of 22.5 per cent For more on financial results, turn to page 10
Maintain AWAC's leadership in the alumina industry	• AWAC produced 13.6 million tonnes of alumina, up 4% from 13.1 million tonnes in 2003 • AWAC produced 385,000 tonnes of aluminium, consistent with 2003 For more on AWAC's operations, turn to page 13
Grow AWAC to meet market demands and maintain leadership position	• AWAC completed Jamaican expansion to increase 2004 production by 250,000 tonnes • AWAC progressed Pinjarra efficiency upgrade to increase annual production by 600,000 tonnes • AWAC accelerated the Suriname 250,000 tonne refinery expansion, completing the project six months ahead of schedule • Alumina acquired a 40% interest in the Juruti bauxite deposit in Brazil For more on AWAC's Strategies for Growth, turn to page 17
Increase market understanding of Alumina Limited	• We provided a clear strategy to grow solely through AWAC • AWAC announced substantial pipeline of growth projects • Confirmed AWAC's growth strategy and Alumina's financial capacity
Participate in the strategic direction of AWAC	• We are well positioned financially to participate in AWAC growth • AWAC completed the profitable sale of the Specialty Chemicals Division • Alumina declined the option to invest in the Alba smelter and focused on growth of alumina refining assets For more on strategic direction, turn to page 17



FINANCIAL PERFORMANCE

Alumina Limited's net profit after tax was $322.1 million in 2004 compared to $236.9 million in 2003; an increase of 36 per cent. Alumina Limited's cash flow from operating activities in 2004 was $148 million, ($268 million in 2003).

This profit result was principally due to higher realised alumina and aluminium prices and higher sales volumes. These higher prices reflected continued strength in the world economy and double digit growth in Chinese aluminium consumption. Average London Metal Exchange (LME) aluminium prices were 20 per cent higher in 2004 than in 2003. These higher prices and increased sales volumes were partially offset by a weaker US dollar and higher energy and raw material prices.

Alumina Limited's share of dividends received from AWAC for 2004 was lower at $160 million, compared with $284 million in 2003. Dividends of 20 cents a share were declared for the 2004 year franked to 17.5 cents a share. A lower AWAC dividend was received in 2004 despite a higher profit due to the utilisation of operating cashflow to fund the upgrade of the Pinjarra alumina refinery, the acquisition of the interest in the Dampier to Bunbury gas pipeline and cash being retained at year end for existing and future growth projects. Cash available at year end and continuing AWAC cash flow will fund the Pinjarra upgrade through 2005 and increased production from the upgrade is expected in late 2005.

PRODUCTION PERFORMANCE

AWAC increased alumina production in 2004 in response to increased worldwide consumption of alumina and aluminium. Total alumina production was 13.6 million tonnes, a 4 per cent increase on 2003.

Increased production was predominantly achieved by operating the Point Comfort refinery at full capacity, completion of the Jamaican refinery expansion, and also capacity creep at other refineries. Record alumina production was achieved at Pinjarra, Wagerup, São Luis, Suralco, San Ciprian and Jamalco.

In September 2004, production was temporarily halted at the Jamalco alumina refinery in Jamaica due to impending hurricane Ivan. The refinery was relatively unscathed, although port loading facilities were severely damaged. Production loss was limited, loading facilities have been repaired, and all AWAC customer contract commitments were met.

AWAC's aluminium production in Australia in 2004 was 385,000 tonnes.

The total cost of alumina and aluminium production in 2004 in US dollar terms was higher than in 2003. This was due to weakness in the US dollar and higher production levels. Also the strong world economy and high level of demand for commodities generally has seen freight and raw material costs increase and oil and gas prices remain high.

The Australian dollar/US dollar exchange rate increased from US$0.75 at 31 December 2003 to US$0.78 at 31 December 2004, and averaged US$0.74 for the year – 9 cents higher than the average for 2003.

A consequence of the weaker US dollar is a charge to Alumina Limited's profit of $7 million after tax for the revaluation of accounts receivable and payable in Alcoa of Australia. AWAC maintains limited short-term energy price hedging to reduce volatility in natural gas and fuel oil prices. It is AWAC's and Alumina Limited's current practice not to hedge its aluminium and currency price risks.

DEBT AND CAPITAL EXPENDITURE

AWAC had cash of US$226 million and debt of US$97 million as at 31 December 2004.

Alumina Limited had cash of A$118 million and borrowings of A$398 million as at 31 December 2004. The strengthening of the Australian dollar to US$0.78 from US$0.75 at the start of 2004 reduced the Australian dollar debt balance by A$18 million. Net interest cost for the year of $(0.8) million were lower due to lower US dollar debt and increased cash balances. AWAC's capital expenditure was US$332 million in 2004, compared with US$170 million in 2003, with the increase due to the Pinjarra upgrade, Suriname expansion and relocation of the bauxite crusher in the Western Australian operations.

OTHER DEVELOPMENTS

Options issued prior to the demerger to WMC Limited Group employees were exercised, which resulted in the issue of 3.5 million shares, for total consideration of $19.3 million.

MARKET REVIEW AND OUTLOOK*

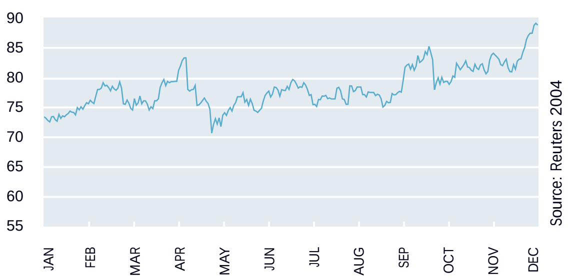
Aluminium prices on the LME rose to a high of US$1,965 per tonne in 2004 and averaged US$1,725 per tonne for the year; an increase of 20.6% over 2003. The higher aluminium prices reflected increased demand, a weaker US dollar and greater confidence in global economic growth. LME aluminium inventories decreased by 51% during the year to 698,000 tonnes at year end. The aluminium price improved in the second half of 2004, averaging US$1,766 per tonne.

The price of alumina for long-term contracts also rose during 2004 due to higher aluminium prices and a tightening in the world-wide balance between supply and demand for alumina. Spot alumina prices remained high due to increasing demand, particularly in China, with spot prices at the end of 2004 similar to those of 2003. AWAC supplies alumina to customers world-wide, with Alcoa being AWAC's principal customer. AWAC had reduced tonnages available for sale into the spot market due to the expiry of an alumina purchase contract which related to the Reynolds acquisition and divestiture of selected assets by Alcoa in the year 2000. It is AWAC's intention to continue to enter into long-term customer contracts to underpin investment in future expansions.

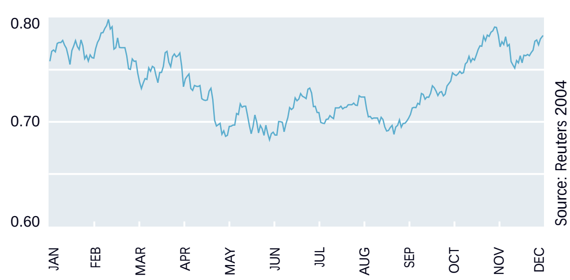
Global demand for aluminium, and therefore alumina, is generally forecast to remain strong. During 2004, in the two largest markets for aluminium – China and the US – aluminium consumption increased. China's economy recorded strong growth in the key areas of construction, manufacturing and transport. The outlook is favourable for metal consuming sectors that are key markets for aluminium.

* These comments represent the views of Alumina Limited only.

ALUMINIUM PRICE USCENTS/LB



AUD/USD EXCHANGE RATE



03 THE SUM OF MANY PARTS
AWAC OPERATIONS

OUR INVESTMENT IN AWAC

AWAC – Alcoa World Alumina and Chemicals – is a global joint venture with Alcoa. Alumina Limited owns 40 per cent. Alcoa, our partner, is the enterprise leader and manager of AWAC and owns 60 per cent. Alcoa's dedication to AWAC's economic achievement, environmental management, health and safety performance, and community and employee relations is reflected in AWAC's strong operational performance.

THE AWAC OPERATIONS

Bauxite mining and alumina refining are the core business activities of AWAC's operations. AWAC also operates two low-cost aluminium smelters in Victoria, Australia.

AWAC's operations span five continents, a global enterprise with mining, refining and smelting activities. This integrated global network strategically positions AWAC to supply alumina to the world smelting markets, with options to expand low-cost production facilities in the future.

AWAC - AN INTEGRATED GLOBAL NETWORK

IN 2004, AWAC'S GLOBAL NETWORK PRODUCED:

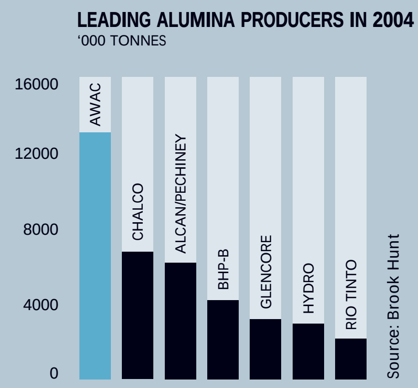
- 13.6 million tonnes of alumina
- 385,000 tonnes of aluminium

AWAC is the world's largest producer of alumina and employs approximately 7,500 employees.

AWAC'S GLOBAL INTERESTS

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

B AWAC bauxite mines/interests
R AWAC alumina refineries
S AWAC aluminium smelters



AWAC – TOWARDS A SUSTAINABLE FUTURE

Sustainability underpins all elements of AWAC's business. Alcoa has developed a sustainability framework that guides AWAC's future decision making and is consistent with the International Aluminium Institute's Global Sustainable Development Initiative. Alcoa is committed to demonstrate sustainable achievements in economic outcomes, environmental management, health and safety performance and partnering stronger communities through its community and employee relations across the AWAC enterprise.

Alcoa was recently named one of the top three most sustainable corporations in the world, at the World Economic Forum in Davos in January 2005. Alumina Limited was also included in the Global 100 Most Sustainable Corporations.

For more detailed information on AWAC's activities and achievements in these areas, refer to Alcoa of Australia's website and Alcoa's 2003 Sustainability Report: http://www.alcoa.com/australia/en/pdf/Community /alcoa_2003_sustainability.pdf

ENVIRONMENT, HEALTH AND SAFETY

Central to the management philosophy of AWAC operations are the interests of employees and customers, as well as those of the environment and communities in which AWAC operates. AWAC invests the time, energy and financial resources to provide a safe workplace for all employees and contractors and to protect the well-being of surrounding communities and ecosystems.

WORKPLACE SAFETY

AWAC's goal is to achieve an injury free workplace. As a result, workplace safety is the highest priority. The lost workday injury rate across all AWAC operations is substantially better than the average recorded by the global smelting/refining industry. In 2004, AWAC refining facilities at São Luis in Brazil were presented with the award by the International Aluminium Institute as the safest refinery in the world for 2003.

PROTECTING THE ENVIRONMENT

AWAC continues to use industry-leading techniques for the protection of the environment for the benefit of current and future generations.

The Society for Ecological Restoration International (SERI) presented Alcoa of Australia with the Model Project Award, recognising restoration projects that have truly advanced the craft of ecosystem restoration and upon which future projects may well be modelled.

The aluminium smelting process also creates an environmental impact in the form of greenhouse gas (GHG) emissions. Greenhouse gas emissions intensity at AWAC's Victorian smelters decreased in 2003 resulting from integrated greenhouse and energy improvements. By the end of 2003 the on-site emission intensity of AWAC's two smelters was at an all-time low – more than 9 per cent below 2000 levels, and more than 61 per cent below 1990 levels.

ALUMINIUM - A SUSTAINABLE METAL

Aluminium is a common material in everyday life. It is produced worldwide, both in developed and developing economies, and its flexibility and durability have made it one of the most versatile metals in the world. Aluminium can be reused again and again, to such an extent that of the estimated 680 million tonnes of aluminium manufactured since 1886, 440 million tonnes (two thirds) are still in use today.

This ability to recycle aluminium, as well as its inherent qualities as a light-weight metal that is resistant to light, heat and corrosive elements, all contribute to ensuring that aluminium will play a sustainable role in our future.

By recycling materials and encouraging others to do the same, we can reduce the amount of energy and resources we would otherwise use during the mining, refining and smelting stages required to produce aluminium from raw materials. Using recycled aluminium scrap, for example, saves up to 95% of the energy required for primary production. Saving energy and recycling directly benefit the environment through reduced emissions and lower costs.

While aluminium's recycling qualities help to reduce the costs of products, its flexibility, light weight and durability helps to improve outcomes – both environmental and economic – for other industries that use aluminium in the manufacture of their products. For example, aluminium is used in the transport industry to decrease the weight of vehicles, which in turn reduces energy consumption. Vehicles with a high aluminium content can be up to 50% lighter than conventional vehicles.

WHAT IS ALUMINA?

01

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

02

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

03

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

04

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

04 AN EXISTING CAPACITY A STRATEGY FOR GROWTH

It is Alumina Limited's participation in the AWAC joint venture that gives us the greatest potential to fulfil our objectives of providing long-term capital growth and substantial dividends to shareholders.

The AWAC enterprise has a history of strong profitability and growth with a consistent and successful business strategy, and is the world's leading alumina producer. That strategy is targeted to:

- meet the challenge to supply the increasing world demand for alumina/aluminium
- minimise development risk by expanding existing operations using proven AWAC technology
- leverage off an existing low-cost platform to further reduce operating costs.

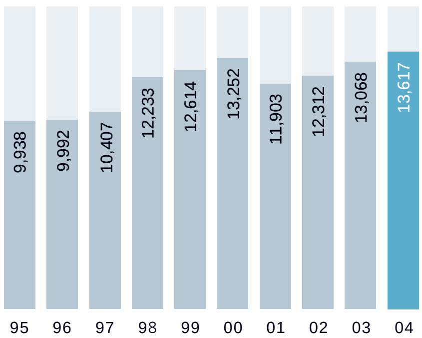
ALUMINA LIMITED'S STRATEGY

Alumina Limited's strategy is to participate, within AWAC, in bauxite mining, alumina refining and selected aluminium smelting operations worldwide.

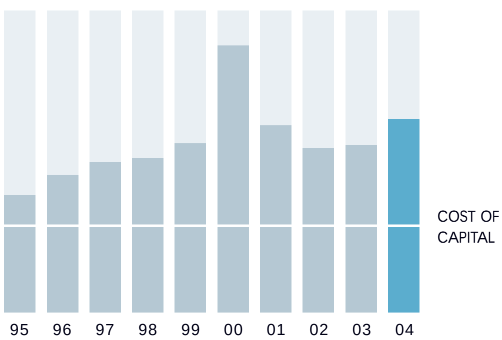
STRATEGY	MECHANISMS
Support for AWAC's market leadership through operational excellence and incremental capacity creep	• Technology and productivity improvement by AWAC to ensure competitive cash operating cost position is sustained • AWAC technology and operational know-how, utilised to achieve capacity creep • AWAC to continuously meet customer expectations
Generate profitable growth for Alumina shareholders, from planned and sustainable expansion of the AWAC enterprise	• Achieve low-risk, principally brownfield expansion of existing alumina and bauxite capacity in order to meet growth in global alumina markets • Participate in strategic greenfield refinery investments which meet AWAC's risk and return criteria, to improve AWAC's long-term capacity and cost position • Undertake selected smelting investment within AWAC, where investment returns are high
Return substantial dividends to shareholders	• Distribute, as far as practicable, 100% of Alcoa of Australia's fully franked dividends to shareholders • Invest cash in high-return opportunities in AWAC, or return cash to shareholders • This strategy is supported by AWAC's history of strong returns

AWAC'S PLAN FOR GROWTH IS UNDERPINNED BY INCREASING GLOBAL CONSUMPTION OF ALUMINIUM

AWAC PRODUCTION OF ALUMINA
'000 TONNES



AWAC RETURN ON CAPITAL



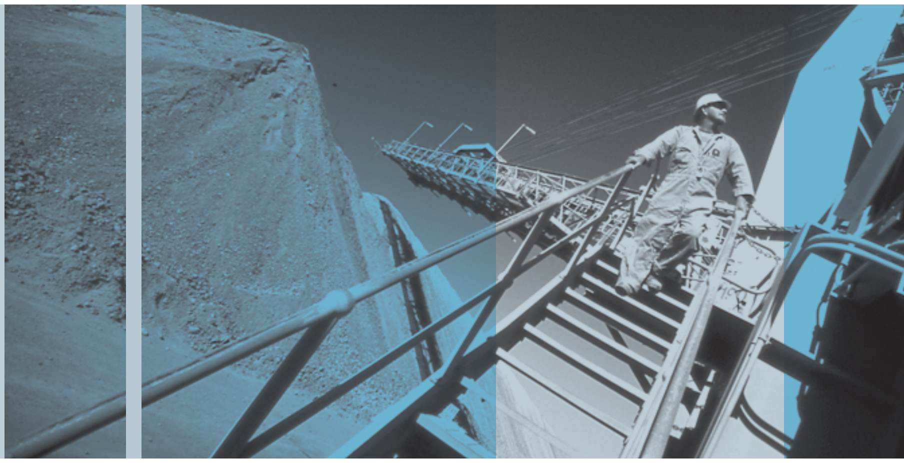
AWAC EXPANSION – PORTFOLIO OF ACTIVE GROWTH PROJECTS

The projects at Suriname (now completed) and Pinjarra will add 740,000 mtpy to AWAC's alumina production capacity. In addition AWAC announced during 2004 three potential refinery expansion projects and a greenfield project to deliver growth at relatively low capital cost. These projects have the potential to expand AWAC's global alumina refining network by more than five million tonnes per annum. A decision on the first of these projects is likely to be made in the first half of 2005.

The projects are principally brownfield expansions at existing AWAC refineries, designed to provide additional alumina production at low capital costs and favourable cash operating costs. It is AWAC's intention to underpin this capacity growth with long-term supply contracts with AWAC customers.

In Jamaica, a 1.5 million mtpy expansion of the Jamalco refinery, jointly owned by AWAC and the Jamaican Government, will potentially raise production capacity to at least 2.8 million mtpy. In addition, AWAC ownership in the expanded refinery will move from 50 per cent to 70 per cent resulting from AWAC contributing approximately 85% of the total proposed US$800 million expansion costs. The Government of Jamaica will retain ownership of the remaining 30 per cent. The initial 250,000 mtpy expansion of the Jamalco refinery completed in 2003 increased production capacity to 1.25 million mtpy and combined with the abolition of the levy on bauxite, reduced operating costs by 30%. This has laid the foundation for the further expansion which will result in the refinery becoming one of the lower-cost refineries in the world. A decision on the expansion project is expected in the first half of 2005 and would be scheduled for completion in 2007.

In Brazil, at the Alumar refinery in Sao Luis, engineering design work continues for a two million tonne, US$680 million expansion of the refinery. The refinery expansion incorporates an upgrade of the existing facility and the construction of an additional



PINJARRA ALUMINA REFINERY

state-of-the-art unit, with an anticipated completion in early 2008. AWAC has a 54 per cent interest in this and any future expansion of Alumar.

In December 2004, Alumina Limited acquired a 40 per cent interest in the Juruti bauxite deposit in Brazil, which is being considered for development to supply bauxite to the planned expansion of the Alumar refinery and other AWAC or third-party refineries. Final decisions on these projects are expected later in 2005.

In Western Australia, a comprehensive public consultation process has begun in support of the construction of a third production unit at the Wagerup refinery to increase alumina capacity by over 2 million mtpy. The Wagerup refinery is already the most environmentally advanced alumina refinery in the world. This expansion of over 2 million mtpy would meet world-class health guidelines and take into account community expectations on health and the environment, requiring capital expenditure of around A$1.5 billion. A decision will be made whether to proceed with this project following completion of the Environmental Review and Management Plan in the third quarter of 2005.

In Guinea West Africa, AWAC, Alcan Inc. and the Government of the Republic of Guinea have signed a protocol for developing jointly a 1.5 million mtpy, latest technology, alumina refinery in Guinea. A detailed feasibility study for the refinery is expected to be completed during 2005. The abundance of high-quality bauxite reserves in Guinea is an important feature of this project. If approved, it is expected that alumina production could commence in 2008 with potential to further expand production capacity. The refinery would source high-quality bauxite reserves located in the Boké region through AWAC's 45 per cent ownership in Halco (Mining) Inc., which in turn is a 51 per cent owner of Compagnie des Bauxites de Guinee, the manager of a number of bauxite mines at Boké. AWAC has a longstanding involvement in Guinea, which places it in a favourable position to develop this project.

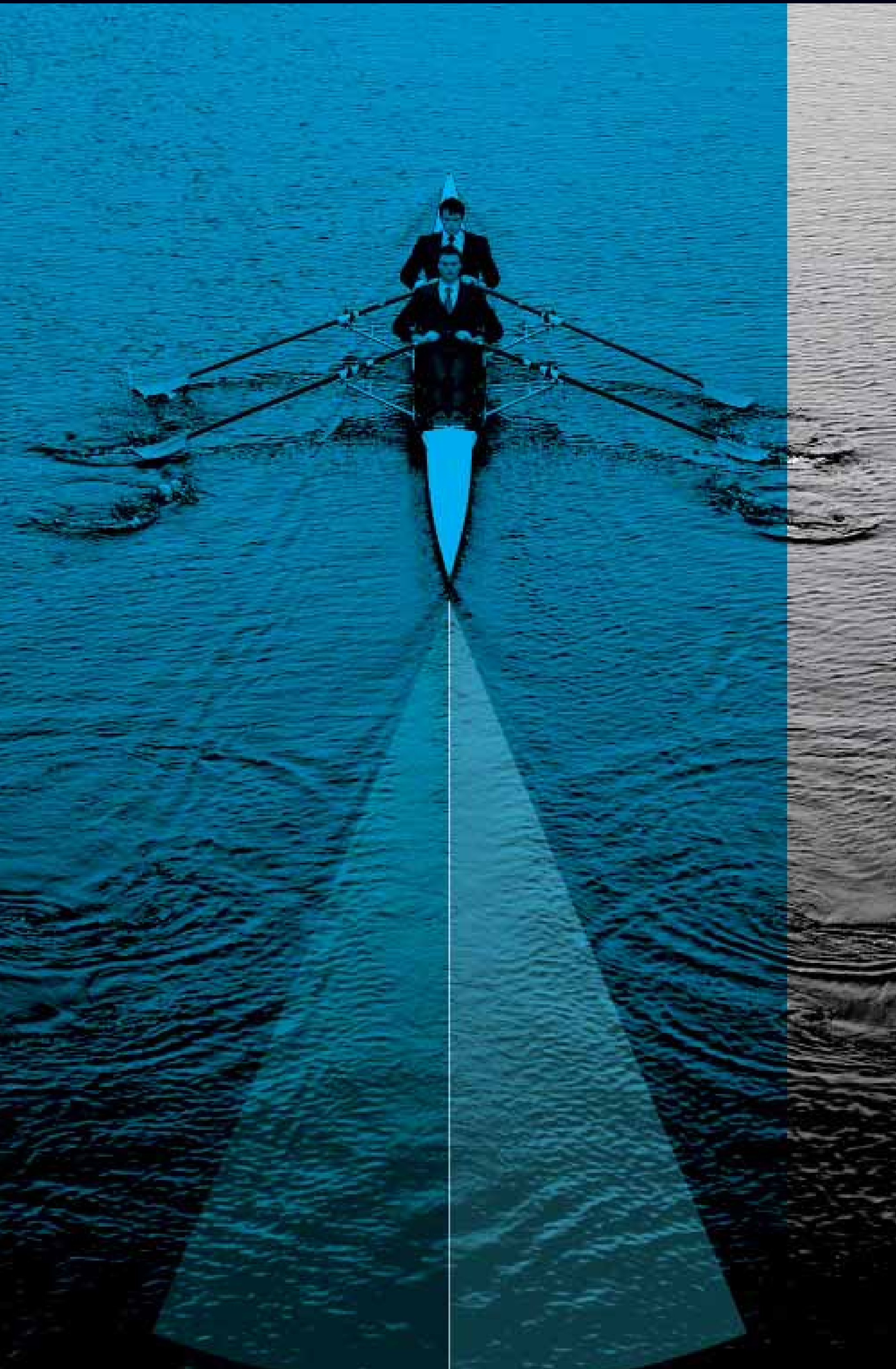
Further AWAC growth potential exists through participation of AWAC in the joint venture being negotiated between Alcoa and Aluminium Corporation of China Limited (Chalco) for an integrated alumina-aluminium facility in Pingguo. Pingguo currently has an alumina refining capacity of 900,000 mtpy.

The Chinese Government approved the Pingguo joint venture formation in April 2004. Pending successful completion of negotiations, Alumina and Alcoa are currently reviewing the mechanisms for AWAC's participation in the bauxite mining and alumina refining operations of this investment.

In other developments, Alcoa of Australia has joined eight other major resource companies to form an industry reference group to advise the Queensland Government on the future of the Arukun bauxite reserves on Cape York.

INCREASING GLOBAL DEMAND

AWAC's plan for growth is underpinned by increasing global consumption of aluminium, led by strong demand from China. Aluminium manufacturers are responding to the demand by building new smelters or increasing production capacity at existing smelters. This increased smelting capacity will, in turn, require increased supply of the primary raw material, alumina – currently in tight supply. AWAC's growth strategy is well placed to meet market growth. The global distribution of AWAC's operations allows the flexibility to meet varying market and customer requirements.



05 INSPIRED ENERGY
CORPORATE GOVERNANCE

Alumina Limited's approach to corporate governance is underpinned by the values and principles that lie at the heart of the way we do business. These values – respect, integrity, honesty, personal commitment and high performance – have been adopted by the directors, management and staff of Alumina Limited.

Applying these values to our actions within the company we have implemented corporate governance policies and practices that are in line with world best practice. Our intent is to protect and improve the value of our shareholders' investment.

Alumina Limited meets each of the requirements of the Australian Stock Exchange Corporate Governance Council Principles of Good Corporate Governance (ASX Principles).

Maintaining its commitment to achieve the high standards required of best practice corporate governance, the Alumina Limited Board of Directors has undertaken the early adoption of substantially all of the recent amendments to the Corporations Act 2001. Most notably, a Remuneration Report has been included (please refer to page 31).

For more detailed information about Alumina Limited's values and our approach to corporate governance, please visit our website www.aluminalimited.com

Don Morley

Peter Hay

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 and for formulating and establishing its strategic goals. Its aim is to create value for shareholders through 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, and 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.

Directors are subject to re-election by rotation at annual general meetings, and conditions 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.

ALUMINA LIMITED BOARD OF DIRECTORS

Alumina Limited Directors in office as at 31 December 2004 were:

Mr Donald M Morley Age 65 BSc MBA FAusIMM
Chair, Independent Non-Executive Director

Elected to take office as Director and appointed Chairman of Alumina Limited on 11 December 2002. Director of WMC Limited as the Director of Finance until April 2001. He retired from his executive duties with WMC in October 2002. Mr Morley is also a director of Iluka Resources Ltd. Mr Morley is a member of the Audit Committee, Compensation Committee and the Nominations Committee.

Mr Peter A F Hay Age 54 LLB
Independent Non-Executive Director

Elected to take office as 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 Nominations Committee.

Mr Ronald J McNeilly Age 61
BCom MBA FCPA FAICD
Independent Non-Executive Director

Elected to take office as Director of Alumina Limited on 11 December 2002. Deputy Chairman 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. Mr McNeilly is a member of the Audit Committee and Chair of the Compensation and Nominations Committees. Mr McNeilly brings substantial practical experience and skills gained from over 30 years working in the resource sector.

Ronald McNeilly   Mark Rayner   John Marlay

Mr Mark R Rayner Age 67
BSc (Hons) ChemEng FTSE FAusIMM FIEA FAICD
Independent Non-Executive Director

Elected to take office as director of Alumina Limited on 11 December 2002. Director of Boral Ltd since February 1996; Director of National Australia Bank Limited from 1985 to 2001 and Chairman from 1997 to 2001. Director of Pasminco Limited from 1989 to 2003 and Chairman from 1992 to 2003; Director of Mayne Nickless Limited from 1995 to 2002 and Chairman from 1997 to 2002; Chief Executive of Comalco Limited 1978 to 1989; Deputy Chairman 1989 to 1997; Executive Director CRA Ltd 1989 to 1995. Mr Rayner is a member of the Nominations Committee, Compensation Committee and Chair of the Audit Committee. He brings extensive experience in the bauxite, alumina and aluminium industry over 35 years.

Mr John Marlay Age 56 BSc FAICD
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.

DIRECTOR INDEPENDENCE

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

Directors are deemed to be independent if they are independent of management and have no material business or other relationship with the Alumina Limited Group that could materially impede their objectivity or independent judgement.

The board has concluded that all non-executive Directors are independent.

In reaching that conclusion the Board has 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.

  This determination does not meet the strict definition of independence under the NYSE rules that require a minimum of three years from end of employment to qualify as independent. Mr Morley resigned as an executive of WMC Limited in October 2002;
- Mr Hay is a partner of the legal firm Freehills, a provider of services to the Company prior to 2004. The Board reviewed the Company's past association, current relationship and potential future involvement with Freehills and concluded that the relationship, which is below our materiality threshold of $250,000 or 2% of Freehills' consolidated revenue, does not materially prejudice Mr Hay's independence;
- Mr Rayner and Mr McNeilly do not have any previous association with the company or any other relationships that are relevant to independence issues.

Please refer to our website for a copy of our Director Independence Policy.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, Alumina Limited's most senior employee, 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 Alumina Limited's day-to-day activities.

CORPORATE GOVERNANCE IS UNDERPINNED BY THE VALUES AND PRINCIPLES THAT LIE AT THE HEART OF THE WAY WE DO BUSINESS

BOARD MEETINGS

Alumina Limited's full board meets on a monthly basis. Non-executive directors conduct meetings at regular intervals without the presence of executives. Ad hoc board and committee meetings may be convened occasionally to consider appropriate matters.

Each year the board devotes a meeting to consider Alumina Limited's strategic plan and approve the strategic direction of the company. Directors' attendance at board meetings is detailed on page 28 of this report.

DIRECTOR EDUCATION

The directors are provided with ongoing regular updates relating to corporate governance, accounting issues and economic issues.

A technical expert in the aluminium and alumina industry provides directors with independent advice on operations. The directors' knowledge of the operations is supplemented by visits to operational sites to gain first-hand knowledge. In 2004 the board visited bauxite mining and alumina refining operations in Australia, Suriname and Brazil, and smelting operations in Australia.

BOARD COMMITTEES AND MEMBERSHIP

Alumina has three board committees, each of which operates under its own charter and is comprised solely of the board's four non-executive directors. Committee membership and record of attendance is detailed in the table on page 28.

Audit Committee

The Audit Committee's role is to assist the board in fulfilling its responsibilities for Alumina Limited's accounts and external reporting. This is achieved by ensuring that appropriate processes are in place to support the board in fulfilling responsibilities relating to:

- 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 company 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. The committee meets regularly during the year.

Compensation Committee

The Compensation Committee oversees 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 superior talent
- the integrity of Alumina Limited's reward program is maintained.

The committee meets at least twice a year.

Nomination Committee

The Nomination Committee assists the board in fulfilling its responsibilities to shareholders with regard 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
- regularly reviewing the size and composition of the Board, including succession plans
- determining the non-executive Directors who are to retire in accordance with the provisions of the Company's constitution.

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 improving shareholder returns, and who can apply those skills and experience to the benefit of the company. In 2004 an independent consultant was commissioned to review the board composition and structure. His findings, that supported the current board structure, were discussed by the Board.

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 AND BOARD COMMITTEE PERFORMANCE EVALUATION

Each year both the collective performance of the board and that of individual members is evaluated. Similarly, a process of annual performance evaluation is conducted for the board committees. In 2004, the directors conducted a self-assessment process involving the completion and evaluation of detailed questionnaires on business and management matters. The results were analysed by the Board and used to establish new performance objectives. More information about the process of performance evaluation can be obtained from our website.

DIRECTORS' ACCESS TO INDEPENDENT ADVICE

In order to fulfil their responsibilities, the board collectively, as well as each director individually, has the right to seek independent professional advice. Any expenses incurred by Directors who exercise this right will be met by Alumina Limited, providing prior approval by the Chairman or the Board to obtain such advice has been given.

PROMOTING ETHICAL CONDUCT AND BEHAVIOUR

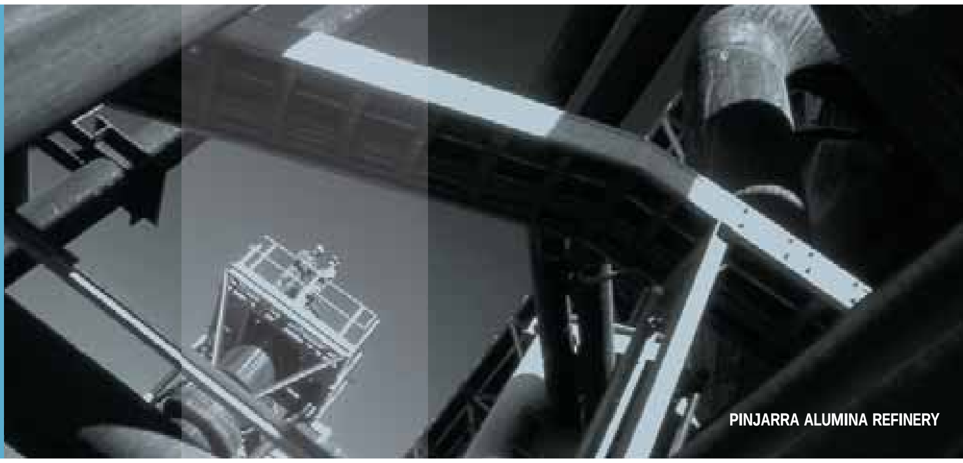
Alumina Limited has adopted a single Code of Conduct that is applicable to directors, management and staff. Alumina's Code of Conduct has been developed from agreed shared values and sets parameters for ethical behaviour and business practices for Directors, employees and contractors. In 2004, as part of its commitment to review and update the code if applicable, the board approved changes to the code to meet requirements of the NYSE and the Securities Exchange Act in the US. 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.

COMPANY SECRETARY

The position of Company Secretary/General Counsel is ratified by the board.

Mr Stephen Foster is the Company Secretary/General Counsel. A profile of Mr Foster's qualifications and experience is set out on page 28. The role of Company Secretary/General Counsel in Alumina Limited includes:

- providing legal advice to the board and management as required
- advising the board on corporate governance principles
- management of the legal and secretariat functions
- generally attending all board meetings and preparing the minutes
- managing company disclosures.



CORPORATE REPORTING

The Chief Executive Officer and the Chief Financial Officer have made the following certifications to the board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

SHARE TRADING POLICY

Alumina Limited has established a policy on the trading of its shares by its directors and employees. The policy prohibits directors and employees 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.

A copy of Alumina Limited's Share Trading Policy can be found in the corporate governance section of our website.

DISCLOSURE POLICY

Alumina Limited is committed to providing best practice continuous disclosure and therefore has comprehensive policies and procedures designed to ensure our compliance with continuous and periodic disclosure obligations under the Corporations Act and the ASX Listing Rules. This includes a Continuous Disclosure Policy, a copy of which is available on our website. Responsibility for meeting stock exchange disclosure requirements rests primarily with the Company Secretary.

CONFLICTS OF INTEREST

Each director has an ongoing responsibility to disclose to the board details of transactions or interests, actual or potential, that may create a conflict of interest. No conflict of interest arose during 2004.

AUDIT GOVERNANCE

External audit

Alumina Limited's external audit services are provided by PricewaterhouseCoopers. The partner responsible for Alumina Limited's audit was appointed in 2002, and, under the terms of engagement, will be required to rotate off the audit after 2006. Reports prepared by the external auditor are submitted to the Audit Committee and are prepared in accordance with Australian Accounting Standards and the standards of the Public Company Accounting Oversight Board (United States) in relation to US reporting obligations. It is the policy of the external auditor to provide an annual declaration of their independence to the Audit Committee.

The relationship with the external auditor is covered in the Audit Committee Charter, which is available on our website.

Non-audit services

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:

OUR INTENT IS TO PROTECT AND IMPROVE THE VALUE OF OUR SHAREHOLDERS' INVESTMENT

- PricewaterhouseCoopers' services which have fees of up to $100,000 shall require the prior approval of the Audit Committee Chairman. Such approval shall include 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.

Details of non-audit services are described in the Full Financial Report.

Attendance at the annual general meeting

The external auditor attends Alumina Limited's annual general meeting and is available at the meeting to respond to shareholder questions relating to audit and accounting matters.

Internal audit

Alumina Limited contracts the services of independent accounting firm KPMG for the provision of the internal audit function. It is the internal auditor's role to provide assurance that an effective risk management and control framework exists, and to report their findings to the Audit Committee.

MANAGING BUSINESS RISK

Alumina Limited's Risk Management Policy sets out our policies and procedures for covering risks such as those relating to markets, credit, price, operating, safety, health, environment, financial reporting and internal control. The Risk Management Policy has been adopted by the board.

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 AWAC 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 internal controls as well as risk management policies that are appropriate to its risks as an independent corporate entity.

Alumina Limited's most significant risk exposures 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 inflow. AWAC's revenues are underpinned by medium and long-term third party 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.

WHISTLEBLOWING

Alumina has a Whistleblower Policy that encourages, and offers protection for staff to report, in good faith, any behaviour, practice or activity that a member of staff has reasonable grounds to believe involves:

- unethical or improper conduct
- financial malpractice, impropriety or fraud
- contravention or suspected contravention of legal or regulatory provisions
- auditing non-disclosure or manipulation of the internal or external audit process.

A copy of the Whistleblower Policy can be found on our website.

POLITICAL DONATIONS

Alumina Limited does not make donations to political parties.

SENIOR MANAGEMENT

Alumina Limited's management team is a small group with a practical focus on maximising returns and growth from the AWAC business for Alumina, ensuring shareholders fully benefit from Alumina's interest in the AWAC joint venture and providing our shareholders with consistent returns.

The Alumina Limited executive management team comprises:

John Marlay BSc FAICD
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) Grad.Dip.AppFin (Sec Inst) Grad.Dip. CSP ACIS
General Counsel & Company Secretary

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources.

ALUMINA LIMITED DIRECTORS' ATTENDANCE AT MEETINGS JANUARY TO DECEMBER 2004

	Board meetings		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	20	19	-		10	9	5	4	1	1
J Marlay	20	20	2	2	-	-	-	-	-	-
R J McNeilly	20	19	-		10	10	5	5	1	1
D M Morley	20	20	-		10	10	5	5	1	1
M R Rayner	20	16	-		10	9	5	5	1	1
R D Davies*	-	-	2	2	-	-	-	-	-	-

* Mr Davies is an alternate director for Mr Rayner

Mr Foster has a wide range of legal and commercial experience gained over 20 years, more recently at Village Roadshow and WMC Limited after working with the legal firm of Arthur Robinson & Hedderwicks (now Allens Arthur Robinson).

SHAREHOLDERS

Alumina Limited has more than 96,000 shareholders, with the 20 largest holding 45 per cent of the approximately 1.163 billion shares on issue. Approximately 95 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.

Alumina Limited uses 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 web casting our financial presentations and briefings. Shareholders may elect to receive company reports by mail or e-mail.

In 2004, Alumina Limited became a member of eTree, an incentive scheme to encourage shareholders of Australian companies to receive their shareholder communications electronically. If a shareholder registers their email address via eTree, in return we will donate $2 to Landcare Australia to support reafforestation projects.

COMPARISON OF CORPORATE GOVERNANCE PRACTICES WITH THE NYSE LISTING RULES

Alumina Limited shares trade in the form of American Depositary Receipts on the NYSE and, qualifying as a non-US issuer, Alumina Limited is allowed to follow home-country practice in lieu of the NYSE Listing Rules. However, the Company is required to meet NYSE rules on audit committee requirements and to disclose any significant way in which Alumina Limited's corporate governance practices differ from those followed by US companies under the NYSE Listing Rules. More detail about ways in which Alumina Limited's corporate governance practices differ from those stipulated by the NYSE listing rules can be found on our website.

DIVIDENDS

The board determines dividends paid to shareholders based on performance and expected business conditions. Our intention is, to the extent practicable, to fully 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
Facsimile +1 (646) 885 3043
Website www.adrbny.com
Email shareowners@bankofny.com

COMPARISON TO ASX CORPORATE GOVERNANCE BEST PRACTICE RECOMMENDATIONS

Principle & Recommendation	Website (w)	Comply (✔)
01 Lay solid foundations for management and oversight		
1.1 Formalise and disclose the functions reserved to the board and those delegated to management.	Pg 22	✔
02 Structure the board to add value		
2.1 A majority of the board should be independent directors.	Pg 23	✔
2.2 The chairperson should be an independent director.	Pg 23	✔
2.3 The roles of chairperson and chief executive officers should not be exercised by the same individual.	Pg 22	✔
2.4 The board should establish a nomination committee.	Pg 24	✔
2.5 Provide related disclosures.	n/a	
03 Promote ethical and responsible decision-making		
3.1 Establish a code of conduct to guide directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:		
3.1.1 the practices necessary to maintain confidence in the company's integrity	Pg 25	✔
3.1.2 the responsibility and accountability of reports of unethical practices. (w)	Pg 25	✔
3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.	Pg 26	✔
3.3 Provide related disclosures.	n/a	
04 Safeguard integrity in financial reporting		
4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards	Pg 26	✔
4.2 The board should establish an audit committee.	Pg 24	✔
4.3 Structure the audit committee so that it consists of: • only non-executive directors • a majority of independent directors • an independent chairperson, who is not chairperson of the board • at least three members	Pg22-23	✔
4.4 The audit committee should have a formal charter. (w)	Pg 25	
4.5 Provide relevant disclosures.	n/a	
05 Make timely and balanced disclosure		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Pg 26	✔
5.2 Provide relevant disclosures.	n/a	

Principle & Recommendation	Website (w)	Comply (✔)
06 Respect the rights of shareholders		
6.1 Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings.	Pg 29	✔
6.2 Request the external auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Pg 27	✔
07 Recognise and manage risk		
7.1 The board or appropriate board committee should establish policies on risk oversight and management.	Pg 24	✔
7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:	Pg 26	✔
7.2.1 the statement given in accordance with best practice recommendations 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.	Pg 26	✔
7.2.2 The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Pg 26	✔
7.3 Provide relevant disclosures	n/a	
08 Encourage enhanced performance		
8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Pg 25	✔
09 Remunerate fairly and responsibly		
9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Pg 31	✔
9.2 The board should establish a remuneration committee.	Pg 24	✔
9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Pg32-39	✔
9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Pg 35	✔
9.5 Provide relevant disclosures.	n/a	
10 Recognise the legitimate interests of stakeholders		
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. (w)	Pg 25	✔

REMUNERATION REPORT

EXECUTIVE AND STAFF REMUNERATION POLICY

Alumina Limited makes a clear link between performance and remuneration. In doing so we seek to ensure that remuneration is aligned with shareholder interests. It also helps us to reward and recognise superior employee performance.

The process aligns business objectives with specific and measurable individual objectives and targets.

Performance by individual employees against these objectives is assessed half yearly and yearly. The Board Compensation Committee also obtains independently assessed remuneration information for comparative purposes. Salary reviews and short-term incentives (STIs) are determined by assessing performance against objectives and peer group total shareholder returns (TSR) performance. Long-term incentives (LTIs) are assessed against the company's TSR compared with that of peer group companies.

REMUNERATION PROCESS

JAN

DEC

Business objectives set

Half year results

Board reviews company results

Individual performance objectives and targets set

Mid-year review of performance

Board Compensation Committee review

Year-end performance review and salary review STI/LTI determined

Employee remuneration is reviewed annually. Employees' rewards are influenced by three factors: individual performance, company performance, and market position.

ALUMINA LIMITED MAKES A CLEAR LINK BETWEEN PERFORMANCE AND REMUNERATION

Individual performance

This element of remuneration is based on the employee's relative performance against the goals and individual objectives that have been set for each employee for the year under review.

Company performance

A percentage component of total cash remuneration is based on the performance of the company measured against peer group companies' TSR.

Market position

The directors believe that Alumina Limited's remuneration levels need to be competitive with those of other comparable Australian organisations so that the company can attract and retain quality people. The Compensation Committee appoints an external compensation adviser to advise on appropriate salary and benefits, and reviews these on an annual basis.

The Board Compensation Committee agreed not to increase executive and staff remuneration for 2004 based on an independent expert analysis of executive and employee remuneration. However, the Committee did agree to increase executive and staff salaries from 1 January 2005 by an average of 5 per cent.

REMUNERATION COMPONENTS

Executive and staff remuneration comprises:

- fixed remuneration – this is referred to as fixed annual reward (FAR) and is the component of total remuneration specified in an employee's contract of employment and subsequent periodic salary reviews. It is inclusive of superannuation contributions (both company contributions and salary sacrifice contributions).
- variable (incentive) payments - contracts for executive and professional employees include a component of remuneration based on short-term incentives (STIs) and long-term incentives (LTIs). Policies defining STIs and LTIs are established by the Board Compensation Committee and reviewed on an annual basis.

SHORT-TERM INCENTIVES

Short-term incentives are calculated as a percentage of an employee's fixed remuneration. The Compensation Committee determines the maximum percentage that is potentially available to executives and approves, after reviewing assessments, whether short-term incentives should be paid. STI percentages payable in 2004 were up to 45% of FAR for executives, of which 20% related to performance against individual objectives and 25% measured against company TSR performance. The Board agreed to restructure the STI performance evaluation criteria to 25% related to personal performance and 20% to company performance from 1 January 2005.

The short-term incentive component of 20% related to performance against individual objectives and link achievement to reward by encouraging executives and staff to meet or exceed measurable tasks and objectives in their work. These tasks and objectives ultimately support Alumina Limited's objectives and therefore shareholder interests.

Table 1.0

EXECUTIVE STI REWARDS	Scorecard	Performance Measures	Potential STI % of FAR	Actual STI % reward
			2004	2004
Company Performance	Company 12 month TSR comparison to peer group	TSR in top quartile	25%	-
		TSR in third quartile	15%	-
		TSR in second quartile	10%	-
		TSR in first quartile	0%	0

Performance is measured against a scorecard of key tasks and responsibilities and agreed objectives and targets. Individual performance against the measures is assessed.

The STI component linked to company TSR is measured against peer group TSR. The reward attributed to the TSR performance fluctuates according to the relative performance of the Company and an entitlement is triggered according to the scale set out in table 1.0 on the previous page.

During 2004, STIs paid to executives averaged 16% of FAR based on their performance as measured to their individual objectives. No payment was attributed to short-term relative TSR performance with Company relative performance registering in the first quartile against peer group performance.

LONG-TERM INCENTIVES

Alumina Limited employees have the opportunity to participate in the Alumina Employee Share Plan (ESP). The ESP is designed to link employee rewards with the long-term goals and performance of Alumina Limited, consistent with the generation of shareholder returns.

The ESP involves the on market purchase of the company's shares which can vest to employees provided certain performance tests are achieved. The initial grant of three tranches of shares approved by the Board in early 2003 covered a three-year period with tranche vesting dates at years 1,2 and 3. Eligibility for vesting of these shares is over three years commencing on 3 December 2003. The LTI award for executives was set at 30 per cent of FAR for the initial three-year grant and 55 per cent for subsequent grants when the STI percentage was reduced to 45 per cent. Beyond the initial grant, future grants will have a three year performance period with performance tests at the end of this period. The criteria are the company's TSR performance against a comparator group of 50 Australian-listed entities and a comparator group of 30 international entities listed on stock exchanges inside and outside Australia.

If all of the performance criteria are not achieved then the shares which do not vest are treated as treasury shares in shareholder equity.

Overview of performance condition

The performance test to be used to determine the number of shares that vest compares Alumina Limited's total shareholder return (TSR) performance with the TSR performance of each of the entities in a comparator group of entities and is calculated by an independent consultant engaged by the board for these purposes.

Comparator groups Two tests are applied and each accounts for 50% of the possible grant of shares under the ESP.

LTI VESTING TREATMENT

Alumina Limited TSR compared to median of comparator group	vesting
If Alumina Limited's TSR is less than the 50th percentile of the comparator TSR	0%
If Alumina Limited's TSR is equal to the 50th percentile of the comparator TSR*	50%
If Alumina Limited's TSR is equal to or greater than TSR of entities at the 75th percentile of the comparator group*	100%

*If Alumina Limited's TSR performance is between that of the entities (or securities, as appropriate) at the median (ie the 50th percentile) and the 75th percentile of the comparator group ranked by TSR performance, the number of shares in a tranche that vest will increase by 2% for each 1% by which Alumina Limited's percentile ranking is higher than the 50th percentile.

REMUNERATION POLICY REWARDS AND RECOGNISES SUPERIOR EMPLOYEE PERFORMANCE

Test 1 relates to performance of Alumina Limited against a comparator group of 50 Australian-listed entities (ie 50 entities/securities excluding Alumina Limited and Property Trusts) (Test 1 – ASX Comparator Group).

Test 2 relates to performance against a comparator group of 30 international entities listed on stock exchanges inside and outside Australia (ie 30 entities excluding Alumina Limited) (Test 2 – International Comparator Group).

The methodology for tests 1 and 2 is identical, apart from the difference in the comparator groups. The performance tests are defined as follows:

The TSR for each entity in the comparator group and for Alumina Limited is calculated according to a standard methodology decided upon and applied by an independent consultant engaged by the board for these purposes over the defined time period(s). The entities (or securities, as appropriate) in the comparator group are then ranked by TSR performance.

LTI RESULT

The performance criteria for Year 1 exceeded the 75th quartile and accordingly 100 per cent of the shares were vested in 2003. For Year 2, 2004 shares, Alumina's TSR performance was below the 50th percentile of the Comparator groups and therefore no shares were vested. For details of absolute shares vested to executives, refer to table 4.0 on page 38.

Re-testing

If less than 100 per cent of the shares in a tranche vest when tested initially, a second test is conducted six months after the initial test. This test applies only to 50 per cent of the shares that did not initially vest (for example, if 60 per cent of the shares initially vest, the second test will apply only to half of the 40 per cent of shares that did not initially vest).

The number of shares of the retested portion that vest will be determined according to Alumina Limited's relative TSR performance over the period from the commencement of the performance period to the retest date, according to the same scale used at the initial test (refer to the 'Vesting treatment' table on page 33).

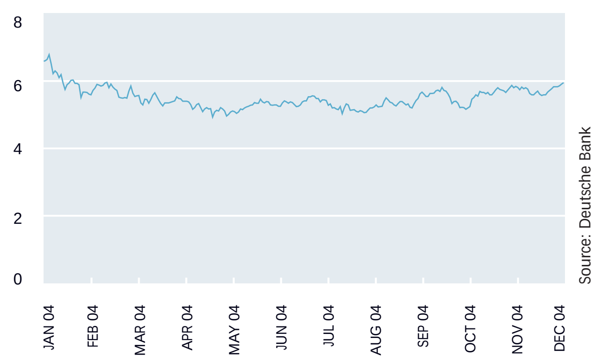
RELATING REWARDS TO PERFORMANCE

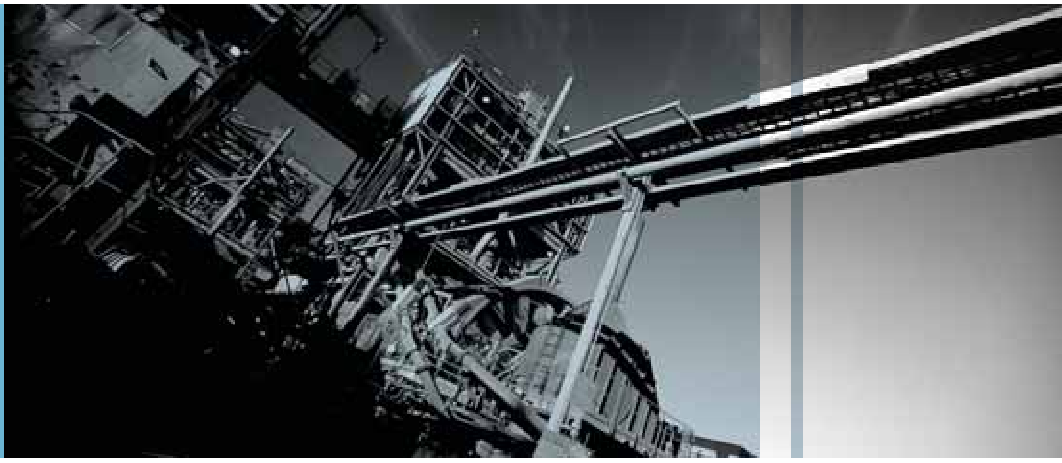
Alumina Limited has operated as a stand-alone entity for two years, following the demerger of WMC Limited in December 2002. The following table indicates various measures of Alumina Limited's performance and their relationship to executive remuneration.

	2004	2003
Dividends per share (cents)	20	20
Average share price	$5.49	$4.94
Profit	$322m	$237m
Percentile ranking of TSR against ASX 50	8	90
% increase in fixed remuneration	nil	n/a
% short-term incentive – executive	16	52
% long-term incentive	nil	30

Alumina Limited's share price during 2004 moved through the following ranges:

ALUMINA LIMITED'S SHARE PRICE DURING 2004
A$





SUPERANNUATION

All Alumina Limited employees within Australia are members of the Alumina Superannuation Fund, an accumulation fund. Contributions are funded at the Superannuation Guarantee Contributions rate, currently 9 per cent of an employee's fixed annual remuneration.

OPTION PLANS

Alumina Limited does not have any ongoing option plans available to non-executive directors, directors, executive and senior managers or staff. Some former WMC Limited employees who are continuing employment in or are otherwise engaged by Alumina Limited, including the Chairman Mr Morley, held options in Alumina Limited that were granted prior to the demerger of WMC Limited in December 2002. During the course of 2004, Mr Morley exercised all his remaining options. Total options held by Alumina employees are 57,700. Mr Morley's options are disclosed in table 7.0 on page 39.

STOCK APPRECIATION PLANS

Prior to the demerger of WMC Limited, stock appreciation plans (SAPs) were established primarily for, but not restricted to, employees in countries outside Australia. The purpose of the SAPs was to provide such employees, who due to securities law constraints were not eligible to participate under the option plans, with benefits similar to those conferred by the option plans.

Employees were not required to pay any amount for the grant of the SAP Rights. Each has a notional allotment price, which is equal to the weighted average sale price of WMC Limited's shares on the ASX on the trading day that the invitation to apply for the relevant SAP Right was made to the relevant employee (as adjusted as part of the demerger). Upon redemption of a SAP Right before its expiry by the holder, the holder is entitled to a payment equal to the difference between the closing price of WMC Limited (or, post-demerger Alumina Limited) shares on the ASX on the trading day immediately before redemption, and the allotment price (assuming the former amount is higher). Compensation cost is measured as the amount by which the quoted market value of the shares covered by the grant exceeds the allotment price.

Mr Morley, a previous employee of WMC Limited, held 250,000 stock appreciation rights at an allocation price of $5.02 per right which were due to lapse in October 2004. Mr Morley redeemed his rights for a total redemption value of $133,150. The average redemption value was $0.53 per right.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Total remuneration for non-executive directors is determined by resolution of shareholders. The maximum aggregate remuneration approved for directors is currently $950,000.

Alumina Limited's non-executive directors receive a fee for being a director. No additional fees are paid to directors for participating on Board Committees. Non-executive directors' fees are reviewed annually and are determined by the Board of Directors based on comparative advice received from independent advisers and taking into account the directors' responsibilities and time spent on company business. Non-executive director fees are not performance linked. However, to align director interests with shareholder interests, directors are obliged to direct at least 10 per cent of their fees to the purchase of Company shares.

It was determined not to grant fee increases during 2004. A total of $509,575 was paid in non-executive director fees in 2004 before the effect of the previous WMC Stock Appreciation Plan. The Board did, however, commission an independent expert review of non-executive director remuneration, and taking into account their advice approved an increase in non-executive fees of $25,000 per annum effective 1 January 2005. The directors agreed to continue the practice of not paying additional fees for committee membership or chairmanship. Non-executive Directors' remuneration details are set out on page 36.

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

Alumina Limited's non-executive directors participate in a share plan that requires the directors to allocate a minimum of 10 per cent of their annual fees to acquiring shares in the company. Those shares are purchased on market on behalf of the Directors. Shares are not allocated on performance but in lieu of receiving cash remuneration. The non-executive Directors have the option to increase, above the minimum, the proportion of their remuneration they receive as shares. There are no discounts provided to directors for the acquisition of shares under the plan. All costs associated with acquiring shares are borne by the director. It is Company policy that directors hold shares in the Company having a value approximately equal to their annual fees by the expiry of their first term as a director. Participation in the plan further aligns the directors' interests with those of shareholders.

CHIEF EXECUTIVE OFFICER REMUNERATION

Terms

Mr Marlay is employed under an employment contract for an initial three-year term, expiring in August 2005. His contract is for a fixed annual salary of $700,000 with an annual performance-based short-term incentive and a performance-based award of Alumina Limited shares under the long-term incentive that applies to all Alumina Limited employees. Both of these performance-based benefits, which have a combined maximum payout of 100 per cent of fixed annual reward, are assessed against individual and company performance and are subject to review and board approval. Under the terms of his contract, certain relocation costs were also payable to Mr Marlay. These ceased in October 2004. Under the terms of his existing contract, Mr Marlay 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.

REMUNERATION TABLES

ACCRUED AND PAYABLE FOR THE YEAR ENDED 31 DECEMBER 2004

Table 2.0

NON-EXECUTIVE DIRECTORS	Don Morley	Peter Hay	Ronald McNeilly	Mark Rayner
	$	$	$	$
Primary benefits				
Fees – (cash) (1)	191,250	0	63,750	76,500
Value of shares acquired in lieu of fees (2)	21,250	85,000	21,250	8,500
Long service leave accrued during the year	n/a	n/a	n/a	n/a
Post employment				
Superannuation Guarantee	19,125	7,650	7,650	7,650
Retirement benefit accrued	n/a	n/a	n/a	n/a
Equity				
Total amortisation of options	n/a	n/a	n/a	n/a
Other				
Stock Appreciation Plan (3)	(254,113)	n/a	n/a	n/a
Total Remuneration	(22,488)	92,650	92,650	92,650

(1) Directors' fees are fixed and relate to their participation on the Board. Directors do not receive a separate fee for participation on a Board Committee.

(2) Directors are required to sacrifice a minimum of 10 per cent of their fixed remuneration in company shares. The directors have the discretion to vary the amount of fixed remuneration they apply to acquiring shares.

(3) Mr Morley held 250,000 Stock Appreciation Rights (SARs) that were granted during his employment with WMC Limited. He was entitled to the difference between the initial grant value of $5.02 and the market value of the shares on the date they were redeemed. Mr Morley redeemed all of his SARs during 2004 for a total redemption value of $133,150 at an average redemption value per right of $0.53. In 2003 the cost of the SARs for Mr Morley was accrued and reported based on the Alumina Limited closing share price at 31 December 2003 of $6.57. The difference between the accrued amount of $387,263 reported in 2003 and the actual redemption value of $133,150 was $254,113.

In 2004, the Board renewed terms for Mr Marlay's current employment contract with effect from August 2005.

From August 2005, his employment contract becomes a continuing contract subject to 12 months notice obligation on behalf of both the company or Mr Marlay. Mr Marlay's fixed annual salary increased to $732,000 on 1 January 2005 with a further increase to $750,000 in August 2005. Details of Mr Marlay's remuneration are provided in table 3.0.

Retirement and termination benefits

Termination benefits for Mr Marlay are equivalent to 12 month payment of base salary plus an amount equivalent to the STI payment for the prior financial year. The base salary component will be reduced pro rata if any actual notice period is required to be served.

Mr Marlay is not entitled to retirement benefits other than superannuation entitlements.

REMUNERATION APPROVAL PROCESS

The Compensation Committee recommends remuneration levels for non-executive directors, executives and staff to the Board for approval.

The Committee operates under a delegation of the Board to provide oversight of the Company's remuneration and compensation plans, policies and practices on behalf of the board and shareholders. The Committee has the responsibility to ensure that shareholder and employee interests are in alignment and for ensuring that executives and staff are fairly and reasonably compensated.

The Committee reviews the remuneration strategy and plans of the company, compares the strategy and plans with community and industry standards and, where possible, verifies the appropriateness of the strategy and plans by reference to external information and advice.

ADVISERS

The Compensation Committee also determines actual payments to all directors and reviews director remuneration annually based on independent external advice with regards to market practices, relativities and the duties and accountabilities of directors. During the year the Committee took advice from the Hay Group and Mercer Human Resources.

Table 3.0

SPECIFIED EXECUTIVES

	John Marlay* Chief Executive Officer	Robert Davies* Chief Financial Officer	Stephen Foster General Counsel & Company Secretary
	$	$	$
Primary benefits			
Fixed remuneration – Cash (1)	688,707	348,707	248,707
Short-term incentive (2)	126,000	54,000	36,400
Non-monetary benefits	n/a	n/a	n/a
Post employment			
Superannuation Company contributions (3)	11,293	11,293	11,293
Retirement benefits	n/a	n/a	n/a
Equity			
Share options	n/a	n/a	n/a
Performance share rights (4)	115,297	59,206	42,928
Total Remuneration	941,297	473,206	339,328

(1) Fixed remuneration is the total cost of salary inclusive of superannuation.
(2) Short-term incentive (STI) reflects the cash value paid for annual performance awards for the year ended 31 December 2004.
(3) Superannuation benefits reflect the Superannuation Guarantee payment and are deducted from the fixed remuneration.
(4) Performance share rights are calculated by amortising over the vesting period (up to three years) of the fair (market) value at the grant date of the shares. Share rights that could potentially vest, solely related to 2004 performance are: John Marlay ($18,174), Robert Davies ($9,340) and Stephen Foster ($6,772). Included in the value of performance share rights are amounts attributable to potential vesting in 2005 ($71,685), 2006 ($107,876), 2007 ($3,584). Future year entitlements have been calculated with an assumption that 50% of the total eligible amount will vest. Calculated entitlements for 2004 and 2005 have been amortised at a rate of 33%. Entitlements for 2006 and 2007 have been amortised at a rate of 25%.
*Mr Marlay is an Executive Director of Alumina Limited. Mr Davies is an alternate Director for Mr Rayner.

SPECIFIED EXECUTIVES – SHARE PERFORMANCE RIGHTS AND OPTIONS
FOR THE YEAR ENDED 31 DECEMBER 2004

Table 4.0

SPECIFIED EXECUTIVES	John Marlay		Robert Davies		Stephen Foster	
Type of equity-based instrument	Share Option	Performance rights (LTI)	Share Option	Performance rights (LTI)	Share Option	Performance rights (LTI)
Number held at 1 January 2004 [1]	–	166,500	50,000	85,500	–	62,000
Number granted during the year as remuneration [2]	–	70,800	–	36,500	–	26,300
Number vested during the year	–	–	–	–	–	–
Number lapsed during the year [3]	–	23,350	–	12,000	–	8,700
Number held at 31 December 2004	–	213,950	50,000	110,000	–	79,600

(1) The number of share performance rights granted for 2004 (tested in December 2004), 2005 (tested in December 2005) and 2006 (tested in December 2006) but not yet vested.

(2) Share Performance Rights granted in 2004 for the 3 year performance test period concluding in December 2007.

(3) 2004 Share Right performance conditions were not met and under the Employee Share Plan Rules 50% of the entitlement lapsed with the remaining 50% to be retested in June 2005.

Table 5.0

SPECIFIED EXECUTIVES SHARE HOLDINGS FOR THE YEAR ENDED 31 DECEMBER 2004

	Balance of shares as at 1 January 2004 (1)	Shares acquired during the year in lieu of salary	Shares acquired during the year through the exercise of options	Other shares acquired during the year (2)	Balance of shares held at 31 December 2004 (1)
John Marlay	84,500	–	–	–	84,500
Robert Davies	90,762	–	–	–	90,762
Stephen Foster	26,500	–	–	–	26,500

(1) Balance of shares held at 1 January 2004 and 31 December 2004 include directly held, nominally held shares and shares held by personally related entities.

(2) Other shares acquired does not include those acquired through the Employee Share Plan (LTI) but not vested.

NON-EXECUTIVE DIRECTOR SHAREHOLDINGS AND SHARE OPTIONS
FOR THE YEAR ENDED 31 DECEMBER 2004

Table 6.0	Balance of shares as at 1 January 2004 (1)	Shares acquired during the year in lieu of salary (2)	Shares acquired during the year through the exercise of options	Other shares acquired during the year (3)	Balance of shares held at 31 December 2004 (1)
Don Morley	314,028	3,304	100,000	–	417,332
Peter Hay	2,200	13,230	–	–	15,430
Ronald McNeilly	20,000	3,304	–	–	23,304
Mark Rayner	20,000	1,315	–	5,152	26,467

(1) Balance of shares held at 1 January 2004 and 31 December 2004 include directly held, nominally held shares and shares held by personally related entities.

(2) Non-executive directors are required to allocate a minimum of 10 per cent of their remuneration per annum to acquire shares in the company. The shares are purchased on market and are not discounted. The Directors absorb all costs associated with acquiring the shares and the Company's policy is that the directors should hold an equivalent of one years fee in shares by the conclusion of their first term.

(3) Mr Rayner acquired shares through a personally related entity.

Table 7.0

NON-EXECUTIVE DIRECTOR OPTIONS

	Don Morley
Number held at 1 January 2004*	270,000
Number granted during the year as remuneration	–
Number exercised during the year	270,000
Number lapsed during the year	–
Number held at 31 December 2004	–

*Mr Morley's options relate to his previous employment with WMC Limited.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

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 2004 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 parent entity 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 pages 22 and 23.

c Particulars of the number 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 28.

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 39.

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 pages 31 to 39.

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 4.

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, and aluminium smelting. The Group divested its Specialty Chemicals business in 2003 and, as such, holds no interests in alumina based specialty chemicals businesses.

Review of operations and results

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

The Group's net profit attributable to members of Alumina Limited increased 36% to $322.1 million (2003: $236.9 million). The net profit includes a profit of $14.8 million from the sale by AWAC of its Specialty Chemicals business. Excluding this profit, Alumina's profit was 30% higher than 2003. The higher profit was driven by higher alumina and aluminium prices and higher production offset, to some extent, by a stronger Australian dollar, along with higher energy and raw materials prices.

The profit result includes, for the first time, the additional 0.75 per cent interest in Alcoa of Australia acquired in December 2003.

Return on Equity increased to 22.5% (2003: 17.9%).

Directors have declared a final dividend of 10 cents per share franked to 7.5 cents (2003: 10 cents). The interim and final dividend totalled 20 cents (2003: 20 cents) franked to 17.5 cents.

For further information on the operations of the Group during the financial year and results of these operations, refer to Section 2 on page 9 and Section 3 on page 13.

Significant changes in the state of affairs

k During the year Alumina Limited acquired a 40% interest in the Juruti bauxite deposit in Brazil for a cost of US$40 million, payable in two tranches.

Events after the end of the year

l On 4 January 2005 Alumina Limited paid the second tranche amounting to US$6.6 million in relation to its 40% interest in the Juruti bauxite deposit acquisition.

At the date of this report no further matters or circumstances have arisen since 31 December 2004 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 2004.

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 emissions 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 prior to the demerger under the WMC Employee Share Scheme at the date of this report are:

Allotment date	Number	Exercise price	Expiry date
18 December 2000	1,209,300	$4.04	18 December 2005
30 November 2001	3,296,400	$5.02	30 November 2006
Total	4,505,700		

The above options are exercisable by the holder after one year from the date of allotment, at the issue price. Restrictions exist for certain holders 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	3,553,900	Various
Since the balance date	500,900	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.

Auditor

q PricewaterhouseCoopers continues in office, in accordance with section 327 of the Corporations Act 2001.

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

Donald M Morley
Chairman

John Marlay
Chief Executive Officer

24 February 2005

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Alumina Limited for the year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

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

Tim Goldsmith
Partner
PricewaterhouseCoopers

Melbourne
24 February 2005

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2004

ALUMINA LIMITED AND CONTROLLED ENTITIES	Notes	$Million Total 2004	2003
Proceeds from sale of investments in Speciality Chemicals assets		109.0	–
Other revenue from outside the operating activities		10.0	4.8
Revenue from ordinary activities		119.0	4.8
General and administrative		(8.4)	(12.6)
Cost of investments sold in Speciality Chemicals assets		(62.2)	–
Borrowing costs		(8.1)	(8.7)
Share of net profits of associates accounted for using the equity method		286.9	244.1
Profit from ordinary activities before income tax		327.2	227.6
Income tax (expense)/credit		(5.1)	9.3
Net profit		322.1	236.9
Net (profit)/loss attributable to outside equity interest		–	–
Net profit attributable to members of Alumina Limited		322.1	236.9
Net exchange differences on translation of financial reports of self-sustaining foreign operations		2.2	28.4
Equity share of movements in reserves of associates		–	–
Total revenues, expenses and valuation adjustments attributable to members of Alumina Limited and recognised directly in equity		2.2	28.4
Total changes in equity other than from those resulting from transactions with owners as owners		324.3	265.3
Basic earnings per share	3	27.7c	20.9c
Diluted earnings per share	3	27.7c	20.9c
Dividend per share	4	20.0c	23.0c

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 2004 – 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. Refer Note 6 for further details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

ALUMINA LIMITED AND CONTROLLED ENTITIES		$Million Total	
		2004	2003
CURRENT ASSETS	Cash assets	117.9	165.3
	Receivables	0.8	4.0
	Deferred tax assets	–	4.1
	Other	0.6	0.3
	Total current assets	119.3	173.7
NON-CURRENT ASSETS	Investments in associates	1,721.7	1,625.0
	Property, plant and equipment	0.3	0.4
	Total non-current assets	1,722.0	1,625.4
	TOTAL ASSETS	1,841.3	1,799.1
CURRENT LIABILITIES	Payables	2.4	3.2
	Interest-bearing liabilities	397.9	467.0
	Current tax liabilities	–	2.5
	Provisions	0.1	0.1
	Other	10.7	2.3
	Total current liabilities	411.1	475.1
NON-CURRENT LIABILITIES	Provisions	0.2	0.2
	Total non-current liabilities	0.2	0.2
	TOTAL LIABILITIES	411.3	475.3
	NET ASSETS	1,430.0	1,323.8
EQUITY	Parent entity interest:		
	Contributed equity	404.1	384.8
	Reserves:		
	• Group	133.2	131.0
	• associates	–	–
	Retained profits:		
	• Group	358.5	400.3
	• associates	534.2	407.7
	TOTAL EQUITY	1,430.0	1,323.8

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2004

ALUMINA LIMITED AND CONTROLLED ENTITIES	$Million Total	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of goods and service tax)	(13.5)	(7.9)
GST refund received	0.3	0.6
Proceeds from guarantee	–	2.4
Dividends received from associates	160.4	284.2
Interest received	8.6	2.2
Borrowing costs	(7.8)	(8.3)
Income taxes refunded/(paid)	0.5	(4.7)
Net cash provided by operating activities	148.5	268.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	–	(0.3)
Payments for investment in associates	(41.1)	–
Proceeds from sale of Speciality Chemicals assets	109.0	–
Proceeds from share premium reduction in associate	2.0	–
Other	3.5	–
Net cash provided by/(used in) investing activities	73.4	(0.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	19.3	56.2
Proceeds from borrowings	10.1	79.2
Repayment of borrowings	(64.7)	–
Dividends paid	(233.1)	(259.6)
Net cash used in financing activities	(268.4)	(124.2)
Net (decrease)/increase in cash held	(46.5)	144.0
Cash at the beginning of the financial year	165.3	23.2
Effects of exchange rate changes on cash	(0.9)	(1.9)
Cash at end of the financial year	117.9	165.3
(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	17.7	41.7
Short-term deposits	100.2	123.6
	117.9	165.3

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

DISCUSSION AND ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2004

Revenue from ordinary activities

Revenue from ordinary activities increased by $114.2 million to $119.0 million. The key points to note are:

- Receipt of $109 million in sale proceeds following sale of AWAC's Speciality Chemicals business.
- $6.5 million higher interest in 2004 as a result of Alumina Limited earning interest on additional cash following funds received from Speciality Chemicals sale.

Expenses from ordinary activities

Expenses from ordinary activities decreased by $4.2 million to $8.4 million. The key points to note are:

- Higher costs in 2003 in relation to start-up expenses.
- $0.8 million reduction in the provision for the WMC Resources employee stock appreciation plan as a result of lower Alumina share price.

Borrowing costs

Borrowing costs decreased by $0.6 million to $8.1 million due to lower interest costs on reduced debt levels (repayment of US$48 million resulting in total debt reducing from US$351 million to US$303 million) and a weakening US dollar, which decreased Australian dollar interest paid on US dollar loans.

Share of net profits of associates using the equity method

Share of net profits of associates increased by $42.8 million to $286.9 million. Higher US dollar sales revenue from a stronger aluminium market (average LME aluminium price in 2004 of US78 cents per pound versus 2003 average of US65 cents per pound) coupled with increased sales volumes from increased production (alumina production is up 4% from 2003) was partially offset by the impact of stronger Australian dollar (2004 averaged 0.7359 compared with 0.6531 in 2003) and increased prices for energy and raw materials.

Income tax credit/expense on ordinary activities

In 2004 Alumina disclosed an Income tax expense of $5.1 million following a credit of $9.3 million in the prior year. The key points to note are:

- Attribution income tax of $4.0 million on Speciality Chemicals business sale during 2004.
- 2003 included an adjustment for $3.7 million in relation to tax payments, which were recovered following a change in tax legislation.
- Deferred tax assets associated with taxable losses of $4.1 million was offset against 2003 tax expense. This amount was accrued in 2003 to offset tax otherwise payable as a result of the sale of the Speciality Chemicals business.

DISCUSSION AND ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

Assets

The asset classes with significant movements are as follows:

Cash decreased from $165.3 million to $117.9 million (refer to comments on page 47 in discussion and analysis of the consolidated statement of cash flows).

Receivables-other decreased by $3.2 million. The balance in 2003 was largely comprised of a tax refund of $3.6 million. This amount was received in 2004.

Deferred Tax Assets of $4.1 million were utilised during 2004, reducing the balance to nil.

Investment in Associates increased by $96.7 million to $1,721.7 million. The increase was attributable to the acquisition of the Juruti bauxite reserves in Brazil, amounting to a carrying value of $56.8 million and the impact of Alumina's equity share of profits exceeding dividends received by $126.5 million. These favourable impacts were offset by the impact of the higher AUD.

Liabilities

The liability classes with significant movements are as follows:

Interest Bearing Liabilities reduced by $69.1 million to $397.9 million.

During 2004 Alumina repaid US$40 million in debt and the weaker US dollar resulted in a further reduction in the Australian dollar value of debt by $18 million.

Current tax liabilities reduced to nil by utilising tax losses. Refer to Deferred tax assets.

Other liabilities increased by $8.4 million from $2.3 million. The increase relates to accrual of costs in relation to the second tranche payable on the Juruti acquisition amounting to $8.4 million.

Equity

Equity increased in 2004 by:

- Exercising of 3,553,900 options (increase in equity of $19.3 million)
- $322.1 million of net profits for 2004
- $2.2 million net exchange difference recognised in equity
- Offset by payment of 20.0 cents per share of dividends ($232.2 million).

DISCUSSION AND ANALYSIS OF CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2004

Cash flows from operating activities

Lower dividends from associates together with higher payments to suppliers were offset by higher interest revenue from third parties and lower borrowing costs. Payments to suppliers were affected by a once off payment in relation to the sale of the Speciality Chemicals business.

Cash flows from investing activities

Cash flows from investing activities was predominantly affected by two transactions – the purchase of the 40% interest in the Juruti bauxite reserves, which was offset by funds received from the sale of AWAC's Speciality Chemicals business.

Cash flows from financing activities

Dividend payment of 20 cents per share together with repayment of US$48 million in borrowings was offset by proceeds from an additional drawdown of US$8 million and issue of shares as a result of 3,553,900 options being exercised.

NOTES TO AND FORMING PART OF THE CONCISE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 1 BACKGROUND AND BASIS OF ACCOUNTING

Presentation of financial statements

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.

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 FINANCIAL REPORTING BY SEGMENT

Business segment

Alumina Limited's primary assets are its 40% interest in the operating entities forming AWAC. The Company predominantly operates in the Alumina/Aluminium business through its equity interests in AWAC.

NOTE 3 EARNINGS PER SHARE

		Consolidated	
		2004	2003
Basic earnings per share	cents	27.7	20.9
Diluted earnings per share	cents	27.7	20.9
Weighted average number of ordinary shares outstanding during the year used in the calculation of earnings per share			
Basic earnings per share		1,161,164,129	1,132,189,594
Effect of options and partly paid shares on issue		897,367	2,276,335
Diluted earnings per share		1,162,061,496	1,134,465,929

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 2004

In the period from 31 December 2004 to 23 February 2005, the following movements in share capital and options on issue have taken place:

	Number of options	Exercise price
Options exercised	500,900	Various
Options lapsed	–	–

c Net profit used in the calculation of earnings per share

	Consolidated $Million	
	2004	2003
Net profit attributable to members of Alumina Limited used in the calculation of basic and diluted earnings per share	322.1	236.9

NOTE 4 DIVIDENDS

	Consolidated $Million	
	2004	2003
Interim dividend No. 50 of 10 cents fully franked at 30% per fully paid share declared 29 July 2004 and paid 6 September 2004 (2003: 10 cents fully franked at 30% per fully paid share paid on 10 September 2003).	116.1	112.9
Final dividend No. 49 of 10 cents fully franked at 30% per fully paid share, paid on 30 March 2004 (2003:13 cents fully franked at 30% per fully paid share paid on 8 April 2003).	116.1	146.7
	232.2	259.6

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. 51 of 10 cents, franked to 7.5 cents at 30% per fully paid share, declared 2 February 2005 and payable on 31 March 2005. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December 2005, but not recognised as a liability at year end is $116.3 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:

	2004	2003
Class ‘C’ (30%) franking credits	1.9	38.3
The fully franked dividends received from Alcoa of Australia Limited (“AofA”) in the financial year.	148.0	266.9

The shortfall between the balance of the franking account credits and the franking credits required for final dividend 51 is obtained from the fully franked dividends from “AofA” due for payment during 2005.

NOTE 5 SUBSEQUENT EVENTS

On 4 January 2005 Alumina Limited paid the second tranche amounting to US$6.6 million in relation to the 40% interest in the Juruti bauxite deposit acquisition.

NOTE 6 FULL FINANCIAL REPORT

This concise report has been derived from the Alumina Limited Annual Report 2004 – Financial Report for the year ended 31 December 2004. 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

DIRECTOR’S 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 2004, set out on pages 40 to 49:

a has been derived from and is consistent with the full financial report for the year ended 31 December 2004; 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 6 is available on request.

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

D M Morley   John Marlay

Donald M Morley
Chairman

John Marlay
Chief Executive Officer

24 February 2005

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 2004 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 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 2004.

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.

For further explanation of our audit, visit our website **http://www.pwc.com/au/financialstatementaudit**.

We also performed an independent audit of the full financial report of the Company for the financial year ended 31 December 2004. Our audit report on the full financial report was signed on 24 February 2005, 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.

Our procedures include 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

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith Melbourne
Partner 24 February 2005

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

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