CALTEX AUSTRALIA LIMITED
ACN 004 201 307

LEVEL 24, 2 MARKET STREET
SYDNEY NSW 2000 AUSTRALIA

27 August 2012

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
2012 HALF YEAR RESULTS FOR ANNOUNCEMENT TO THE MARKET
2012 HALF YEAR REPORT AND 2012 HALF YEAR FINANCIAL REPORT

Caltex Australia Limited attaches the *2012 Half Year Report* for the half year ended 30 June 2012 for immediate release to the market.

The *2012 Half Year Report* includes the information set out in Appendix 4D (under ASX Listing Rule 4.2A) and incorporates the *2012 Half Year Financial Report* (under the *Corporations Act*).

The *2012 Half Year Report* (including the *2012 Half Year Financial Report*) should be read in conjunction with Caltex's *2011 Financial Report*.

Peter Lim
Company Secretary

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

Attach.

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2012 HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

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

THE 2012 HALF YEAR REPORT SHOULD BE READ IN
CONJUNCTION WITH THE 2011 FINANCIAL REPORT

CALTEX

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LEVEL 24, 2 MARKET STREET
SYDNEY NSW 2000 AUSTRALIA

Results for Announcement to the Market

Key Results (Millions of dollars)			Half year ended 30 June	
			2012	2011
Revenues from ordinary activities[1]	↑	7%	11,790	10,997
Profit from ordinary activities after tax/net profit for the period attributable to members:				
Historical cost basis	↓	38%	167	270
Replacement cost basis[2]	↑	74%	197	113

Dividend	2012	2011
Dividends declared:		
Interim dividend:		
- Amount per security (fully franked)	17c	17c
Final dividend		
- Amount per security (fully franked)	N/A	28c
Record date for determining entitlement to 2012 interim dividend		11 September 2012
Date 2012 interim dividend is payable		3 October 2012

Comments update

- On an historic cost profit basis, Caltex's after tax profit was $167 million for the first half of 2012, compared with $270 million for the first half of 2011. The 2012 half year includes crude and product inventory losses of $30 million after tax. This compares with crude and product inventory gains of $157 million after tax for the previous half year to 30 June 2011. A lower depreciation charge of $55 million (pre-tax) following the 2011 impairment of refinery assets boosted the 2012 result.
- On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was $197 million for the first half of 2012. This compares with $113 million for the first half of 2011.
- After taking into account the inventory gain/loss movement and the benefit of the lower depreciation expense, the improved result in 2012 is largely attributable to a strong marketing and operating performance and better refinery and marketing transport fuel margins.
- On 26 July 2012 Caltex announced the restructuring of its supply chain. This follows a major review of its operations, focussing on its refineries. This includes the conversion of Kurnell (expected closure by the end of 2014) to a major import terminal, supported by a long-term product supply agreement with Chevron. This decision will reduce Caltex's exposure to refining earnings volatility and asset concentration risks and allow Caltex to accelerate investment in its supply and distribution operations.
- The Lytton refinery will remain an important part of the Company's supply chain. Work will continue with key stakeholders to improve its operational and financial performance. This may include related modest investments.
- Caltex remains committed to maintaining its BBB+ credit rating. Caltex's balance sheet will be further strengthened following the recently announced Subordinated Notes capital raising. Proceeds will be used for general corporate purposes, including the repayment of existing financial indebtedness. This will provide the financial flexibility as Caltex executes its growth plans and implements its recently announced supply chain restructure, including the closure and conversion of the Kurnell refinery to a major import terminal. Net debt at 30 June 2012 was $780 million. This equates to a gearing ratio of 25% (net debt / net debt plus equity).
- The Board declared an interim dividend of 17 cents per share fully franked.

[1] Excludes interest revenue of $0.3 million (2011: $0.8 million) and includes other income of $148 million (2011: $140 million).

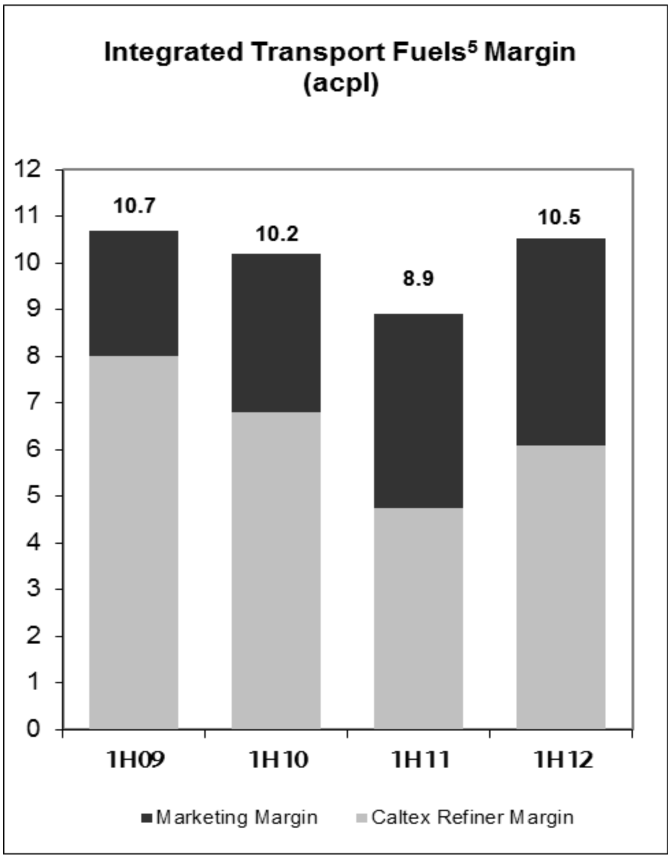
[2] Replacement Cost Operating Profit (RCOP) including significant items (on a pre and post tax basis) is a non International Financial Reporting Standards (IFRS) measure. It is derived from the statutory profit adjusted for inventory (losses)/gains as management believes this presents a clearer picture of the company's underlying business performance as it is consistent with the basis of reporting commonly used within the global refineries industry. This is un-audited. 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.

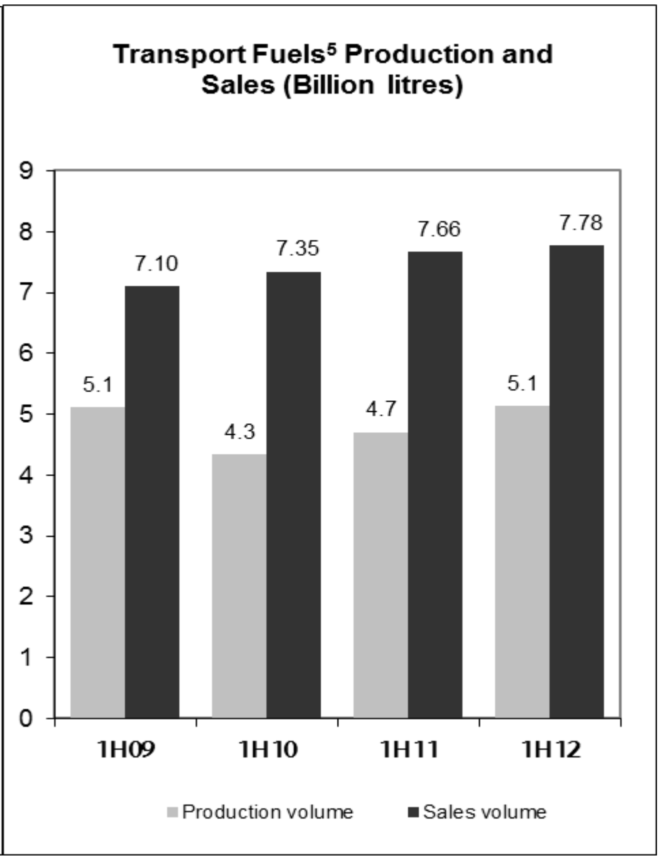
[3] The Caltex Refiner Margin (CRM) represents the difference between the cost of importing a standard Caltex basket of products to Eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents: average Singapore refiner margin + product quality premium + crude discount/(premium) + product freight - crude freight - yield loss.

[4] Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 June 2012 half year financial statements.

Key Performance Indicators

	Half year ended 30 June				
	2012	2011	2010	2009	2008
Profit before interest and tax ($m)					
- Historical cost basis (including significant items)	285	416	230	526	528
- Historical cost basis (excluding significant items)[1]	285	416	250	526	528
- Replacement cost basis (including significant items)	329	193	240	433	302
- Replacement cost basis (excluding significant items)[2]	329	193	261	433	302
Profit after interest and tax ($m)					
- Historical cost basis (including significant items)	167	270	141	362	354
- Historical cost basis (excluding significant items)[1]	167	270	155	362	354
- Replacement cost basis (including significant items)	197	113	149	298	196
- Replacement cost basis (excluding significant items)[2]	197	113	163	298	196
Inventory (losses)/gains before tax ($m)	(44)	224	(11)	93	226
Basic earnings per share (cents)					
- Historical cost basis (including significant items)	61.8	99.9	52.3	134.2	131.3
- Replacement cost basis (excluding significant items)[2]	73.1	41.9	60.3	110.2	72.7
Return on equity attributable to members of the parent entity after tax, annualised (%)					
- Historical cost basis (including significant items)[3]	15	17	9	25	23
- Replacement cost basis (excluding significant items)[3]	17	7	11	20	13
Net tangible asset backing per share ($)[4]	8.13	11.73	10.76	10.60	11.05
Net debt ($m)	780	675	576	560	645
Gearing (net debt to net debt plus equity) (%)	25	17	16	16	17





[1] Historical cost basis excluding significant items (on a pre and post tax basis) is a non IFRS measure. It is derived from the statutory profit adjusted for significant items relating to restructuring, redundancy and other related costs. Significant items are events that Management and the Board consider to be outside the scope of usual business. These are excluded to give a clearer reflection of underlying financial performance from one period to the next. This is un-audited.

[2] This is derived from RCOP including significant items adjusted for significant items relating to, restructuring, redundancy and other related costs. Significant items are events that Management and the Board consider to be outside the scope of usual business. These are excluded to give a clearer reflection of underlying financial performance of the core business from one period to the next. This is un-audited.

[3] This is a non-IFRS un-audited measure that management and the Board consider key for users of the financial statements.

[4] Net tangible asset backing per share is derived by dividing net tangible assets by the number of shares issued. 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 (2011: 270 million).

[5] Transport fuels comprise unleaded petrol, diesel and jet. Note that the transport fuels marketing margin applies to total transport fuels sales, whereas the Caltex Refiner Margin applies only to sales from production.

INCOME STATEMENT

for the half year ended 30 June 2012

	Millions of dollars	2012	2011
1	Total revenue[1]	11,790	10,997
2	Total expenses[2]	(11,461)	(10,804)
3	**Replacement cost EBIT**	**329**	**193**
	Finance income	-	1
	Finance expenses	(48)	(36)
4	**Net finance costs**	**(48)**	**(35)**
	Income tax expense[3]	(84)	(45)
	Replacement cost profit (RCOP)	**197**	**113**
5	Inventory (loss)/gain – after tax	(30)	157
	Historical cost net profit after tax	**167**	**270**
6	Interim dividend per share	17c	17c
	Final dividend per share	N/A	28c
	Basic earnings per share		
	- Historical cost	61.8c	99.9c
	- Replacement cost	73.1c	41.9c

Discussion and analysis

1 Total revenue ↑ **7%**	Total revenue increased primarily due to: • the impact of the higher average crude prices. Brent increased from an average of US$111/bbl in 1H11 to an average of US$113/bbl in 1H12 (with Dated Brent prices averaging above US$119/bbl for 3 out of the 6 months in 2012 compared to only one month in 2011); and • higher transport fuels sales than prior year (+2%).
2 Total expenses – replacement cost basis ↑ **6%**	Total expenses increased as a result of higher cost of sales, reflecting primarily higher average crude oil prices as discussed above.
3 Replacement cost EBIT including significant items ↑ **70%**	On a replacement cost of sales operating profit (RCOP) basis, Caltex's before tax profit was $329 million for the first half of 2012. This compares with $193 million for the first half of 2011. The difference between the 2012 and 2011 result is largely attributable to reduced depreciation in 2012 following the impairment of refinery assets in 2011, favourable externalities in 2012 compared to 2011 (specifically stronger refiner margins); operational disruptions that negatively impacted production levels in 2011 and the continued growth of Marketing.

[1] Excludes interest revenue of $0.3 million (2011: $0.8 million) and includes other income of $148 million (2011: $140 million).

[2] Excludes interest expense of $48 million (2011: $36 million) and inventory losses of $44 million (2011: gains of $224 million).

[3] Excludes tax benefit/(loss) on inventory losses/(gains) of $14 million (2011: $(67) million).

INCOME STATEMENT (continued)
for the half year ended 30 June 2012 (continued)
Discussion and analysis (continued)

RCOP EBIT breakdown[1]

Caltex refiner margin (CRM) **$315m**	**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 higher in the first half of 2012 at US$9.87/bbl compared with US$7.82/bbl for the first half of 2011. In AUD terms the Caltex refiner margin was A6.09 cents per litre for the first half of 2012, up from A4.76 cents per litre in the same period in 2011 driven by the higher USD margin. CRM sales from production volumes were higher than 1H11 (1H12: 5.2 billion litres vs. 1H11: 4.8 billion litres) largely due to total refinery production in the first half of 2011 being affected by unplanned outages, extension of planned maintenance, and extreme weather events. The improved 2012 performance reflects the benefits of the ongoing Refinery Improvement Initiative.
Transport fuels marketing margin **$345m**	**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 transport fuels sales continued to grow underpinned by growth in commercial diesel, jet and premium fuels sales. Premium fuels volumes were 1.4 billion litres compared to 1.1 billion litres for the same period last year. Retail premium gasoline sales volumes increased from 22% to 26% of the total gasoline sales. Vortex Diesel products continue to be rolled out to the service station network driving growth. Overall gasoline sales volumes have declined in the period by about 1.5%, this is in line with a declining market trend in gasoline. Within the gasoline sales, premium grades of gasoline have seen significant growth whilst E10 has been impacted by uncertainty in government mandates. NSW E10 sales have grown slightly but in Queensland sales of E10 have declined. Diesel volumes continue to grow across all segments of Caltex's business supported by mining growth and increased volumes from recent infrastructure investments e.g. the Port Hedland terminal. The continued rollout of premium diesel and passenger car diesel engine sales has resulted in strong growth within the retail and card network. Jet fuel volumes increased by 6% underpinned by growth from Caltex's existing customers.
Lubricants and specialties margin **$59m**	**Lubricants and specialties products include finished lubricants, base oils, liquefied petroleum gas, petrochemicals, bitumen and marine fuels.** The finished lubricants business continued its success of recent years with sales volumes up by over 6%. Speciality products sales volumes and margins increased due to strong bitumen sales. However year on year growth was dampened by Caltex's decision to cease the manufacture and selling of base oils as a result of the Caltex Lubricant refinery (CLOR) closure.
Non fuel income **$92m**	**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 experienced growth of 2% in the face of the current tight economic climate and wet weather impacts in the eastern seaboard states in the first half of 2012.
Operating expenses **($471m)**	**Operating expenses in this caption include Refining and Supply, Marketing, Corporate and other operating expenditure.** Depreciation and amortisation decreased by $52 million compared with the first half of 2011 due to the impact of lower refinery asset carrying values following the $1.5 billion impairment of the refineries included in the 2011 results. Operating expenses, excluding depreciation, are up $31 million. Marketing operating expenses have increased as a result of the continued overall growth of the business. Increased headcount, asset related costs and underlying support costs have grown as the scale of the network and infrastructure continues to expand. Refining operating expense increases largely reflect price increases for utilities such as electricity and natural gas, coupled with additional usage of chemicals and catalysts due to the higher production rates.
Other **($11m)**	Other includes foreign exchange impacts, loss on disposal of assets and pipeline revenue.
Total RCOP EBIT **$329m**	

[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.

INCOME STATEMENT (continued)
for the half year ended 30 June 2012 (continued)
Discussion and analysis (continued)

4 Net finance costs ↑ **37%**	Net finance costs increased $13 million compared to 1H11. Approximately $7 million of the increase reflects the higher average net debt in 1H12. Also, included in 1H12 finance costs is an unfavourable impact of $7 million relating to the un-winding of discounting of long-term payables and provisions. This is as a result of shorter predicted spend patterns of long term payables and provisions and a decrease in the government bond rate used to discount these balances.
5 Inventory loss after tax ↑ **$187m**	Regional crude oil prices fell sharply towards the end of the first half of 2012, averaging US$94/bbl in the month of June 2012 compared with US$108/bbl in December 2011. This resulted in a net inventory loss of $44 million ($30 million after tax) compared with the rising crude oil prices in 1H11 which resulted in net inventory gains of $224 million ($157 million after tax).
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 11 September 2012, with the dividend payable on 3 October 2012.

BALANCE SHEET
as at 30 June 2012

	Millions of dollars	June 2012	Dec 2011	Change
1	Working capital	1,138	927	211
2	Property, plant and equipment (PP&E)	1,611	1,535	76
3	Net debt	(780)	(617)	(163)
4	Other non-current assets and liabilities	339	373	(34)
	Total equity	2,308	2,218	90

Discussion and Analysis

1 Working capital

↑ $211m

The increase in working capital is primarily due to:

- Higher inventory volumes as Caltex accessed more African crude to mitigate high Asian regional crude prices;
- Higher average crude prices;
- Lower provision balances due to personnel related payments (bonus and redundancy payments) and the timing of income tax instalment payments; and
- Increased inventory in new and expanded terminals.

2 PP&E

↑ $76m

The increase in property, plant and equipment is due to:

- Capital expenditure and capital accruals, including major cyclical maintenance, of $141 million;

Partly offset by:

- Depreciation of $52 million; and
- Net disposals of $13 million.

3 Net debt

↑ $163m

Net debt increased to $780 million at 30 June 2012, an increase of $163 million from 31 December 2011 due to higher working capital requirements primarily as a result of:

a) higher inventory volumes as Caltex accessed more African crude to avoid high regional crude prices; and

b) the impact of higher average crude prices.

As a result, Caltex's gearing at 30 June 2012 (net debt to net debt plus equity) was 25.3%, increasing from 21.8% at 31 December 2011. On a lease-adjusted basis, gearing at 30 June 2012 was 33.0% compared with 30.2% at 31 December 2011.

4 Other non-current assets and liabilities

↓ $34m

Other non-current liabilities have decreased primarily due to a decrease in deferred tax assets of $27 million.

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 2012

	Millions of dollars	2012	2011	Change
1	Receipts from customers	13,530	12,440	1,090
2	Payments to suppliers and employees	(10,861)	(9,710)	(1,151)
3	Payments for excise	(2,493)	(2,466)	(27)
	Finance costs paid	(42)	(34)	(8)
4	Tax and other activities	(65)	(123)	58
	Net operating cash inflows	**69**	**107**	(38)
	Purchases of property, plant and equipment (PP&E) and major cyclical maintenance	(141)	(153)	12
	Other investing cash flows	(12)	(1)	(11)
	Net investing cash outflows	**(153)**	**(154)**	1
	Dividends paid	(76)	(81)	5
	Other financing cash inflows	175	149	26
5	**Net financing cash outflows**	**99**	**68**	31
	Net decrease in cash held	**15**	**21**	(6)

Discussion and analysis

1 Receipts from customers ↑$1,090m	Receipts from customers increased primarily due to: • the impact of the higher average crude and product prices; and • higher transport fuels sales volumes than 1H11.
2 Payments to suppliers & employees ↑ $1,151m	Payments to suppliers increased as a result of higher cost of sales, reflecting primarily higher average crude oil prices, and working capital movements.
3 Payments for excise ↑ $27m	Increased excise payments are a result of increased sales volumes in 1H12 compared to 1H11. The increase in excise payments is in line with the percentage increase in transport fuels sales volumes.
4 Tax and other activities ↓ $58m	The decrease in tax and other outflows is largely due to timing of tax payments.
5 Net financing cash inflows ↑ $31m	Net financing cash inflows increased due to higher net borrowings of $163 million in 1H12 compared to 1H11, reflecting the higher average debt and working capital requirements.

2012 HALF YEAR FINANCIAL REPORT

FOR

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

The 2012 Half Year Financial Report for Caltex Australia Limited includes the:

- Directors' Report
- Directors' Declaration
- Independent Review Report
- Half Year Financial Statements
- Notes to the Half Year Financial Statements

for the half year ended 30 June 2012

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 2012 HALF YEAR FINANCIAL REPORT SHOULD BE READ IN CONJUNCTION WITH THE 2011 FINANCIAL REPORT

Directors' Report

Introduction

The Board of Caltex Australia Limited presents the 2012 Half Year Directors' Report and the 2012 Half Year Financial Report for Caltex Australia Limited and its controlled entities (the Caltex Australia Group) for the half year ended 30 June 2012. 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 Richard Brown, Ms Barbara Burger, Mr Greig Gailey, Mr Ryan Krogmeier and Mr John Thorn.

Ms Colleen Jones-Cervantes serves as alternate director for each of Mr Brown, Ms Burger and Mr Krogmeier.

The following changes to the composition of the Board have occurred since 1 January 2012:

Directors

- Mr Brant Fish resigned as a director from 29 March 2012.
- Mr Krogmeier was appointed as a director from 30 March 2012.
- Mr Timothy (Tim) Leveille and Mr Walter (Walt) Szopiak resigned as directors from 27 June 2012.
- Mr Brown and Ms Burger were appointed as directors from 28 June 2012.

Alternate directors

- Ms Jones-Cervantes's appointment as alternate director for Mr Fish ended on 29 March 2012.
- Ms Jones-Cervantes was appointed as alternate director for Mr Krogmeier from 30 March 2012.
- Ms Jones-Cervantes's appointment as alternate director for each of Mr Leveille and Mr Szopiak ended on 27 June 2012. Ms Jones-Cervantes was appointed as alternate director for each of Mr Brown and Ms Burger from 28 June 2012.

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 Limited (where she served as a director from January 2002 to June 2011).

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

Board profiles (continued)

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 a director of the Australian Institute of Petroleum Limited (appointed 1 July 2009).

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 to the Board broad management experience in industrial and capital intensive industries, and a background in engineering and supply chain. 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 a director of Origin Energy Limited (appointed February 2000) and was previously the Chairman of Hastie Group Limited (where he served as a director from February 2005 until 15 February 2012).

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

Mr Richard Brown	Director (Non-executive)
Date of appointment:	28 June 2012
Board committees:	Nomination Committee

Richard brings to the Board over 30 years of oil industry experience with Chevron and substantial financial and management expertise. He has recently been appointed as Regional Finance Officer – Asia Pacific, based in Singapore, with effect from 1 September 2012. In that role, he will have responsibility for financial and management reporting, credit approval, local cash management, tax matters and risk management for Chevron's operations in the Asia Pacific region. Richard currently serves as Chevron's General Manager – Finance for Europe, Eurasia and Middle East Opco and has previously held a range of senior finance roles with Chevron in the UK, Europe and Africa.

Richard holds a Bachelor of Arts (Economics) from the University of Warwick (UK).

Board profiles (continued)

Ms Barbara Burger	Director (Non-executive)
Date of appointment:	28 June 2012
Board committees:	OHS & Environmental Risk Committee and Nomination Committee

Barbara brings to the Board extensive experience in marketing, manufacturing and supply chain management. She has served with Chevron for over 25 years and is currently the Vice President – Lubricants Supply Chain and Base Oil for Chevron Lubricants. In this role, she is responsible for Lubricants’ Operational Excellence, its Base Oil business as well as the procurement, manufacture and distribution of all lubricants, coolants and greases worldwide.

Barbara holds a Bachelor of Science (Chemistry) from the University of Rochester (US), a Doctor of Philosophy (Chemistry) from the California Institute of Technology (US) and a Master of Business Administration (Finance) from the University of California (US).

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 to the Board extensive Australian and international oil industry experience, and a management background from industrial and capital intensive industries. 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.

Greig is the Chairman of Horizon Roads and the Board of Trustees of the Energy & Minerals Institute at the University of Western Australia and a director of the ADC Forum Ltd and the Victorian Opera Company.

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

Mr Ryan Krogmeier	Director (Non-executive)
Date of appointment:	30 March 2012
Board committees:	Human Resources Committee and Nomination Committee

Ryan brings to the Board considerable experience in the oil and gas industry, particularly in the areas of crude and products supply and trading, risk management and financial operations. He currently serves as the Global Vice President of International Products, Joint Ventures and Affiliates for Chevron and was appointed to this role in April 2012. Ryan is based in Singapore and has over 20 years of experience working for Chevron. Previously, he was the Vice President – Americas East, Caribbean and Latin America for Chevron, in which he was responsible for strategy and profits for Chevron’s downstream fuels business in those regions.

Ryan is a director of GS Caltex Corporation (in Korea), Star Petroleum Refining Co Ltd (in Thailand) and Singapore Refining Company Pte Ltd (in Singapore).

Ryan holds a Bachelor of Business Administration (Accounting) from the University of Iowa (US) and a Master of Business Administration from the University of California (US).

Board profiles (continued)

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 clients. 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.

Ms Colleen Jones-Cervantes	Alternate director
Date of appointment:	30 March 2012 for Mr Ryan Krogmeier and 28 June 2012 for Mr Richard Brown and Ms Barbara Burger

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 director of Caltex Australia Limited (June 2008 to August 2010) and as an alternate director of Caltex Australia Limited (July 2006 to May 2008). Her tenure as an alternate director began on 1 September 2010.

* * * * *

Former Directors

Mr Brant Fish	Director (Non-executive)

Brant served as a director of Caltex Australia Limited from 27 July 2006 to 29 March 2012 and is a former alternate director (April 2005 to July 2006). He was also a member of the Human Resources Committee and the Nomination Committee.

Brant currently serves as Chevron's Vice President, Americas Products, West Downstream & Chemicals. In this role, he is accountable for the profit and loss of Chevron's refining and fuels marketing activities and driving supply chain optimisation value capture in the Western region of the United States plus Hawaii, and is based in the US. He previously served as the Global Vice President of Joint Ventures & Affiliates for Chevron International Products.

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

Former Directors (continued)

Mr Timothy (Tim) Leveille	Director (Non-executive)

Tim served as a director of Caltex Australia Limited from 1 December 2010 to 27 June 2012. He was also a member of the Nomination Committee.

Tim currently serves as Senior Vice President, Chief Financial Officer and Controller of Chevron Phillips Chemical Company. He was appointed to this role in March 2012 and has primary responsibility for the financial plans and policies of the organisation, including establishment and maintenance of fiscal controls, preparation and interpretation of financial reports, and safeguarding the organisation's assets. He is also responsible for development and maintenance of overall accounting policies and controls and for establishing and maintaining good corporate relations with the financial communities. As part of his role, Tim manages the accounting, tax, treasury, corporate reporting and financial controls areas as well as the information technology function. Previously, Tim served as the Assistant Treasurer Opco Support and Intercompany in Chevron's Corporate Treasury department.

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

Mr Walter (Walt) Szopiak	Director (Non-executive)

Walt served as a director of Caltex Australia Limited from 1 September 2010 to 27 June 2012 and is a former alternate director (April 2009 to August 2010). He was also a member of the Nomination Committee and the OHS & Environmental Risk Committee.

Walt 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. 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).

Review of Results and Operations

General overview

On an historic cost profit basis, Caltex's after tax profit was $167 million for the first half of 2012, compared with $270 million for the first half of 2011. The 2012 half year includes crude and product inventory losses of $30 million after tax. This compares with crude and product inventory gains of $157 million after tax for the previous half year to 30 June 2011. A lower depreciation charge of $55 million (pre-tax) following the 2011 impairment of refinery assets boosted the 2012 result.

Replacement Cost Operating Profit

On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was $197 million for the first half of 2012. This compares with $113 million for the first half of 2011.

After taking into account the benefit of the lower depreciation expense, the improved result in 2012 is largely attributable to a strong marketing and operating performance and better refinery and marketing transport fuel margins.

Marketing Growth

As Australia's leading supplier and distributor of transport fuels, Caltex improved its marketing performance with EBIT up 8% year-on-year to $367 million. Despite lower total petrol volumes, favourable product mix changes saw volume increases across Caltex's premium petrols, diesel, jet fuel and lubricants. Non-fuel income growth was relatively flat with higher fleet card income from higher sales prices offsetting flat convenience store sales income.

Review of Results and Operations (continued)

Supply chain highlights

There has been a significant improvement in Refining results compared to the first half of 2011. This has been driven by a stronger Caltex Refiner Margin (CRM), higher production volumes and a lower depreciation charge. A focus on operational improvements continues at both refineries.

The average Caltex Refiner Margin (CRM) of US$9.87 in the first half 2012 (first half 2011: US$7.82) was supported by a stronger Singapore Weighted Average Margin (WAM) of US$14.73 (first half 2011: US$11.11) which was partially offset by higher crude premiums and crude freight costs.

Strong Balance Sheet

Caltex remains committed to maintaining its BBB+ credit rating. Caltex's balance sheet will be further strengthened following the recently announced Subordinated Notes capital raising. Proceeds will be used for general corporate purposes, including the repayment of existing financial indebtedness. This will provide the financial flexibility as Caltex executes its growth plans and implements its recently announced supply chain restructure, including the closure and conversion of the Kurnell refinery to a major import terminal. Net debt at 30 June 2012 was $780 million. This equates to a gearing ratio of 25% (net debt / net debt plus equity).

Dividends Declared

The Board has declared an interim fully franked dividend of 17 cents per share for the first half of 2012. The dividend has been realigned to the recently revised dividend pay-out ratio of 20% to 40%.The record and payment dates for the interim dividend are 11 September 2012 and 3 October 2012, respectively.

Significant Events after Balance Date

On 26 July 2012 Caltex announced the restructuring of its supply chain. This follows a major review of its operations, focussing on its refineries. This includes the conversion of Kurnell (expected closure by the end of 2014) to a major import terminal, supported by a long-term product supply agreement with Chevron. This decision will reduce Caltex's exposure to refining earnings volatility and asset concentration risks and allow Caltex to accelerate investment in its supply and distribution operations.

The Lytton refinery will remain an important part of the Company's supply chain. Work will continue with key stakeholders to improve its operational and financial performance. This may include related modest investments.

This decision has resulted in the recognition of a number of provisions subsequent to half year estimated at approximately $430 million (on a discounted basis and before tax). These include incremental employee entitlements of $80 million, a decommissioning liability of $80 million, and an environmental remediation liability of $270 million. These incremental liabilities represent the net present value of each of the respective estimated incremental future expenditures arising from the decision to close the Kurnell refinery. These amounts, whilst representing Caltex's best estimate, remain subject to a level of uncertainty in relation to the timing and amount of each component of expenditure in future periods. Adjustments to the estimated amount and timing of future expenditures are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those potential changes include revisions to lives of operations, developments in technology, regulatory requirements and environmental management strategies, and changes in the estimated extent and costs of anticipated activities.

Subsequent to 30 June 2012, Caltex announced on 31 July 2012 an offer of Caltex Subordinated Notes to raise $300 million, (which was subsequently updated following the book build to $525 million) with the ability to raise more or less. The Notes are dated, direct, unsecured, subordinated, and cumulative in nature. The Notes will provide a number of benefits to Caltex, including increased funding flexibility and diversification as the company seeks to implement a number of strategic initiatives. These include continued investment in Caltex's supply chain and Marketing operations to maintain growth momentum. The most significant investment is the proposed closure and conversion of the Kurnell Refinery in Sydney to a major import terminal.

Significant Events after Balance Date (continued)

Likely Developments

Business Operations

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

Outlook for the second half of 2012

Caltex's national distribution network of refineries, terminals, pipelines and depots supplies around one in every three litres of petrol, diesel and jet fuel consumed in Australia with a leading market share by volume sold. Caltex is well-positioned to capture growth in the resources, transportation, aviation and other commercial sectors with good underlying demand across premium fuels, diesel, jet and lubricants. Diesel demand is underpinned by GDP growth and the increased prevalence of new diesel cars. We expect increased airline passenger travel to contribute to steady growth in jet fuel. The shift towards higher octane, premium gasoline is also expected to continue.

Recent strength in regional refining margins is expected to continue in the short term. However medium to longer term, refining margins are likely to be challenged as significant regional capacity additions outstrip demand.

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 2012 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

KPMG

Anthony Jones
Partner

Sydney

27 August 2012

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 2012 Half Year Directors' Report and the 2012 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	J Segal
Chairman	Managing Director & CEO

Sydney, 27 August 2012

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 2012, 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, 27 August 2012

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 2012, 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 14 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 2012 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 2012 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

KPMG

Anthony Jones
Partner

Sydney

27 August 2012

Consolidated Income Statement

for the half year ended 30 June 2012

Thousands of dollars	Note	Consolidated 30 June 2012	Consolidated 30 June 2011
Revenue from sale of goods		**11,645,381**	10,845,913
Replacement cost of goods sold (excluding product duties and taxes and inventory losses and gains)		**(8,514,087)**	(7,905,810)
Product duties and taxes		**(2,493,022)**	(2,465,526)
Inventory (losses)/gains		**(43,646)**	223,513
Cost of goods sold - historical cost		**(11,050,755)**	(10,147,823)
Gross profit		**594,626**	698,090
Other income	2	**148,484**	140,487
Net foreign exchange (losses)/gains		**(3,602)**	11,369
Refining and Supply expenses		**(80,489)**	(92,952)
Marketing expenses		**(334,626)**	(308,473)
Finance costs	3	**(48,349)**	(35,304)
Other expenses		**(38,881)**	(32,579)
Share of net profit of entities accounted for using the equity method		**401**	1,431
Profit before income tax expense		**237,564**	382,069
Income tax expense		**(70,242)**	(112,144)
Net profit		**167,322**	269,925
Attributable to:			
Equity holders of the parent entity		**166,911**	269,713
Non-controlling interest		**411**	212
Net profit		**167,322**	269,925
Basic and diluted earnings per share:			
Historical cost - cents per share	5	**61.8**	99.9

The consolidated income statement is to be read in conjunction with the 2011 Financial Report and the notes to the financial statements.

Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2012

Thousands of dollars	Consolidated 30 June 2012	Consolidated 30 June 2011
Profit for the period	**167,322**	269,925
Other comprehensive income		
Actuarial loss on defined benefit plans	**(112)**	(11,311)
Cash flow hedge fair value losses	**(3,431)**	(1,994)
Income tax on other comprehensive income	**1,524**	3,992
Other comprehensive income for the period, net of income tax	**(2,019)**	(9,313)
Total comprehensive income for the period	**165,303**	260,612
Attributable to:		
Equity holders of the parent entity	**164,892**	260,400
Non-controlling interest	**411**	212
Total comprehensive income for the period	**165,303**	260,612

The consolidated statement of comprehensive income is to be read in conjunction with the 2011 Financial Report and the notes to the financial statements.

Consolidated Balance Sheet

as at 30 June 2012

Thousands of dollars	Note	Consolidated 30 June 2012	Consolidated 31 December 2011
Current assets			
Cash and cash equivalents		**16,691**	1,818
Receivables		**1,016,534**	1,001,490
Inventories		**1,868,559**	1,717,732
Current tax assets		**9,335**	-
Other		**41,437**	35,862
Total current assets		**2,952,556**	2,756,902
Non-current assets			
Receivables		**1,746**	1,566
Investments accounted for using the equity method		**23,625**	23,573
Other investments		**3**	3
Intangibles		**100,957**	95,008
Property, plant and equipment		**1,610,741**	1,535,448
Deferred tax assets		**420,067**	446,758
Other		**1,843**	1,801
Total non-current assets		**2,158,982**	2,104,157
Total assets		**5,111,538**	4,861,059
Current liabilities			
Payables		**1,688,846**	1,674,017
Interest bearing liabilities	6	**182,117**	153,979
Current tax liabilities		**-**	13,798
Provisions		**109,081**	139,969
Total current liabilities		**1,980,044**	1,981,763
Non-current liabilities			
Payables		**6,942**	6,726
Interest bearing liabilities	6	**614,757**	464,685
Provisions		**202,251**	189,810
Total non-current liabilities		**823,950**	661,221
Total liabilities		**2,803,994**	2,642,984
Net assets		**2,307,544**	2,218,075
Equity			
Issued capital	7	**543,415**	543,415
Treasury stock		**(1,333)**	(430)
Reserves		**(10,067)**	(8,337)
Retained earnings		**1,763,048**	1,671,357
Total parent entity interest		**2,295,063**	2,206,005
Non-controlling interest		**12,481**	12,070
Total equity		**2,307,544**	2,218,075

The consolidated balance sheet is to be read in conjunction with the 2011 Financial Report and the notes to the financial statements.

Consolidated Statement of Changes in Equity

for the half year ended 30 June 2012

Thousands of dollars

Consolidated	**Issued capital**	**Treasury stock**	**Hedging reserve**	**Equity compensation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
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 year								
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 year	-	-	(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
Balance at 1 January 2012	**543,415**	**(430)**	**(16,444)**	**8,107**	**1,671,357**	**2,206,005**	**12,070**	**2,218,075**
Total comprehensive income for the half year								
Total recognised income for the half year	**-**	**-**	**-**	**-**	**167,291**	**167,291**	**411**	**167,702**
Effective portion of changes in fair value of cash flow hedges, net of tax	**-**	**-**	**(2,399)**	**-**	**-**	**(2,399)**	**-**	**(2,399)**
Total comprehensive income for the half year	**-**	**-**	**(2,399)**	**-**	**167,291**	**164,892**	**411**	**165,303**
Own shares acquired	**-**	**(4,353)**	**-**	**-**	**-**	**(4,353)**	**-**	**(4,353)**
Shares vested to employees	**-**	**3,450**	**-**	**(3,450)**	**-**	**-**	**-**	**-**
Expense on equity settled transactions	**-**	**-**	**-**	**4,119**	**-**	**4,119**	**-**	**4,119**
Dividends to shareholders	**-**	**-**	**-**	**-**	**(75,600)**	**(75,600)**	**-**	**(75,600)**
Balance at 30 June 2012	**543,415**	**(1,333)**	**(18,843)**	**8,776**	**1,763,048**	**2,295,063**	**12,481**	**2,307,544**

The consolidated statement of changes in equity is to be read in conjunction with the 2011 Financial Report and the notes to the financial statements.

Consolidated Cash Flow Statement

for the half year ended 30 June 2012

Thousands of dollars	Note	Consolidated 30 June 2012	Consolidated 30 June 2011
Cash flows from operating activities			
Receipts from customers		**13,529,657**	12,439,966
Payments to suppliers, employees and governments		**(13,354,815)**	(12,175,612)
Dividends and disbursements received		**350**	652
Interest received		**-**	784
Interest and other finance costs paid		**(41,549)**	(34,183)
Income taxes paid		**(65,109)**	(124,300)
Net operating cash inflows		**68,534**	107,307
Cash flows from investing activities			
Purchase of controlled entity, net of cash acquired		**(11,446)**	-
Purchases of property, plant and equipment		**(122,655)**	(115,288)
Major cyclical maintenance		**(17,904)**	(38,066)
Purchases of intangibles		**(469)**	(1,290)
Net investing cash outflows		**(152,474)**	(154,644)
Cash flows from financing activities			
Proceeds from borrowings		**7,032,050**	5,970,879
Repayments of borrowings		**(6,856,440)**	(5,820,480)
Repayment of finance lease principal		**(1,197)**	(1,382)
Dividends paid	4	**(75,600)**	(81,000)
Net financing cash inflows		**98,813**	68,017
Net increase in cash and cash equivalents		**14,873**	20,680
Cash and cash equivalents at the beginning of the period		**1,818**	18,377
Cash and cash equivalents at the end of the period		**16,691**	39,057

The consolidated cash flow statement is to be read in conjunction with the 2011 Financial Report and the notes to the financial statements.

Notes to the financial statements
for the half year ended 30 June 2012

1. Statement of significant accounting policies

Caltex Australia Limited (the "Company") is a company domiciled in Australia. The 2012 Half Year Financial Report for the six months ended 30 June 2012 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 2012 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 2011 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 2012 Half Year Financial Report was approved and authorised for issue by the board of directors on 27 August 2012.

The 2012 Half Year Financial Report has been prepared on an historical cost basis (net of impairment) except the following assets and liabilities that 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 2011 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.

	Consolidated	
Thousands of dollars	**30 June 2012**	**30 June 2011**
2. Other income		
Rental income	**29,744**	26,756
Royalties and franchise income	**54,886**	56,817
Transaction and merchant fees	**42,675**	39,832
Other	**20,893**	16,298
	148,198	139,703
Finance income		
Interest from other corporations	**286**	784
	148,484	140,487

	Consolidated	
Thousands of dollars	**30 June 2012**	**30 June 2011**
3. Costs and expenses		
Finance costs:		
Interest expense	**39,241**	32,318
Finance charges on capitalised leases	**931**	874
Loss on fair value derivative	**200**	104
Discounting expense	**7,977**	2,008
Finance costs	**48,349**	35,304
Depreciation and amortisation:		
Amortisation of intangibles	**4,362**	5,698
Depreciation and amortisation (excluding intangibles)	**52,168**	102,611
Total amortisation and depreciation expense	**56,530**	108,309

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 2012 or for the period ended 30 June 2011.

Notes to the financial statements
for the half year ended 30 June 2012 (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**
2012				
Final 2011	3 April 2012	Franked	**28**	**75,600**
Total amount				**75,600**
2011				
Interim 2011	27 September 2011	Franked	17	45,900
Final 2010	29 March 2011	Franked	30	81,000
Total amount				126,900

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

Subsequent events

Since 30 June 2012, the directors have declared the following dividend. The dividend has not been provided for and there are no income tax consequences for the group.

2012				
Interim 2012	3 October 2012	Franked	**17**	**45,900**

	Consolidated 30 June 2012	**Consolidated 30 June 2011**
5. Basic and diluted earnings per share		
Historical cost - cents per share	**61.8**	99.9
Replacement cost (RCOP) excluding significant items - cents per share	**73.1**	41.9

The calculation of historical cost basic earnings per share for the period ended 30 June 2012 was based on the net profit attributable to ordinary shareholders of the parent entity of $166,911,000 (2011: $269,713,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2012 of 270 million shares (2011: 270 million shares).

The calculation of replacement cost basic earnings per share for the period ended 30 June 2012 was based on the net replacement cost profit attributable to ordinary shareholders of the parent entity of $197,462,000 (2011: $113,254,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2012 of 270 million shares (2011: 270 million shares).

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

Thousands of dollars	**Consolidated 30 June 2012**	**Consolidated 31 December 2011**
6. Interest bearing liabilities		
Current - unsecured		
US notes (i)	**113,415**	113,415
Bank loans (i)	**66,000**	38,000
Lease liabilities (iii)	**2,702**	2,564
	182,117	153,979
Non-current - unsecured		
US notes (i)	**184,078**	181,634
Domestic medium term notes (i)	**149,467**	149,420
Bank loans (i)	**200,000**	50,000
Hedge payable (i) (ii)	**80,683**	81,933
Lease liabilities (iii)	**529**	1,698
	614,757	464,685

(i) The bank loans, domestic medium term notes and the US notes are provided by a number of banks and capital markets. The US notes and hedge payable will mature in: July 2012, totalling $113,414,850, April 2014, totalling $74,160,000, and April 2016, totalling $190,601,000. The domestic medium term notes will mature in November 2018, totalling $149,467,000. Under the loan and note agreements, the Caltex Australia Group is required to comply with certain financial covenants. There is no security or demand placed on the bank loans, domestic medium term notes and US notes. The bank loans and domestic medium term notes are denominated in Australian dollars, and US notes are denominated in Australian and US dollars.

(ii) The hedge payable is disclosed within interest bearing liabilities as the hedge was entered into solely as a result of the US dollar borrowings and is inextricably linked to the 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 2012 (USD exchange rate 1.0032) on the amount hedged (USD 175 million).

(iii) The implicit rate of interest on finance leases is 14% p.a. (2011: 14% p.a.).

Notes to the financial statements
for the half year ended 30 June 2012 (continued)

Thousands of dollars	Consolidated 30 June 2012	Consolidated 31 December 2011
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 2011 Financial Report for further detail. For each right that vests Caltex intends to purchase a share "on-market" following vesting.

	Consolidated 30 June 2012	Consolidated 31 December 2011
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
All above companies are incorporated in Australia.		

	Consolidated 30 June 2012	Consolidated 31 December 2011
9. Net tangible assets per share		
Net tangible assets per share (dollars)	**8.13**	7.82

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 (2011: 270 million).

10. Related Party Information

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 2011 Financial Report.

11. Business combinations

2012

(a) Direct Fuel Supplies Pty Ltd (“DFS”)

On 31 January 2012, the Group terminated the franchise and acquired the assets and liabilities of Direct Fuel Supplies Pty Ltd ("DFS") for a consideration of $11,383,000 plus incidental acquisition costs.

DFS was a Caltex Franchise Reseller for over 15 years who supplied to retail sites, commercial customers and primary producers. DFS’s prime marketing area was centred in the city of Bunbury while they operated out of depots at Bridgetown, Picton (Bunbury) and Manjimup.

In the five months up to 30 June 2012, DFS contributed a gross sales revenue of $47,083,459 and a net profit of $939,000 to the consolidated gross sales revenue and net profit for the half year. If the acquisition had occurred on 1 January 2012, the Group estimates that gross sales revenue would have been $9,397,000 greater and net profit would have been $187,000 greater.

The acquisition had the following effect on the Group’s assets and liabilities:

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Intangibles	9,778	-	9,778
Property, plant and equipment	1,022	-	1,022
Inventories	798	-	798
Payables	(215)	-	(215)
Net identifiable assets and liabilities	11,383	-	11,383
Consideration paid, satisfied in cash			11,383
Net cash outflow			(11,383)

The recognised values are based on the pre-acquisition carrying amounts and represent the fair value of assets recorded on acquisition.

Notes to the financial statements

for the half year ended 30 June 2012 (continued)

11. Business combinations (continued)

2012

(a) Direct Fuel Supplies Pty Ltd ("DFS") (continued)

The intangible asset acquired of $9,778,000 represents the amount paid to DFS for termination of the franchise agreement, which meets the criteria for recognition as a separately identifiable intangible asset at the date of acquisition. This intangible asset is to be amortised over the remainder of the franchise term.

There were no other material business combinations during the half year ended 30 June 2012.

2011

(a) Graham Bailey Pty Ltd ("Baileys")

On 1 December 2011, the Group acquired 100% of Graham Bailey Pty Ltd ("Baileys") for a consideration of $19,100,000 (plus a potential deferred payment of up to $2,000,000 if particular sales targets are met) plus incidental acquisition costs.

The Baileys marine fuel business was founded in Perth in 1986 and is now Australia's leading provider of marine fuel, remote infrastructure and related services, with operations in all major Australian ports and its own strong network of 16 sites from south of Western Australia through to Darwin.

The subsidiary contributed zero sales revenue and net profit to the combined entity for the first six months of 2011. If the acquisition had occurred on 1 January 2011, the Group estimates that gross sales revenue would have been $48,199,000 greater and net profit would have been $257,000 greater for the half year ended 30 June 2011.

The acquisition had the following effect on the Group's assets and liabilities:

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Cash and cash equivalents	50	-	50
Receivables	14,938	-	14,938
Inventories	1,468	-	1,468
Other current assets	578	-	578
Property, plant and equipment	3,986	-	3,986
Goodwill	279	(279)	-
Payables	(16,976)	-	(16,976)
Net identifiable assets and liabilities	4,323	(279)	4,044
Goodwill on acquisition			17,094
Deferred consideration, based on future performance			2,000
Consideration paid, satisfied in cash			19,138
Cash acquired			50
Net cash outflow			(19,088)

The recognised values are based on the pre-acquisition carrying amounts and represent the fair value of assets recorded on acquisition.

Goodwill of $17,094,000 has arisen on acquisition of Baileys and represents customer contracts, property leases and other intangible assets that did not meet the criteria for recognition as separately identifiable intangible assets at the date of acquisition.

(b) Vitalgas Pty Ltd ("Vitalgas")/Calgas Pty Ltd ("Calgas")

On 1 November 2011, the Group dissolved the Vitalgas Pty Ltd ("Vitalgas") joint venture agreement by way of purchasing the shares held by Origin Energy Holdings Pty Ltd ("Origin") and undertaking associated assets for an acquisition cost of $4,100,000 plus incidental acquisition costs. The name of the company was subsequently changed to Calgas Pty Ltd.

Vitalgas, a joint venture between Caltex Australia Limited and Boral Gas Ltd (now Origin Energy Holdings Pty Ltd), was created on 2 September 1985 in order to better compete in the autogas market.

The subsidiary contributed zero sales revenue and net profit to the combined entity for the first six months of 2011. If the acquisition had occurred on 1 January 2011, the Group estimates that gross sales revenue would have been $54,539,000 greater and net profit would have been $847,000 greater for the half year ended 30 June 2011.

Notes to the financial statements
for the half year ended 30 June 2012 (continued)

11. Business combinations (continued)

2011

(b) Vitalgas Pty Ltd (“Vitalgas”)/Calgas Pty Ltd ("Calgas") (continued)

The acquisition had the following effect on the Group’s assets and liabilities:

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Cash and cash equivalents	3,276	-	3,276
Receivables	1,216	-	1,216
Inventories	582	-	582
Other current assets	108	-	108
Property, plant and equipment	3,881	6,101	9,982
Deferred tax balances	495	(1,206)	(711)
Payables	(9,521)	-	(9,521)
Net identifiable assets and liabilities	37	4,895	4,932
Net assets acquired - remaining 50% interest			2,466
Goodwill on acquisition			1,655
Consideration paid, satisfied in cash			4,121
Cash acquired - remaining 50% interest			1,638
Net cash outflow			(2,483)

The recognised values are based on the pre-acquisition carrying amounts and represent the fair value of assets recorded on acquisition.

Goodwill of $1,655,000 has arisen on acquisition of the remaining interest in Vitalgas and represents other intangible assets that did not meet the criteria for recognition as separately identifiable intangible assets at the date of acquisition.

Goodwill within Vitalgas Pty Limited and Graham Bailey Pty Limited was unable to be recognised as a separate intangible asset under AASB 3.

(c) Details of entities over which control has been gained or lost during the year

2012

On 24 May 2012, Caltex incorporated Ampol International Holdings Pte Ltd. There were no other entities over which control was gained or lost during the period.

2011

On 1 March 2011, Caltex incorporated Ampol Singapore Holdings Pte Ltd.

12. Commitments

	Consolidated	
Thousands of dollars	**30 June 2012**	**31 December 2011**
Capital expenditure		
Capital expenditure contracted but not provided for in the financial report and payable:		
Within one year	**81,487**	32,511

Notes to the financial statements
for the half year ended 30 June 2012 (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 2011 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

	Marketing		**Refining & Supply**		**Total Operating Segments**	
Thousands of dollars	**30 June 2012**	**30 June 2011**	**30 June 2012**	**30 June 2011**	**30 June 2012**	**30 June 2011**
Gross segment revenue	**9,674,884**	9,181,782	**1,643,263**	1,337,461	**11,318,147**	10,519,243
Product duties and taxes	**(2,497,378)**	(2,479,510)	**-**	-	**(2,497,378)**	(2,479,510)
External segment revenue	**7,177,506**	6,702,272	**1,643,263**	1,337,461	**8,820,769**	8,039,733
Inter-segment revenue	**-**	-	**6,607,049**	6,199,331	**6,607,049**	6,199,331
Replacement Cost of Sales Operating Profit/(Loss) before income tax	**366,839**	341,072	**1,643**	(113,210)	**368,482**	227,862

(c) Reconciliation of reportable segment profit or loss

Thousands of dollars	**30 June 2012**	**30 June 2011**
Profit or loss		
Total Replacement Cost of Sales Operating Profit for reportable segments	**368,482**	227,862
Other profit and loss	**(39,620)**	(34,998)
Replacement Cost of Sales Operating Profit before interest and income tax, excluding significant items	**328,862**	192,864
Inventory (losses)/gains	**(43,646)**	223,513
Consolidated historical cost earnings before interest and income tax	**285,216**	416,377
Net financing costs	**(48,063)**	(34,520)
Net profit attributable to non-controlling interest	**411**	212
Consolidated profit before income tax	**237,564**	382,069

14. Events after the Reporting Date

Subsequent to 30 June 2012, Caltex announced on 26 July 2012 the planned closure of its Kurnell Refinery in New South Wales, Australia and its proposed conversion to an import terminal. The Refinery is planned to close in 2014. This announcement has been deemed to be a non-adjusting subsequent event for the interim financial statements. This decision has resulted in the recognition of a number of provisions subsequent to half year estimated at approximately $430 million (on a discounted basis and before tax). These include incremental employee entitlements of $80 million, a decommissioning liability of $80 million, and an environmental remediation liability of $270 million. These incremental liabilities represent the net present value of each of the respective estimated incremental future expenditures arising from the decision to close the Kurnell refinery. These amounts, whilst representing Caltex's best estimate, remain subject to a level of uncertainty in relation to the timing and amount of each component of expenditure in future periods. Adjustments to the estimated amount and timing of future expenditures are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing those potential changes include revisions to lives of operations, developments in technology, regulatory requirements and environmental management strategies, and changes in the estimated extent and costs of anticipated activities.

Subsequent to 30 June 2012, Caltex announced on 31 July 2012 an offer of Caltex Subordinated Notes to raise $300 million, (which was subsequently updated following the book build to $525 million) with the ability to raise more or less. The Notes are dated, direct, unsecured, subordinated, and cumulative in nature. The Notes will provide a number of benefits to Caltex, including increased funding flexibility and diversification as the company seeks to implement a number of strategic initiatives. These include continued investment in Caltex's supply chain and Marketing operations to maintain growth momentum. The most significant investment is the proposed closure and conversion of the Kurnell Refinery in Sydney to a major import terminal.