

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2009 HALF YEAR REPORT

**RESULTS FOR ANNOUNCEMENT
TO THE MARKET**

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

THE 2009 HALF YEAR REPORT SHOULD BE READ IN
CONJUNCTION WITH THE 2008 FINANCIAL REPORT



CALTEX

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	
			2009	2008
Revenues from ordinary activities	↓	27%	8,894	12,145
Profit from ordinary activities after tax/net profit for the period attributable to members:				
Replacement cost basis ¹	↑	52%	298	196
Historical cost basis	↑	2%	362	354

Dividend	2009	2008
Dividends declared:		
Interim dividend:		
- Amount per security (fully franked)	Nil	36¢
Final dividend		
- Amount per security (fully franked)	N/A	Nil
Record date for determining entitlement to 2009 interim dividend		No interim dividend
Date 2009 interim dividend is payable		No interim dividend

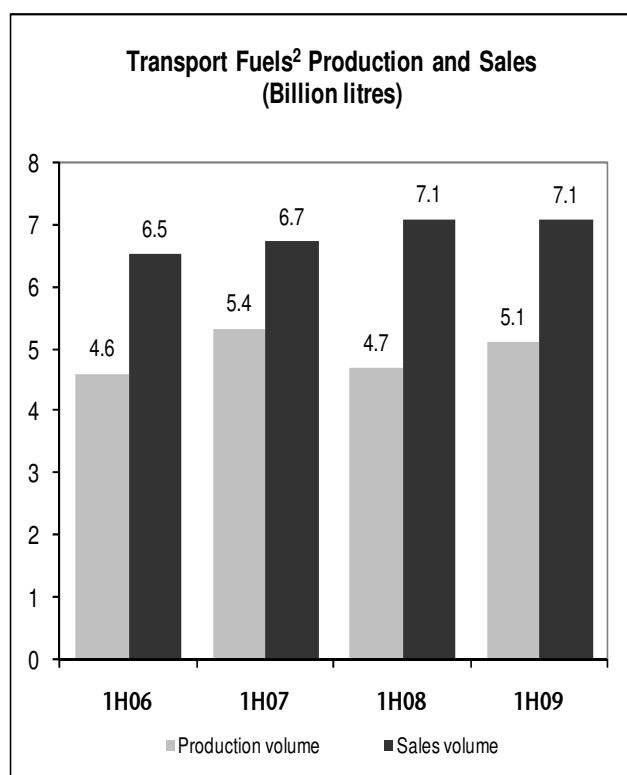
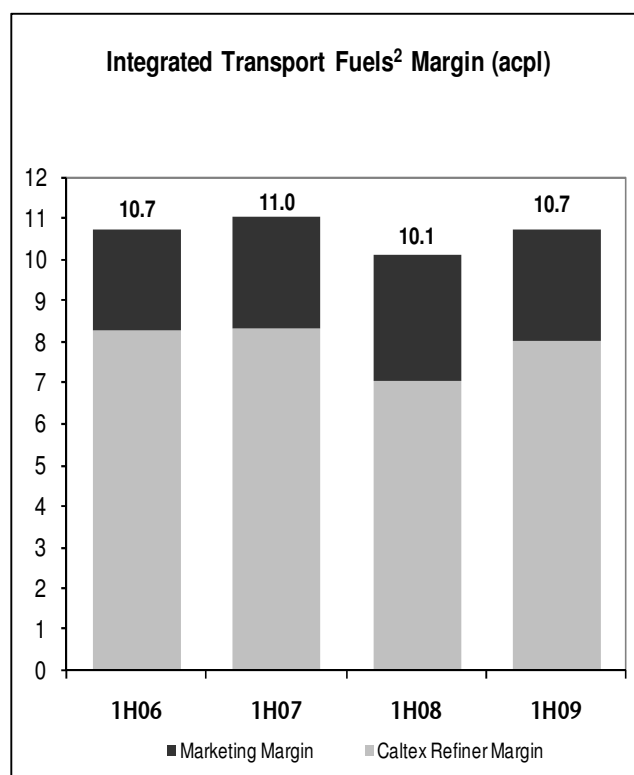
Comments

- Profit after tax on a replacement cost of sales operating profit (RCOP)¹ basis was \$298 million for the first half of 2009.
- The first half result was 52% higher than the \$196 million RCOP achieved in the first half 2008.
- This includes \$55 million of realised foreign currency exchange gains (after tax) and represents a partial reversal of the impact of the loss in the second half of 2008. However, there is no significant cash flow impact related to foreign currency exchange on crude and product payables.
- Despite the challenging economic environment, robust marketing volumes, strong operational performance and favourable externalities underpinned a record first half financial result for Caltex.
- The Marketing business continued to deliver strong results over the first half of 2009. Overall transport fuel sales were maintained in line with the same period in 2008, with continued growth in jet and diesel sales offsetting the contraction in petrol demand.
- While Caltex managed to hold volumes, overall market demand has softened and this has been reflected in weaker margins.
- Refinery reliability performance improved on the disappointing performance of the first half of 2008, with higher production volumes and utilisation levels despite major planned maintenance at the Kurnell refinery.
- On an historical cost basis (including inventory gains), Caltex recorded an after tax profit of \$362 million for the first half of 2009 compared with \$354 million for the first half of 2008. This included inventory gains of \$64 million after tax, compared with inventory gains of \$158 million after tax in the first half of 2008.
- Net debt at 30 June 2009 was \$560 million, down from \$832 million at 31 December 2008.
- The Board has determined not to pay a dividend for the first half of 2009. The good first half result will enable Caltex to fund from cashflow the growth opportunity presented by the proposed acquisition of the Mobil retail business. Bearing this in mind, the Board considered it prudent not to pay a dividend at this time. The Board will reassess this position at the full year when the outcome of the second half is known.

¹ The replacement cost of sales operating profit (RCOP) excludes the impact of the rise or fall 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.

Key Performance Indicators

	Half year ended 30 June				
	2009	2008	2007	2006	2005 ¹
Profit before interest and tax (\$m)					
- Replacement cost basis	433	302	445	270	236
- Historical cost basis	526	528	550	416	353
Profit after interest and tax (\$m)					
- Replacement cost basis	298	196	294	175	176
- Historical cost basis	362	354	368	277	258
Inventory gains before tax (\$m)	93	226	105	146	117
Basic earnings per share (cents)					
- Replacement cost basis	110.2	72.7	108.9	64.7	65.2
- Historical cost basis	134.2	131.3	136.2	102.5	95.7
Return on equity attributable to members of the parent entity after tax, annualised (%)					
- Replacement cost basis	20	13	22	15	19
- Historical cost basis	25	23	28	24	29
Net tangible asset backing per share (\$)	10.60	11.05	9.68	8.45	6.60
Net debt (\$m)	560	645	490	721	533
Gearing (net debt to net debt plus equity) (%)	16	17	15	24	23




¹ For comparative purposes, the 2005 key performance indicators have been amended to exclude the impact of an individually material tax item of \$20.9 million, relating to an income tax benefit upon entry into the new tax consolidation regime.


² Transport fuels comprise petrol, diesel and jet.

Income statement for the half year ended 30 June 2009

Millions of dollars	2009	2008
1 Total revenue ¹	8,894	12,145
2 Total expenses ²	(8,461)	(11,843)
3 Replacement cost EBIT	433	302
Finance income	6	3
Finance expenses	(15)	(23)
4 Net finance costs	(9)	(20)
Income tax expense	(126)	(86)
Replacement cost profit (RCOP) ³	298	196
5 Inventory gain – after tax	64	158
Historical cost net profit after tax	362	354
6 Interim dividend per share	nil	36c
Final dividend per share	N/A	nil
Basic earnings per share		
- Replacement cost	110.2c	72.7c
- Historical cost	134.2c	131.3c

Discussion and Analysis

<p>1 Total revenue</p> <p> 27%</p>	<p>Total revenue decreased primarily due to:</p> <ul style="list-style-type: none"> • Lower crude prices (decreasing from US\$113.31/bbl in 1H08 to US\$53.81/bbl in 1H09) and sales volumes than prior year. • While transport fuel sales were maintained in line with 1H08, overall sales volumes fell by 5% due to lower buy/sell volumes to our competitors. <p>This was partly offset by:</p> <ul style="list-style-type: none"> • The impact of the weaker Australian dollar in 1H09 on domestic wholesale prices.
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<p>2 Total expenses – replacement cost basis</p> <p> 29%</p>	<p>Total expenses decreased primarily due to:</p> <ul style="list-style-type: none"> • Lower cost of sales, reflecting lower crude oil prices; <p>This was partly offset by:</p> <ul style="list-style-type: none"> • Higher operating expenses including increased employee costs and increased depreciation costs. Operating expenses were also higher than 1H08 on a cents per litre basis due to the lower sales volumes.
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¹ Excludes interest revenue.

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

³ The replacement cost of sales operating profit (RCOP) excludes the impact of the rise or fall 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.

Discussion and Analysis cont'd



<p>3 Replacement cost EBIT</p> <p>↑ 43%</p>	<p>Increase in Caltex's underlying performance primarily resulted from:</p> <ul style="list-style-type: none"> • Stronger petrol refiner margins; • Lower crude oil price; • Weaker Australian dollar; and • Higher production volumes from higher refinery utilisation. <p>This is partly offset by:</p> <ul style="list-style-type: none"> • Weaker diesel and jet refiner margins. <p>Breakdown of replacement cost EBIT is detailed below ¹:</p>
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RCOP EBIT breakdown

<p>Caltex refiner margin (CRM)</p> <p style="text-align: right;">\$399m</p>	<p>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.</p> <p>CRM was slightly lower in 1H09 at US\$9.00/bbl compared with US\$10.40/bbl for 1H08. However, this was impacted by the lower AUD/USD exchange rate. In AUD terms, Caltex refiner margin was A8.00 cents a litre for the first half of 2009, up from A7.02 cents a litre in the same period in 2008. Refinery production in the first half of 2009 was higher due to lower planned refinery shutdown activity (1H09: 5.6 billion litres vs. 1H08: 5.4 billion litres).</p>
<p>Transport fuels marketing margin</p> <p style="text-align: right;">\$191m</p>	<p>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.</p> <ul style="list-style-type: none"> • The average transport fuels marketing margin, on an acpl basis, was 13% lower than 1H08. • Transport fuels sales volumes are similar to 1H08.
<p>Lubricants and specialties margin</p> <p style="text-align: right;">\$51m</p>	<p>Lubricants and specialties products include finished lubricants, base oils, liquified petroleum gas, petrochemicals, bitumen, wax and marine fuels.</p>
<p>Non fuel income</p> <p style="text-align: right;">\$78m</p>	<p>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.</p> <p>Non fuel income increased by 9% compared with the same period last year due to increased franchise and rental income.</p>
<p>Operating expenses</p> <p style="text-align: right;">(\$403m)</p>	<p>Operating expenses in this caption include refining and supply, marketing, corporate and other operating expenditure.</p> <p>1H09 operating costs increased by \$11 million compared with the 1H08 driven primarily by increased employee costs and depreciation.</p>
<p>Other</p> <p style="text-align: right;">\$117m</p>	<p>Other includes foreign exchange impacts, clean fuels grant, pipeline and charter revenue.</p> <p>The impact of rising AUD on payables resulted in an FX gain of \$75 million.</p>
<p>Total RCOP EBIT</p> <p style="text-align: right;">\$433m</p>	

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.

Discussion and Analysis cont'd





<p>4 Net finance costs</p> <p> 55%</p>	<p>Net financing costs were lower in 1H09 versus 1H08.</p> <p>Interest expense was lower due to declining debt levels.</p> <p>In accordance with accounting standards, Caltex capitalises interest associated with large capital projects. During 1H09, approximately \$10m was capitalised to projects such as the Lytton Diesel Hydrotreater Unit and Lytton Sulphur Reduction Unit.</p> <p>Rising interest rates in 1H09 have produced a favourable impact on finance costs from discounting of long term payables and receivables.</p>
<p>5 Inventory gain after tax</p> <p> 59%</p>	<p>Regional crude oil prices fell and rose during 1H09, (averaging US\$72.76/bbl in June 2009 compared with US\$41.71/bbl in December 2008). This resulted in net inventory gains of \$93 million (\$64 million after tax) compared with steadier increases in crude oil in 1H08 in which net inventory gains were \$226 million (\$158 million after tax) .</p>
<p>6 Interim dividend</p>	<p>The Board has determined not to pay a dividend for the first half of 2009.</p> <p>The good first half result will enable Caltex to fund from cashflow the growth opportunity presented by the proposed acquisition of the Mobil retail business. Bearing this in mind, the Board considered it prudent not to pay a dividend at this time. The Board will reassess this position at the full year when the outcome of the second half is known.</p>

Balance Sheet

as at 30 June 2009

Millions of dollars	June 2009	December 2008	change
1 Working capital	770	803	(33)
2 Property, plant and equipment (PP&E)	2,825	2,742	83
3 Net debt	(560)	(832)	272
4 Other non-current assets and liabilities	(71)	(111)	40
Total equity	2,964	2,602	362

Discussion and Analysis





<p>1 Working capital</p> <p> \$33m</p>	<p>The decrease in working capital is primarily due to:</p> <ul style="list-style-type: none"> • Increase in provision for income tax payable mainly resulting from a refund in 1H09 of tax prepayments made in 2008; <p>Partly offset by:</p> <ul style="list-style-type: none"> • Higher crude and product prices (crude average June 09 US\$72.76/bbl vs. December 08 US\$41.71/bbl), partially offset by the higher Australian dollar; • Higher inventory volumes due to a build up of inventory resulting from higher production volumes.
<p>2 PP&E</p> <p> \$83m</p>	<p>The increase in property, plant and equipment is due to:</p> <ul style="list-style-type: none"> • Capital expenditure and accruals, including major cyclical maintenance, of \$182 million; <p>Partly offset by:</p> <ul style="list-style-type: none"> • Depreciation of \$89 million; and • Net disposals of \$10 million.
<p>3 Net debt</p> <p> \$272m</p>	<p>Net debt decreased to \$560 million at 30 June 2009, a decrease of \$272 million from 31 December 2008. As a result, Caltex's gearing (net debt to net debt plus equity) was 15.9%, decreasing from 24.2% at 31 December 2008. On a lease-adjusted basis, gearing at 30 June 2009 was 22.7% compared with 30.0% at 31 December 2008.</p>
<p>4 Other non-current assets and liabilities</p> <p> \$40m</p>	<p>Other non-current assets and liabilities have decreased primarily due to decrease in superannuation and long service leave liabilities.</p>

Cash Flows

for the half year ended 30 June 2009

Millions of dollars		2009	2008	change
	Receipts from customers	10,114	13,637	(3,523)
	Payments to suppliers and employees	(7,369)	(10,892)	3,523
	Payments for excise	(2,329)	(2,359)	30
1	Finance costs paid	(28)	(29)	1
2	Tax and other activities	64	(130)	194
	Net operating cash inflows	452	227	225
3	Purchases of property, plant and equipment (PP&E) and major cyclical maintenance	(151)	(204)	53
	Other investing cash flows	(9)	4	(13)
	Net investing cash outflows	(160)	(200)	40
4	Net financing cash outflows	(281)	(5)	(276)
	Net increase in cash held	11	22	(11)

Discussion and Analysis

<p>1 Finance costs paid</p> <p> \$1m</p>	<p>Net debt decreased to \$560 million at 30 June 2009 (compared with \$832 million at 31 December 2008). Average net debt throughout 1H09 was 3% lower than throughout 1H08, resulting in decreased gross borrowing costs (\$1 million).</p>
<p>2 Tax and other activities</p> <p> \$194m</p>	<p>The decrease in tax and other outflows is largely due to a tax refund in 1H09 of \$131 million resulting from tax overpaid in 2008.</p>
<p>3 Purchases of PP&E and major cyclical maintenance</p> <p> \$53m</p>	<p>The capital expenditure in 1H09 is lower than that incurred to 1H08. This is primarily due to the significant investment in the new diesel hydrotreater unit at the Lytton Refinery during 1H08.</p>
<p>4 Net financing cash outflows</p> <p> \$276m</p>	<p>Net financing cash outflows increased due to higher net repayments of \$280 million in 1H09 compared with net borrowings of \$86 million in 1H08 (reflecting the decrease in net debt). This is partly offset by no dividend payments in 1H09 (2007 final dividend of \$89 million paid in 1H08).</p>

2009 HALF YEAR FINANCIAL REPORT

FOR

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

The 2009 Half Year Financial Report for Caltex Australia Limited includes the:

- Directors' Report
- Directors' Declaration
- Independent Review Report (KPMG)
- Half Year Financial Statements

for the half year ended 30 June 2009

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, Caltex Lubricating Oil Refinery 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 2009 HALF YEAR FINANCIAL REPORT SHOULD BE READ IN
CONJUNCTION WITH THE 2008 FINANCIAL REPORT*

Directors' Report

Introduction

The Board of Caltex Australia Limited presents the 2009 Half Year Directors' Report and the 2009 Half Year Financial Report for Caltex Australia Limited (and the Caltex Australia Group) for the half year ended 30 June 2009. An Independent Review Report from KPMG, Caltex's external auditor, is also provided.

Board of Directors

The Board of Caltex Australia Limited comprises Ms Elizabeth Bryan (Chairman), Mr Julian Segal (Managing Director & CEO), Mr Trevor Bourne, Mr Brant Fish, Mr Greig Gailey, Ms Colleen Jones-Cervantes, Mr Robert Otteson and Mr John Thorn.

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

The following changes to the composition of the Board have occurred since 1 January 2009:

Directors

- Mr Desmond King (former Managing Director & CEO) resigned as a director from 30 June 2009.
- Mr Julian Segal was appointed as a director (and as Managing Director & CEO) from 1 July 2009.
- Mr Robert Otteson was appointed as a director, as an addition to the Board, from 17 July 2009.

Alternate directors

- Mr Peter Wissel's appointment as alternate director for Mr Brant Fish ended on 16 April 2009 and his appointment as alternate director for Ms Colleen Jones-Cervantes ended on 30 June 2009.
- Mr Walter Szopiak was appointed as alternate director for Mr Fish from 17 April 2009, for Ms Jones-Cervantes from 1 July 2009 and for Mr Otteson from 17 July 2009.

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); attends meetings of the Audit Committee, Human Resources Committee and OHS & Environmental Risk Committee in an ex-officio capacity

Elizabeth is a professional director and brings management, strategic and financial expertise to the Board. She has over 30 years' 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 Chairman of UniSuper Limited, a director of Westpac Banking Corporation (appointed November 2006) and a director of the Australian Institute of Company Directors. She was previously a director of Ridley Corporation Limited (September 2001 to October 2007).

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

Directors' Report cont'd

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

Julian was appointed as Caltex's Managing Director & CEO from 1 July 2009. He is responsible for overseeing the day-to-day operations of the Caltex Australia Group.

Julian was previously Managing Director & CEO at Incitec Pivot Limited, a leading global chemicals company, where he served 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.

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

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

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

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

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

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

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

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

Directors' Report cont'd

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

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

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

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

Ms Colleen Jones-Cervantes	Director (Non-executive)
Date of Appointment:	1 June 2008
Board Committees:	Nomination Committee and OHS & Environmental Risk Committee

Colleen brings important downstream oil industry knowledge and experience, especially in marketing, to the Board. She currently serves as Chevron's Vice President of Global Marketing – Asia Pacific Region and is responsible for retail sales for the Caltex brand (as operated by Chevron), commercial and industrial sales, asphalt and LPG sales and company operated stores in 11 countries. She is based in Singapore.

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

Colleen previously served as an alternate director of Caltex Australia Limited (July 2006 to May 2008).

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

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

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

Directors' Report cont'd

Mr Robert (Rob) Otteson	Director (Non-executive)
Date of Appointment:	17 July 2009
Board Committees:	Nomination Committee

Rob brings considerable oil industry and financial management experience to the Board. He is the Regional Finance Officer – Asia Pacific for Chevron Corporation and is responsible for financial and management reporting, credit approval, local cash management, local tax matters, and risk management for Chevron's operations in the Asia Pacific region. Since joining Chevron in 1982, he has served in various finance roles before being appointed to his current role in June 2009. He is based in Singapore.

Rob is a licensed Certified Public Accountant (US) and holds a Bachelor of Arts (Accounting) from The University of Utah.

Mr Walter (Walt) Szopiak	Alternate Director (Non-executive)
Date of Appointment:	17 April 2009 (for Mr Brant Fish) / 1 July 2009 (for Ms Colleen Jones-Cervantes) / 17 July 2009 (for Mr Robert Otteson)

Walt has over 25 years' experience in the oil and gas industry working for Chevron. He currently oversees the global business development activities for Chevron Global Manufacturing and is based in Singapore.

Walt is a director of Star Petroleum Refining Company Limited (in Thailand).

Walt holds a bachelor's degree in Chemical Engineering from Virginia Polytechnic Institute (US).

Mr Desmond (Des) King (former Managing Director & CEO)

Des served as Managing Director & CEO from 1 May 2006 to 30 June 2009. In 2009, Des served as a member of the Nomination Committee until 30 June 2009.

Prior to joining Caltex Australia, Des worked in the oil industry with Chevron for over 25 years and held a number of senior roles, including General Manager of the Chevron Pembroke Refinery in Wales, director of Texaco UK, director of Nerefco (a Chevron/BP joint venture refinery in Holland), General Manager of Chevron Corporate Strategy & Planning, and Managing Director for Chevron Global Technology Marketing.

Des holds a Bachelor of Chemical Engineering from Imperial College London (UK) and a Doctor of Philosophy in Chemical Engineering from the University of Cambridge (UK).

Des served as a director of the Australian Institute of Petroleum Limited from May 2006 to June 2009.

Mr Peter (Pete) Wissel (former Alternate Director)

Pete served as alternate director from 1 June 2008 to 30 June 2009 (for Mr Brant Fish from 1 June 2008 to 16 April 2009 and for Ms Colleen Jones-Cervantes from 1 June 2008 to 30 June 2009).

Pete served in the role of Regional Finance Officer, Asia Pacific for Chevron's downstream business. In this role, he was responsible for financial and management reporting, credit approval, local cash management, local tax matters, and risk management in the Asia Pacific region. Pete relocated to the US in July 2009.

Pete holds a Bachelor of Arts in Economics from the Denison University (USA) and a Master of Business Administration – Finance from the New York University Graduate School of Business Administration (USA).

Pete previously served as a director of Caltex Australia Limited (August 2005 to May 2008).

Directors' Report cont'd

Review of Results and Operations

General Overview

Caltex Australia recorded a profit after tax on a replacement cost of sales operating profit (RCOP)¹ basis of \$298 million for the first half of 2009 compared with \$196 million for the first half of 2008.

The first half result was 52% higher than the \$196 million RCOP achieved for the first half of 2008.

The result was impacted by stronger than expected externalities, including a weaker Tapis price in April and May and the lower average AUD compared to 2008 (71 cents versus 93 cents). This resulted in a stronger Caltex Refiner Margin² which averaged 8.0 Australian cents per litre, compared with 7.02 Australian cents per litre for the same period last year.

On an historical cost profit basis (including inventory gains), Caltex's after tax profit was \$362 million for the first half of 2009 compared with \$354 million for the first half of 2008. This result includes product and crude oil inventory gains of approximately \$64 million after tax compared with inventory gains of \$158 million after tax for the first half of 2008.

Net debt at 30 June 2009 was \$560 million, down from \$832 million at 31 December 2008.

Caltex Australia has entered into an agreement to acquire 302 Mobil service station sites. This agreement is subject to review and clearance by the Australian Competition and Consumer Commission and the Foreign Investment Review Board. The proposed purchase by Caltex of 302 Mobil service station sites is an important growth opportunity for the company. If regulatory clearance is obtained and the purchase proceeds, the acquisition cost (which is in the order of \$300 million including estimates for inventories and other settlement costs which will be finalised on completion) will be funded internally.

Marketing

Transport fuel volumes were maintained despite the tightening economic environment. Both diesel and jet performed well, offsetting the fall in petrol volumes which were down in line with the market. Non-fuel income has continued to grow. Total average weekly sales from the Caltex convenience store network increased 4.3% year on year.

Refining and Supply

Despite major planned maintenance at Kurnell, fuel production was up 8.6% to 5.1 billion litres. Refinery mechanical availability and utilisation was significantly improved in the first half, compared with the same period last year. The new diesel hydrotreater at Lytton was also completed and is producing Australian grade 10ppm sulfur diesel to full capacity.

¹ The replacement cost of sales operating profit (RCOP) excludes the impact of the rise or fall 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 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.

Directors' Report cont'd

Outlook

Caltex expects the second half of 2009 to be challenging. The favourable key externalities that were seen in the first half are unlikely to be repeated in the second half. A higher Australian dollar and higher crude oil prices will tend to moderate the Caltex Refiner Margin.

Global refiner margins will likely remain under pressure in the second half of 2009 because of depressed demand and expected growth in global surplus refinery capacity. The outcome will depend on the actual output of the global refining network and the rate and timing of product demand recovery.

In the medium term, Caltex is indirectly leveraged to the key growth markets of China and India, and the Australian economy is proving to be resilient, compared with Europe and the US.

In relation to the longer term, Caltex's focus is to deliver on its strategy while creating a culture that continually challenges the status quo and executes its plans with speed and excellence.

Caltex will continue to focus on the factors and opportunities that are within its control – refinery reliability, cost control, efficiency – and take advantage of appropriate external opportunities that present themselves.

Dividends declared

The Board has determined not to pay a dividend for the first half of 2009.

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

The good first half result will enable Caltex to fund from cashflow the growth opportunity presented by the proposed acquisition of the Mobil retail business. Bearing this in mind, the Board considered it prudent not to pay a dividend at this time. The Board will reassess this position at the full year when the outcome of the second half is known.

Significant Events after Balance Date

No items, transactions or events of a material or unusual nature that, in the opinion of the Board, are likely to significantly affect the operations of Caltex, the results of those operations or the state of affairs of the group in subsequent financial years, have arisen in the period from 30 June 2009 to the date of this report.

Likely Developments

Business Operations

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

Directors' Report cont'd

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

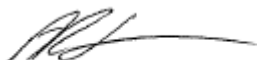
To: the directors of Caltex Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the six month period ended 30 June 2009 there have been:

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



KPMG



Anthony Jones
Partner

Sydney

28 August 2009

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 2009 Half Year Directors' Report and the 2009 Half Year Financial Report have been rounded off to the nearest thousand dollars (unless otherwise stated) in accordance with this class order.

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



EB Bryan (Chairman)

Sydney, 28 August 2009



J Segal (Managing Director & CEO)

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 financial statements for the half year ended 30 June 2009, 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, 28 August 2009

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

We have reviewed the accompanying interim financial report of Caltex Australia Limited ("the Company"), which comprises the consolidated Balance Sheet as at 30 June 2009, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the interim period ended on that date, a statement of accounting policies and other explanatory notes 1 to 14 and the directors' declaration of the consolidated entity 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 and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2009 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.

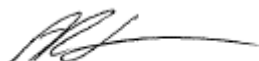
Conclusion

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 2009 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



KPMG



Anthony Jones
Partner

Sydney

28 August 2009

Consolidated Income Statement

for the half year ended 30 June 2009

Thousands of dollars	Note	Consolidated	
		30 June 2009	30 June 2008
Revenue from sale of goods		8,705,495	11,959,299
Replacement cost of goods sold (excluding product duties and taxes and inventory gains)		(5,745,491)	(9,092,644)
Product duties and taxes		(2,328,995)	(2,358,576)
Inventory gains		92,631	226,169
Cost of goods sold - historical cost		(7,981,855)	(11,225,051)
Gross profit		723,640	734,248
Other income	2	120,303	118,897
Net foreign exchange gains		75,011	69,248
Refining and supply expenses		(70,620)	(55,062)
Marketing expenses		(300,345)	(313,467)
Finance costs	3	(15,865)	(22,781)
Other expenses		(19,942)	(26,380)
Share of net profit of entities accounted for using the equity method		4,320	1,844
Profit before income tax expense		516,502	506,547
Income tax expense		(153,910)	(153,293)
Net profit		362,592	353,254
Attributable to:			
Equity holders of the parent entity		362,342	354,490
Minority interest		250	(1,236)
Net profit		362,592	353,254
Basic and diluted earnings per share:			
Historical cost - cents per share	5	134.2	131.3

The consolidated income statement is to be read in conjunction with the 2008 Financial Report and the notes to the financial statements.

Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2009

Thousands of dollars	Consolidated	
	30 June 2009	30 June 2008
Profit for the period	362,592	353,254
Other comprehensive income		
Actuarial gain/(loss) on defined benefit plans	9,504	(33,723)
Cash flow hedge fair value losses	(9,893)	(166)
Income tax on other comprehensive income	117	10,167
Other comprehensive income for the period, net of income tax	(272)	(23,722)
Total comprehensive income for the period	362,320	329,532
Attributable to:		
Equity holders of the parent entity	362,070	330,768
Minority interest	250	(1,236)
Total comprehensive income for the period	362,320	329,532

The consolidated statement of comprehensive income is to be read in conjunction with the 2008 Financial Report and the notes to the financial statements.

Consolidated Balance Sheet

as at 30 June 2009

Thousands of dollars	Note	Consolidated	
		30 June 2009	31 December 2008
Current assets			
Cash and cash equivalents		42,499	31,703
Receivables		812,540	833,452
Inventories		1,191,710	1,044,187
Current tax assets		-	135,030
Other		28,361	21,131
Total current assets		2,075,110	2,065,503
Non-current assets			
Receivables		222	239
Investments accounted for using the equity method		22,308	24,828
Other investments		15	15
Intangibles		90,603	84,217
Property, plant and equipment		2,824,680	2,742,281
Other		6,020	4,500
Total non-current assets		2,943,848	2,856,080
Total assets		5,018,958	4,921,583
Current liabilities			
Payables		1,094,279	1,158,901
Interest bearing liabilities	6	174,652	143,928
Current tax liabilities		77,618	-
Provisions		90,524	72,261
Total current liabilities		1,437,073	1,375,090
Non-current liabilities			
Payables		6,372	7,530
Interest bearing liabilities	6	428,229	719,806
Deferred tax liabilities		18,386	15,296
Provisions		164,918	201,898
Total non-current liabilities		617,905	944,530
Total liabilities		2,054,978	2,319,620
Net assets		2,963,980	2,601,963
Equity			
Issued capital	7	543,415	543,415
Treasury stock		(2,012)	(1,959)
Reserves		(4,089)	3,086
Retained earnings		2,416,343	2,047,348
Total parent entity interest		2,953,657	2,591,890
Minority interest		10,323	10,073
Total equity		2,963,980	2,601,963

The consolidated balance sheet is to be read in conjunction with the 2008 Financial Report and the notes to the financial statements.

Consolidated Statement of Changes in Equity

for the half year ended 30 June 2009

Thousands of dollars

Consolidated	Issued capital	Treasury stock	Hedging reserve	Equity compensation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2008	543,415	(2,919)	633	2,459	2,273,880	2,817,468	11,154	2,828,622
Total recognised income for the half year	-	-	(116)	-	330,884	330,768	(1,236)	329,532
Own shares acquired	-	(1,245)	-	-	-	(1,245)	-	(1,245)
Shares vested to employees	-	1,887	-	(1,887)	-	-	-	-
Disposal of unvested shares	-	167	-	-	-	167	-	167
Expense on equity settled transactions	-	-	-	1,679	-	1,679	-	1,679
Dividends to shareholders	-	-	-	-	(89,100)	(89,100)	-	(89,100)
Balance at 30 June 2008	543,415	(2,110)	517	2,251	2,515,664	3,059,737	9,918	3,069,655
Balance at 1 January 2009	543,415	(1,959)	-	3,086	2,047,348	2,591,890	10,073	2,601,963
Total recognised income for the half year	-	-	(6,925)	-	368,995	362,070	250	362,320
Own shares acquired	-	(1,322)	-	-	-	(1,322)	-	(1,322)
Shares vested to employees	-	1,269	-	(1,269)	-	-	-	-
Disposal of unvested shares	-	-	-	-	-	-	-	-
Expense on equity settled transactions	-	-	-	1,019	-	1,019	-	1,019
Dividends to shareholders	-	-	-	-	-	-	-	-
Balance at 30 June 2009	543,415	(2,012)	(6,925)	2,836	2,416,343	2,953,657	10,323	2,963,980

The consolidated statement of changes in equity is to be read in conjunction with the 2008 Financial Report and the notes to the financial statements.

Consolidated Cash Flow Statement

for the half year ended 30 June 2009

Thousands of dollars	Note	Consolidated	
		30 June 2009	30 June 2008
Cash flows from operating activities			
Receipts from customers		10,113,654	13,636,700
Payments to suppliers, employees and governments		(9,698,046)	(13,250,186)
Dividends and disbursements received		1,377	656
Interest received		890	1,851
Interest and other finance costs paid		(27,983)	(29,301)
Income taxes refunded/(paid)		61,939	(132,831)
Net operating cash inflows		451,831	226,889
Cash flows from investing activities			
Purchase of controlled entity, net of cash acquired		(5,401)	-
Purchases of property, plant and equipment		(118,461)	(182,505)
Major cyclical maintenance		(32,396)	(21,056)
Purchases of intangibles		(6,670)	(1,542)
Net proceeds from sale of property, plant and equipment		2,516	5,389
Net investing cash (outflows)		(160,412)	(199,714)
Cash flows from financing activities			
Proceeds from borrowings		4,661,416	5,267,215
Repayments of borrowings		(4,941,154)	(5,181,640)
Repayment of finance lease principal		(885)	(1,825)
Dividends paid	4	-	(89,100)
Net financing cash (outflows)		(280,623)	(5,350)
Net increase in cash and cash equivalents		10,796	21,825
Cash and cash equivalents at the beginning of the period		31,703	14,019
Cash and cash equivalents at the end of the period		42,499	35,844

The consolidated cash flow statement is to be read in conjunction with the 2008 Financial Report and the notes to the financial statements.

Notes to the financial statements

for the half year ended 30 June 2009

1. Statement of significant accounting policies

Caltex Australia Limited (the "Company") is a company domiciled in Australia. The 2009 Half Year Financial Report for the six months ended 30 June 2009 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 2009 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 2008 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 2009 Half Year Financial Report was authorised for issue by the directors on 28 August 2009.

The 2009 Half Year Financial Report has been prepared on an historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Apart from the changes in accounting policy noted below, 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 2008 Annual Financial Report. The Half Year Financial Report does not include full note disclosures of the type required in an annual financial report.

Changes in accounting policy

From 1 January 2009 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2009. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group. However, the adoption of AASB 8 "Operating Segments" has caused the Group to revise its segment reporting. See note 14 for the impact of segmented reporting. AASB 101 "Revised Presentation of Financial Statements" has only impacted the presentation of the consolidated statement of comprehensive income and the consolidated statement of changes in equity. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- AASB 8 *Operating Segments*
- AASB 101 *Revised Presentation of Financial Statements*

The following amending standards have also been adopted from 1 January 2009:

- AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*
- AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

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

Thousands of dollars	Consolidated	
	30 June 2009	30 June 2008
2. Other income		
Rental income	18,065	18,230
Royalties and franchise income	54,807	54,498
Transaction and merchant fees	33,400	33,596
Other income	7,713	9,708
	113,985	116,032
Finance income		
Unwind of discounting	5,262	1,308
Other corporations	1,056	1,557
Finance income	6,318	2,865
	120,303	118,897

Notes to the financial statements

for the half year ended 30 June 2009 (continued)

Thousands of dollars	Consolidated	
	30 June 2009	30 June 2008
3. Costs and expenses		
Finance costs:		
Interest expense	25,212	29,611
Finance charges on capitalised leases	856	762
Loss on fair value derivative	266	288
Less: Capitalised finance costs	(10,469)	(7,880)
Finance costs	15,865	22,781
Depreciation and amortisation:		
Amortisation of intangibles	3,440	3,469
Depreciation and amortisation (excluding intangibles)	88,971	81,254
Total amortisation and depreciation expense	92,411	84,723

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
2009				
Final 2008		Franked	-	-
Total amount				-
2008				
Interim 2008	26 September 2008	Franked	36	97,200
Final 2007	28 March 2008	Franked	33	89,100
Total amount				186,300

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

Subsequent events

Since 30 June 2009, the directors declared no interim dividend will be paid for 2009.

	Consolidated	
	30 June 2009	30 June 2008
5. Basic and diluted earnings per share		
Historical cost - cents per share	134.2	131.3
Replacement cost - cents per share	110.2	72.7

The calculation of historical cost basic earnings per share for the period ended 30 June 2009 was based on the net profit attributable to ordinary shareholders of the parent entity of \$362,342,000 (2008: \$354,490,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2009 of 270 million shares (2008: 270 million shares).

The calculation of replacement cost basic earnings per share for the period ended 30 June 2009 was based on the net replacement cost profit attributable to ordinary shareholders of the parent entity of \$297,500,000 (2008: \$196,173,000) and a weighted average number of ordinary shares outstanding during the period ended 30 June 2009 of 270 million shares (2008: 270 million shares).

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

Notes to the financial statements

for the half year ended 30 June 2009 (continued)

Thousands of dollars	Consolidated	
	30 June 2009	31 December 2008
6. Interest bearing liabilities		
Current - unsecured		
US notes (i)	100,483	117,757
Bank loans (i)	28,947	-
Hedge payable (i) (ii)	42,756	24,390
Lease liabilities (iii)	2,466	1,781
	174,652	143,928
Non-current - unsecured		
US notes (i)	322,946	113,415
Bank loans (i)	50,000	600,000
Hedge payable (i) (ii)	45,562	-
Lease liabilities (iii)	9,721	6,391
	428,229	719,806

- (i) The bank loans and the US notes are provided by a number of banks and capital markets. The current hedge payable and US notes, totalling \$143,239,000, matured in July 2009. The remainder of the US notes and hedge payable mature in: July 2012 (\$113,414,850), April 2014 (\$72,440,000), and 2016 (\$182,653,000). 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 and US notes. The bank loans 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 current hedge payable mainly represents the impact of the movement in the exchange rate from the date of inception (30 July 2002, USD exchange rate 0.5643) to 30 June 2009 (USD exchange rate 0.8099), on the amount hedged (USD 80 million). 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 2009 (USD exchange rate 0.8099), on the amount hedged (USD 175 million).
- (iii) The implicit rate of interest on finance leases is 14.0% p.a. (2008: 14.0% p.a.).

Thousands of dollars	Consolidated	
	30 June 2009	31 December 2008
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 2008 Financial Report for further detail. For each right that vests Caltex intends to purchase a share "on-market" following vesting.

8. Contingent liabilities

The details and estimated maximum amounts of contingent liabilities (for which no provisions are included in the financial report) are set out below. The directors are not aware of any circumstance or information which would lead them to believe that these liabilities will crystallise and consequently no provisions are included in the financial report in respect of these matters.

Thousands of dollars	Consolidated	
	30 June 2009	31 December 2008
a Contingent liabilities - legal and other claims	-	315

In the ordinary course of business, Caltex is involved as a defendant in legal proceedings. Where appropriate, Caltex takes legal advice. The group does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position.

A liability has been recognised for any known losses expected to be incurred where such losses are capable of reliable measurement.

Notes to the financial statements

for the half year ended 30 June 2009 (continued)

8. Contingent liabilities (continued)

b All other contingent liabilities are consistent with the 2008 Financial Report.

	Consolidated	
	30 June 2009	31 December 2008
9. Investments accounted for using the equity method		% interest
Airport Fuel Services Pty Ltd	40	40
Australasian Lubricants Manufacturing Company Pty Ltd	50	50
Cairns Airport Refuelling Service Pty Ltd	25	25
Geraldton Fuel Company Pty Ltd	50	50
South Coast Fuels Pty Ltd	50	50
Vitalgas Pty Ltd	50	50

All above companies are incorporated in Australia.

	Consolidated	
	30 June 2009	31 December 2008
10. Net tangible assets per share		
Net tangible assets per share (dollars)	10.60	9.29

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 (2008: 270 million).

11. Related Party Information

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 2008 Financial Report.

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

On 5 May 2009, the Group acquired the remaining 50% interest in Link Energy Pty Ltd and Jenessa Holdings Pty Ltd, and 100% of the shares in Pilbara Fuels Pty Ltd. Pilbara Fuels Pty Ltd holds a 25% interest in Link Energy Pty Ltd. Jenessa Holdings Pty Ltd was deregistered on 3 June 2009.

13. Commitments

Thousands of dollars	Consolidated	
	30 June 2009	31 December 2008
Capital expenditure		
Capital expenditure contracted but not provided for in the financial report and payable:		
Within one year	34,031	57,130

Caltex Australia has entered into an agreement to acquire 302 Mobil service station sites. The acquisition cost to Caltex is approximately \$300 million including estimates for inventories and other settlement costs which will be finalised on completion. This agreement is subject to review and clearance by the Australian Competition and Consumer Commission and the Foreign Investment Review Board.

Notes to the financial statements

for the half year ended 30 June 2009 (continued)

14. Segmented Reporting

a Segment disclosures

The Group has adopted AASB 8 "Operating Segments" and AASB 2007-3 "Amendments to Australian Accounting Standards" arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (AASB 114 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is purchased and then sold. Discrete financial information about each of these operating segments is reported to the chief operating decision maker on at least a monthly basis.

Type of products and services

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

Marketing

The Marketing department 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 and branded resellers. Marketing also sells directly to a large number of commercial customers.

Refining and Supply

Caltex's Refining and Supply functions purchase crude oil, arrange its transportation to the company's refineries at Lytton in Queensland and Kurnell in New South Wales and refine the crude into petrol, diesel, jet and specialty products such as LPG and bitumen. They also distribute the products to a network of terminals around Australia, buy and sell products and schedule product movements to meet marketing sales.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments are the same as those contained in note one to the accounts and in the prior period except as detailed below:

Inter-entity sales

Inter-entity sales are recognised based on an internally set transfer price. Sales between segments are based on arms length principles appropriate to reflect prevailing market pricing structures at that time. Where possible, relevant Import Parity Pricing is used to determine arms length pricing between the two segments. Revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the income statement. For the purposes of reporting to the chief operating decision maker, non-fuel income is included on a net basis and is not presented in gross revenue.

Income taxes and net financial income are dealt with at group level and not within the reportable segments.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment replacement cost of sales operating profit before income tax. This measurement basis excludes the impact of the rise or fall in oil prices (a key external factor) and presents a clearer picture of the reportable segments' underlying business performance. Segment replacement cost operating profit is measured as management believes that such information is most useful in evaluating the performance of the differing internal business units relative to each other, and other like business units in the industry. Segment replacement cost operating profit is also used to assess the performance of each business unit against internal performance measures.

b Information about reportable segments

Thousands of dollars	Marketing		Refining & Supply		Total Operating Segments	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Gross segment revenue	7,113,095	9,325,154	1,307,747	2,363,418	8,420,842	11,688,572
Product duties and taxes	(2,341,588)	(2,370,149)	-	-	(2,341,588)	(2,370,149)
External segment revenue	4,771,507	6,955,005	1,307,747	2,363,418	6,079,254	9,318,423
Inter-segment revenue	-	-	4,369,376	6,649,492	4,369,376	6,649,492
Replacement Cost Operating Profit before income tax	222,778	252,532	207,100	72,785	429,878	325,317

Notes to the financial statements

for the half year ended 30 June 2009 (continued)

14. Segmented Reporting (continued)

c Reconciliation of reportable segment revenues

Thousands of dollars	30 June 2009	30 June 2008
Profit or loss		
Total replacement cost profit or loss for reportable segments	429,878	325,317
Other profit and loss	3,290	(23,787)
Replacement Cost Operating Profit before interest and income tax	<u>433,168</u>	<u>301,530</u>
Inventory gains	92,631	226,169
Consolidated historical cost earnings before interest and income tax	<u>525,799</u>	<u>527,699</u>
Net financing costs	(9,547)	(19,916)
Net profit/(loss) attributable to minority interest	250	(1,236)
Consolidated profit before income tax	<u>516,502</u>	<u>506,547</u>