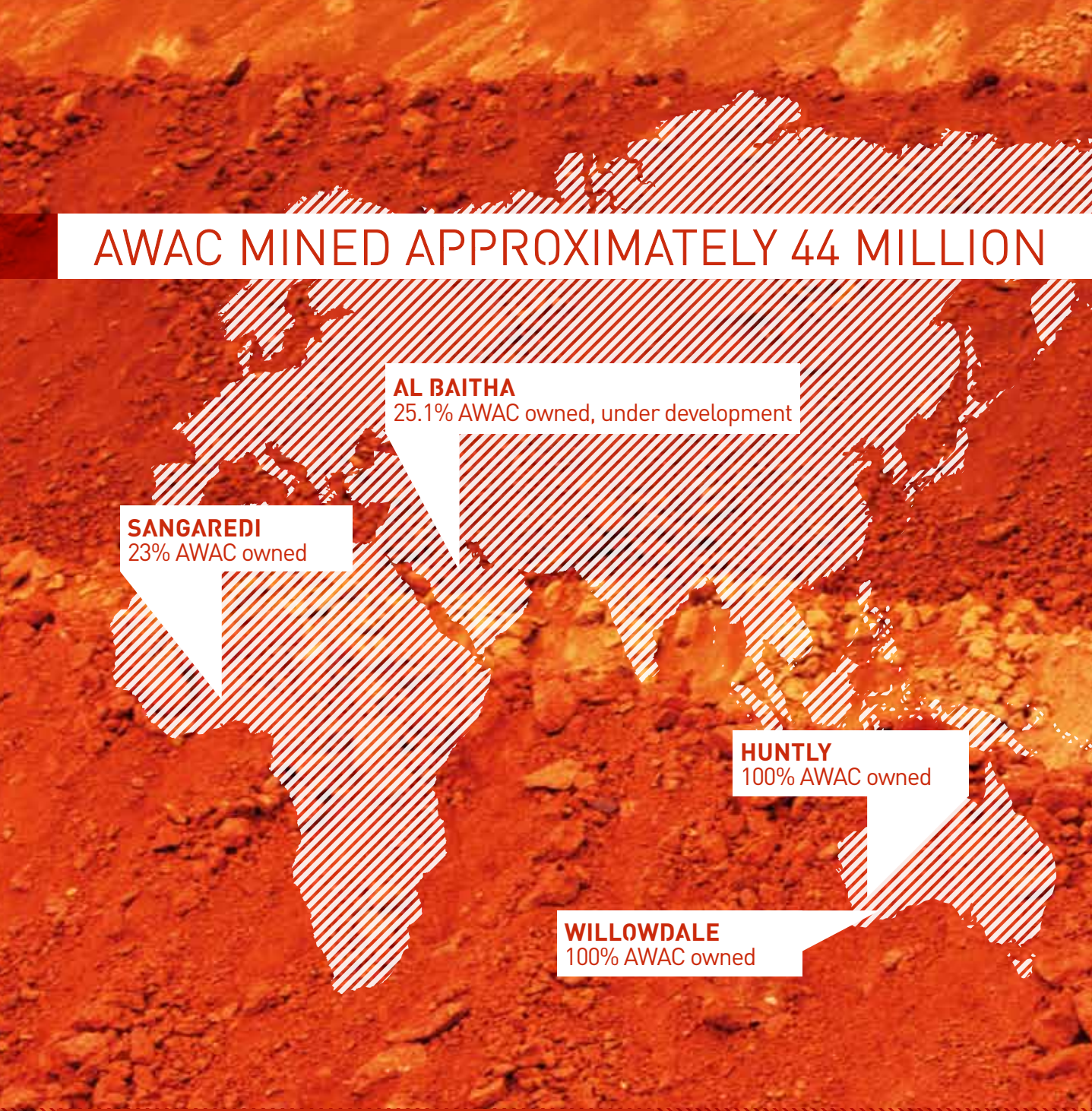
BUILT ON BAUXITE

ANNUAL REVIEW 2012

ALUMINA LIMITED

AWAC MINED APPROXIMATELY 44 MILLION



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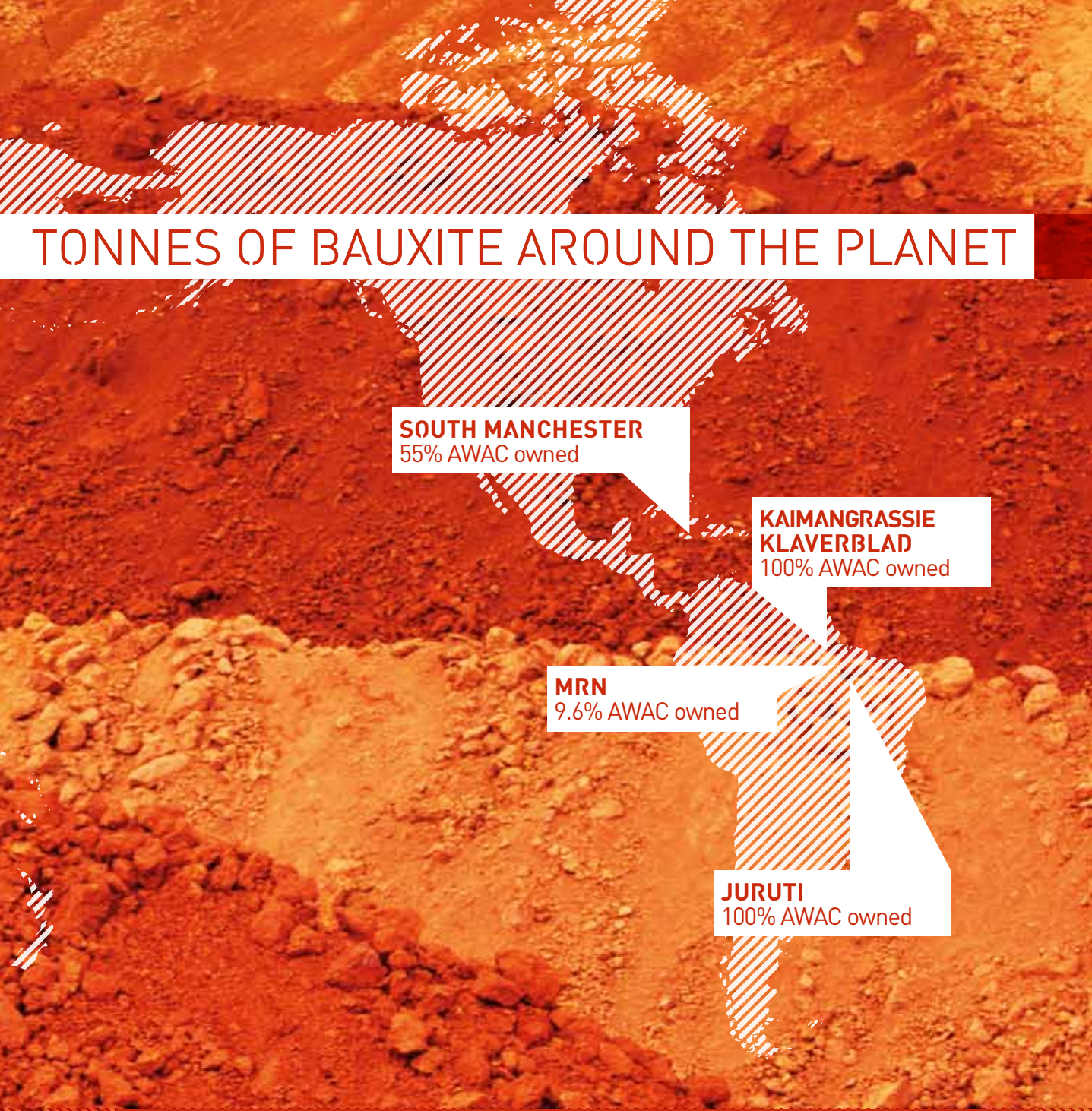
TONNES OF BAUXITE AROUND THE PLANET



THE INCREASING VALUE OF BAUXITE

China, the world's largest producer and consumer of aluminium is experiencing a decline in quality of its bauxite deposits, the basic raw material for primary aluminium production. As a result, China is increasingly reliant on imported bauxite to support its burgeoning aluminium production industry.

Together with limitations on current mining operations and infrastructure issues affecting many bauxite deposits, the value of bauxite has been increasing.

THE MINING, REFINING, SMELTING & RECYCLING PROCESS

01

BAUXITE DEPOSITS

Aluminium is the third most abundant element in the earth's crust and constitutes 7.3% by mass. Aluminium ore, most commonly bauxite, occurs mainly in tropical and sub-tropical areas – Asia, Africa, West Indies, South America and Australia – with some deposits in Europe. Although plentiful, bauxite quality is diminishing, is often not readily accessible and it is becoming harder to gain approvals for expansions or new mines. AWAC operates mines integrated with alumina refineries in Western Australia, Brazil, Jamaica and Suriname.

02

BAUXITE MINING

AWAC's bauxite deposits are generally extracted by open cut mining from strata, typically under a shallow covering of topsoil and vegetation. The topsoil is removed and stored for later use in mine site rehabilitation. Generally there is a layer of capstone that is removed to expose the bauxite ore which is extracted, broken up and transported to refineries for further processing. AWAC is well positioned with long-life mines. AWAC's Huntly mine is the world's largest bauxite mine, supplying bauxite ore to Pinjarra and Kwinana Refineries. The mine at Juruti Brazil adds to AWAC's long term capacity.

03

MINE REHABILITATION

Rehabilitation is one of the most important parts of the mining process. For both the Huntly and Willowdale mines in Western Australia, every year about 600 hectares of the mined areas are rehabilitated across the two sites, helping restore the forest ecosystem. AWAC has nursery operations that focus on the bauxite mines but it also provides seeds and plants for rehabilitation of the residue rehabilitation areas at refineries. In the Western Australian mines, AWAC has achieved 100 per cent of plant species richness in AWAC's rehabilitated mining areas, the first mining company in the world to achieve that goal.

ALUMINA REFINING PROCESS

Alumina does not occur naturally but must be recovered from bauxite. Bauxite is washed, ground and dissolved in caustic soda (sodium hydroxide) at high pressure and temperature at an alumina refinery. Approximately two tonnes of alumina are required to produce one tonne of aluminium. AWAC is the world's largest alumina business operating 8 alumina refineries in Australia, Brazil, Jamaica, Spain, Suriname and the USA. AWAC is a low cost alumina producer with global alumina production capacity of 17.2 million tonnes per year. AWAC's joint venture with Ma'aden to build a 1.8 million mtpy alumina refinery in Saudi Arabia is expected to be operational in 2014.

04

SHIPPING

AWAC owns and operates a shipping operation that uses bulk carriers to transport alumina to Alcoa smelters around the world for smelting into aluminium metal. AWAC's operations benefit from deep water port access enabling easy and cost effective loading and transportation of alumina.
Third party smelters now represent approximately 48 per cent of the global alumina market and this percentage is increasing.

05

06

SMELTING

AWAC supplies alumina to third party smelters around the world. Alumina is converted into aluminium by dissolving it in an electrolytic bath of molten cryolite (sodium aluminium fluoride) within a large carbon or graphite lined steel container known as a 'pot'. An electric current is passed through the electrolyte at low voltage, but very high current. Molten aluminium is deposited at the bottom of the pot and is siphoned off periodically. It can be blended to an alloy specification, cleaned and then generally cast. AWAC operates efficient smelting operations at Point Henry and Portland in Australia with a combined annual AWAC production capacity of 385,000 tonnes.

RECYCLING

First produced in 1888, aluminium has become the second most used metal in the world after iron. Nearly three-quarters of all aluminium ever made remains in use today, representing a growing 'energy and resource bank', and the metal can be recycled and reused repeatedly. Examples of areas where aluminium helps people and the economy to operate effectively and efficiently include air, road, rail and sea transport; food and medicine; packaging; construction; electronics and electricity transmission.

AT A GLANCE

Profits declined in 2012 as low aluminium and alumina prices impacted profitability. Realised alumina prices were 13 per cent lower than 2011 and were the prime reason for a 13 per cent decline in revenue. Also, the weakness in the US dollar throughout the year created pressure on margins for most producers. However, productivity gains, production creep at AWAC's low cost refineries and planned curtailments at the higher cost refineries partially offset the weaker realised prices.

ALUMINA LIMITED RESULTS

$-62.1M

Net loss US$62.1 million (2011: net profit US$126.6 million)

$-4.4M

Share of AWAC underlying loss US$4.4 million (2011: underlying profit US$174.5 million)

$95M

AWAC dividends and distributions of US$95 million received (2011: US$240 million)

$-52.5M

Underlying earnings was a loss of US$52.5 million (2011: underlying profit US$128 million)

20%

Gearing 20 per cent (2011: 14 per cent)

-2.2%

Return on Equity negative 2.2% (2011: positive 4.1%)

2013 has commenced on a positive note with the prices for spot or index priced alumina increasing. However we remain cautious on the outlook for 2013. London Metal Exchange (LME) aluminium pricing is expected to continue to be volatile reflecting uncertainty with global macro-economic conditions, especially in Europe. The medium term outlook for demand is positive with the global demand for aluminium expected to increase by between 5 and 8 per cent over the course of 2013. AWAC remains the largest and a low cost alumina producer, and so in the medium term is expected to benefit as the alumina market grows to meet the demand for aluminium. It should also benefit from an increasing percentage of alumina sales being priced off alumina indices. Alumina Limited is well positioned to benefit from AWAC's market position with its long-life bauxite position and over 17 million tonnes of alumina production design capacity.

AWAC – A GLOBAL BUSINESS

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

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

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

Alumina Limited represents a unique opportunity for a pure investment in AWAC, the world's largest alumina and bauxite producer.

AWAC RESULTS

$-91.9M AWAC net loss after tax US$91.9 million (2011 net profit after tax: US$469.7 million)

15.6M Alumina production of 15.6 million tonnes (2011: 15.7 million)

$241.9M AWAC cash from operations US$241.9 million (2011: US$690 million)

CHAIRMAN & CEO REPORT 2012

The global alumina and aluminium industries experienced difficult trading conditions during 2012. Global demand for aluminium remained robust, with growth of approximately 4 per cent over 2012, yet the industry struggled with persistently low prices.

INDUSTRY OVERVIEW

Average industry aluminium and alumina prices were down approximately 15 per cent on 2011 levels, resulting in historically low returns across the industry, including Alumina Limited.

China continued to increase its share of world production of both aluminium and alumina, adding new low cost smelting capacity whilst also curtailing higher cost capacity as a consequence of lower prices. Production curtailments also occurred outside of China to return the alumina market to balance. AWAC curtailed 390,000 tonnes of alumina production in response to market conditions.

While China increased alumina production capacity during the year, it continued to rely on alumina and bauxite imports to support its growing aluminium production. China imported approximately 41 per cent of its alumina requirements in the form of either bauxite or alumina in 2012. Increases in global bauxite prices flowed through the cost structure of the Chinese industry, placing upward pressure on alumina prices.

The US dollar remained weak throughout the year, creating pressure on margins for producers who incur production costs in currencies that remain strong against the US dollar, including the Australian dollar.

A number of producers continued to move toward a pricing methodology for alumina that sets prices on the basis of alumina market fundamentals rather than as a percentage of the aluminium price. This change delivered a valuable premium to alumina producers during 2012 and is an important step in improving returns for the alumina industry.

ALUMINA LIMITED 2012 RESULT OVERVIEW

Alumina Limited recorded a loss of US$62.1 million for 2012, reversing the improvement of prior years.

The underlying earnings loss after tax was US$52.5 million (2011 earnings: US$128.0 million). Underlying earnings exclude non-cash revaluations of certain energy contracts and retirement benefit obligations which do not relate to operations during the current reporting period.

Fully franked dividends received from AWAC declined to US$86 million (2011: US$232 million) largely due to the impact of declining global prices on AWAC cash flows and profitability.

Given the difficult environment and lower cash flows, Alumina Limited did not declare a dividend to shareholders for 2012.

The decision to not pay a dividend also takes into consideration of factors including the capital structure of Alumina Limited, capital requirements for AWAC and market conditions.

A strong focus on cost control and productivity, and the benefits of increasing production at lower-cost refineries, ensured AWAC maintained positive operating margins and cash flows.

Funding costs increased slightly to US$29.4 million (2011: US$28.5 million) due to a higher average balance of drawn facilities and an increase in amortisation of prepaid commitment fees as bank facilities with pending maturities were replaced by longer term facilities.

Corporate costs of US$19 million (2011: US$17.3 million) included some one-off items and plans are in place to return them to 2011 levels in 2013.

Alumina Limited's net debt at 31 December 2012 was US$664 million compared with US$472 million at the start of 2012. Alumina Limited's gearing at year end was 20.1 per cent.

During the year, Alumina Limited added US$200 million in new committed debt facilities, with terms of two and five years, and refinanced the US$107 million committed bank facility, due for maturity in November 2013, to December 2017.

Excluding amortization of the debt facility from the Brazil National Development Bank, there are no debt maturities in 2013. At year end there were US$255 million in available debt facilities.

In February 2013, Alumina Limited announced a placement of approximately 366 million shares with CITIC entities raising approximately 452 million Australian dollars. The proceeds were primarily used to repay drawn debt. The CITIC placement introduces a financially strong long-term strategic investor with industry expertise.

The Alumina board of directors intends to expand its board by appointing Mr Chen Zeng as a director. Mr Zeng is the Vice Chairman and CEO of CITIC Resources Holdings Limited, a company listed on the Hong Kong Stock Exchange.

AWAC FINANCIAL PERFORMANCE

AWAC recorded a net loss after tax of US$91.9 million (2011: US$469.7 million profit), largely reflecting the decrease in alumina prices.

Notwithstanding the significant decline in profit, AWAC generated cash from operations of US $242 million, a result that reflects good cost control and the resilience of a portfolio of assets with a globally competitive cost of production.

AWAC revenues decreased by 13 per cent compared to 2011 due largely to a fall in realised prices and planned production curtailments.

Alumina production was 15.6 million tonnes, down 0.6% on 2011, with production curtailed by approximately 390,000 tonnes in the higher unit cost refineries, offset by production creep in the lower unit cost Australian refineries that continued to operate at near or above nameplate capacity during 2012.

Over the 2012 year, average LME aluminium prices declined by 15 per cent, which also affected LME-linked alumina prices. Aluminium prices in 2012 were affected by the outlook for world economic growth and sovereign debt concerns. AWAC's transition to spot or index based contracts provided some relief from the full decline in LME aluminium prices, with AWAC's average realised alumina prices declining 13 per cent from 2011. At the end of 2012 approximately 40 per cent of AWAC's smelter grade alumina sales were priced on a spot or index basis and this is expected to continue to increase as long term contracts expire. Spot or index priced alumina traded within a range of $303 to $325 per tonne during 2012.

A strong focus on cost control and productivity, and the benefits of increasing production at lower-cost refineries, ensured AWAC maintained positive operating margins and operating cash flows. The earnings before interest, tax, depreciation and amortisation (EBITDA) margin for 2012 was approximately US$31 per tonne, primarily as a result of weaker prices partly offset by productivity improvements.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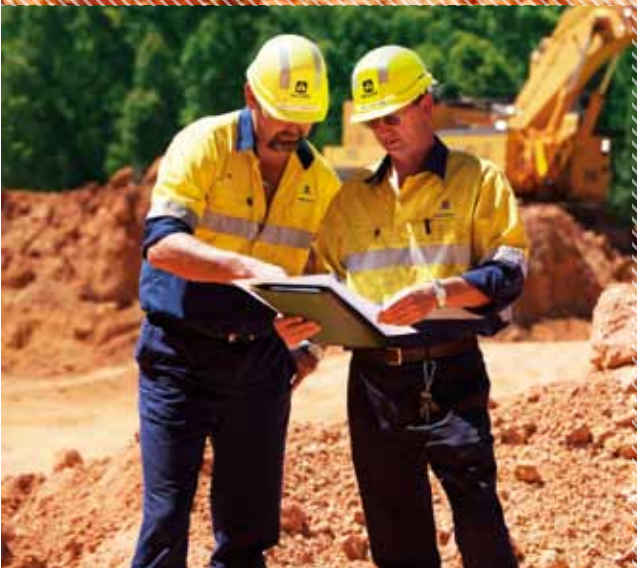
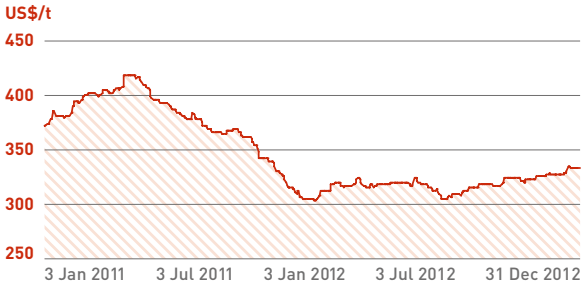


AUD/USD EXCHANGE RATE

Source: Thompson Reuters

PLATTS ALUMINA SPOT INDEX



Source: Platts

The average cash cost of alumina production was well controlled, increasing only 1% from 2011. The increase reflected a rise in caustic soda and labour costs, offset by reductions in indirect costs. The Point Comfort refinery in Texas, USA had an improved performance for the year as it benefited from lower gas prices in USA.

AWAC's aluminium smelters incurred operating losses for the year, mainly due to the lower aluminium prices. In the first half of 2012, Alcoa of Australia undertook a review of the future viability of the Point Henry aluminium smelter in Geelong, Victoria. The review was needed because of continuing difficult global economic conditions, including low metal prices and higher Australian dollar and input costs for the smelting industry. The outcome of the review in June 2012 was that, with costs savings being identified, the smelter is expected to operate until at least mid-2014.

The 2012 AWAC profit pre-tax included several one-off items, including a US$85 million charge relating to the Aluminium Bahrain BSC lawsuit, a US$9 million increase in long service leave adjustments due to lower discount rates and a US$18 million loss due to assets write offs.

AWAC CAPITAL PROJECTS

There was approximately US$347 million of expenditure on sustaining capital in 2012, with the majority of this in Australia. The Australian sustaining capital expenditure includes construction of residue storage areas and the relocation of the crusher facilities at the Huntly mine, which reduces haul road distance and improves mine productivity. This is a significant project to improve Huntly's productivity that occurs every eight to ten years.

Alumina Limited is facing challenging industry conditions that require a disciplined and strategic approach to deliver improvements in returns to shareholders. An important element of the company's strategy relates to maximising the productivity of AWAC's current assets.

Progress on improving returns at the newly expanded Alumar alumina refinery in Brazil is progressing well. The plant generally operated at its capacity of 3.5 million mtpy throughout the year and this alone has delivered financial economies of scale that have improved operating costs. AWAC continues to focus on identifying and delivering further productivity improvements over the coming year.

The Juruti bauxite mine in Brazil, which has an initial design capacity of 2.6 million tonnes, has been operating well, with production at levels as high as 4.0 million tonnes on an annualised basis.

AWAC is planning to convert the energy supply at the San Ciprian refinery in Spain from oil to gas in order to make a step change to operating costs and improve the competitiveness of this facility. Options are also currently being explored to reduce energy costs at AWAC's Jamaican facility.

In addition to lifting returns at its existing operations, AWAC is also investing in greenfield growth with a view to ensuring that AWAC's cost position remains globally competitive. The joint venture between AWAC and Ma'aden for the construction of a greenfield mine at Al Bàitha and a refinery at Ras Al Khair in Saudi Arabia (AWAC interest of 25.1%) is AWAC's major growth project and is due to come on stream in 2014.

The project construction continues to be on time and on budget. To date Alumina Limited has contributed US$103 million of the expected US$140 million of equity capital required. The Ma'aden refinery investment will assist AWAC in reducing its low cash cost position.

SUSTAINABILITY

Alumina Limited believes that sustainability is about working more effectively and efficiently to improve environmental outcomes, improve the quality of life of people impacted by AWAC operations including the safety and health of AWAC employees and driving business performance and long-term stakeholder value. Sustainability goals are incorporated into business strategy and processes and are measurable and accountable. Sustainability is crucial in maintaining AWAC's competitive edge and safeguarding its licence to operate and grow. Alumina Limited released it's 2011 Global Reporting Initiative (GRI) based sustainability updates on Alumina Limited's and AWAC's sustainability practices. The update has been expanded to include additional information on a variety of sustainability issues. The update is available for viewing on the Company website and highlights are included in the sustainability section of the report.

CARBON EMISSIONS REDUCTION

The Australian Government legislated for a carbon tax from 1 July 2012. After the first 3 years, the scheme is scheduled to become a market priced emissions trading scheme. The result of the legislation is that both the AWAC refineries, and smelters, will receive 94 and a half per cent issuance of free permits in the first year.

SUMMARY AND OUTLOOK

The Company's 2012 result was a disappointment, after improvements in prior years. Despite the very difficult market conditions that led to this outcome, we are heartened by the progress made on important initiatives that will ultimately strengthen the Company's position and improve returns for shareholders.

In the short term, the most important of these was the continued focus on cost control and productivity across all of AWAC's existing operations. This was achieved through production creep at AWAC's low cost assets, planned curtailments at AWAC's higher cost refineries, and hard-won productivity improvements across the board.

Of particular note were the significant improvements achieved in the financial performance of the Brazilian operations, and the step-change improvements in energy costs that are underway at the higher cost refineries to improve their competitiveness.

The pricing system for alumina, has moved towards spot or index pricing which de-links the price for alumina from the aluminium price. This has delivered a lift in prices received relative to the historic pricing mechanism and will ultimately shift alumina pricing to better reflect alumina's supply and demand fundamentals and other alumina fundamentals.

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The greenfield development through the AWAC joint venture with Ma'aden is a longer term investment in further reducing AWAC's average costs of production.

At an industry level, the 2013 year has started with a more positive tone, with aluminium prices recovering somewhat from their lows in 2012. However, Alumina Limited remains cautious on the outlook for 2013 with prices expected to remain uncertain.

Chinese alumina refineries use domestic and imported bauxite. Historically, significant volumes of bauxite have been imported from Indonesia. In May, Indonesia introduced new export taxes and restricted exports of bauxite. Chinese production of alumina using imported bauxite is increasing. The cost of supplying bauxite to China is also rising and this is expected to impact Chinese alumina costs.

AWAC remains the largest and a low cost alumina producer, and so in the medium term should benefit as the alumina market grows. It will also benefit from the trend of alumina pricing based on indices. As a higher percentage of alumina sales contracts are priced off alumina spot indices, this will better reflect the fundamentals of the industry and should see the share of the supply chain value moving upstream. In a continuing weak price and strong Australian exchange rate environment, the focus of AWAC is to continue to drive productivity and supply chain improvements. The Board would like to thank the staff of Alumina Limited for their contributions during 2012.

John Pizzey
Chairman

John Bevan
Chief Executive Officer

SUSTAINABILITY

Alumina Limited's commitment to sustainability is a commitment to operating responsibly. Employing strategies now, that generate a positive legacy for our numerous stakeholders.

SUSTAINABILITY STRATEGY

We believe that sustainability is about working more effectively and efficiently to improve environmental outcomes and limit the impact on the environment, improve the quality of life of people impacted by Alcoa World Alumina and Chemicals (AWAC) operations including the safety and health of AWAC employees and drive business performance and long-term stakeholder value.

To be effective, we believe that sustainability goals need to be incorporated into business strategy and processes rather than a subordinate effort that risks being diluted. Also, sustainability goals must be measureable, accountable and impact performance indicators.

As a non-operating partner in AWAC, we turn to, and support, AWAC's operating manager Alcoa, in its sustainability program. Alcoa, the operator/manager of AWAC's business is a world leader of best-practice sustainability, recognised by sustainability benchmarks such as the Dow Jones Sustainability Index.

Alumina Limited supports Alcoa's sustainability vision and also seeks to protect its own stakeholder interests by engaging in a governance process with Alcoa that includes participation in:

- AWAC's Strategic Council (the formal governing body of AWAC),
- The Board of Alcoa of Australia,
- The AWA of Brazil SA Advisory Board.

Representation on the above bodies enables Alumina Limited access to consider, amongst other matters:

- detailed reporting of sustainability performance against targets and key indicators
- occupational health, safety and environmental performance.

In addition, Alumina Limited's management holds regular discussions with AWAC management to keep informed on operational matters. Alumina Limited's Board and management also visit AWAC operational sites to gain first-hand insight into operational matters.

Alumina Limited has a Risk Management Framework to assess sustainability risk levels and identify strategies to minimise impact and maximise opportunity.

Regarding the AWAC joint venture, Alcoa Inc. is the manager and has a key risk management role over the operations, administration and marketing functions. Alcoa have, as a result of their assessments, established group wide sustainability goals that have implications for AWAC operations.

Separately Alumina Limited conducted an internal assessment to identify the key AWAC sustainability matters that can affect Alumina's stakeholders.

AWAC SUSTAINABILITY MANAGEMENT

Alcoa has been setting sustainability targets, and reporting against them since the early 1990's. Commencing in 2011, Alcoa redefined its sustainability process by introducing Sustainability Roadmaps for their Global Primary Products business, the business that incorporates AWAC's alumina refineries and two aluminium smelters.

The Sustainability Roadmap provides the direction, process steps, business decisions and technical improvements that are required to deliver long-term sustainability objectives.

Sustainability Scorecards were also introduced for every site. The Scorecard is designed to facilitate the integration of sustainability targets with business strategy. It also aids sustainability reporting by providing a means to measure progress against short-term sustainability objectives.

Performance is reported quarterly against targets and key indicators. Within AWAC's operational workforce, sustainability objectives have been integrated into its remuneration performance appraisal process to reinforce the importance of those objectives.

Alumina Limited fully support this approach, which embeds sustainability deeper into AWAC and its everyday activities.

SUSTAINABILITY MATERIAL RISKS AND LONGER-TERM OBJECTIVES

AWAC AREAS OF KEY MATERIALITY	POTENTIAL IMPACT ON SUSTAINABILITY OF AWAC	LONG-TERM GLOBAL OBJECTIVES ESTABLISHED BY ALCOA[1]
Energy usage and security	Energy is an essential component in alumina and aluminium production. As both processes are energy intensive, it represents approximately 29% of all alumina costs and 36% of all aluminium costs. Energy efficiency is a key factor in sustainable business and environmental performance.	From a 2005 baseline, a 10% reduction in the energy intensity of Global Primary Products (that includes AWAC operations) by 2020 and 15% by 2030.
Water management and security	Water is an essential raw material, used at every point of AWAC's mining, refining and smelting operations. Water scarcity has the potential to impact AWAC's costs, production volume and financial performance.	From a 2005 baseline, a 25% reduction in average freshwater-use intensity by 2020 and 30% by 2030.[2]
Emissions	Aluminium production is an energy-intensive operation. The carbon footprint is significantly affected by the electricity energy provider. Greenhouse gas emissions (GHG) are the natural corollary to AWAC'S energy-intensive operations. High energy use results in high emission levels, especially when much of that energy is sourced from fossil fuel products such as fuel oil, coal and electricity generated from coal-fired power stations.	From a 2005 baseline, a 30% reduction in total (direct and indirect) carbon dioxide equivalent intensity in Global Primary Products (which includes AWAC operations) by 2020, and 35% by 2030.[2]

AWAC AREAS OF KEY MATERIALITY	POTENTIAL IMPACT ON SUSTAINABILITY OF AWAC	LONG-TERM GLOBAL OBJECTIVES ESTABLISHED BY ALCOA[1]
Land management and rehabilitation	Bauxite mining accounts for most of land that is disturbed as a result of AWAC's operations. AWAC is committed to minimising the disturbance of the original habitat. It works closely with community and regulatory stakeholders to restore those lands affected to the most productive use possible, including, where feasible, re-establishing pre-operating conditions.	Achieve a rolling five-year corporate-wide ratio of 0.75:1 for new active mining disturbance to rehabilitation; maintain a ratio of 1:1 by 2030 to ensure no net expansion in new disturbance.
Waste	Alumina and aluminium processing creates waste products, the most significant being bauxite residue (approximately 1.5 tonne of residue results per tonne of alumina produced). Minimising waste through innovative processes and alternative uses for waste products is a priority that will reduce AWAC's environmental footprint.	Rehabilitate 30% of total bauxite residue storage area by 2020; 40% by 2030. Recycle or reuse 15% of bauxite residue generated by 2020 and 30% by 2030.
Workforce health and safety	Managing safety in AWAC's complex mining and manufacturing environment requires strong systems as well as a focused safety culture committed to continuous improvement. As the operator, Alcoa has invested substantial intellectual, financial and system resources over several decades to understand the key drivers behind safety behaviour. The sole aim is to eliminate fatalities and serious injuries from AWAC's operations.	Zero fatalities. A total recordable injury rate of 0.68 by 2020 and 0.19 by 2030.
Relationships with neighbouring local communities where AWAC conducts business	AWAC is a global enterprise that conducts business in diverse markets and different communities, each with their own values and customs. It is important that interactions are conducted in a way that respects local communities and human rights fostering positive long-term relationships for mutual benefit.	

[1] Alcoa, through their sustainability management processes, developed global sustainability objectives that are measured from a global business perspective. The AWAC assets form a substantial part of Alcoa's Global Primary Products business. However, that business also includes Alcoa's global smelting operations. The AWAC assets contribute to meeting Alcoa's total business sustainability goals.

[2] In 2012 Alcoa amended their 2020 and 2030 sustainability targets for greenhouse gas intensity improvement and freshwater use intensity after successfully exceeding, on a global operations basis, their original 2020 goals. The previous goals for freshwater-use intensity were 10 per cent reduction by 2020 and 25 per cent by 2030 and the previous goals for total emission intensity were, 20 per cent by 2020 and 30 per cent by 2030.

For a more detailed account of Alumina Limited's Sustainability policy and approach, please refer to Sustainability on the Company's website at *www.aluminalimited.com/Sustainability-Policies/*

BOARD OF DIRECTORS

ALUMINA LIMITED DIRECTORS IN OFFICE AS AT 31 DECEMBER 2012 WERE:

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

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN

Mr Pizzey was elected a director of Alumina Limited on 8 June 2007. He is Chairman of Iluka Resources Ltd (appointed November 2005) and a director of Amcor Limited (September 2003). Mr Pizzey is a life governor of Ivanhoe Grammar School and a former chairman and director of the London Metal Exchange. He is a member of the Audit, Nomination and Compensation Committees and was Chair of the Audit Committee to 30 November 2011. Mr Pizzey brings extensive knowledge gained in over 33 years in the alumina and aluminium industry.

MR PETER A F HAY – LLB

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Hay has been a Director of Alumina Limited since 11 December 2002. He is Chairman of the Advisory Board of Lazard in Australia, and is a director of Australian and New Zealand Banking Group Limited (appointed November 2009), GUD Holdings Limited (May 2009), and Myer Holdings Limited (February 2010). He is also a Director of Landcare Australia Limited, Epworth Foundation and a former director of NBN Co Limited (resigned August 2012). He is a former Chief Executive Officer of the law firm Freehills. He is a member of the Audit Committee, and Nomination Committee and Chair of the Compensation Committee. Mr Hay brings to the Board considerable legal experience and advisory skills particularly in relation to public company takeovers, corporate governance matters and risk management.

MS EMMA R STEIN – BSc (Physics) Hons, MBA, FAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Stein was elected as a director of Alumina Limited on 3 February 2011. Ms Stein is currently Non-executive Director of Clough Limited (appointed July 2008), Non-executive Director for Diversified Utilities Energy Trust (June 2004), Non-executive Director for Programmed Maintenance Group (June 2010), Transpacific Industries Group Ltd (August 2011) and Transfield Services Infrastructure Fund (appointed October 2010 and resigned July 2011). Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. Before joining Gaz de France she was UK Divisional Managing Director for British Fuels.

Ms Stein is a member of the Audit Committee, Compensation Committee and Chair of the Nomination Committee since 3 March 2011. She has considerable experience with industrial customers, international energy and utilities markets and investments in long life assets and projects.

MR PETER C WASOW – BCom, GradDipMgmt, FCPA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Wasow was appointed a director of Alumina Limited on 26 August 2011. He is a member of the Nomination Committee, Compensation Committee and Chair of the Audit Committee from 30 November 2011. He is also a former Non-executive Director of Murchison Metals Limited (appointed May 2011 and resigned February 2012). Mr Wasow served 8 years at major Australian oil and gas producer Santos Limited from 2002 to 2010. Initially appointed as Chief Financial Officer, he assumed the additional role of Executive Vice President from 2008.

Prior to joining Santos in 2002, Mr Wasow held several senior roles over a 23-year career at BHP including Vice President of Finance.

Mr Wasow brings to the Board extensive financial skills and experience in the resource and energy industries.

MR JOHN BEVAN – BCom

CHIEF EXECUTIVE OFFICER

Mr Bevan was appointed as Executive Director and Chief Executive Officer on 16 June 2008. He is currently a Non-executive director of Ansell Limited (appointed August 2012). Prior to commencing at Alumina Limited, Mr Bevan most recently held the position of chief executive of Process Gas Solutions at BOC Group Plc and was elected to the Board of Directors. He had a long career with the BOC Group Plc including a variety of management roles in Australia, Korea, Thailand and the UK before becoming chief executive of Asia in 2000. He was a director of BOC Plc in London from 2003–2007.

CORPORATE GOVERNANCE

We believe that adherence to a culture of strong corporate governance and business ethics ultimately supports long-term shareholder value and a sustainable business.

APPROACH TO CORPORATE GOVERNANCE

Alumina Limited's approach to corporate governance focuses on:

- analysing and pursuing best practice governance principles and practices
- promoting ethical values and principles throughout the Company
- prudent delegation of responsibilities
- appropriate internal controls and accountability.

For more in-depth information on Alumina Limited's Board and Committee Charters and corporate governance policies and practices, please refer to our website at *www.aluminalimited.com/governance/*

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Alumina Limited is a listed company on the Australian Securities Exchange ("ASX") and the New York Stock Exchange ("NYSE"). Alumina Limited meets each of the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) and the NYSE compliance rules as they apply to foreign-listed entities.

GOVERNANCE GUIDELINES – PROMOTING ETHICAL CONDUCT AND BEHAVIOUR

Alumina Limited's governance framework is driven by our Values and Code of Conduct. These set the standards that all directors, employees and contractors are required to meet in conducting business on behalf of the Company.

The Code of Conduct was developed by aligning the Company's agreed core values with best-practice corporate governance models. Annually, we conduct training on the Code of Conduct and our employees are required to demonstrate their commitment to the Code by signing a pledge.

Alumina Limited also has a Sustainability Policy that outlines our commitment and goals towards sustainable business practices in relation to the Company, AWAC and stakeholders.

Our Values and Code of Conduct are detailed in full on the Company website at *www.aluminalimited.com/values-and-code-of-conduct/*

The Board and Board Committee Charters also regulate Alumina Limited's governance management by specifying the scope of the Board or Committee, roles and responsibilities, and delegation of authority.


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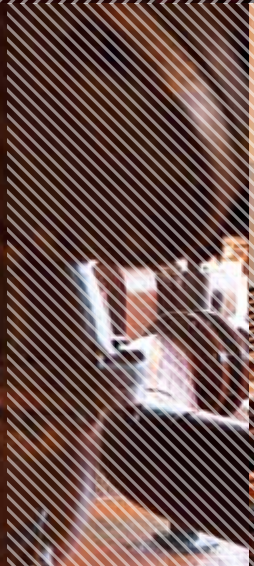

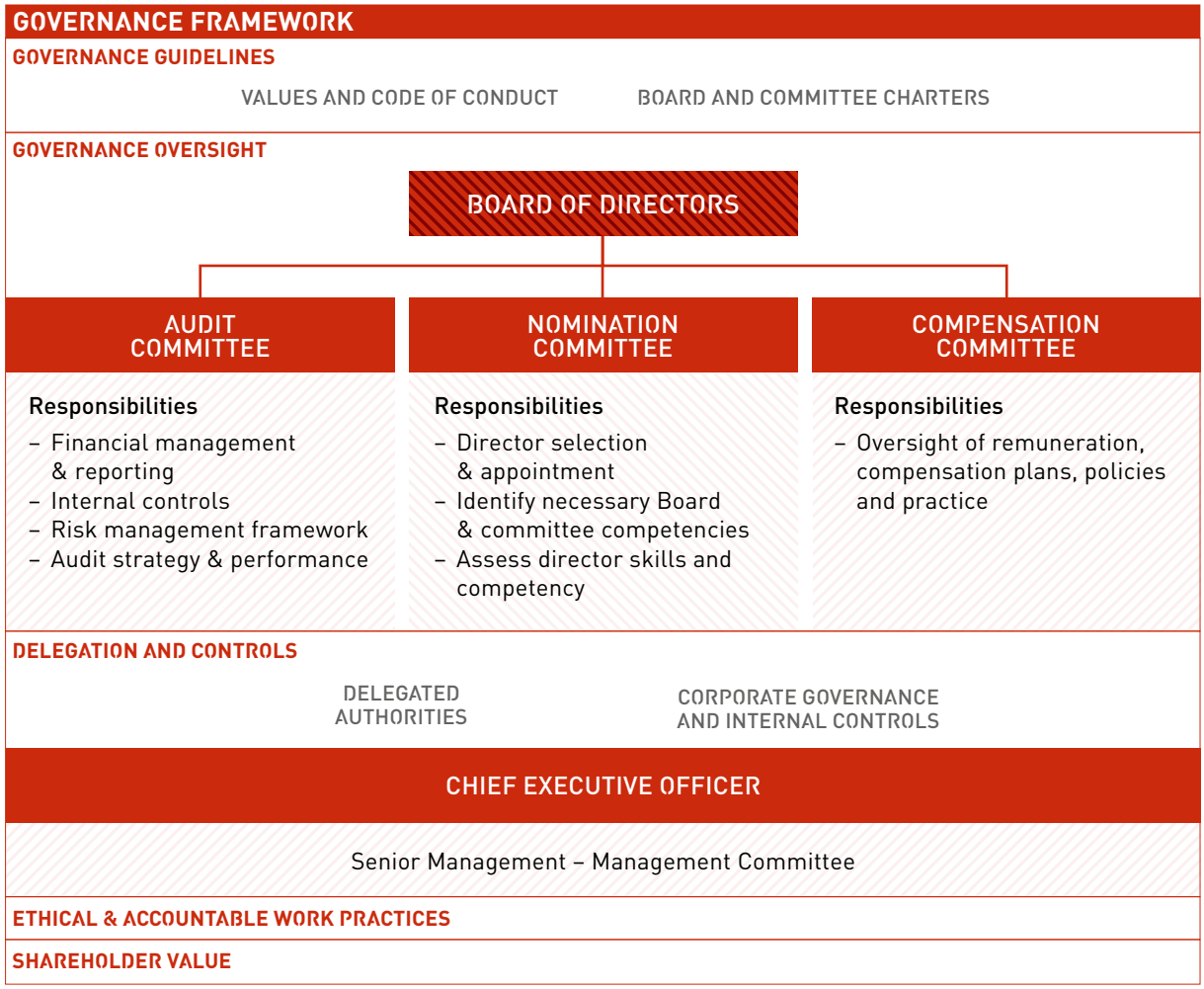

GOVERNANCE OVERSIGHT

ROLE OF THE BOARD OF DIRECTORS AND DELEGATION OF AUTHORITY

Alumina Limited's Board of Directors is responsible for overseeing the strategic direction of the Company. The Board performs its duties in reference to its governing Charter and in accordance with the ethical guidelines of the Company's overarching Values and Code of Conduct.

The Board recognises that its principal role is to represent shareholders' interests. It fulfils its mandate by:

- appointing the Chief Executive Officer (CEO)
- monitoring the performance of the CEO and senior executives
- formulating Alumina Limited's strategic direction and monitoring its execution
- monitoring and optimising business performance
- approving Alumina Limited's external financial reporting.

The Board operates within its distinct roles and responsibilities as defined in the Board Charter. The Charter also identifies responsibilities that are delegated to the CEO and the senior management team regarding managing the day-to-day affairs of the Company.

The Board has specific roles to fulfil and delegates authority over the Company's day-to-day management to the CEO and the senior executive team. The Board Charter and Company Policies define the scope of authority delegated to senior management. The Charter expressly states matters that cannot be delegated by the Board or its committees. Separate from the delineation of roles described in the Board Charter, Alumina Limited also operates with a Group Authorities Schedule that provides greater clarity about the level and scope of management's delegated authority from the Board.

During 2012 our Senior Management team consisted of John Bevan, CEO; Chris Thiris, Chief Financial Officer (CFO); and Stephen Foster, General Counsel/ Company Secretary.

Alumina Limited's Board Charter is included in full in the Governance section of our website at *www.aluminalimited.com/charter-of-the-board*

BOARD AND COMMITTEE MEMBERSHIP

As at 31 December 2012, the Board of Alumina Limited consists of five directors: an Executive Director – the CEO, Mr John Bevan – and four Non-executive Directors. Board members at the date of this report and their participation on Board committees are:

DIRECTOR	BOARD STATUS	DATE OF APPOINTMENT	AUDIT COMMITTEE	NOMINATION COMMITTEE	COMPENSATION COMMITTEE
MR JOHN PIZZEY	Chairman, Independent Non-executive Director	8 June 2007	Member	Member	Member
MR PETER HAY	Independent Non-executive Director	11 December 2002	Member	Member	Member and Chair
MS EMMA STEIN	Independent Non-executive Director	3 February 2011	Member	Member and Chair	Member
MR PETER WASOW	Independent Non-executive Director	26 August 2011	Member and Chair	Member	Member
MR JOHN BEVAN	Executive Director (CEO)	16 June 2008	Not applicable	Not applicable	Not applicable

DIRECTOR SKILLS AND EXPERIENCE

The Board recognises that a key to successfully overseeing Alumina Limited and its interest in AWAC, is the complementary representation on the Board of skills, background and experience in order to bring diversity of thought and robustness in decision-making. Responsibility for assessing the appropriateness of experience and mix of skills of existing and prospective Directors rests with the Nomination Committee. The Nomination Committee uses a Skills Matrix to assess whether the right mix of skills and experience exists among the Board and Committee members and to identify key attributes required for future candidates.

The Committee established several key requirements for Board members and determined that the Directors have the necessary skills and experience.

Key requirements are:

- established management and leadership skills
- international experience
- industry knowledge and experience
- high level of governance experience
- proven record of developing and implementing successful strategy
- financial expertise
- capital projects experience
- joint venture experience.

DIVERSITY

It is Alumina Limited's stated goal to contribute positively to the success of the Company by promoting a high-performance culture that draws on the diverse and relevant experience, skills, expertise, perspectives and unique personal attributes of its Board members and employees.

Our Diversity Policy applies to all Alumina Limited employees, including contractors and consultants acting on the Company's behalf, and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment, and training as well as any other aspect of employment. Details of the policy are set out under the policies section of the Company's website at *www.aluminalimited.com/diversity-policy/*

The Diversity Policy includes a commitment to establishing measurable objectives for gender diversity. Alumina Limited's diversity objectives since their introduction in 2011 are:

DIVERSITY OBJECTIVES	RESULT
To include in the Nomination Committee Charter responsibility for diversity, including an annual review and report on the relative proportion of women and men in the workforce at all levels of the Company	Completed in 2011
To engage consultants who support and promote the Company's diversity policy, including assisting to identify additional suitably qualified external female candidates	Achieved throughout 2012
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity	Achieved throughout 2012
To ensure that in the interview process for each executive position there is at least one appropriately qualified female candidate and at least one female on the interview panel	Achieved throughout 2012
To consider diversity when reviewing board succession plans with the aim to improve gender representation and diversity	Achieved throughout 2012
DIVERSITY OBJECTIVE FOR 2012	**RESULT**
That the Company has at least one female Non-executive Director	Achieved throughout 2012

During 2012 Ms Stein was the only female Non-executive Director representing 25 per cent of the Board's Non-executive Directors and 20 per cent of total directors. As at 31 December 2012, 31 per cent of Alumina Limited's employees were women. No women were represented on the three-person senior management team.

MANAGING BUSINESS RISK

Alumina Limited's Risk Management Policy sets out the policies and procedures for covering risks such as those relating to markets, credit, price, operating, safety, health, environment, financial reporting and internal control. The Board has adopted the Risk Management Policy. Alumina Limited is exposed to risks, both indirectly through its investment in AWAC, and directly as a separately listed public company.

Alcoa, as manager of AWAC, has direct responsibility for managing the risks associated with the AWAC business. 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 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 our risks as an independent corporate entity. We have developed a Risk Management Framework that profiles a range of material business risks, both financial and non-financial in nature, which are potentially significant for the current operation and profitability and/or long-term value of the Company. Each material business risk identified has an explicit risk strategy and system of internal controls.

Alumina Limited's most significant commercial risk exposures are to alumina and aluminium prices, financing risks, foreign exchange risk, joint venture structure risks, political risks and capital project risk.

Management has provided a report to the Alumina Limited Board on the effectiveness of Alumina Limited's management of material business risks. Included is an assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Our Risk Management Policy and controls are covered in more detail in the Governance section of our website at *www.aluminalimited.com/risk-management/*

SENIOR MANAGEMENT

ALUMINA LIMITED SENIOR MANAGEMENT IN OFFICE AS AT 31 DECEMBER 2012 WERE:

MR JOHN BEVAN – BCom

CHIEF EXECUTIVE OFFICER

Mr Bevan was appointed as Executive Director and Chief Executive Officer on 16 June 2008. He is currently a Non-executive director of Ansell Limited (appointed August 2012). Prior to commencing at Alumina Limited, Mr Bevan most recently held the position of chief executive of Process Gas Solutions at BOC Group Plc and was elected to the Board of Directors. He had a long career with the BOC Group Plc including a variety of management roles in Australia, Korea, Thailand and the UK before becoming chief executive of Asia in 2000. He was a director of BOC Plc in London from 2003–2007.

MR CHRIS THIRIS – BA (Acc) MBA

CHIEF FINANCIAL OFFICER

Chris Thiris joined Alumina Limited in September 2011 as Interim Chief Financial Officer and became Chief Financial Officer in December 2011. He is responsible for accounting, treasury, investor relations and taxation. Mr Thiris has extensive experience in finance and other management functions gained through senior roles he has held in Orchard Funds Limited and Coles Group Limited.

MR STEPHEN FOSTER – BCom LLB(Hons) GDipAppFin (Sec Inst) GradDip CSP ACIS

GENERAL COUNSEL & COMPANY SECRETARY

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources. Mr Foster has a wide range of legal and commercial experience gained over 25 years, at Village Roadshow and WMC Limited.

REMUNERATION STRATEGY & RESULTS

Alumina Limited's remuneration strategy is designed to attract and retain motivated and high quality employees. Also, remuneration is structured to link reward to performance based on a mix of definitive and measurable, corporate and personal objectives. Purposely, those objectives are interconnected with the interests of shareholders to ensure that management's energies are directed to achieving favourable outcomes for shareholders.

This condensed report covers remuneration arrangements and outcomes for the Alumina Limited's Key Management Personnel. For more detail on 2012 remuneration matters, please the review the Remuneration Report within the 2012 Annual Report. A copy of the report is available on our website.

KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS	SENIOR EXECUTIVES
MR JOHN PIZZEY	MR JOHN BEVAN Executive Director and Chief Executive Officer of Alumina
MR PETER HAY	MR CHRIS THIRIS Chief Financial Officer
MS EMMA STEIN	MR STEPHEN FOSTER General Counsel/Company Secretary
MR PETER WASOW	

REMUNERATION GOVERNANCE AND PROCESS

INTERNAL GOVERNANCE

Alumina Limited's Board of Directors has delegated responsibility to the Compensation Committee (the "Committee") to:

- devise a remuneration strategy and policy,
- establish appropriate performance objectives and measures,
- provide the Board with remuneration recommendations to consider,
- oversee the implementation of the remuneration strategy and policy.

In developing and maintaining the Company's remuneration strategy and structures, the Committee evaluates the relevance of the strategy and structure against industry standards and community yardsticks. To ensure that, where possible, it verifies the appropriateness of the strategy and structure by reference to information and advice external to the Company.

The Committee believes that the outcome of the remuneration strategy and associated structures continue to meet the Company's overall business and remuneration objectives.

The Committee met five times in 2012 (2011: six times), with senior executives attending certain meetings by invitation.

In seeking to achieve the objective of attracting and retaining motivated and high-quality talent, the Compensation Committee conducts an annual review of the senior executive remuneration to ensure that it is competitive in the talent marketplace. The review determines if the quantum of fixed and variable remuneration for each senior executive is appropriately competitive in comparison to remuneration levels of executives in similar-sized companies and with approximate job responsibilities. The operation of Alumina Limited as a non-operating partner in AWAC requires only a small senior executive team. Team members need strong business skills, acumen and experience to deal with complex business, industry and market matters relevant to the AWAC enterprise, the world's largest alumina business. They are required to act on matters that affect the interests of AWAC yet also have the underlying responsibility to protect the interests of and grow value for Alumina Limited's stakeholders.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Alumina Limited aims to attract directors with appropriate skills and experience to ensure a high level of contribution and support for the Company's activities. Non-Executive Directors' fees are reviewed annually and are determined based on comparative analysis and advice from remuneration consultants, and take into account the Directors' responsibilities and time spent on Company business.

Alumina Limited's Non-Executive Directors, excluding the Chairman, received a base fee of $150,000 for fulfilling their duties as Directors during 2012. In 2012 the Chairman received a base fee of $360,000. The base fees applicable in 2012 did not change from the fee level of 2011. In addition to the base fee, each Director, other than the Chairman, receives Committee fees of:

- an aggregate total amount of $10,000 per annum for membership of Board Committees;
- $10,000 per annum for chairing Board Committees and $15,000 for chairing the Audit Committee.

The maximum remuneration for Non-Executive Directors is determined by resolution of shareholders. The maximum aggregate remuneration approved for Non-Executive Directors is $1,250,000 per annum. A total of $937,473 was paid in Non-Executive Director fees in 2012. No performance-related remuneration is paid to Non-Executive Directors, nor do they participate in the ESP.

During 2012 a review was undertaken by Ernst & Young of Non-Executive Director fee levels of comparable companies. The Board reviewed Non-Executive Directors' fees and determined in the context of business conditions that there would be no increase for the 2013 year.

In determining the nature and amount of senior executive's remuneration, the Company takes into account:

- requirements of the executive's role,
- level of influence of the executive over Alumina Limited's performance,
- geographic spread of the executive's role,
- skills and experience required and those of the executive,
- the executive's individual performance,
- similarities to and differences from other roles in the Comparator Group.

SENIOR EXECUTIVE REMUNERATION STRUCTURE

The Chief Executive Officer, senior executives and professional employees all share the same remuneration structure comprising of fixed remuneration and 'at risk', short-term and long-term incentive components. Also considered in the remuneration structure, is the balance between reward payments made in cash and deferred equity. Alumina has always had an aspect of the STI that uniquely aligns the STI award to the long term performance of the Company. This is achieved by requiring 50% of any STI award on an after tax basis to be used on the purchase of shares of the Company. These shares must be held for at least 3 years from date of purchase.

The remuneration structure provides for specific and measurable individual objectives and targets for executives and employees that are consistent with business objectives.

The performance of individual senior executives against their objectives is assessed half yearly and yearly. The Committee also obtains independent remuneration information for comparative purposes. Salary reviews and short-term incentives ("STIs") are determined by assessing performance against both individual performance objectives and Company earnings per share, cash from operations and return on capital targets. Long-term incentives ("LTIs") are assessed against the Company's total shareholder return ("TSR") compared with that of Australian and international peer group companies.

SNAPSHOT OF THE SENIOR EXECUTIVE REMUNERATION STRUCTURE

Key elements of Alumina Limited's remuneration structure for 2012 are outlined in the following table: Further detail in relation to each remuneration element is provided in subsequent sections.

ELEMENT	POLICY	SHAREHOLDER INTERESTS
FIXED REMUNERATION – 'FIXED ANNUAL REWARD' ("FAR")	– Fixed remuneration and superannuation contributions as specified in an executive's contract of employment – Reviewed annually against the market – Chief Executive Officer FAR reviewed and determined by the Committee – Senior executive FARs reviewed and recommended by the Chief Executive Officer and approved by the Committee – Superannuation contributions funded at Superannuation Guarantee Contributions rate	– Market positioned
VARIABLE – SHORT-TERM INCENTIVE ("STI")	– Included in contracts for executive and professional employees 'At risk' remuneration that is contingent upon the satisfaction of the following annual performance based tests – Test 1 – corporate scorecard performance of financial and corporate objectives (50% of STI) Earnings per share, cash from operations, AWAC return on capital, maximisation of shareholder return, shareholder relationship and AWAC relationship – Test 2 – performance against individual objectives (50% of STI) – The Board approaches the assessment of Company and individual performance having consideration of a range of factors that impact final outcomes. Performance under the STI is therefore not determined with reference to a formulaic calculation – Policies defining variable incentives are established by the Committee and reviewed annually – Chief Executive Officer – STI up to 100% of FAR – Senior executives – STI up to 70% of FAR – 50% of any after-tax STI award must be applied towards the purchase of Company shares which must be held for a minimum of at least 3 years (assuming continuing employment)	– Incentive to achieve high Company and individual performance – Objectives align with shareholder interests – Retained shares reinforce alignment with shareholders
VARIABLE – LONG-TERM INCENTIVE ("LTI")	– Potential offer (at the Board's discretion) of a conditional entitlement under the Alumina Limited ESP to fully paid ordinary shares in the Company (Performance Rights), with the shares being purchased on market – Vesting dependent on results of performance testing – Performance hurdles measure Alumina Limited's TSR relative to comparator companies in the ASX 100 less the top 20 companies by market capitalisation and property trusts (50% of Offer) and 8 direct competitors in the aluminium/alumina industry (50% of Offer) – Performance Right testing period of 3 years – Testing independently conducted in accordance with a standard methodology – Zero vesting below the median result of the Comparator Group – If less than 100% vests, a second and third test is conducted 6 months and 12 months (respectively) after the initial test – LTI component represents a maximum of 50% of FAR for the Chief Executive Officer and 40% for the Senior Executives	– Clear, comparative measure that most directly aligns with returns to shareholders – Linked to long-term business strategy – Promotes retention of staff

PERFORMANCE OUTCOMES

STI

At the end of the performance period, the Committee made an assessment of the extent of achievement against each corporate scorecard objective. The Company's performance measured against AWAC return on capital and Alumina Limited's earnings per share were below expectation. Alumina Limited's cash flow from operations of US$49 million was considered satisfactory, after factoring in lower than expected aluminium and alumina prices during 2012.

Following the Committee's assessment, the corporate scorecard performance was determined based on the overall level of performance achieved across all corporate scorecard objectives. The Committee assessed the financial objectives of the scorecard and determined that despite partial achievement of the corporate objectives, no STI payment would be made for corporate objectives due to the net loss incurred for 2012 and no dividends being paid in 2012. For senior executive personal objectives, approximately 41 per cent of FAR was awarded.

LTI

The Performance Rights granted in February 2010 were tested against the TSR hurdles at the end of the three-year performance period in December 2012. The two TSR hurdles for those Performance Rights were not met and as a result, there was no vesting. There are two further tests of these Performance Rights, 6 and 12 months after the initial test. The Performance Rights granted in January 2009 were retested twice in 2012 against the TSR hurdles. The TSR hurdles were not met on the two retests and none of the 2009 Performance Rights vested.

REMUNERATION OVERVIEW

2012	SHORT-TERM $	POST-EMPLOYMENT $	SHARE BASED $	TERMINATION $	TOTAL $
NON-EXECUTIVE DIRECTORS[1]					
G J Pizzey	360,000	16,123	–	–	376,123
P A F Hay	170,000	15,300	–	–	185,300
E R Stein	170,000	15,300	–	–	185,300
P Wasow	175,000	15,750	–	–	190,750
NON-EXECUTIVE TOTAL	**875,000**	**62,473**	–	–	**937,473**

2012	SHORT-TERM $	POST-EMPLOYMENT $	SHARE BASED[2] $	TERMINATION $	TOTAL $
EXECUTIVE DIRECTOR – CEO					
J Bevan	1,764,925	16,123	423,149	–	2,204,197
SENIOR EXECUTIVES					
C Thiris	840,890	16,123	–	–	857,013
S C Foster	645,097	16,123	139,241	–	800,461
NON-EXECUTIVE TOTAL	**3,250,912**	**48,369**	**562,390**	**0**	**3,861,671**

[1] Directors' receive a base fee for participation on the Board as well as additional Committee fees for Committee chairmanship or membership.

[2] The value of Performance Rights is calculated in accordance with AASB2.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 DEC 2012 US$ MILLION	31 DEC 2011 US$ MILLION
CURRENT ASSETS		
Cash and cash equivalents	10.1	19.0
Receivables	0.1	0.2
Other assets	4.9	6.2
TOTAL CURRENT ASSETS	**15.1**	**25.4**
NON-CURRENT ASSETS		
Investments accounted for using the equity method	3,296.1	3,324.8
Property, plant and equipment	0.2	0.2
TOTAL NON-CURRENT ASSETS	**3,296.3**	**3,325.0**
TOTAL ASSETS	**3,311.4**	**3,350.4**
CURRENT LIABILITIES		
Payables	2.7	3.1
Interest bearing liabilities	52.0	52.9
Derivative financial instruments	4.6	1.3
Provisions	0.3	0.2
Other	0.2	0.7
TOTAL CURRENT LIABILITIES	**59.8**	**58.2**
NON-CURRENT LIABILITIES		
Interest bearing liabilities	622.5	437.7
Provisions	0.6	0.5
TOTAL NON-CURRENT LIABILITIES	**623.1**	**438.2**
TOTAL LIABILITIES	**682.9**	**496.4**
NET ASSETS	**2,628.5**	**2,854.0**
EQUITY		
Contributed equity	2,154.1	2,154.1
Treasury shares	(1.5)	(1.5)
Reserves:		
- Group	(255.6)	(166.3)
- Associates	(3.4)	(2.5)
RETAINED PROFITS:		
- Group	902.3	928.5
- Associates	(167.4)	(58.3)
TOTAL EQUITY	**2,628.5**	**2,854.0**

FINANCIAL HISTORY

ALUMINA LIMITED AND CONTROLLED ENTITIES

AS AT 31 DECEMBER 2012	2012 US$ MILLIONS	2011 US$ MILLIONS	2010 US$ MILLIONS	2009[1] US$ MILLIONS	2008 A$ MILLIONS
Revenue from continuing operations	**0.1**	0.2	1.4	4.4	3.5
Other income	**0.6**	0.1	2.1	11.5	0.4
Share of net (loss)/profits of associates accounted for using the equity method	**(14.0)**	173.1	84.5	1.6	242.6
Finance costs	**(29.4)**	(28.5)	(38.7)	(31.0)	(48.8)
Change in fair value of derivatives	**–**	–	–	–	(7.9)
General and administrative expenses	**(19.0)**	(17.3)	(14.7)	(10.5)	(19.2)
Income tax (expense)/credit from continuing operations	**(0.4)**	(1.0)	–	0.3	(2.6)
Net (loss)/profit attributable to owners of Alumina Limited	**(62.1)**	126.6	34.6	(23.7)	168.0
Non-operating non-cash items[2]	**9.6**	1.4	2.1	24.0	33.6
Underlying (loss)/earnings[2]	**(52.5)**	128.0	36.7	0.3	201.6
TOTAL ASSETS	**3,311.4**	3,350.4	3,542.5	3,504.2	3,898.6
TOTAL LIABILITIES	**682.9**	496.4	471.0	585.9	1,105.8
Net assets	**2,628.5**	2,854.0	3,071.5	2,918.3	2,792.8
Shareholders' funds	**2,628.5**	2,854.0	3,071.5	2,918.3	2,792.8
Dividends declared	**73.2[4]**	170.8	91.6	–	273.8
Dividends received from AWAC	**86.0**	232.2	234.4	135.6	356.0
STATISTICS					
Dividends declared per ordinary share	**–[5]**	US6c	US6c	US1.8c	12c
Dividend payout ratio (cash dividends)	**–**	136%	271%	–	163%
Earnings per ordinary share	**(2.5c)**	5.2c	1.4c	(1.1c)	11.3c
Return on equity[3]	**Negative 2.2%**	4.1%	1.2%	Negative 0.9%	8.5%
Gearing (net debt to equity)	**20.1%**	14.1%	10.0%	8.7%	27%
Net tangible assets backing per share	**$0.97**	$1.06	$1.14	$1.09	$1.71

[1] Alumina Limited's functional and presentation currency is now US dollars. 2009 results have been restated to present them in US dollars. Prior years are disclosed in Australian dollars.

[2] [Underlying earnings have been calculated by adjusting reported net profit amounts relating to non-cash entries which do not reflect the operations of the Company. These non-cash entries related to mark-to market valuations of AWAC embedded derivatives and adjustments resulting from actuarial assessment of market value of assets held in AWAC employee benefit plans].

[3] Based on net profit attributable to members of Alumina Limited.

[4] Final dividend for the financial year ended 31 December 2011, declared and paid in 2012.

[5] No interim or final dividend declared for the year ended 31 December 2012.

Some statements in this report are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual outcomes to be different from the forward-looking statements. Important factors that could cause actual results to differ from the forward looking statements include: (a) material adverse changes in global economic, alumina or aluminium industry conditions and the markets served by AWAC; (b) changes in production and development costs and production levels or to sales agreements; (c) changes in laws or regulations or policies; (d) changes in alumina and aluminium prices and currency exchange rates; and (e) the other risk factors summarised in Alumina's Form 20-F for the year ended 31 December 2011.

ALUMINA
LIMITED

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