ALUMINA LIMITED

ASX Announcement 21 August 2014

Alumina Limited 2014 Half-Year Result

Attached are the following documents in relation to Alumina Limited's Half-Year Results for the six months ended 30 June 2014:

- Public Announcement
- June 2014 Half-Year ASX Report
- AWAC Report

Stephen Foster
Company Secretary

21 August 2014

Alumina Limited

ABN 85 004 820 419

GPO Box 5411
Melbourne Vic 3001
Australia

Level 12 IBM Centre
60 City Road
Southbank Vic 3006
Australia

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

Alumina Limited 2014 Half-Year Result

Alumina Limited key financials

- Net loss after tax of $47.4 million
- Net profit after tax of $26.8 million excluding significant items of $74.2[1] million, which included Point Henry restructuring charges
- Net debt reduced to $130.0 million and gearing to 4.3%[2]
- No interim dividend declared

AWAC key financials

- Average realised third party smelter grade alumina prices down 5.1%
- EBITDA margin for alumina[3] of $44 per tonne (1H13: $45 per tonne)
- EBITDA[4] of $345.6 million excluding significant items of $226.4[1] million, which included Point Henry restructuring charges
- AWAC distributions to Alumina Limited of $54.2 million during the half and $65.7 million year to date

Outlook

- Ma'aden due to come on stream in 4Q 2014, refinery approximately 95% complete and mine approximately 70% complete
- Approximately 65% of AWAC's 2014 third party smelter grade alumina shipments to be on spot or index basis
- AWAC focusing on achieving further productivity and supply chain improvements
- AWAC's sustaining and growth capex forecast to be approximately $270.0 million

Alumina Limited Key Financials

	1H14	2H13	1H13
	US$m	US$m	US$m
Net (loss)/profit after tax	(47.4)	2.9	(2.4)
Total significant items after tax[1]	(74.2)	9.9	(39.0)
Net profit/(loss) after tax excluding significant items	26.8	(7.0)	36.6
Cash received from AWAC	54.2	81.4	28.9
Net Debt	130.0	135.2	197.2
Gearing (%)[2]	4.3%	4.6%	6.3%

AWAC Key Financials (US GAAP)

	1H14	2H13	1H13
	US$m	US$m	US$m
Total Revenue	2,798.9	2,919.7	2,964.9
COGS and operating expenses	(2,396.5)	(2,507.3)	(2,581.6)
EBITDA[4]	119.2	39.0	229.8
Total significant items before tax[1]	(226.4)	(324.0)	(135.0)
EBITDA excluding significant items	345.6	363.0	364.8
Cash dividends, distributions and capital returns	136.7	198.5	72.2

Alumina Limited today announced a net loss after tax of $47.4 million, compared to a loss of $2.4 million for the first half of last year.

Alumina Limited Chief Executive Officer, Peter Wasow, said, "Alumina Limited's net loss occurred due to significant charges incurred during the half, including costs associated with the closure of the Point Henry smelter as announced by Alcoa of Australia Limited on 18 February 2014. Excluding these charges, the Company would have reported a net profit of $26.8 million.

"The AWAC joint venture maintained cost control and achieved ongoing net productivity gains against a backdrop of continued weakness in alumina pricing. AWAC's EBITDA margins[3] for alumina were $44 per tonne, just $1 per tonne lower than the first half of last year despite weaker alumina prices.

“AWAC’s strategic initiatives to improve margins are on track. The Ma’aden refinery is now approximately 95% complete and whilst the mine is approximately 70% complete, it has already begun operations providing feed stock to the refinery. The first alumina from the refinery is due in the fourth quarter of this year.

“During the half, the transition toward spot or index pricing for alumina continued with approximately 63% of third party smelter grade alumina shipments priced on spot or an alumina indexed basis.

“Up to 30 June 2014, Alumina Limited has received $54.2 million capital returns and distributions from AWAC. Since 30 June, Alumina Limited has received an additional $11.5 million capital returns from AWAC”.

“Despite challenging market conditions, Alumina’s balance sheet remained very strong with gearing of just 4.3% and the company remains well positioned for any industry upturn”.

Definitions and notes

1. Details of the significant items for each of the periods are set out on page 23 of the 2014 Half-Year Report.
2. Calculated as (debt - cash) / (debt + equity).
3. EBITDA margin is calculated as AWAC’s EBITDA excluding significant items, smelters operating results and equity accounted income/(losses) divided by tonnes produced.
4. Earnings before interest, tax, depreciation and amortisation consistent with previous periods.

Some statements in this public announcement 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 2013.

This public announcement contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior year and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate.

Investor Contacts:	Media Contact:
Chris Thiris, CFO +613 8699 2607	Nerida Mossop, Hinton & Associates +613 9600 1979 / +61 437 361 433
Charles Smitheram +613 8699 2613	

Alumina Limited results are presented in US dollars

ASX HALF-YEAR REPORT

ALUMINA LIMITED

ABN 85 004 820 419

30 June 2014

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 31 December 2013 Annual Report.

Contents **Page**

This half-year report covers the consolidated entity consisting of Alumina Limited and its controlled entities. The financial statements are presented in United States dollars (unless otherwise stated).

Results for Announcement to the Market

		Change	US$ million
Net (loss)/profit from ordinary activities after tax attributable to members of Alumina Limited	Up	1,875%	(47.4)
Net (loss)/profit for the period attributable to members of Alumina Limited	Up	1,875%	(47.4)

Dividends

	Amount per share US cents	Franked amount per share US cents
Final dividend (prior year)	Nil	n/a
Interim dividend	Nil	n/a

Significant items affecting the net (loss)/profit for the period

The Company's net (loss)/profit was negatively affected by individually significant items. These items are disclosed in the table below to enhance an understanding of the Company's operational performance during the reporting period.

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
Net (loss)/profit for the period, after tax	**(47.4)**	**2.9**	**(2.4)**
Significant items included in net (loss)/profit:			
Legal matters of Associate[1]	(2.7)	13.5	(30.0)
Point Henry restructuring charges[2]	(78.7)	-	-
Other[3]	7.2	(3.6)	(9.0)

1 Alba Civil Settlement and Government Investigations are legal matters that commenced in February 2008 and were concluded in January 2014. The impact of these legal matters was reflected as progress in their resolution was made.

2 On 18 February 2014 Alcoa of Australia Limited, an AWAC entity, decided to permanently close the Point Henry aluminium smelter which was done in August 2014. Further costs will be recognised in 2014 and future financial years relating to the closure, demolition and remediation activities that are expected to be completed by the end of 2018.

3 Other significant items include the gain on the sale of a gold mining interest in Suriname, asset write-offs and the impact of Anglesea power station statutory maintenance for the six month periods ended 30 June 2014, 31 December 2013 and 30 June 2013 respectively.

This half-yearly report should be read in conjunction with the most recent annual financial report.

Directors' Report

The Directors of Alumina Limited present their report on the consolidated entity consisting of Alumina Limited and the entities it controlled (the Group) at the end of, or during, the half-year ended 30 June 2014.

.

DIRECTORS

The following persons were directors of Alumina Limited during the whole of the half-year and up to the date of this report, unless otherwise indicated:

Non-executive
G J Pizzey (Chairman)
E R Stein
C Zeng
W P Day (appointed 1 January 2014)
M Ferraro (appointed 5 February 2014)

Executive
P C Wasow (Chief Executive Officer)

PRINCIPAL ACTIVITIES

The principal activities of the Group relate to its 40 per cent interest in the series of operating entities forming the Alcoa World Alumina and Chemical (AWAC) joint venture. AWAC has interests in bauxite mining, alumina refining, and aluminium smelting. There have been no significant changes in the nature of these activities.

REVIEW OF OPERATIONS

The half-year financial results of Alumina Limited include the half-year result of AWAC and associated corporate activities.

The Group's half-year net loss after tax attributable to members of Alumina Limited was US$47.4 million (1H 2013: US$2.4 million loss).

For further information on the operations of the Group during the half-year ended 30 June 2014 and the results of these operations, refer to pages 17-23.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act* is set out on page 4.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/100, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, except where otherwise required.

This Report is made in accordance with a resolution of directors.

Peter Wasow
Director

Melbourne
21 August 2014

Auditor's Independence Declaration

As lead auditor for the review of Alumina Limited for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Nadia Carlin

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
21 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
Revenue from continuing operations	-	0.1	0.2
Other income	-	137.1	-
General and administrative expenses	(6.4)	(9.6)	(7.6)
Change in fair value of derivatives/foreign exchange (losses)/gains	(0.3)	1.8	1.2
Finance costs	(6.9)	(13.8)	(11.5)
Share of net (loss)/profit of associates accounted for using the equity method	(30.7)	(112.7)	15.3
(Loss)/profit before income tax	**(44.3)**	**2.9**	**(2.4)**
Income tax expense from continuing operations	(3.1)	-	-
(Loss)/profit for the half-year	**(47.4)**	**2.9**	**(2.4)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Share of reserve movements accounted for using the equity method	4.4	3.3	(0.3)
Foreign exchange translation difference	132.8	(144.0)	(229.1)
Items that will not be reclassified to profit or loss			
Re-measurements of retirement benefit obligations accounted for using the equity method	(6.1)	31.7	36.0
Other comprehensive income/(loss) for the half-year, net of tax	**131.1**	**(109.0)**	**(193.4)**
Total comprehensive income/(loss) for the half-year attributable to the owners of Alumina Limited	**83.7**	**(106.1)**	**(195.8)**

Earnings Per Share (EPS)

	Half-Year ended 30 June 2014 US cents	Half-Year ended 31 Dec 2013 US cents	Half-Year ended 30 June 2013 US cents
Basic EPS	Negative 1.7	Positive 0.12	Negative 0.1
Diluted EPS	Negative 1.7	Positive 0.12	Negative 0.1

Consolidated Balance Sheet

	30 June 2014 US$ million	31 December 2013 US$ million	30 June 2013 US$ million
Current Assets			
Cash and cash equivalents	5.0	24.0	23.8
Receivables	0.1	0.1	25.0
Other assets	23.2	23.7	3.4
Total current assets	**28.3**	**47.8**	**52.2**
Non-current Assets			
Investments in associates	2,877.2	2,798.9	3,076.8
Property, plant and equipment	0.1	0.2	0.2
Other assets	117.1	117.1	-
Total non-current assets	**2,994.4**	**2,916.2**	**3,077.0**
Total assets	**3,022.7**	**2,964.0**	**3,129.2**
Current Liabilities			
Payables	1.5	3.9	1.5
Interest bearing liabilities	51.2	50.6	116.1
Derivative financial instruments	5.0	6.4	6.6
Provisions	0.3	0.3	0.2
Deferred tax liabilities	0.4	-	-
Other liabilities	0.2	0.2	0.3
Total current liabilities	**58.6**	**61.4**	**124.7**
Non-current Liabilities			
Interest bearing liabilities	83.8	108.6	104.9
Deferred tax liabilities	2.3	-	-
Provisions	0.5	0.6	0.5
Total non-current liabilities	**86.6**	**109.2**	**105.4**
Total liabilities	**145.2**	**170.6**	**230.1**
Net assets	**2,877.5**	**2,793.4**	**2,899.1**
Equity			
Contributed equity	2,620.0	2,620.0	2,620.0
Treasury shares	(1.3)	(1.3)	(1.5)
Reserves	(490.8)	(628.4)	(451.9)
Retained profits	749.6	803.1	732.5
Total equity	**2,877.5**	**2,793.4**	**2,899.1**

Consolidated Statement of Changes in Equity

	Contributed Equity[1] US$ million	Reserves US$ million	Retained Profits US$ million	Total US$ million
Balance as at 1 January 2013	**2,152.6**	**(259.0)**	**734.9**	**2,628.5**
Loss for the half-year	-	-	(2.4)	(2.4)
Other comprehensive loss for the half-year	-	(193.4)	-	(193.4)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs after tax	465.9	-	-	465.9
Movement in share based payments reserve	-	0.5	-	0.5
Balance at 30 June 2013	**2,618.5**	**(451.9)**	**732.5**	**2,899.1**
Balance as at 1 July 2013	**2,618.5**	**(451.9)**	**732.5**	**2,899.1**
Profit for the half-year	-	-	2.9	2.9
Other comprehensive (loss)/income for the half-year	-	(176.7)	67.7	(109.0)
Transactions with owners in their capacity as owners:				
Movement in treasury shares	0.2	-	-	0.2
Movement in share based payments reserve	-	0.2	-	0.2
Balance at 31 December 2013	**2,618.7**	**(628.4)**	**803.1**	**2,793.4**
Balance as at 1 January 2014	**2,618.7**	**(628.4)**	**803.1**	**2,793.4**
Loss for the half-year	-	-	(47.4)	(47.4)
Other comprehensive income/(loss) for the half-year	-	137.2	(6.1)	131.1
Transactions with owners in their capacity as owners:				
Movement in share based payments reserve	-	0.4	-	0.4
Balance at 30 June 2014	**2,618.7**	**(490.8)**	**749.6**	**2,877.5**

[1] Treasury shares have been deducted from contributed equity.

Consolidated Statement of Cash Flows

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
Cash Flows Related to Operating Activities			
Payments to suppliers and employees (inclusive of goods and services tax)	(8.4)	(7.2)	(7.5)
GST refund received	0.3	0.2	0.4
Dividends received from associates	-	75.0	25.0
Distributions received from associates	2.6	3.4	3.9
Interest received	-	0.1	0.2
Finance costs	(6.6)	(13.7)	(11.8)
Other	(0.6)	(0.3)	(0.2)
Net cash (outflow)/inflow from operating activities	**(12.7)**	**57.5**	**10.0**
Cash Flows Related to Investing Activities			
Payments to investments in associates	(32.0)	-	(12.0)
Proceeds from return of invested capital	51.6	3.0	-
Net cash inflow/(outflow) from investing activities	**19.6**	**3.0**	**(12.0)**
Cash Flows Related to Financing Activities			
Proceeds from borrowings	30.0	40.0	30.0
Repayment of borrowings	(55.4)	(100.4)	(481.0)
Proceeds from share issue	-	-	467.2
Share issue transaction costs	-	-	(1.3)
Net cash (outflow)/inflow from financing activities	**(25.4)**	**(60.4)**	**14.9**
Net (Decrease)/Increase in Cash and cash equivalents	**(18.5)**	**0.1**	**12.9**
Cash and cash equivalents at the beginning of the reporting period	24.0	23.8	10.1
Effects of exchange rate changes on cash and cash equivalents	(0.5)	0.1	0.8
Cash and cash equivalents at the end of the reporting period	**5.0**	**24.0**	**23.8**

1. Basis of Preparation

This consolidated interim financial report for the half-year ended 30 June 2014 has been prepared in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Alumina Limited during the interim 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.

2. Reconciliation of Cash

	30 June 2014 US$ million	31 Dec 2013 US$ million	30 June 2013 US$ million
Reconciliation of cash at the end of the reporting period (as shown in the consolidated statement of cash flows) as follows:			
Cash on hand and at bank	3.0	4.0	3.3
Money market deposits (with maturity on investment three months or less)	2.0	20.0	20.5
Total cash and cash equivalents at the end of the reporting period	**5.0**	**24.0**	**23.8**

3. Consolidated Retained Profits

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
Retained profits at the beginning of the reporting period	**803.1**	**732.5**	**734.9**
Net (loss)/profit attributable to members of Alumina Limited	(47.4)	2.9	(2.4)
Re-measurements of retirement benefit obligations accounted for using the equity method	(6.1)	67.7	-
Retained profits at the end of the reporting period	**749.6**	**803.1**	**732.5**

4. Income Tax

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
(Loss)/profit from ordinary activities before tax	(44.3)	2.9	(2.4)
Prima facie tax credit/(expense) for the period at the rate of 30%	**13.3**	**(0.9)**	**0.7**
The following items caused the total charge for income tax to vary from the above:			
Share of equity accounted (profit)/loss not assessable for tax	30.7	112.7	(15.3)
Foreign income subject to accruals tax	0.8	1.4	0.3
Share of Partnership income assessable for tax	2.6	3.4	3.9
Timing differences not recognised	(3.5)	21.2	(23.5)
Tax losses not recognised	15.0	(5.3)	36.1
Previously unrecognised tax losses now recouped to reduce current income tax expense	(0.5)	-	-
Non-deductible expenses	0.6	0.8	0.9
Net movement	**45.7**	**134.2**	**2.4**
Consequent increase in charge for income tax	**(13.7)**	**(40.2)**	**(0.7)**
Prima facie charge not recognised as cannot yet be determined	-	41.1	-
Estimated tax expense in relation to allocation agreement	(2.7)	-	-
Aggregate Income tax expense for the reporting period	**(3.1)**	**-**	**-**

Allocation of Alba settlement terms and related transactions

As previously disclosed, in September 2012, Alcoa Inc and Alumina Limited had entered into an agreement that the cash costs (including legal fees) of settlement of the Department of Justice (DoJ) and Securities & Exchange Commission (SEC) investigations, as well as the $85 million civil settlement with Alba reached in October 2012 recorded in the accounts of Alcoa World Alumina LLC (AWA), will be adjusted to ensure that 85% will be allocated to Alcoa Inc and 15% to Alumina Limited (should settlements be reached on the regulatory investigations, as described above). AWA is a Company within AWAC.

With the DoJ and SEC settlements having been reached in January 2014, the allocation provisions of the above agreement became applicable. To reflect the provisions of the allocation agreement, as at 31 December 2013, Alumina Limited recognised $137.1 million (representing 25% of the total Alba settlement payments and costs) as other assets with the corresponding credit recognised in the Statement of Profit or Loss as other income.

At the time of the recognition, Alumina Limited was evaluating with Alcoa Inc the structural options (including the form and timing) for the recovery of the other assets recognised under the provisions of the allocation agreement. Therefore, the tax impact in relation to the other income recognised by Alumina Limited under the agreement's provisions was unable to be determined at 31 December 2013.

Alumina Limited has since obtained independent expert advice and has in relation to the other income amount, recognised a net deferred tax liability of $2.7 million and the corresponding income tax expense, as this is the present best estimate of the likely tax consequences. Discussion with Alcoa Inc on the structural options (including the form and timing) for the recovery of the other assets is still ongoing and the outcome of this discussion may impact the amount of a net deferred tax liability recognised by Alumina Limited.

5. Contributed Equity

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
Ordinary share capital issued and fully paid			
Balance brought forward	2,620.0	2,620.0	2,154.1
Shares issued	-	-	467.2
Less: Transaction costs on share issue	-	-	(1.3)
Total issued capital	**2,620.0**	**2,620.0**	**2,620.0**

	Number of shares	Number of shares	Number of shares
Movements in Ordinary Share Capital			
Opening number of shares	2,806,225,615	2,806,225,615	2,440,196,187
Movement for the period	-	-	366,029,428
Closing number of shares	**2,806,225,615**	**2,806,225,615**	**2,806,225,615**

On 14 February 2013, CITIC Resources Australia Pty Ltd and Bestbuy Overseas Co., Ltd unconditionally subscribed, in aggregate, for 366,029,428 fully paid ordinary shares in Alumina limited, being 15% of Alumina' Limited's then current capital base, representing 13.04% of Alumina Limited's capital base following completion (the Placement).

The Placement raised approximately A$452 million based on an issue price of A$1.235 per share, which reflected a premium of approximately 3% to the closing price of Alumina Limited shares on 13 February 2013 and a premium of 11% to the volume weighted average price of Alumina limited shares for the 30 day period ending 13 February 2013.

6. Earnings Per Share (EPS)

	Half-Year ended 30 June 2014	Half-Year ended 31 Dec 2013	Half-Year ended 30 June 2013
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculation of basic and diluted EPS (US$ million)	(47.4)	2.9	(2.4)
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted EPS	2,805,726,301	2,760,518,829	2,714,554,500
Basic EPS (US cents)	Negative 1.7	Positive 0.12	Negative 0.1
Diluted EPS (US cents)	Negative 1.7	Positive 0.12	Negative 0.1

7. Net Tangible Asset Backing Per Security

	30 June 2014	31 Dec 2013	30 June 2013
Net assets (US$ million)	2,877.5	2,793.4	2,899.1
Less equity accounted intangible assets:			
Goodwill (US$ million)	175.8	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US$ million)	75.9	76.8	77.5
Net tangible assets (US$ million)	2,625.8	2,540.8	2,645.8
Number of issued ordinary shares (including treasury shares)	2,806,225,615	2,806,225,615	2,806,225,615
Net tangible asset backing per ordinary security (US$)	**0.94**	**0.91**	**0.94**

8. Dividends

Since the half-year end the Directors have determined that no interim dividend will be announced for the half-year ended 30 June 2014. The Board will continue to review the dividend at each half-year in light of current and expected business conditions. Directors have continued the suspension of the Company's Dividend Reinvestment Plan.

The franking account balance, which is maintained in Australian dollars, was A$409.1 million as at 30 June 2014 (A$409.1 million as at 31 December 2013 and A$374.5 million as at 30 June 2013).

a) Dividend Per Share

	Half-Year ended 30 June 2014 US cents	Half-Year ended 31 Dec 2013 US cents	Half-Year ended 30 June 2013 US cents
Fully franked interim dividends per share	Nil	n/a	Nil
Fully franked final dividends per share	n/a	Nil	n/a

b) Total Dividend Paid on All Shares

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
Fully franked interim dividends	Nil	n/a	Nil
Fully franked final dividends	n/a	Nil	n/a

9. Material Interests in Entities which are Not Controlled Entities

Alumina Limited has an interest in the following entities forming AWAC:

	Ownership Interest Held (%)		
	30 June 2014	31 Dec 2013	30 June 2013
Alcoa of Australia Limited	40	40	40
Alcoa World Alumina LLC	40	40	40
Alumina Espanola S.A.	40	40	40
Alcoa World Alumina Brasil Ltda.	40	40	40
AWA Saudi Ltda.	40	40	40
Enterprise Partnership	40	40	40

10. Details of Entities Over Which Control Has Been Lost or Gained

There was no loss or gain of control for the half-year ended 30 June 2014.

11. AWAC contribution to net (loss)/profit of Alumina Limited and Controlled Entities

	Half-Year ended 30 June 2014 US$ million	Half-Year ended 31 Dec 2013 US$ million	Half-Year ended 30 June 2013 US$ million
(Loss)/profit from ordinary activities before income tax	(44.6)	(80.7)	7.4
Income tax benefit/(expense) on ordinary activities	13.9	(32.0)	7.9
Equity share of net (loss)/profit after tax[1]	**(30.7)**	**(112.7)**	**15.3**
Dividends received/receivable by Alumina Limited	-	(50.0)	(50.0)
Distributions received by Alumina Limited	(2.6)	(3.4)	(3.9)
Surplus of dividends/distributions received/receivable over equity share of net loss	**(33.3)**	**(166.1)**	**(38.6)**

[1] The (loss)/profit for the six month periods ended 30 June 2014, 31 December 2013 and 30 June 2013 include significant items that have affected AWAC's net (loss)/profit after tax. For further details refer to the reconciliation on page 23.

12. Financing Facilities

	30 June 2014 US$ million	31 Dec 2013 US$ million	30 June 2013 US$ million
Total available facilities	405.0	179.2	901.0
Undrawn at end of reporting period	270.0	20.0	680.0
Drawn at end of reporting period	**135.0**	**159.2**	**221.0**
Total committed facilities	**405.0**	**479.2**	**901.0**

Available funding facilities as at 30 June 2014 were a US$300 million syndicated bank facility and a development bank loan. The syndicated bank facility has two tranches maturing in December 2015 and December 2017. This facility was fully committed as at 31 December 2013 and became available to draw funds on 24 January 2014 following satisfaction of all conditions precedent. The development bank loan is fully drawn in US dollars and Brazilian Reais and amortises at approximately $51 million per annum until July 2016. Funding facilities in currencies other than US dollars have been converted to US dollar equivalents at period end exchange rates.

13. Segment Information

Alumina Limited's primary assets are its 40 per cent interest in the series of operating entities forming AWAC. Alumina Limited has one reportable segment, namely the investment in the alumina/aluminium business through its equity interest in AWAC.

14. Events Occurring After the Balance Sheet Date

There have been no significant events occurring since 30 June 2014.

Directors' Declaration

In the directors' opinion:

a) the financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standard AASB134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and

b) there are reasonable grounds to believe that Alumina Limited will be able to pay its debts as and when they become due and payable.

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

Peter Wasow

Director

Melbourne

21 August 2014

Independent auditor's review report to the members of Alumina Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alumina Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Alumina Limited Group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alumina Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alumina Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date;

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Nadia Carlin
Partner

Melbourne
21 August 2014

Alumina Limited Highlights

Net loss after tax and significant items

- $47.4 million loss (1H 2013: loss of $2.4 million).
- Total significant items of $74.2 million negatively affected the net loss (1H 2013: $39.0 million).
- Significant items include Point Henry restructuring charges, tax effect on Alba allocation amount and profit on the sale of gold mining interest in Suriname (1H 2013: includes Alba legal matter and Anglesea statutory maintenance).
- Net profit of $26.8 million excluding significant items (1H 2013: net profit $36.6 million).

Balance Sheet Strengthened

- Net debt reduced to $130.0 million.
- Gearing reduced to 4.3%.

Capital and Income Receipts from AWAC

- Capital returns of $51.6 million (1H 2013: Nil).
- Distributions of $2.6 million (1H 2013: $3.9 million).
- No dividends received (1H 2013: $25.0 million).

Alumina Limited Key Financials

	1H 14	2H 13	1H 13
Net (loss)/profit after tax US$m	(47.4)	2.9	(2.4)
Total significant items after tax US$m[1]	(74.2)	9.9	(39.0)
Net profit/(loss) after tax excluding significant items US$m	26.8	(7.0)	36.6
Cash received from AWAC US$m	54.2	81.4	28.9
Net Debt US$m	130.0	135.2	197.2
Gearing[2]	4.3%	4.6%	6.3%
EPS (US cps)	(1.7)	0.12	(0.1)

[1] For further details refer to the reconciliation on page 23.

[2] Calculated as (debt - cash) / (debt + equity).

AWAC Highlights (US GAAP)

EBITDA and significant items

- $119.2 million EBITDA (1H 2013: $229.8 million).
- $345.6 million EBITDA excluding significant items (1H 2013: $364.8 million).
- $44 per tonne alumina EBITDA margin (1H 2013: $45 per tonne).

Benefits from spot or alumina based pricing

- 63% of third party smelter grade alumina shipments were priced on spot or alumina indexed basis (1H 2013: 53%).
- Revenue per tonne from alumina sales priced by reference to indices and spot continued to be higher than legacy LME-linked contracts.
- Revenue declined by $166.0 million principally due to a reduction in average realised alumina prices and lower alumina shipments.

Lower COGS and operating expenses

- COGS and operating expenses declined by $185.1 million compared to 1H 2013 (the comparative period included the Anglesea power station statutory maintenance costs) mainly reflecting favourable exchange rate movements, lower alumina shipments and the benefit of productivity initiatives and cost control.
- The cash cost of alumina production per tonne decreased by 4.7% compared to the corresponding period.

AWAC Key Financials

	1H 14 US$m	2H 13 US$m	1H 13 US$m
Total Revenue	2,798.9	2,919.7	2,964.9
COGS and operating expenses	(2,396.5)	(2,507.3)	(2,581.6)
EBITDA[1]	119.2	39.0	229.8
Total significant items[1]	(226.4)	(324.0)	(135.0)
EBITDA excluding significant items[1]	345.6	363.0	364.8

[1] For further details refer to the reconciliation on page 23.

AWAC Business Review (US GAAP)

Mining

AWAC owns or partly owns, bauxite mines operating in six countries that meet the production needs of the AWAC refineries, and also on occasion supplying third party refineries.

Mine costs per tonne were lower than 2013 levels, with the exception of Suriname. Costs increases in Suriname were associated with a new mining site.

Refining

Production of alumina was 7.9 million tonnes in 1H 2014, compared to 7.8 million tonnes in 1H 2013. Increased production at the Australian refineries, Sao Luis and at Point Comfort contributed to most of the increase.

Alumina shipments were 7.8 million tonnes in 1H 2014, 0.2 million tonnes lower than 1H 2013 largely due to delayed shipments.

Approximately 63% of third party smelter grade alumina shipments were priced on spot or alumina indexed basis compared to 53% for the corresponding period. For 2016, shipments of smelter grade alumina priced on spot or alumina indexed basis are expected to be at least 80% of total shipments. Revenue per tonne from smelter grade alumina sales priced by reference to indices and spot continued to be higher than the legacy LME-linked contracts.

The average three-month LME aluminium price, determined on a two-month lag basis, declined by 11.4% compared to the corresponding period, whereas average alumina price index FOB Australia (one-month lag) decreased by 2.7%. This resulted in the average realised third party smelter grade alumina prices reducing by 5.1% compared to the corresponding period.

The average 1H 2014 cash cost of alumina per tonne produced decreased by 4.7% over 1H 2013. The decrease reflects productivity initiatives and efforts to create more stable operating conditions to avoid costs associated with production disruptions. In addition, the Australian dollar and Brazilian Reais weakened against the US dollar, providing significant currency benefits compared to the corresponding period.

The EBITDA margin was $44 per tonne produced in 1H 2014, a decrease of $1 per tonne on 1H 2013. The EBITDA margin is calculated as AWAC's EBITDA excluding significant items, smelters' operating results and equity accounted income/(losses) divided by tonnes produced.

Ma'aden Investment

The AWAC (25.1%) and Saudi Arabian Mining Company (74.9%) joint venture Ma'aden was created for the construction of a 4.0 million tonnes per annum capacity mine and a 1.8 million tonnes per annum capacity refinery at Ras Al Khair in Saudi Arabia. This is AWAC's major growth project which will assist AWAC in further reducing its low refinery cash cost position.

The refinery is approximately 95% complete and whilst the mine is approximately 70% complete, it has begun operations providing feed stock to the refinery. The first alumina is due from the refinery in the fourth quarter of 2014.

The 1H 2014 result included $14.7 million of losses related to Ma'aden start up activities.

AWAC Production and Shipments

	1H 14	2H 13	1H 13
Alumina shipments	7.8mt	8.1mt	8.0mt
Alumina production	7.9mt	8.0mt	7.8mt
Aluminium shipments	174kt	178kt	171kt
Aluminium production	175kt	180kt	174kt

AWAC Profit and Loss (US GAAP)

	1H 14 US$m	2H 13 US$m	1H 13 US$m
Sales revenue	1,795.4	1,895.1	1,875.7
Related party revenue	1,003.5	1,024.6	1,089.2
Total Revenue	**2,798.9**	**2,919.7**	**2,964.9**
COGS and operating expenses	(2,396.5)	(2,507.3)	(2,581.6)
Selling, Admin, R&D	(54.7)	(61.3)	(61.9)
Net interest	(2.9)	(4.1)	(2.7)
Depreciation and Amortisation	(211.1)	(212.5)	(234.6)
Restructuring & Other	(228.5)	(312.1)	(91.6)
Total Expenses	**(2,893.7)**	**(3,097.3)**	**(2,972.4)**
Loss before tax	**(94.8)**	**(177.6)**	**(7.5)**
Income tax credit/(charge)	36.1	(44.9)	(18.7)
Net loss after tax[1]	**(58.7)**	**(222.5)**	**(26.2)**

[1] The loss for the six month periods ended 30 June 2014, 31 December 2013 and 30 June 2013 include significant items that have affected AWAC's net loss after tax. For further details refer to the reconciliation on page 23.

Smelting

Production of approximately 175,000 tonnes in 1H 2014 was consistent with 1H 2013 as AWAC continued to operate two smelters in Australia.

On 18 February 2014 Alcoa of Australia Limited, an AWAC entity, decided to permanently close the Point Henry aluminium smelter, which was done on 1 August 2014 and as a result aluminium production will decline in 2H 2014.

Total restructuring charges associated with the closure of the Point Henry smelter are expected to be approximately $250 million after tax on an IFRS basis.

Changes in Taxation

In December 2011, AWA Brazil applied for a tax holiday related to its expanded mining and refining operations. The tax holiday took effect on 12 July 2014. As a result, the tax rate for this subsidiary will decrease (from 34% to 15%) over the 10-year holiday period (retroactively effective as of 1 January 2013).

On 17 July 2014, the Australian Government has abolished the carbon tax, with effect from 1 July 2014. The impact in the 2014 financial year is not expected to be material.

AWAC Cash Flow (US GAAP)

Cash from operations of $81.5 million includes an $88.0 million Alba related payment that was funded by a term loan. Excluding that payment, cash from operations and free cash flow would have been $169.5 million and $80.6 million, respectively.

Cash from operations was also affected by advanced payments received from customers during 2013 for sales of inventory in 1H 2014, higher maintenance costs due to production interruptions such as at the Point Comfort refinery (weather related), employee layoff costs in the refineries and an increase in working capital. Cash from operations includes the gain on disposal of the gold mining interest in Suriname.

Capital expenditure totalled $88.9 million, which is $89.3 million lower than 1H 2013.

Sustaining capital expenditure was $85.9 million compared to $155.5 million in 1H 2013. The majority of expenditure was incurred in Australia. The Atlantic regions' planned expenditure is weighted towards the second half, whereas Australia's is more evenly spread,

Growth capital expenditure was $3.0 million.

Equity contributions of $45.5 million to the Ma'aden mine and refinery joint venture in Saudi Arabia and $20.1 million of working capital contributions to the San Ciprian refinery in Spain are not included in capital expenditures.

AWAC Cash Flow (US GAAP)

	1H 14 US$m	2H 13 US$m	1H 13 US$m
Net loss after tax	(58.7)	(222.5)	(26.2)
Depreciation and Amortisation	211.1	212.5	234.6
Other[1]	(70.9)	251.6	206.0
Cash from operations	81.5[2]	241.6	414.4
Capital expenditure	(88.9)	(144.4)	(178.2)
Free cash flow[3]	(7.4)[2]	97.2	236.2

[1] Other items consist of net movement in working capital and other assets and liabilities.
[2] Includes an Alba related payment of $88.0 million that was funded by a term loan.
[3] Calculated as cash from operations less capital expenditure.

AWAC Balance Sheet (US GAAP)

Decreased cash from operations and debt repayments partly offset by lower capital expenditure resulted in lower cash and cash equivalents as at 30 June 2014.

AWAC continued to operate with minimal borrowings.

Property, Plant and Equipment decreased mainly due to depreciation and amortisation expenses recognised including accelerated depreciated at the Point Henry smelter, partially offset by foreign exchange revaluations.

AWAC Balance Sheet (US GAAP)

	1H 14 US$m	2H 13 US$m	1H 13 US$m
Cash, cash equivalents	110.4	189.5	286.3
Receivables	455.2	541.5	439.7
Related party note receivable	83.9	91.5	86.6
Inventories	727.6	671.2	719.6
Property, plant & equipment	6,009.0	5,938.3	6,301.6
Other assets	2,740.7	2,640.5	2,813.8
Total Assets	**10,126.8**	**10,072.5**	**10,647.6**
Short term borrowings	70.3	59.0	74.2
Payables	828.1	881.8	938.5
Taxes payable and deferred	328.9	424.4	386.0
Capital lease obligations and long term debt	134.4	116.9	66.3
Other liabilities	1,655.8	1,728.7	1,661.4
Total Liabilities	**3,017.5**	**3,210.8**	**3,126.4**
Equity	**7,109.3**	**6,861.7**	**7,521.2**

Alumina Limited Reported Profit

The net loss after tax was $47.4 million compared to a loss of $2.4 million in 1H 2013.

The net loss was negatively affected by the equity share of AWAC's significant items totalling $74.2 million in 1H 2014 (1H 2013: $39.0 million). Significant items include Point Henry restructuring charges and the profit on sale of gold mining interest in Suriname (1H 2013: includes Alba legal matter and Anglesea statutory maintenance costs).

Excluding significant items, net profit in 1H 2014 was $26.8 million (1H 2013: net profit of $36.6 million).

Most of Alumina Limited's general and administrative costs are incurred in Australian dollars. The decrease in costs is due to currency fluctuations and lower expenses.

Finance costs include interest expense, commitment fees paid, amortised upfront fees and bank charges. Total Finance costs decreased to $6.9 million from $11.5 million in 1H 2013 mainly due to a reduction in interest expense corresponding to reduced borrowings following the share placement in 1H 2013.

Alumina Limited Balance Sheet

Alumina Limited's net debt as at 30 June 2014 declined to $130.0 million. Gearing also decreased to 4.3%.

The Company has a fully drawn debt facility from the Brazil National Development Bank (BNDES). This facility amortises at approximately $51.2 million per annum until July 2016. Amounts outstanding at 30 June 2014 under the BNDES loan were $105.0 million.

Alumina Limited's committed bank facilities amounted to $300.0 million as at 30 June 2014, which expire as follows:

- $150 million in December 2015 (drawn to $30 million as at 30 June 2014)
- $150 million in December 2017 (no amounts drawn under these facilities as at 30 June 2014)

Current liabilities include $51.2 million of repayments on the facility from the BNDES that are due before 30 June 2015. Current liabilities of $58.6 million exceeded current assets of $28.3 million. However, the Directors are confident that the liabilities can be met using available cash and undrawn committed facilities whose maturities extend beyond 30 June 2015.

Alumina Limited Reported Profit

	1H 14 US$m	2H 13 US$m	1H 13 US$m
Share of AWAC (loss)/profit	(30.7)	(112.7)	15.3
Other income	-	137.1[1]	-
General and admin costs	(6.4)	(9.6)[2]	(7.6)
Finance costs	(6.9)	(13.8)	(11.5)
Other & tax	(3.4)[3]	1.9	1.4
Net (loss)/profit after tax	(47.4)	2.9	(2.4)

Alumina Limited Balance Sheet

	1H 14 US$m	2H 13 US$m	1H 13 US$m
Cash and equivalents	5.0	24.0	23.8
Investments	2,877.2	2,798.9	3,076.8
Other assets	140.5[1]	141.1[1]	28.6
Total Assets	**3,022.7**	**2,964.0**	**3,129.2**
Payables	1.5	3.9	1.5
Interest bearing liabilities – current	51.2	50.6	116.1
Interest bearing liabilities – non-current	83.8	108.6	104.9
Other liabilities	8.7[3]	7.5	7.6
Total Liabilities	**145.2**	**170.6**	**230.1**
Net Assets	**2,877.5**	**2,793.4**	**2,899.1**

Notes for the Alumina Limited reported Profit and Balance sheet

[1] Alumina Limited recognised the effect of the agreement with Alcoa Inc by posting $137.1 million (representing 25% of the total Alba related charges) as other asset with the corresponding credit recognised in the Statement of Profit or Loss as other income.

[2] Includes CEO retirement payments.

[3] Alumina Limited recognised a deferred tax liability of $2.7 million and the corresponding income tax expense in relation to the other income of $137.1 million recognised in 2013.

Alumina Limited Cash Flow

Alumina Limited's free cash from operations principally comprise the net capital and income distributions received from the AWAC entities offset by the Company's general, administrative and finance costs.

Alumina Limited received income distributions of $2.6 million and capital returns of $51.6 million from AWAC in 1H 2014 compared to distributions of $3.9 million and $25.0 million of fully franked dividends in 1H 2013.

The capital returns from AWAC of $51.6 million, equity contributions to the Ma'aden joint venture of $18.4 million, Ma'aden entry fee reimbursement to Alcoa Inc of $5.4 million and working capital contributions to the San Ciprian refinery in Spain of $8.2 million are included in the net proceeds/(payments) to investments in associates.

Alumina Limited Cash Flow

	1H 14 US$m	2H 13 US$m	1H 13 US$m
Dividends received	-	75.0	25.0
Distributions received	2.6	3.4	3.9
Finance costs paid	(6.6)	(13.7)	(11.8)
Payments to suppliers and employees	(8.4)[1]	(7.2)	(7.5)
GST refund, interest received and other	(0.3)	-	0.4
Cash from operations	**(12.7)**	**57.5**	**10.0**
Net proceeds/(payments) to investments in associates	19.6	3.0	(12.0)
Free cash flow[2]	6.9	60.5	(2.0)

[1] Includes CEO retirement payments.

[2] Free cash flow calculated as cash from operations less net investments in associates.

Guidance

The following guidance is provided to assist the understanding of the sensitivity of AWAC results to certain factors. The guidance cannot be expected to be predictive of exact results; rather it provides direction and approximate quantum of the impact on profit before tax of movements around a given base figure. Actual results will vary from those computed using the guidance. Guidance is not linear, hence significant movement away from the base rates used may result in different sensitivities. Sensitivity of each element of the guidance has been considered in isolation and no correlation with movements in other elements within the guidance has been made.

Item	February 2014 Guidance	August 2014 Guidance
Production – alumina	Approximately 16.0mt	Approximately 16.0mt
Production – aluminium	Approximately 359,000t	Approximately 267,000t[1]
Australian $ Sensitivity: +1¢ in USD/AUD	Approximately -$30 million profit before tax Approximately -$1.40/t alumina EBITDA	Approximately -$30 million profit before tax Approximately -$1.40/t alumina EBITDA
Brazilian $ Sensitivity: +1¢ in BRL/USD	Approximately +$3 million profit before tax Approximately $0.10/t alumina EBITDA	Approximately +$3 million profit before tax Approximately $0.10/t alumina EBITDA
Third party smelter grade alumina shipments expected to be based on alumina price indices or spot	Approximately 65% for the year	Approximately 65% for the year
AWAC sustaining capital expenditure	Approximately $240 million	Approximately $260 million
AWAC growth capital expenditure[2]	Approximately $25 million	Approximately $10 million

Definitions:

[1] Lower due to the closure of Point Henry in August 2014.

[2] Does not include investment in the Ma'aden growth project.

Reconciliations

AWAC's significant items (US GAAP)

The AWAC's net loss was negatively affected by individually significant items. These items are disclosed in the table to enhance an understanding of AWAC's operational performance during the reporting period.

Significant Items	**1H 14 US$m**	**2H 13 US$m**	**1H 13 US$m**
Point Henry restructuring charges	(254.3)	-	-
Alba legal matter	-	(281.0)	(103.0)
Anglesea statutory maintenance	-	-	(32.0)
Goodwill impairment	-	(30.0)	-
Gain on sale of gold mining interest in Suriname	27.9	-	-
Other	-	(13.0)	-
Total significant items (pre-tax)	(226.4)	(324.0)	(135.0)
Total significant items (after-tax)	(160.1)	(320.1)	(125.4)

AWAC's EBITDA and EBITDA excluding significant items (US GAAP)

AWAC's EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

	1H 14 US$m	**2H 13 US$m**	**1H 13 US$m**
Net loss after tax	(58.7)	(222.5)	(26.2)
(Subtract)/add back: Income tax (credit)/charge	(36.1)	44.9	18.7
Add back: Depreciation and Amortisation	211.1	212.5	234.6
Add back: Net interest	2.9	4.1	2.7
EBITDA	119.2	39.0	229.8
Add back: significant items	226.4	324.0	135.0
EBITDA excluding significant items	345.6	363.0	364.8

AWC's significant items (IFRS)

Alumina Limited's share of net (loss)/profit of associates was negatively affected by its equity share of individually significant items incurred by AWAC. These items are disclosed in the table to enhance an understanding of Company's operational performance during the reporting period.

Significant Items (post-tax)	**1H 14 US$m**	**2H 13 US$m**	**1H 13 US$m**
Point Henry restructuring charges	(78.7)	-	-
Legal matters of associate	(2.7)	13.5	(30.0)
Anglesea statutory maintenance	-	-	(9.0)
Gain on sale of gold mining interest in Suriname	7.2	-	-
Other	-	(3.6)	-
Total significant items	(74.2)	9.9	(39.0)

Market Outlook

The demand for primary aluminium remains strong. For 2014, growth is expected to be recorded in the high single digit percentage points. Whilst there has been a slowdown during 2014 in China's economic activity, where approximately half of the global aluminium production capacity is installed, demand for the metal in high growth markets such as power transmission and vehicles should keep total China growth near double digit percentage points. For the rest of the world, and particularly in North America, a shift from steel to aluminium for the light-weighting of auto bodies as one response to enacted regulations on fuel efficiency should add to the growth that is expected from a cyclical rebound.

Although demand for primary aluminium and hence smelter grade alumina remains robust, Australian FOB spot prices for alumina during the first half of 2014 have declined, reaching an almost two-year low of US$307 per tonne. Continuing low aluminium prices led to a net reduction in aluminium production that was initially not matched by alumina production curtailments, resulting in Atlantic cargoes being offered to Pacific and Middle East buyers at a discount to Australian prices.

Market commentators currently view the global aluminium market as being in a deficit for 2014 due to the strong year-on-year demand growth combined with the recent production cuts. Global aluminium inventories are now at multi-year lows, boosting sentiment and pushing prices to over US$2,000 per tonne. On the other hand, alumina is seen as remaining in surplus but beginning to correct as high cost Atlantic refineries curtail and China demand picks up as smelters advantaged by low local costs in Xinjiang and Inner Mongolia provinces expand their capacity and some other smelters, such as in the Henan province, resume production induced by local power tariff subsidies.

Globally, there is overcapacity in alumina, and this is likely to continue to weigh on prices in the short term despite the expected growth in demand. Nevertheless, short-term prices should also find support from the recent improvement in aluminium LME prices; the on-going Indonesian bauxite export ban; the closure by Rio Tinto of the Gove refinery situated in the Northern Territory of Australia (capacity of 2.7 million tonnes per annum of alumina) and delays in new alumina capacity coming on stream such as the Lanjigarh refinery expansion in India which is due to the inability to secure bauxite supply.

Indonesia was China's largest supplier of imported bauxite. China represents approximately half of the global alumina refinery capacity, with approximately 30% of China's refineries dependent upon imported bauxite. On 12 January 2014 the Indonesia export ban of unprocessed ores came into effect which stopped bauxite exports to China. Leading up to the ban, China built up significant stockpiles of bauxite. Alumina capacity expansion in China has been tapering reflecting in part the increasing cost of imported bauxite and declining stockpiles. Beyond 2014, if the Indonesian ban remains in place, it is not clear from where China will source the entirety of its growing imported bauxite needs nor at what cost. This may lead to an increase in imports of alumina by China.

Longer term, given the gap between current low alumina prices and the construction incentive price outside China, and the measures put in place by the Chinese Government to stem the growth of over-supplied industries, the rate of net alumina capacity expansion is expected to slow and supply is expected to eventually fall behind demand. China's consumers of domestic bauxite are also experiencing higher bauxite costs due to declining grades, which could eventually place additional demand upon imported bauxite and/or alumina. In addition, recent Chinese market liberalisation of process inputs such as electricity and water could lead to higher alumina production costs.

Forward Looking Statements

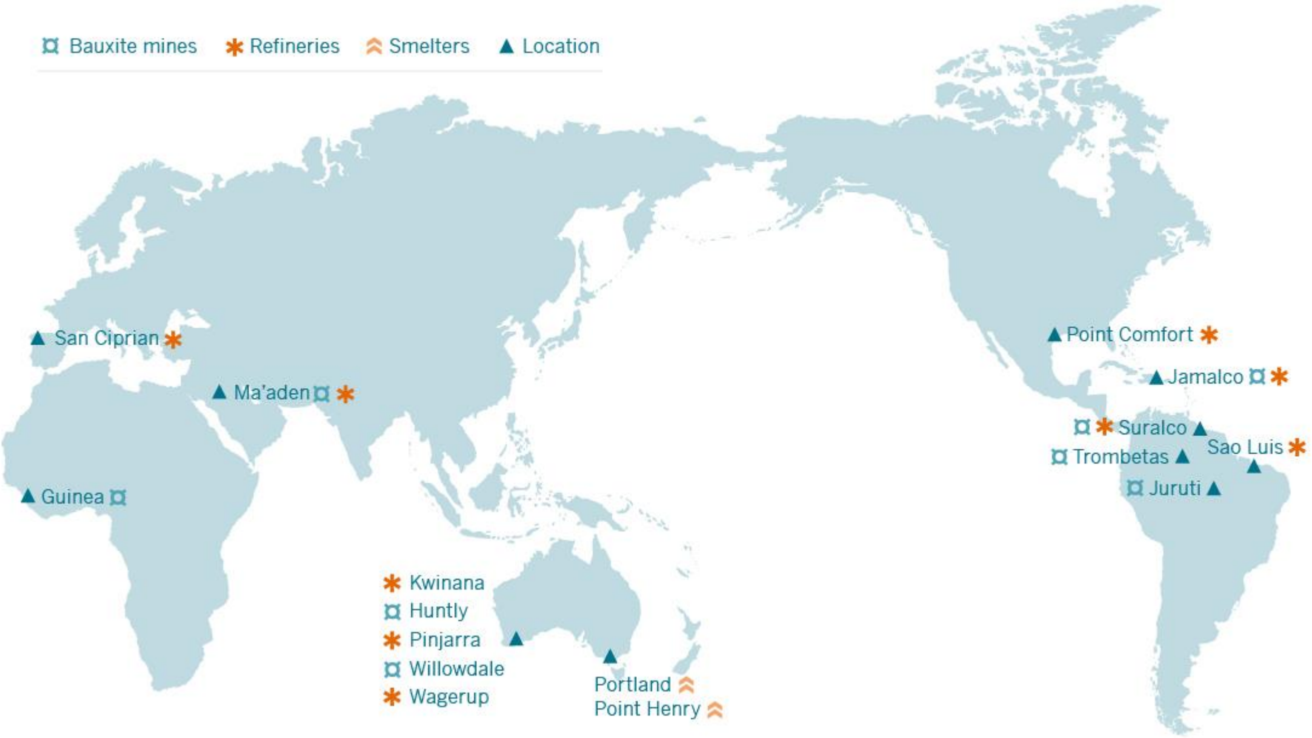
Some statements in this report are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as "anticipate", "estimates", "should", "will", "expects", "plans" or similar expressions. Forward-looking 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; (e) constraints on the availability of bauxite; and (f) the risk factors and other factors summarised in Alumina's Form 20-F for the year ended 31 December 2013. Forward-looking statements that reference past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. Alumina Limited does not undertake any obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements which speak only as of the date of the relevant document.

Note regarding non-IFRS financial information

This document contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior year and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate.

PAGE – 1

Diagram of Alcoa World Alumina and Chemicals (AWAC) Operations



Alcoa World Alumina & Chemicals

- **Bauxite Mines**
- **Alumina Refineries**
- **Aluminium Smelters**
- **Alumina Chemicals**
- **Shipping Operations**

All operations 100% owned, unless otherwise indicated

Australia – Huntly & Willowdale
Brazil – Trombetas (9.6%) & Juruti
Guinea – Sangaredi (23%)
Jamaica – Manchester Plateau (55%)
Suriname – Moengo, Klaverblad & Kaimangrassie
Saudi Arabia – mine being developed (25.1%)

Australia – Kwinana, Pinjarra & Wagerup
Brazil – Sao Luis (39%)
Jamaica – Clarendon (55%)
Spain – San Ciprian
Suriname – Suralco
USA – Point Comfort
Saudi Arabia – refinery being developed (25.1%)

Australia – Point Henry & Portland (55%)

Australia – Kwinana
Spain – San Ciprian
USA – Point Comfort

Bauxite deposits: AWAC's bauxite deposits have long term mining rights. Bauxite mining is planned on an incremental basis after detailed assessment of the deposits to achieve a uniform quality in the supply of blended feedstock to the relevant refinery.

Refineries: AWAC operates eight alumina refineries, six of which are located in proximity to bauxite deposits.

Smelters: AWAC produces primary aluminium in Australia, with alumina supplied by the Australian refineries.

Alumina Chemicals: AWAC produces chemical grade alumina from three refineries: Kwinana (Australia), Point Comfort (USA) and San Ciprian (Spain).

Shipping Operations: AWAC's shipping operations use owned and chartered vessels to transport dry and liquid bulk cargoes, including bauxite, alumina, caustic soda, fuel oil, petroleum, coke and limestone.

Alcoa World Alumina and Chemicals (AWAC) Profit & Loss

US$ Millions (US GAAP) 100%	1st Half 2014	2nd Half 2013	1st Half 2013
Sales	1,795.4	1,895.1	1,875.7
Sales to Related Parties	1,003.5	1,024.6	1,089.2
Total Revenue	**2,798.9**	**2,919.7**	**2,964.9**
Cost of Goods Sold and Operating Expenses	(2,396.5)	(2,507.3)	(2,581.6)
Selling, Administration, Other Expenses and R&D Expenses	(54.7)	(61.3)	(61.9)
Provision for Depreciation, Depletion and Amortisation	(211.1)	(212.5)	(234.6)
Restructuring and Other	(231.4)	(316.2)	(94.3)
Total Expenses	**(2,893.7)**	**(3,097.3)**	**(2,972.4)**
Loss before Taxes	**(94.8)**	**(177.6)**	**(7.5)**
(Provision)/Benefit for Taxes on Income	36.1	(44.9)	(18.7)
Net Loss after Taxes	**(58.7)**	**(222.5)**	**(26.2)**
Members' Equity			
Opening Balance at Start of Period	**6,861.7**	**7,521.2**	**8,243.7**
Net Loss	(58.7)	(222.5)	(26.2)
Capital Contribution	65.6	-	31.5
Dividends Paid and Return of Capital to Partners	(136.7)	(166.1)	(134.7)
Common Stock Issued for Compensation Plans	2.9	1.8	3.4
Other Comprehensive Income	374.5	(272.7)	(596.5)
Closing Balance at End of Period	**7,109.3**	**6,861.7**	**7,521.2**

Alcoa World Alumina and Chemicals (AWAC) Balance Sheet

US$ Millions (US GAAP) 100%	30 June 2014	31 December 2013	30 June 2013
Cash and Cash Equivalents	110.4	189.5	286.3
Receivables	455.2	541.5	439.7
Related Party Notes Receivable	83.9	91.5	86.6
Inventories	727.6	671.2	719.6
Prepaid Expenses and Other Current Assets	263.1	296.4	352.3
Total Current Assets	**1,640.2**	**1,790.1**	**1,884.5**
Property, Plant & Equipment	6,009.0	5,938.3	6,301.6
Investments	604.1	557.7	588.1
Other Assets and Deferred Charges	1,873.5	1,786.4	1,873.4
Total Non-Current Assets	**8,486.6**	**8,282.4**	**8,763.1**
Total Assets	**10,126.8**	**10,072.5**	**10,647.6**
Short Term Borrowings	70.3	59.0	74.2
Payables	828.1	881.8	938.5
Taxes Payable	150.4	187.1	192.8
Accrued Compensation and Retirement Costs	275.0	269.2	263.0
Other Current Liabilities	342.1	376.6	500.8
Total Current Liabilities	**1,665.9**	**1,773.7**	**1,969.3**
Capital Lease Obligations and Long Term Debt	134.4	116.9	66.3
Deferred Taxes	178.5	237.3	193.2
Other Long Term Liabilities	1,038.7	1,082.9	897.6
Total Non-Current Liabilities	**1,351.6**	**1,437.1**	**1,157.1**
Total Liabilities	**3,017.5**	**3,210.8**	**3,126.4**
Equity	7,109.3	6,861.7	7,521.2
Total Liabilities & Equity	**10,126.8**	**10,072.5**	**10,647.6**

Alcoa World Alumina and Chemicals (AWAC) Statement of Cash Flows

US$ Millions (US GAAP) 100%	1st Half 2014	2nd Half 2013	1st Half 2013
Operating Activities			
Net Loss	(58.7)	(222.5)	(26.2)
Adjustments to Reconcile Net Income to Cash from Operations			
Depreciation, Amortisation and Impairment	211.1	212.5	234.6
Other Items*	(70.9)	251.6	206.0
Cash from Operating Activities	**81.5**	**241.6**	**414.4**
Financing Activities			
Dividends Paid & Return of Capital to Partners	(136.7)	(198.5)	(72.2)
Change in Debt	29.6	35.4	4.6
Changes to Capital Lease Obligations	(0.8)	-	(2.4)
Capital Contribution	65.6	-	31.5
Cash Generated/(Used) for Financing Activities	**(42.3)**	**(163.1)**	**(38.5)**
Investing Activities			
Capital Expenditure	(88.9)	(144.4)	(178.2)
Net Changes in Related Party Note Receivable	12.4	(33.9)	17.8
Other	(49.1)	(3.0)	(32.7)
Cash Used for Investing Activities	**(125.6)**	**(181.3)**	**(193.1)**
Effect of Exchange Rate Changes on Cash	7.3	6.0	(22.5)
Cash (Used)/Generated	**(79.1)**	**(96.8)**	**160.3**
Cash and Cash Equivalents			
Cash and Cash Equivalents at Beginning of Period	189.5	286.3	126.0
Cash and Cash Equivalents at End of Period	110.4	189.5	286.3
Net Change in Cash and Cash Equivalents	**(79.1)**	**(96.8)**	**160.3**

* *Other Items consists of net movement in working capital and other non-current assets and liabilities*

Reconciliation of AWAC's Profit to Alumina Limited Share of AWAC's Profit

	1st Half 2014	2nd Half 2013	1st Half 2013
AWAC Loss before tax (US GAAP)	(94.8)	(177.6)	(7.5)
Adjust for IFRS			
- Embedded derivatives	12.7	(17.3)	0.8
- Restructuring charges	(27.4)	-	-
- Reversal of goodwill impairment	-	30.2	-
- Alba provision	-	(28.0)	28.0
- Other	(1.9)	(9.2)	(2.8)
AWAC (Loss)/Profit before Tax (IFRS)	**(111.4)**	**(201.9)**	**18.5**
AWAC Tax (US GAAP)	36.1	(44.9)	(18.7)
Adjust for IFRS			
- Brazil deferred tax	-	(40.3)	38.2
- Other	(1.5)	5.2	0.3
AWAC Tax (IFRS)	**34.6**	**(80.0)**	**19.8**
AWAC (Loss)/Profit before Tax (IFRS)	(111.4)	(201.9)	18.5
AWAC Tax (IFRS)	34.6	(80.0)	19.8
AWAC (Loss)/Profit after Tax (IFRS)	**(76.8)**	**(281.9)**	**38.3**
Alumina Limited Share of Equity (Loss)/Profit after Tax	**(30.7)**	**(112.7)**	**15.3**