Alumina Limited - ABN 85 004 820 419

Financial Year ended 31 December 2003 ("Current Period")

Results for announcement to the market

			% change *	$A million
1.4	Revenues from ordinary activities	Down	99.8%	4.8
1.23	Profit from ordinary activities after tax attributable to members	Up	35.8%	236.9
1.11	Profit from extraordinary items after tax attributable to members		-	-
1.14	NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ALUMINA LIMITED	Up	35.8%	236.9

Dividends

		Current Period Year ended 31 Dec 2003	Previous Corresponding Period Year ended 31 Dec 2002
15.4	Final dividend per share	10¢	13¢
15.5	Franked amount per share	10¢	13¢
15.2	Record date for determining entitlements to the final dividend is 9 February 2004.		

* The comparative period is for the financial year ended 31 December 2002. The 2002 comparative result includes the discontinued WMC Resources entities separated in 2002 following the demerger of WMC Limited.

Alumina Limited was created on 11 December 2002 when WMC Limited’s alumina assets were demerged from the nickel, copper and fertilizer businesses.

This report is based on accounts which are unaudited.

Condensed consolidated statement of financial performance

		Continuing Operations $A million		Discontinuing Operations $A million	Total $A million	
		Year ended 31 Dec 2003	Year ended 31 Dec 2002	Year ended 31 Dec 2002	Year ended 31 Dec 2003	Year ended 31 Dec 2002
1.1	Revenues from operating activities (item 1.25)	-	-	2,220.9	-	2,220.9
1.2	Interest revenue (including item 1.26)	2.4	1.3	96.9	2.4	98.2
1.3	Other revenue (including items 1.27, 1.28, 1.29 and 1.30)	2.4	-	190.4	2.4	190.4
1.4	Revenue from ordinary activities (item 1.31)	4.8	1.3	2,508.2	4.8	2,509.5
1.5	Expenses from ordinary activities (item 1.38)	(12.6)	(7.6)	(2,428.4)	(12.6)	(2,436.0)
1.6	Borrowing costs (net borrowing costs were $6.3m for 31 December 2003 and $42.4m for 31 December 2002)	(8.7)	(0.6)	(140.0)	(8.7)	(140.6)
1.7	Share of net profit of associates accounted for using the equity method (item 16.9)	244.1	216.3	-	244.1	216.3
1.8	Profit/(loss) from ordinary activities before tax	227.6	209.4	(60.2)	227.6	149.2
1.9	Income tax credit on ordinary activities	9.3	0.3	24.3	9.3	24.6
1.10	Profit/(loss) from ordinary activities after tax	236.9	209.7	(35.9)	236.9	173.8
1.11	Profit from extraordinary items after tax	-	-	-	-	-
1.12	Net profit/(loss)	236.9	209.7	(35.9)	236.9	173.8
1.13	Net loss attributable to outside equity interests	-	-	0.7	-	0.7
1.14	**Net profit/(loss) for the period attributable to members of Alumina Limited**	236.9	209.7	(35.2)	236.9	174.5

Non-owner transaction changes in equity

1.15	Net exchange differences recognised in equity	28.4	6.0
1.16	Equity share movements in reserves of associates	-	29.4
1.17	Total transactions and adjustments recognised directly in equity (item 1.15 and 1.16)	28.4	35.4
1.18	Total changes in equity other than from those resulting from transactions with owners as owners	265.3	209.9

Earnings per share (EPS)

		Year ended 31 Dec 2003	Year ended 31 Dec 2002
1.19	Basic EPS	20.9¢	15.7¢
1.20	Diluted EPS	20.9¢	15.6¢

Notes to the condensed consolidated statement of financial performance

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
Profit from ordinary activities attributable to members			
1.21	Profit from ordinary activities after tax (item 1.10)	236.9	173.8
1.22	Add/(Less) outside equity interests (item 1.13)	-	0.7
1.23	Profit from ordinary activities after tax, attributable to members of Alumina Limited	236.9	174.5
Revenue and expenses from ordinary activities			
Revenue from ordinary activities			
1.24	Sale of goods	-	2,220.9
1.25	Revenue from operating activities	-	2,220.9
1.26	Interest received/receivable	2.4	98.2
1.27	Guarantee fee received	2.4	-
1.28	Proceeds from disposal of non-current assets	-	101.0
1.29	Insurance proceeds received/receivable	-	67.2
1.30	Other income	-	22.2
1.31	Revenue from ordinary activities	4.8	2,509.5
Expenses from ordinary activities			
1.32	Cost of goods sold (excluding depreciation and amortisation- item 1.35)	-	1,173.5
1.33	Selling and distribution	-	143.7
1.34	General and administrative	12.5	333.8
1.35	Depreciation and amortisation (excluding amortisation of intangibles -item 2)	0.1	477.4
1.36	Exploration and evaluation	-	34.3
1.37	Other expenses from ordinary activities	-	273.3[1]
1.38	Expenses from ordinary activities	12.6	2,436.0

[1] Includes carrying value of non-current assets sold of $57.9 million.

Capitalised outlays

1.39	Interest costs capitalised	-	3.1

Consolidated retained profits

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
1.40	Retained profits at the beginning of the financial period	729.4	1,451.7
1.41	Net profit attributable to members of Alumina Limited (item 1.14)	236.9	174.5
1.42	Net transfers from reserves	101.3*	33.3
1.43	Dividends and other equity distributions provided for or paid	(259.6)	(878.6)
1.44	Distribution on demerger of WMC Resources Ltd	-	(51.5)
1.45	Retained profits at the end of financial period	808.0	729.4

*Transfer from reserves to retained profits following revaluation of non current assets in Alcoa of Australia.

Significant items

The following non-recurring items are included in profit from ordinary activities for discontinued operations and disclosed on a pre-tax basis as significant items due to their size or nature.

		A$ million
There were no significant items for the year ended 31 December 2003		
Significant items for the year ended 31 December 2002		
1.46	Demerger costs – advisor fees and other costs	(46.0)
1.47	Income tax benefit	13.8
		(32.2)
1.48	Proceeds from sale of Central Norseman Gold Corporation Limited (sold January 2002)	33.5
1.49	Book value of assets disposed and costs associated with the sale	(8.4)
1.50	Profit on sale	25.1
1.51	Income tax expense	-
		25.1
1.52	Proceeds from the sale of right to gold royalty received from the sale of St Ives and Agnew gold operations	45.0
1.53	Book value of gold royalty and costs associated with the sale	(29.6)
1.54	Profit on sale	15.4
1.55	Income tax expense	-
		15.4
1.56	Proceeds from sale of the Long/Victor mines at Kambalda	14.0
1.57	Book value	(2.0)
1.58	Profit on sale	12.0
1.59	Income tax expense	(2.6)
		9.4
1.60	Insurance proceeds (material damage and business interruption) recognised in relation to the fire at the Olympic Dam solvent extraction plant in October 2001	62.3
1.61	Income tax expense	(18.7)
		43.6
1.62	Costs associated with lost production due to fire at Olympic Dam solvent extraction plant	(92.5)
1.63	Income tax benefit	27.8
		(64.7)
1.64	Proceeds received from early termination of interest rate swaps	75.9
1.65	Income tax expense	(22.8)
		53.1
1.66	Total significant items after tax	49.7

Intangible and extraordinary items

	Consolidated-Year ended 31 December 2003	Before tax $A million	Related tax $A million	Related outside equity interests $A million	Amount (after tax) attributable to members $A million
2.1	Amortisation of equity goodwill (item 16.2)	17.7	-	-	17.7
2.2	Amortisation of other intangibles	-	-	-	-
2.3	Total amortisation of intangibles	17.7	-	-	17.7
2.4	Extraordinary items	There were no extraordinary items			

	Consolidated-Year ended 31 December 2002	Before tax $A million	Related tax $A million	Related outside equity interests $A million	Amount (after tax) attributable to members $A million
2.1	Amortisation of equity goodwill (item 16.2)	17.7	-	-	17.7
2.2	Amortisation of other intangibles	13.4	(4.0)	-	9.4
2.3	Total amortisation of intangibles	31.1	(4.0)	-	27.1
2.4	Extraordinary items	There were no extraordinary items			

Income Tax

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
(a)	Profit from ordinary activities before tax (item 1.8)	227.6	149.2
	Add: excess of dividends received/receivable over equity share of profits (item 16:11)	40.1	64.7
		267.7	213.9
	Prima facie tax expense for the period at the rate of 30%	(80.3)	(64.2)
	The following items caused the total charge for income tax to vary from the above:		
	Rebateable and exempt dividends	284.2	247.9
	Additional claim for research and development expenditure	-	7.2
	Exempt income	-	3.1
	Non-assessable capital gains	-	40.4
	Additional depreciation and amortisation	-	2.4
	Non-deductible expenses	(10.0)	(3.4)
	Non-deductible foreign expenses	-	(4.5)
	Net movement	274.2	293.1
	Tax effect of the above adjustments at 30%	82.3	87.9
	Variance between Australian and foreign tax rates	-	(0.5)
	Future income tax benefits not brought to account	-	(89.0)
	Recognition of future income tax benefits not previously brought to account	-	8.6
	Withholding tax	(1.4)	1.8
	Tax losses from prior year brought to account	4.6	
	Over provision of tax in prior years	4.1	80.0
	Consequent reduction in charge for income tax	89.6	88.8
	Income tax (expense)/credit for the period (item 1.9)	9.3	24.6

Condensed consolidated statement of financial position

		31 Dec 2003 $A million	30 June 2003 $A million	31 Dec 2002 $A million
Current Assets				
4.1	Cash	165.3	81.2	23.2
4.2	Receivables – other	4.0	0.9	2.3
4.3	Future Income Tax Benefits	4.1	-	-
4.3	Other	0.3	0.6	0.9
4.4	Total current assets	173.7	82.7	26.4
Non-current Assets				
4.5	Investments in associates	1,625.0	1,605.8	1,668.7
4.6	Other property, plant and equipment (net)	0.4	0.2	-
4.7	Total non-current assets	1,625.4	1,606.0	1,668.7
4.8	Total assets	1,799.1	1,688.7	1,695.1
Current Liabilities				
4.9	Payables	3.2	2.1	2.6
4.10	Interest bearing liabilities	467.0	526.9	534.8
4.11	Current tax liabilities	2.5	0.1	1.7
4.12	Provisions (excluding current tax liabilities)	0.1	0.3	0.1
4.13	Other	2.3	3.4	-
4.14	Total current liabilities	475.1	532.8	539.2
Non-current Liabilities				
4.15	Deferred tax liabilities	-	0.5	2.2
4.16	Provisions (excluding deferred tax liabilities)	0.2	-	0.2
4.17	Total non-current liabilities	0.2	0.5	2.4
4.18	Total liabilities	475.3	533.3	541.6
4.19	Net assets	1,323.8	1155.4	1,153.5
Equity				
4.20	Contributed equity	384.8	225.7	220.2
	Reserves:			
4.21	- Group	131.0	127.7	102.6
4.22	- Associates	-	-	101.3
	Retained profits:			
4.23	- Group	400.3	355.6	382.9
4.24	- Associates	407.7	446.4	346.5
4.25	Equity attributable to members of the parent entity	1,323.8	1,155.4	1,153.5
4.26	Outside equity interests in controlled entities	-	-	-
4.27	Total equity	1,323.8	1,155.4	1,153.5

There is no preference capital.

Notes to the condensed consolidated statement of financial position

Exploration and Evaluation Expenditure Capitalised

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
5.1	Opening balance	-	64.5
	Expenditure incurred during current period:		
5.2	- Grassroots expenditure	-	17.1
5.3	- Additional, supporting existing operations	-	3.4
5.4	- Evaluation expenditure	-	14.9
5.5	Expenditure written off during current period	-	(34.2)
5.6	Acquisitions, disposals, capitalised depreciation, etc	-	(65.7)
5.7	Expenditure transferred to development properties	-	-
5.8	Closing balance as shown in the condensed consolidated statement of financial position	-	-

Mine Properties Under Development

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
6.1	Opening balance	-	0.5
6.2	Expenditure incurred during current period	-	0.7
6.3	Expenditure transferred from exploration and evaluation	-	-
6.4	Acquisitions, disposals, reclassifications, etc	-	(1.2)
6.5	Expenditure transferred to mine properties	-	-
6.6	Closing balance as shown in the condensed consolidated statement of financial position	-	-

Condensed consolidated statement of cash flows

		Continuing Operations $A million		Discontinuing Operations $A million	Total $A million	
		2003	2002	2002	2003	2002
	Cash Flows Related to Operating Activities					
7.1	Receipts from customers	-	-	2,193.5	-	2,193.5
7.2	Proceeds from interest rate swap close out	-	-	71.2	-	71.2
7.3	Payments to suppliers and employees	(7.9)	(8.1)	(1,823.9)	(7.9)	(1,832.0)
7.4	GST refund received	0.6	-	-	0.6	-
7.5	Proceeds from guarantees	2.4	-	-	2.4	-
7.6	Dividends received from associates	284.2	281.0	-	284.2	281.0
7.7	Interest received	2.2	-	27.6	2.2	27.6
7.8	Borrowing costs paid	(8.3)	(0.3)	(149.7)	(8.3)	(150.0)
7.9	Income taxes paid	(4.7)	-	(3.2)	(4.7)	(3.2)
7.10	Proceeds from insurance claims	-	-	35.0	-	35.0
	Cash expenditure on exploration:					
7.11	- Grassroots	-	-	(17.1)	-	(17.1)
7.12	- Additional, supporting existing operations	-	-	(3.4)	-	(3.4)
7.13	Net operating cash flows	268.5	272.6	330.0	268.5	602.6
	Cash Flows Related to Investing Activities					
7.14	Payments for property, plant and equipment	(0.3)	-	(412.3)	(0.3)	(412.3)
7.15	Proceeds from sale of non-current assets	-	-	67.6	-	67.6
7.16	Proceeds from the sale of Central Norseman Gold Corporation Limited, net of cash divested	-	-	25.7	-	25.7
7.17	Proceeds from insurance claims			15.7		15.7
7.18	Proceeds from short term investments	-	-	2.6	-	2.6
7.19	Payments for closed out gold hedges	-	-	(34.4)	-	(34.4)
7.20	Payments for evaluation expenditure	-	-	(4.4)	-	(4.4)
7.21	Payment for purchase of Halco and MRN	-	(72.9)	-	-	(72.9)
7.22	Payments for research and development	-	-	(0.4)	-	(0.4)
7.23	Cash reserves retained by WMC Resources upon demerger	-	-	(65.2)	-	(65.2)
7.24	Net investing cash flows	(0.3)	(72.9)	(405.1)	(0.3)	(478.0)
	Cash Flows Related to Financing Activities					
7.25	Proceeds from issues of shares	56.2	38.5	-	56.2	38.5
7.26	Proceeds from borrowings	79.2	537.9	1,278.7	79.2	1,816.6
7.27	Repayment of borrowings	-	(600.0)	(1,366.1)	-	(1,966.1)
7.28	Dividends paid	(259.6)	(199.7)	-	(146.6)	(199.7)
7.29	Net financing cash flows	(124.2)	(223.3)	(87.4)	(124.2)	(310.7)
	Net (Decrease)/Increase in Cash Held	144.0	(23.6)	(162.5)	144.0	(186.1)
7.30	"Cash" at beginning of period	23.2	46.8	167.4	23.2	214.2
7.31	Exchange rate adjustments to Item 7.30 above	(1.9)	-	(4.9)	(1.9)	(4.9)
7.32	"Cash" at end of period	165.3	23.2	-	165.3	23.2

Reconciliation of Cash

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
	Reconciliation of cash at the end of the period (as shown in the condensed consolidated statement of cash flows) to the related items in the accounts is as follows:		
8.1	Cash on hand and at bank	41.7	15.0
8.2	Money market deposits (with maturity on investment three months or less)	123.6	8.2
8.3	Cash assets (Item 4.1)	165.3	23.2
8.4	Bank overdraft	-	-
8.5	Total cash at end of period (Item 7.32)	165.3	23.2

Other notes to the condensed financial statements

Ratios

		Year ended 31 Dec 2003 %	Year ended 31 Dec 2002 %
Profit before tax/revenue			
9.1	Consolidated profit from ordinary activities before tax (Items 1.8) as a percentage of revenue (Item 1.4)	Not Applicable	5.9
Profit after tax/equity interests (annualised)			
9.2	Consolidated net profit from ordinary activities after tax attributable to members (Item 1.14) as a percentage of members' equity at the end of the period (Item 4.27)	17.9	15.1

Earnings per share (EPS)

		Year ended 31 Dec 2003	Year ended 31 Dec 2002
	Calculation of basic and fully diluted EPS in accordance with AASB 1027: *Earnings per Share*		
	Equity accounted earnings in cents per ordinary share		
10.1	Basic EPS	20.9	15.7
10.2	Diluted EPS	20.9	15.6
	Weighted number of shares outstanding during the year used in the calculation of earnings per share		
10.3	- Basic earnings per share	1,132,189,594	1,112,878,659
10.4	- Effect of options and partly paid shares on issue	2,276,335	2,905,619
10.5	- Diluted earnings per share	1,134,465,929	1,115,784,278

Net tangible asset backing per security

11.1	Net tangible asset backing per ordinary security	$0.99	$0.85

Loss of control of entities having material effect

14.1 There was no loss of controlled entities for the year ended 31 December 2003.

Dividends

15.1 An final dividend has been declared payable on 30 March 2004

15.2 Record date to determine entitlements to the dividend is 9 February 2004

Amount per share

		Year ended 31 Dec 2003 (cents)	Year ended 31 Dec 2002 (cents)
	Interim dividend per share		
15.3	Amount per share	10¢	5¢
15.4	Franked amount per share at 30% tax rate	10¢	5¢
	Final dividend per share		
15.5	Amount per share	10¢	13¢
15.6	Franked amount per share at 30% tax rate	10¢	13¢
	Share scheme (demerger) dividend per share		
15.7	Amount per share	-	73¢

Total dividends on all shares (interim plus final)

		Year ended 31 Dec 2003 (cents)	Year ended 31 Dec 2002 (cents)
15.8	Interim dividend paid on ordinary shares	10¢	5¢
15.9	Final dividend to be paid on ordinary shares	10¢	13¢
15.10	Total dividend paid/payable	20¢	18¢

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
	Final dividend		
15.12	Interim dividend paid on ordinary shares	112.9	55.6
15.13	Final dividend to be paid on ordinary shares	115.9	146.7
15.14	Total dividend paid/payable	228.8	202.3

Details of aggregate share of results of associates

		Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
Alumina's share of associates:			
16.1	Profit from ordinary activities before income tax and goodwill amortisation	383.5	370.6
16.2	Amortisation of equity goodwill (item 2.1)	(17.7)	(17.7)
16.3	Profit from ordinary activities before tax	365.8	352.9
16.4	Income tax on ordinary activities	(121.7)	(136.6)
16.5	Profit from ordinary activities after income tax	244.1	216.3
16.6	Extraordinary items net of tax	-	-
16.7	Net profit	244.1	216.3
16.8	Outside equity interests	-	-
16.9	Net profit attributable to members of Alumina Limited	244.1	216.3
16.10	Dividends received/receivable by Alumina Limited	(284.2)	(281.0)
16.11	Surplus/(Shortfall) of equity share of profits over dividends received	(40.1)	(64.7)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities:

			Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit	
			Year ended 31 Dec 2003	Year ended 31 Dec 2002	Year ended 31 Dec 2003 $A million	Year ended 31 Dec 2002 $A million
17.1		Equity accounted associates and joint venture entities				
	(i)	AWAC (including Alcoa of Australia Ltd)[a]	40%	40%	261.8	234.0
		[a]Alcoa of Australia Ltd	40%	39.25%		
		Amortisation of goodwill	n/a	n/a	(17.7)	(17.7)
17.2		Total			244.1	216.3
17.3		Other material interests			Nil	Nil

Issued and quoted securities at end of current period

	Category of Securities	Number issued	Number quoted	Issue price per share ($)
18.1	Ordinary shares			
	Fully paid	1,159,485,748	1,159,485,748	
18.2	Ordinary Shares -			
	Changes during current period:			
	Increase in fully paid shares following:			
	(i) Issue of shares to acquire QBE's 0.75% share of Alcoa of Australia (refer: comments by directors)	18,372,881	18,372,881	$5.90
	(ii) exercise of options	12,779,120	12,779,120	Various

		Number issued	Number Quoted	Exercise Price	Expiry Date
18.3	Unquoted employee options to acquire fully paid ordinary shares	1,505,800	Nil	$4.52	20 December 2004
		1,976,800	Nil	$4.04	18 December 2005
		4,610,700	Nil	$5.02	30 November 2006
		8,093,300			
18.4	Issued during the current period	Nil			
18.5	Exercised during the current period	894,320	Nil	$2.62	21 December 2003
		375,000	Nil	$2.88	21 December 2003
		2,070,300	Nil	$4.52	20 December 2004
		3,941,400	Nil	$4.04	18 December 2005
		5,498,100	Nil	$5.02	30 November 2006
		12,779,120			
18.6	Expired/lapsed during the current period	8,600	Nil	$2.62	21 December 2003
		176,000	Nil	$4.52	20 December 2004
		18,500	Nil	$4.04	18 December 2005
		473,100	Nil	$5.02	30 December 2006
		676,200			

Segment Information

Business Segment

Year ended 31 December 2003

Alumina Limited's primary assets are its 40% interest in the series of operating entities forming AWAC. The company predominately operates in the Alumina/aluminium business through its equity interests in AWAC. Refer to Comments by Directors

Year ended 31 December 2002

Consolidated	Copper/ uranium	Alumina/ aluminium	Nickel	Fertilizers	Consolidated
			$ million		
Revenue					
Segment revenues[1, 4]	682.9	-	1,206.3	401.9	2,291.1
Unallocated revenue[2]					107.4
Less insurance proceeds					(67.2)
Less proceeds from sale of non-current assets					(101.0)
Less other sundry revenue					(9.4)
Operating revenues					2,220.9
Result					
Segment result	(19.6)	(6.3)	198.9	(50.1)	122.9
Share of net profit or loss/result of equity accounted investments	-	216.3	-	-	216.3
Unallocated profit[3]					45.4
Unallocated corporate expenses:					
New business					(32.0)
Regional exploration					(26.1)
Corporate					(109.1)
Finance and other costs					(25.1)
Net borrowing costs					(42.4)
Profit from ordinary activities before income tax but after outside equity interest					149.9
Income tax benefit					24.6
Net profit (item 1.14)					174.5

Description of each business segment

Alumina/aluminium	Share of net profit or loss/result of equity accounted investment in Alcoa World Alumina and Chemicals (AWAC), and Alumina business unit costs.
Copper/uranium	Exploration, development, mining and refining of copper, uranium, silver and gold in South Australia.
Nickel	Exploration, development, mining, smelting and refining of nickel in Western Australia.
Fertilizers	Production of fertilizer products in Phosphate Hill, Queensland and distribution of fertilizer products via Hi-Fert.

Segment Information (continued)

Geographical segments

Year ended 31 December 2003

	$ million					
Consolidated	Australia	North America	Europe	Asia	Other	Total
Segment revenue by location of customer	-	-	-	-	-	
Unallocated revenue						
Consolidated revenue						
Segment assets by location of assets	821.7	365.2	162.6	-	449.6	1,799.1
Consolidated total assets						1,799.1
Acquisitions of non-current assets	0.3	-	-	-	-	0.3
Unallocated						-
Total acquisitions of non-current assets						0.3

Year ended 31 December 2002

	$ million					
Consolidated	Australia	North America	Europe	Asia	Other	Total
Segment revenue by location of customer	482.3	239.6	664.0	301.7	-	1,687.6
Unallocated revenue						533.3
Consolidated revenue						2,220.9
Segment assets by location of assets	595.2	440.5	186.4	-	473.0	1,695.1
Consolidated total assets						1,695.1
Acquisitions of non-current assets	407.3	0.1	-	-	-	407.4
Unallocated						9.3
Total acquisitions of non-current assets						416.7

[1] *Segment revenues include intermediate product sales.*
[2] *Unallocated revenue includes $33.5m from sale of CNGC and $45.0m from sale of the right to a gold royalty.*
[3] *Unallocated profit includes $25.1m from sale of CNGC and $15.4m from sale of the right to a gold royalty.*
[4] *Segment revenues for each business unit includes currency and commodity hedging allocated as follows:*

	$ million 2002
Copper/uranium	*(41.6)*
Nickel	*(58.3)*
Fertilizer	*(12.3)*
	(112.2)

Comments by directors

Comments are for the twelve months ended 31 December 2003 with comparatives for the continuing operations for the twelve months ended 31 December 2002 shown in parentheses. Discontinuing operations include the assets and liabilities of WMC Resources Ltd and those entities sold to WMC Resources Ltd which Alumina Limited subsequently distributed to its shareholders in December 2002.

References to “the Forecast” relate to the forecast provided for Alumina Limited in the WMC Demerger Scheme Booklet.

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 AWAC and associated corporate activities for the full period to 31 December 2003 and 31 December 2002 as continuing operations. The results of the entities sold to WMC Resources Ltd as part of the demerger for the period to 30 November 2002 have been shown as discontinuing operations.

Basis of financial report preparation

This report is for the year ended 31 December 2003 and has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4E and in accordance with Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001. It is recommended that this report be read in conjunction with any public announcements made by Alumina Limited and its controlled entities during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Comparative information is reclassified where appropriate to enhance comparability.

This report is based on accounts which are unaudited.

Review of Operations

The Group's net profit after income tax attributable to members of Alumina Limited was $236.9 million. In the previous year the Group’s net profit including discontinued operations of WMC Resources was $174.5 million. The Group’s net profit from continuing operations attributable to Alumina Limited increased by 13% on 2002 profits from continuing operations of $209.7 million. The Company results were approximately 12% better than the Forecast when adjusted for sensitivities to the aluminium price and AUD/USD exchange rate. The difference is largely due to a number of items not forecast. These included favourable movements for:

- A tax adjustment in Alcoa of Australia which reduced Alumina’s share of AWAC’s effective tax rate by $13 million.
- A change in the US accounting standard for treatment of asset retirement obligations which reduced the AWAC provision. Alumina’s share was $11 million.
- An income tax credit of $9 million.

These adjustments were offset by:

- A revaluation of Alcoa of Australia’s current US dollar assets and liabilities to reflect the increase in the Australian dollar, which reduced Alumina’s profit by $25 million.
- A provision of $12 million for Alumina’s share of AWAC employee options outstanding.

In addition, net interest expense was $13.2 million less than the Forecast due to lower interest rates and the stronger Australian dollar.

Directors have declared a final dividend of 10 cents a share (13 cents), bringing total dividends for the year to 20 cents (18 cents excluding the 73 cents dividend to effect the demerger).

Production

The Group's beneficial interest in alumina production increased by 6.2% to 5.171 million tonnes (4.867 million tonnes) as additional capacity from Point Comfort was restarted to meet market demand. Beneficial interest in aluminium production increased by 1.7% to 151,000 tonnes. Both alumina and aluminium production marginally exceeded the Forecast.

Costs

AWAC's total cost of sales increased by 16% to US$2,422.6 million (US$2,084.7 million) due, in part to higher sales volumes, but also to higher energy prices, a weakening US dollar, increased cost for raw materials and costs associated with the restart of capacity at Point Comfort. Revenue from sales of available uncommitted tonnage into the spot alumina market offset the impact of higher costs.

Alumina's corporate costs of $12.6 million were $5.0 million higher than the 2002 costs from continuing operations ($7.6 million) resulting from the first full year of operating as a stand alone corporation. Additional costs are incurred in operating the stand-alone entity, but it provides shareholders with the facility to manage their portfolios and allows our staff to focus on AWAC only, in shareholders' interest. Alumina's corporate costs adjusted for demerger related revenue and expenses were $4.6 million higher than the Forecast. Corporate cost included $2.6 million in relation to WMC Resources Ltd employee Stock Appreciation Plan. This cost was offset by $2.4 million of revenue received by Alumina from WMC Resources Ltd in relation to the guarantee fee for foreign exchange transactions and for gold derivative transactions undertaken by WMC Finance Limited (a subsidiary of WMC Limited sold to WMC Resources as part of the demerger). This guarantee is discussed under Contingent Liabilities (Guarantees). Alumina pursued value adding opportunities which resulted in additional legal advice and consulting fees associated with the divestment of Specialty Chemicals, the acquisition of QBE Limited's 0.75% interest in AofA and the potential investment in Alba. Higher audit-related costs, and the payment of employee performance-based remuneration (tied to Alumina market performance) further added to costs. These costs were not foreseen in the Forecast.

Markets

The second half of 2003 provided increasing evidence that the global economy was moving in a positive direction. Growth in China continued its rapid advancement and the US economy grew faster in the second half. The aluminium price improved by 6% on the first half to average US67 cents per pound in the second half resulting in a full year average of US65 cents per pound, up US4 cents per pound on 2002 but below the US67 cent average estimated for the Forecast. Demand for alumina was strong and alumina spot prices continued to escalate through the year with spot sales being quoted at the end of the year above US$350/t. The majority of AWAC's alumina production is sold under long term contracts at prices unrelated to the spot alumina market.

Currency Exchange Rate Movements

The AUD/USD exchange rate averaged 0.6531 for the full year, compared with 0.5437 for 2002 and the Forecast assumption of 0.58.

The exchange rate moved from 0.5666 at 31 December 2002, to 0.7516 at 31 December 2003. A consequence of this significant increase was a charge to profit of $25 million after tax, principally for the revaluation of USD accounts receivable in Alcoa of Australia. This amount was not included in the exchange rate sensitivities provided in the Forecast.

Alumina Limited has no currency or commodity hedging in place. AWAC has no currency hedging in place but does maintain limited short term energy price hedging to reduce volatility in relation to commodities such as natural gas, fuel oil and electricity.

Debt

Alumina's debt, net of cash, closed the year at $301.7 million, $209.9 million lower than the beginning of the year. Alumina Limited borrows in US dollars as this provides the lowest cost source of funds. The exchange rate movement reduced the Australian dollar debt balance by $147.0 million.

Interest

The net borrowing cost during the period was $6.3 million ($42.4 million). The variance when compared with the prior year was due to reduced debt and lower short term U.S. interest rates.

Income Tax

Income tax credit for the year totalled $9.3 million. Tax payments of $3.7 million expensed in 2002 are expected to be recovered following a change in tax legislation. Future tax benefits associated with taxable losses of $4.6 million previously not brought to account were accrued in 2003 in anticipation that these losses would offset tax otherwise payable as a result of the sale of the Speciality Chemical business.

AWAC Employee Options

Employees within AWAC have been granted stock options in Alcoa Inc. In previous years Alumina's share of the cost of these options was charged to Alumina's share of AWAC profits at the time the options were exercised. In 2003, Alumina changed the treatment of these options and has accrued $11.8 million for the potential future cost of unexercised options based on Alcoa Inc's closing share price of USD38.00. Future charges for this item will depend on the movement in Alcoa Inc's share price and on the number and price of new options issued.

Dividend franking credits

The final dividend declared of 10 cents (2002: 13 cents) per share is fully franked at the 30 per cent tax rate. The interim and final dividend totalled 20 cents (2002: 18 cents) fully franked.

The potential to frank future dividends will depend upon the amount of the dividend and the available franking credits.

Acquisition of QBE's 0.75% interest in Alcoa of Australia

In December, Alumina Limited acquired QBE's 0.75% interest in Alcoa of Australia by issuing 18,372,881 shares in Alumina. The acquisition was accounted for based on Alumina's closing price on 12 December of $5.90 (the closing price of the trading day prior to the date when QBE agreed the sale). The purchase of QBE's interest results in Alumina holding 40% of all AWAC assets with Alcoa holding the remaining 60%.

Contingent Liabilities

Guarantees

Alumina Limited provided a guarantee in 1998 for foreign exchange transactions and in 2000 for gold derivative transactions undertaken by its wholly owned subsidiary at that time, WMC Finance Limited ("WMCF"). WMCF was sold to WMC Resources Ltd as part of the demerger and is no longer a subsidiary of Alumina Limited. On 4 December 2003, WMC Resources announced that it had closed-out its currency hedge book for the period 2005 to 2008 eliminating that portion of Alumina's contingent liability. The guarantee remains applicable for foreign exchange transactions entered by WMCF and Union Bank of Switzerland with 2004 maturity dates and gold derivative transactions with maturity dates in 2005. The outstanding transactions have a negative mark to market value of $0.6 million at 31 December 2003. Alumina Limited has rights to obtain additional credit support if WMC Resources Ltd's credit rating is lower than BBB (and it would not cause a breach of WMC Resources Ltd's debt obligations). Alumina Limited is also indemnified by WMC Resources Ltd in relation to this guarantee.

Events subsequent to balance date

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

Annual General Meeting

The Annual General Meeting of Alumina Limited will be held as follows:

Place:	Auditorium, Melbourne Exhibition Centre, 2 Clarendon Street Southbank, Melbourne
Date:	21 April 2004
Time:	10:30 am

The 2003 Annual Report of Alumina Limited will be available on approximately 17 March 2004.

Compliance Statement

1. This report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views.
2. This report gives a true and fair view of the matters disclosed.
3. This report is based on unaudited financial statements.
4. Alumina Limited has a formally constituted audit committee.

S FOSTER	2004
COMPANY SECRETARY	**DATE**