BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

CALTEX AUSTRALIA LIMITED
ACN 004 201 307

LEVEL 24, 2 MARKET STREET
SYDNEY NSW 2000 AUSTRALIA

25 August 2014

Company Announcements Office

Australian Securities Exchange

CALTEX AUSTRALIA LIMITED

2014 HALF YEAR RESULTS FOR ANNOUNCEMENT TO THE MARKET

2014 HALF YEAR REPORT AND 2014 HALF YEAR FINANCIAL REPORT

Caltex Australia Limited (Caltex) attaches the *2014 Half Year Report* for the half year ended 30 June 2014 for immediate release to the market.

The *2014 Half Year Report* includes the information set out in Appendix 4D (under ASX Listing Rule 4.2A) and incorporates the *2014 Half Year Financial Report* (under the *Corporations Act*).

The *2014 Half Year Report* (including the *2014 Half Year Financial Report*) should be read in conjunction with Caltex's *2013 Financial Report*.

Peter Lim

Company Secretary

Phone: **(02) 9250 5562 / 0414 815 732**

Attach.

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2014 HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

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

THE 2014 HALF YEAR REPORT SHOULD BE READ IN
CONJUNCTION WITH THE 2013 FINANCIAL REPORT

CALTEX AUSTRALIA LIMITED
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 2014	2013
Revenues from ordinary activities	↑	11%	12,771	11,495
Profit from ordinary activities after tax/net profit for the period attributable to members:				
Historical cost basis	↓	17%	163	195
Replacement cost basis[1]	↑	1%	173	171

Dividend	2014	2013
Dividends declared:		
Interim dividend: - Amount per security (fully franked)	20c	17c
Final dividend - Amount per security (fully franked)	N/A	17c
Record date for determining entitlement to 2014 interim dividend		9 September 2014
Date 2014 interim dividend is payable		1 October 2014

Comments update

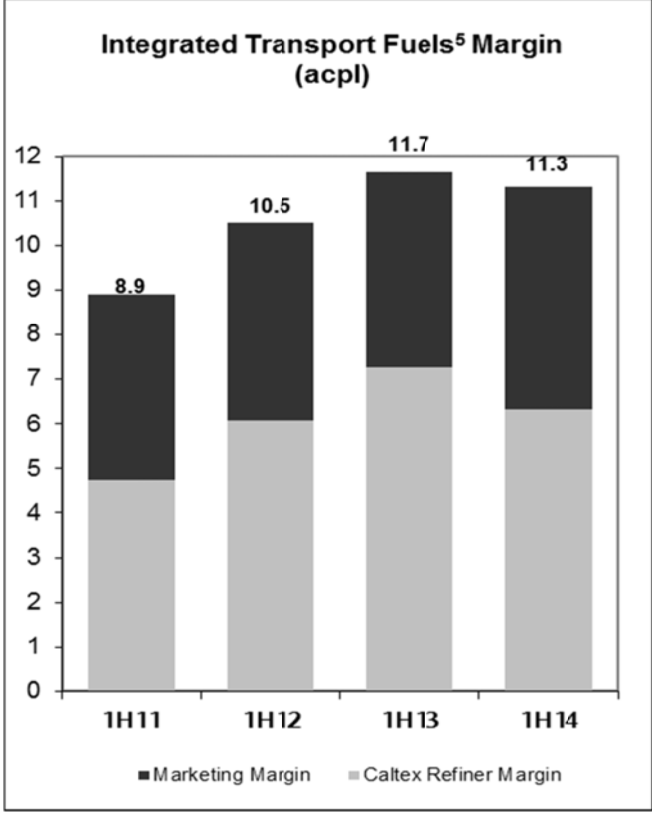
- On an historic cost profit basis, Caltex's after tax profit was $163 million for the first half of 2014. This compares unfavourably to the $195 million after tax profit for the first half of 2013. The 2014 half year includes crude and product inventory losses of $10 million after tax, compared with a crude and product inventory gain of $24 million after tax for the previous half year to 30 June 2013.
- On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was $173 million for the first half of 2014. This compares with $171 million for the first half of 2013.
- Net debt at 30 June 2014 was $827 million, compared with $742 million at 31 December 2013. This equates to a gearing ratio of 23% (net debt / net debt plus equity). On a lease adjusted basis, gearing was 33%. Caltex's strong balance sheet has provided the financial flexibility to enable Caltex to successfully convert Kurnell to a leading import terminal and continue to invest in growth opportunities, including the recent Scott's Fuel Divisions acquisition.
- The Board has declared an interim fully franked dividend of 20 cents per share for the first half of 2014, in line with the revised dividend pay-out ratio of 20% to 40%. This compares to Caltex's 2013 interim dividend of 17 cents per share, fully franked. The record and payment dates for the interim dividend are 9 September 2014 and 1 October 2014, respectively.

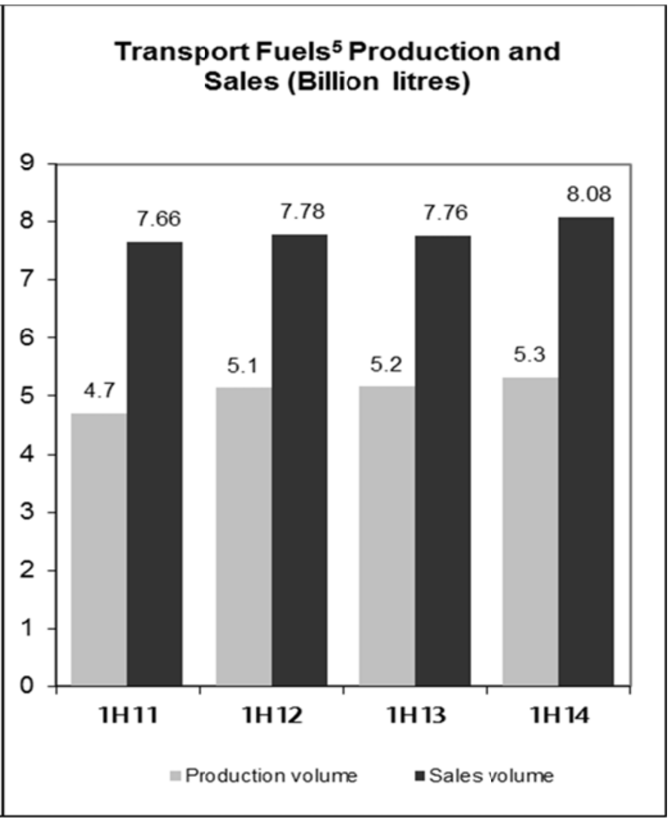
[1] Replacement Cost Operating Profit (RCOP) (on a pre and post tax basis) is a non International Financial Reporting Standards (IFRS) measure. It is derived from the statutory profit adjusted for inventory (losses)/gains as management believes this presents a clearer picture of the company's underlying 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.

[2] Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 June 2014 half year financial statements.

Key Performance Indicators

	Half year ended 30 June				
	2014	2013	2012	2011	2010
Profit before interest and tax ($m)					
- Historical cost basis (including significant items)	275	319	285	416	230
- Historical cost basis (excluding significant items)[1]	275	319	285	416	250
- Replacement cost basis (including significant items)	290	284	329	193	240
- Replacement cost basis (excluding significant items)[2]	290	284	329	193	261
Profit after interest and tax ($m)					
- Historical cost basis (including significant items)	163	195	167	270	141
- Historical cost basis (excluding significant items)[1]	163	195	167	270	155
- Replacement cost basis (including significant items)	173	171	197	113	149
- Replacement cost basis (excluding significant items)[2]	173	171	197	113	163
Inventory (losses)/gains before tax ($m)	(15)	34	(44)	224	(11)
Basic earnings per share (cents)					
- Historical cost basis (including significant items)	60.2	72.2	61.8	99.9	52.3
- Replacement cost basis (excluding significant items)[2]	64.0	63.3	73.1	41.9	60.3
Return on equity attributable to members of the parent entity after tax, annualised (%)					
- Historical cost basis (including significant items)[3]	12	17	15	17	9
- Replacement cost basis (excluding significant items)[3]	13	15	17	7	11
Net tangible asset backing per share ($)[4]	9.31	8.06	8.13	11.73	10.76
Net debt ($m)	827	729	780	675	576
Gearing (net debt to net debt plus equity) (%)	23	24	25	17	16





[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 (2013: 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.

2014 HALF YEAR FINANCIAL REPORT

FOR

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

The 2014 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 2014

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 2014 HALF YEAR FINANCIAL REPORT SHOULD BE READ IN CONJUNCTION WITH THE 2013 FINANCIAL REPORT

Directors' Report

Introduction

The Board of Caltex Australia Limited presents the 2014 Half Year Directors' Report and the 2014 Half Year Financial Report for Caltex Australia Limited and its controlled entities (the Caltex Australia Group) for the half year ended 30 June 2014. An Independent Review Report from KPMG, Caltex's external auditor, is also provided.

Board of directors

The following persons were on the Board of Caltex Australia Limited during the half year and up to the date of this report unless stated otherwise:

Ms Elizabeth Bryan AM	- Chairman (Non-executive/Independent; appointed as Director on 18 July 2002 and as Chairman on 1 October 2007)
Mr Julian Segal	- Managing Director & CEO (appointed 1 July 2009)
Mr Trevor Bourne	- Director (Non-executive/Independent; appointed 2 March 2006)
Mr Richard Brown	- Director (Non-executive; appointed 28 June 2012)
Ms Barbara Burger	- Director (Non-executive; appointed 28 June 2012)
Mr Greig Gailey	- Director (Non-executive/Independent; appointed 11 December 2007)
Mr Ryan Krogmeier	- Director (Non-executive; appointed 30 March 2012)
Mr Bruce Morgan	- Director (Non-executive/Independent; appointed 29 June 2013)

Mr Brown, Ms Burger and Mr Krogmeier each serve as alternate directors for each other.

There have been no changes to the composition of the Board during the half year and up to the date of this report.

The Board Profiles are included in the 31 December 2013 Annual Report.

Review of Operations

Company Overview

Caltex, including predecessor companies, has operated in Australia for more than 100 years, focusing on providing ongoing, reliable, safe and efficient fuel supply to our customers.

Caltex is one of Australia's leading transport fuel suppliers and convenience retailers and is listed on the Australian Securities Exchange. Caltex has a major shareholder, Chevron, which holds 50% of the company's ordinary shares. Caltex operates independently of Chevron, and all decisions are made in Australia by the Caltex Board and management. The head office is based in Sydney, and Caltex has over 3,700 employees working across the country. Caltex operates its business as one integrated value chain and incorporates operational excellence principles throughout supply, refining, logistics and marketing.

The principal activities of Caltex during the year were the purchase, refining, distribution and marketing of petroleum products and the operation of convenience stores throughout Australia. There were no significant changes in the nature of Caltex's principal activities or in the state of affairs during the half year.

Caltex currently operates two oil refineries – Kurnell refinery in Sydney and Lytton refinery in Brisbane. These refineries produce petrol, diesel and jet fuel, along with small amounts of fuel oil and specialty products, liquid petroleum gas (LPG) and other gases. Caltex also buys refined products on the open market both overseas and locally, and along with the products that Caltex refines, Caltex markets these products across retail and commercial channels. These products are supplied to customers via a network of pipelines, terminals, depots and company-owned and contracted transport fleets.

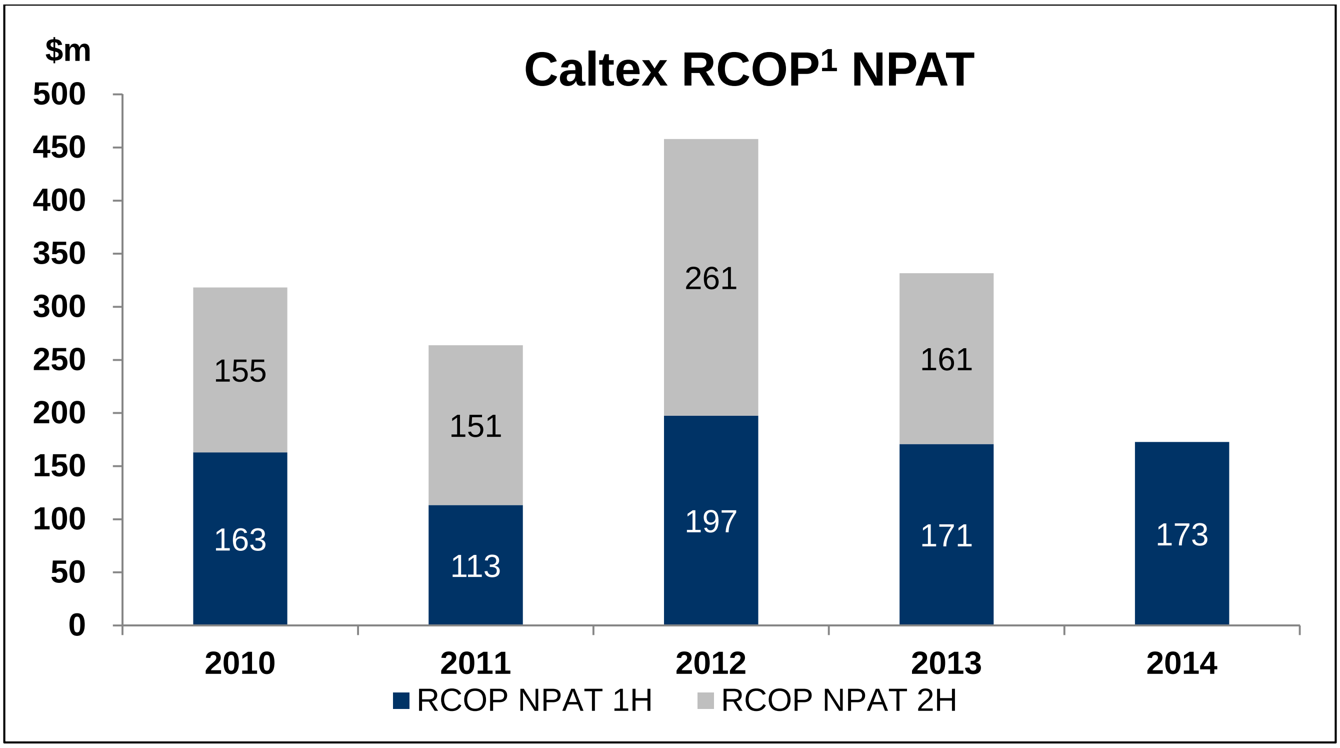
Caltex has previously announced changes to rebalance its supply chain which includes the planned closure of the Kurnell refinery in the second half of 2014. The closure program for Kurnell refinery is on track.

Group strategy

There have been no material changes to the description of Caltex's group strategy as included in the Operating and Financial Review included in the Annual Report as at 31 December 2013.

Caltex Group Results 30 June 2014

On an historic cost profit basis, Caltex's after tax profit was $163 million for the first half of 2014. This compares unfavourably to the $195 million after tax profit for the first half of 2013. The 2014 half year includes crude and product inventory losses of $10 million after tax, compared with a crude and product inventory gain of $24 million after tax for the previous half year to 30 June 2013.



On a replacement cost of sales operating profit (RCOP) basis, Caltex's after tax profit was $173 million for the first half of 2014. This compares with $171 million for the first half of 2013.

A reconciliation of the underlying result to statutory result is set out in the following table:

Reconciliation of the underlying result to statutory result	June 2014 $m (after tax)	June 2013 $m (after tax)
Net profit attributable to equity holders of the parent entity	**163**	195
Add/deduct: Inventory loss/(inventory gain)	**10**	(24)
RCOP NPAT	**173**	**171**

Dividend

The Board has declared an interim fully franked dividend of 20 cents per share for the first half of 2014, in line with the revised dividend pay-out ratio of 20% to 40%. This compares to Caltex's 2013 interim dividend of 17 cents per share, fully franked. The record and payment dates for the interim dividend are 9 September 2014 and 1 October 2014, respectively.

[1] Replacement cost of sales operating profit (RCOP) excluding 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 unaudited. 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.

Income statement

For the half year ended 30 June 2014		2014 $m	2013 $m
1.	Total revenue	12,771	11,495
2.	Total expenses	(12,481)	(11,211)
	Replacement cost earnings before interest and tax	**290**	**284**
	Finance income	5	4
	Finance expenses	(49)	(58)
3.	**Net finance costs**	**(44)**	**(54)**
	Income tax expense[1]	(73)	(59)
	Replacement cost of sales operating profit (RCOP)	**173**	**171**
4.	Inventory (loss)/gain after tax	(10)	24
	Historical cost net profit after tax	**163**	**195**
	Interim dividend per share	20c	17c
	Final dividend per share	N/A	17c
	Basic earnings per share		
	- Replacement cost	64.0c	63.3c
	- Historical cost	60.2c	72.2c

Discussion and analysis – Income statement		
1.	**Total revenue** Total revenue increased primarily due to: - Higher fuel sales volumes than in the prior period (2014: 10.3 billion litres vs. 2013: 10.2 billion litres); and - The lower AUD/USD exchange rate in 2014 compared to 2013 which results in higher Australian dollar sales revenue.	**↑ 11%**
2.	**Total expenses – replacement cost basis** Total expenses increased as a result of: - Higher replacement costs of goods sold resulting from higher prices paid on an Australian dollar basis as a result of the lower exchange rate; and - Higher operating expenses. Partially offset by a foreign exchange gain as a result of the Australian dollar increasing in value from December 2013 to June 2014, compared to the significant fall in the exchange rate in the first half of 2013.	**↑ 11%**

[1] Excludes tax benefit on inventory loss of $4 million (2013: $10 million tax expense).

Income statement (continued)

RCOP EBIT breakdown[1]

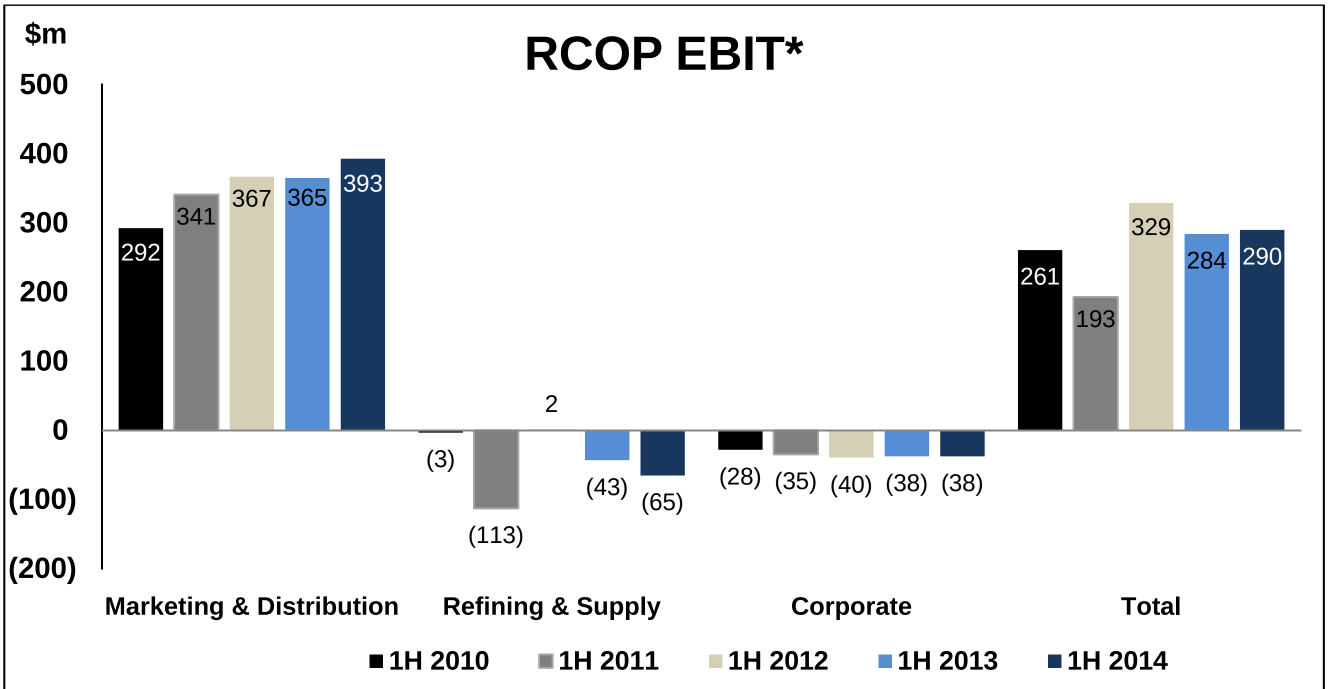
Caltex Refiner Margin (CRM) CRM represents the difference between the cost of importing a standard Caltex basket of products to eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation basically represents: average Singapore refiner margin + product quality premium + crude discount / (premium) + product freight – crude freight – yield loss. US dollar realised CRM was lower in the first half of 2014 at US$9.20/bbl compared with US$11.76/bbl for the first half of 2013. In AUD terms, the realised CRM was 6.32 Australian cents per litre in 2014, compared with 7.27 Australian cents per litre in 2013 driven by the lower USD margin. CRM sales from production volumes were higher in 1H14 (1H14: 5.5 billion litres vs. 1H13: 5.1 billion litres).	**$351m**
Transport fuels marketing margin 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. Transport fuel sales volumes have increased from the prior period (1H14: 8.1 billion litres vs. 1H13: 7.8 billion litres). The increase in Transport fuel sales volumes was driven by an increase in premium fuel sales and jet sales. Premium fuel sales volumes continue to grow with sales of 2.0 billion litres compared to 1.6 billion litres for the same period last year. This was offset by the ongoing decline in regular unleaded petrol sales due to the continued increase in sales of vehicles requiring diesel or premium grades of petrol. Jet fuel volumes increased approximately 11% driven by a strong customer base. Diesel fuel volumes increased approximately 8% driven by growth in sales of Premium Diesel.	**$404m**
Lubricants and specialties margin Lubricants and specialties products include finished lubricants, base oils, liquefied petroleum gas, petrochemicals, wax and marine fuels. Specialty products and Lubricants margin decreased by 31% in 2014, mainly driven by the sale of the bitumen business in 2H13.	**$50m**
Non-fuel income Non-fuel income includes convenience store income, franchise income, royalties, property, plant and equipment rentals, StarCard income and share of profits from distributor businesses. Network expansions and acquisitions have resulted in higher year on year rental expenses as more leased sites are added into the network. Whilst the additional sites have increased sales, net non-fuel income has decreased by 5% as a result of the additional lease costs.	**$84m**
Operating expenses Operating expenses in this caption include Refining and Supply, Marketing and Corporate operating expenditure. The major drivers of the operating expenses increase of $21 million are: - Higher depreciation expense; - Higher salary and wages; and - Incidental costs incurred on the Scott's Fuel Divisions acquisition including stamp duty.	**($570m)**
Other Other includes a number of miscellaneous items that typically include: foreign exchange impacts, gain/loss on disposal of assets and subsidiary earnings. This includes the net foreign exchange gain of approximately $13 million (after hedging). This has been offset by additional impacts this period due to the anticipated operating inefficiencies as Kurnell makes the transition from refining operations to an import terminal.	**($29m)**
RCOP EBIT excluding significant items	**$290m**

[1] The breakdown of RCOP shown here represents a management reporting view of the breakdown and, therefore, individual components may not reconcile to statutory accounts.

Income statement (continued)

Discussion and analysis – Income statement (continued)		
3.	**Net finance costs** Net finance costs decreased by $10 million compared with the first half 2013. Decreased net financing costs reflect: - Higher capitalised finance costs relating to the Kurnell terminal conversion capital project; and - Lower cost of funding as a result of the composition of borrowings, offset by higher average net debt for the period.	↓ 19%
4.	**Inventory losses after tax** The inventory loss of $15 million ($10 million after tax) in the first half 2014 is driven by the strengthening Australian dollar, which resulted in a decline in the cost of crude on an Australian dollar basis during the period. Crude inventory holdings are denominated in US dollars and as the AUD exchange rate strengthens compared to the US dollar, the result is that Caltex's inventory values decrease from an Australian dollar perspective. Whilst crude prices were relatively stable during 2014, the Australian dollar averaged 93.6 US cents in June 2014 compared to 89.8 US cents in December 2013. In comparison, the inventory gain of $34 million ($24 million after tax) in 2013 was driven by the significant fall in the Australian dollar during 2013 which resulted in an increase in the Australian dollar cost of crude.	↓ $34m

Business unit performance



* RCOP EBIT excluding significant items

Marketing & Distribution

Marketing & Distribution achieved an EBIT of $393 million for the first half of 2014. This exceeded both the prior year equivalent (1H 2013: $365 million) and the previous first half record set in 2012 ($367 million). The first half 2013 Marketing & Distribution result included two one-off impacts (the significant fall in the Australian dollar and the Sydney premium petrol supply interruption) of approximately $11 million. After normalising for these events, Marketing & Distribution continues to deliver strong underlying earnings growth of approximately 5%.

Business unit performance (continued)

Marketing & Distribution (continued)

Total sales volumes of high value transport fuels were 8.1 billion litres, an increase of 4% on the prior corresponding period (7.8 billion litres). After normalising for the Sydney premium petrol interruption in 2013, volume growth was approximately 3.5%. Higher sales of premium grades of petrol and diesel, and jet fuel have offset the long term decline in demand for unleaded petrol, including E10. Total petrol volumes fell 2.2% to 3.1 billion litres, in line with industry trends.

Total diesel volumes grew 7.5% to 3.7 billion litres. This was driven by strong commercial diesel volumes (led by mining and marine sectors) and the retail substitution of petrol sales. The strong growth in the premium Vortex diesel product occurred across both commercial and retail segments.

Jet volumes grew strongly with volumes up 11% versus the prior corresponding period.

Caltex continues to invest in its retail site and terminal network, including the recent opening of its new 85 million litre Adelaide terminal. This demonstrates our commitment to the Australian market at a time when our traditional global competitors are scaling back their presence.

Refining & Supply

Refining & Supply delivered an RCOP EBIT loss of $65 million in the first half. This compares unfavourably to a RCOP EBIT loss of $43 million in the first half of 2013. The 2014 half year result includes the impact of a lower CRM and a number of one-off Kurnell refinery production impacts as Kurnell makes the transition from refining operations to a leading import terminal. These impacts to Kurnell's production mix and yield were anticipated and are the natural result of operational constraints during the shutdown and conversion process.

The Singapore Weighted Average Margin was US$12.87/bbl for the first half of 2014, compared with US$14.52/bbl in the prior corresponding period. The average CRM for the six months to 30 June 2014 was US$9.20/bbl, below the prior year equivalent of US$11.76/bbl.

Operationally, production volumes of high value transport fuels increased 4% to 5.4 billion litres (1H 2013: 5.1 billion litres). A strong Lytton refinery operational performance delivered record transport fuel production, mechanical availability and yield recovery rates. The improved Lytton refinery production has been offset by lower planned production from the Kurnell refinery due to the conversion process.

The conversion of Kurnell refinery to a leading import terminal continues to progress to plan. Caltex has made its final crude purchase for Kurnell and has now commissioned both jet and diesel systems. The Kurnell refinery closure sequence is scheduled to commence in October this year.

Balance sheet

as at 30 June 2014		Jun 2014 $m	Dec 2013 $m	Change
1.	Working capital	1,055	1,051	4
2.	Property, plant and equipment	2,224	2,126	98
3.	Intangibles	188	144	44
4.	Net debt	(827)	(742)	(85)
5.	Other non-current assets and liabilities	73	18	55
	Total equity	2,713	2,597	116

Discussion and analysis – Balance sheet		
1.	**Working capital** The increase in working capital is due to: - Higher receivables due to an increase in debtors' days outstanding; - Lower crude and product prices resulting in lower net inventory (lower inventory offset by lower crude and product payables); - Offset by an increase in current provisions arising from the Kurnell conversion provisions becoming payable within 12 months after 30 June 2014.	↑ **$4m**

Discussion and analysis – Balance sheet (continued)

2. Property, plant and equipment — ↑ $98m

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

- Capital expenditure and accruals, including major cyclical maintenance, of $158 million; and
- The acquisition of Scott's Fuel Divisions resulting in PPE of $43 million.

This is partly offset by depreciation of $92 million and disposals of $11 million.

3. Intangibles — ↑ $44m

The increase in intangibles is due to:

- The acquisition of Scott's Fuel Divisions resulting in goodwill of $27 million and intangible assets $7.5 million relating to customer relationships and trade restraint (totalling $34 million); and
- Software additions of $15 million.

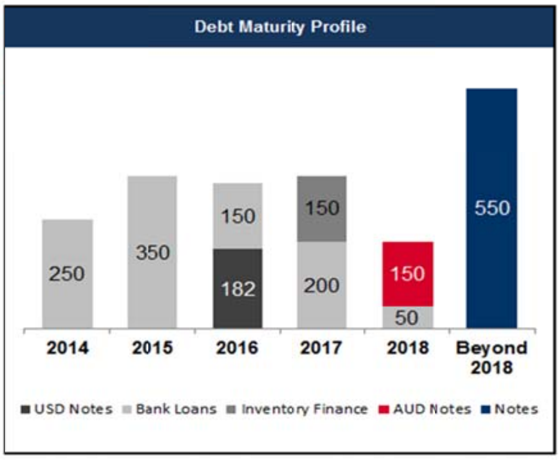
This was offset by amortisation of $5 million.

4. Net debt — ↑ $85m

Net debt increased by $85 million to $827 million at 30 June 2014. Caltex's gearing at 30 June 2014 (net debt to net debt plus equity) was 23.4%, increasing from 22.2% at 31 December 2013. On a lease-adjusted basis, gearing at 30 June 2014 was 33% compared with 31% at 31 December 2013.

Current sources of funding

	A$m	Source
US$ notes	182	US institutional
A$ notes	150	Australian and Asian institutional
Bank loans	1,000	Australian and global banks
Inventory finance	150	Australian bank
Hybrid	550	Australian and Asian retail and institutional investors
	$2,032m	



5. Other non-current assets and liabilities — ↑ $55m

Increase in non-current assets and liabilities is due to the reclassification of the current portion of the Kurnell conversion provisions payable within the next 12 months to current liabilities.

Cash flows

	For the half year ended 30 June 2014	2014 $m	2013 $m	Change
1.	Net operating cash inflows	205	244	(39)
2.	Net investing cash outflows	(243)	(174)	(69)
3.	Net financing cash inflows/(outflows)	3	(64)	67
	Net (decrease)/increase in cash held	(35)	6	(41)

Discussion and analysis – Cash flows		
1.	**Net operating cash inflows** The decrease in net cash inflows from operating activities is primarily due to higher tax payments in 2014. This has been offset by a small increase in cash inflows from customers, net of payments to suppliers of approximately $4m, primarily due to higher fuel sales volumes in the period.	**↓ $39m**
2.	**Net investing cash outflows** Net investing cash outflows increased due to the acquisition of Scott's Fuel Divisions in June 2014 ($86 million), partially offset by lower payments for property, plant and equipment ($10 million) and higher proceeds from sale of assets ($7 million).	**↑ $69m**
3.	**Net financing cash inflows** Net financing cash flow has moved from an outflow in 2013 to an inflow in 2014. The financing inflows in 2014 are related to the drawdown of borrowings, offset by the payment of the 2013 final dividend. In comparison, the financing outflow in 2013 relates to the 2012 final dividend payment. There was no net drawdown or repayment of borrowings in the first half of 2013.	**↑ $67m**

Business risks and management

There have been no material changes to the description of Caltex's business risks and management as included in the Operating and Financial Review included in the Annual Report as at 31 December 2013.

Events subsequent to the end of the period

Caltex is undertaking a company-wide cost and efficiency review to give it the financial strength to maintain its market leadership position and to enable Caltex to capture future growth opportunities. As a result of the review, headcount will reduce by approximately 350 people across operational and support functions. The reduction is in addition to the previously announced reductions relating to the closure of the Kurnell refinery. The reduction will take place over time with the majority expected to occur within the next 12 months.

Due to the ongoing nature of this company wide review, the financial impact is not yet finalised. The indicative range of restructuring costs to be recognised in the second half of 2014 is estimated to be between $130 million to $155 million before tax.

On 21 August 2014, the Board of Directors authorised the repayment of the US$125 million US notes and associated cross currency swaps. The original maturity date of the US notes was April 2016. The Group expects the US notes will be repaid in the second half of 2014, resulting in an early repayment fee of $17 million, and lower interest costs over the remaining original term. The estimated second half 2014 impact is an additional cost of $15m which is included in the restructuring costs discussed above.

No other 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 2014 to the date of this report.

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 2014 Half Year Directors' Report and the 2014 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 AM	J Segal
Chairman	Managing Director & CEO

Sydney, 25 August 2014

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 half-year ended 30 June 2014 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

Greg Boydell
Partner

Sydney, 25 August 2014

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 2014, 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 AM
Chairman

J Segal
Managing Director & CEO

Sydney, 25 August 2014

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

We have reviewed the accompanying half-year financial report of Caltex Australia Limited, which comprises the consolidated balance sheet as at 30 June 2014, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year 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 half-year.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2014 and its performance for the half-year 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 a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 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 2014 and of its performance for the half-year ended on that date; and

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

KPMG

KPMG

G Boydell

Greg Boydell
Partner
Sydney, 25 August 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement
for the half year ended 30 June 2014

Thousands of dollars	Note	30 June 2014	30 June 2013
Revenue	2	**12,771,200**	11,494,602
Replacement cost of goods sold (excluding product duties and taxes and inventory (losses)/gains))		**(9,348,211)**	(8,148,579)
Product duties and taxes		**(2,575,947)**	(2,505,782)
Inventory (losses)/gains		**(14,516)**	34,493
Cost of goods sold - historical cost		**(11,938,674)**	(10,619,868)
Gross profit		**832,526**	874,734
Net foreign exchange gains/(losses)		**13,081**	(38,821)
Refining and Supply expenses		**(140,366)**	(122,002)
Marketing expenses		**(391,882)**	(357,707)
Other expenses		**(37,001)**	(37,219)
Results from operating activities		**276,358**	318,985
Finance costs		**(49,374)**	(58,125)
Finance income		**4,966**	4,146
Net finance costs	3	**(44,408)**	(53,979)
Share of net profit of entities accounted for using the equity method		**1,190**	103
Profit before income tax expense		**233,140**	265,109
Income tax expense		**(68,305)**	(69,648)
Net profit		**164,835**	195,461
Profit attributable to:			
Equity holders of the parent entity		**162,594**	194,975
Non-controlling interest		**2,241**	486
Net profit		**164,835**	195,461
Basic and diluted earnings per share:			
Historical cost - cents per share	5	**60.2**	72.2

The consolidated income statement is to be read in conjunction with the 2013 Financial Report and the notes to the financial statements.

Consolidated statement of comprehensive income

for the half year ended 30 June 2014

Thousands of dollars	30 June 2014	30 June 2013
Profit for the period	**164,835**	195,461
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit plans	**1,462**	15,632
Tax on items that will not be reclassified to profit or loss	**(439)**	(4,690)
Total items that will not be reclassified to profit or loss	**1,023**	10,942
Items that may be reclassified subsequently to profit or loss:		
Foreign operations - foreign currency translation differences	**(648)**	-
Effective portion of changes in fair value of cash flow hedges	**(35,235)**	61,922
Net change in fair value of cash flow hedges reclassified to profit or loss	**34,625**	(53,601)
Tax on items that may be reclassified subsequently to profit or loss	**183**	(2,496)
Total items that may be reclassified subsequently to profit or loss	**(1,075)**	5,825
Other comprehensive (expense)/income for the period, net of income tax	**(52)**	16,767
Total comprehensive income for the period	**164,783**	212,228
Attributable to:		
Equity holders of the parent entity	**162,542**	211,742
Non-controlling interest	**2,241**	486
Total comprehensive income for the period	**164,783**	212,228

The consolidated statement of comprehensive income is to be read in conjunction with the 2013 Financial Report and the notes to the financial statements.

Consolidated balance sheet

as at 30 June 2014

Thousands of dollars	Note	30 June 2014	31 December 2013
Current assets			
Cash and cash equivalents		**165,005**	199,922
Receivables		**1,061,206**	988,533
Inventories		**1,953,533**	2,027,857
Other		**41,531**	35,416
Total current assets		**3,221,275**	3,251,728
Non-current assets			
Receivables		**3,512**	3,048
Investments accounted for using the equity method		**24,233**	23,863
Intangibles		**188,093**	144,247
Property, plant and equipment		**2,224,150**	2,125,617
Deferred tax assets		**477,087**	469,890
Other		**2,220**	2,477
Total non-current assets		**2,919,295**	2,769,142
Total assets		**6,140,570**	6,020,870
Current liabilities			
Payables		**1,652,685**	1,716,399
Interest bearing liabilities	6	**120,000**	71,404
Current tax liabilities		**42,766**	55,361
Provisions		**306,303**	228,993
Total current liabilities		**2,121,754**	2,072,157
Non-current liabilities			
Payables		**6,231**	5,657
Interest bearing liabilities	6	**872,014**	870,921
Provisions		**427,459**	475,103
Total non-current liabilities		**1,305,704**	1,351,681
Total liabilities		**3,427,458**	3,423,838
Net assets		**2,713,112**	2,597,032
Equity			
Issued capital	7	**543,415**	543,415
Treasury stock		**(607)**	(610)
Reserves		**(14,139)**	(10,258)
Retained earnings		**2,172,979**	2,055,262
Total parent entity interest		**2,701,648**	2,587,809
Non-controlling interest		**11,464**	9,223
Total equity		**2,713,112**	2,597,032

The consolidated balance sheet is to be read in conjunction with the 2013 Financial Report and the notes to the financial statements.

Consolidated statement of changes in equity

for the half year ended 30 June 2014

Thousands of dollars

Consolidated	**Issued capital**	**Treasury stock**	**Foreign currency translation reserve**	**Hedging reserve**	**Equity compensation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2013	543,415	20	-	(19,525)	11,870	1,611,905	2,147,685	11,894	2,159,579
Total comprehensive income for the half year									
Profit for the period	-	-	-	-	-	194,975	194,975	486	195,461
Total other comprehensive income	-	-	-	5,825	-	10,942	16,767	-	16,767
Total comprehensive income for the half year	-	-	-	5,825	-	205,917	211,742	486	212,228
Own shares acquired	-	(20,804)	-	-	-	-	(20,804)	-	(20,804)
Shares vested to employees	-	18,379	-	-	(18,379)	-	-	-	-
Expense on equity settled transactions	-	-	-	-	4,146	-	4,146	-	4,146
Dividends to shareholders	-	-	-	-	-	(62,100)	(62,100)	(800)	(62,900)
Balance at 30 June 2013	543,415	(2,405)	-	(13,700)	(2,363)	1,755,722	2,280,669	11,580	2,292,249
Balance at 1 January 2014	**543,415**	**(610)**	**(240)**	**(9,265)**	**(753)**	**2,055,262**	**2,587,809**	**9,223**	**2,597,032**
Total comprehensive income for the half year									
Profit for the period	**-**	**-**	**-**	**-**	**-**	**162,594**	**162,594**	**2,241**	**164,835**
Total other comprehensive (expense)/income	**-**	**-**	**(648)**	**(427)**	**-**	**1,023**	**(52)**	**-**	**(52)**
Total comprehensive (expense)/income for the half year	**-**	**-**	**(648)**	**(427)**	**-**	**163,617**	**162,542**	**2,241**	**164,783**
Own shares acquired	**-**	**(6,227)**	**-**	**-**	**-**	**-**	**(6,227)**	**-**	**(6,227)**
Shares vested to employees	**-**	**6,230**	**-**	**-**	**(6,230)**	**-**	**-**	**-**	**-**
Expense on equity settled transactions	**-**	**-**	**-**	**-**	**3,424**	**-**	**3,424**	**-**	**3,424**
Dividends to shareholders	**-**	**-**	**-**	**-**	**-**	**(45,900)**	**(45,900)**	**-**	**(45,900)**
Balance at 30 June 2014	**543,415**	**(607)**	**(888)**	**(9,692)**	**(3,559)**	**2,172,979**	**2,701,648**	**11,464**	**2,713,112**

The consolidated statement of changes in equity is to be read in conjunction with the 2013 Financial Report and the notes to the financial statements.

Consolidated cash flow statement

for the half year ended 30 June 2014

Thousands of dollars	Note	30 June 2014	30 June 2013
Cash flows from operating activities			
Receipts from customers		**14,567,403**	13,146,398
Payments to suppliers, employees and governments		**(14,233,870)**	(12,817,030)
Dividends and disbursements received		**200**	1,350
Interest received		**4,966**	4,146
Interest and other finance costs paid		**(46,327)**	(45,569)
Income taxes paid		**(87,659)**	(45,573)
Net operating cash inflows		**204,713**	243,722
Cash flows from investing activities			
Purchase of assets and liabilities through business combination	11	**(86,466)**	-
Purchases of property, plant and equipment		**(141,594)**	(163,773)
Major cyclical maintenance		**(6,170)**	(7,832)
Purchases of intangibles		**(15,383)**	(2,105)
Net proceeds from sale of property, plant and equipment		**6,811**	105
Net investing cash outflows		**(242,802)**	(173,605)
Cash flows from financing activities			
Proceeds from borrowings		**3,446,000**	1,439,000
Repayments of borrowings		**(3,396,781)**	(1,439,000)
Repayment of finance lease principal		**(147)**	(1,125)
Dividends paid to non-controlling interest		**-**	(800)
Dividends paid	4	**(45,900)**	(62,100)
Net financing cash inflows/(outflows)		**3,172**	(64,025)
Net (decrease)/increase in cash and cash equivalents		**(34,917)**	6,092
Cash and cash equivalents at the beginning of the period		**199,922**	209,929
Cash and cash equivalents at the end of the period		**165,005**	216,021

The consolidated cash flow statement is to be read in conjunction with the 2013 Financial Report and the notes to the financial statements.

Notes to the financial statements
for the half year ended 30 June 2014

1. Statement of significant accounting policies

Caltex Australia Limited (the "Company") is a company domiciled in Australia. The 2014 Half Year Financial Report for the six months ended 30 June 2014 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 2014 Half Year Financial Report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134 "Interim Financial Reporting". This Half Year Financial Report is to be read in conjunction with the 2013 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 and the Australian Securities Exchange (ASX) Listing Rules. The 2014 Half Year Financial Report was approved and authorised for issue by the board of directors on 25 August 2014.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

The 2014 Half Year Financial Report has been prepared on an historical cost basis except for derivative financial instruments that are stated at their fair value.

The preparation of a consolidated financial report in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. 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 2013 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 2014**	**30 June 2013**
2. Revenue		
Sale of goods	**12,609,568**	11,337,320
Other revenue		
- Rental income	**35,728**	32,045
- Royalties and franchise income	**49,267**	51,475
- Transaction and merchant fees	**45,122**	43,271
- Other	**31,515**	30,491
Total other revenue	**161,632**	157,282
Total revenue	**12,771,200**	11,494,602

Thousands of dollars	**30 June 2014**	**30 June 2013**
3. Costs and expenses		
Interest expense	**47,610**	48,633
Finance charges on capitalised leases	**-**	29
Unwinding of discount	**10,657**	11,344
Less: Capitalised finance costs	**(8,893)**	(1,881)
Finance Costs	**49,374**	58,125
Finance Income	**(4,966)**	(4,146)
Net finance costs	**44,408**	53,979
Depreciation and amortisation:		
Amortisation of intangibles	**5,837**	5,140
Depreciation and amortisation (excluding intangibles)	**90,680**	79,525
Total amortisation and depreciation expense	**96,517**	84,665

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 2014 or for the period ended 30 June 2013.

Notes to the financial statements

for the half year ended 30 June 2014 (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**
2014				
Final 2013	3 April 2014	Franked	**17**	**45,900**
Total amount				**45,900**
2013				
Interim 2013	2 October 2013	Franked	17	45,900
Final 2012	4 April 2013	Franked	23	62,100
Total amount			40	108,000

The dividends paid during the year were fully franked at the rate of 30%.

Subsequent events

Since 30 June 2014, the directors have declared the following dividend. The dividend has not been provided for and there are no income tax consequences for the Group.

2014				
Interim 2014	1 October 2014	Franked	**20**	**54,000**

	30 June 2014	**30 June 2013**
5. Basic and diluted earnings per share		
Historical cost - cents per share	**60.2**	72.2
Replacement cost of sales operating profit (RCOP) - cents per share	**64.0**	63.3

The calculation of historical cost basic earnings per share for the period ended 30 June 2014 was based on the net profit attributable to ordinary shareholders of the parent entity of $162,594,000 (2013: $194,975,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2014 of 270 million shares (2013: 270 million shares).

The calculation of RCOP basic earnings per share for the period ended 30 June 2014 was based on the net replacement cost profit attributable to ordinary shareholders of the parent entity of $172,755,000 (2013: $170,830,000) and a weighted average number of ordinary shares outstanding as disclosed during the period ended 30 June 2014 of 270 million shares (2013: 270 million shares).

RCOP is calculated by adjusting the statutory profit for inventory gains and losses as follows:

Thousands of dollars	**30 June 2014**	**30 June 2013**
Net profit attributable to equity holders of the parent entity	**162,594**	194,975
Adjust: Inventory losses/(gains) after tax	**10,161**	(24,145)
Replacement cost of sales operating profit (RCOP) after tax	**172,755**	170,830

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

Thousands of dollars	30 June 2014	31 December 2013
6. Interest bearing liabilities		
Current - unsecured		
Bank loans (i)	**120,000**	-
US notes (i)	**-**	56,216
Hedge payable (i) (ii)	**-**	15,041
Lease liabilities	**-**	147
	120,000	71,404
Non-current - unsecured		
Domestic medium term notes (i)	**149,625**	149,583
Subordinated note (i)	**539,914**	538,345
US notes (i)	**138,092**	147,341
Hedge payable (i) (ii)	**44,383**	35,652
	872,014	870,921

(i) The bank loans, domestic medium term notes, subordinated note and the US notes are provided by a number of capital markets. The bank loans, domestic medium term notes and subordinated note are denominated in Australian dollars, and US notes are denominated in US dollars. Under the loan and note agreements, the Group is required to comply with certain financial covenants. There is no security or demand placed on the loans or US notes. The US notes and hedge payable will mature in April 2016, totalling $182,475,000. The domestic medium term note will mature in November 2018, totalling $149,625,000. The subordinated note has a maturity date of September 2037, with the option for redemption in September 2017, totalling $539,914,000.

(ii) The hedge payable is disclosed within interest bearing liabilities as the hedge was entered into specifically as a result of the US dollar borrowings and is inextricably linked to that debt. The 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 2014 (USD exchange rate 0.9414) on the amount hedged (USD 125,000,000).

Fair values of financial assets and liabilities

The Group's accounting policies and disclosures may require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Group uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability can be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the financial statements

for the half year ended 30 June 2014 (continued)

6. Interest bearing liabilities (continued)

Fair values of recognised financial assets and liabilities with their carrying amounts shown in the balance sheet are as follows:

			Asset/(liability)		
30 June 2014 **Thousands of dollars**	**Carrying amount**	**Fair value total**	**Quoted market price (Level 1)**	**Observable inputs (Level 2)**	**Non-market observable inputs (Level 3)**
Cash and cash equivalents	**165,005**	**165,005**	**165,005**	**-**	**-**
Receivables (i)	**1,064,718**	**1,064,718**	**-**	**1,064,718**	**-**
Interest bearing liabilities					
Bank loan (ii)	**(120,000)**	**(120,000)**	**-**	**(120,000)**	**-**
US notes (iii)	**(138,092)**	**(138,396)**	**-**	**(138,396)**	**-**
Domestic medium term notes (iv)	**(149,625)**	**(167,396)**	**-**	**(167,396)**	**-**
Subordinated note	**(539,914)**	**(594,006)**	**(594,006)**	**-**	**-**
Cross currency swaps (v)	**(44,383)**	**(44,383)**	**-**	**(44,383)**	**-**
Lease liabilities (vi)	**-**	**-**	**-**	**-**	**-**
Payables					
Interest rate swaps (v)	**(6,040)**	**(6,040)**	**-**	**(6,040)**	**-**
Forward foreign exchange contracts (v)	**(4,214)**	**(4,214)**	**-**	**(4,214)**	**-**
Payables (i)	**(1,648,662)**	**(1,648,662)**	**-**	**(1,648,662)**	**-**
Total	**(1,421,207)**	**(1,493,374)**	**(429,001)**	**(1,064,373)**	**-**

			Asset/(liability)		
31 December 2013 **Thousands of dollars**	**Carrying amount**	**Fair value total**	**Quoted market price (Level 1)**	**Observable inputs (Level 2)**	**Non-market observable inputs (Level 3)**
Cash and cash equivalents	199,922	199,922	199,922	-	-
Receivables (i)	991,581	991,581	-	991,581	-
Interest bearing liabilities					
US notes (iii)	(203,557)	(204,317)	-	(204,317)	-
Domestic medium term notes (iv)	(149,583)	(161,053)	-	(161,053)	-
Subordinated note	(538,345)	(593,483)	(593,483)	-	-
Cross currency swaps (v)	(50,693)	(50,693)	-	(50,693)	-
Lease liabilities (vi)	(147)	(152)	-	(152)	-
Payables					
Interest rate swaps (v)	(6,595)	(6,595)	-	(6,595)	-
Forward foreign exchange contracts (v)	3,350	3,350	-	3,350	-
Payables (i)	(1,718,811)	(1,718,811)	-	(1,718,811)	-
Total	(1,472,878)	(1,540,251)	(393,561)	(1,146,690)	-

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the Level 2 and Level 3 fair values of financial instruments at 30 June 2014 and 31 December 2013.

(i) Receivables/payables

For receivables/payables with a remaining life of less than six months, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value, if the effect of discounting is material.

(ii) Bank loans

Interest bearing bank loans are recognised when issued at fair value less transaction costs.

(iii) US notes

The fair value of US notes is determined as the present value of future contracted cash flows. Cash flows are discounted using standard valuation techniques at applicable market yield, having regard to the timing of cash flows.

(iv) Domestic medium term notes

The fair value of domestic medium term notes is determined by using an independent broker quotation.

(v) Derivatives

The fair value of cross currency swaps, interest rate swaps and forward foreign exchange contracts is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at the applicable market yield, having regard to the timing of the cash flows.

(vi) Lease liabilities

The fair value is estimated as the present value of future cash flows using the government bond rate.

Notes to the financial statements
for the half year ended 30 June 2014 (continued)

Thousands of dollars	30 June 2014	31 December 2013
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 2013 Financial Report for further detail. For each right that vests Caltex intends to purchase a share "on-market" following vesting.

	% interest	
	30 June 2014	31 December 2013
8. Investments accounted for using the equity method		
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.

	30 June 2014	31 December 2013
9. Net tangible assets per share		
Net tangible assets per share (dollars)	**9.31**	9.05

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 (2013: 270 million).

10. Related Party Information

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 2013 Financial Report.

11. Business combinations

2014

Scott's Fuel Divisions (Scott's)

On 4 June 2014, Caltex acquired the assets and liabilities of the Scott's Fuel Divisions (Scott's) for a consideration of $86,466,000 plus incidental acquisition costs. This acquisition included the businesses known as Scott's Agencies and Sabadin Petroleum.

The Scott's Fuel Divisions operate throughout the regional areas of South Australia, Victoria, southern New South Wales and southern/central Northern Territory. This extensive network consists of 28 retail service stations and 18 depots.

The acquisition complements Caltex's existing national network and is consistent with Caltex's strategy of being Australia's leading transport fuels provider.

If the acquisition had occurred on 1 January 2014, the Group estimates that gross sales revenue would have been $286,000,000 greater and net profit would have been approximately $9,500,000 greater.

The following disclosures are provisional and dependent upon the finalisation of completion accounts. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Thousands of dollars	**Recognised values**
Intangibles	7,549
Property, plant and equipment	43,082
Inventories	11,252
Deferred tax assets	693
Provisions	(2,861)
Net identifiable assets and liabilities	59,715
Goodwill on acquisition	26,751
Consideration paid, satisfied in cash	86,466
Net cash outflow	(86,466)

The recognised values represent the fair value of assets recorded on acquisition.

Intangible assets acquired of $7,549,000 represents the amount paid to Scott's for customer relationships and trade restraint, which meets the criteria for recognition as a separately identifiable intangible asset at the date of acquisition. These intangible assets are to be amortised over the remainder of the agreement term.

Goodwill acquired of $26,751,000 represents other intangible assets that did not meet the criteria for recognition as separately identifiable assets at the date of acquisition. None of the goodwill recognised is expected to be deductible for tax purposes.

There were no other material business combinations during the half year ended 30 June 2014.

2013

Queensland Fuel Group (QFG)

On 1 October 2013, the Group terminated the franchise and acquired the assets and liabilities of Queensland Fuel Group Pty Ltd (QFG) for a consideration of $40,000,000 plus $2,967,000 for inventory, GST and provisions, and incidental acquisition costs.

QFG was a Caltex Franchise Reseller for over 15 years which operated retail sites and supplied commercial customers and primary producers. QFG's prime marketing area was centred in the cities of Gladstone and Rockhampton, with a smaller network on the Sunshine Coast.

In the three months up to 31 December 2013, QFG contributed a gross sales revenue of $52,433,701 and a net profit of $3,264,375 to the consolidated gross sales revenue and net profit for the year. If the acquisition had occurred on 1 January 2013, the Group estimates that gross sales revenue would have been $210,723,852 greater and net profit would have been $14,065,658 greater.

Notes to the financial statements

for the half year ended 30 June 2014 (continued)

11. Business combinations (continued)
2013 (continued)
Queensland Fuel Group (QFG) (continued)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Thousands of dollars	**Recognised values**
Intangibles	8,797
Property, plant and equipment	2,265
Inventories	2,915
Receivables	280
Provisions	(228)
Net identifiable assets and liabilities	14,029
Goodwill on acquisition	28,938
Consideration paid, satisfied in cash	42,967
Net cash outflow	(42,967)

The recognised values represent the fair value of assets recorded on acquisition.

Intangible assets acquired of $8,797,000 represents the amount paid to QFG for customer relationships and trade restraint, which meets the criteria for recognition as a separately identifiable intangible asset at the date of acquisition. These intangible assets are to be amortised over the remainder of the agreement term.

There were no other material business combinations during the year ended 31 December 2013.

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

2014
There were no entities over which control was gained or lost during the period.

2013
On 28 May 2013, Ampol Management Services Pte Ltd was incorporated in Singapore. Ampol Management Services Pte Ltd is a wholly owned subsidiary of Caltex Australia Limited.

12. Commitments

Thousands of dollars	**30 June 2014**	**31 December 2013**
Capital expenditure		
Capital expenditure contracted but not provided for in the financial report and payable:		
Within one year	**85,324**	62,162

Notes to the financial statements
for the half year ended 30 June 2014

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 2013 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.

(b) Information about reportable segments

	Marketing		Refining & Supply		Total Operating Segments	
Thousands of dollars	**30 June 2014**	**30 June 2013**	**30 June 2014**	**30 June 2013**	**30 June 2014**	**30 June 2013**
Gross segment revenue	**10,429,541**	9,516,634	**1,849,853**	1,523,354	**12,279,394**	11,039,988
Product duties and taxes	**(2,581,528)**	(2,518,938)	**-**	-	**(2,581,528)**	(2,518,938)
External segment revenue	**7,848,013**	6,997,696	**1,849,853**	1,523,354	**9,697,866**	8,521,050
Inter-segment revenue	**-**	-	**7,216,813**	6,437,076	**7,216,813**	6,437,076
Replacement Cost of Sales Operating Profit/(loss) before income tax	**392,868**	365,183	**(65,386)**	(43,370)	**327,482**	321,813

(c) Reconciliation of reportable segment profit or loss

Thousands of dollars	**30 June 2014**	**30 June 2013**
Profit or loss		
Segment Replacement Cost of Sales Operating Profit for reportable segments before interest and income tax	**327,482**	321,813
Other profit and loss	**(37,659)**	(37,704)
Replacement Cost of Sales Operating Profit before interest and income tax	**289,823**	284,109
Inventory (losses)/gains	**(14,516)**	34,493
Consolidated historical cost earnings before interest and income tax	**275,307**	318,602
Net financing costs	**(44,408)**	(53,979)
Net profit attributable to non-controlling interest	**2,241**	486
Consolidated profit before income tax	**233,140**	265,109

14. Events after the Reporting Date

Caltex is undertaking a company-wide cost and efficiency review to give it the financial strength to maintain its market leadership position and to enable Caltex to capture future growth opportunities. As a result of the review, headcount will reduce by approximately 350 people across operational and support functions. The reduction is in addition to the previously announced reductions relating to the closure of the Kurnell refinery. The reduction will take place over time with the majority expected to occur within the next 12 months.

Due to the ongoing nature of this company wide review, the financial impact is not yet finalised. The indicative range of restructuring costs to be recognised in the second half of 2014 is estimated to be between $130 million to $155 million before tax.

On 21 August 2014, the Board of Directors authorised the repayment of the US$125 million US notes and associated cross currency swaps. The original maturity date of the US notes was April 2016. The Group expects the US notes will be repaid in the second half of 2014, resulting in an early repayment fee of $17 million, and lower interest costs over the remaining original term. The estimated second half 2014 impact is an additional cost of $15m which is included in the restructuring costs discussed above.

No other 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 2014 to the date of this report.