ALUMINA LIMITED

ASX ANNOUNCEMENT 23 AUGUST 2019

2019 Half-Year Result

- ALUMINA NPAT US$210.9 MILLION
- INTERIM DIVIDEND 4.4 US CENTS PER SHARE

Alumina Limited (ASX:AWC) ("Alumina" or "Company") today reported a statutory net profit after tax of US$210.9 million for the half-year to 30 June 2019. The Company declared an interim, fully franked dividend of 4.4 US cents per share.

Alumina's Chief Executive Officer, Mike Ferraro, said, "This is a strong result for the Company. Alumina Limited's exposure to low-cost alumina and bauxite assets is unrivalled worldwide. The interim dividend continues to deliver outstanding returns to shareholders.

"The tight Western world alumina market conditions of 2018 have subsided in the first half of 2019 as curtailed supply came back on stream and new refineries ramped up. Against this backdrop AWAC reduced production costs which contributed to cash margins[2] in the half of over $150 per tonne despite lower alumina prices.

"We expect a modest alumina surplus for the rest of 2019. Aluminium demand is expected to grow consistent with longer term trends and this will help support the alumina price in the future. At the current alumina price of around US$300 per tonne AWAC's low cost assets generate a cash margin of about $80 per tonne."

- Cash cost per tonne of alumina produced improved by 3% per tonne
- EBITDA of US$949.9 million, a decrease of US$258.1 million
- Margin for alumina refineries was US$157 per tonne, a decrease of US$43 per tonne
- Net cash inflows[3] of US$382.4 million, a decrease of US$278.1 million

Since 30 June 2019, Alumina has received, or is due to receive, US$66.0 million of net distributions from AWAC[1] entities which have been included in the interim dividend.

ALUMINA LIMITED KEY FINANCIALS	US$ MILLION			AWAC KEY FINANCIALS (US GAAP)	US$ MILLION		
	HY 2019	HY 2018	Change		HY 2019	HY 2018	Change
Net profit after tax	210.9	286.4	Down 26%	Net profit after tax	552.3	737.0	Down 25%
Net profit after tax excluding significant items	219.5	305.8	Down 28%	EBITDA[4]	949.9	1,208.0	Down 21%
Net receipts from AWAC	265.5	275.9	Down 4%	EBITDA excluding Significant Items	981.1	1,263.9	Down 22%
Free cash flow[5]	256.9	267.9	Down 4%	Net cash inflow[3]	382.4	660.5	Down 42%
Closing net debt	54.7	54.5			US$ / TONNE		
Interim dividend (US cps)	4.4	8.6	Down 49%	Average realised price of alumina	375	424	Down 12%
				Cash cost per tonne of alumina produced	218	224	Down 3%

ALUMINA LIMITED

ASX ANNOUNCEMENT 23 AUGUST 2019

DEFINITIONS AND NOTES

1. AWAC is Alcoa World Alumina & Chemicals, which is 40% owned by Alumina Limited and 60% owned by Alcoa Corp.
2. The margin for alumina refineries is calculated as average realised price less cash cost of production
3. AWAC net cash inflow is defined as cash flow before distributions less capital contributions from partners
4. Earnings before interest, tax, depreciation and amortisation consistent with previous periods
5. Alumina Limited free cash flow is cash from operations less net investments in associates

Neither Alumina nor any other person warrants or guarantees the future performance of Alumina or any return on any investment made in Alumina securities. This document may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance and distributions, and statements regarding Alumina's future developments and the market outlook, are also forward-looking statements.

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina's Annual Report 2018. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

This presentation 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 or can be found in the Alumina Limited's ASX Half-Year Report for the period ended 30 June 2019.

Stephen Foster
Company Secretary

23 August 2019

FOR INVESTOR ENQUIRIES:

Charles Smitheram

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ASX HALF-YEAR PRELIMINARY FINAL REPORT

Alumina Limited

ABN 85 004 820 419

30 June 2019

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 31 December 2018 Annual Report.

ALUMINA LIMITED

Alumina Limited (the Company) is a leading Australian company listed on the Australian Securities Exchange (ASX).

The Company invests worldwide in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of Alcoa World Alumina and Chemical (AWAC). Alcoa Corporation (Alcoa) owns the remaining 60% of AWAC, and is the manager.

The ASX half-year report (interim report) covers the consolidated entity consisting of Alumina Limited and its subsidiaries (the Group). All financial data is presented in US dollars, unless otherwise specified.

CONTENTS

Results for Announcement to the Market

NET PROFIT/(LOSS)

		CHANGE	US$ MILLION
Revenue from continuing operations	Up	214%	2.2
Net profit from continuing operations after tax attributable to members of Alumina Limited	Down	26%	210.9
Net profit for the half-year attributable to members of Alumina Limited	Down	26%	210.9

DETAILS RELATING TO DIVIDENDS

	AMOUNT PER SHARE[1] US CENTS	TOTAL AMOUNT PAID/PAYABLE US$ MILLION
2018 Final dividend (paid 14 March 2019)	14.1	406.1
2019 Interim dividend (declared on 23 August 2019)	4.4	126.7

[1] All dividends are fully franked at 30% tax rate. Interim dividend amount has not been recognised as a liability as at 30 June 2019.

	INTERIM DIVIDEND DATE
Record date	29 August 2019
Payment date	12 September 2019

Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan remains suspended.

	A$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	YEAR ENDED 31 DECEMBER 2018
Franking Account Balance	371.8	473.2

NET TANGIBLE ASSET BACKING PER SECURITY

	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Net assets (US$ million)	1,944.4	2,079.1
Less equity accounted intangible assets:		
Goodwill (US$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US$ million)	68.5	70.0
Net tangible assets (US$ million)	1,700.1	1,833.3
Number of issued ordinary shares (including treasury shares)	2,879,843,498	2,879,843,498
Net tangible asset backing per ordinary security (US$)	**0.59**	**0.64**

SIGNIFICANT ITEMS AFFECTING NET PROFIT OR LOSS

The net profit/(loss) of Alumina Limited includes the Company's equity share of the half-year results of AWAC. The Company's net profit/(loss) was negatively affected by its equity share of net charges relating to significant items contained within AWAC's results. For further details refer to page 23.

Condensed Interim Consolidated 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 at the end of, or during, the half-year ended 30 June 2019.

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

W P Day (Chairman)
E R Stein
C Zeng
D O'Toole
J A Bevan

EXECUTIVE

M P Ferraro

PRINCIPAL ACTIVITIES

The principal activities of the Group is its 40 per cent interest in the series of operating entities forming the 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 results of AWAC and associated corporate activities.

The Group's half-year net profit after tax attributable to members of Alumina Limited was US$210.9 million (1H 2018: US$286.4 million).

For further information on the operations of the Group during the half-year ended 30 June 2019 and the results of these operations, refer to pages 18-26.

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 7.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. Amounts in this Directors' Report and Financial Report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument, except where otherwise required.

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

Mike Ferraro

MIKE FERRARO
Director
Melbourne
23 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Alumina Limited for the half-year ended 30 June 2019, 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.

JOHN O'DONOUGHUE
Partner
PricewaterhouseCoopers
23 August 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Revenue from continuing operations	2.2	0.7
Share of net profit of associates accounted for using the equity method	219.0	295.1
General and administrative expenses	(5.3)	(5.7)
Change in fair value of derivatives/foreign exchange losses	(0.7)	(0.5)
Finance costs	(4.3)	(3.2)
Profit before income tax	**210.9**	**286.4**
Income tax expense	**–**	–
Profit for the year attributable to the owners of Alumina Limited	**210.9**	**286.4**
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Share of reserve movements accounted for using the equity method	13.2	(22.3)
Foreign exchange translation difference	1.7	(155.3)
Items that will not be reclassified to profit or loss		
Re-measurements of retirement benefit obligations accounted for using the equity method	(10.6)	4.9
Other comprehensive income/(loss) for the year, net of tax	**4.3**	**(172.7)**
Total comprehensive income for the year attributable to the owners of Alumina Limited	**215.2**	**113.7**

EARNINGS PER SHARE (EPS)[1]

	US CENTS	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Basic EPS	Positive 7.3	Positive 9.9
Diluted EPS	Positive 7.3	Positive 9.9

[1] For further details refer to page 14.

CONSOLIDATED BALANCE SHEET

	US$ MILLION	
	30 JUNE 2019	31 DECEMBER 2018
CURRENT ASSETS		
Cash and cash equivalents	33.0	183.8
Other assets	1.9	1.1
Total current assets	**34.9**	**184.9**
NON-CURRENT ASSETS		
Investment in associates	2,018.8	2,060.2
Total non-current assets	**2,018.8**	**2,060.2**
TOTAL ASSETS	**2,053.7**	**2,245.1**
CURRENT LIABILITIES		
Payables	0.8	1.2
Borrowings	87.7	88.0
Derivative financial instruments	19.9	19.0
Provisions	0.3	0.2
Other liabilities	0.1	0.4
Total current liabilities	**108.8**	**108.8**
NON-CURRENT LIABILITIES		
Provisions	0.5	0.5
Total non-current liabilities	**0.5**	**0.5**
TOTAL LIABILITIES	**109.3**	**109.3**
NET ASSETS	**1,944.4**	**2,135.8**
EQUITY		
Contributed equity	2,682.9	2,682.9
Treasury shares	(1.4)	(1.2)
Reserves	(1,237.4)	(1,252.0)
Retained earnings	500.3	706.1
TOTAL EQUITY	**1,944.4**	**2,135.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	US$ MILLION			
	CONTRIBUTED EQUITY[1]	RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 1 January 2018	**2,682.0**	**(1,034.7)**	**586.7**	**2,234.0**
Profit/(loss) for the half-year	–	–	286.4	286.4
Other comprehensive income/(loss) for the half-year	–	(177.6)	4.9	(172.7)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(267.8)	(267.8)
Movement in treasury shares	(1.1)	–	–	(1.1)
Movement in share based payments reserve	–	0.3	–	0.3
Balance as at 30 June 2018	**2,680.9**	**(1,212.0)**	**610.2**	**2,079.1**
Balance as at 1 January 2019	**2,681.7**	**(1,252.0)**	**706.1**	**2,135.8**
Profit for the half-year	–	–	210.9	210.9
Other comprehensive income/(loss) for the half-year	–	14.9	(10.6)	4.3
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(406.1)	(406.1)
Movement in treasury shares	(0.2)	–	–	(0.2)
Movement in share based payments reserve	–	(0.3)	–	(0.3)
Balance as at 30 June 2019	**2,681.5**	**(1,237.4)**	**500.3**	**1,944.4**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(5.7)	(5.0)
GST refund received	0.3	0.2
Dividends received from associates	234.2	310.1
Distributions received from associates	-	0.1
Finance costs paid	(4.9)	(4.5)
Interest paid under cross currency interest rate swap	(2.4)	(2.7)
Interest received under cross currency interest rate swap	2.4	3.2
Other	1.7	0.8
Net cash inflow from operating activities	**225.6**	**302.2**
Cash flows from investing activities		
Payments for investments in associates	(20.8)	(68.8)
Proceeds from return of invested capital	52.1	34.5
Net cash (outflow)/inflow from investing activities	**31.3**	**(34.3)**
Cash flows from financing activities		
Proceeds from borrowings	60.0	40.0
Repayment of borrowings	(60.0)	(40.0)
Payment for shares acquired by the Alumina Employee Share Plan	(0.9)	(1.2)
Dividends paid	(406.1)	(267.8)
Net cash outflow from financing activities	**(407.0)**	**(269.0)**
Net increase/(decrease) in cash and cash equivalents	**(150.1)**	**(1.1)**
Cash and cash equivalents at the beginning of the half-year	183.8	40.0
Effects of exchange rate changes on cash and cash equivalents	(0.7)	(1.0)
Cash and cash equivalents at the end of the half-year	**33.0**	**37.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

This condensed Interim Consolidated Financial Report for the half-year ended 30 June 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed Interim Consolidated 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 2018 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, except for the adoption of new and amended standards as set out below.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of new or amended standards, such as AASB 16 *Leases* became applicable for the current reporting period.

The standards did not have any material impact on the Group's accounting policies and did not require current period or retrospective adjustments.

SEGMENT INFORMATION

Alumina Limited's sole business undertaking is in the global bauxite, alumina and aluminium industry, which it conducts primarily through bauxite mining and alumina refining. All of those business activities are conducted through its 40% investments in AWAC entities. Alumina Limited's equity interest in AWAC forms one reportable segment.

The equity interest in AWAC is represented by investments in a number of entities in different geographical locations.

HALF-YEAR ENDED 30 JUNE 2019	US$ MILLION			
	AUSTRALIA	BRAZIL	OTHER	TOTAL
Investments in Associates	1,144.1	622.8	251.9	2,018.8
Other Assets	20.6	14.1	0.2	34.9
Liabilities	(109.3)	–	–	(109.3)
Consolidated net assets	**1,055.4**	**636.9**	**252.1**	**1,944.4**

YEAR ENDED 31 DECEMBER 2018	US$ MILLION			
	AUSTRALIA	BRAZIL	OTHER	TOTAL
Investments in Associates	1,150.0	649.9	260.3	2,060.2
Other Assets	184.3	0.3	0.3	184.9
Liabilities	(109.3)	–	–	(109.3)
Consolidated net assets	**1,225.0**	**650.2**	**260.6**	**2,135.8**

RECONCILIATION OF CASH

	US$ MILLION	
	30 JUNE 2019	30 JUNE 2018
Reconciliation of cash at the end of the half-year (as shown in the consolidated statement of cash flows) as follows:		
Cash on hand and at bank	15.1	2.9
Money market deposits (with maturities on investment three months or less)	17.9	35.0
Total cash and cash equivalents at the end of the half-year	**33.0**	**37.9**

NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no non-cash financing and investing activities during the period.

INCOME TAX

Income tax expense is recognised based on an estimate of the weighted average effective annual income tax rate expected for the full financial year.

The significant majority of the Group's expected taxable income relates to Australian dividend income from the Group's investments in AWAC. Under Australian income tax law, the Group is entitled to reduce its tax payable by claiming credits (franking credits) in relation to Australian dividend income. This is to prevent double taxation, as Australian tax has been paid by Alcoa of Australia Limited (an AWAC entity) on its operating income.

Based on the above, the estimated average annual tax rate used for the half-year to 30 June 2019 is 0% (for the half-year to 30 June 2018: 0%).

DIVIDENDS

	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Dividends provided for or paid during half-year	406.1	267.8
Dividends not recognised at the end of the half-year	126.7	247.7

EQUITY SECURITIES ISSUED

There were no issues of ordinary shares during the half-years ended 30 June 2019 and 30 June 2018.

MOVEMENT IN TREASURY SHARES

Treasury shares are Alumina Limited shares held by the Alumina Employee Share Plan Trust for the purposes of issuing shares under the Alumina Employee Share Plan.

	NUMBER OF SHARES		US$	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Balance brought forward	689,267	700,445	1,247,997	906,873
Shares acquired by Alumina Employee Share Plan Pty Ltd	484,500	684,500	874,248	1,241,548
Employee performance rights vested	(409,519)	(122,164)	(735,895)	(155,781)
Total treasury shares	**764,248**	**1,262,781**	**1,386,350**	**1,992,640**

EARNINGS PER SHARE

	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Profit attributable to the ordinary equity holders of the Company in the calculation of basic and diluted EPS (US$ million)	210.9	286.4
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted EPS	2,879,193,892	2,878,735,085
Basic EPS (US cents)	**Positive 7.3**	**Positive 9.9**
Diluted EPS (US cents)	**Positive 7.3**	**Positive 9.9**

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN LOST OR GAINED

There was no loss or gain of control for the half-years ended 30 June 2019 and 30 June 2018.

MATERIAL INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			30 JUNE 2019	30 JUNE 2018
Alcoa of Australia Limited	Bauxite, alumina & aluminium production	Australia	40	40
Alcoa World Alumina LLC	Bauxite and alumina trading & production	America	40	40
Alumina Espanola S.A.	Alumina production	Spain	40	40
Alcoa World Alumina Brasil Ltda.	Bauxite and alumina production	Brazil	40	40
AWA Saudi Ltd.	Bauxite and alumina production	Hong Kong	40	40
Enterprise Partnership[1]	Finance lender	Australia	-	40

[1] The Enterprise Partnership was terminated on 31 July 2018

AWAC CONTRIBUTION TO NET PROFIT/(LOSS) OF ALUMINA LIMITED AND CONTROLLED ENTITIES

	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Revenues	2,807.3	3,189.6
Profit from continuing operations	549.3	739.6
Profit for the half-year[1]	**549.3**	**739.6**
Other comprehensive income/(loss) for the half-year	12.9	(429.3)
Total comprehensive income for the half-year	**562.2**	**310.3**
Group Share of profit for the half-year as a percentage	40%	40%
Group Share of profit for the half-year in dollars	219.7	295.8
Mineral rights and bauxite amortisation	(1.1)	(1.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.4	0.4
Share of profit from associate accounted for using equity method	**219.0**	**295.1**
Dividends and distributions received from AWAC[2]	**234.2**	**310.2**

[1] The profit for the half-years ended 30 June 2019 and 30 June 2018 include net charges relating to significant items that have affected AWAC's net profit after tax. For further details refer to the reconciliation on page 23.

[2] In addition to dividends and distributions, Alumina Limited also received $52.1 million being return of invested capital in 1H 2019 (1H 2018: $34.5 million).

BORROWINGS

	US$ MILLION	
	30 JUNE 2019	31 DECEMBER 2018
Bank loans	-	-
Fixed rate note	87.7	88.0
Total borrowings	**87.7**	**88.0**

Bank loans

In June 2019 Alumina Limited rolled over a tranche of the bank facility that was due to mature in July 2020 and established a new tranche under the same facility.

As a result, Alumina Limited now has a US$350 million syndicated bank facility with tranches maturing in October 2022 (US$100 million), July 2023 (US$150 million), and July 2024 (US$100 million).

As at 30 June 2019 there were no amounts drawn against the syndicated facility.

Fixed rate note

On 12 November 2014, Alumina Limited issued an A$125 million face value 5.5% fixed rate note (the “Note”) at a discount of A$0.7 million. The Note’s original maturity date was 19 November 2019. In accordance with the terms and conditions of the Note, the Company has elected to redeem it at an early date. The outstanding principal amount and interest accrued was repaid on 30 July 2019.

For further details, refer to the “Events occurring after the balance sheet date” note below.

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of financial instruments since the last Annual Financial Report.

To provide an indication about the reliability of the input used in determining the fair values, the Group has classified its financial instruments into three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	US$ MILLION			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
30 JUNE 2019				
Cross-currency interest rate swap (CCIRS AUD/USD)	–	19.9	–	19.9
Total financial liabilities at fair value through profit or loss	**–**	**19.9**	**–**	**19.9**
31 DECEMBER 2018				
Cross-currency interest rate swap (CCIRS AUD/USD)	–	19.0	–	19.0
Total financial liabilities at fair value through profit or loss	**–**	**19.0**	**–**	**19.0**

Level 1: Financial instruments traded in active markets (such as publicly traded derivatives, trading and available for sale securities) for which the fair value is based on quoted market prices at the end of the reporting period.

Level 2: Financial instruments that are not traded in an active market (for example, over the counter derivatives) for which the fair value is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not observable market data, the instrument is included in level 3.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On the 30th July 2019, as permitted under the terms and conditions of the Alumina Limited A$125 million Note, the Company redeemed the outstanding principal amount plus interest accrued to the 30 July 2019. There was no penalty incurred to redeem the Note early. The Company also terminated, by cash settlement, the CCIRS which was used to mitigate the currency and interest rate exposure in relation to the note. The total cash required to repay the Note and the CCIRS was equivalent to US$108.4 million plus accrued interest. The funds used to repay the Note and CCIRS were drawn down from an existing bank facility.

Refer to page 13 for dividends recommended by Directors since the end of the reporting period.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 8 to 15 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 2019 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.

Mike Ferraro

MIKE FERRARO
Director
Melbourne
23 August 2019

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 2019, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the Directors' declaration for the Alumina Limited Group. The Group 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 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 Half-Year Financial Report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 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.*

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:

1. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

JOHN O'DONOUGHUE
Partner
Melbourne
23 August 2019

PricewaterhouseCoopers, ABN 52 780 433 757

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Supplementary Appendix 4D Information

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION

Consolidated Financial statements of the Group prepared in accordance with Australian Accounting Standards (“AAS”) also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This supplementary information contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with the prior corresponding period 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.

The AWAC financial information presented has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

FORWARD LOOKING STATEMENTS

Neither Alumina Limited nor any other person warrants or guarantees the future performance of Alumina Limited or any return on any investment made in Alumina Limited securities. This supplementary information may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words “anticipate”, "aim", "believe", "expect", "project", “estimate”, "forecast", "intend", "likely", “should”, "could", "will", "may", "target", "plan” and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, the future financial position, performance, distributions, and statements regarding Alumina Limited’s future developments and the market outlook, are also forward-looking statements.

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina Limited and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina Limited's Annual Report 2018. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina Limited disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

ABOUT ALUMINA LIMITED

Alumina Limited is the 40% partner in the AWAC joint venture, whose assets comprise globally leading bauxite mines and alumina refineries in Australia, Brazil, Spain, USA, Saudi Arabia and Guinea. AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia.

The financial and distribution policies of both Alumina Limited and AWAC is to operate with modest financial leverage and to distribute free cash flows to shareholders. This provides the Company's shareholders with a look through to AWAC's underlying performance

REVIEW OF AWAC OPERATIONS

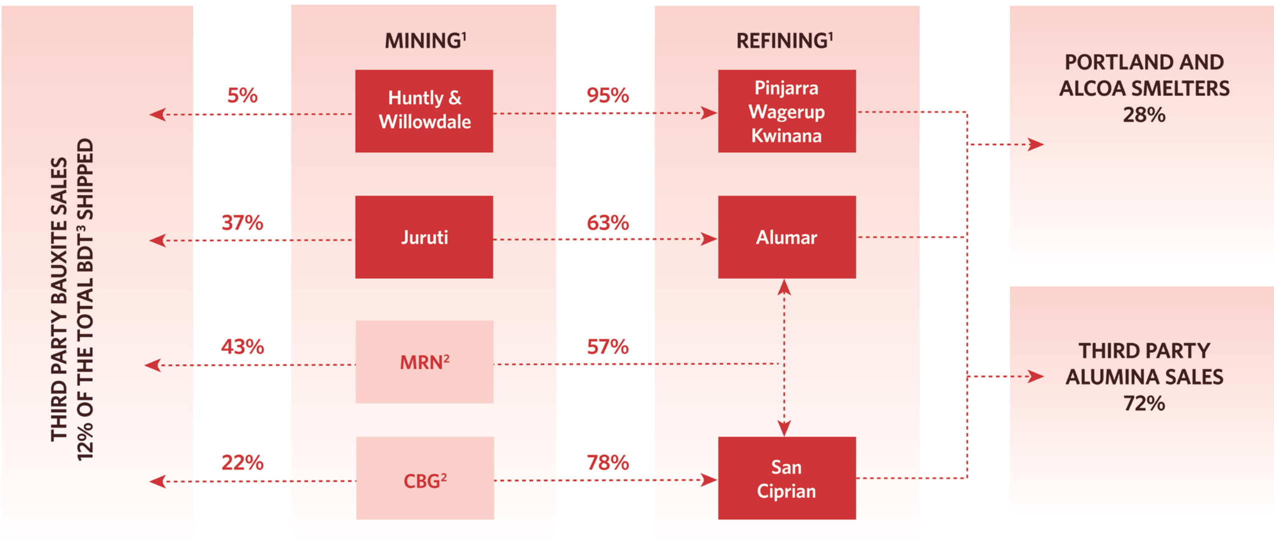
Since the beginning of this decade, AWAC has undergone business improvement and transformation, which have significantly increased the competitiveness of its portfolio of assets in a global market. The current refining portfolio is comprised mostly of tier one assets that allows AWAC to generate strong returns throughout the commodity cycle.

In addition to supplying its own refineries, AWAC's bauxite resources are sold to third party customers in both the Pacific and the Atlantic regions, providing AWAC with an additional earnings stream.

AWAC's 1H 2019 earnings and cash flows have been affected by lower alumina prices.

However, AWAC's low position on the cost curve and operational stability, continue to support strong cash flows and profitability even in a surplus alumina market.

DIAGRAM OF AWAC VALUE CHAIN



MINING HIGHLIGHTS:

- Huntly mine recorded a half yearly record due to creep
- Willowdale monthly production record in May

REFINING HIGHLIGHTS:

- 94% of smelter grade alumina shipments on a spot or index basis
- Ma'aden at 101% of nameplate capacity for 1H2019
- Platts FOB Australia averaged $388 per tonne (one month lag)

AWAC operated asset

Non-AWAC operated asset

[1]Excludes Al Ba'itha mine and Ras Al-Khair refinery [2]AWAC equity share
[3]Bone dry tonnes (BDT)

MINING

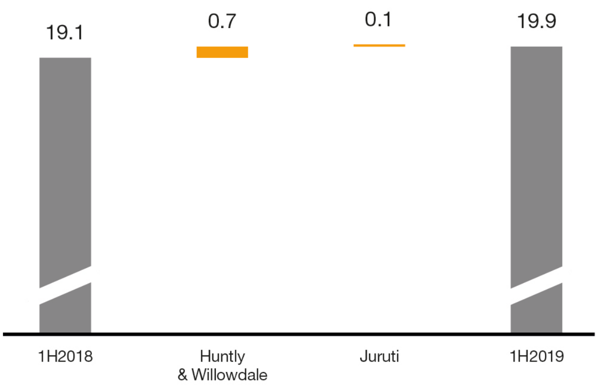
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018	CHANGE	CHANGE (%)
AWAC OPERATED MINES				
Production (million BDT)	19.9	19.1	0.8	4.2
Cash cost ($/BDT of bauxite produced)	10.5	11.7	(1.2)	(10.3)
NON-AWAC OPERATED MINES				
AWAC equity share of production (million BDT)[1]	2.0	2.2	(0.2)	(9.1)
THIRD PARTY SALES				
Shipments to third parties (million BDT)	2.7	2.6	0.1	3.8
Total third party revenue, inclusive of freight ($ million)[2]	119.6	122.9	(3.3)	(2.7)

1 AWAC bauxite purchases from Mineração Rio do Norte S.A. ("MRN") and Compagnie des Bauxites de Guinée (CBG) based on the terms of its bauxite supply contracts and are different from their proportional equity in those mines.
2 Includes freight revenue of $39.8 million for 1H 2019 (1H 2018: $28.7 million).

AWAC Operated Mines

AWAC operated mines increased production by 4%. The increase is attributable to production creep at the Huntly mine and a capacity increase to 6.5 million BDT per annum at the Juruti mine which was completed in 2H 2018.

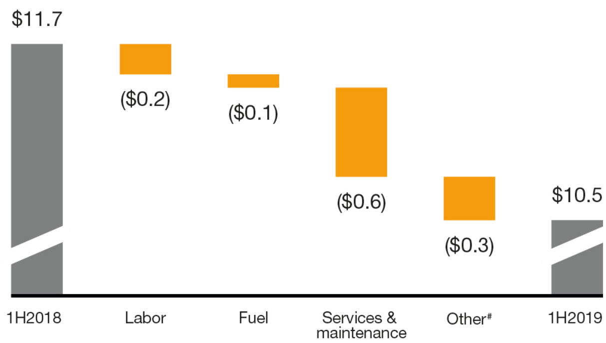
BAUXITE PRODUCTION: CHANGE BY MINE (MILLION BDT)



The production at Huntly was increased to meet a third party supply contract and accommodate higher production level at WA refineries. Juruti production was increased in order to counter the shortfall in the availability of bauxite from MRN for the Alumar refinery.

AWAC's cash cost per BDT of bauxite produced decreased by 10% to $10.5 per tonne, due to a decline in labor, fuel, services and maintenance. The stronger US dollar had a favourable effect on some of the drivers of the cash cost of bauxite produced.

CASH COST PER BDT OF BAUXITE PRODUCED^



 # Other includes energy, supplies, PAE, royalties and other
^ AWAC operated mines

Non-AWAC Operated Mines

AWAC's equity share of production at MRN and CBG mines decreased by 0.2 million BDT, or 9% compared to 1H 2018.

The CBG's production decreased due to the limited availability of some mine infrastructure during the ramp up of its expansion project. This resulted in AWAC's equity share of production decreasing by 0.1 million BDT to 1.5 million BDT. Once fully ramped up, the expansion will add an additional 1.1 million BDT to AWAC's share of production.

The production rate at the MRN mine in Brazil's was marginally down, resulting in a decrease of AWAC's equity share of production by 0.1 million BDT to 0.5 million BDT.

AWAC's equity accounted share of profit after tax derived from CBG and MRN was $13.2 million (1H 2018: $11.9 million).

Third Party Bauxite Sales

AWAC's shipments to third party customers increased by 4% to 2.7 million BDT, predominantly due to an increase in shipments from Huntly, partially offset by a decline in shipments from MRN and CBG.

Third party revenue declined by 3%, driven by a decrease in the average FOB realised price of bauxite.

Third party bauxite shipment expectations for 2019 remain unchanged at approximately 6.2 million BDT.

REFINING

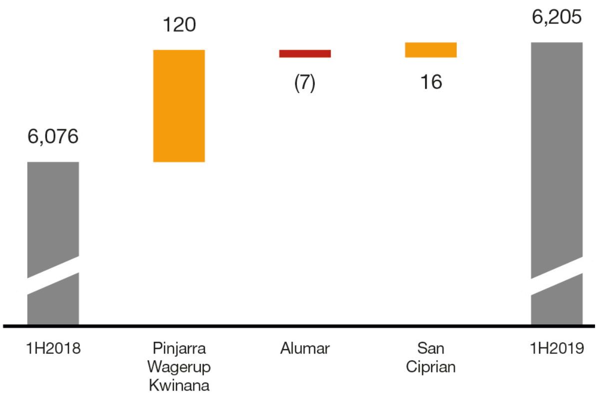
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018	CHANGE	CHANGE (%)
AWAC OPERATED REFINERIES				
Shipments (million tonnes)	6.3	6.5	(0.2)	(3.1)
Production (million tonnes)	6.2	6.1	0.1	1.6
Average realised alumina price ($/tonne)	375	424	(49)	(11.6)
Cash cost per tonne of alumina produced	218	224	(6)	(2.7)
Margin[1] ($/tonne)	157	200	(43)	(21.5)
SGA shipments on spot or index basis (%)	94	91	3	3.3
Platts FOB Australia - one month lag ($/tonne)	388	445	(57)	(12.8)
MA'ADEN JOINT VENTURE				
Production (million tonnes)	0.910	0.848	0.062	7
AWAC's share of production (million tonnes)	0.228	0.213	0.015	7

1 Calculated as average realised price less cash cost of production.

AWAC operated refineries

Production from AWAC operated refineries was 6.2 million tonnes, which is a first half-year production record for the current portfolio of assets.

ALUMINA PRODUCTION: CHANGE BY REFINERY (KT)



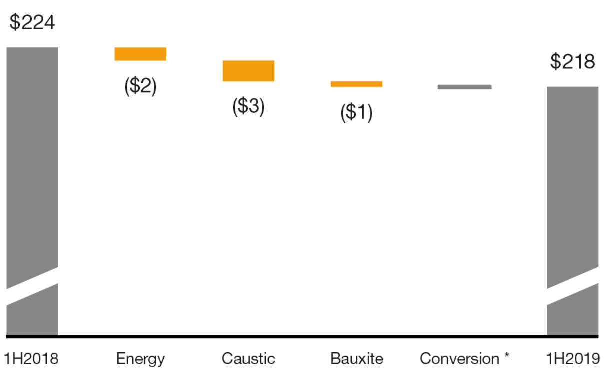
With improved operational stability, production increased at all locations except the Alumar refinery, where coal fired boilers are undergoing a major overhaul to increase steam generation and improve boiler reliability. The overhaul is expected to be completed by the end of 2019.

Scheduled maintenance activity is slightly skewed to the first half of the year and therefore it is expected that the production rate will be higher in 2H 2019. Our full-year production forecast of approximately 12.6 million tonnes remains unchanged.

Approximately 94% of AWAC's alumina shipments were priced on a spot or index basis and therefore its realised price was heavily influenced by the movement in the Alumina Price Index ("API"). The 13% decline in average API for 1H 2019 was primarily driven by the ramp up of Alunorte's production after its partial curtailment in 2018, and additional supply from other refineries. The 1H 2019 average realised price for AWAC was $375 per tonne, a decline of $49 per tonne compared to the previous corresponding period.

Average cash cost per tonne of alumina improved by 3% to $218 per tonne. Increased production and the strength of the US dollar had a favourable effect on the cash cost of production, especially at our WA refineries and mines, with energy and caustic input prices also lower for the half.

CASH COST PER TONNE OF ALUMINA PRODUCED ^



^ Includes the mining business unit at cost
* Conversion includes: employee costs, indirect costs and other raw material costs

Ma'aden Joint Venture

The Ma'aden refinery produced 0.9 million tonnes of alumina (AWAC's share was 0.2 million tonnes) representing a 7% improvement compared to 1H 2018. The refinery operated at 101% of nameplate capacity during 1H 2019.

The equity profit relating to the Ma'aden joint venture for AWAC was $15.1 million during 1H 2019 (1H 2018: $12.9 million equity profit). The improvement reflects a higher production rate and a lower cash cost of production, which was partially offset by lower realised prices.

PORTLAND

	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018	CHANGE	CHANGE (%)
AWAC'S 55% EQUITY SHARE				
Production (thousand tonnes)	80	82	(2)	(2.4)
LME aluminium cash - 15 day lag ($/tonne)	1,840	2,206	(366)	(16.6)
EBITDA ($ million)	(19.5)	(3.6)	(15.9)	(441.7)

Aluminium production decrease by 2.4% compared to 1H 2018.

The decline in earnings was primarily as a result of lower metal prices. This was partially offset by a lower cash cost of production due to lower alumina prices and energy costs.

AWAC FINANCIAL REVIEW

The decline in AWAC's net profit was largely as a result of lower realised alumina prices during 1H 2019, partially offset by lower charges for significant items, and improvements in the cash cost of production.

AWAC PROFIT AND LOSS (US GAAP)	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Net profit after tax	552.3	737.0
Add back: Income tax charge	254.7	320.4
Add back: Depreciation and amortisation	146.5	149.0
Add back: (Net interest income)/interest expense	(3.6)	1.6
EBITDA	**949.9**	**1,208.0**
Add back total significant items (pre-tax)	31.2	55.9
EBITDA excluding significant items	**981.1**	**1,263.9**

AWAC's net profit included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Suralco restructuring charges	(7.6)	(4.9)
Point Comfort restructure-related charges	(16.3)	(16.7)
Bauxite mining service contract final arbitration[1]	-	(29.0)
Other[2]	(7.3)	(5.3)
Total significant items (pre-tax)	**(31.2)**	**(55.9)**
Total significant items (after-tax)	**(28.9)**	**(54.4)**

[1] On December 16, 2016, Boskalis International B.V. (Boskalis) initiated a binding arbitration proceeding against Suriname Aluminum Company, LLC (Suralco), an AWAC company, seeking $47 million plus prejudgment interest and associated taxes in connection with a dispute arising under a contract for mining services in Suriname between Boskalis and Suralco. In February 2018, the arbitration hearing was held before a three-person panel. The panel awarded Boskalis $29 million, including prejudgment interest of $3 million. The award is final and cannot be appealed. The cash payment of $29 million to Boskalis was made on 6 June 2018.

[2] Other significant items include net charges related to Point Henry and Anglesea restructuring, severance and other payments.

AWAC BALANCE SHEET (US GAAP)	US$ MILLION	
	30 JUNE 2019	31 DECEMBER 2018
Cash and cash equivalents	459.6	740.3
Receivables	442.5	497.5
Inventories	562.1	565.4
Property, plant & equipment	3,356.3	3,317.2
Other assets	2,072.8	2,030.4
Total Assets	**6,893.3**	**7,150.8**
Short term borrowings	0.4	0.4
Accounts payable	617.5	623.9
Taxes payable and deferred	298.7	546.3
Capital lease obligations & long term debt	84.3	84.4
Other liabilities	1,103.5	1,028.4
Total Liabilities	**2,104.4**	**2,283.4**
Equity	**4,788.9**	**4,867.4**

The movement in the value of assets and liabilities includes the effect of the weaker Australian dollar against the US dollar as at 30 June 2019.

The decrease in average alumina prices and a tax payment in excess of $300 million relating to the prior period resulted in lower cash and cash equivalents as well as reduction in receivables and taxes payable balances respectively.

The increase in property, plant and equipment was mainly due to the Pinjarra press filtration construction, other capital projects, and capitalisation of operating leases following the adoption of the new accounting standard ASC 842 “Leases”.

Other assets increased mainly due to changes in the fair value of derivative assets associated with Portland’s hedging arrangements.

Other liabilities increased mainly due to an increase in operating lease liabilities following the adoption of the new accounting standard ASC 842 “Leases”.

AWAC CASH FLOW (US GAAP)	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Cash from operations	456.1	656.0
Capital contributions arising from the allocation agreement[1]	-	74.0
Capital contributions from partners	52.1	271.9
Net movement in borrowings	-	55.9
Capital expenditure	(73.6)	(97.6)
Proceeds from sale of assets	0.1	6.7
Effects of exchange rate changes on cash and cash equivalents	(0.2)	(34.5)
Cash flow before distributions	**434.5**	**932.4**
Distributions paid to partners	(715.2)	(961.4)
Net change in cash and cash equivalents	**(280.7)**	**(29.0)**

[1] Contributions by Alcoa in accordance with the allocation agreement with Alumina Limited whereby Alcoa assumes an additional 25% equity share relating to the Alba settlement payment and costs.

Cash from operations in 1H 2019 decreased primarily due to lower average realised alumina prices. Consequently, gross distributions paid to partners decreased to $715.2 million (1H 2018: $961.4 million). Cash from operations in 1H 2018 included a one off $29 million payment relating to the arbitration settlement of Suralco's mining services contract and final payment for the Alba settlement of $74 million.

In 1H 2019, sustaining capital expenditure was $61.2 million (1H 2018: $84.1 million). The 1H 2018 expenditure was higher as the Pinjarra press filtration facility was being built. With construction completed in 1H 2019, the facility is expected to be commissioned during 2H 2019.

Sustaining capital expenditure is forecast to be $155 million for 2019, with the most significant expenditure relating to residue storage areas, completion of press filtration facility and planning for Willowdale's mine crusher move.

Growth capital expenditure was $12.5 million (1H 2018: $13.5 million).

Growth capital expenditure is forecast to be $55 million for 2019, down by $55 million from our previous guidance largely due to delays in the evaluation of the WA refineries growth opportunities. We expect a decision in relation to these projects to be made in 1H 2020.

Other growth projects in progress include debottlenecking and boiler upgrade at Alumar refinery.

ALUMINA LIMITED FINANCIAL REVIEW

ALUMINA LIMITED PROFIT AND LOSS	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Share of net profit of associates accounted for using the equity method	219.0	295.1
General and administrative expenses	(5.3)	(5.7)
Finance costs	(4.3)	(3.2)
Foreign exchange losses, tax and other	1.5	0.2
Profit/(loss) for the year after tax	**210.9**	**286.4**
Add back total significant items after tax	8.6	19.4
Net profit after tax excluding significant items	**219.5**	**305.8**

SIGNIFICANT ITEMS (IFRS, AFTER-TAX)	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Suralco restructuring charges	(1.5)	(0.6)
Point Comfort restructure-related charges	(6.5)	(6.7)
Bauxite mining service contract final arbitration	-	(11.6)
Other[1]	(0.6)	(0.5)
Total significant items	**(8.6)**	**(19.4)**

[1] Other significant items include net charges related to Point Henry and Anglesea restructuring, severance and other payments.

Alumina Limited recorded a net profit after tax of $210.9 million (1H 2018: $286.4 million).

The decrease in net profit was due to AWAC's lower average realised alumina price partially offset by AWAC's lower production costs, and lower net charges for significant items.

Excluding significant items, net profit would have been $219.5 million (1H 2018: $305.8 million).

1H 2019 general and administrative expenses, excluding the benefit of weaker Australian dollar, were largely in line with 1H 2018.

The Company's finance costs in 1H 2019 included $1.3 million of charges relating to the renegotiation of the syndicated bank facility.

The Company's finance costs in 1H 2018 included a benefit of $0.6m associated with changes in the fixed interest rate note's coupon rate, which were triggered by changes in the credit rating of Alumina Limited.

Adjusting for these items, 1H 2019 finance costs were lower than 1H 2018 reflecting a lower coupon rate for the fixed interest rate bond and a lower level of drawn facilities throughout the year.

ALUMINA LIMITED BALANCE SHEET	US$ MILLION	
	30 JUNE 2019	31 DECEMBER 2018
Cash and cash equivalents	33.0	183.8
Investment in associates	2,018.8	2,060.2
Other assets	1.9	1.1
Total assets	**2,053.7**	**2,245.1**
Payables	0.8	1.2
Interest bearing liabilities – current	87.7	88.0
Other liabilities	20.8	20.1
Total Liabilities	**109.3**	**109.3**
Net Assets	**1,944.4**	**2,135.8**

The decrease in investments in associates was due to a decline in AWAC's profit, and high distributions to the shareholders in 1Q 2019 relating to 2018 performance.

Alumina Limited's net debt as at 30 June 2019 was $54.7 million and gearing of 2.7%

As at 30 June 2019, Alumina Limited had an A$125 million Note on issue with original maturity date of 19 November 2019. The Note is converted to US dollar equivalent at half-year exchange rate and is classified as a current liability.

As at 30 June 2019 current liabilities of $108.8 million exceed current assets of $34.9 million. However, on 30 July 2019, as permitted under the terms and conditions of the Note, the Company redeemed all outstanding principal and interest accrued to date.

The Company has also early terminated, by cash settlement, the CCIRS which was used to mitigate the currency and interest rate exposure in relation to the Note. The fair value of CCIRS is included in other liabilities as at 30 June 2019.

The funds used to repay the Note and CCIRS were drawn down from an existing syndicated bank facility tranche maturing 30 July 2023. The $350 million facility was fully undrawn as at 30 June 2019.

ALUMINA LIMITED CASH FLOW	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Dividends and distributions received	234.2	310.2
Net finance costs paid	(4.9)	(4.0)
Payments to suppliers and employees	(5.7)	(5.0)
GST refund, interest received & other	2.0	1.0
Cash from operations	**225.6**	**302.2**
Receipts – capital return from associates	52.1	34.6
Payments – investments in associates	(20.8)	(68.9)
Free cash flow[1]	**256.9**	**267.9**

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

Alumina Limited's dividend policy is to distribute free cash received right up until the date of the dividend declaration whilst taking into consideration its capital structure, any capital requirements for AWAC and market conditions.

Net receipts from AWAC totalled $265.5 million (1H 2018: $275.9 million), of which $193.6m (1H 2018: $198.0 million) was included in the 2018 final dividend paid on 14 March 2019.

Contributions to AWAC in 2019 were mainly to support one AWAC entity's purchases of alumina on a spot basis from other AWAC entities in order to meet the former's long term customer supply commitments which are on different pricing mechanisms.

Since 30 June 2019, AWAC has announced an additional $66.0 million of net distributions (1H 2018: $180.7 million), which are included in the Company's 4.4 cents per share 2019 interim dividend to be paid on 12 September 2019.

The lower dividend is driven by the reduction in distributions received from AWAC resulting from lower average alumina prices and a payment of $338 million relating to prior period taxes.

MARKET OUTLOOK AND GUIDANCE

ALUMINIUM

Primary aluminium demand outside China for the first half of 2019 was adversely affected by a downturn in automotive and manufacturing activity, exports of Chinese semi-finished products and a higher availability of scrap aluminium. Chinese aluminium demand expanded by around 1.6%, resulting in a slight global contraction in the first half. Global primary aluminium production fell slightly to just under 32 million tonnes over the first half of 2019, according to the International Aluminium Institute.

LME aluminium prices continued to trend lower over the first half, leading to a reduction in expected smelter restarts and expansions. On-going trade tensions between the U.S. and China continue to affect sentiment. Also, in China, lower aluminium prices suppressed the forecast extra aluminium production under the capacity replacement program and potential re-starts of idled capacity.

Despite the lower price environment, there has been a recent improvement in smelting profitability driven by lower alumina costs and carbon prices.

Whilst scrap availability and Chinese semi-finished products are expected to continue to weigh on primary aluminium demand into the second half, modest positive demand growth is expected over 2019 of between 1 and 2%.

Outside China, primary aluminium production during the second half of 2019 is forecast to increase over the first half, with restarts at Albras (Brazil), ABI (Canada) and production ramps at Alba (Bahrain), Rusal (Russia) and Vedanta (India), exceeding lower production in Spain, Bosnia and Venezuela. Chinese aluminium production is forecast to grow by around 1% over 2019, 5% in 2020 and nearly 3% in 2021, within the capacity replacement program constraints. However, as construction and curtailments can be undertaken much quicker in China than elsewhere, any material aluminium prices changes could impact the expected production growth.

Over the longer term, aluminium demand is forecast to continue to grow through economic expansion and increasing intensity of use. In developed countries this is expected through more stringent environmental requirements to reduce emissions and waste and increase efficiency, leading for example to greater lightweighting of transport. In developing countries, such as India, aluminium demand growth is expected through greater urbanisation with more infrastructure and construction.

ALUMINA

Over the first half of 2019, the alumina price indices ranged between $418 and $321 per tonne and averaged $375. This compares to the 2018 range of between $357 and $710 per tonne and average of approximately $473. The lower prices were driven by both supply and demand factors.

As expected, full alumina production resumed at the 50% curtailed Alunorte refinery in Brazil, production at the Friguia refinery in Guinea continued to ramp-up after being re-started last year and the Al Taweelah greenfields refinery in the United Arab Emirates produced its first alumina in 2019.There was also greater than forecast production from refineries in India and Jamaica. A key reason for the current alumina surplus outside China is the slower than expected production growth in aluminium driven by lower aluminium prices and demand.

During the first half, alumina production in China reduced due to curtailment following bauxite residue disposal issues at some refineries, although the interruption proved relatively short-lived.

The alumina price indices are spot price assessments, so they broadly reflect spot market fundamentals. Following the end of the first half, alumina prices have continued to track lower. There is currently an alumina surplus in the Atlantic which has led to the return of a discount to the Pacific alumina price. The lower than expected aluminium production and the growing alumina supply are likely to keep downward pressure on alumina prices.

In China, domestic alumina prices have fallen to average around RMB2,500/t towards the end of July. This had an impact on Australian prices falling below $300/t due to an alumina surplus outside China. It is possible that the Chinese price could continue to fall, although at around RMB2,400/t curtailments would be likely at higher cost Chinese refineries, as would the bringing forward of major maintenance programs, both of which would reduce alumina production and be expected to halt the price decline.

According to Chinese Customs data, in 2018, China exported 1.46 million tonnes of alumina and imported only 0.51 million tonnes of alumina. By contrast, over the first half of 2019, China imported 330,000 tonnes of alumina and exported only 181,000 tonnes (mostly early in the year). Over 2019, China is forecast to return to being a net importer of alumina, after being a net exporter in 2018 due to the extreme supply disruptions outside China.

Towards the end of 2019, there are again likely to be Winter heating season related cuts to alumina and aluminium production, although they are not expected to be significant, mainly due to curtailments resulting from lower prices and forced closures due to environmental compliance audits. Whilst a modest alumina surplus is forecast in China this year, over the medium to longer term it is still expected that China will be broadly balanced in alumina, on the basis of the Chinese Government's supply-side reform focus and its environmental and cleaner energy goals. This is likely to ensure that, over the long term, over-capacity does not re-emerge in the industry. It remains to be seen whether the greater focus by Chinese authorities on the safety of bauxite residue dams and water quality, particularly following the incidents in the first half of 2019, will lead to further supply disruptions. Outside China, greenfields alumina refinery projects continue to be challenged by high construction costs and the distance between favourable energy sources and good quality bauxite.

Alumina Limited forecasts a small alumina surplus outside China in 2019 which would be likely to be exported to China.

BAUXITE

China's total bauxite imports reached 54 million tonnes over the first half of 2019, compared with nearly 83 million tonnes in total over 2018. Third party bauxite continues to be well-supplied globally and this is expected to continue into 2020. Predominantly supply to China is expected to continue to come from Guinea and Australia. Indonesia remains the third largest bauxite supplier to China, consistently exporting over 1 million tonnes per month. China currently imports around 40% of its bauxite needs, up from around 25% five years ago and this is expected to increase to over 75% within the next five years.

In the first half of 2019 the Chinese imported bauxite price on a value-in-use adjusted basis has ranged from \$49.50/dmt to \$55.10/dmt, with a weighted average of \$52.30/dmt. There has been increasing usage of imported bauxite by Chinese inland refineries. In the first half of 2019, seven refineries either completed high temperature to low temperature conversion or installed sweetening "add-ons" – these lines are now using imported (low temperature) bauxite to produce alumina. Freight cost increases and logistical impacts are expected in the fourth quarter of 2019 and into 2020, due to new rules regulating sulphur content in fuels (MARPOL IMO 2020).

Given the expected on-going ample supply of bauxite, particularly from Guinea and Australia and to a lesser extent Indonesia, prices are likely to remain under pressure this year.

AWAC GUIDANCE

The following 2019 guidance is provided to assist the understanding of the sensitivity of AWAC results to key external factors. The guidance cannot be expected to be predictive of exact results; rather it provides direction and approximate quantum of the impact on AWAC results. 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	2019 GUIDANCE
Production – alumina	Approximately 12.6 million tonnes
Production – aluminium	Approximately 165,000 tonnes
Third party bauxite sales	Approximately 6.2 million BD tonnes
Alumina Price Index sensitivity[1]: +\$10/t	Approximately +\$110 million EBITDA
Caustic price sensitivity[2]: +\$100/dry metric tonne	Approximately -\$90 million EBITDA
Australian \$ Sensitivity: + 1¢ USD/AUD	Approximately -\$25 million EBITDA
Brazilian \$ Sensitivity: + 1¢ BRL/USD	Minimal impact
SGA shipments expected to be based on alumina price indices or spot	Approximately 94% for the year
AWAC sustaining capital expenditure	Approximately \$155 million
AWAC growth capital expenditure	Approximately \$55 million
AWAC Point Comfort after tax restructuring[3] Charges (IFRS) Cash Flows	 Approximately \$40 million Approximately \$40 million
AWAC Suralco after tax restructuring[3] Charges (IFRS) Cash Flows	 Approximately \$10 million Approximately \$30 million
AWAC Point Henry and Anglesea after tax restructuring[3] Charges (IFRS) Cash Flows	 Approximately \$5 million Approximately \$20 million

1 Excludes equity accounted income/losses for the Ma'aden joint venture.

2 Caustic inventory flow is 5-6 months.

3 Ongoing costs will be recognised in future financial years relating to the curtailments and closures.

Extract from AWAC's Unaudited Combined Financial Statements

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION

AWAC financial information has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

AWAC PROFIT & LOSS

	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Sales	1,985.3	2,273.2
Sales to related parties	822.0	916.4
Total revenue	**2,807.3**	**3,189.6**
Cost of goods sold	1,809.4	1,969.5
Selling, general administrative, and research and development expenses	52.5	49.6
Provision for depreciation, depletion and amortisation	146.5	149.0
Restructuring and other expenses/(income)	(8.1)	(35.9)
Total expenses	**2,000.3**	**2,132.2**
Net profit before income taxes	**807.0**	**1,057.4**
Provision for taxes on income	254.7	320.4
Net profit after taxes	**552.3**	**737.0**
Members' equity		
Opening balance at start of period	**4,867.4**	**5,450.5**
Net profit	552.3	737.0
Capital contribution	52.1	345.9
Dividends paid and return of capital to partners	(715.2)	(961.4)
Common stock issued for compensation plans	2.5	2.3
Other comprehensive income/(loss)	29.8	(482.4)
Closing balance at end of period	**4,788.9**	**5,091.9**

AWAC BALANCE SHEET

	US$ MILLION	
	30 JUNE 2019	31 DECEMBER 2018
Current assets		
Cash and cash equivalents	459.6	740.3
Receivables	442.5	497.5
Inventories	562.1	565.4
Prepaid expenses and other current assets	149.9	136.0
Total current assets	**1,614.1**	**1,939.2**
Non-current assets		
Property, plant and equipment	3,356.3	3,317.2
Investments	463.4	433.6
Other assets and deferred charges	1,459.5	1,460.8
Total non-current assets	**5,279.2**	**5,211.6**
Total assets	**6,893.3**	**7,150.8**
Current liabilities		
Short term borrowings	0.4	0.4
Accounts payable	617.5	623.9
Taxes payable	115.4	365.7
Accrued compensation and retirement costs	187.1	175.6
Other current liabilities	211.9	180.9
Total current liabilities	**1,132.3**	**1,346.5**
Non-current liabilities		
Capital lease obligations and long term debt	84.3	84.4
Deferred income taxes	183.3	180.6
Other long term liabilities	704.5	671.9
Total non-current liabilities	**972.1**	**936.9**
Total liabilities	**2,104.4**	**2,383.4**
Net assets	**4,788.9**	**4,867.4**
Equity		
Members' equity	7,016.9	7,125.2
Accumulated other comprehensive loss	(2,228.0)	(2,257.8)
Total members' equity	**4,788.9**	**4,867.4**

AWAC STATEMENT OF CASH FLOWS

	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
Cash flows from operations		
Net profit	552.3	737.0
Adjustments to reconcile net income to cash from operations		
Depreciation, depletion and amortisation	146.5	149.0
Other items[1]	(242.7)	(230.0)
Cash provided from operations	**456.1**	**656.0**
Cash flows from financing activities		
Dividends paid and return of capital to partners	(715.2)	(961.4)
Net change in debt	-	55.9
Capital contributions	52.1	345.9
Cash used for financing activities	**(663.1)**	**(559.6)**
Cash flows from investing activities		
Capital expenditures	(73.6)	(97.6)
Other items	0.1	6.7
Cash (used)/provided from investing activities	**(73.5)**	**(90.9)**
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(34.5)
Cash generated/(used)	**(280.7)**	**(29.0)**
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	740.3	631.9
Cash and cash equivalents at the end of the period	459.6	602.9
Net change in cash and cash equivalents	**(280.7)**	**(29.0)**

[1] Other items consists of net movement in working capital and other non-current assets and liabilities.

RECONCILIATION OF AWAC'S US GAAP TO IFRS PROFIT

	US$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2018
AWAC profit before tax (US GAAP)	**807.0**	**1,057.4**
Adjustments made to align with IFRS		
Derivatives	1.3	2.6
Asset Retirement Obligations and Defined Benefits Plans	(8.2)	(8.8)
Other	1.3	9.9
AWAC profit before tax (IFRS)	**801.4**	**1,061.1**
AWAC provision for taxes on income (USGAAP)	**(254.7)**	**(320.4)**
Adjustments made to align with IFRS	2.6	(1.1)
AWAC provision for taxes on income (IFRS)	**(252.1)**	**(321.5)**
AWAC profit before tax (IFRS)	801.4	1,061.1
AWAC provision for taxes on income (IFRS)	(252.1)	(321.5)
AWAC profit after tax (IFRS)	**549.3**	**739.6**