



CALTEX AUSTRALIA LIMITED
ACN 004 201 307

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SYDNEY NSW 2000 AUSTRALIA

29 September 2010

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
2010 HALF YEAR REVIEW – SHAREHOLDER REPORT

The *2010 Half Year Review* for Caltex Australia Limited (Caltex) is a summary report to shareholders for the half year ended 30 June 2010. The shareholder report is attached for release under ASX Listing Rule 3.17 and follows the release of Caltex's 2010 half year results to the ASX on 23 August 2010.

The *2010 Half Year Review* is being mailed to shareholders who have elected to receive a printed copy of annual reports. The shareholder report will also be available from our website (www.caltex.com.au).

Caltex announcements, including the 2010 half year results announcement, are also available from the Caltex website (www.caltex.com.au).

A notice is also being mailed to shareholders who have previously elected to receive a printed copy of annual reports to select from a range of options for receiving Caltex's annual reports. This notice is also attached for release under ASX Listing Rule 3.17.



Helen Conway
Company Secretary

Contact number: (02) 9250 5281 / 0412 828 018

Attach.



AN AUSTRALIAN STORY

2010 HALF YEAR REVIEW

KEY POINTS

- ❖ First half RCOP¹ of \$163 million, before significant items²
- ❖ Exchange rate volatility had negative impact
- ❖ Strong Marketing performance underpins result
- ❖ Refining reliability continued to improve, major planned maintenance completed
- ❖ Key infrastructure projects progressing well
- ❖ Cost and capital efficiency initiatives delivering benefits
- ❖ Interim dividend of 30 cents per share (fully franked)

KEY PERFORMANCE INDICATORS

Half Year Ended 30 June	2010	2009
Profit before interest and tax (\$m)		
– Replacement cost basis (including significant items)	240	433
– Replacement cost basis (excluding significant items)	261	433
– Historical cost basis (including significant items)	230	526
– Historical cost basis (excluding significant items)	250	526
Profit after interest and tax (\$m)		
– Replacement cost basis (including significant items)	149	298
– Replacement cost basis (excluding significant items)	163	298
– Historical cost basis (including significant items)	141	362
– Historical cost basis (excluding significant items)	155	362
Inventory (losses)/gains before tax (\$m)	(11)	93
Basic earnings per share (cents)		
– Replacement cost basis (excluding significant items)	60.3	110.2
– Historical cost basis (including significant items)	52.3	134.2
Return on equity attributable to members of the parent entity after tax, annualised (%)		
– Replacement cost basis (excluding significant items)	11	20
– Historical cost basis (including significant items)	9	25
Net tangible asset backing per share (\$)	10.76	10.60
Net debt (\$m)	576	560
Gearing (net debt to net debt plus equity) (%)		
lease adjusted	21	23



Caltex is pleased to report that in the first half of 2010 the business delivered solid results in a volatile environment. Strong Marketing sales, improving Refining reliability, continued progress on Supply and Distribution projects and solid work across Corporate all contributed to a sound result.

The after tax profit for the first half of 2010, excluding significant items, was \$163 million on a replacement cost of sales operating profit (RCOP) basis. This compares with \$298 million for the first half of 2009 (which had no significant items). The favourable externalities experienced in the first half of 2009 were not repeated in 2010 and the 2010 result was also impacted by major planned maintenance at both refineries.

EXCHANGE RATE VOLATILITY HAD NEGATIVE IMPACT

In the first half of 2010, Singapore refiner margins were stronger than expected due to the weakness in the Tapis crude price relative to other crudes. However, the higher average Australian dollar during the period, compared with the same period in 2009, resulted in a lower Caltex Refiner Margin³. The Caltex Refiner Margin for the period averaged 6.79 Australian cents per litre, a decrease of 15% over the first half of 2009. The fall in the Australian dollar towards the end of the period resulted in a net foreign exchange loss on US dollar payables for the half of \$36 million, compared with a net gain of \$75 million in the same period in 2009.

Given the significant ongoing exchange rate volatility, the Board has decided to implement a policy of hedging 50% of Caltex's \$US crude and product payables exposure (after applying natural hedges) with effect from 1 July 2010.

STRONG MARKETING PERFORMANCE UNDERPINS RESULT

Marketing continued to deliver strong results in the first half of 2010, achieving a 31% increase in earnings before interest and tax (EBIT) over the prior corresponding period. Total transport fuel sales volumes grew by 3.6%, total diesel sales increased by over 5% and jet fuel volumes increased by nearly 15%, well in excess of market growth. While overall petrol sales were down about 1%, broadly in line with the market, we continued to see growth in premium petrol and E10 sales volumes. Finished lubricants growth was outstanding with new supply contracts in the mining sector and the establishment of key relationships in the automotive sector.

REPORT FROM OUR CHAIRMAN AND MANAGING DIRECTOR & CEO

The lubricants team achieved a market share of more than 20% in May 2010, putting Caltex second in the market.

REFINING RELIABILITY CONTINUED TO IMPROVE, MAJOR PLANNED MAINTENANCE COMPLETED

Refinery reliability continued to improve. However, production volumes declined in the first half of 2010, compared to 2009, due to major planned maintenance at Kurnell and a total plant shutdown at Lytton which occurs once every five to eight years. This planned maintenance was completed successfully and overall production of petrol, diesel and jet fuel was 4.3 billion litres, compared with 5.1 billion litres in the first half of 2009.

KEY INFRASTRUCTURE PROJECTS PROGRESSING WELL

Construction is progressing well on two additional diesel tanks in Mackay and Gladstone. These additional tanks will enhance Caltex's efficiency and reliability while meeting the growth that is occurring in the mining industry in Queensland. In addition, construction of two new large diesel tanks in Port Hedland commenced in September 2010. When completed in late 2011, Caltex will be transformed from being a relatively small player in that region to one where we can take a leading role in supplying fuel and lubricants to the iron ore and natural gas developments in the north west. Caltex has also committed to doubling the capacity of our pipeline servicing Sydney's domestic and international aviation industry, supporting the growth of our jet fuel business and offering pipeline capacity to other fuel suppliers at Sydney Airport.

COST AND CAPITAL EFFICIENCY INITIATIVES DELIVERING BENEFITS

Cost and efficiency initiatives ('Project Catalyst') have begun to deliver with savings of \$12 million already achieved. This has been delivered through restructures in Corporate and Marketing, and through the commencement of the Refining Improvement Initiative announced in February 2010.

INTERIM DIVIDEND

The Board declared an interim dividend of 30 cents per share (fully franked) for the first half of 2010. Caltex remains committed to a conservative balance sheet and will continue to focus on good cash management.

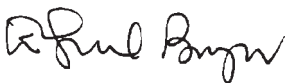
REPORT FROM OUR CHAIRMAN AND MANAGING DIRECTOR & CEO

BBB+/STABLE CREDIT RATING AFFIRMED

Prudent fiscal management has maintained the strong balance sheet with Caltex's credit rating recently affirmed as BBB+/Stable, for the 6th year in a row. Caltex has the highest credit rating of any independent refiner globally.

ONGOING STRATEGY

Caltex will continue to focus on strengthening our culture and operational and capital efficiency to ensure we have a solid base from which to grow. This will enable us to further bolster our position as the leading transport fuel supplier and convenience retailer in Australia, providing shareholder value through earnings growth.



Elizabeth Bryan
Chairman



Julian Segal
Managing Director & CEO

This 2010 Half Year Review has been prepared as at 23 August 2010.

NOTES

- 1 The replacement cost of sales operating profit (RCOP) excludes the impact of the fall or rise in oil prices (a key external factor) and presents a clearer picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of contract based revenue lags.
 - 2 Significant items of \$20 million (\$14 million after tax) comprised largely of redundancies related to restructuring and efficiency initiatives.
 - 3 The Caltex Refiner Margin (CRM) represents the difference between the cost of importing a standard Caltex basket of products to Eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents: average Singapore refiner margin + product quality premium +/- crude discount/(premium) + product freight – crude freight – yield loss.
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INDICATIVE FINANCIAL CALENDAR*

21 February 2011	Full year results and final dividend announcement
8 March 2011	Record date for any final dividend entitlement
29 March 2011	Final dividend payable if declared
21 April 2011	Annual General Meeting

*These dates are subject to change.

CORPORATE DIRECTORY

Caltex Australia Limited

ACN 004 201 307

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Facsimile: 03 9473 5000

Website: www.computershare.com

FRONT COVER: DAVID COOPER

With over 15 years in Caltex and a stint with Ampol early in his career, David has seen the progress made by Caltex in strengthening and expanding its supply and distribution capabilities. As the Project Manager, Distribution, in Mackay, David has been involved in the infrastructure development projects in Mackay and Gladstone.



Caltex Australia Limited
ABN 40 004 201 307

Update your information:

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Securityholder Reference Number (SRN)

For your security keep your SRN/HIN confidential

CONNECTING WITH CALTEX

IT'S YOUR CHOICE

Earlier this year we sent you both an Annual Report and an Annual Review. The Annual Report is a statutory document containing all the information required by the Corporations Act. The Annual Review is a smaller document containing a message from the Chairman and CEO and Managing Director and a summary of Caltex's operations and financial performance.

For the coming financial year, we would like to give you a choice.

If you do nothing – you will continue to receive both the Annual Report and the Annual Review.

If you would like to opt out of receiving one or both of the documents, you can do so below.

HOW DO I MAKE MY CHOICE?

❖ Option 1

Do nothing.

If you do not respond, you will continue receiving the Annual Report and Annual Review by post.

❖ Option 2

Select one of the options below

if you want to:

- only receive a copy of the Annual Report
- only receive a copy of the Annual Review
- no longer receive a copy of either the Annual Report or the Annual Review
- receive notifications when the reports are available online

If you elect Option 1, you will continue to receive both the Annual Report and the Annual Review

If you elect Option 2, and want to change what you are currently receiving, please nominate your choice below and return it in the reply-paid envelope enclosed, or call 1300 850 505, or visit the share registry website www.computershare.com

Please select your preferred option:

- ☐ I ONLY want to receive a copy of the Annual Report
- ☐ I ONLY want to receive a copy of the Annual Review
- ☐ I do NOT want to receive a copy of either the Annual Report or Annual Review
- ☐ Please notify me by email (to the address currently registered with Computershare) when the reports are available online

If your reporting preferences change at a later date, please call the share registry, Computershare on 1300 850 505, or send this form in the enclosed reply-paid envelope.