



CALTEX AUSTRALIA LIMITED
ACN 004 201 307

LEVEL 24, 2 MARKET STREET
SYDNEY NSW 2000 AUSTRALIA

22 August 2011

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
2011 HALF YEAR RESULTS FOR ANNOUNCEMENT TO THE MARKET
2011 HALF YEAR REPORT AND 2011 HALF YEAR FINANCIAL REPORT

Caltex Australia Limited attaches the *2011 Half Year Report* for the half year ended 30 June 2011 for immediate release to the market.

The *2011 Half Year Report* includes the information set out in Appendix 4D (under ASX Listing Rule 4.2A) and incorporates the *2011 Half Year Financial Report* (under the *Corporations Act*).

The *2011 Half Year Report* (including the *2011 Half Year Financial Report*) should be read in conjunction with Caltex's *2010 Financial Report*.



Peter Lim
Company Secretary

Contact number: (02) 9250 5562 / 0414 815 732

Attach.

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2011 HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF YEAR INFORMATION GIVEN TO THE ASX
UNDER LISTING RULE 4.2A

THE 2011 HALF YEAR REPORT SHOULD BE READ IN
CONJUNCTION WITH THE 2010 FINANCIAL REPORT



CALTEX

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LEVEL 24, 2 MARKET STREET
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Results for Announcement to the Market

Key Results (Millions of dollars)			Half year ended 30 June	
			2011	2010
Revenues from ordinary activities	↑	21%	10,997	9,126
Profit from ordinary activities after tax/net profit for the period attributable to members:				
Historical cost basis	↑	91%	270	141
Replacement cost basis ¹	↓	24%	113	149

Dividend	2011	2010
Dividends declared:		
Interim dividend:		
- Amount per security (fully franked)	17¢	30¢
Final dividend		
- Amount per security (fully franked)	N/A	30¢
Record date for determining entitlement to 2011 interim dividend	6 September 2011	
Date 2011 interim dividend is payable	27 September 2011	

Comments

- On an historical cost profit basis (including inventory gains), Caltex's after tax profit was \$270 million for the first half of 2011 compared with \$141 million for the first half of 2010 (which included \$14 million significant items)². This result includes product and crude oil inventory gains of approximately \$157 million after tax due to the significant rise in the crude price through the half, compared with product and crude oil inventory losses of approximately \$8 million after tax for the first half of 2010, when the crude price was more stable. The cash benefit of the inventory gain was somewhat offset by higher working capital requirements from the higher crude cost.
- On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was \$113 million for the first half of 2011. This compares with \$163 million for the first half of 2010 (excluding significant items).
- The difference between the 2010 and 2011 result is largely attributable to operational disruptions that negatively impacted production levels, and the impact of abnormal and challenging externalities.
- The average US dollar Caltex Refiner Margin³ fell from US\$9.67 in the first half of 2010 to US\$7.82 for the first half of 2011 as the events in Libya and Japan negatively impacted the light-heavy crude oil price spread and the Dated Brent benchmark prices. Dated Brent benchmark prices rose from an average of US\$77.28 in the first half of 2010 to an average of US\$111.16 in the first half of 2011. Strong competition for light sweet crudes in the region and West Africa also meant that premiums (US\$2.72 on average) over the Dated Brent benchmark were required to secure crude supply.
- In addition, the Australian dollar was 16% higher on average in the first half of 2011 when compared with the first half of 2010, rising to record levels since the float of the dollar in 1983 and negatively impacting the Caltex Refiner Margin earnings by approximately \$36 million before tax, compared with the first half of 2010. This was partially offset by realised exchange gains on crude and product payables after hedging impacts in 2011 of \$14 million before tax.
- Transport fuels production was up 8.5% (on the first half of 2010), although lower than expected due to the negative impact of unplanned outages, extension of planned maintenance, and extreme weather events that affected production. The impacts of the lower than planned refinery availability were exacerbated by the prompt purchase of high-cost import cargoes required to replace lost local production. The lost opportunity cost from the lower refinery availability is estimated to be approximately \$50 million.
- Marketing continued to deliver strong results in the first half of 2011, with total fuel volumes up 4.3% compared to the first half of 2010. This result was underpinned by continued growth in commercial diesel, jet, retail and premium fuels. Finished lubricants growth was excellent with volumes up over 14% when compared with the first half of 2010.
- Prudent fiscal management has maintained the strong balance sheet. However, net debt at 30 June 2011 has increased to \$675 million, as working capital requirements have increased in line with the higher average cost of crude.
- The Board declared an interim dividend of 17 cents per share fully franked.

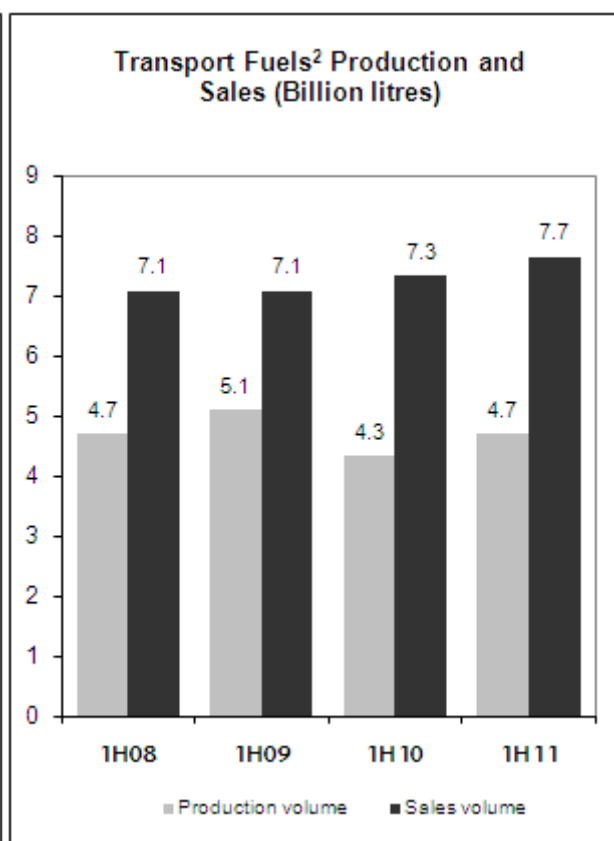
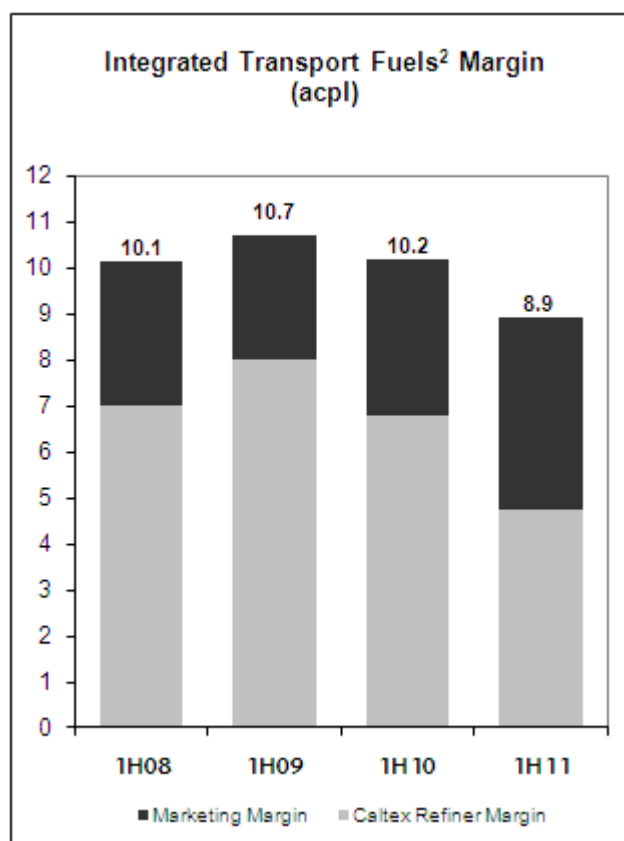
¹ The replacement cost of sales operating profit (RCOP) excludes the impact of the fall or rise in oil prices (a key external factor) and presents a clearer picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of contract based revenue lags.

² In 1H10, 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.

Key Performance Indicators

	Half year ended 30 June				
	2011	2010	2009	2008	2007
Profit before interest and tax (\$m)					
- Historical cost basis (including significant items) ¹	416	230	526	528	550
- Historical cost basis (excluding significant items)	416	250	526	528	550
- Replacement cost basis (including significant items)	193	240	433	302	445
- Replacement cost basis (excluding significant items)	193	261	433	302	445
Profit after interest and tax (\$m)					
- Historical cost basis (including significant items)	270	141	362	354	368
- Historical cost basis (excluding significant items)	270	155	362	354	368
- Replacement cost basis (including significant items)	113	149	298	196	294
- Replacement cost basis (excluding significant items)	113	163	298	196	294
Inventory gains/(losses) before tax (\$m)	224	(11)	93	226	105
Basic earnings per share (cents)					
- Historical cost basis (including significant items)	99.9	52.3	134.2	131.3	136.2
- Replacement cost basis (excluding significant items)	41.9	60.3	110.2	72.7	108.9
Return on equity attributable to members of the parent entity after tax, annualised (%)					
- Historical cost basis (including significant items)	17	9	25	23	28
- Replacement cost basis (excluding significant items)	7	11	20	13	22
Net tangible asset backing per share (\$)	11.73	10.76	10.60	11.05	9.68
Net debt (\$m)	675	576	560	645	490
Gearing (net debt to net debt plus equity) (%)	17	16	16	17	15



¹ In 1H10, significant items of \$20 million (\$14 million after tax) comprised largely redundancies related to restructuring and efficiency initiatives.

² Transport fuels comprise petrol, diesel and jet.

Income statement for the half year ended 30 June 2011

Millions of dollars	2011	2010
1 Total revenue ¹	10,997	9,126
2 Total expenses ²	(10,804)	(8,886)
3 Replacement cost EBIT	193	240
Finance income	1	1
Finance expenses	(36)	(29)
4 Net finance costs	(35)	(28)
Income tax expense	(45)	(63)
Replacement cost profit (RCOP)	113	149
5 Inventory gain/(loss) – after tax	157	(8)
Historical cost net profit after tax	270	141
6 Interim dividend per share	17c	30c
Final dividend per share	N/A	30c
Basic earnings per share		
- Historical cost	99.9c	52.3c
- Replacement cost	41.9c	55.1c

Discussion and Analysis

1 Total revenue  21%	Total revenue increased primarily due to: - the impact of the higher average crude prices. Brent increased from an average of US\$77/bbl in 1H10 to an average of US\$111/bbl in 1H11. This US dollar increase was partially offset by the rising AUD in 1H11; and - higher transport fuels sales volumes than prior year.
2 Total expenses – replacement cost basis  22%	Total expenses increased as a result of higher cost of sales, reflecting primarily higher crude oil prices as discussed above.
3 Replacement cost EBIT including significant items  20%	On a replacement cost of sales operating profit (RCOP) basis, Caltex's before tax profit was \$193 million for the first half of 2011. This compares with \$240 million for the first half of 2010 (excluding significant items). The difference between the 2010 and 2011 result is largely attributable to operational disruptions that negatively impacted production levels, and the impact of abnormal and challenging externalities.

¹ Total revenue includes revenue from sale of goods, net foreign exchange gains and other income however excludes interest revenue.

² Excludes interest expense, inventory gains/(losses).

Discussion and Analysis cont'd

RCOP EBIT breakdown¹

Caltex refiner margin (CRM) \$230m	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 basically represents: average Singapore refiner margin + product quality premium + crude discount / (premium) + product freight – crude freight – yield loss. USD CRM was lower in the first half of 2011 at US\$7.82/bbl compared with US\$9.67/bbl for the first half of 2010. In AUD terms the Caltex refiner margin was A4.76 cents per litre for the first half of 2011, down from A6.79 cents per litre in the same period in 2010 driven by the lower USD margin and the higher average AUD in 2011. CRM sales from production volumes were higher than 1H10 (1H11: 4.8 billion litres vs. 1H10: 4.5 billion litres) largely due to total refinery production in the first half of 2010 being affected by planned refinery shutdown activity (total production 1H11: 5.2 billion litres vs. 1H10: 4.7 billion litres). However the level of production was reduced by unplanned outages, extension of planned maintenance, and extreme weather events.
Transport fuels marketing margin \$317m	Transport fuels comprise petrol, diesel and jet. The transport fuels marketing margin is based on the average net margin over Import Parity Price in Australia. Overall transportation fuel sales were up 4.3%, underpinned by growth in commercial diesel, jet and premium fuel sales. This result was underpinned by continued growth in commercial diesel, jet, retail and premium fuels. Retail premium gasoline sales increased from 18% to 22% of the total gasoline sales pool, while premium diesel sales share of Caltex's growing retail diesel sales increased from 23% to 44%. Total diesel sales have increased by more than 9%. Caltex continues to see overall gasoline sales trending down by about 1% per annum, broadly in line with the market. Within that, however, there continues to be substantial growth in premium petrol and E10 sales volumes. Jet fuel volumes increased by nearly 7%, underpinned by a strong and growing customer base.
Lubricants and specialties margin \$57m	Lubricants and specialties products include finished lubricants, base oils, liquified petroleum gas, petrochemicals, bitumen, wax and marine fuels. The finished lubricants business continued its success of last year with sales volumes up by more than 14%, and market share up by 2.9% to 22%. However, specialty products were in decline as sales volumes and margins came under pressure due to competitive forces, and weather impacting demand. In addition, the Specialties contribution was impacted by our decision to cease manufacture and sales of base oils as a result of the planned CLOR closure.
Non fuel income \$90m	Non fuel income includes convenience store income, franchise income, royalties, property, plant and equipment rentals, StarCard income and share of profits from non controlled equity distributors. Non fuel income has increased by 14% due to the mix of earnings from Caltex's new franchise agreements and the higher fuel prices improved earnings from StarCard.
Operating expenses (\$492m)	Operating expenses in this caption include Refining and Supply, Marketing, Corporate and other operating expenditure. This year for the first time costs for the purchase of natural gas and steam has moved to operating expenses (previously it was treated in the cost of goods sold). This has had the effect of appearing to increase operating expenses while the offsetting benefit of improved yield loss (due to the sale of LPG) is realised in production volumes. The cost of steam and natural gas purchases was \$25 million for the first half of 2011. Operating expenses, excluding depreciation and natural gas and steam costs, are up \$33 million. Marketing operating expense increases includes an increase in other non-cash remediation provisions and doubtful debts, repairs and maintenance expenses relating to the impact of the floods in the first quarter of 2011. Refining operating expense increases are largely associated with market-driven labour cost increases and increased maintenance expenses due to the unplanned outages. Depreciation and amortisation is up \$8 million on the first half of 2010 as the continued investment in retail store upgrades, infrastructure and the major planned maintenance at Lytton in 2010 flows through.
Other (\$9m)	Other includes foreign exchange impacts, loss on disposal of assets and pipeline and charter revenue.
Total RCOP EBIT \$193m	

¹ The breakdown of RCOP shown here represents a management reporting view of the breakdown and as such individual components may not reconcile to statutory accounts.
All numbers above are rounded to the nearest million dollars.

Discussion and Analysis cont'd

4 Net finance costs ↑ 25%	Net finance costs increased \$7 million compared to 1H10. Approximately \$5 million of the increase reflects the higher net debt and increased interest rates compared to 1H10. Also, included in 1H11 finance costs is an unfavourable impact of \$2 million relating to discounting of long-term payables and receivables as a result of changes in the predicted spending pattern of long term payables.
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5 Inventory gain after tax ↑ \$165m	Regional crude oil prices increased significantly during 1H11, averaging US\$114.04/bbl in the month of June 2011 compared with US\$91.36/bbl in December 2010. This resulted in net inventory gains of \$224 million (\$157 million after tax) compared with the lower net movement in crude oil prices in 1H10 which resulted in net inventory losses of \$11 million (\$8 million after tax).
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6 Interim dividend	The Board declared an interim fully franked dividend of \$45.9 million or 17 cents per share. The dividends have a franking credit of 100%. The record date is 6 September 2011, with the dividend payable on 27 September 2011.
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Balance Sheet

as at 30 June 2011

Millions of dollars	June 2011	December 2010	change
1 Working capital	1,071	769	302
2 Property, plant and equipment (PP&E)	2,937	2,896	41
3 Net debt	(675)	(544)	(131)
4 Other non-current assets and liabilities	(71)	(38)	(33)
Total equity	3,262	3,083	179

Discussion and Analysis

1 Working capital  \$302m	The increase in working capital is primarily due to: • Higher inventory values as a result of the net of higher crude prices and a stronger Australian dollar, slightly offset by lower finished inventory volumes due to inventory stocks being depleted as a result of production issues at the refineries during 1H11; and • Higher crude and product prices, net of a stronger Australian dollar, impacting receivables; Partly offset by: • Higher crude payables reflecting the higher crude price in June 2011 and additional imports required in 1H11 as a result of refinery production issues requiring imports to cover lost production.
2 PP&E  \$41m	The increase in property, plant and equipment is due to: • Capital expenditure and accruals, including major cyclical maintenance, of \$151 million; Partly offset by: • Depreciation of \$103 million; and • Net disposals of \$7 million.
3 Net debt  \$131m	Net debt increased to \$675 million at 30 June 2011, an increase of \$131 million from 31 December 2010 due to higher working capital requirements primarily as a result of higher crude prices, net of a higher Australian dollar. As a result, Caltex's gearing at 30 June 2011 (net debt to net debt plus equity) was 17.1%, increasing from 15.0% at 31 December 2010. On a lease-adjusted basis, gearing at 30 June 2011 was 23.0% compared with 21.3% at 31 December 2010.
4 Other non-current assets and liabilities  \$33m	Other non-current liabilities have increased primarily due to an increase in provisions of \$19 million and deferred tax liabilities of \$20 million. Provisions increased primarily due to an increase in superannuation liabilities due to the change in the discount rate. The deferred tax asset represents temporary timing differences between the accounting and tax treatment of transactions.

Cash Flows

for the half year ended 30 June 2011

	Millions of dollars	2011	2010	change
1	Receipts from customers	12,440	10,469	1,971
2	Payments to suppliers and employees	(9,710)	(7,923)	(1,787)
3	Payments for excise	(2,466)	(2,378)	(88)
	Finance costs paid	(34)	(29)	(5)
4	Tax and other activities	(123)	(23)	(100)
	Net operating cash inflows	107	116	(9)
	Purchases of property, plant and equipment (PP&E) and major cyclical maintenance	(153)	(139)	(14)
	Other investing cash flows	(1)	(2)	1
	Net investing cash outflows	(154)	(141)	(13)
	Dividends paid	(81)	(68)	(13)
	Other financing cash inflows	149	114	35
5	Net financing cash inflows	68	46	22
	Net increase in cash held	21	21	-

Discussion and Analysis

1 Receipts from customers ↑ \$1,971m	Receipts from customers increased primarily due to: - the impact of the higher crude and product prices; and - higher transport fuels sales volumes than 1H10.
2 Payments to suppliers & employees ↑ \$1,787m	Payments to suppliers increased as a result of higher cost of sales, reflecting primarily higher crude oil prices, and working capital movements.
3 Payments for excise ↑ \$88m	Increased excise payments are a result of increased sales volumes in 1H11 compared to 1H10. The 3.7% increase in excise payments is in line with the percentage increase in transport fuels sales volumes.
4 Tax and other activities ↑ \$100m	The increase in tax and other outflows is largely due to higher tax payments in 1H11. 1H11 includes income tax payments of \$124 million compared to income tax payments of \$26 million in 1H10.
5 Net financing cash inflows ↑ \$22m	Net financing cash inflows increased due to higher net borrowings of \$35 million in 1H11 compared to 1H10, reflecting the higher average debt and working capital requirements as a result of higher crude prices in 2011.

2011 HALF YEAR FINANCIAL REPORT

FOR

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

The 2011 Half Year Financial Report for Caltex Australia Limited includes the:

- Directors' Report
- Directors' Declaration
- Independent Review Report
- Half Year Financial Statements

for the half year ended 30 June 2011

Caltex Australia Group

For the purposes of this report, the Caltex Australia Group refers to:

- Caltex Australia Limited, which is the parent company of the Caltex Australia Group and is listed on the Australian Securities Exchange (ASX)
- our major operating companies, including Caltex Australia Petroleum Pty Ltd, Caltex Refineries (NSW) Pty Ltd, Caltex Refineries (Qld) Pty Ltd, Caltex Petroleum Services Pty Ltd and Calstores Pty Ltd
- a number of wholly owned entities and other companies that are controlled by the Group

Please note that terms such as Caltex and Caltex Australia have the same meaning in this report as the Caltex Australia Group, unless the context requires otherwise.

*THE 2011 HALF YEAR FINANCIAL REPORT SHOULD BE READ IN
CONJUNCTION WITH THE 2010 FINANCIAL REPORT*

Directors' Report

Introduction

The Board of Caltex Australia Limited presents the 2011 Half Year Directors' Report and the 2011 Half Year Financial Report for Caltex Australia Limited and its controlled entities (the Caltex Australia Group) for the half year ended 30 June 2011. An Independent Review Report from KPMG, Caltex's external auditor, is also provided.

Board of Directors

The Board of Caltex Australia Limited comprises Ms Elizabeth Bryan (Chairman), Mr Julian Segal (Managing Director & CEO), Mr Trevor Bourne, Mr Brant Fish, Mr Greig Gailey, Mr Timothy (Tim) Leveille, Mr Walter (Walt) Szopiak and Mr John Thorn.

Ms Colleen Jones-Cervantes serves as alternate director for each of Mr Fish, Mr Leveille and Mr Szopiak.

There have not been any changes to the composition of the Board since 1 January 2011.

Board profiles

Ms Elizabeth Bryan	Chairman (Non-executive/Independent)
Date of appointment - director:	18 July 2002
Date of appointment - Chairman:	1 October 2007
Board committees:	Nomination Committee (Chairman) and attends meetings of the Audit Committee, Human Resources Committee and OHS & Environmental Risk Committee in an ex-officio capacity

Elizabeth brings management, strategic and financial expertise to the Caltex Board. She has over 30 years of experience in the financial services industry, government policy and administration, and on the boards of companies and statutory organisations. Prior to becoming a professional director, she served for six years as Managing Director of Deutsche Asset Management and its predecessor organisation, NSW State Superannuation Investment and Management Corporation.

Elizabeth is a director of Westpac Banking Corporation (appointed November 2006). She was previously the Chairman of UniSuper (January 2007 to June 2011) where she served as a director from January 2002.

Elizabeth holds a Bachelor of Arts (Economics) from the Australian National University and a Master of Arts (Economics) from the University of Hawaii (US).

Mr Julian Segal	Managing Director & CEO
Date of appointment:	1 July 2009

Julian is responsible for overseeing the day-to-day operations of the Caltex Australia Group and brings extensive commercial and management experience to Caltex.

Julian joined Caltex from Incitec Pivot Limited, a leading global chemicals company, where he served as the Managing Director & CEO from June 2005 to May 2009. Prior to Incitec Pivot, Julian spent six years at Orica in a number of senior management positions, including Manager of Strategic Market Planning, General Manager – Australia/Asia Mining Services, and Senior Vice President – Marketing for Orica Mining Services.

Julian holds a Bachelor of Science (Chemical Engineering) from the Israel Institute of Technology and a Master of Business Administration from the Macquarie Graduate School of Management.

Julian is the Chairman of the Australian Institute of Petroleum Limited (appointed as a director from July 2009).

Directors' Report continued

Board profiles (continued)

Mr Trevor Bourne	Director (Non-executive/Independent)
Date of appointment:	2 March 2006
Board committees:	OHS & Environmental Risk Committee (Chairman), Audit Committee and Nomination Committee

Trevor brings broad management experience in industrial and capital intensive industries, and a background in engineering and supply chain, to the Board. From 1999 to 2003, he served as CEO of Tenix Investments. Prior to Tenix, Trevor spent 15 years at Brambles Industries, including six years as Managing Director of Brambles Australasia. He has also previously worked for Incitec Pivot and BHP.

Trevor is the Chairman of Hastie Group Limited (where he has served as a director since February 2005) and a director of Origin Energy Limited (appointed February 2000). He was previously a director of Coates Hire Limited (February 2004 to January 2008) and Lighting Corporation Limited (February 2004 to January 2008).

Trevor holds a Bachelor of Mechanical Engineering from the University of New South Wales and a Master of Business Administration from the University of Newcastle.

Mr Brant Fish	Director (Non-executive)
Date of appointment:	27 July 2006
Board committees:	Human Resources Committee and Nomination Committee

Brant brings significant downstream oil industry experience to the Board, particularly in the areas of supply chain, refining and marketing. He currently serves as the Global Vice President of Joint Ventures & Affiliates for Chevron International Products. Brant is based in Singapore. He was previously the General Manager of Supply Chain Optimization – Asia Pacific for Chevron U.S.A. Inc., with accountability for overall Chevron Downstream earnings in Asia Pacific – from refinery crude supply to a consumer or export sale.

Brant holds a Bachelor of Science (Mechanical Engineering) from the University of Florida (US).

Brant previously served as an alternate director of Caltex Australia Limited (April 2005 to July 2006).

Mr Greig Gailey	Director (Non-executive/Independent)
Date of appointment:	11 December 2007
Board committees:	Human Resources Committee (Chairman), Audit Committee, Nomination Committee and OHS & Environmental Risk Committee

Greig brings extensive Australian and international oil industry experience, and a management background in industrial and capital intensive industries, to the Board. From 1964 to 1998, he worked at British Petroleum Company (BP) where he held various positions throughout Australia and offshore, including management of refining, supply and distribution in Australia and Europe.

Greig was subsequently appointed CEO of Fletcher Challenge Energy (New Zealand), a position he held from 1998 to 2001. In August 2001, he joined Pasminco Limited as CEO. Pasminco was transformed and relisted as Zinifex Limited on the ASX in April 2004, and Greig became Managing Director & CEO of Zinifex Limited from that date until standing down in June 2007. He is Chairman of the Board of Trustees of the Energy & Minerals Institute at the University of Western Australia and a director of the Australian Davos Connection Limited and the Victorian Opera Company Limited.

Greig holds a Bachelor of Economics from the University of Queensland.

Directors' Report continued

Board profiles (continued)

Mr Timothy (Tim) Leveille	Director (Non-executive)
Date of appointment:	1 December 2010
Board committees:	Nomination Committee

Tim brings considerable oil industry and financial management experience to the Board. He is the Assistant Treasurer – OpCo Support & Intercompany Funding at Chevron Corporation and is responsible for providing worldwide treasury support for Chevron operating companies, strategic business units, joint ventures and affiliates, including new business opportunities, asset sales and entities requiring external financing. Tim was appointed to this role in August 2011, and previously served as the Senior Director – International Finance in Chevron's Corporate Treasury. Since joining Chevron in 1987, his experience has encompassed a range of financial management roles across a number of Chevron companies in the US and internationally. He is based in the US.

Tim is a licensed Certified Public Accountant (US) and holds a Bachelor of Science (Accounting and Computer Science) from Boston College (US) and a Master of Business Administration (Finance and International Markets) from Columbia University (US).

Mr Walter (Walt) Szopiak	Director (Non-executive)
Date of appointment:	1 September 2010
Board committees:	Nomination Committee and OHS & Environmental Risk Committee

Walt brings considerable oil industry and operations management knowledge and experience to the Board. He currently serves as the General Manager – Manufacturing & Supply for Chevron Oronite, Asia Pacific and is responsible for the manufacturing and supply activities for Chevron Oronite's additives business in the Asia Pacific region. He was previously the General Manager – Manufacturing Business Development for Chevron Global Manufacturing before being appointed to his current role in May 2010. Walt has worked for Chevron for over 25 years and has served in a range of technical and operations management and supply chain optimisation roles. He is based in Singapore.

Walt holds a Bachelor of Science (Chemical Engineering) from Virginia Polytechnic Institute (US).

Walt previously served as an alternate director of Caltex Australia Limited (April 2009 to August 2010).

Mr John Thorn	Director (Non-executive/Independent)
Date of appointment:	2 June 2004
Board committees:	Audit Committee (Chairman), Human Resources Committee and Nomination Committee

John brings expertise to the Board in accounting and financial services, business advisory, risk and general management. He has over 37 years of professional experience with PricewaterhouseCoopers, where he was a partner from 1982 to 2003, and was responsible for major international and local companies. During this period, he served as the Managing Partner of PricewaterhouseCoopers' Assurance and Business Advisory Service practice from 1998 to 2001. He was the National Managing Partner of PricewaterhouseCoopers until 2003.

John is a director of Amcor Limited (appointed December 2004), National Australia Bank Limited (appointed October 2003) and Salmat Limited (appointed September 2003).

John is a Fellow of the Institute of Chartered Accountants in Australia.

Directors' Report continued

Board profiles (continued)

Ms Colleen Jones-Cervantes Alternate director	
Date of appointment:	1 September 2010 for Mr Brant Fish and Mr Walt Szopiak and 1 December 2010 for Mr Tim Leveille

Colleen currently serves as Chevron's Vice President – Product Supply & Trading and has global responsibility for the supply of non-crude oil feedstocks to Chevron's refining system, refined products supply and trading, marine fuels marketing and biofuels supply and trading. Her organisation operates from four trading hubs in London, Singapore, the US gulf coast and the US west coast and provides coverage to all of Chevron's downstream geography. Colleen is based in the US. She was previously the Vice President of Global Marketing for the Asia Pacific region and was based in Singapore.

Colleen holds a Bachelor of Science (Mechanical Engineering) from Michigan Technological University (US).

Colleen previously served as a non-executive director of Caltex Australia Limited (June 2008 to August 2010) and as an alternate director of Caltex Australia Limited (July 2006 to May 2008).

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Review of Results and Operations

General Overview

On an historical cost profit basis (including inventory gains), Caltex's after tax profit was \$270 million for the first half of 2011 compared with \$141 million for the first half of 2010 (which included \$14 million significant items). This result includes product and crude oil inventory gains of approximately \$157 million after tax due to the significant rise in the crude price through the half, compared with product and crude oil inventory losses of approximately \$8 million after tax for the first half of 2010, when the crude price was more stable. The cash benefit of the inventory gain was somewhat offset by higher working capital requirements from the higher crude cost.

Replacement cost operating profit

On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was \$113 million for the first half of 2011. This compares with \$163 million for the first half of 2010 (excluding significant items). The difference between the 2010 and 2011 result is largely attributable to operational disruptions that negatively impacted production levels, and the impact of abnormal and challenging externalities.

Strong Marketing performance continues

Marketing continued to deliver strong results in the first half of 2011, with total fuel volumes up 4.3% compared to the first half of 2010. This result was underpinned by continued growth in commercial diesel, jet, retail and premium fuels. Finished lubricants growth was excellent with volumes up by 14% when compared with the first half of 2010.

US dollar Caltex Refiner Margin was negatively impacted by events in Libya and Japan.

The average US dollar Caltex Refiner Margin fell from US\$9.67 in the first half of 2010 to US\$7.82 for the first half of 2011 as the events in Libya and Japan negatively impacted the light-heavy crude oil price spread and the Dated Brent benchmark prices. Dated Brent benchmark prices rose from an average of US\$77.28 in the first half of 2010 to an average of US\$111.16 in the first half of 2011. Strong competition for light sweet crudes in the region and West Africa also meant that premiums (US\$2.72 on average) over the Dated Brent benchmark were required to secure crude supply.

The light-heavy spread averaged approximately US\$5.70/bbl in the first half of 2011, compared with a long term average spread of US\$3/bbl. The spread was US\$8.95/bbl higher than the first half of 2010, reflecting the significant discounting of the APPI Tapis benchmark during the first half of 2010 and the higher than normal Dated Brent¹ – Dubai light-heavy spread during the first half of 2011 compressing Caltex's Refiner Margin.

¹The relevant light sweet crude marker for Caltex changed from APPI Tapis to Dated Brent effective 1 January 2011.

The higher average crude price also negatively impacted the Caltex Refiner Margin due to the higher yield loss impact and increased crude-gas price differential.

Record Australian dollar negatively impacts Refiner Margin

In addition, the Australian dollar was 16% higher on average in the first half of 2011 when compared with the first half of 2010, rising to record levels since the float of the dollar in 1983 and negatively impacting the Caltex Refiner Margin earnings by approximately \$36 million before tax, compared with the first half of 2010. This was partially offset by realised exchange gains on crude and product payables after hedging impacts in 2011 of \$14 million before tax.

Lower than planned refinery availability

Transport fuels production was up 8.5% (on the first half of 2010), although lower than expected due to the negative impact of unplanned outages, extension of planned maintenance, and extreme weather events that affected production. The impacts of the lower than planned refinery availability were exacerbated by the prompt purchase of high-cost import cargoes required to replace lost local production. The lost opportunity cost from the lower refinery availability is estimated to be approximately \$50 million.

Subsequent to 30 June 2011, as part of the Refining Improvement Initiative, Caltex has decided to outsource some of its in-house maintenance activities at its Kurnell and Lytton refineries. A provision of approximately \$7 million after tax for associated retrenchment costs will be recognised in the second half of 2011.

BBB+/stable credit rating affirmed

Prudent fiscal management has maintained the strong balance sheet. However, net debt at 30 June 2011 has increased to \$675 million, from \$544 million at 31 December 2010, as working capital requirements have increased in line with the higher average cost of crude.

Dividends Declared

The Board is pleased to announce it has declared an interim dividend of 17 cents per share (fully franked) for the first half of 2011.

Caltex remains committed to a conservative balance sheet and will continue to focus on good cash management.

Significant Events after Balance Date

No items, transactions or events of a material or unusual nature that, in the opinion of the Board, are likely to significantly affect the operations of Caltex, the results of those operations or the state of affairs of the group in subsequent financial years, have arisen in the period from 30 June 2011 to the date of this report.

Likely Developments

Business Operations

Caltex will continue to purchase, refine, distribute and market petroleum products and operate convenience stores throughout Australia.

Outlook for second half of 2011

The Marketing outlook remains positive. However, despite improvements in the regional supply demand balance, the refiner margin environment continues to be uncertain due to the continuing strong Australian dollar and the size of the light-heavy spread.

Project Catalyst (aimed at delivering cost and capital efficiency gains) will continue to deliver results.

Effect of carbon price announcement

Under the federal government's proposals for introducing a price on carbon, Caltex will only be responsible for its own emissions and transitional assistance has been announced to help keep Australian refineries on a level playing field with overseas competitors. A preliminary estimate of the cost impact in the first year of the scheme is \$5 million-\$10 million.

Directors' Report continued

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

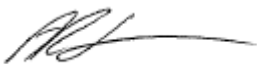
To: the directors of Caltex Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the six month period ended 30 June 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



KPMG



Anthony Jones
Partner

Sydney

22 August 2011

Rounding of Amounts

Caltex Australia Limited is an entity to which Class Order 98/100 (as issued by the Australian Securities & Investments Commission) applies. Amounts in the 2011 Half Year Directors' Report and the 2011 Half Year Financial Report have been rounded off to the nearest thousand dollars (unless otherwise stated) in accordance with this class order.

The Directors' Report is made in accordance with a resolution of the Board of Caltex Australia Limited:



EB Bryan (Chairman)



J Segal (Managing Director & CEO)

Sydney, 22 August 2011

Directors' Declaration

The Board of Caltex Australia Limited has declared that:

- (a) in the directors' opinion, there are reasonable grounds to believe that Caltex Australia Limited will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the consolidated financial statements for the Caltex Australia Group for the half year ended 30 June 2011, and the notes to the financial statements, are in accordance with the Corporations Act, including:
 - (i) section 304 (compliance with Accounting Standards); and
 - (ii) section 305 (true and fair view).

The Directors' Declaration is made in accordance with a resolution of the Board of Caltex Australia Limited.



EB Bryan (Chairman)



J Segal (Managing Director & CEO)

Sydney, 22 August 2011

Independent auditor's review report to the members of Caltex Australia Limited

We have reviewed the accompanying interim financial report of Caltex Australia Limited, which comprises the consolidated balance sheet as at 30 June 2011, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the interim period ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim 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 interim financial report based on our review. We conducted our review in accordance with 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 interim 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 2011 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Caltex Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

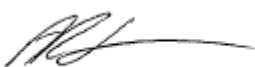
Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Anthony Jones
Partner

Sydney

22 August 2011

Consolidated Income Statement

for the half year ended 30 June 2011

Thousands of dollars	Note	Consolidated	
		30 June 2011	30 June 2010
Revenue from sale of goods		10,845,913	9,036,467
Replacement cost of goods sold (excluding product duties and taxes and inventory gains and losses)		(7,905,810)	(6,094,574)
Product duties and taxes		(2,465,526)	(2,377,983)
Inventory gains/(losses)		223,513	(10,806)
Cost of goods sold - historical cost		(10,147,823)	(8,483,363)
Gross profit		698,090	553,104
Other income	2	140,487	126,843
Net foreign exchange gains/(losses)		11,369	(36,339)
Refining and Supply expenses		(92,952)	(80,810)
Marketing expenses		(308,473)	(283,435)
Finance costs	3	(35,304)	(29,255)
Other expenses		(32,579)	(50,325)
Share of net profit of entities accounted for using the equity method		1,431	1,887
Profit before income tax expense		382,069	201,670
Income tax expense		(112,144)	(60,015)
Net profit		269,925	141,655
Attributable to:			
Equity holders of the parent entity		269,713	141,208
Minority interest		212	447
Net profit		269,925	141,655
Basic and diluted earnings per share:			
Historical cost - cents per share	5	99.9	52.3

The consolidated income statement is to be read in conjunction with the 2010 Financial Report and the notes to the financial statements.

Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2011

Thousands of dollars	Consolidated	
	30 June 2011	30 June 2010
Profit for the period	269,925	141,655
Other comprehensive income		
Actuarial loss on defined benefit plans	(11,311)	(5,509)
Cash flow hedge fair value (losses)/gains	(1,994)	4,156
Income tax on other comprehensive income	3,992	406
Other comprehensive income for the period, net of income tax	(9,313)	(947)
Total comprehensive income for the period	260,612	140,708
Attributable to:		
Equity holders of the parent entity	260,400	140,261
Minority interest	212	447
Total comprehensive income for the period	260,612	140,708

The consolidated statement of comprehensive income is to be read in conjunction with the 2010 Financial Report and the notes to the financial statements.

Consolidated Balance Sheet

as at 30 June 2011

Thousands of dollars	Note	Consolidated	
		30 June 2011	31 December 2010
Current assets			
Cash and cash equivalents		39,057	18,377
Receivables		1,001,977	839,677
Inventories		1,770,329	1,385,310
Other		33,941	30,107
Total current assets		2,845,304	2,273,471
Non-current assets			
Receivables		1,071	554
Investments accounted for using the equity method		24,130	23,351
Other investments		15	15
Intangibles		83,731	79,863
Property, plant and equipment		2,937,051	2,895,522
Deferred tax assets		-	13,138
Other		4,843	4,771
Total non-current assets		3,050,841	3,017,214
Total assets		5,896,145	5,290,685
Current liabilities			
Payables		1,556,125	1,229,813
Interest bearing liabilities	6	132,265	132,469
Current tax liabilities		43,572	79,522
Provisions		135,836	177,245
Total current liabilities		1,867,798	1,619,049
Non-current liabilities			
Payables		5,157	5,130
Interest bearing liabilities	6	581,574	430,089
Deferred tax liabilities		7,217	-
Provisions		172,681	153,821
Total non-current liabilities		766,629	589,040
Total liabilities		2,634,427	2,208,089
Net assets		3,261,718	3,082,596
Equity			
Issued capital	7	543,415	543,415
Treasury stock		(2,740)	(753)
Reserves		(5,751)	(5,852)
Retained earnings		2,714,805	2,534,009
Total parent entity interest		3,249,729	3,070,819
Minority interest		11,989	11,777
Total equity		3,261,718	3,082,596

The consolidated balance sheet is to be read in conjunction with the 2010 Financial Report and the notes to the financial statements.

Consolidated Statement of Changes in Equity

for the half year ended 30 June 2011

Thousands of dollars

Consolidated	Issued capital	Treasury stock	Hedging reserve	Equity compensation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2010	543,415	(1,756)	(10,004)	2,592	2,380,264	2,914,511	10,751	2,925,262
Total comprehensive income for the half								
Total recognised income for the half year	-	-	-	-	137,352	137,352	447	137,799
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	2,909	-	-	2,909	-	2,909
Total comprehensive income for the half	-	-	2,909	-	137,352	140,261	447	140,708
Own shares acquired	-	(507)	-	-	-	(507)	-	(507)
Shares vested to employees	-	1,163	-	(1,163)	-	-	-	-
Expense on equity settled transactions	-	-	-	1,426	-	1,426	-	1,426
Dividends to shareholders	-	-	-	-	(67,500)	(67,500)	-	(67,500)
Balance at 30 June 2010	543,415	(1,100)	(7,095)	2,855	2,450,116	2,988,191	11,198	2,999,389
Balance at 1 January 2011	543,415	(753)	(11,669)	5,817	2,534,009	3,070,819	11,777	3,082,596
Total comprehensive income for the half								
Total recognised income for the half year	-	-	-	-	261,796	261,796	212	262,008
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(1,396)	-	-	(1,396)	-	(1,396)
Total comprehensive income for the half	-	-	(1,396)	-	261,796	260,400	212	260,612
Own shares acquired	-	(3,629)	-	-	-	(3,629)	-	(3,629)
Shares vested to employees	-	1,642	-	(1,642)	-	-	-	-
Expense on equity settled transactions	-	-	-	3,139	-	3,139	-	3,139
Dividends to shareholders	-	-	-	-	(81,000)	(81,000)	-	(81,000)
Balance at 30 June 2011	543,415	(2,740)	(13,065)	7,314	2,714,805	3,249,729	11,989	3,261,718

The consolidated statement of changes in equity is to be read in conjunction with the 2010 Financial Report and the notes to the financial statements.

Consolidated Cash Flow Statement

for the half year ended 30 June 2011

Thousands of dollars	Note	Consolidated	
		30 June 2011	30 June 2010
Cash flows from operating activities			
Receipts from customers		12,439,966	10,469,492
Payments to suppliers, employees and governments		(12,175,612)	(10,301,129)
Dividends and disbursements received		652	1,546
Interest received		784	917
Interest and other finance costs paid		(34,183)	(28,693)
Income taxes paid		(124,300)	(25,939)
Net operating cash inflows		107,307	116,194
Cash flows from investing activities			
Purchases of property, plant and equipment		(115,288)	(100,917)
Major cyclical maintenance		(38,066)	(37,733)
Purchases of intangibles		(1,290)	(3,036)
Net proceeds from sale of property, plant and equipment		-	710
Net investing cash outflows		(154,644)	(140,976)
Cash flows from financing activities			
Proceeds from borrowings		5,970,879	4,881,201
Repayments of borrowings		(5,820,480)	(4,765,544)
Repayment of finance lease principal		(1,382)	(1,691)
Dividends paid	4	(81,000)	(67,500)
Net financing cash inflows		68,017	46,466
Net increase in cash and cash equivalents		20,680	21,684
Cash and cash equivalents at the beginning of the period		18,377	22,356
Cash and cash equivalents at the end of the period		39,057	44,040

The consolidated cash flow statement is to be read in conjunction with the 2010 Financial Report and the notes to the financial statements.

Notes to the financial statements

for the half year ended 30 June 2011

1. Statement of significant accounting policies

Caltex Australia Limited (the "Company") is a company domiciled in Australia. The 2011 Half Year Financial Report for the six months ended 30 June 2011 comprises the Company and its controlled entities (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The 2011 Half Year Financial Report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), Accounting Standard AASB 134 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views. This Half Year Financial Report is to be read in conjunction with the 2010 Financial Report and any public announcements by Caltex Australia Limited during the half year in accordance with continuous disclosure obligations under the Corporations Act 2001 (Cth) and the Australian Securities Exchange (ASX) Listing Rules. The 2011 Half Year Financial Report was approved and authorised for issue by the board of directors on 22 August 2011.

The 2011 Half Year Financial Report has been prepared on an historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

All accounting policies have been consistently applied by each entity in the Caltex Australia Group. These are consistent with those applied as part of the 31 December 2010 Annual Financial Report. The Half Year Financial Report does not include full note disclosures of the type required in an annual financial report.

The Group has not elected to early adopt any new standards or amendments.

Thousands of dollars	30 June 2011	Consolidated 30 June 2010
2. Other income		
Rental income	26,756	24,240
Royalties and franchise income	56,817	53,763
Transaction and merchant fees	39,832	32,842
Other income	16,298	15,081
	139,703	125,926
Finance income		
Discounting income	-	303
Other corporations	784	614
	784	917
	140,487	126,843

Thousands of dollars	30 June 2011	Consolidated 30 June 2010
3. Costs and expenses		
Finance costs:		
Interest expense	32,318	27,873
Finance charges on capitalised leases	874	880
Loss on fair value derivative	104	502
Discounting expense	2,008	-
Finance costs	35,304	29,255
Depreciation and amortisation:		
Amortisation of intangibles	5,698	4,165
Depreciation and amortisation (excluding intangibles)	102,611	95,935
Total amortisation and depreciation expense	108,309	100,100

There were no expenses that were considered significant and excluded by management in assessing the underlying performance of the Group for the period ended 30 June 2011. During the six month period to June 2010, the Group incurred significant items that have been recognised in the income statement and form part of Refining and Supply expenses and Other expenses. These items relate to Refining & Supply restructuring expenses (\$12,163,000), Marketing restructuring expenses (\$5,800,000) and Corporate restructuring expenses (\$2,248,000).

Due to the one-off nature of these items, they have been excluded by management in assessing the underlying business performance of the Group for the period ended 30 June 2010. Of the total \$20,211,000 significant items, \$18,523,000 is included in Other expenses and \$1,688,000 in Refining and Supply expenses.

Notes to the financial statements

for the half year ended 30 June 2011 (continued)

4. Dividends

Dividends declared or paid

Dividends recognised in the current year by Caltex Australia Limited are:

	Date of payment	Franked/unfranked	Cents per share	Total amount \$'000
2011				
Final 2010	29 March 2011	Franked	30	81,000
Total amount				81,000
2010				
Interim 2010	28 September 2010	Franked	30	81,000
Final 2009	29 March 2010	Franked	25	67,500
Total amount				148,500

Franked dividends paid during the year were franked at the tax rate of 30%.

Subsequent events

Since 30 June 2011, the directors have declared the following dividend. The dividend has not been provided for and there are no income tax consequences for the group.

2011				
Interim 2011	27 September 2011	Franked	17	45,900

	30 June 2011	Consolidated 30 June 2010
5. Basic and diluted earnings per share		
Historical cost - cents per share	99.9	52.3
Replacement cost - cents per share	41.9	55.1

The calculation of historical cost basic earnings per share for the period ended 30 June 2011 was based on the net profit attributable to ordinary shareholders of the parent entity of \$269,713,000 (2010: \$141,208,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2011 of 270 million shares (2010: 270 million shares).

The calculation of replacement cost basic earnings per share for the period ended 30 June 2011 was based on the net replacement cost profit attributable to ordinary shareholders of the parent entity of \$113,254,000 (2010: \$148,772,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2011 of 270 million shares (2010: 270 million shares).

There are no dilutive potential ordinary shares and, therefore, diluted earnings per share equals basic earnings per share.

Thousands of dollars	30 June 2011	Consolidated 31 December 2010
6. Interest bearing liabilities		
Current - unsecured		
Bank loans (i)	130,000	130,000
Lease liabilities (iii)	2,265	2,469
	132,265	132,469
Non-current - unsecured		
US notes (i)	281,664	288,575
Bank loans (i)	199,794	50,000
Hedge payable (i) (ii)	96,100	87,048
Lease liabilities (iii)	3,416	4,466
Other loans	600	-
	581,574	430,089

(i) The bank loans and US notes are provided by a number of banks and US based capital market investors. The US notes and related hedge payable will mature in: July 2012, totalling A\$113,414,850, April 2014, totalling A\$73,279,095 and April 2016, totalling A\$191,070,713. Under the loan and note agreements, Caltex Australia Group is required to meet nominated financial covenants. There is no security or demand provided on the bank loans and US notes. The bank loans are denominated in Australian dollars. The July 2012 US notes are denominated in Australian dollars and the 2014 and 2016 notes are denominated in US dollars.

(ii) The hedge payable is disclosed within interest bearing liabilities as the hedge relates to the US dollar borrowings and is inextricably linked to the US debt. The non current hedge payable mainly represents the impact of the movement in the exchange rate from the date of inception (6 May 2009, USD exchange rate 0.7090) to 30 June 2011 (USD exchange rate 1.0693) on the amount hedged (USD 175 million).

(iii) The implicit rate of interest on finance leases is 13% p.a. (2010: 14% p.a.).

Notes to the financial statements

for the half year ended 30 June 2011 (continued)

Thousands of dollars	Consolidated	
	30 June 2011	31 December 2010
7. Issued capital		
Ordinary shares		
270 million ordinary shares, fully paid	543,415	543,415

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. Ordinary shares are issued at par value.

In the event of the winding up of Caltex Australia Limited, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Caltex grants performance rights to senior executives, see the 2010 Financial Report for further detail. For each right that vests Caltex intends to purchase a share "on-market" following vesting.

	Consolidated	
	30 June 2011	31 December 2010
8. Investments accounted for using the equity method	% interest	
Airport Fuel Services Pty Ltd	40	40
Australasian Lubricants Manufacturing Company Pty Ltd	50	50
Cairns Airport Refuelling Service Pty Ltd	25	25
Geraldton Fuel Company Pty Ltd	50	50
South Coast Fuels Pty Ltd	50	50
Vitalgas Pty Ltd	50	50

All above companies are incorporated in Australia.

	Consolidated	
	30 June 2011	31 December 2010
9. Net tangible assets per share		
Net tangible assets per share (dollars)	11.73	11.08

Net tangible assets are net assets attributable to members of Caltex less intangible assets. The weighted average number of ordinary shares used in the calculation of net tangible assets per share was 270 million (2010: 270 million).

10. Related Party Information

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 2010 Financial Report.

11. Details of entities over which control has been gained or lost during the period

2011

On 1 March 2011, Caltex incorporated Ampol Singapore Holdings Pte Limited. There were no other entities over which control was gained or lost during the period.

2010

There were no entities over which control was gained or lost during the period.

12. Commitments

Thousands of dollars	Consolidated	
	30 June 2011	31 December 2010
Capital expenditure		
Capital expenditure contracted but not provided for in the financial report and payable:		
Within one year	64,586	16,857

Notes to the financial statements

for the half year ended 30 June 2011 (continued)

13. Segmented Reporting

a Segment disclosures

The accounting policies used by the Group in reporting segments are consistent with those applied as part of the 31 December 2010 Financial Report.

Types of products and services

The following summary describes the operations in each of the Group's reportable segments:

Marketing

The Marketing function promotes and sells Caltex fuels, lubricants, specialty products and convenience store goods through a national network of Caltex, Caltex Woolworths and Ampol branded service stations, as well as through company owned and non-equity resellers and direct sales to corporate customers.

Refining and Supply

The Group sources the supply of both crude oil and refined products on the international market and refines crude oil into petrol, diesel, jet fuel and many specialty products such as liquid petroleum gas and bitumen. Caltex buys and sells products and schedules product movements to meet marketing sales and the company's broad distribution capabilities encompass pipelines, terminals, depots and both a company and contracted transportation fleet.

Transfer Price between Segments

Caltex operates as a vertically integrated refiner-marketer of fuel products in Australia. Segment results are based on a transfer price between Refining and Marketing determined by reference to relevant import parity prices for petrol, diesel and jet, and other products including specialties and lubricants.

Caltex sees a domestic Refining and Supply segment as essential to support the Marketing segment's earnings.

The value of the refineries is ultimately driven by the role they play in maintaining continuity of supply to the Marketing business.

b Information about reportable segments

Thousands of dollars	Marketing		Refining & Supply		Total Operating Segments	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Gross segment revenue	9,181,782	7,846,083	1,337,461	926,638	10,519,243	8,772,721
Product duties and taxes	(2,479,510)	(2,391,563)	-	-	(2,479,510)	(2,391,563)
External segment revenue	6,702,272	5,454,520	1,337,461	926,638	8,039,733	6,381,158
Inter-segment revenue	-	-	6,199,331	5,029,572	6,199,331	5,029,572
Replacement Cost of Sales Operating Profit/(Loss) before income tax	341,072	292,313	(113,210)	(3,398)	227,862	288,915

c Reconciliation of reportable segment profit or loss

Thousands of dollars	30 June 2011	30 June 2010
Profit or loss		
Total Replacement Cost of Sales Operating Profit for reportable segments	227,862	288,915
Other profit and loss	(34,998)	(28,337)
Replacement Cost of Sales Operating Profit before interest and income tax, excluding significant items	192,864	260,578
Significant items excluded from profit and loss reported to the Chief Operating Decision Maker:		
Refining and Supply restructuring expenses	-	(12,163)
Marketing restructuring expenses	-	(5,800)
Corporate restructuring expenses	-	(2,248)
Replacement Cost of Sales Operating Profit before interest and income tax	192,864	240,367
Inventory gains/(losses)	223,513	(10,806)
Consolidated historical cost earnings before interest and income tax	416,377	229,561
Net financing costs	(34,520)	(28,338)
Net profit attributable to minority interest	212	447
Consolidated profit before income tax	382,069	201,670