CALTEX
Caltex Australia

OUR STORY IN NUMBERS

2009 ANNUAL REPORT

CONTENTS

FINANCIAL CALENDAR FOR CALTEX AUSTRALIA LIMITED*

Year ended 31 December 2009

22 April 2010
Annual General Meeting

Year ending 31 December 2010

23 August 2010
Half year results and interim dividend announcement

7 September 2010
Record date for any interim dividend entitlement

28 September 2010
Interim dividend payable if declared

21 February 2011
Full year results and final dividend announcement

8 March 2011
Record date for any final dividend entitlement

29 March 2011
Final dividend payable if declared

* These dates are subject to change.

2009 ANNUAL REPORT

This 2009 Annual Report for Caltex Australia Limited has been prepared as at 22 February 2010.

The 2009 Annual Report provides information about Caltex's main operating activities and performance for the year ended 31 December 2009. The 2009 Financial Report, which forms part of the 2009 Annual Report, provides detailed financial information for the Caltex Australia Group for the year ended 31 December 2009. These and other reports are available from our website (www.caltex.com.au).

When we refer to the Caltex Australia Group in this 2009 Annual Report, we are referring to:

- Caltex Australia Limited (ACN 004 201 307), 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, and
- 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 the 2009 Annual Report as the Caltex Australia Group, unless the context requires otherwise.

Shareholders can request a printed copy of the 2009 Annual Report (and 2009 Financial Report), free of charge, by writing to the Company Secretary, Caltex Australia Limited, Level 24, 2 Market Street, Sydney NSW 2000 Australia.

COVER STORY: FRAN VAN REYK

"I have been very fortunate to work in many diverse roles in Caltex and to lead and work within different teams, but one thing remains a constant, the people are great to work with", says Fran van Reyk. Fran has had varied roles in her four years at Caltex. These diverse roles range from Manager Engineering for Refining, Manager Major Projects, Kurnell, Manager Climate Change for Caltex Australia and most recently Manager Investor Relations.

REPORT FROM OUR CHAIRMAN AND MANAGING DIRECTOR & CEO

Chairman Elizabeth Bryan and
Managing Director & CEO Julian Segal.

2009 was a year characterised by strong operational performance across Caltex. Refinery production improved, transportation sales volumes were maintained in line with 2008 and shop sales increased. This offset the impact of difficult external financial conditions which prevailed in 2009.

Caltex's full year profit after tax for 2009 was $203 million on a replacement cost of sales operating profit (RCOP) basis, including the impact of significant items of approximately $173 million ($121 million after tax). This full year result compares with $186 million for the full year 2008 (which had no significant items).

Increased reliability at both the Kurnell and the Lytton refineries enabled production of transportation fuels (petrol, diesel and jet fuels) to increase to 10.2 billion litres for the full year, compared with 9.8 billion litres in 2008. Caltex also increased diesel production capability with the new diesel hydrotreating unit, which was successfully commissioned at the Lytton refinery in July 2009.

During 2009, as many companies were challenged by lack of consumer confidence, Caltex still managed to grow fuel sales, particularly in premium and jet fuels, as well as convenience store sales, offsetting the contraction in petrol demand. Total transportation fuel sales for the year were in line with 2008 at 14.4 billion litres, and total average weekly sales from Caltex convenience stores increased 3.4% year on year.

Supply and distribution capabilities are vital to Caltex's business success, and throughout 2009 several key initiatives were undertaken to strengthen the supply chain to enable seamless integration from crude to the customer. In total, Caltex sourced over 72 million barrels of crude in 2009 from both within Australia and around the world.

While the base business remained strong and enjoyed consistent performance, the year can be divided into two distinct halves. The first half was characterised by favourable key externalities, such as the refiner margins and exchange rates, enabling a record first half result. However the second half saw the moderation of the Caltex Refiner Margin due to the higher Australian dollar and higher crude prices. Overall exchange rate movements benefited Caltex in the order of $213 million (before tax) in 2009, relative to 2008.

Caltex recognised significant items totalling approximately $173 million (before tax) in the 2009 results. This included $93 million (before tax) representing amounts for asset impairment and redundancies relating to the planned closure of the Caltex Lubricating Oil Refinery at Kurnell in Sydney, which is not viable going forward. Additional significant items relate to redundancies arising from a review of corporate costs, remediation liabilities for sites to be divested, and various other cost and asset write-offs.

COST EFFICIENCY DRIVE

Caltex needs to maintain and strengthen its base business, which includes ensuring operational efficiency. With this in mind, Caltex has embarked on a significant cost and capital efficiency drive in its base business. This drive will deliver major benefits over the next three years. This drive aims to streamline, shape and strengthen the base business in order to generate acceptable returns in a low refiner margin environment and ensure the sustainability of our business into the future.

MOBIL UPDATE

In December 2009, the Australian Competition and Consumer Commission announced it would oppose the proposed acquisition by Caltex of 302 Mobil service station sites and, on 10 February 2010, issued its public competition assessment setting out the reasons for its position. Caltex is considering what action it will take in the light of the Australian Competition and Consumer Commission's position on the proposed acquisition.

DIVIDEND

The Board declared a final (and total) dividend of 25 cents per share (fully franked) for 2009. This compares with a total dividend payout of 36 cents per share (fully franked) for 2008. The payment of this dividend was enabled by the good 2009 financial result and the strength of our balance sheet.

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

OUR PEOPLE

2009 saw the completion of a global search for a successor to Des King, who was Managing Director & CEO of Caltex from May 2006 until June 2009. Julian Segal was selected and commenced as Managing Director & CEO on 1 July 2009. He joined Caltex from Incitec Pivot, a leading global chemicals company, where he was the Managing Director & CEO for four years.

The Board would like to acknowledge the contribution and commitment of all Caltex employees, contractors, franchisees and resellers during 2009. People are our core asset and fundamental to Caltex's success.

The Board is committed to the health, safety and wellbeing of our people and it is pleasing to report that 2009 was the best ever result for lost time injuries, tanker truck accidents and environmental incidents. Our lost time injury frequency rate decreased from 3.0 per million hours worked in 2008 to 2.1 per million hours worked in 2009. This is an improvement of over 30% and Caltex's best ever performance. Motor vehicle and tanker truck accidents also improved by 20% year on year.

CULTURE

Caltex embarked on an important undertaking to develop a high performance culture during 2009. The process of identifying the values and behaviours critical to our future success began in late 2009 and will be rolled out in the first half of 2010. The identification of the values that will drive our future success began with 27 focus groups across the organisation to tap into the knowledge and insights of our people and to gain their perspectives on how our workplace culture can be improved. These values were then endorsed by the executive leadership team and the Board.

CALTEX WILL CONTINUE TO STRENGTHEN ITS BASE BUSINESS TO ENABLE FUTURE GROWTH IN EARNINGS THROUGH OPERATIONAL AND CAPITAL EFFICIENCY AND THE OPTIMISATION OF ITS INTEGRATED SUPPLY CHAIN.

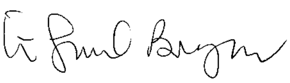
OUTLOOK

The short term outlook for Caltex remains challenging because of depressed demand and the expected growth in global refining capacity which has led to global refiner margins remaining under pressure.

The medium to long term outlook for the company remains positive. This is due to the exposure the company has to the mining, agriculture and transport industries in Australia, and the anticipated long-term growth in demand for diesel, jet fuel and premium fuels.

Caltex will continue to strengthen its base business to enable future growth in earnings through operational and capital efficiency and the optimisation of its integrated supply chain.

Through our strong culture, our growth strategy and cost and operational efficiency, Caltex can move forward and further cement our position as a leading transport fuel supplier and convenience retailer in Australia, providing shareholder value through earnings growth.



Elizabeth Bryan
Chairman

Julian Segal
Managing Director & CEO

CORPORATE GOVERNANCE STATEMENT

At Caltex Australia Limited (Caltex), our corporate governance arrangements are set by the Caltex Board having regard to the particular circumstances of our business and operations and the best interests of our shareholders and other stakeholders.

We are committed to best practice in corporate governance where these practices are appropriate and add value to Caltex and our group of companies. We review our governance policies and practices each year to ensure that we comply with legal requirements, meet the expectations of our shareholders and other stakeholders, and best address the needs of our business.

This Corporate Governance Statement provides information about Caltex's corporate governance practices for 2009, including compliance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*. This statement is current as at 22 February 2010 and should be read together with the Directors' Report at pages 22 to 49 of this 2009 Annual Report.

You can access the governance documents referred to in this statement from the Caltex website (www.caltex.com.au). You will also find this Corporate Governance Statement on our website, as part of the online annual report and in a section of the site dedicated to corporate governance.

If you would like to request a hard copy of the 2009 Annual Report or the 2009 Annual Review, you can write to the Company Secretary at Caltex Australia Limited, Level 24, 2 Market Street, Sydney NSW 2000.

Principles and Recommendations		Comply
1	**LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**	
	At Caltex, our business and corporate operations are managed under the direction of the Board on behalf of shareholders. The Board oversees the performance of Caltex management in seeking to deliver superior business and operational performance and long term growth in shareholder value. The Caltex Board recognises the importance of providing strong leadership and strategic guidance to company management to deliver our goals and objectives. The Managing Director & CEO is accountable to the Board for Caltex's day-to-day business performance and operations. In this section, we discuss some of the key aspects of Caltex's approach to laying the foundations for management of our business and operations and how the Board reviews the performance of the senior executive team.	
1.1	**Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions** **Functions reserved to the Board and delegations to management** The Caltex Board has a number of important responsibilities and accountabilities to shareholders under the *Corporations Act 2001* (Cth), the ASX Listing Rules and Caltex's Constitution. These matters are required to be undertaken by the Board. The responsibilities and accountabilities of the Caltex Board and management are identified in the following ways: • **Board charter** The Board's charter seeks to achieve a balance for Caltex that gives the Managing Director & CEO authority to oversee the day-to-day operations, yet reserves important strategic, business, operational and governance matters to the Board. The charter also sets out important governance matters relating to the Caltex Board, such as Board composition, skills and competencies of directors and the Board, and other aspects of the Board's operations. The Board's charter is available from our website (www.caltex.com.au). • **Committee charters** The Board's standing committees (Audit Committee, Human Resources Committee, Nomination Committee and OHS & Environmental Risk Committee) serve as advisory committees to the Board. Additionally, the committees undertake a number of functions delegated by the Board, which are set out in the committee charters. • **Delegations of authority** The authorities of the Managing Director & CEO in relation to Caltex's day-to-day business and operations are set out in delegations of authority approved by the Board. Matters that are outside of the delegations of authority must come to the Board for approval. The Managing Director & CEO has, in turn, approved sub-delegations of authority for Caltex management.	✓

Principles and Recommendations		Comply
	Letter of appointment for new directors When a new non-executive director is appointed to the Caltex Board, it is important that the director understands the expectations of them in this role. This includes the commitment expected of directors for Board matters, additional work that may be undertaken by Board committees, and other aspects of the role. A new non-executive director is provided with a formal letter following their appointment. The letter, which covers the matters referred to in the guidance and commentary for Recommendation 1.1, was reviewed by the Board's Nomination Committee in June 2009. The Managing Director & CEO enters into an executive service agreement with Caltex and receives a job description at the time of appointment.	
1.2	**Companies should disclose the process for evaluating the performance of senior executives** **Managing Director & CEO** The goals and objectives of the Managing Director & CEO are set by the Board each year and recorded in a performance agreement. The Managing Director & CEO's performance is assessed following the half year and full year. The Board's review process includes the following aspects: • The Chairman carries out an initial assessment of the Managing Director & CEO's performance. • The Board's Human Resources Committee discusses the initial assessment with the Chairman and the Managing Director & CEO. The committee agrees an assessment to recommend to the Board. • The Board discusses the Managing Director & CEO's performance in detail and approves an assessment. In 2009, Mr Julian Segal was appointed as Managing Director & CEO from 1 July 2009. This review process for 2009 was undertaken in February 2010. Mr Desmond (Des) King was the previous Managing Director & CEO. Mr King was seconded to Caltex (from Chevron) and his secondment ended on 30 June 2009. A review and assessment process for the first half of 2009 was undertaken in June 2009. In accordance with our previous practice for Chevron secondments, the assessment approved by the Board for Mr King was passed onto Chevron. **Executive Leadership Team** Performance objectives for members of the Executive Leadership Team are agreed with the Managing Director & CEO for the coming year. The objectives are based on Caltex's annual business plan and strategic direction, and are documented in a performance agreement. The performance agreement, position accountabilities and senior leadership behavioural expectations form the basis upon which the executive's performance is assessed. Performance is formally reviewed mid-year and at the end of the year by the Managing Director & CEO. The full year review outcomes are discussed with the Board's Human Resources Committee and then with the Board. This process was followed in 2009.	✓
1.3	**Companies should provide the information indicated in the Guide to reporting on Principle 1** Caltex complies with Recommendations 1.1, 1.2 and 1.3. The following information is available from our website (www.caltex.com.au): • *Board Charter* • *Committee Charter* for each of the Audit Committee, Human Resources Committee, Nomination Committee and OHS & Environmental Risk Committee • *Performance Evaluation Process* for the Board, the Managing Director & CEO and the Executive Leadership Team	✓

Principles and Recommendations	Comply

2 STRUCTURE THE BOARD TO ADD VALUE

The Caltex Board reviews its composition each year, including the number of independent directors and the mix of skills and experience of directors and the Board.

The Board recognises that it is in the best interests of shareholders to have a strong representation of independent directors. A director is considered by Caltex to be independent if they are free of any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the independent exercise of the director's judgement.

In this section, we discuss the composition of the Board, the criteria used for assessing director independence, the roles of the Chairman and the Managing Director & CEO (which are performed by different people), the role of the Board's Nomination Committee, and the process followed by the Board to evaluate the performance of the Board, its committees and the non-executive directors.

2.1 A majority of the board should be independent directors ✗

Caltex Board

The Board, at the date of this report (22 February 2010), comprises:

- Ms Elizabeth Bryan (Chairman; Non-Executive Director/Independent)
  Appointed: 18 July 2002/Appointed as Chairman: 1 October 2007
- Mr Julian Segal (Managing Director & CEO)
  Appointed: 1 July 2009
- Mr Trevor Bourne (Non-Executive Director/Independent)
  Appointed: 2 March 2006
- Mr Brant Fish (Non-Executive Director)
  Appointed: 27 July 2006
- Mr Greig Gailey (Non-Executive Director/Independent)
  Appointed: 11 December 2007
- Ms Colleen Jones-Cervantes (Non-Executive Director)
  Appointed: 1 June 2008
- Mr Robert (Rob) Otteson (Non-Executive Director)
  Appointed: 17 July 2009
- Mr John Thorn (Non-Executive Director/Independent)
  Appointed: 2 June 2004

  (Mr Walter Szopiak serves as an alternate director for each of Mr Fish (from 17 April 2009), Ms Jones-Cervantes (from 1 July 2009) and Mr Otteson (from 17 July 2009))

Directors' profiles are provided at pages 22 to 24 of this 2009 Annual Report.

Board composition

There are currently eight directors on the Caltex Board. The Board's policy on composition is to have at least four independent, non-executive directors and up to three directors who are Chevron executives. Additionally, the CEO serves as the Managing Director. The Board does not currently have a majority of independent directors, as recommended in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Board believes, on balance, that the benefits to Caltex from having Chevron executives on the Board outweigh any disadvantages. The appointment of Chevron executives as non-executive directors of Caltex gives the Board direct access to current executives of a leading global energy company who have many years of industry experience.

In the case of the current directors, each of Brant, Colleen and Rob bring important knowledge and experience to the Board's consideration of operational, strategic and business matters. This level and breadth of experience is generally not available from Australian-based directors unless they are, or have been, involved in the petroleum industry. The potential pool of directors with industry experience who would be available to Caltex is relatively small because many candidates have current or recent associations with our competitors.

Principles and Recommendations	Comply

Changes in Board composition in 2009

Caltex had a majority of independent directors for part of 2009 (from 1 January to 17 July 2009). During this period, there were seven directors on the Caltex Board, including four independent directors.

Mr Des King (the former Managing Director & CEO) served as an executive director until 30 June 2009. After Mr King left Caltex, the Board appointed Mr Rob Otteson, a Chevron executive, as an additional director on 17 July 2009, taking the number of directors to eight. Importantly, this appointment maintained the industry experience on the Board.

Previous directors in 2009

Mr Des King (former Managing Director & CEO)

As noted previously, Mr Des King served as Managing Director & CEO to 30 June 2009. Mr King was appointed to this position from 1 May 2006 and was seconded to Caltex from Chevron.

Mr Peter (Pete) Wissel (former Alternate Director)

Mr Pete Wissel served as an alternate director until 30 June 2009. Mr Wissel had been appointed with effect from 1 June 2008.

(Mr Wissel served as alternate director 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))

Process for assessing independence

The Caltex Board assesses the independence of its directors in February each year. An initial assessment is made at the time of appointment.

Directors are required, on an ongoing basis, to disclose relevant personal interests and conflicts of interest. A new interest or conflict of interest may trigger a review of the director's independent status. Each year, non-executive directors are required to provide a certificate to the Board in which they confirm their status as independent (or otherwise). Additionally, directors complete a questionnaire each year in which they provide details of transactions with Caltex.

The independence criteria approved by the Board take the following relationships with Caltex into account:

- service as an officer of a substantial shareholder
- previous service as a director or senior executive of Caltex in the last three years
- service as a partner, principal or director of a professional adviser or consultant that has had a material business relationship with Caltex in the last three years
- service as an officer or senior executive of, or employee significantly associated with the service provided by, a professional adviser or consultant that has had a material business relationship with Caltex in the last three years
- significant direct or indirect involvement in the external audit of Caltex in the last five years or service as a partner, principal or director of the external auditor in that period
- a relationship (substantial shareholder, officer or senior executive) with a supplier or customer that has had a material business relationship with Caltex in the last three years, and
- a contractual relationship (directly or indirectly), interest or other relationship with Caltex that could, or could reasonably be perceived to, materially interfere with the director's ability to act in Caltex's best interests.

A professional adviser, consultant, supplier or customer will be considered to have a material business relationship with Caltex if:

- from the perspective of the Caltex director, the business relationship is significant (directly or indirectly) to their own circumstances, or
- from Caltex's perspective, the business relationship generates revenue or expenses (to Caltex) of 10% or more of Caltex's total revenues or expenses, as applicable.

Under the Board's charter of director independence, Mr Brant Fish, Ms Colleen Jones-Cervantes and Mr Rob Otteson, who are executives of Chevron, are not independent.

Mr Julian Segal (Managing Director & CEO) is not independent as he is an executive director. Mr Des King (the former Managing Director & CEO) was not independent as he served as an executive director and was also an executive of Chevron (on secondment to Caltex).

Principles and Recommendations	Comply

Preliminary meetings of directors

In 2009, the Board held preliminary meetings in the absence of Caltex management at scheduled Board meetings throughout the year.

Access to independent professional advice

Caltex directors have access to independent professional advice at the company's expense. Where a director seeks professional advice (at our expense), our process involves the director obtaining prior approval from the Board Chairman. If it is the Board Chairman who seeks the advice, prior approval is sought from the Audit Committee Chairman.

Process for the selection and appointment of new non-executive directors

When the Board has decided to appoint a new non-executive director, the first step in the selection and appointment process is the development of the selection criteria by the Nomination Committee. The selection criteria will reflect the desired capabilities of the Board (including general corporate attributes, industry-specific attributes and personal attributes), the current and likely circumstances of the company, and whether the new director is being appointed to replace an outgoing director or as an addition to the Board.

The selection and appointment process for a new independent, non-executive director involves the following additional steps:

- The Nomination Committee engages an external executive firm to conduct the search. The committee provides a brief on the selection criteria and requests the firm to provide a list of candidates for consideration. This process may include directors referring names of possible candidates.
- Members of the Nomination Committee interview one or more of the selected candidates. The Board is updated on the selection process at appropriate times.
- The Nomination Committee agrees on a preferred candidate or candidates.

When the Board is appointing a non-executive director who is a Chevron executive, the Chairman and Managing Director & CEO (typically with assistance from existing directors from Chevron) contact Chevron to discuss potential candidates who will best meet the selection criteria. This also includes consideration of:

- flexibility in the work schedule of a Chevron executive to meet the time commitments of being a Caltex director, and
- the networks of an executive within Chevron and their access to senior Chevron executives.

In all cases, the appointment of a new director is made by the Board.

In 2009, this process was followed when Mr Rob Otteson was appointed as a non-executive director (as an addition to the Board).

Procedures for the election of directors

A newly appointed non-executive director holds office until the end of the next Annual General Meeting and is eligible for election by shareholders at the meeting. The Managing Director & CEO is appointed by the Board and is not subject to election by shareholders.

Following election by shareholders, a director holds office for three years or until the third Annual General Meeting following the director's last election (whichever is longer).

Before each Annual General Meeting, the Board decides whether to support a director standing for election or re-election. This is not automatic.

The Board's recommendation is included in the notice of meeting sent to shareholders, together with biographical information on the director standing for election or re-election.

The Board takes advice from the Nomination Committee in relation to the election and re-election of directors. The matters considered by the Nomination Committee in forming its recommendation to the Board about the election or re-election of a director include:

- the director's performance
- the desired composition of the Board, including its size and desired capabilities
- the length of time the director has served on the Board, and
- the director's external commitments.

Principles and Recommendations		Comply
2.2	**The chair should be an independent director** Under the Board's charter, the Chairman must be an independent, non-executive director. The Chairman is elected by the directors on the basis of relevant experience, skills and leadership abilities. Ms Elizabeth Bryan, who is an independent director, has served as the Caltex Chairman since 1 October 2007. Some of the special responsibilities of the Board Chairman at Caltex include: • facilitating the work of the Board • overseeing the provision of appropriate information to the Board • approving the agenda for each meeting in consultation with the Managing Director & CEO and the Company Secretary • managing Board activities so that they are carried out efficiently and effectively, and • creating a culture which encourages directors to contribute in an open and constructive manner.	✓
2.3	**The roles of chair and chief executive officer should not be exercised by the same individual** The roles of Chairman and CEO at Caltex are not exercised by the same person. As noted previously, Ms Elizabeth Bryan is the Chairman of the Caltex Board and Mr Julian Segal is the Managing Director & CEO (from 1 July 2009). Mr Des King was the previous Managing Director & CEO (until 30 June 2009).	✓
2.4	**The board should establish a nomination committee** The Nomination Committee is a standing committee of the Caltex Board. The Committee assists the Caltex Board with matters relating to Board composition, appointment and induction of new non-executive directors, election and re-election of non-executive directors, Board performance and Board succession planning. All of the Caltex non-executive directors are members of the Nomination Committee. The Board Chairman, Ms Elizabeth Bryan, serves as the Chairman of the Nomination Committee. The responsibilities and composition of the Nomination Committee are set out in a charter. The charter was reviewed by the Board in June 2009 and reflects the matters set out in the commentary and guidance for Recommendation 2.4. The Board amended the Nomination Committee's composition from 1 July 2009 to ensure that the committee comprised a majority of independent directors. Previously, all Caltex directors were members of the committee. The Nomination Committee held two meetings in 2009. The number of meetings attended by each committee member is shown at page 47 of this 2009 Annual Report.	✓
2.5	**Companies should disclose the process for evaluating the performance of the board, its committees and individual directors** Directors and key executives participated in a review of Board and committee performance in late 2008 and early 2009. The review was facilitated by an external consultant who conducted one-on-one interviews with directors and key executives based on a structured format agreed by the Board. Directors provided feedback on other Board members as part of the review. The external consultant prepared a report relating to Board and committee performance, which was initially discussed by the Board's Nomination Committee and then by the Board. A number of actions to further improve Board and committee performance were discussed by directors. The external consultant also met with the Chairman to discuss a peer assessment for each director. A performance review is typically undertaken every two to three years.	✓
2.6	**Companies should provide the information indicated in the Guide to reporting on Principle 2** Caltex complies with Recommendations 2.2, 2.3, 2.4, 2.5 and 2.6. We do not currently comply with Recommendation 2.1 (as the Board does not have a majority of independent directors). The following information is available from our website (www.caltex.com.au): • *Board Charter* • *Charter of Director Independence* • *Board Composition, Appointment, Induction & Election* • *Committee Charter* for the Nomination Committee, and • *Performance Evaluation Process* for the Board, the Managing Director & CEO and the Executive Leadership Team.	✓

Principles and Recommendations	Comply

3 PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Caltex is committed to conducting business in accordance with all applicable laws and meeting and promoting the highest ethical standards.

We have a code of conduct that provides a framework for decision making and guides business behaviour.

Our share trading policy reinforces our commitment to ethical behaviour. We expect that directors, senior executives and staff will not trade in Caltex securities in a way that breaches insider trading laws or compromises confidence in our investor practices.

In this section, we discuss aspects of our code of conduct and the share trading policy.

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: ✓

- **the practices necessary to maintain confidence in the company's integrity**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices**

Caltex's code of conduct provides a framework for decision making and business behaviour, which builds and sustains our corporate integrity, reputation and success. The code of conduct identifies responsibilities for investigating breaches of the code and the reporting of breaches to the Board or senior management.

The Board reviewed the code of conduct in February 2010 and received a report from the General Manager – Human Resources in relation to the administration of, and compliance with, the code during 2009. The code of conduct reflects the matters set out in the commentary and guidance for Recommendation 3.1 and applies to Caltex directors, senior executives and staff.

3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy ✓

Caltex's share trading policy is designed to ensure that directors, senior executives and staff do not trade in our securities in a way that breaches the insider trading laws or compromises confidence in our investor practices.

The policy specifically prohibits directors and senior executives from trading in Caltex securities in the following "black-out" periods:

- for Caltex's half year results (in August): from 1 July to (and including) the day of the announcement
- for Caltex's full year results (in February): from 1 January to (and including) the day of the announcement, and
- any other periods designated and advised by the Board.

A director or senior executive may trade in Caltex securities outside of these black-out periods, but only if they do not have inside information. All other Caltex staff may trade in Caltex securities at any time, but only if they do not have inside information.

Under the policy, senior executives (including the Managing Director & CEO) are not allowed to hedge an exposure to unvested or vested Caltex securities held through any of our executive incentive plans. Additionally, the policy requires directors and senior executives to give prior notice to the Company Secretary of any proposed margin loan arrangements. If a demand for payment is made under a margin loan arrangement, the director or senior executive must immediately advise the Company Secretary.

Each year, directors and senior executives are required to provide a certificate to the Company Secretary in which they confirm compliance with the policy.

Caltex's share trading policy was reviewed by the Board in December 2009. The policy reflects the matters set out in the commentary and guidance for Recommendation 3.2. The policy was amended in 2009 to prohibit the hedging of vested securities held through a Caltex incentive plan (in addition to the pre-existing prohibition on hedging unvested securities).

3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3 ✓

Caltex complies with Recommendations 3.1, 3.2 and 3.3.

The following information is available from our website (www.caltex.com.au):

- *Caltex Code of Conduct*, and
- *Caltex Share Trading Policy.*

Principles and Recommendations	Comply

4 SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Caltex has structures in place to independently verify and safeguard the integrity of our financial reports. The ultimate responsibility for integrity in financial reporting rests with the Board.

The Board's Audit Committee also plays a significant role in Caltex's governance arrangements in relation to financial reporting matters. The committee receives reports from the external auditor (KPMG), from Caltex's Internal Audit Manager, and from Caltex management.

In this section, we discuss the role of the Audit Committee, including its structure and composition, and the responsibilities of the committee, as set out in its charter.

4.1 The board should establish an audit committee ✓

The Audit Committee is a standing committee of the Caltex Board. The committee addresses the appropriateness of Caltex's accounting policies and our risk practices to manage material financial risks, and the integrity of our financial reporting so that financial reports present a true and fair view of Caltex's financial performance and position.

4.2 The audit committee should be structured so that it: ✓

- **consists only of non-executive directors**
- **consists of a majority of independent directors**
- **is chaired by an independent chair, who is not chair of the board**
- **has at least three members**

The Audit Committee's charter requires all committee members to be independent directors.

The Audit Committee comprises Mr John Thorn (Committee Chairman), Mr Trevor Bourne and Mr Greig Gailey. As noted previously, Mr Thorn, Mr Bourne and Mr Gailey are all independent, non-executive directors.

Details of the skills, experience and expertise of each member of the Audit Committee are provided at pages 22 to 24 of this 2009 Annual Report.

The Audit Committee held four meetings in 2009. The number of meetings attended by each committee member is shown at page 47 of this 2009 Annual Report.

4.3 The audit committee should have a formal charter ✓

The role and responsibilities of the Audit Committee are set out in its charter.

In its advisory role, the Audit Committee assists the Board to fulfil its responsibilities in relation to the integrity of reporting to shareholders and the market on the financial performance and position of Caltex and its controlled entities. Additionally, the committee oversees matters relating to the independence of Caltex's external auditor (KPMG).

The Audit Committee undertakes a number of functions delegated by the Board, including approving the scope of work of the external audit and the terms of engagement for the external auditor for the half year and the full year.

The charter was reviewed by the Board in August 2009 and reflects the matters set out in the commentary and guidance for Recommendation 4.3.

One of the key roles for the Audit Committee is to assess the performance of the external auditor and, as appropriate, make recommendations to the Board on the appointment, re-appointment or replacement of the external auditor. The Audit Committee undertook a review of KPMG's performance as external auditor prior to KPMG being engaged for the 2009 full year audit and half year review.

The Board has approved a policy dealing with the provision of services by the external auditor, including non-audit services. The Audit Committee monitors services provided by KPMG during the year to confirm that KPMG continues to be independent and to confirm compliance with the policy. The committee also monitors the rotation requirements for the external auditor under the *Corporations Act* with KPMG each year.

4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4 ✓

Caltex complies with Recommendations 4.1, 4.2, 4.3 and 4.4.

The following information is available from our website (www.caltex.com.au):

- *Committee Charter* of the Audit Committee, and
- *Relationship with the External Auditor.*

Principles and Recommendations	Comply

5 MAKE TIMELY AND BALANCED DISCLOSURE

Caltex is committed to the promotion of investor confidence by ensuring that trading in its securities takes place in an informed market.

Caltex has mechanisms in place to meet its continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act*. We recognise the need for investors to have equal and timely access to material information about Caltex and for company announcements to be factual, clear and balanced.

In this section, we discuss Caltex's disclosure practices, including some of the key aspects of our policy for continuous disclosure.

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies ✓

Caltex's continuous disclosure policy sets out the key obligations of the Board, senior executives and staff to ensure that we comply with our continuous disclosure obligations.

At Caltex, the Board is ultimately responsible for continuous disclosure. Under the policy, the Board has specific responsibility for disclosures in relation to the following matters:

- half year and full year financial results
- interim and final dividends
- profit outlooks
- resignations and appointments of directors, and
- key strategic decisions.

The Board may, as required, delegate authority in relation to any of these matters to nominated disclosure officers (the Managing Director & CEO, the Chief Financial Officer and the Company Secretary). The disclosure officers are also specifically authorised to approve disclosures to the ASX in relation to all other matters.

Caltex's continuous disclosure policy was reviewed by the Board in December 2009. The policy reflects the matters set out in the commentary and guidance for Recommendation 5.1.

5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5 ✓

Caltex complies with Recommendations 5.1 and 5.2.

The *Caltex Continuous Disclosure Policy* is available from our website (www.caltex.com.au).

6 RESPECT THE RIGHTS OF SHAREHOLDERS

The Caltex Board recognises the special responsibilities of directors on behalf of our shareholders.

Caltex supports governance practices that are designed to promote effective engagement with our shareholders, both retail and institutional. We actively look at ways of making it easier for shareholders to participate at general meetings.

In the course of our day-to-day business, we have transactions with Chevron. The Board has a policy governing transactions with Chevron so that transactions are at arm's length, which means that Chevron is not favoured over our other shareholders.

In this section, we discuss the steps taken by Caltex to empower shareholders through online and other, more traditional ways of communication, our commitment to giving shareholders balanced and understandable information about Caltex, and how the Annual General Meeting allows shareholders to interact with the Board. We also discuss the Board's policy for transactions with Chevron.

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy ✓

Shareholder communications policy

Caltex's shareholder communications policy is designed to promote effective communication with shareholders and encourage participation at general meetings.

Principles and Recommendations		Comply

We support the use of electronic communications and other ways of communicating with investors. We utilise the means of communication that is best suited to the information and audience at the time and most relevant and effective for our shareholders. Our website (www.caltex.com.au) allows shareholders to access Board and committee charters, corporate governance policies, ASX announcements, annual and half year reports, information for shareholder meetings, investor presentations and other corporate information. The following web address will take you directly to the corporate governance section of the website:

www.caltex.com.au/AboutUs/Pages/CorporateGovernance.aspx

Shareholders can also write to the Caltex Secretariat (at Level 24, 2 Market Street, Sydney NSW 2000) to request a copy of corporate governance documents.

Caltex's shareholder communications policy was reviewed by the Board in December 2009. The policy reflects the matters set out in the commentary and guidance for Recommendation 6.1.

Information release practices

At Caltex, we seek to ensure that all investors have equal and timely access to price sensitive information.

If we are making a presentation to investors or stockbroking analysts, we will lodge the presentation material with the ASX prior to the briefing, so that all shareholders can access the information. We will not expressly or implicitly provide investors, stockbroking analysts or the media with forecast profit guidance, unless that information has been disclosed to the ASX.

We are committed to ensuring that information released to the ASX is factual and is expressed in an objective and clear manner.

Shareholder participation at Annual General Meetings

Caltex's Annual General Meeting is an important forum for our shareholders.

We recognise that some shareholders may want to raise issues for discussion by the Chairman at the meeting, so we invite shareholders to send questions to us before the meeting. The Chairman responds to key issues in the formal address to shareholders and opens the meeting to questions from shareholders on these and any other matters.

We structure our meeting so that any director seeking election by shareholders speaks to the meeting about why they should be elected. Shareholders can ask questions of any director seeking election at the meeting.

All directors and members of the Executive Leadership Team attend the Annual General Meeting. Representatives of KPMG, our external auditor, also attend the meeting and are available to respond to questions from shareholders.

Shareholders who are unable to attend the Annual General Meeting are able to watch and listen to the business of the meeting via a webcast that can be accessed from our website (www.caltex.com.au).

Policy for transactions with Chevron

Chevron holds 50% of the ordinary shares in Caltex. During the course of a year, Chevron companies enter into a number of business and commercial arrangements with Caltex companies.

Caltex benefits greatly from the relationship with Chevron. At the same time, the Board is mindful of ensuring that Chevron is not favoured over other shareholders and that all arrangements with Chevron are at arm's length.

The Caltex Board has adopted a policy for transactions with Chevron. The policy was reviewed by the Board in February 2010. Details of the policy, and other information concerning the relationship with Chevron, are available from our website (www.caltex.com.au).

6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6 ✓

Caltex complies with Recommendations 6.1 and 6.2.

The following information is available from our website (www.caltex.com.au):

- *Caltex Shareholder Communications Policy*, and
- *Relationship with Chevron*.

Principles and Recommendations	Comply

7 RECOGNISE AND MANAGE RISK

At Caltex, recognising and managing risk are critical to our success.

The Board and its standing committees have an important role in the oversight of the management of material business risks. The Managing Director & CEO and Executive Leadership Team are responsible for the design and implementation of risk management systems and managing our material business risks.

Our risk management practices are aimed at protecting the health and wellbeing of our people, ensuring that we comply with our obligations at law and to the community, and protecting shareholder value. We recognise that risk management can also include identifying opportunities that create value for our business and shareholders.

In this section, we discuss our risk management policy and practices, the roles and responsibilities of the Board and management, our internal reporting on material business risks, and the statutory certification to the Board on the financial reports.

7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies ✓

Caltex's risk management policy sets out details of the pro-active and systematic approach that we take to managing risks. The policy identifies the roles and responsibilities of the Board (including Board committees), senior executives and staff across the organisation in the oversight and management of our risks.

The Managing Director & CEO is responsible for implementing the policy across the Caltex Australia Group. Caltex's risk management policy was reviewed by the Board in October 2009.

The Board has approved risk management policies in relation to crude, product and freight hedging, interest rate management, liquidity risk management, foreign exchange risk management, counterparty risk management, treasury controls, credit risk management and trade practices.

The OHS & Environmental Risk Committee is a standing committee of the Caltex Board. The committee seeks to address the appropriateness of Caltex's occupational health and safety and environmental practices to manage material health, safety and environmental risks, so that these risks are managed in the best interests of Caltex and its stakeholders. The committee has approved policies in relation to occupational health and safety and the environment.

A summary of material business risks is available from our website (www.caltex.com.au).

7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks ✓

Risk management and internal control systems

Caltex has adopted a risk management framework to proactively and systematically identify, assess and address events that could potentially impact upon our business objectives. This framework integrates the consideration of risk into our activities so that:

- risks in relation to the efficient and effective execution of our business strategy are identified
- control measures are evaluated, and
- where potential improvements in controls are identified, improvement plans are scheduled and actioned.

As part of the annual business planning process at Caltex, risks are identified and a risk and control template is prepared in relation to each of these risks. Additionally, a consistent project development and execution process is utilised to manage risks for all of our major initiatives and projects.

The Board and the OHS & Environmental Risk Committee receive regular reports on material business risks, including the status and effectiveness of control measures in relation to each of those risks, as part of our standing program for reporting. The material business risks described in the reports are those identified as having a potential material impact on business objectives, including safety of personnel, protection of the environment, business reputation and financial loss. For 2009, status reports on material risks were provided to the Board and to the OHS & Environmental Risk Committee for the first quarter, third quarter and full year. The reports include statements from management about whether the risks are being managed effectively.

Internal audit reports were also provided to the Audit Committee and the OHS & Environmental Risk Committee during the year. The Human Resources Committee received reports on succession planning for our operating departments and risk mitigation strategies in relation to talent management.

Risks involving progressively lower impacts are reported to the Executive Leadership Team and departmental leadership teams.

Principles and Recommendations		Comply
	Internal audit Caltex has a dedicated internal audit function, which provides an independent and objective assessment to the Board and management regarding the adequacy and effectiveness of Caltex's risk management, internal compliance and control systems. Internal audit performs audits across our business in accordance with internal audit plans approved by the Audit Committee (for financial risk areas) and the OHS & Environmental Risk Committee (for occupational health, safety and environmental risk areas). Internal audit provides regular reports to the Audit Committee, the OHS & Environmental Risk Committee and senior management.	
7.3	**The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks** In February 2010, the Board received a statement in relation to the 2009 full year report and results from the Managing Director & CEO and the Chief Financial Officer covering the matters set out in section 295A of the *Corporations Act* and in accordance with Recommendation 7.3. The Board received a similar statement from the Managing Director & CEO and the Chief Financial Officer in August 2009 for the 2009 half year results.	✓
7.4	**Companies should provide the information indicated in the Guide to reporting on Principle 7** Caltex complies with Recommendations 7.1, 7.2, 7.3 and 7.4. The Board and its standing committees have received reports from management in accordance with Recommendations 7.2 and 7.3. The *Summary of Risk Oversight & Management Practices* is available from our website (www.caltex.com.au).	✓

8 REMUNERATE FAIRLY AND RESPONSIBLY

	The Board recognises that executive remuneration is a key area of focus for shareholders. At Caltex, we seek to put in place remuneration arrangements and practices that are appropriate, clear and understandable, are in the best interests of Caltex, and support superior performance and long term growth in shareholder value. In this section, we discuss the role and responsibilities of the Board's Human Resources Committee, the remuneration of non-executive directors, and our remuneration practices for senior executives, including the Managing Director & CEO.	
8.1	**The board should establish a remuneration committee** The Human Resources Committee is a standing committee of the Caltex Board. The committee assists the Board in relation to remuneration arrangements and practices at Caltex. In its advisory role, the Human Resources Committee assists the Board in relation to Caltex's remuneration framework, the performance and remuneration of the Managing Director & CEO, the remuneration of members of the Executive Leadership Team, and the remuneration disclosures to be made in the annual report to shareholders. The Human Resources Committee also undertakes functions delegated by the Board, including the approval of Caltex's annual remuneration program and aspects of our incentive schemes. The Human Resources Committee comprises Mr Greig Gailey (Committee Chairman), Mr Brant Fish and Mr John Thorn. As noted previously, Mr Gailey and Mr Thorn are independent directors. The responsibilities and composition of the Human Resources Committee are set out in its charter. The charter was reviewed by the Board in August 2009 and reflects the matters set out in the commentary and guidance for Recommendation 8.1. The Human Resources Committee held seven meetings in 2009. The number of meetings attended by each committee member is shown at page 47 of this 2009 Annual Report.	✓

Principles and Recommendations		Comply
8.2	**Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives**	✓

Non-executive directors

Remuneration for non-executive directors is fixed. Board and committee fee rates are reviewed by the Human Resources Committee and approved by the Board (subject to the remuneration pool) for each coming year. Remuneration does not include any performance-based components and non-executive directors do not participate in any incentive plans or bonus schemes. Our non-executive directors receive statutory superannuation (and may salary sacrifice fees to superannuation). We do not have a retirement benefits scheme for non-executive directors.

Fees paid to the non-executive directors in 2009 were subject to a maximum Board remuneration pool of $1,600,000 per annum, inclusive of statutory entitlements. This pool was approved by shareholders at the Annual General Meeting held on 24 April 2008.

The Board has operated a share plan which allows non-executive directors based in Australia to sacrifice fees to acquire Caltex shares on-market. Ms Elizabeth Bryan acquired 5,708 Caltex shares under the plan in 2009. The share plan has now been placed on hold following changes in taxation legislation.

For further information about Caltex's remuneration practices for non-executive directors, including fee rates for 2009 and 2010, please refer to the remuneration report at pages 28 to 45 of this 2009 Annual Report.

Managing Director & CEO

Mr Julian Segal

Mr Julian Segal joined Caltex on 1 June 2009 and was appointed as Managing Director & CEO with effect from 1 July 2009. Mr Segal's remuneration has the following components:

- base salary
- statutory entitlements (including superannuation)
- a short term incentive, and
- a long term incentive.

Additionally, on commencement of employment with Caltex, Mr Segal received $900,000 of Caltex shares. The shares, which were purchased on-market, are held in trust for Mr Segal.

For information about Caltex's remuneration arrangements for Mr Segal, please refer to the remuneration report at pages 28 to 45 of this 2009 Annual Report.

Mr Des King

In 2009, Mr Des King served as Managing Director & CEO until 30 June 2009. Mr King was seconded to Caltex from Chevron.

For information about Caltex's remuneration arrangements for Mr King, please refer to the remuneration report at pages 28 to 45 of this 2009 Annual Report.

Executive Leadership Team

Members of the Executive Leadership Team have the following remuneration components:

- base salary
- statutory entitlements (including superannuation and long service leave, where applicable)
- a short term incentive, and
- a long term incentive.

Mr Andy Walz (General Manager – Marketing) is seconded to Caltex from Chevron. Caltex does not pay a salary to Mr Walz, but pays a secondment fee to Chevron for his services.

For information about Caltex's remuneration arrangements for members of the Executive Leadership Team, please refer to the remuneration report at pages 28 to 45 of this 2009 Annual Report.

Hedging of securities under Caltex share plans by senior executives

As noted previously in relation to Recommendation 3.2, Caltex's share trading policy prohibits senior executives from hedging an exposure to unvested or vested Caltex securities held through any of our executive incentive plans.

8.3	**Companies should provide the information indicated in the Guide to reporting on Principle 8**	✓

Caltex complies with Recommendations 8.1, 8.2 and 8.3.

The following information is available from our website (www.caltex.com.au):

- *Committee Charter* of the Human Resources Committee, and
- *Caltex Share Trading Policy.*

SIMPLIFIED FINANCIAL REPORT

Caltex reports its results for statutory purposes on a historical cost basis. We also provide information on our financial results on a replacement cost of sales operating profit (RCOP) basis. The RCOP result removes the impact of fluctuations in the US$ price of crude and foreign exchange on cost of sales. Such impacts constitute a major external influence on company profits.

RCOP restates profit to remove these impacts. The Caltex RCOP methodology is consistent with the basis of reporting used by other refining and marketing groups.

As a general rule, an increase in crude prices on an Australian dollar basis will create a gain for Caltex. Conversely, a drop in crude prices on an Australian dollar basis will create a loss. This is a direct consequence of the first in first out costing process used by Caltex in adherence to accounting standards to produce the financial result on a historical cost basis. With Caltex holding approximately 45–60 days of inventory, revenues reflect current prices in Singapore whereas first in first out costings reflect costs some 45–60 days earlier. The timing difference creates these impacts on cost of sales, referred to as "inventory gains and losses". To remove the impact of this on earnings and to better reflect the underlying performance of the business, the RCOP methodology calculates the cost of goods sold on the basis of theoretical new purchases instead of actual costs from inventory. The cost of these theoretical new purchases is calculated as the average monthly cost of cargoes received during the month of those sales.

The RCOP result is used by the Board and management for internal review of the company's performance. It is used by the Board for its consideration of dividend (as set out in the dividend policy) and our short term incentive (bonus) scheme.

INCOME STATEMENT

for the year ended 31 December

	Millions of dollars	2009	2008
1	Total revenue[1]	17,984	23,891
2	Total expenses[2]	(17,667)	(23,570)
3	**Replacement cost earnings before interest and tax**	**317**	**321**
	Finance income	2	4
	Finance expenses	(30)	(60)
4	**Net finance costs**	**(28)**	**(56)**
	Income tax expense	(86)	(79)
	Replacement cost profit (RCOP)	**203**	**186**
5	Inventory gain/(loss) after tax	111	(152)
	Historical cost net profit after tax	**314**	**34**
	Interim dividend per share	nil	36c
6	Final dividend per share	25c	nil
	Basic earnings per share		
	– Replacement cost	75c	69c
	– Historical cost	116c	13c

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

DISCUSSION AND ANALYSIS

1 TOTAL REVENUE ▼ 25%	Total revenue decreased primarily due to: • lower product prices driven by lower average crude oil prices (decreasing from average US$100/bbl during 2008 to average US$64/bbl during 2009) • this was partly offset by the impact of the weaker Australian dollar in 2009 on domestic wholesale prices, and • transport fuel sales volumes were maintained in line with 2008.

2 TOTAL EXPENSES – REPLACEMENT COST BASIS ▼ 25%	Total expenses decreased primarily due to lower cost of sales, which reflected lower average crude prices for the majority of 2009. The appreciating Australian dollar during 2009 resulted in exchange gains on payables of $92 million, compared to an exchange loss of $243 million in 2008. In 2009 Caltex commenced a significant cost and efficiency drive in its base business, with major benefits expected to be delivered over the next three years. This resulted in significant one-off items of $173 million ($121 million after tax) being recognised in relation to the planned closure of the Caltex Lubricating Oil Refinery (CLOR), remediation liabilities for Marketing sites to be divested and redundancies.

3 REPLACEMENT COST EBIT ▼ 1%	Excluding significant items of $173 million, Caltex's underlying performance strengthened due to an improvement in Refinery reliability, supply chain efficiency, Marketing margins and realised exchange gains from the strengthening Australian dollar. These gains offset weaker refiner margins.

RCOP EBIT BREAKDOWN[1]

CALTEX REFINER MARGIN (CRM) **$521m**	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. Production volumes were higher in 2009 compared to 2008 due to improved refinery reliability (2009: 10.2 billion litres of petrol, diesel and jet; 2008: 9.8 billion litres). The US dollar CRM was 42% lower in 2009 at US$5.95/bbl, compared to US$10.27/bbl in 2008. The Australian dollar CRM was 36% lower at 5.05 Australian cents per litre in 2009, compared to 7.88 Australian cents per litre in 2008.
TRANSPORT FUELS MARKETING MARGIN **$444m**	Transport fuel sales of 14.44 billion litres in 2009 were stable compared with 14.39 billion litres in 2008 despite tough economic conditions. Marketing margins improved due to sales of more premium fuel products and a better customer mix.
LUBRICANTS AND SPECIALTIES MARGIN **$104m**	Lubricants and specialties products include finished lubricants, base oils, liquefied petroleum gas, petrochemicals, bitumen, wax and marine fuels. Lubes margins and volumes grew in 2009 but were offset by lower specialties margins and volumes due to the decline in economic conditions in 2009.

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.

NON-FUEL INCOME **$153m**	Non-fuel income includes convenience store income, franchise income, royalties, property, plant and equipment rentals, StarCard income and share of profits from non-controlled equity distributors. Non-fuel income was stable compared to 2008 despite tough economic conditions.
OPERATING EXPENSES **($863m)**	Operating costs on a cents per litre basis (excluding significant items) increased by 11% from 2008. Increased refinery depreciation, remediation costs and increased doubtful debt provisions were the major contributors to the increase. Caltex has begun a variety of restructuring initiatives to improve its cost structure.
OTHER **$131m**	Other margin includes exchange gains of $92 million due to the strengthening Australian dollar in 2009, compared to an exchange loss of $243 million in 2008.
RCOP EBIT EXCLUDING SIGNIFICANT ITEMS **$489m**	
SIGNIFICANT ITEMS **($173m)**	Significant one-off items of $173 million ($121 million after tax) have been recognised in relation to the planned closure of the Caltex Lubricating Oil Refinery (CLOR), corporate restructuring expenses, impairment and remediation liabilities related to sites to be divested, and other cost and asset write offs.
TOTAL RCOP EBIT **$317m**	

4 NET FINANCE COSTS

▼ 50%

The decrease in net finance costs reflects a lower average net debt for 2009 (13% below 2008). The net debt at 31 December 2009 was $487 million, compared with $832 million at 31 December 2008.

Rising interest rates during 2009 have produced a favourable impact on finance costs from discounting of long term payables and receivables.

In accordance with accounting standards, Caltex capitalises interest associated with large capital projects. During 2009, $15 million was capitalised to projects such as the Lytton diesel hydrotreater unit and Lytton sulfur reduction unit (2008: $20 million interest capitalised).

5 INVENTORY GAIN AFTER TAX

▲ 173%

Regional crude oil (Tapis) prices rose significantly throughout 2009 (US$41.71/bbl in December 2008, compared with US$79.32/bbl in December 2009). This increase resulted in net inventory gains of $158 million ($111 million after tax), compared with net inventory losses of $217 million ($152 million after tax) in 2008.

Included in the 2008 inventory loss is a write-down of inventory on hand at year end to its net realisable value by an amount of $65 million ($46 million after tax). There was no net realisable value write-down to inventory in 2009.

6 FINAL DIVIDEND

The Board is pleased to announce it has declared a final (and total) dividend of 25 cents per share (fully franked) for 2009. This compares with a total dividend payout of 36 cents per share (fully franked) for 2008.

In addition to supporting the acceleration of capital investment in key areas of our business, the 2009 financial result and the strength of the balance sheet have allowed the payment of a dividend, notwithstanding the challenging short term outlook for 2010 and the ongoing uncertainty regarding the proposed Mobil acquisition.

BALANCE SHEET

as at 31 December

Millions of dollars	Dec 2009	Dec 2008	Change
1 Working capital	669	803	(134)
2 Property, plant and equipment (PP&E)	2,780	2,742	38
3 Net debt	(487)	(832)	345
4 Other non-current assets and liabilities	(37)	(111)	74
Total equity	2,925	2,602	323

DISCUSSION AND ANALYSIS

1 WORKING CAPITAL

▼ **$134m**

The decrease in working capital is primarily due to:

- lower receivables due to lower days sales outstanding compared to 2008, and
- increase in provision for income tax payable, mainly resulting from a refund in 2009 of tax prepayments of $133 million made in 2008.

Partly offset by:

- higher crude and product prices due to the higher Tapis price (US$79.32/bbl in December 2009, compared to US$41.71/bbl in December 2008), partly offset by the higher Australian dollar.

2 PP&E

▲ **$38m**

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

- capital expenditure including the completion of the Lytton diesel hydrotreater unit and major cyclical maintenance of $339 million.

Partly offset by:

- depreciation of $189 million
- impairment related asset write-offs of $102 million, and
- net disposals of $10 million.

3 NET DEBT

▼ **$345m**

Net debt was $487 million at 31 December 2009, a decrease of $345 million at 31 December 2008, primarily due to strong operating cash flows, lower capital commitments and no dividend payments during 2009. Net average debt decreased to $652 million in 2009, compared with $748 million in 2008.

As a result, Caltex's gearing (net debt to net debt plus equity) was 14.3%, decreasing from 24.2% at 31 December 2008. On a lease adjusted basis, gearing at 31 December 2009 was 18.2%, compared with 30.0% at 31 December 2008.

4 OTHER NON-CURRENT ASSETS AND LIABILITIES

▼ **$74m**

Other non-current assets and liabilities decreased from a net liability of $111 million at 31 December 2008 to a net liability of $37 million at 31 December 2009, primarily due to a decrease in superannuation liabilities and increased deferred tax asset at 31 December 2009.

CASH FLOWS

for the year ended 31 December

	Millions of dollars	2009	2008	Change
	Receipts from customers	20,695	27,608	(6,913)
	Payments to suppliers and employees	(15,219)	(22,191)	6,972
	Payments for excise	(4,739)	(4,767)	28
1	Finance costs paid	(58)	(66)	8
2	Tax and other activities	(3)	(204)	201
	Net operating cash inflows	**676**	**380**	**296**
3	Purchases of property, plant and equipment (PP&E) and major cyclical maintenance	(314)	(427)	113
	Other investing cash flows	3	(9)	12
	Net investing cash outflows	**(311)**	**(436)**	**125**
4	**Net financing cash (outflows)/inflows**	**(374)**	**74**	**(448)**
	Net (decrease)/increase in cash held	**(9)**	**18**	**(27)**

DISCUSSION AND ANALYSIS

1	FINANCE COSTS ▼ **$8m**	Net average debt decreased to $652 million in 2009, compared with $748 million in 2008. As a result, financing costs also decreased.
2	TAX AND OTHER ACTIVITIES ▼ **$201m**	Net cash outflows from tax and other operating activities were lower than 2008 due to income taxes paid of $7 million in 2009, compared to $209 million paid in 2008, including a prepayment of $133 million, which was refunded in 2009.
3	PURCHASES OF PP&E AND MAJOR CYCLICAL MAINTENANCE ▼ **$113m**	Capital expenditure was lower in 2009 primarily due to lower capital expenditure on the Lytton diesel hydrotreater unit which was successfully commissioned in the second quarter of the year.
4	NET FINANCING CASH OUTFLOWS ▲ **$448m**	Net financing cash outflows increased due to higher net repayments as a result of strong operating cash flows, lower capital expenditures and no dividend payments during 2009.

The 2009 Financial Report for Caltex Australia Limited includes:

- Directors' Report
- Directors' Declaration
- Lead Auditor's Independence Declaration
- Independent Audit Report
- Income Statements
- Statements of Comprehensive Income
- Balance Sheets
- Statements of Changes in Equity
- Cash Flow Statements
- Notes to the Financial Statements

for the year ended 31 December 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 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.

DIRECTORS' REPORT

INTRODUCTION

The Board of Caltex Australia Limited presents the 2009 Directors' Report (including the Remuneration Report) and the 2009 Financial Report for Caltex Australia Limited (and the Caltex Australia Group) for the year ended 31 December 2009 to shareholders. An Independent Audit Report from KPMG, as 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 (Rob) Otteson and Mr John Thorn.

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

Alternate directors

- Mr Peter (Pete) Wissel's appointment as alternate director for Mr Fish ended on 16 April 2009 and his appointment as alternate director for Ms Jones-Cervantes ended on 30 June 2009.
- Mr 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) and 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 Caltex Board. She has over 30 years of experience in the financial services industry, government policy and administration, and on the boards of companies and statutory organisations. Prior to becoming a professional director, she served for six years as Managing Director of Deutsche Asset Management and its predecessor organisation, NSW State Superannuation Investment and Management Corporation.

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

Mr Julian Segal
Managing Director & CEO

Date of appointment: 1 July 2009

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

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

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

Mr Trevor Bourne
Director (Non-executive/Independent)

Date of appointment: 2 March 2006

Board committees:
OHS & Environmental Risk Committee (Chairman), Audit Committee and Nomination Committee

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

Trevor is 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 Caltex, 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 (US).

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

Mr Greig Gailey
Director (Non-executive/Independent)

Date of appointment: 11 December 2007

Board committees:
Human Resources Committee (Chairman), Audit Committee, Nomination Committee and OHS & Environmental Risk Committee

Greig brings extensive Australian and international oil industry experience, and a management background 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 Australian Securities Exchange in April 2004. Greig became Managing Director & CEO of Zinifex Limited from that date until standing down in June 2007. He is currently Vice President of the Business Council of Australia (and the immediate former President from 2007 to 2009), 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 significant downstream oil industry knowledge and experience, especially in marketing, to the Board. She currently serves as Chevron's Vice President of Global Marketing for the 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 (US).

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

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 Chevron's Regional Finance Officer for the Asia Pacific Region and is responsible for financial and management reporting, credit approval, local cash management, local tax matters and risk management for Chevron operations in the 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 (US).

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

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

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

Mr Walter (Walt) Szopiak
Alternate Director

Date of appointment: 17 April 2009 for Mr Brant Fish; 1 July 2009 for Ms Colleen Jones-Cervantes; and 17 July 2009 for Mr Robert Otteson

Walt has over 25 years of 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 of Science (Chemical Engineering) from Virginia Polytechnic Institute (US).

Former directors

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

Des served as Caltex's 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, 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 relocated to the US in July 2009 following the end of his secondment to Caltex to take up the role of President of Chevron Technology Ventures.

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 for the Asia Pacific Region 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 (US) and a Master of Business Administration – Finance from the New York University Graduate School of Business Administration (US).

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

REVIEW OF RESULTS AND OPERATIONS

General overview

Caltex Australia Limited recorded an after tax profit of $203 million on a replacement cost of sales operating profit (RCOP)[1] basis for 2009, including the impact of significant items of $173 million ($121 million after tax). This full year result compares with $186 million for 2008 (which had no significant items).

Operational performance across the business was strong notwithstanding difficult financial conditions. 2009 saw Caltex have its best safety result ever. Refining reliability was good with no significant unplanned refinery shutdowns. Transport fuel production was 10.2 billion litres, compared with 9.8 billion litres for 2008. The DHTU2 was commissioned without incident at Lytton and is producing Australian grade 10ppm sulfur diesel. Marketing maintained total transport fuel volumes in line with 2008 in a declining market. Jet and diesel fuel volumes increased, reflecting market share gains, and convenience shop sales continued to grow.

The favourable key externalities that were seen in the first half were not repeated in the second half. Global refiner margins remained under pressure in the second half of 2009 because of depressed global demand and the growth in global surplus refinery capacity. In the second half, the higher Australian dollar and higher crude oil prices further moderated the Caltex Refiner Margin. The Caltex Refiner Margin averaged US$5.95 per barrel or 5.05 Australian cents per litre during 2009, compared with an average of US$10.27 per barrel or 7.88 Australian cents per litre in 2008.

Exchange rate movements benefited Caltex in the order of $213 million (before tax) in 2009, relative to 2008.

Caltex has recognised significant items totalling $173 million (before tax). This includes $93 million (before tax) for asset impairment and redundancies relating to the planned closure of the Caltex Lubricating Oil Refinery (CLOR) at Kurnell in Sydney. Additional significant items relate to redundancies arising from a review of corporate costs, remediation liabilities for sites to be divested, and various other cost and asset write-offs.

Caltex recorded a profit after tax on a historical cost basis of $314 million for the full year 2009 (including significant items), compared with $34 million for the full year 2008 (which had no significant items). The 2009 historical cost result included inventory gains of $111 million after tax, compared with inventory losses of $152 million after tax in the full year 2008.

Debt at 31 December 2009 was $487 million (31 December 2008: $832 million). Net average debt decreased to $652 million in 2009, compared with $748 million in 2008.

Cost efficiency drive

In 2009 Caltex commenced a significant cost and capital efficiency drive in its base business, with major benefits expected to be delivered over the next three years. This drive aims to streamline, shape and strengthen the base business in order to generate acceptable returns in a low refiner margin environment and ensure the sustainability of our business into the future.

Mobil acquisition

During 2009 Caltex entered into an agreement, subject to regulatory approvals, to acquire 302 Mobil service station sites for a total outlay in the order of $300 million. In December 2009, the Australian Competition and Consumer Commission (ACCC) announced it would oppose this proposed acquisition and, on 10 February 2010, issued its public competition assessment setting out the reasons for its position. Caltex is considering what action it will take in the light of the ACCC's position on the proposed acquisition.

Dividend

The Board is pleased to announce it has declared a final (and total) dividend of 25 cents per share (fully franked) for 2009. This compares with a total dividend payout of 36 cents per share (fully franked) for 2008.

In addition to supporting the acceleration of capital investment in key areas of our business, the 2009 financial result and the strength of the balance sheet have allowed the payment of a dividend, notwithstanding the challenging short term outlook for 2010 and the ongoing uncertainty regarding the proposed Mobil acquisition.

Outlook

Due to depressed global demand and the expected growth in global refining capacity that has led to global refiner margins remaining under pressure, the short term outlook for Caltex remains challenging. However, the exposure that Caltex has to the mining, agriculture and transport industries in Australia, and the anticipated long term growth in demand for diesel, jet fuel and premium fuels, point to a positive medium to long term outlook for the company.

Caltex will continue to strengthen its base business to enable future growth in earnings through operational and capital efficiency and the optimisation of its integrated supply chain.

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

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

CARBON POLLUTION REDUCTION SCHEME (CPRS)

The Australian Government has introduced legislation into Parliament for a Carbon Pollution Reduction Scheme (CPRS), under which liable entities such as Caltex would require permits for greenhouse gases emitted from 1 July 2011. The Opposition currently opposes the legislation and therefore it is unlikely the current Parliament will pass the legislation. However, a future Parliament could pass it following a double dissolution. The impact on Caltex of the CPRS would depend primarily on its detailed design (some of which will rely on regulations made under the CPRS), the price of carbon and the greenhouse gas emissions of Caltex and its customers. Investors need to make judgements about these factors, the probability of the CPRS being enacted (in current or amended form) and the probability of alternative or complementary regulation to reduce greenhouse gas emissions, while being aware the policy landscape is changing.

Refining

If the CPRS was implemented as currently proposed, oil refining would be treated as an "emissions-intensive, trade-exposed" (EITE) activity and would receive EITE assistance at the rate of either 66% or 94.5%. A draft regulation is expected to be published in the first half of 2010 setting out the rate of assistance for oil refining. Detailed rules would apply to the calculation of the exact number of free permits Caltex would receive as EITE assistance, hence the number of permits Caltex would have to purchase to meet its permit liability each year.

The price of permits would be fixed at $10 per tonne including GST in 2011–12 but determined by the market in subsequent years. The Government has estimated a carbon price in 2012–13 of $26 per tonne of carbon dioxide excluding GST. Total greenhouse gas emissions from Caltex's refineries in 2008–09 were 2.1 million tonnes (including both direct and indirect emissions).

Assuming direct emissions are the same in 2012–13 as in 2008–09, an estimate of emission permits to be purchased is approximately 650 thousand or 130 thousand tonnes, depending on the rate of EITE assistance. At $26 per tonne of carbon dioxide, the cost of emission permits for Caltex's refineries would be approximately $17 million or $3 million. Costs would most likely increase in subsequent years, depending on the CPRS rules and cost of emission permits. The Government has also proposed to cap carbon prices at approximately $40 per tonne of carbon dioxide (increasing at 5% per annum in real terms) in the early years of the CPRS. Caltex would be unable to recover permit costs for refinery emissions due to import competition.

Marketing

If the CPRS was implemented as currently proposed, there are two ways it would impact Caltex's marketing operations. First, Caltex would have to purchase permits for its own non-refining emissions including its retail sites and supply infrastructure. Secondly, under the CPRS, Caltex would be required to purchase permits for its customers' greenhouse gas emissions.

In the first category, total greenhouse gas emissions from Caltex's marketing operations (for the purpose of this section of the report, operations other than refining) are estimated at approximately 0.1 million tonnes annually (including both direct and indirect emissions). At $26 per tonne of carbon dioxide and assuming the same 26 thousand tonnes of direct emissions as in 2008–09, the cost of emission permits for these operations would be approximately $0.7 million annually.

In the second category, fuel suppliers such as Caltex would also be required to purchase permits for their customers' emissions. Caltex would seek to recover these permit costs fully through its prices to customers. Because all competitors would face carbon costs and the petroleum products market is highly competitive, a reasonable scenario is that Caltex would fully recover its carbon costs through changes in prices to customers. However, there are other scenarios in which the recovery of permit costs cannot reasonably be quantified because the future operation of the permit market and the future reactions of competitors to CPRS-related costs are unknown.

Caltex's estimated permit liability for its customers' emissions would be approximately 41 million tonnes in 2012–13, increasing over time with market growth. Based on the Government's estimated permit cost of $26 per tonne in 2012–13, Caltex would be required to purchase permits costing approximately $1.1 billion and would seek to recover this cost from customers. Some customers, including motorists, would be eligible for an excise reduction to help avoid overall increases in their fuel prices.

PRINCIPAL ACTIVITIES AND STATE OF AFFAIRS

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 financial year.

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 31 December 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.

ENVIRONMENTAL REGULATIONS

Caltex is committed to compliance with Australian laws, regulations and standards, as well as minimising the impact of our operations on the environment. The Board's OHS & Environmental Risk Committee seeks to address the appropriateness of Caltex's OHS and environmental practices to manage material health, safety and environmental risks, so that these risks are managed in the best interests of Caltex and its stakeholders.

Caltex sets key performance indicators to measure environmental, health and safety performance and drive improvements against targets. In addition to review by the Board, progress against these performance measures is monitored regularly by the Managing Director & CEO with General Managers and business unit managers.

Risks are examined and communicated through the Caltex Risk Management Framework, an enterprise-wide risk management system which provides a consistent approach to identifying and assessing all risks, including environmental risks. Under the framework, risks and controls are assessed, improvements are identified, and regular reports are made to management and the Board.

The Caltex Operational Excellence Management System is designed to ensure operations are carried out in an environmentally sound, safe, secure, reliable and efficient manner. Its operating standards and procedures support the Caltex Environment Policy, and Caltex Health & Safety Policy.

In 2009, Caltex made its first submission under the new National Greenhouse and Energy Reporting scheme, reporting energy consumption and production as well as greenhouse gas emissions from company operations. The refineries published their second public annual report under the Federal Energy Efficiency Opportunities program, communicating energy savings achieved in 2009. Caltex also continued to disclose information on pollution emissions under the National Pollutant Inventory.

Compliance with environmental regulations

A total of 13 environmental protection licences were held by companies in the Caltex Australia Group in 2009 for two refinery sites, 10 terminals and one aviation refuelling facility.

Sixteen instances of non-compliance against these licences in 2009 were reported to government environmental authorities, and an additional two instances were reported in 2009 for non-compliances occurring in 2008. There were four spills reported to government environmental authorities and none attracted an infringement notice or fine.

Caltex received one penalty infringement notice in 2009 for environmental considerations (storage of dangerous goods).

Caltex was prosecuted for one breach of environmental regulations in 2009. On 6 March 2009, Caltex Australia Petroleum Pty Ltd was convicted in the Melbourne Magistrates' Court of permitting an environmental hazard in connection with a leak of unleaded petrol at its Newport terminal in August 2006.

Regular internal audits are carried out to assess the efficacy of management systems to prevent environmental incidents, as well as control other operational risks. Improvement actions determined through the audit process are reviewed by the OHS & Environmental Risk Committee and senior management. Caltex is committed to achieving 100% compliance with environmental regulations and all breaches have been investigated thoroughly and corrective actions taken to prevent recurrence.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 51 and forms part of the Directors' Report for the financial year ended 31 December 2009.

REMUNERATION REPORT

The directors of Caltex Australia Limited present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for Caltex and the consolidated entity for the year ended 31 December 2009.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

1. Remuneration snapshot

a. SENIOR EXECUTIVES[1]

Current

Julian Segal	Managing Director & CEO – joined Caltex on 1 June 2009; appointed as Managing Director & CEO – from 1 July 2009
Helen Conway	General Manager – Office of the CEO
Simon Hepworth	Chief Financial Officer
Kenneth James	General Manager – Supply and Distribution
Mike McMenamin	Group Manager – Strategy, Planning and Development
Gary Smith	General Manager – Refining – from 4 August 2009
Andy Walz	General Manager – Marketing
Simon Willshire	Group Manager – Human Resources

Former

Desmond King	Managing Director & CEO – until 30 June 2009
Peter Wilkinson	Group Manager – Operational Excellence and Risk – until 23 October 2009

Element of remuneration	Summary	Sections
Fixed remuneration	Fixed remuneration is set at the market median by reference to benchmark information for comparable roles.	3a
	2009 fixed remuneration for Senior Executives was increased by 5.1% from 2008, including promotional increases.	
Short Term Incentive (STI)	2009 participation in the Caltex Performance Incentive Plan (PIP) gives executives the opportunity to earn a cash bonus if they achieve Caltex, departmental and individual performance targets.	3d
	Average 2009 STI outcomes, including the Managing Director & CEO, were 53.4% of base salary (21.4% in 2008). Actual short term incentives paid for 2009 were higher than in 2008, predominantly reflecting better Caltex financial performance against scorecard targets in 2009 in a more challenging market environment.	3g
	Short term incentive arrangements have been reviewed for FY10 to support a cultural reshaping of the company. It has been practice to provide a minimum short term incentive pool of 6% of base remuneration to reward attainment of key non-financial and strategic objectives by selected employees, even when the threshold of 80% of Plan RCOP Net profit After Tax (NPAT) was not delivered. From 2010, no short term incentives will be paid if less than 80% of Plan RCOP NPAT is delivered. Short term incentives payable for the attainment of Plan targets are broadly unchanged, while the maximum short term incentives available have increased slightly.	3h
	50% of the 2009 short term incentive payment for the Managing Director & CEO will be paid in Caltex shares. The Managing Director & CEO will be restricted from selling half of the shares for a period of two years, the remaining half will be released to allow for the payment of taxation.	3f

1. Throughout this remuneration report, Senior Executives of Caltex refers to:
   - the five most highly remunerated company executives, and
   - all other executives who fall within the definition of key management personnel of Caltex (being those persons with authority and responsibility for planning, directing and controlling the activities of Caltex), including the Managing Director & CEO.

Element of remuneration	Summary	Sections
Long Term Incentive (LTI)	Participation in the Caltex Equity Incentive Plan (CEIP) gives executives the opportunity to receive Caltex shares in the future subject to achieving above median Total Shareholder Return (TSR) performance over a three year period relative to two comparator groups.	3e
	Grants made under the CEIP in 2007 will vest in 2010 for one of the two comparator groups. Caltex performance was slightly below the median against the S&P/ASX 100 group and above the median of the selected group of international refining and marketing companies and as a result 37.5% of the 2007 grant will vest in 2010 and the remaining 62.5% will lapse.	3g
	Long term incentive (LTI) arrangements have been reviewed for FY10 to support cultural realignment and to bring LTI quantum and pay mix into line with market practice. From 2010, the company has lowered the percentage of the LTI grant that will vest for median TSR performance and has increased the potential reward for exceptional performance (defined as TSR at or above the 90th percentile relative to the members of the ASX 100 Accumulation Index and, separately, nine international refining and marketing companies).	3h
Post employment	Executives may be entitled to post-employment benefits, depending on the circumstances in which their employment is terminated.	3i
Appointments	Julian Segal was appointed as the new Managing Director & CEO effective 1 July 2009. He received a grant of $900,000 of Caltex shares as a joining incentive. The Managing Director & CEO is restricted from selling any of the shares for a period of three years and will forfeit all of the shares if he resigns during the restriction period.	3f
	Other key appointments included Kenneth James as General Manager – Supply and Distribution and Gary Smith as General Manager – Refining.	

b. NON-EXECUTIVE DIRECTORS

Ms Elizabeth Bryan (Chairman)

Mr Trevor Bourne

Mr Brant Fish

Mr Greig Gailey

Ms Colleen Jones-Cervantes

Mr Robert (Rob) Otteson – from 17 July 2009 (as an addition to the Board)

Mr John Thorn

Mr Walter (Walt) Szopiak – serves as alternate director for Mr Fish, Ms Jones-Cervantes and Mr Otteson

Element of remuneration	Summary	Sections
Fees	Remuneration for non-executive directors is fixed, not variable.	5a
	The non-executive directors do not participate in any Caltex incentive or bonus schemes.	5a
	Caltex has operated a share plan for non-executive directors, which allows Australian based directors to salary sacrifice fees to acquire Caltex shares on-market. Ms Elizabeth Bryan acquired shares through the plan in 2009. Following changes in taxation legislation during 2009, the Non-Executive Director (NED) Share Plan has been placed on hold.	5c
	The Board has resolved to increase base directors' fees effective from 1 January 2010 for the first time since 1 January 2008, recognising increased workload and demands placed on the Caltex non-executive directors in recent years and the Board's freeze on non-executive director remuneration for 2009. Base fees have been increased by 5%. Committee chair fees have increased by $5,000 ($10,000 in the case of the Human Resources Committee) and committee membership fees by $2,500 ($5,000 in the case of the Human Resources Committee) to align with the fees for similar organisations and to recognise the increased workloads and demands on committee chairs and members.	5b
Superannuation and retirement benefits	Superannuation contributions are made at a rate of 9% where required. No additional retirement benefits are paid.	5a
Total remuneration pool	Fees paid to non-executive directors in 2009 were subject to a maximum Board remuneration pool of $1,600,000 (inclusive of statutory entitlements). This pool was approved by shareholders at the Annual General Meeting held on 24 April 2008.	5b

2. Introduction to remuneration report and Board oversight

The Board takes an active role in the governance and oversight of Caltex's remuneration policies and practices. The Human Resources Committee (Committee) assists the Board in relation to Caltex's remuneration framework and seeks to ensure that appropriate remuneration arrangements are in place and that practices are clear and understandable. The Committee undertakes functions delegated by the Board, including the approval of Caltex's annual remuneration program and aspects of its incentive schemes. The Committee's charter is available from our website (www.caltex.com.au).

The Committee is independent of management and directly engages independent external advisors as necessary. During 2009, the Committee and/or the Board received independent advice from the following organisations:

Organisation	Purpose	Role
Hewitt Associates	Short term incentive and long term incentive redesign	Independent review of proposed arrangements
Godfrey Remuneration Group	Remuneration benchmarking information for non-executive directors	Information
Godfrey Remuneration Group	Remuneration arrangements for the Managing Director & CEO	Independent review of proposed arrangements
Ernst & Young	Taxation and benchmarking information to assist the review of the long term incentive program	Information
Hay Group	Remuneration benchmarking data for Senior Executives	Information

3. Executive director and executive remuneration

a. REMUNERATION PHILOSOPHY AND STRUCTURE

The overarching goal of the Caltex reward system is the delivery of superior shareholder returns.

Caltex's Reward System is aligned with and supports our strategic direction and goals. The guiding philosophy for how Caltex rewards Senior Executives and all other employees is:

- **Alignment with shareholders' interests** – the payment of variable incentives is dependent upon achieving financial and non-financial performance hurdles that are aligned with shareholders' interests.
- **Performance focused and differentiated** – Caltex's reward and performance management systems are closely integrated to maintain a strong emphasis and accountability for performance at the company, department and individual levels. Rewards are differentiated to incentivise and reward superior business performance and appropriate employee behaviours and to identify and deal with poor performance.
- **Market competitive** – all elements of remuneration are set at competitive levels for comparable roles in Australia and allow Caltex to attract and retain quality candidates in the talent market.

Caltex uses a Total Reward Value approach consisting of two main elements plus superannuation. The Total Reward Value approach enables comparison and accurate monitoring of the market competitiveness of each executive's remuneration.

1. **Fixed remuneration** – comprising base salary and allowances, and
2. **Variable, at risk remuneration** – comprising a mix of cash and equity based incentives payable upon the achievement of financial and non-financial performance hurdles.

Superannuation is generally payable at a rate of 9% of base salary plus any cash incentive payments and is included in the calculation of Total Reward Value for comparison purposes. Superannuation is not payable on equity based incentives.

Cash incentives reward the delivery of stretching but attainable annual financial and non-financial performance measures and long term equity based incentives reward the delivery of superior total shareholder returns relative to the company's peers over the longer term. The performance measures set are in many cases relative and not absolute and are designed to provide rewards when Caltex exceeds the performance of peers and competitors or delivers upon strategically important outcomes. At Caltex, incentives are not designed as "profit sharing arrangements" and as such performance measures may factor in externalities over which management can have no control (such as global refining margins) and there will be occasions when incentives are paid when externalities such as the Global Financial Crisis may have reduced overall shareholder returns. Equally, incentives may not be paid when externalities are favourable to shareholders but the company's relative performance is poor.

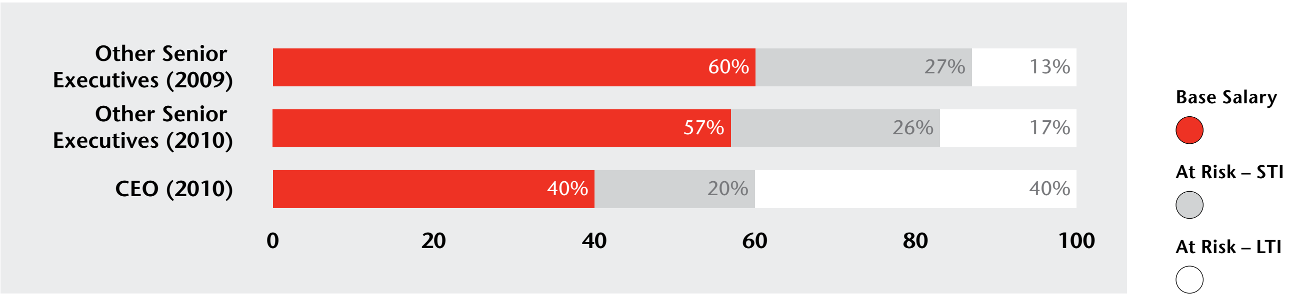
b. PAY MIX AND PAY MARKET COMPETITIVENESS

Fixed remuneration is reviewed annually and set relative to the skills and accountabilities of the executive and is aligned to the market median of Australian industry benchmarks. Total Reward Value is set at the market median of the benchmarks for at target performance with the opportunity to earn Total Reward Value above the market median for above target stretch performance.

During 2009, the Total Reward Values for Senior Executives were benchmarked against grade data supplied by the Hay Group and published remuneration data reported by Ernst & Young. Both data sets reflect the markets in which Caltex competes for senior executive talent.

Performance based, at risk, remuneration targets are set annually as a proportion of base salary. Cash incentives are managed via the Performance Incentive Plan (PIP) and long term equity based incentives via the Caltex Equity Incentive Plan (CEIP). Further information on these reward plans is set out below. The at target pay mix for the current Managing Director & CEO and Senior Executive group is detailed in the following diagram. The diagram also details the change in the 2010 pay mix for Senior Executives which will occur as a result of the review of incentive pay practice as mentioned. The 2010 pay mix targets reflect more stretching performance requirements for at target performance than in prior years and are aimed at rewarding the delivery of superior shareholder returns.

Remuneration mix at target



1. STI comprises the cash incentive provided through the PIP including any amounts deferred into cash or shares.
2. LTI comprises performance rights granted under the CEIP.
3. Other Senior Executives excludes Andy Walz, as he is seconded from Chevron.

The Total Reward Value and pay mix for the current Managing Director & CEO is set out in his service agreement and his base salary is reviewed annually by the Committee and approved by the Board.

The Total Reward Value and pay mix for other Senior Executive members is reviewed annually by the Committee and approved by the Board, as appropriate on the basis of recommendations from the Managing Director & CEO, utilising remuneration information provided by independent consultants for Australian roles with similar skills, accountabilities and performance expectations.

c. SETTING AND EVALUATING THE PERFORMANCE OF EXECUTIVES IN 2009

Performance measures for 2009 were outlined in the business plan in line with the corporate direction set by the Board. The Board approved the 2009 business plan in October 2008 and has regularly monitored and reviewed progress against plan milestones and targets. The 2009 business plan was set taking into account the Global Financial Crisis and in particular its anticipated impact on global refining margins. As such the financial targets were lower than those set in 2008.

The approved Caltex business plan was then translated into department, division and business unit plans and scorecards that incorporated the drivers of TSR. The company and department scorecards were approved by the Committee prior to the commencement of the performance year.

Within each business unit, specific performance agreements were then developed for individual employees, thus completing the link between employees and delivery of TSR. Performance agreements must be agreed between the employee and his or her manager. Senior Executives set their performance agreements jointly with the Managing Director & CEO.

The Caltex performance management process (PMP) documents performance expectations, progress against performance expectations and how that performance will impact on reward outcomes. The PMP provides employees with an understanding of how the performance expected of them is aligned with the Caltex business plan and is an integral component of the reward system.

The key Caltex scorecard measures for 2009, as approved by the Committee, are as detailed below. These measures were selected because they were identified as important financial and operational drivers for the success of Caltex in 2009. These measures are supplemented by department scorecards and individual performance agreements.

2009 Caltex scorecard success measures

Sustained and strong profitability (50% weighting)

- RCOP NPAT – annual performance
- Free cash flow (after investment and before dividends) – annual performance

Operational excellence (40% weighting)

- Lost Time Injury Frequency Rate (per million work hours) score based on annual rate
- Number of spills and process safety incidents

Cost management (10% weighting)

- Unit operating expenditure cost per litre (total operating expenditure divided by total sales volume)

RCOP NPAT

The Board has selected RCOP NPAT as the basis for the short term incentive for Caltex management because RCOP NPAT removes the impact of inventory gains and losses, giving a truer reflection of underlying financial performance.

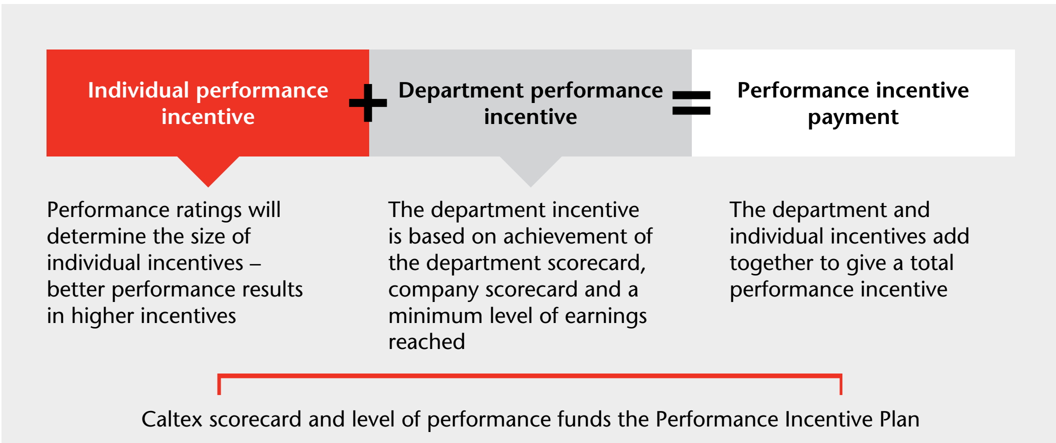
Gains and losses in the value of inventory due to fluctuations in the USD price of crude and foreign exchange impacts constitute a major external influence on company profits. RCOP NPAT restates profit to remove these impacts. The Caltex RCOP methodology is consistent with the methods used by other refining and marketing companies for restatement of their financials.

As a general rule, an increase in crude prices on an Australian dollar basis will create a gain for Caltex. Conversely, a drop in crude prices on an Australian dollar basis will create a loss. This is a direct consequence of the first in first out (FIFO) costing process used by Caltex in adherence to accounting standards to produce the financial result on a historical cost basis. With Caltex holding approximately 45–60 days of inventory, revenues reflect current prices in Singapore, whereas FIFO costings reflect costs some 45–60 days earlier. The timing difference creates these inventory gains and losses.

To remove the impact of this inventory value factor on earnings and to better reflect the underlying performance of the business, the RCOP NPAT methodology calculates the cost of goods sold on the basis of theoretical new purchases instead of actual costs from inventory. The cost of these theoretical new purchases is calculated as the average monthly cost of cargoes received during the month of those sales.

d. PERFORMANCE BASED "AT RISK" REMUNERATION – 2009 ANNUAL PERFORMANCE INCENTIVE PLAN

Performance period	Annual payment based on assessed performance during 12 month period ended 31 December 2009
2009 target and maximum opportunity levels	Managing Director & CEO – between 50% and 100% of base salary Other Senior Executives – between 46% and 82% of base salary
Performance measures	**Performance Incentive Plan and total performance**



How reward outcomes are funded	Caltex and departmental performance determines the funding of the incentive pool and individual performance determines the proportion of that pool an individual will receive. Scorecard minimum targets are the simultaneous achievement of 80% of the RCOP NPAT target and a Caltex scorecard result of greater than or equal to 50 points. Target opportunities are generally payable where both Caltex and departmental scorecard values are achieved at target and an at target individual performance rating is achieved. Maximum opportunities are payable only where both Caltex and departmental scorecard values are achieved at their maximum and the highest individual performance rating is achieved. Where scorecard minimum financial targets are not met, then funding to support the incentives is significantly reduced to reward attainment of key non-financial and strategic objectives.

Performance assessment	Caltex and departmental scorecard performance is measured monthly and reported to the Board. The outcomes measured through the scorecard are reviewed at the end of the year and approved by the Committee. The Board discusses the Managing Director & CEO's performance in detail and approves an assessment. This follows an initial performance assessment by the Chairman and discussion of the performance assessment by the Committee. The Managing Director & CEO assesses the individual performance of other Senior Executives. These ratings are reviewed and endorsed, if appropriate, by the Committee and approved by the Board.
Use of discretion	The Committee, in its advisory role, reviews proposed adjustments to PIP outcomes where there are unforeseen and uncontrollable impacts on the scorecard elements. Any scorecard changes may only be approved by the Board. Discretion was applied by the Board to amend the scorecard for 2009 to take into account uncontrollable elements. Refer to section 3g for further information.
Payment vehicle	The 2009 plan comprises cash and equity components for the Managing Director & CEO and a cash component for other Senior Executives. In 2009, 50% of the 2009 short term incentive payment for the Managing Director & CEO will be paid in Caltex shares. The Managing Director & CEO will be restricted from selling half of the shares for a period of two years; the remaining half will be released to allow for the payment of taxation. Beneficial interest in dividend and voting rights will apply during the restriction period. In 2006, 2007 and 2008 other Senior Executives also received half of their short term incentive as restricted Caltex shares. One third vested immediately, one third was deferred and held in trust for one year and the remainder was deferred and held in trust for two years. Due to recent changes to tax legislation the equity component of the 2009 Annual Performance Incentive Plan was modified during the year such that the component will now be settled in cash. This component is under review for future years.

e. PERFORMANCE BASED "AT RISK" REMUNERATION CALTEX EQUITY INCENTIVE PLAN (CEIP)

Performance period	Three years commencing 1 January 2009
2009 target and maximum opportunity levels	Managing Director & CEO will not receive a grant of performance rights until 2010 Other Senior Executives – between 22% (at target) and 44% (maximum) of base salary
Performance measures	Relative TSR is assessed against two comparator groups. 50% of the rights are tied to relative performance against members of the S&P/ASX 100 Accumulation Index and 50% against a selection of international refining and marketing companies. The extent to which the awards vest is determined by Caltex percentile ranking against the following scale: **Percentile ranking** — **% of award vesting** 1. Less than 50th — 0% 2. Target 50th — 50% 3. Between 51st and 74th — Pro-rate between 2 and 4 4. Maximum 75th or higher — 100% Any performance rights that do not vest upon testing of the performance hurdle automatically lapse. The international refining and marketing companies for the 2009 performance year comprised Frontier Oil Corporation (USA), Motor Oil Hellas Corinth Refineries SA (Greece), Neste Oil OY J (Finland), Singapore Petroleum Company Limited[1] (Singapore), S-Oil Corporation (Korea), Sunoco Incorporated (USA), Tesoro Corporation (USA), Valero Energy Corporation (USA) and Western Refining Incorporated (USA). 1. Singapore Petroleum Company was removed from the comparator group on 28 September 2009 as the company has been acquired by PetroChina International.
Payment vehicle	Performance rights are granted by the company for nil consideration. Each performance right is a right to receive a fully paid ordinary share at no cost if the vesting conditions are satisfied. Performance rights do not carry voting or dividend rights; however, shares allocated upon vesting of performance rights will carry the same rights as other ordinary shares. The number of awards to be granted is determined by dividing the maximum opportunity level by the market price of the shares at the date of grant. Shares to satisfy vested performance rights are purchased on-market.

Why has the TSR hurdle been chosen?	The Board has selected a relative TSR measure because it provides direct alignment with shareholder outcomes. It provides a direct comparison of relative performance in a range of market conditions and only rewards executives when returns are at or above the median of peer companies against which Caltex competes for capital, customers or talent. Absolute TSR has not been selected because it does not distinctly separate the company's performance from overall market movements.
What if a participant ceases employment?	If a participant ceases to be an employee due to resignation all unvested equity awards held by the participant will lapse. The Board has the discretion to determine the extent to which equity awards granted under the Plan to the participant vest where a participant ceases to be an employee of a Group company due to death, total and permanent disablement, bona fide redundancy or other reason with the approval of the Board. If no determination is made by the Board, all equity awards held by the participant will lapse.
What happens in the event of a change in control?	Any unvested performance rights may vest at the Board's discretion, having regard to pro-rated performance. Performance rights that vest following a change of control will not generally be subject to the restrictions on dealing outlined above.

f. MANAGING DIRECTOR & CEO REMUNERATION AND FORMER MANAGING DIRECTOR & CEO REMUNERATION

The terms of Mr Segal's appointment were announced to the market on 22 April 2009. The Board sought external expert advice from Godfrey Remuneration Group to establish a remuneration package that was competitive and which was of the level necessary and reasonable to secure the services of a Managing Director & CEO of a top Australian publicly listed company. A significant proportion of the total potential remuneration is "at risk" and subject to the performance of Caltex and the delivery of TSR relative to the separate members of the ASX 100 Accumulation Index and nine selected international refining and marketing companies.

The Managing Director & CEO's total remuneration is split into fixed and "at risk" components as follows:

% of total target remuneration (annualised)

Fixed remuneration incl. superannuation	**"At risk" – performance based**	
	STI	**LTI**
$1,800,000	**"At Target"**	**"At Target"**– when TSR is at the 75th percentile of peer companies
	$850,000	$1,700,000
	"Stretch"	**"Stretch"** – when TSR is at the 90th percentile of peer companies
	$1,700,000	$2,550,000

Summary of Managing Director & CEO's service agreement

Term	Conditions
Duration	Ongoing until notice is given by either party
Termination by Senior Executive	Six months' notice Company may elect to make payment in lieu of notice
Termination by company for cause	No notice requirement or termination benefits (other than accrued entitlements)
Termination by company (other)	12 months' notice Termination payment of 12 months' base salary (reduced by any payment in lieu of notice) Treatment of unvested STI and LTI in accordance with Plan terms
Post-employment restraints	Restraint applies for 12 months if employed in the same industry within Australia

Mr Desmond King, the former Managing Director & CEO, was seconded from Chevron to Caltex until 30 June 2009. Chevron Global Energy Inc. holds 50% of the shares in Caltex Australia Limited.

Under the terms of the secondment arrangements, Caltex paid the full cost to Chevron of providing Mr King, representing a reimbursement of the salary and other benefits incurred by Chevron in relation to Mr King's services to Caltex including the cost of Chevron's Long Term Incentive Plan. Mr King did not receive any termination payments as a result of the cessation of his secondment.

g. 2009 REWARDS RECEIVED FROM REMUNERATION AT RISK

During 2009, the company delivered good operating performance in challenging market conditions. Overall, performance was above the targets set in the 2009 company scorecard as set out below:

Measure	Performance relative to scorecard
Sustained and strong profitability (50% weighting)	
RCOP NPAT – annual performance	At target
Free cash flow (after investment and before dividends) – annual performance	At target
Operational excellence (40% weighting)	
Lost Time Injury Frequency Rate (per million work hours) score based on annual rate	Better than target
Number of spills and process safety incidents	Better than target
Cost management (10% weighting)	
Unit operating expenditure cost per litre (total operating expenditure divided by total sales volume)	Below target

Performance highlights at a departmental level included:

- no significant unplanned refinery shutdowns
- sales volumes maintained in line with 2008 despite the prevailing economic conditions
- increased reliability at both the Kurnell and the Lytton refineries enabling increased production of transportation fuels (petrol, diesel and jet fuels)
- successful commissioning of a new diesel hydrotreating unit at the Lytton refinery in July 2009 enabling increased diesel production capability
- growth in fuel sales, particularly in premium and jet fuels, and convenience store sales, offsetting the contraction in petrol demand, and
- delivery of several key initiatives to strengthen the supply chain and enable seamless integration from the crude to the customer.

The combined company and departmental performance was reflected in the STI for Senior Executives and STIs were awarded slightly above target levels. Actual STIs paid for 2009 were higher than in 2008, reflecting the stronger 2009 financial and operational performance relative to scorecard targets. Average 2009 STI outcomes, including the Managing Director & CEO, were 53.4% of base salary (21.4% in 2008).

In determining overall short term incentive expenditure for 2009, the Committee and the Board assessed the strength of underlying business performance in adverse circumstances, the quality of business plan targets and any items, both positive or negative, that were deemed to be outside of the control of employees. This included the impact of significant items on Caltex and departmental scorecard results.

Discretion was exercised by the Board on the scorecard outcomes to exclude the impact of those significant items that were determined by the Board to be outside of the control of employees. Items that were likely to provide benefit to performance in future years or that could be deemed to be part of general business operations (or recurring each year) were not excluded. The significant items that were excluded from Caltex scorecard results adjusted RCOP NPAT by $102 million and were:

- expenses relating to the closure of the Caltex Lubricating Oil Refinery (CLOR)
- impairment and remediation liabilities related to sites to be divested (primarily arising due to government legislative changes)
- corporate restructuring expenses (primarily redundancies), and
- transaction costs incurred for the proposed Mobil acquisition.

The Committee also reviewed the Caltex three year TSR performance relating to 2007 grants made under the CEIP. Performance was assessed against two comparator groups. Caltex performance was below the median against the S&P/ASX 100 group and at the 62.5th percentile of the selected group of international refining and marketing companies. As a result of the performance assessment, 37.5% of the original grant will vest in 2010 and the remaining 62.5% will lapse.

h. LOOKING AHEAD

Caltex is undergoing a period of cultural reshaping. As a consequence, the Committee and the Board have reviewed, simplified and updated the Caltex Reward System including aspects of the Caltex short term and long term incentive plans. The changes for each are summarised below:

STI **2010 annual performance incentive plan**	Where company financial performance minimum targets are not met then no incentives will be payable. It has been practice to provide a minimum short term incentive pool to reward attainment of key non-financial and strategic objectives by selected employees even when the threshold of 80% of Plan RCOP NPAT was not delivered. From 2010, no short term incentives will be paid if less than 80% of Plan RCOP NPAT is delivered. Individual performance scorecards will focus primarily on the delivery of Caltex financial objectives and critical business initiatives to emphasise the shared accountability for Caltex performance. Individual performance scorecards will replace the Caltex and departmental scorecards. Other Senior Executives – the maximum amount payable when stretching performance targets has been achieved will increase from 82% of base salary to between 92% and 100% depending on role. The amount payable at target will range from 46% (unchanged) to 50% depending on role. Deferral arrangements will be reviewed during 2010 in line with regulatory change and emerging market practice.
LTI **Caltex Equity Incentive Plan (CEIP)**	The vesting scale will become more challenging to be consistent with the vesting scale for the Managing Director & CEO. Only 33% of the award will vest for median performance and vesting 100% of the award will require 90th percentile performance. Upon cessation of employment by reason of death, total and permanent disablement, bona fide redundancy or other reason with the approval of the Board, vesting will be deferred until the end of the three year performance period. The no-hedging policy will be strengthened in line with the recent recommendations of the productivity commission. Voluntary shareholding restrictions after vesting will be introduced such that resulting shares may not be sold until a specified date, except in circumstances of hardship. LTI grant sizes will increase to bring LTI quantum and pay mix into line with market practice.

The review simplifies our previous arrangements while further strengthening and reinforcing the alignment of reward with the creation of shareholder value and market competitiveness.

The Committee and the Board believe that the reward system changes are in the interests of shareholders because they:

- support superior relative TSR performance
- establish the primacy of financial performance and emphasise the overall integrated performance of the company, and
- focus the company on executing the most critical initiatives and delivering critical outcomes at all stages of the economic and business cycle.

The changes incentivise Senior Executives for the delivery of above target financial performance through market competitive reward. Higher reward outcomes are possible as a result of the changes although such outcomes will arise only where exceptional returns in relative TSR are delivered. The revisions to the Performance Incentive Program also remove opportunities to earn cash incentives where financial performance falls below acceptable performance levels.

The long term incentive design changes and the inclusion of business crucial initiatives in the short term incentive scheme also emphasise the criticality of sustained longer term performance. LTI granted from 2010 onwards will only vest in full if the company's TSR performance relative to members of the ASX 100 Accumulation Index and nine international refining and marketing companies is at or above 90th percentile and only 33% of LTI will vest for median performance.

To reduce the possibility of executives receiving undue benefits upon termination of their employment, vesting of LTI will be deferred until the end of the original performance period if a participant ceases employment early by reason of death, total and permanent disablement, bona fide redundancy or other reason with the approval of the Board. Voluntary shareholding restrictions after vesting have also been established to encourage executives to retain their shareholdings from LTI after vesting.

The Board and the Committee considered a range of alternatives when reviewing the changes to the long term incentive program and on balance believe that the changes align with the current strategic challenges of the organisation and the expected time period over which change will occur. After reviewing a range of alternative measures, including strategic and other financial performance measures, the Board retained the relative TSR performance measure against the members of the ASX 100 Accumulation Index and, separately, nine international refining and marketing companies.

The Board and the Committee will continue to review the reward and performance arrangements to ensure that Caltex remuneration levels are aligned with shareholder interests, sufficiently competitive to attract the necessary executives to deliver superior performance and structured so as to incentivise and reward exceptional performance.

i. SERVICE AGREEMENTS

The remuneration and other terms of employment for Senior Executives are formalised in Service Agreements (contracts of employment). The material terms of the Service Agreements are set out below.

The Senior Executives of Caltex other than the two Chevron secondees, Mr King and Mr Walz, are appointed as permanent Caltex employees. Their employment contracts require both Caltex and the Senior Executive to give a notice period within a range between one and nine months, as stipulated by their individual contracts, should they resign or have their service terminated by Caltex. The terms and conditions of the executives reflect market conditions at the time of their contract negotiation and appointment. Our intention going forward is to reset the termination notice for all newly appointed Senior Executives to at least three months.

If a Senior Executive were to resign, their entitlement to unvested shares payable through the Long Term Incentive Plan and Caltex Equity Incentive Plan would generally be forfeited and, if resignation was on or before 31 December of the year, generally their payment from the Performance Incentive Plan would also be forfeited.

The details of the contracts of the current Senior Executives of Caltex (other than Mr Walz) are set out below:

Summary of service agreements for other Senior Executives

Senior Executives	Contract	Termination notice
Helen Conway	Open ended	3 months
Simon Hepworth	Open ended	3 months
Kenneth James	Open ended	6 months
Mike McMenamin	Open ended	1 month
Gary Smith	Open ended	6 months
Simon Willshire	Open ended	6 months

Other than prescribed notice periods, there is no special termination benefit payable under the contracts of employment. Statutory benefits (such as long service leave) are paid in accordance with the legislative requirements at the time of the Senior Executive's termination.

Mr Walz's secondment is for a period of three years ending on 1 April 2011 and Caltex and Chevron may agree to vary the contract term by early termination or extension. The secondment arrangement may also be terminated by Caltex if Mr Walz:

- commits a wilful breach or wilfully neglects to perform or observe any of his statutory or contractual duties, or
- fails to perform or observe any of his statutory or contractual duties and does not correct or rectify the failure within seven days of being requested to do so.

On termination, Mr Walz has no rights against Caltex for payment of any amounts or claims.

j. HEDGING AND MARGIN LENDING POLICIES

The Caltex Share Trading Policy prohibits the Managing Director & CEO and other Senior Executives from hedging an exposure to unvested or vested Caltex securities held through any of our executive incentive plans. Additionally, the policy requires directors and Senior Executives to give prior notice to the Company Secretary of any proposed margin loan arrangements. If a demand for payment is made under a margin loan arrangement, the director or Senior Executive must immediately advise the Company Secretary.

Caltex treats compliance with this policy as a serious issue, and takes appropriate measures to ensure adherence to the policy. Each year, directors and Senior Executives are required to provide a certificate to the Company Secretary in which they confirm compliance with the policy. Any breach of this policy must be immediately advised to the Company Secretary, who, in turn, will report the breach to the Board. A breach of this policy may lead to disciplinary action, which may include termination of employment in serious cases.

4. Link between executives and company performance

The following table demonstrates Caltex TSR, dividend, share price, earnings per share and RCOP NPAT performance each year from 2005 to 2009:

	2009	2008	2007	2006	2005
Senior Executives – Short Term Incentive(i)	53.4%	21.4%	41.2%	45.0%	46.0%
RCOP NPAT for Caltex scorecard (million)(ii)	$305	$186	$444	$430	$414
Caltex scorecard	117.5	55.5	93.0	100.0	104.5
Dividends (cents per share)	$0.25	$0.36	$0.80	$0.80	$0.46
Earnings per share (cents per share)	$0.75	$0.69	$1.64	$1.59	$1.53
Share price(iii)	$9.30	$7.19	$19.31	$23.00	$19.38
12 month TSR %(iv)	32.8	(60.9)	(12.6)	22.8	82.7

i. The actual incentive received by each Senior Executive is dependent on individual performance against both financial and non-financial performance indicators. The percentages detailed above are an average of the actual annualised incentives received by the Senior Executives, including the Managing Director & CEO, for the performance year on an annualised basis. For 2006 to 2008, the STI was delivered 50% as cash and 50% deferred into equity and subject to vesting over a three year period. Due to uncertainty in taxation legislation on employee share plans, in 2009 the STI was delivered as cash for the Senior Executives (with the exception of the Managing Director & CEO who will receive a mix of 50% cash and 50% equity with a portion of that equity being immediately released to pay applicable tax).

ii. Measured using the replacement cost of sales operating profit (RCOP) method which excludes the impact of the fall or rise in oil prices (a key external factor). Discretion was exercised by the Board on the scorecard outcomes to exclude the impact of those significant items that were determined by the Board to be outside of the control of employees. Significant items of $102 million were excluded from the Caltex scorecard results for RCOP NPAT.

iii. The price quoted is the trading price for the last day trading (31 December) in each calendar year.

iv. Total Shareholder Return (TSR) is calculated as the change in share price for the year, plus dividends announced for the year, divided by the opening share price. TSR is a measure of the return to shareholders in respect to each financial year.

a. REMUNERATION TABLES

Total remuneration for Senior Executives for 2009 (in dollars)

	PRIMARY			POST EMPLOYMENT	OTHER LONG TERM	EQUITY		TOTAL
	Salary and fees[ii]	Bonus (short term incentive)[iii]	Non-monetary benefits	Super-annuation	Other[iv]	Share benefits (long term incentive)	Rights benefits (long term incentive)	
Richard Beattie (Group Manager – Policy, Public and Government Affairs)[i]								
2009	–	–	–	–	–	–	–	–
2008	448,518	–	–	40,089	–	52,525	80,327	621,459
Andrew Brewer (Acting Group Manager – Strategy and Planning)[i]								
2009	–	–	–	–	–	–	–	–
2008	44,329	–	22,678	12,100	1,690	17,648	–	98,445
Helen Conway (General Manager – Office of the CEO, Company Secretary and General Counsel)								
2009	**434,308**	**260,000**	**10,892**	**43,425**	**18,230**	**34,954**	**93,450**	**895,259**
2008	437,277	40,000	10,626	45,945	17,302	97,488	58,326	706,964
Simon Hepworth (Chief Financial Officer)								
2009	**564,881**	**292,000**	**12,753**	**68,874**	**16,152**	**35,305**	**123,710**	**1,113,675**
2008	537,631	22,000	13,843	74,798	30,341	104,021	76,628	859,262
Kenneth James (General Manager – Supply and Distribution)[v]								
2009	**313,169**	**202,000**	**55,490**	**60,481**	**145,502**	**14,425**	**39,783**	**830,850**
2008	34,697	3,000	2,669	6,342	3,559	6,359	3,617	60,243
Mike McMenamin (Group Manager – Strategy, Planning and Development)								
2009	**369,646**	**220,000**	**12,603**	**34,808**	**21,848**	**23,325**	**61,987**	**744,217**
2008	345,610	30,000	11,331	36,795	14,223	62,258	33,301	533,518
Gary Smith (General Manager – Refining)[v]								
2009	**490,331**	**172,600**	**38,058**	**33,143**	**3,317**	–	–	**737,449**
2008	–	–	–	–	–	–	–	–
Alex Strang (General Manager – Supply and Distribution)[i]								
2009	–	–	–	–	–	–	–	–
2008	433,217	–	23,871	92,448	–	123,230	99,576	772,342
Andy Walz (General Manager – Marketing)[vii]								
2009	**663,797**	**185,107**	**630,183**	**68,859**	**180,354**	–	–	**1,728,300**
2008	425,165	96,805	541,311	12,951	193,155	–	–	1,269,387
Brian Waywell (General Manager – Refining)[i][vii]								
2009	–	–	–	–	–	–	–	–
2008	564,436	137,051	533,853	17,724	276,018	–	–	1,529,082
Peter Wilkinson (Group Manager – Operational Excellence and Risk)[vi]								
2009	**392,008**	**42,600**	**980**	**23,654**	–	–	–	**459,242**
2008	288,035	20,000	1,446	29,453	8,582	45,305	29,561	422,382
Simon Willshire (Group Manager – Human Resources)								
2009	**400,373**	**236,000**	**11,139**	**40,275**	**8,076**	**23,186**	**88,438**	**807,487**
2008	407,014	40,000	11,574	43,673	8,909	56,003	54,982	622,155
Total remuneration: senior executives								
2009	**3,628,513**	**1,610,307**	**772,098**	**373,519**	**393,479**	**131,195**	**407,368**	**7,316,479**
2008	3,965,929	388,856	1,173,202	412,318	553,779	564,837	436,318	7,495,239

i. 2008 departed executives have been included for year on year comparison purposes. Mr Beattie retired on 4 July 2008. Mr Brewer was seconded to Chevron on 1 April 2008, Mr Strang passed away on 17 December 2008 and Mr Waywell resigned on 30 November 2008.

ii. Salaries and fees include base pay, annual leave and termination benefits.

iii. Actual short term incentives awarded for 2009 were higher than in 2008, predominantly reflecting better Caltex financial performance in 2009. For Helen Conway, Simon Hepworth, Kenneth James, Mike McMenamin and Simon Willshire the bonus (short term incentive) amounts shown for 2008 represent 50% of the STI amounts awarded, the remaining 50% was deferred into shares for a period of up to two years.

iv. Other long term remuneration represents the Chevron Long Term Incentive Plan for Mr Waywell and Mr Walz and is long service leave for all other executives.

v. Mr Smith commenced employment on 4 August 2009 and the amounts shown for 2009 reflect the part year. Mr James was appointed on 3 November 2008 and the amounts shown for 2008 reflect the part year.

vi. Mr Wilkinson resigned effective 23 October 2009 and was paid $150,000 on resignation.

vii. Non-monetary benefits include expatriate benefits to Chevron secondees under their Chevron employment contracts.

Unvested shareholdings of Senior Executives during 2009

Senior Executives	Unvested shares at 1 Jan 2009 from the 2006, 2007 and 2008 performance years	Restricted shares granted(i)	Shares vested from the 2006, 2007 and 2008 performance years	Forfeited	Unvested shares at 31 Dec 2009 from the 2006, 2007, 2008 and 2009 performance years(iii)
Julian Segal(i)	–	73,979			73,979
Helen Conway	14,978		(7,403)		7,575
Simon Hepworth	15,403		(8,143)		7,260
Kenneth James	6,117		(2,932)		3,185
Mike McMenamin	9,857		(4,696)		5,161
Gary Smith	–		–		–
Andrew Walz(ii)	–		–		–
Peter Wilkinson	7,192		(3,402)	(3,790)	–
Simon Willshire	9,634		(4,155)		5,479

i. Mr Segal received a grant of $900,000 of Caltex shares restricted for three years as a joining incentive.
ii. Mr Walz is not eligible to participate for any of the grant periods under the terms of his secondment arrangement with Chevron.
iii. If the executive meets the service conditions, the amounts will vest in 2010, 2011 and 2012.

From 2006 until 2008, 50% of the STI payment for Senior Executives was awarded as restricted shares allocated under the Caltex Equity Incentive Plan. Additionally, until 2006, restricted shares were granted as a long term incentive under a previous plan called the Long Term Incentive Plan. The Managing Director & CEO received a joining incentive in 2009 and will have 50% of his STI paid as Caltex shares. The table below shows the percentage of the shares vested, the years to which the grant is still to vest and the future cost to Caltex. The cost to Caltex of the shares is recorded in line with the service of the senior executive; however, the shares typically vest in the Senior Executive in March/April for the year following the performance year, and January for subsequent years.

Restricted share grants to 2009 Senior Executives

Senior Executives	CEIP year	LTI year	Vested (% of shares vested)	Future years when shares will vest	Future cost to Caltex of unvested shares ($)
Julian Segal	2009		0%	2012	725,000
	Total				725,000
Helen Conway		2006	66%	2010	–
	2007		66%	2010	–
	2008		33%	2010, 2011	4,444
	Total				4,444
Simon Hepworth		2006	66%	2010	–
	2007		66%	2010	–
	2008		33%	2010, 2011	2,444
	Total				2,444
Kenneth James		2006	66%	2010	–
	2007		66%	2010	–
	2008		33%	2010, 2011	2,222
	Total				2,222
Mike McMenamin		2006	66%	2010	–
	2007		66%	2010	–
	2008		33%	2010, 2011	3,333
	Total				3,333
Simon Willshire		2006	66%	2010	–
	2007		66%	2010	–
	2008		33%	2010, 2011	4,444
	Total				4,444

i. Mr Smith has not yet received any grants under the CEIP and Mr Walz is not eligible to participate for any of the grant periods under the secondment arrangement with Chevron.

Since 2007, long term incentives for Senior Executives have been awarded as performance rights under the CEIP as explained in section 3e. The table below sets out details of movements in performance rights held by senior executives during the year, including details of the performance rights that vested.

2009 Senior Executive performance rights

Senior Executives	Performance rights at 1 Jan 2009	Granted in 2009	Vested in 2009	Lapsed in 2009	Balance at 31 Dec 2009
Julian Segal[(i)]	–	–			–
Helen Conway	15,290	25,700			40,990
Simon Hepworth	20,080	34,450			54,530
Kenneth James	5,680	13,230			18,910
Mike McMenamin	8,780	20,990			29,770
Gary Smith[(i)]	–	–			–
Peter Wilkinson[(ii)]	7,720	12,910		(20,630)	–
Simon Willshire	14,390	24,480			38,870

i. Mr Smith and Mr Segal have not yet received any grants under the CEIP and Mr Walz is not eligible to participate for any of the grant periods under the terms of his secondment arrangement with Chevron.

ii. Mr Wilkinson resigned effective 23 October 2009. As the vesting conditions were not satisfied all rights lapsed.

Valuation assumptions of performance rights granted

The fair value of performance rights granted under the CEIP is determined independently by Ernst & Young using an appropriate numerical pricing model. The model takes into account a range of assumptions and the fair values for each year of grant have been calculated incorporating the assumptions below.

	2009 GRANT		2008 GRANT		2007 GRANT	
Comparator group	ASX 100	International refining and marketing companies	ASX 100	International refining and marketing companies	ASX 100	International refining and marketing companies
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Volatility	40%	40%	30%	30%	30%	30%
Risk free interest rate	3.28%	3.28%	6.76%	6.76%	6.0%	6.0%
Dividend yield	6.0%	6.0%	4.4%	4.4%	3.6%	3.6%
Expected life (years)	3.0	3.0	3.0	3.0	3.0	3.0
Share price at grant date	$7.19	$7.19	$19.37	$19.37	$23.00	$23.00
Valuation per right	$4.03	$4.17	$10.41	$10.76	$12.49	$12.49

Distribution of 2009 fixed and variable remuneration elements of remuneration

The proportion of each Senior Executive's remuneration for 2009 that was fixed, and the proportion that was subject to a performance condition, are shown in the table below.

Senior Executive	Fixed	Variable (including short and long term incentive payments)
Julian Segal	58%	42%
Desmond King	79%	21%
Helen Conway	57%	43%
Simon Hepworth	60%	40%
Kenneth James	69%	31%
Mike McMenamin	59%	41%
Gary Smith	77%	23%
Andrew Walz	79%	21%
Peter Wilkinson	91%	9%
Simon Willshire	57%	43%

5. Non-executive director remuneration

a. OUR APPROACH TO NON-EXECUTIVE DIRECTOR REMUNERATION

At Caltex, our business and corporate operations are managed under the direction of the Board on behalf of our shareholders. The Board oversees the performance of Caltex management in seeking to deliver superior business and operational performance and long term growth in shareholder value. The Board recognises the importance of providing strong leadership and strategic guidance to company management to deliver our goals and objectives.

Under the Caltex Constitution and the ASX Listing Rules, the total remuneration pool for non-executive directors is determined by shareholders. Within this overall pool amount, remuneration for non-executive directors is reviewed by the Committee, taking into account information from an external expert, and set by the Board.

Fees for non-executive directors are set at a level to attract and retain directors with the necessary skills and experience to allow the Board to have a proper understanding of, and competence to deal with, current and emerging issues for Caltex's business. The Board also seeks to attract directors with different skills, experience and abilities that allow it to oversee and challenge the performance of management. Additionally, when setting fee rates, the Board takes into account factors such as external market data on fees and the size and complexity of Caltex's operations.

The remuneration of non-executive directors is fixed. The non-executive directors do not participate in any Caltex incentive or bonus schemes. Caltex does not have a retirement scheme for non-executive directors.

b. BOARD AND COMMITTEE FEE RATES FOR 2009

In 2009, fees paid to non-executive directors were subject to a maximum Board remuneration pool of $1,600,000 per annum, inclusive of statutory entitlements. This pool was approved by shareholders at the Annual General Meeting on 24 April 2008. Fees to non-executive directors in 2009 were paid at the same rates as in 2008.

In 2009, Caltex engaged the Godfrey Remuneration Group (Godfrey) to carry out a review of Board and committee fees for non-executive directors. In its report, Godfrey outlined the results of benchmarking Caltex's remuneration practices for non-executive directors to two comparator groups of companies listed on the Australian Securities Exchange (ASX). The report was considered by the Committee and then by the Board in December 2009 and new fee rates for 2010 were approved by the Board.

2009 and 2010 non-executive directors' fees

Role	2008 and 2009	2010 (effective 1 January 2010)
Board		
Chairman	$378,500 (inclusive of all committee fees)	$397,500 (inclusive of all committee fees)
Director	$137,000	$144,000
Board committee chairman		
Audit Committee	$30,000	$35,000
Human Resources Committee	$20,000	$30,000
Nomination Committee	Nil	Nil
OHS & Environmental Risk Committee	$20,000	$25,000
Board committee member		
Audit Committee	$15,000	$17,500
Human Resources Committee	$10,000	$15,000
Nomination Committee	Nil	Nil
OHS & Environmental Risk Committee	$10,000	$12,500

Superannuation is paid in addition to these fee rates. Caltex pays superannuation at 9% for non-executive directors. Superannuation is not paid for overseas directors. An alternate director does not receive Board or Board committee fees.

In setting new fee rates for 2010, the Committee and the Board took into account the increased workload and demands placed on the Caltex non-executive directors in recent years and the Board's freeze on non-executive director remuneration for 2009 (with Board and committee fees in 2009 paid at the same rates as in 2008).

c. NON-EXECUTIVE DIRECTORS' SHARE PLAN (NED SHARE PLAN)

Caltex has operated a share plan for non-executive directors, which allows Australian based directors to salary sacrifice fees to acquire Caltex shares on-market (NED Share Plan).

Shares acquired to date through the NED Share Plan are subject to a trading lock of 10 years from the date of acquisition. Shares are released from the trading lock when the director leaves office and may be released early in other cases (for example, on the director making an early request for release).

The NED Share Plan year runs from 1 July to 30 June. A non-executive director who wishes to participate in the NED Share Plan for a year must lodge an advance application to participate in the plan for that year. Caltex pays brokerage and other acquisition costs.

Shares acquired to date under the NED Share Plan are not subject to any performance conditions, as shares are purchased on-market on a fee-sacrifice basis. The Caltex Share Trading Policy does not prohibit directors from hedging shares acquired under the NED Share Plan. Ms Elizabeth Bryan acquired shares through the Plan in 2009.

Following changes in taxation legislation during 2009, the NED Share Plan has been placed on hold.

d. REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

Details of non-executive directors' remuneration for 2009 and 2008 are set out in the table below.

Total remuneration for directors for 2009 (in dollars)

	PRIMARY			POST EMPLOYMENT	OTHER LONG TERM	EQUITY		TOTAL
	Salary and fees	Bonus (short term incentive)	Non-monetary benefits	Superannuation[i][ii]	Other	Share benefits (long term incentive)	Non-Executive Director Share Plan[ii]	
Executive directors								
Julian Segal (Managing Director & CEO)								
2009	**1,068,333**	**322,500**	**10,618**	**38,333**	**12,401**	**497,500**	**–**	**1,949,685**
2008	–	–	–	–	–	–	–	–
Desmond King (former Managing Director & CEO)								
2009	**297,978**	**136,657**	**917,927**	**53,328**	**210,412**	**–**	**–**	**1,616,302**
2008	492,090	264,601	1,222,197	23,919	527,128	–	–	2,529,935
Total: Executive directors								
2009	**1,366,311**	**459,157**	**928,545**	**91,661**	**222,813**	**497,500**	**–**	**3,565,987**
2008	492,090	264,601	1,222,197	23,919	527,128	–	–	2,529,935
Non-executive directors								
Elizabeth Bryan (Chairman)								
2009	**336,407**	**–**	**284**	**26,156**	**–**	**–**	**50,002**	**412,849**
2008	328,502	–	357	34,065	–	–	49,998	412,922
Trevor Bourne								
2009	**172,000**	**–**	**670**	**15,480**	**–**	**–**	**–**	**188,150**
2008	160,000	–	695	15,480	–	–	12,000	188,175
Brant Fish								
2009	**147,000**	**–**	**–**	**–**	**–**	**–**	**–**	**147,000**
2008	147,000	–	–	–	–	–	–	147,000
Greig Gailey								
2009	**125,084**	**–**	**762**	**73,296**	**–**	**–**	**–**	**199,142**
2008	51,692	–	–	141,238	–	–	–	192,930
Colleen Jones-Cervantes								
2009	**147,000**	**–**	**–**	**–**	**–**	**–**	**–**	**147,000**
2008	85,750	–	–	–	–	–	–	85,750
Robert Otteson								
2009	**63,058**	**–**	**–**	**–**	**–**	**–**	**–**	**63,058**
2008	–	–	–	–	–	–	–	–
John Thorn								
2009	**177,801**	**–**	**1,130**	**15,129**	**–**	**–**	**–**	**194,060**
2008	177,000	–	1,482	15,930	–	–	–	194,412
Richard Warburton (Former Chairman)[iv]								
2009	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2008	105,418	–	1,219	25,227	330,629	–	–	462,493
Peter Wissel (Former director)								
2009	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2008	62,916	–	–	–	–	–	–	62,916
Total: Non-executive directors								
2009	**1,168,350**	**–**	**2,846**	**130,061**	**–**	**–**	**50,002**	**1,351,259**
2008	1,118,278	–	3,753	231,940	330,629	–	61,998	1,746,598
Total remuneration: Directors								
2009	**2,534,661**	**459,157**	**931,391**	**221,722**	**222,813**	**497,500**	**50,002**	**4,917,246**
2008	1,610,368	264,601	1,225,950	255,859	857,757	–	61,998	4,276,533

i. Superannuation contributions are made on behalf of non-executive directors to satisfy Caltex's obligations under Superannuation Guarantee legislation.

ii. Fees paid to Australian based non-executive directors may be subject to fee sacrifice arrangements for superannuation and/or participation in the NED Share Plan. For the 2009 year, Ms Elizabeth Bryan elected to participate in the NED Share Plan. She acquired 5,708 shares on-market on 9 March 2009 (at a cost of $8.76 per share). In September 2008, Ms Bryan acquired 4,238 shares on-market (at $11.77 per share). Mr Trevor Bourne participated in the NED Share Plan for the 2008 year. He acquired 988 shares on-market on 5 March 2008 (at $12.15 per share). Also, directors may direct Caltex to pay superannuation contributions referable to fees in excess of the maximum earnings base as fees to be paid in cash.

iii. Caltex does not pay any remuneration to alternate directors.

iv. On retirement, Mr Warburton received a payment of an accrued retirement benefit under a previous scheme for non-executive directors (which was discontinued by the Board in December 2003). Mr Warburton's accrued benefit at 31 December 2003 was frozen and paid into a separate interest bearing account pending his retirement.

DIRECTORS' INTERESTS

The directors of Caltex Australia Limited held the following relevant interests in the company's shares at 31 December 2009:

Director	Shareholding	Nature of interest
Ms Elizabeth Bryan	14,946	Direct interest (including 9,946 shares acquired through the NED Share Plan)
Mr Julian Segal	73,979	Indirect interest (shares are held through the Caltex Equity Incentive Plan Trust, with Caltex Australia Custodians Pty Ltd (as trustee) holding the shares on trust for Mr Segal as beneficiary)
Mr Trevor Bourne	5,395	Direct interest (including 2,395 shares acquired through the NED Share Plan)
Mr Brant Fish	–	–
Mr Greig Gailey	–	–
Ms Colleen Jones-Cervantes	–	–
Mr Robert Otteson	–	–
Mr John Thorn	1,510	Indirect interest in 1,000 shares; direct interest in 510 shares acquired through the NED Share Plan

a. The directors have not acquired or disposed of any relevant interests in the company's shares in the period from 1 January 2010 to the date of this report.

b. Mr Walter Szopiak (alternate director) did not have a relevant interest in the company's shares at 31 December 2009 or at the date of this report.

c. Mr Desmond King (former Managing Director & CEO) did not have a relevant interest in the company's shares at 30 June 2009 (when he resigned as a director). Mr King previously had a direct interest in 1,000 shares.

d. Mr Peter Wissel, who served as an alternate director for each of Mr Fish and Ms Jones-Cervantes in 2009, had a relevant interest in 1,000 shares at the time he ceased to be an alternate director. These shares were held jointly with Ms Susan Philbrick.

BOARD AND COMMITTEE MEETINGS

The Board of Caltex Australia Limited met 10 times during the year ended 31 December 2009. In addition, the Board's strategy session was held over two days during the year.

In 2009, the Board operated the following standing committees:

- Audit Committee, which met four times
- Human Resources Committee, which met seven times
- Nomination Committee, which met twice, and
- OHS & Environmental Risk Committee, which met five times.

Special purpose committees were convened on six occasions in 2009.

The number of Board and committee meetings attended by each director during the year is set out in the following table:

Director	Board		Audit Committee		Human Resources Committee		Nomination Committee		OHS & Environmental Risk Committee		Other	
Current directors												
Ms Elizabeth Bryan	10	(10)	4		7		2	(2)	5		3	(3)
Mr Julian Segal	4	(4)	2		4				3		3	(3)
Mr Trevor Bourne	10	(10)	3	(4)			2	(2)	5	(5)	4	(4)
Mr Brant Fish	9	(10)			6	(7)	2	(2)			1	(1)
Mr Greig Gailey	10	(10)	4	(4)	7	(7)	2	(2)	5	(5)	1	(1)
Ms Colleen Jones-Cervantes	9	(10)					2	(2)	5	(5)	1	(1)
Mr Robert Otteson	4	(4)									1	(1)
Mr John Thorn	9	(10)	4	(4)	7	(7)	2	(2)			7	(7)
Alternate director												
Mr Walter Szopiak	1	(1)			1	(1)						
Former directors												
Mr Desmond King	6	(6)	2		2		1	(2)	2		1	(1)
Mr Peter Wissel	1	(1)										

a. The table shows the number of Board and committee meetings attended by each director during the year ended 31 December 2009, with the number of meetings held during the director's time in office shown in brackets. The reference to "other" includes the Board's two day strategy session (which was attended by all current directors) and special purpose committees that were convened during the year.

b. The Chairman, Ms Bryan, attended meetings of the Audit Committee, the Human Resources Committee, and the OHS & Environmental Risk Committee in an ex-officio capacity on a standing basis in 2009.

c. The Managing Director & CEO, Mr Segal, attended meetings of the Audit Committee, the Human Resources Committee and the OHS & Environmental Risk Committee as a member of management from his appointment on 1 July 2009.

d. In addition to the meetings attended, as recorded in the table, directors attended the following additional meetings (as a visitor in each case): Ms Bryan attended one special purpose committee meeting; Mr Segal attended one Board meeting, one Audit Committee meeting, one Human Resources Committee meeting and one Nomination Committee meeting prior to his appointment as a director; Mr Bourne attended two Human Resources Committee meetings; Mr Fish attended two OHS & Environmental Risk Committee meetings; Ms Jones-Cervantes attended two Human Resources Committee meetings; Mr Otteson attended two Audit Committee meetings, one Human Resources Committee meeting and one OHS & Environmental Risk Committee meeting; Mr Thorn attended one OHS & Environmental Risk Committee meeting; Mr Szopiak attended two Board meetings, one OHS & Environmental Risk Committee meeting and the Board strategy session; and Mr Wissel attended two Audit Committee meetings.

e. Ms Jones Cervantes and Mr Thorn were each unable to attend one Board meeting in 2009. In each case, the meeting had been convened as a special meeting (in addition to the Board's scheduled meetings). In Ms Jones-Cervantes' absence, Mr Wissel attended the meeting as alternate director.

f. Mr Fish was unable to attend one Board and one Human Resources Committee meeting in 2009. In Mr Fish's absence, Mr Szopiak attended the Board and Human Resources Committee meeting as alternate director.

g. The former Managing Director & CEO, Mr King, attended meetings of the Audit Committee, the Human Resources Committee and the OHS & Environmental Risk Committee as a member of management up to his resignation on 30 June 2009. Mr King also attended one meeting of a special purpose committee as a visitor. His attendance at this meeting is in addition to the number of meetings noted in the table.

SHARES AND INTERESTS

The total number of ordinary shares on issue at the date of this report and during 2009 is 270 million shares (2008: 270 million shares). The total number of performance rights on issue at the date of this report is 402,600 (2008: 152,760). 270,470 performance rights were issued during 2009 (2008: 110,950). 20,630 performance rights were distributed or lapsed during the year (2008: 31,200). On vesting, Caltex is required to allocate one ordinary share for each performance right. For each right that vests, Caltex intends to purchase a share on market following vesting.

NON-AUDIT SERVICES

KPMG is the external auditor of Caltex Australia Limited and the Caltex Australia Group.

In 2009, KPMG performed non-audit services for the Caltex Australia Group in addition to its statutory audit and review engagements for the full year and half year.

KPMG received or was due to receive the following amounts for services performed for the Caltex Australia Group during the year ended 31 December 2009:

- for non-audit services – total fees of $413,000 (2008: $102,000); these services included review of emissions-intensive trade-exposed assistance program submission ($237,000), transaction services ($40,000), taxation services ($38,000) and other assurance services ($98,000), and
- for audit services – total fees of $740,000 (2008: $1,048,000).

The Board has received a written advice from Mr John Thorn (Audit Committee Chairman) for and on behalf of the Audit Committee in relation to the independence of KPMG, as external auditor, for 2009. The advice was made in accordance with a resolution of the Audit Committee.

The directors are satisfied that:

- the provision of non-audit services to the Caltex Australia Group during the year ended 31 December 2009 by KPMG is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*, and
- the provision of non-audit services during the year ended 31 December 2009 by KPMG did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:
  - the provision of non-audit services in 2009 was consistent with the Board's policy for the provision of services by the external auditor
  - the non-audit services provided in 2009 are not considered to be in conflict with the role of external auditor, and
  - the directors are not aware of any matter relating to the provision of the non-audit services in 2009 that would impair the impartial and objective judgement of KPMG as external auditor.

COMPANY SECRETARIES

Ms Helen Conway

Ms Helen Conway serves as Company Secretary, General Counsel and General Manager – Office of the CEO. In this role, she serves as Company Secretary to the Board, as Committee Secretary for the Nomination Committee, and as a company secretary for various companies in the Caltex Australia Group.

Ms Conway was appointed as Company Secretary of Caltex Australia Limited with effect from 13 September 1999. Prior to joining Caltex, she was General Counsel for Air Services Australia and, before that, Group Secretary, General Counsel and General Manager – Corporate Advisory Division at NRMA. Ms Conway has also worked as a lawyer in private practice.

Ms Conway is a director of Caltex Australia Nominees Pty Ltd, the former trustee of the Caltex Australia Superannuation Plan, and Sydney Ferries Corporation.

Ms Conway holds a Bachelor of Arts and a Bachelor of Laws from the University of Sydney. She is a Fellow of Chartered Secretaries Australia.

Mr John Willey

Mr John Willey, Assistant Company Secretary, serves as a company secretary of Caltex Australia Limited. He also serves as Committee Secretary for the Audit Committee, the Human Resources Committee and the OHS & Environmental Risk Committee, and as a company secretary for various companies in the Caltex Australia Group.

Mr Willey was appointed as a company secretary of Caltex Australia Limited with effect from 1 June 2008 and has previously served as a company secretary from 30 August 2001 to 2 December 2004.

Mr Willey holds a Bachelor of Laws and a Bachelor of Business from the University of Technology, Sydney. He is a member of Chartered Secretaries Australia.

INDEMNITY AND INSURANCE

Constitution

The Constitution of Caltex Australia Limited provides that, to the extent permitted by law and subject to the restrictions in sections 199A and 199B of the *Corporations Act 2001*, Caltex Australia Limited indemnifies every person who is or has been a director or secretary of the company or of a subsidiary at the request of the Board of Caltex Australia Limited. The indemnities cover against:

- any liability (other than a liability for legal costs) incurred by that person as a director or secretary of Caltex Australia Limited or a subsidiary, and
- reasonable legal costs incurred in defending an action for a liability or alleged liability incurred by that person as a director or secretary of Caltex Australia Limited or a subsidiary.

Deeds of indemnity and insurance

During the year ended 31 December 2009, Caltex Australia Limited entered into a deed of access, insurance and indemnity with each of Mr Julian Segal (director), Mr Robert Otteson (director) and Mr Walter Szopiak (alternate director). Deeds of access, insurance and indemnity have previously been entered into by Caltex Australia Limited with other current directors and secretaries and with former directors and secretaries.

Under the deeds, Caltex Australia Limited has agreed, in broad terms, to indemnify its directors and company secretaries (to the extent permitted by law and subject to the prohibitions in section 199A of the *Corporations Act 2001* and the terms of the deed) against any and all:

- liabilities incurred as an officer of Caltex Australia Limited or a group company (but not including liabilities for legal costs covered by the legal costs indemnity), and
- legal costs reasonably incurred in defending an action for a liability incurred or allegedly incurred as an officer of Caltex Australia Limited or a group company and preparing for, attending or appearing in administrative proceedings or an investigation or inquiry by any regulatory authority or external administrator in respect of or arising out of or connected with any act.

Under the deeds entered into with directors and company secretaries, Caltex Australia Limited (either itself or through a group company) is required to maintain and pay the premium on an insurance policy covering each director and company secretary (to the extent permitted by law and subject to the prohibitions in sections 199B and 199C of the *Corporations Act 2001*). In each case, the obligation continues for a period of seven years after the director or secretary (as the case may be) ceases to be an officer or, if a proceeding or an inquiry has commenced or arises within this seven year period and this has been notified to the company, a further period up to the outcome of the proceedings or inquiry or when the company is satisfied that the proceedings or inquiry will not proceed.

Contract of insurance

Caltex Australia Limited has paid a premium in respect of a contract insuring the directors and officers of Caltex Australia Limited against liabilities.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance, as such disclosure is prohibited under the terms of the contract.

Indemnification of auditors

During the year, Caltex Australia Limited entered into an agreement with their current auditors, KPMG, indemnifying them against any claims by third parties arising from their report on the 2009 financial report, except where the liability arises out of conduct involving a lack of good faith.

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 Directors' Report and the 2009 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.

E B Bryan	J Segal
Chairman	Managing Director & CEO

Sydney, 22 February 2010

DIRECTORS' DECLARATION

The Board of Caltex Australia Limited has declared that:

(a) the directors have received the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director & CEO and the Chief Financial Officer for the year ended 31 December 2009

(b) in the directors' opinion, the financial statements for the year ended 31 December 2009, and the notes to the financial statements, are in accordance with the *Corporations Act 2001*, including:

  (i) section 296 (compliance with Accounting Standards), and

  (ii) section 297 (true and fair view)

(c) 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

(d) at the date of this declaration, there are reasonable grounds to believe that the companies in the Caltex Australia Group that are parties to the Deed of Cross Guarantee dated 22 December 1992 with Caltex Australia Limited (including companies added by Assumption Deed), as identified in note 22 of the 2009 Financial Report, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

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

E B Bryan Chairman	J Segal Managing Director & CEO

Sydney, 22 February 2010

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 audit for the financial year ended 31 December 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Anthony Jones
Partner

Sydney, 22 February 2010

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CALTEX AUSTRALIA LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Caltex Australia Limited (the Company), which comprises the balance sheets as at 31 December 2009, and income statements and statements of comprehensive income, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 30 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation and fair presentation of the 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 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. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

(a) the financial report of Caltex Australia Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2009 and of their performance for the year ended on that date, and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the remuneration report included in pages 28 to 45 of the directors' report for the year ended 31 December 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Auditing Standards.

AUDITOR'S OPINION

In our opinion, the remuneration report of Caltex Australia Limited for the year ended 31 December 2009 complies with section 300A of the *Corporations Act 2001*.

KPMG

Anthony Jones
Partner

Sydney, 22 February 2010

INCOME STATEMENTS

for the year ended 31 December 2009

Thousands of dollars	Note	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Revenue from sale of goods		**17,740,300**	23,646,653	–	–
Replacement cost of goods sold (excluding product duties and taxes and inventory gains and losses)		**(12,035,630)**	(17,764,562)	–	–
Product duties and taxes		**(4,738,551)**	(4,767,186)	–	–
Inventory gains/(losses)		**158,410**	(216,811)	–	–
Cost of goods sold – historical cost		**(16,615,771)**	(22,748,559)	–	–
Gross profit		**1,124,529**	898,094	–	–
Other income	2	**245,188**	248,429	**34,908**	253,634
Refining and Supply expenses		**(247,362)**	(118,862)	–	–
Marketing expenses		**(677,633)**	(626,364)	–	–
Net foreign exchange gains/(losses)		**92,426**	(243,219)	–	–
Finance costs	3	**(29,845)**	(59,830)	**(49,913)**	(64,488)
Other expenses		**(63,423)**	(52,638)	**(4,481)**	(7,120)
Share of net profit of entities accounted for using the equity method	23(b)	**3,796**	997	–	–
Profit/(loss) before income tax expense		**447,676**	46,607	**(19,486)**	182,026
Income tax (expense)/benefit	4	**(132,916)**	(13,426)	**9,263**	3,260
Net profit/(loss)		**314,760**	33,181	**(10,223)**	185,286
Attributable to:					
Equity holders of the parent entity		**314,082**	34,262	**(10,223)**	185,286
Minority interest		**678**	(1,081)	–	–
Net profit/(loss)		**314,760**	33,181	**(10,223)**	185,286
Basic and diluted earnings per share:					
Historical cost – cents per share[i]	6	**116.3**	12.7		

i. Replacement cost earnings per share is also disclosed in note 6.

The consolidated income statement for the year ended 31 December 2009 includes significant expenses of $172,794,000 (2008: nil). Details of these items are disclosed in note 3.

The income statements are to be read in conjunction with the notes to the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

		CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	Note	2009	2008	2009	2008
Profit for the period		**314,760**	33,181	**(10,223)**	185,286
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans		**26,907**	(106,420)	**–**	–
Cash flow hedge fair value losses		**(14,293)**	(904)	**(15,350)**	–
Income tax on other comprehensive income	4(c)	**(3,784)**	32,197	**4,605**	–
Other comprehensive income for the period, net of income tax		**8,830**	(75,127)	**(10,745)**	–
Total comprehensive income for the period		**323,590**	(41,946)	**(20,968)**	185,286
Attributable to:					
Equity holders of the parent entity		**322,912**	(40,865)	**(20,968)**	185,286
Minority interest		**678**	(1,081)	**–**	–
Total comprehensive income for the period		**323,590**	(41,946)	**(20,968)**	185,286

The statements of comprehensive income are to be read in conjunction with the notes to the financial statements.

BALANCE SHEETS

as at 31 December 2009

Thousands of dollars	Note	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Current assets					
Cash and cash equivalents		**22,356**	31,703	**–**	–
Receivables	7	**773,221**	833,452	**–**	–
Inventories	8	**1,209,112**	1,044,187	**–**	–
Current tax assets		**–**	135,030	**–**	135,108
Other	9	**40,763**	21,131	**1,790**	1,137
Total current assets		**2,045,452**	2,065,503	**1,790**	136,245
Non-current assets					
Receivables	7	**540**	239	**424,015**	713,415
Investments accounted for using the equity method	23	**21,583**	24,828	**–**	–
Other investments	10	**15**	15	**1,226,375**	1,226,375
Intangibles	11	**85,328**	84,217	**–**	–
Property, plant and equipment	12	**2,779,846**	2,742,281	**–**	–
Deferred tax assets	4	**15,465**	–	**4,986**	114
Other	9	**3,580**	4,500	**–**	–
Total non-current assets		**2,906,357**	2,856,080	**1,655,376**	1,939,904
Total assets		**4,951,809**	4,921,583	**1,657,166**	2,076,149
Current liabilities					
Payables	13	**1,186,176**	1,158,901	**367,178**	434,461
Interest bearing liabilities	14	**78,434**	143,928	**75,000**	142,147
Current tax liabilities		**26,055**	–	**26,106**	–
Provisions	15	**141,932**	72,261	**–**	–
Total current liabilities		**1,432,597**	1,375,090	**468,284**	576,608
Non-current liabilities					
Payables	13	**5,588**	7,530	**–**	–
Interest bearing liabilities	14	**430,973**	719,806	**424,015**	713,415
Deferred tax liabilities	4	**–**	15,296	**–**	–
Provisions	15	**157,389**	201,898	**–**	–
Total non-current liabilities		**593,950**	944,530	**424,015**	713,415
Total liabilities		**2,026,547**	2,319,620	**892,299**	1,290,023
Net assets		**2,925,262**	2,601,963	**764,867**	786,126
Equity					
Issued capital	16	**543,415**	543,415	**543,415**	543,415
Treasury stock		**(1,756)**	(1,959)	**(1,756)**	(1,959)
Reserves		**(7,412)**	3,086	**(8,153)**	3,086
Retained earnings		**2,380,264**	2,047,348	**231,361**	241,584
Total parent entity interest		**2,914,511**	2,591,890	**764,867**	786,126
Minority interest		**10,751**	10,073	**–**	–
Total equity		**2,925,262**	2,601,963	**764,867**	786,126

The balance sheets are to be read in conjunction with the notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2009

Thousands of dollars	Issued capital	Treasury stock	Hedging reserve	Equity compen-sation reserve	Retained earnings	Total	Minority interest	Total equity
Consolidated								
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 year	–	–	–	–	(40,232)	(40,232)	(1,081)	(41,313)
Net change in fair value of cash flow hedges transferred to profit and loss, net of tax	–	–	(633)	–	–	(633)	–	(633)
Own shares acquired	–	(1,326)	–	–	–	(1,326)	–	(1,326)
Shares vested to employees	–	2,078	–	(2,078)	–	–	–	–
Disposal of unvested shares	–	208	–	–	–	208	–	208
Expense on equity settled transactions	–	–	–	2,705	–	2,705	–	2,705
Dividends to shareholders	–	–	–	–	(186,300)	(186,300)	–	(186,300)
Balance at 31 December 2008	543,415	(1,959)	–	3,086	2,047,348	2,591,890	10,073	2,601,963
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 year	**–**	**–**	**–**	**–**	**332,916**	**332,916**	**678**	**333,594**
Effective portion of changes in fair value of cash flow hedges, net of tax	**–**	**–**	**(10,004)**	**–**	**–**	**(10,004)**	**–**	**(10,004)**
Own shares acquired	**–**	**(1,456)**	**–**	**–**	**–**	**(1,456)**	**–**	**(1,456)**
Shares vested to employees	**–**	**1,605**	**–**	**(1,605)**	**–**	**–**	**–**	**–**
Disposal of unvested shares	**–**	**54**	**–**	**–**	**–**	**54**	**–**	**54**
Expense on equity settled transactions	**–**	**–**	**–**	**1,111**	**–**	**1,111**	**–**	**1,111**
Dividends to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2009	**543,415**	**(1,756)**	**(10,004)**	**2,592**	**2,380,264**	**2,914,511**	**10,751**	**2,925,262**
Parent entity								
Balance at 1 January 2008	543,415	(2,919)	–	2,459	242,598	785,553	–	785,553
Total recognised income for the year	–	–	–	–	185,286	185,286	–	185,286
Own shares acquired	–	(1,326)	–	–	–	(1,326)	–	(1,326)
Shares vested to employees	–	2,078	–	(2,078)	–	–	–	–
Disposal of unvested shares	–	208	–	–	–	208	–	208
Expense on equity settled transactions	–	–	–	2,705	–	2,705	–	2,705
Dividends to shareholders	–	–	–	–	(186,300)	(186,300)	–	(186,300)
Balance at 31 December 2008	543,415	(1,959)	–	3,086	241,584	786,126	–	786,126
Balance at 1 January 2009	**543,415**	**(1,959)**	**–**	**3,086**	**241,584**	**786,126**	**–**	**786,126**
Total recognised income for the year	**–**	**–**	**–**	**–**	**(10,223)**	**(10,223)**	**–**	**(10,223)**
Effective portion of changes in fair value of cash flow hedges, net of tax	**–**	**–**	**(10,745)**	**–**	**–**	**(10,745)**	**–**	**(10,745)**
Own shares acquired	**–**	**(1,456)**	**–**	**–**	**–**	**(1,456)**	**–**	**(1,456)**
Shares vested to employees	**–**	**1,605**	**–**	**(1,605)**	**–**	**–**	**–**	**–**
Disposal of unvested shares	**–**	**54**	**–**	**–**	**–**	**54**	**–**	**54**
Expense on equity settled transactions	**–**	**–**	**–**	**1,111**	**–**	**1,111**	**–**	**1,111**
Dividends to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2009	**543,415**	**(1,756)**	**(10,745)**	**2,592**	**231,361**	**764,867**	**–**	**764,867**

The statements of changes in equity are to be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENTS

for the year ended 31 December 2009

Thousands of dollars	Note	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Cash flows from operating activities					
Receipts from customers		**20,694,903**	27,608,324	**–**	–
Receipts from subsidiaries		**–**	–	**10,857**	203,699
Payments to suppliers, employees and governments		**(19,958,659)**	(26,957,677)	**–**	(243)
Dividends and disbursements received		**1,577**	1,176	**10,373**	191,544
Interest received		**2,310**	3,521	**24,912**	61,458
Interest and other finance costs paid		**(58,336)**	(66,324)	**(52,054)**	(62,569)
Income taxes paid		**(6,643)**	(208,810)	**5,912**	(207,836)
Net operating cash inflows	25(b)	**675,152**	380,210	**–**	186,053
Cash flows from investing activities					
Purchase of controlled entity, net of cash acquired		**(5,706)**	(1,456)	**–**	–
Purchases of property, plant and equipment		**(260,951)**	(391,824)	**–**	–
Major cyclical maintenance		**(52,689)**	(35,246)	**–**	–
Purchases of intangibles		**(9,824)**	(11,998)	**–**	–
Net proceeds from sale of property, plant and equipment		**18,397**	4,383	**–**	–
Loans to controlled entities		**–**	–	**357,438**	(269,040)
Net investing cash (outflows)/inflows		**(310,773)**	(436,141)	**357,438**	(269,040)
Cash flows from financing activities					
Proceeds from borrowings		**9,198,268**	11,927,841	**9,197,170**	11,924,450
Repayments of borrowings		**(9,569,244)**	(11,663,360)	**(9,554,608)**	(11,655,407)
Repayment of finance lease principal		**(2,750)**	(4,566)	**–**	–
Dividends paid		**–**	(186,300)	**–**	(186,300)
Net financing cash (outflows)/inflows		**(373,726)**	73,615	**(357,438)**	82,743
Net (decrease)/increase in cash and cash equivalents		**(9,347)**	17,684	**–**	(244)
Cash and cash equivalents at the beginning of the year		**31,703**	14,019	**–**	244
Cash and cash equivalents at the end of the year	25(a)	**22,356**	31,703	**–**	–

The cash flow statements are to be read in conjunction with the notes to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Caltex Australia Limited (the company) is a company domiciled in Australia. The financial statements for the year ended 31 December 2009 comprise the company and its controlled entities (together referred to as the Group) and the Group's interest in associates and jointly controlled entities. The financial statements were approved on 22 February 2010.

Caltex Australia Limited is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

(a) Statement of compliance and basis of preparation

The financial report has been prepared as a general purpose financial report and complies with the requirements of the *Corporations Act 2001*, and Australian Accounting Standards (AASBs) including Australian Interpretations adopted by the Australian Accounting Standards Board (AASB). The consolidated financial report of the Group and the financial report of the company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

The financial report is presented in Australian dollars, which is the Group's functional currency.

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1(c).

The standards and amendments that were made available for early adoption by the AASB but have not been applied by the Group in this financial report are disclosed in note 1(z).

The accounting policies set out below have been applied consistently to all periods presented in the financial report by the company and the Group, except where stated.

CHANGES IN ACCOUNTING POLICIES

Starting as of 1 January 2009, the Group has changed its accounting policies in the following areas:

- determination and presentation of operating segments, and
- presentation of financial statements.

The Group has elected to early adopt AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process starting as of 1 January 2009.

(b) Basis of consolidation

SUBSIDIARIES

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at the cost of acquisition in the company's financial statements.

ASSOCIATES

Associates are those entities over which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of future losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

JOINT VENTURES

Joint ventures are those entities or operations over whose activities the Group has joint control, established by contractual agreement.

Jointly controlled entities

In the consolidated financial statements, investments in jointly controlled entities, including partnerships, are accounted for using equity accounting principles. Investments in jointly controlled entities are carried at the lower of the equity accounted amount and recoverable amount.

The Group's share of the jointly controlled entity's net profit or loss is recognised in the consolidated income statement from the date joint control commences until the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

Jointly controlled operations and assets

The interests of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses arising from transactions with associates and jointly controlled entities are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Accounting estimates and judgements

Note 1(n) contains information about the assumptions and their risk factors relating to impairment.

In note 1(j), explanation is given of the foreign exchange exposure, interest rate exposure and commodity price exposure of the Group and risks in relation to foreign exchange movements, interest rate movements and commodity price movements.

Note 1(t) contains information about the principal actuarial assumptions used in determining pension obligations for the Group's defined benefit plan.

Note 1(w) provides key sources of estimation, uncertainty and assumptions used in regard to estimation of provisions.

In assessing the carrying value of property, plant and equipment, management considers long term assumptions relating to key external factors including crude oil prices, foreign exchange rates and Singapore refiner margins. Any changes in these assumptions can have a material impact on the carrying value.

(d) Revenue

SALES REVENUE

Sales revenue comprises revenue earned (net of rebates, discounts and allowances) from the provision of products to entities outside the Group.

Gross sales revenue excludes amounts collected on behalf of third parties such as goods and services tax. Sales revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, or when the services have been completely provided.

Exchanges of goods or services of the same nature and value are not recognised as revenues regardless of whether the transaction involves cash consideration.

OTHER INCOME

Dividend income is recognised at the date the right to receive payment is established. Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial asset.

Rental income from leased sites is recognised in the income statement on a straight-line basis over the term of the lease. Franchise fee income is recognised in accordance with the substance of the agreement. Royalties are recognised as they accrue in accordance with the substance of the agreement.

PROFIT/LOSS ON DISPOSAL OF PROPERTY ASSETS

The revenue and profit on disposal of property assets is brought to account at the date a contract of sale is settled, because it is at this time that:

- the costs incurred or to be incurred in respect of the sale can be measured reliably, and
- the significant risks and rewards of ownership of the property have been transferred to the buyer.

Assets that are held for sale are carried at the lower of the net book value and fair value less cost to sell.

(e) Cost of goods sold measured on a replacement cost basis

Cost of goods sold measured on a replacement cost basis excludes the effect of inventory gains and losses, including the impact of exchange rate movements. Inventory gains or losses arise due to movements in the landed price of crude oil, and represent the difference between the actual historic cost of sales and the current replacement value of that inventory.

The net inventory gain or loss is adjusted to reflect the impact of revenue lags.

(f) Product duties and taxes

Product duties and taxes are included in cost of goods sold.

Product duties and taxes include fuel excise, which is a cents per litre impost on products used as fuels, and the product stewardship levy, which is a cents per litre impost on all lubricant products sold. Excise is recognised as part of the cost of inventory, and therefore forms part of cost of goods sold.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(h) Finance costs

Finance costs include interest payable on borrowings calculated using the effective interest rate method, finance charges in respect of finance leases, losses on hedging instruments that are recognised in profit or loss, exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest costs, and differences relating to the unwinding of the discount of assets and liabilities measured at amortised cost.

Finance costs are recognised as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Finance costs (continued)

In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amounts of finance costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

(i) Foreign currencies

Foreign currency transactions are recorded, on initial recognition, in Australian dollars by applying the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(j) Derivative financial instruments

The Group is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The Group may use interest rate instruments, foreign exchange instruments, cross currency swaps, crude swap contracts and finished product swap contracts to hedge these risks.

The Group does not enter into derivative financial instrument transactions for trading or speculative purposes. However, financial instruments entered into to hedge an underlying exposure which does not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at fair value. The gain or loss on subsequent remeasurement is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

INTEREST RATE INSTRUMENTS

The fair value of interest rate swap contracts is the estimated amount that the Group would receive or pay to terminate the swap at balance date taking into account current interest rates.

FOREIGN EXCHANGE CONTRACTS

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles as at reporting date.

Spot foreign exchange contracts are recorded at fair value, being the quoted market price at balance date.

CRUDE AND FINISHED PRODUCT SWAP CONTRACTS

Tapis crude and product swap contracts may be used to reduce exposure to changes in absolute crude and finished product prices and their fair values are calculated by reference to market prices. There are no exchanges of principal amounts involved in these contracts.

The carrying amount of all derivatives, other than those meeting the normal purchases and sales exception, are measured using market prices. Those derivatives qualifying and designated as hedges are either fair value or cash flow hedges.

HEDGING

Cash flow hedges

Interest rate instruments, forward exchange contracts and crude and finished product swap contracts are cash flow hedges. Cross currency swaps may be cash flow hedges. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the anticipated transaction results in the recognition of a non-financial asset or non-financial liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the non-financial asset or non-financial liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss in the carrying amount of a cash flow hedge is recognised in the income statement immediately.

When a hedging instrument or hedge relationship is terminated, but the hedged transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Fair value hedges

A change in the carrying amount of a fair value hedge is recognised in the income statement, together with the change to the carrying amount of the hedged item.

The Group formally documents all relationships between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking various hedge transactions. When effectiveness ceases, hedge accounting is discontinued.

Cross currency swaps

Caltex has entered into cross currency swaps with matched terms to the underlying US notes. These matched terms include principal, margin and payment terms. These contracts are initially designated as fair value hedges for the swap of the benchmark US and Australian interest rates (a cross currency swap excluding margins) and cash flow hedge for a swap of the fixed US and Australian margin.

Initial designation documents also provide scope for interest rate swaps to be entered into over the life of the cross currency swap. On entering into the interest rate swap, the initial fair value hedge is redesignated as a combined cross currency swap and interest rate swap and accounted for as a cash flow hedge.

(k) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

TAX CONSOLIDATION

The company and its wholly owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Caltex Australia Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "group allocation" approach.

Current tax expense/income is allocated based on the net profit/loss before tax of each separate member of the tax-consolidated group adjusted for permanent differences and intra-group dividends, tax-effected using tax rates enacted or substantially enacted at the balance sheet date.

Any current tax liabilities and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable to/receivable from other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts.

The company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

NATURE OF TAX FUNDING ARRANGEMENTS AND TAX SHARING ARRANGEMENTS

The head entity, in conjunction with the other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable/(receivable) equal in amount to the tax liability/(asset) assumed. The inter-entity payables/(receivables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with the other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(l) Receivables

Receivables are measured at amortised cost less impairment losses.

Impairment testing is performed at reporting date. A provision for impairment losses is raised if there is a specific indicator that an impairment loss on receivables has been incurred.

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is based on the first in first out (FIFO) principle and includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure incurred in acquiring the inventories and bringing them into the existing location and condition.

The amount of any write-down or loss of inventory is recognised as an expense in the period it is incurred.

Inventory write-downs may be reversed when net realisable value increases subsequent to initial write-down. The reversal is limited to the original write-down amount.

(n) Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

CALCULATION OF RECOVERABLE AMOUNT

The recoverable amount of the Group's investments in held to maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

REVERSALS OF IMPAIRMENT

An impairment loss in respect of a held to maturity security or receivable carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Property, plant and equipment

OWNED ASSETS

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of property, plant and equipment at 1 January 2004 is included on the basis of deemed cost. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

The cost of property, plant and equipment includes the cost of decommissioning and restoration costs at the end of their economic lives if a present legal or constructive obligation exists. More details of how this cost is estimated and recognised is contained in note 1(w).

Assessment of impairment is made in accordance with the impairment policy in note 1(n).

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

LEASED ASSETS

Leases of property, plant and equipment under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Assets of the Group acquired under finance leases are capitalised and included in property, plant and equipment at the lesser of fair value or present value of the minimum lease payments. Contingent rentals are written off as an expense of the period in which they are incurred. Capitalised lease assets are depreciated over the shorter of the lease term and its useful life.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The interest components of lease payments are charged to the income statement to reflect a constant rate of interest on the remaining balance of the liability for each accounting period.

Operating leases

Payments made under operating leases are charged against net profit or loss in equal instalments over the accounting period covered by the lease term, except where an alternative basis is more representative of the benefits to be derived from the leased property. Contingent rentals are recognised as an expense in the period in which they are incurred. Lease incentives received are recognised in the income statement as an integral part of the total lease expense on a straight-line basis over the lease term.

SUBSEQUENT EXPENDITURE

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including cyclical maintenance, is capitalised. Other subsequent expenditure is capitalised only when it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be reliably measured. All other expenditure is recognised in the income statement as an expense as incurred.

MAJOR CYCLICAL MAINTENANCE

Major cyclical maintenance expenditure is separately capitalised as an asset component to the extent that it is probable that future economic benefits, in excess of the originally assessed standard of performance, will eventuate. All other such costs are expensed as incurred. Capitalised cyclical maintenance expenditure is depreciated over the lesser of the additional useful life of the asset or the period until the next major cyclical maintenance is scheduled to occur.

DEPRECIATION

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated using the straight-line method over their expected useful lives. Leasehold improvements are amortised over the shorter of the lease term or useful life.

The depreciation rates used, in the current and prior year, for each class of asset are as follows:

Freehold buildings	2%
Leasehold property	2–10%
Plant and equipment	3–20%
Leased plant and equipment	3–20%

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

(p) Intangible assets

GOODWILL

Business combinations prior to 1 January 2004

As part of the transition to the Australian equivalents to International Financial Reporting Standards (A-IFRS), the Group elected to restate only those business combinations that occurred on or after 1 January 2004. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognised under the Group's previous accounting framework.

Business combinations since 1 January 2004

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(n)). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see note 1(n)).

OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see note 1(n)).

SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it related. All other expenditure is expensed as incurred.

AMORTISATION

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are reflected by the following amortisation percentages:

Software development	5–20%
Software not integrated with hardware	17–20%
Licences	6–10%

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statements.

(r) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. Trade accounts payable are normally settled within 30 days.

Payables related to statutory obligations are measured at cost with other payables measured at amortised cost.

(s) Interest bearing liabilities

INTEREST BEARING BANK LOANS

Interest bearing bank loans are recognised when issued at fair value, less transaction costs, using the amortised cost method. Any difference between the amortised cost and the principal value is recognised in the income statement over the period of the interest bearing liability on an effective interest basis.

SHORT TERM NOTES

Short term notes are recognised when issued at fair value, less transaction costs, using the amortised cost method. Any difference between the amortised cost and the principal value is recognised in the income statement over the period of the interest bearing liability on an effective interest basis.

US NOTES

US notes hedged by cross currency swaps are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, these US notes are accounted for using fair value hedge accounting to the extent that an effective hedge exists (see note 1(j)).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Interest bearing liabilities (continued)

US NOTES (CONTINUED)

Where cross currency swaps are redesignated as cash flow hedges, the US notes being hedged are no longer subject to a fair value adjustment. Any accumulated gain/loss capitalised prior to the redesignation will be amortised over the remaining life of the US notes on an effective interest basis.

US notes issued in Australian dollars are recognised when issued at fair value, less transaction costs, using the amortised cost method. Any difference between the amortised cost and the principal value is recognised in the income statement over the period of the interest bearing liability on an effective interest basis.

(t) Employee benefits

WAGES AND SALARIES

The provision for employee benefits to wages and salaries represents the amount which the Group has a present obligation to pay resulting from employees' services provided up to the balance date.

ANNUAL LEAVE, LONG SERVICE LEAVE AND RETIREMENT BENEFITS

The provisions for employee benefits to annual leave, long service leave and retirement benefits which are expected to be settled within 12 months represent the undiscounted amount of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Provisions for employee benefits which are not expected to be settled within 12 months are calculated using expected future increases in wage and salary rates, including related oncosts, and expected settlement dates based on turnover history and are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

SUPERANNUATION

The Group contributes to several defined benefit and defined contribution superannuation plans.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at balance date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses that arise in calculating the Group's obligation in respect of the plan are recognised directly in retained earnings.

When the calculation results in plan assets exceeding liabilities to the Group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

(u) Share based payments

The Group provides benefits to senior executives in the form of share based payment transactions, whereby senior executives render services in exchange for shares or rights over shares (equity settled transactions).

The cost of the equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity settled transactions is recognised over the specified service period and ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired.

In the company's financial statements the transactions of the company sponsored employee share plan trust are treated as being executed directly by the company (as the trust acts as the company's agent). Accordingly, shares held by the trust are recognised as treasury stock and deducted from equity.

(v) Environmental costs

Environmental costs related to known environmental obligations under existing law are accrued when they can be reasonably estimated. Accruals are based on best available information and are adjusted as further information develops or circumstances change. Environmental provisions are accounted for in accordance with the provisions accounting policy.

Costs of compliance with environmental regulations and ongoing maintenance and monitoring are expensed as incurred. Recoveries from third parties are recorded as assets when their realisation is virtually certain.

(w) Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event that can be measured reliably and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Subsequent accretion to the amount of a provision due to unwinding of the discount is recognised as a finance cost.

Estimates of the amount of an obligation is based on current legal and constructive obligations, technology and price levels. Actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions and can take place many years in the future. The carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take account of such change.

In general, the further in the future that a cash outflow for a liability is expected to occur, the greater the degree of uncertainty around the amount and timing of that cash outflow. Examples of cash outflows that are expected to occur a number of years in the future and, as a result, about which there is uncertainty of the amounts involved, include asset decommissioning and restoration obligations and employee pension obligations.

A change in the estimate of a recognised provision or liability would impact the income statement, with the exception of decommissioning and certain restoration costs that relate to the initial construction of an asset, which would be accounted for on a prospective basis.

RESTORATION AND REMEDIATION

Provisions relating to current and future restoration and remediation activities are recognised as liabilities when a legal or constructive obligation arises.

The provision is the best estimate of the present value of the expenditure to settle the obligation at the reporting date. These costs are reviewed annually and any changes are reflected in the provision at the end of the reporting period through the income statement.

The ultimate cost of restoration and remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal and environmental requirements, the emergence of new techniques or experience at other sites and uncertainty as to the remaining life of existing sites.

ASSET RETIREMENTS

Costs for the future dismantling and removal of assets, and restoration of the site on which the assets are located, are provided for and capitalised upon initial construction of the asset, where an obligation to incur such costs arises. The present value of the expected future cash flows required to settle these obligations is capitalised and depreciated over the useful life of the asset. Subsequent accretion to the amount of a provision due to unwinding of the discount is recognised as a finance cost. A change in estimate of the provision is added to or deducted from the cost of the related asset in the period of the change, to the extent that any amount of deduction does not exceed the carrying amount of the asset. Any deduction in excess of the carrying amount is recognised in the income statement immediately. If an adjustment results in an addition to the cost of the related asset, consideration will be given to whether an indication of impairment exists and the impairment policy will be applied.

DIVIDENDS

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount.

RESTRUCTURING AND EMPLOYEE TERMINATION BENEFITS

Provisions for restructuring or termination benefits are only recognised when a detailed plan has been approved and the restructuring or termination benefits have either commenced or been publicly announced, or when firm contracts related to the restructuring or termination benefits have been entered into. The liabilities for termination benefits have been included in the provision for employee and director benefits.

(x) Segment reporting

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Group's chief operating decision maker. The change in accounting policy is due to the adoption of AASB 8 Operating Segments. Previously, operating segments were determined and presented in accordance with AASB 114 Segment Reporting. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Segment reporting (continued)

Inter-entity sales are recognised based on an internally set transfer price. Sales between segments are based on arm's length principles appropriate to reflect prevailing market pricing structures at that time. Where possible, relevant Import Parity Pricing is used to determine arm's 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 a Group level and not within the reportable segments.

The performance of each reportable segment 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.

(y) Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(z) New standards and interpretations not yet adopted

The following standards and amendments were made available for early adoption by the AASB but have not been applied by the Group in this financial report:

- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions.

These statements will be effective for the Group as of 1 January 2010. The Group is currently in the process of assessing the impact of the adoption of these standards.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	**2009**	**2008**	**2009**	**2008**
2. OTHER INCOME				
Dividends received from controlled entities	–	–	**10,373**	191,544
Rental income	**37,012**	33,549	–	–
Royalties and franchise income	**110,473**	108,539	–	–
Transaction and merchant fees	**68,057**	74,727	–	–
Other	**27,850**	27,941	–	–
	243,392	244,756	**10,373**	191,544
Finance income				
Interest from controlled entities	–	–	**25,380**	61,142
Interest from other corporations	**1,659**	3,194	**46**	469
Gain/(loss) on fair value derivative	**137**	479	**(891)**	479
	1,796	3,673	**24,535**	62,090
	245,188	248,429	**34,908**	253,634

Thousands of dollars	CONSOLIDATED 2009	2008	PARENT ENTITY 2009	2008
3. COSTS AND EXPENSES				
Finance costs				
Interest expense	**51,915**	66,493	**49,913**	64,488
Finance charges on capitalised leases	**1,705**	1,655	**–**	–
Discount of provisions	**(8,286)**	11,223	**–**	–
Less: capitalised finance costs	**(15,489)**	(19,541)	**–**	–
Finance costs	**29,845**	59,830	**49,913**	64,488
Depreciation and amortisation				
Depreciation of:				
Buildings	**10,516**	8,620	**–**	–
Plant and equipment	**171,418**	152,682	**–**	–
	181,934	161,302	**–**	–
Amortisation of:				
Leasehold property	**5,898**	5,738	**–**	–
Leased plant and equipment	**1,459**	1,354	**–**	–
Intangibles	**7,349**	8,575	**–**	–
	14,706	15,667	**–**	–
Total depreciation and amortisation	**196,640**	176,969	**–**	–
Selected expenses				
Total operating personnel expenses	**343,977**	321,169	**–**	–

During 2009, the Group incurred significant expenses that have been recognised in the income statement and form part of Marketing, Refining and Supply and Other expenses. These expenses relate to the closure of the Caltex Lubricating Oil Refinery (CLOR) ($92,654,000), corporate restructuring expenses ($18,230,000), impairment and remediation liabilities related to sites to be divested ($38,622,000), and other cost and asset write-offs ($23,288,000).

Due to the one-off nature of these items they have been excluded by management in assessing the underlying business performance of the Group for the year ended 31 December 2009. There were no expenses that were considered significant and excluded by management in assessing the underlying performance of the Group for the year ended 31 December 2008.

Of the total $172,794,000 significant items, $46,835,000 is included in Marketing expenses, $96,997,000 is included in Refining and Supply expenses and $28,962,000 is included in Other expenses relating to the Corporate division.

Thousands of dollars	CONSOLIDATED 2009	2008	PARENT ENTITY 2009	2008
4. INCOME TAX EXPENSE				
(a) Recognised in the income statements				
Current tax expense				
Current year	**165,512**	670	**(8,996)**	(3,477)
Adjustments for prior years	**1,949**	(3,327)	**–**	–
	167,461	(2,657)	**(8,996)**	(3,477)
Deferred tax expense				
Origination and reversal of temporary differences	**(34,545)**	16,083	**(267)**	217
Total income tax expense/(benefit) in the income statements	**132,916**	13,426	**(9,263)**	(3,260)

4. INCOME TAX EXPENSE (CONTINUED)

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	**2009**	**2008**	**2009**	**2008**
(b) Reconciliation between income tax expense/(benefit) and profit/(loss) before income tax expense				
Profit/(loss) before income tax expense	**447,676**	46,607	**(19,486)**	182,026
Income tax using the domestic corporate tax rate of 30% (2008: 30%)	**134,303**	13,982	**(5,846)**	54,608
Increase in income tax expense due to:				
Imputation gross-up on dividends received	**676**	423	**–**	–
Impairment of goodwill	**1,500**	–	**–**	–
Net tangible capital gains tax	**25**	287	**–**	–
Other	**–**	3,683	**–**	–
Decrease in income tax expense due to:				
Share of net profit of associated entities	**(1,139)**	(218)	**–**	–
Research and development allowances	**(900)**	(900)	**–**	–
Dividends received from subsidiaries	**–**	–	**(3,112)**	(57,463)
Other	**(2,822)**	–	**(305)**	(405)
Franking credits on dividends received	**(676)**	(504)	**–**	–
Income tax under/(over) provided in prior years	**1,949**	(3,327)	**–**	–
Total income tax expense/(benefit) in the income statements	**132,916**	13,426	**(9,263)**	(3,260)
(c) Deferred tax recognised directly in equity				
Related to actuarial (gains)/losses	**(8,072)**	31,926	**–**	–
Related to cash flow hedges	**4,288**	271	**4,605**	–
	(3,784)	32,197	**4,605**	–

(d) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
Thousands of dollars	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Consolidated						
Receivables	**3,858**	1,778	**–**	–	**3,858**	1,778
Inventories	**–**	–	**(13,715)**	(9,667)	**(13,715)**	(9,667)
Property, plant and equipment and intangibles	**–**	–	**(77,620)**	(96,936)	**(77,620)**	(96,936)
Payables	**7,025**	6,400	**–**	–	**7,025**	6,400
Interest bearing liabilities	**7,170**	2,258	**–**	–	**7,170**	2,258
Provisions	**89,889**	81,509	**–**	–	**89,889**	81,509
Other	**–**	–	**(1,142)**	(638)	**(1,142)**	(638)
Net tax assets/(liabilities)	**107,942**	91,945	**(92,477)**	(107,241)	**15,465**	(15,296)
Parent entity						
Provisions	**–**	–	**–**	–	**–**	–
Interest bearing liabilities	**4,986**	114	**–**	–	**4,986**	114
Net tax assets	**4,986**	114	**–**	–	**4,986**	114

(e) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items.

Thousands of dollars	2009	2008
Capital tax losses	**196,704**	195,773

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which these benefits can be utilised by the Group.

(f) Movement in temporary differences during the year

Thousands of dollars	Balance at 1 Jan 09	Recognised in income	Recognised in equity	Balance at 31 Dec 09
Consolidated				
Receivables	**1,778**	**2,080**	**–**	**3,858**
Inventories	**(9,667)**	**(4,048)**	**–**	**(13,715)**
Property, plant and equipment	**(96,936)**	**19,316**	**–**	**(77,620)**
Payables	**6,400**	**625**	**–**	**7,025**
Interest bearing liabilities	**2,258**	**624**	**4,288**	**7,170**
Provisions	**81,509**	**16,452**	**(8,072)**	**89,889**
Other	**(638)**	**(504)**	**–**	**(1,142)**
	(15,296)	**34,545**	**(3,784)**	**15,465**

Thousands of dollars	Balance at 1 Jan 08	Recognised in income	Recognised in equity	Balance at 31 Dec 08
Consolidated				
Receivables	3,686	(1,908)	–	1,778
Inventories	(3,020)	(6,647)	–	(9,667)
Property, plant and equipment	(86,448)	(10,488)	–	(96,936)
Payables	5,537	863	–	6,400
Interest bearing liabilities	2,072	(85)	271	2,258
Provisions	50,121	2,074	29,314	81,509
Other	(3,358)	108	2,612	(638)
	(31,410)	(16,083)	32,197	(15,296)

Thousands of dollars	Balance at 1 Jan 09	Recognised in income	Recognised in equity	Balance at 31 Dec 09
Parent entity				
Provisions	**–**	**–**	**–**	**–**
Interest bearing liabilities	**114**	**267**	**4,605**	**4,986**
	114	**267**	**4,605**	**4,986**

Thousands of dollars	Balance at 1 Jan 08	Recognised in income	Recognised in equity	Balance at 31 Dec 08
Parent entity				
Provisions	73	(73)	–	–
Interest bearing liabilities	258	(144)	–	114
	331	(217)	–	114

5. DIVIDENDS

(a) Dividends declared or paid

Dividends recognised in the current year by the company are:

	Date of payment	Franked/ unfranked	Cents per share	Total amount $'000
2009				
Interim 2009	–	–	nil	–
Final 2008	–	–	nil	–
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 2008 were franked at the tax rate of 30%.

Subsequent events

Since 31 December 2009, the directors declared the following dividend. The dividend has not been provided for and there are no income tax consequences for the Group in relation to 2009.

	Date of payment	Franked/ unfranked	Cents per share	Total amount $'000
Final 2009	29 March 2010	Franked	25	67,500

The financial effect of this final dividend has not been reflected in the financial statements for the year ended 31 December 2009 and will be recognised in subsequent financial reports.

	PARENT ENTITY	
Thousands of dollars	2009	2008
(b) Dividend franking account		
30% franking credits available to shareholders of Caltex Australia Limited for subsequent financial years	**897,106**	733,710

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The impact on the dividend franking account of dividends proposed after the balance sheet date, but not recognised as a liability, is to reduce the balance by $28,929,000 (2008: nil).

In accordance with the tax consolidation legislation, the company as the head entity in the tax-consolidated group has also assumed the benefit of $897,106,000 (2008: $733,710,000) in franking credits.

	CONSOLIDATED		PARENT ENTITY	
	2009	**2008**	**2009**	**2008**
6. BASIC AND DILUTED EARNINGS PER SHARE				
Historical cost – cents per share	**116.3**	12.7	–	–
Replacement cost – cents per share	**75.3**	68.9	–	–

The calculation of historical cost basic earnings per share for the period ended 31 December 2009 was based on the net profit attributable to ordinary shareholders of the parent entity of $314,082,000 (2008: $34,262,000) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2009 of 270 million shares (2008: 270 million shares).

The calculation of replacement cost basic earnings per share for the year ended 31 December 2009 was based on the net replacement cost profit attributable to ordinary shareholders of the parent entity of $203,195,000 (2008: $186,030,000) and a weighted average number of ordinary shares outstanding during the period ended 31 December 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.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	**2009**	**2008**	**2009**	**2008**
7. RECEIVABLES				
Current				
Trade debtors	**710,978**	730,066	–	–
Allowance for impairment	**(12,031)**	(6,332)	–	–
	698,947	723,734	–	–
Associated entities	**34,793**	42,888	–	–
Other related entities	**3,231**	24,430	–	–
Other debtors	**36,250**	42,400	–	–
	773,221	833,452	–	–
Non-current				
Loans to controlled entities	–	–	**424,015**	713,415
Other loans	**540**	239	–	–
	540	239	**424,015**	713,415

(a) Impaired receivables

As at 31 December 2009, current trade receivables of the Group with a nominal value of $12,031,000 (2008: $6,332,000) were impaired. The individually impaired receivables relate to a variety of customers who are in financial difficulties.

No collateral is held over these impaired receivables.

As at 31 December 2009, trade receivables of $15,005,000 (2008: $22,043,000) were past due but not impaired.

These relate to a number of customers for whom there is no recent history of default. The ageing analysis of receivables past due but not impaired is as follows:

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	**2009**	**2008**	**2009**	**2008**
Past due 0–30 days	**9,650**	14,974	–	–
Past due 31–60 days	**3,497**	5,097	–	–
Past due greater than 60 days	**1,858**	1,972	–	–
	15,005	22,043	–	–

7. RECEIVABLES (CONTINUED)

(a) Impaired receivables (continued)

Movements in the allowance for impairment of receivables are as follows:

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
At 1 January	**6,332**	10,202	–	–
Provision for impairment recognised during the year	**11,164**	5,211	–	–
Receivables written off during the year as uncollectible	**(5,465)**	(2,447)	–	–
Unused amount reversed	–	(6,634)	–	–
At 31 December	**12,031**	6,332	–	–

The creation and release of the provision for impaired receivables has been included in Other expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. There are no receivables that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

(b) Foreign exchange and interest rate risk

Refer to note 17 for exposures to foreign exchange and interest rate risk relating to trade and other receivables.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

The Group holds collateral and other credit enhancements with a fair value of $177,466,000 (2008: $194,988,000) in respect of these assets. Refer to note 17 for further details.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
8. INVENTORIES				
Crude oil and raw materials held at cost	**492,460**	359,720	–	–
Inventory in process held at cost	**116,585**	149,018	–	–
Finished goods held at cost	**559,780**	220,616	–	–
Finished goods held at net realisable value	–	272,970	–	–
Materials and supplies held at cost	**40,287**	41,863	–	–
	1,209,112	1,044,187	–	–

Inventories held at 31 December 2008 were written down to their net realisable value. The amount of the write-down was $64,863,000 and is included in inventory losses. During the year ended 31 December 2009, there was no inventory write-down.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
9. OTHER ASSETS				
Current				
Prepayments	**40,763**	21,131	**1,790**	1,137
Non-current				
Other	**3,580**	4,500	–	–
10. OTHER INVESTMENTS				
Investment in other entities	**15**	15	–	–
Investment in controlled entities	–	–	**1,226,375**	1,226,375
	15	15	**1,226,375**	1,226,375

Thousands of dollars	CONSOLIDATED Goodwill	Rights	Software	Total
11. INTANGIBLES				
Cost				
Balance at 1 January 2008	60,858	3,986	66,946	131,790
Acquisitions through business combinations	1,309	–	–	1,309
Additions	–	–	11,998	11,998
Balance at 31 December 2008	62,167	3,986	78,944	145,097
Cost				
Balance at 1 January 2009	**62,167**	**3,986**	**78,944**	**145,097**
Acquisitions through business combinations	**3,636**	–	–	**3,636**
Additions	–	–	**9,824**	**9,824**
Balance at 31 December 2009	**65,803**	**3,986**	**88,768**	**158,557**
Amortisation and impairment losses				
Balance at 1 January 2008	(11,391)	(2,353)	(38,561)	(52,305)
Amortisation for the year	–	(413)	(8,162)	(8,575)
Balance at 31 December 2008	(11,391)	(2,766)	(46,723)	(60,880)
Amortisation and impairment losses				
Balance at 1 January 2009	**(11,391)**	**(2,766)**	**(46,723)**	**(60,880)**
Amortisation for the year	–	**(321)**	**(7,028)**	**(7,349)**
Impairment losses for the year	**(5,000)**	–	–	**(5,000)**
Balance at 31 December 2009	**(16,391)**	**(3,087)**	**(53,751)**	**(73,229)**
Carrying amount				
At 1 January 2008	49,467	1,633	28,385	79,485
At 31 December 2008	50,776	1,220	32,221	84,217
At 1 January 2009	**50,776**	**1,220**	**32,221**	**84,217**
At 31 December 2009	**49,412**	**899**	**35,017**	**85,328**

AMORTISATION AND IMPAIRMENT LOSSES

The amortisation charge of $7,349,000 (2008: $8,575,000) is recognised in Refining and Supply expenses, Marketing expenses and Other expenses on the income statement.

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired through business combinations has been tested for impairment as follows.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
Distributor businesses	**49,412**	50,776	–	–

DISTRIBUTOR BUSINESSES

The recoverable amount of goodwill with distributor businesses has been determined based on a "value in use" calculation. This calculation uses pre-tax cash flow projections based on an extrapolation of the year end cash flows and available budget information. The cash flows have been discounted using a pre-tax discount rate of 14.6% p.a. The cash flows have been extrapolated using a constant growth rate of between 0% and 3.5% as considered appropriate for each distributor business. The growth rates used do not exceed the long term growth rate for the industry.

During the year ended 31 December 2009, the Group tested the distributor businesses for impairment and recognised an impairment loss in relation to goodwill of $5,000,000 (2008: nil). The impairment loss is recognised in Marketing expenses in the income statement and forms part of the Marketing operating segment.

11. INTANGIBLES (CONTINUED)

KEY ASSUMPTIONS USED IN "VALUE IN USE" CALCULATIONS

Key assumption	Basis for determining value in use assigned to key assumption
Cash flow	Earnings before interest, tax, depreciation and amortisation (EBITDA)
Estimated long term average growth rate	Between 0% and 3.5% as considered appropriate for each distributor business based on past experience
Discount period	Represents the longest remaining life of assets acquired
Discount rate	The risk specific to the asset

The values assigned to the key assumptions represent management's assessment of future trends in the petroleum industry and are based on both external sources and internal sources (historic data).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of goodwill recorded to exceed its recoverable amount.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
12. PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
At cost	**377,185**	374,248	–	–
Net carrying amount	**377,185**	374,248	–	–
Buildings				
At cost	**345,013**	322,869	–	–
Accumulated depreciation and impairment losses	**(171,027)**	(126,619)	–	–
Net carrying amount	**173,986**	196,250	–	–
Leasehold property				
At cost	**99,301**	91,940	–	–
Accumulated amortisation	**(68,750)**	(62,852)	–	–
Net carrying amount	**30,551**	29,088	–	–
Plant and equipment				
At cost	**3,755,393**	3,140,445	–	–
Accumulated depreciation and impairment losses	**(1,841,628)**	(1,612,043)	–	–
Net carrying amount	**1,913,765**	1,528,402	–	–
Leased plant and equipment				
At capitalised cost	**23,875**	22,987	–	–
Accumulated amortisation	**(21,524)**	(20,065)	–	–
Net carrying amount	**2,351**	2,922	–	–
Capital projects in progress				
At cost	**282,008**	611,371	–	–
Net carrying amount	**282,008**	611,371	–	–
Total net carrying amount	**2,779,846**	2,742,281	–	–

RECONCILIATIONS

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
Freehold land				
Carrying amount at the beginning of the year	**374,248**	377,990	–	–
Additions	**3,301**	1,856	–	–
Disposals	**(364)**	(5,598)	–	–
Carrying amount at the end of the year	**377,185**	374,248	–	–
Buildings				
Carrying amount at the beginning of the year	**196,250**	176,663	–	–
Additions	**707**	49	–	–
Acquisition through entity acquired	**6,251**	3,232	–	–
Disposals	**(7,363)**	(10,293)	–	–
Transfers from capital projects in progress	**22,549**	35,219	–	–
Impairment loss	**(33,892)**	–	–	–
Depreciation	**(10,516)**	(8,620)	–	–
Carrying amount at the end of the year	**173,986**	196,250	–	–
Leasehold property				
Carrying amount at the beginning of the year	**29,088**	31,843	–	–
Additions	**501**	–	–	–
Disposals	**(1,125)**	(563)	–	–
Transfers from capital projects in progress	**7,985**	3,546	–	–
Amortisation	**(5,898)**	(5,738)	–	–
Carrying amount at the end of the year	**30,551**	29,088	–	–
Plant and equipment				
Carrying amount at the beginning of the year	**1,528,402**	1,466,848	–	–
Additions	**81,257**	40,575	–	–
Acquisition through entity acquired	**5,947**	2,044	–	–
Impairment loss	**(58,167)**	–	–	–
Disposals	**(1,514)**	(6,512)	–	–
Transfers from capital projects in progress	**529,258**	178,129	–	–
Depreciation	**(171,418)**	(152,682)	–	–
Carrying amount at the end of the year	**1,913,765**	1,528,402	–	–
Leased plant and equipment				
Carrying amount at the beginning of the year	**2,922**	3,572	–	–
Additions	**888**	704	–	–
Amortisation	**(1,459)**	(1,354)	–	–
Carrying amount at the end of the year	**2,351**	2,922	–	–
Capital projects in progress				
Carrying amount at the beginning of the year	**611,371**	420,047	–	–
Additions	**224,902**	393,611	–	–
Write-offs	**(9,962)**	(4,934)	–	–
Borrowing costs capitalised	**15,489**	19,541	–	–
Transfers to property, plant and equipment	**(559,792)**	(216,894)	–	–
Carrying amount at the end of the year	**282,008**	611,371	–	–

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATIONS (CONTINUED)

During the year ended 31 December 2009, a decision was made to close the Caltex Lubricating Oil Refinery (CLOR) at Kurnell in Sydney in the latter part of 2011. The Group assessed the recoverable amount of the related assets and recognised an impairment loss of $69,093,000 (2008: nil) with respect to buildings and plant and equipment. The recoverable amount has been determined based on a "value in use" calculation using a pre-tax discount rate of 14.6%. The impairment loss is recognised in Refining and Supply expenses in the income statement and forms part of the Refining and Supply operating segment.

During the year ended 31 December 2009, due to increased remediation costs and economic uncertainty regarding future sales proceeds, the Group assessed the recoverable amount of the assets relating to non-operating sites and recognised an impairment loss of $19,919,000 (2008: nil) with respect to plant and equipment. An additional $3,047,000 (2008: nil) was also recognised in relation to other marketing plant and equipment. The recoverable amounts have been determined based on a "fair value less costs to sell" calculation. The impairment loss is recognised in Marketing expenses in the income statement and forms part of the Marketing operating segment.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
13. PAYABLES				
Current				
Trade creditors – unsecured[a]				
Related entities	**230,704**	229,850	–	–
Other corporations and persons	**508,890**	456,718	–	–
Controlled entities	–	–	**355,598**	422,280
Other creditors and accrued expenses	**446,582**	472,333	**11,580**	12,181
	1,186,176	1,158,901	**367,178**	434,461
Non-current				
Other creditors and accrued expenses	**5,588**	7,530	–	–

(a) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
14. INTEREST BEARING LIABILITIES				
Current – unsecured				
US notes[i]	–	117,757	–	117,757
Bank loans[i]	**75,000**	–	**75,000**	–
Hedge payable[ii]	–	24,390	–	24,390
Lease liabilities[iii]	**3,434**	1,781	–	–
	78,434	143,928	**75,000**	142,147
Non-current – unsecured				
US notes[i]	**305,815**	113,415	**305,815**	113,415
Bank loans[i]	**50,000**	600,000	**50,000**	600,000
Hedge payable[ii]	**68,200**	–	**68,200**	–
Lease liabilities[iii]	**6,958**	6,391	–	–
	430,973	719,806	**424,015**	713,415

This note provides information about the contractual terms of Caltex's interest bearing loans and other liabilities. For more information about Caltex's exposure to interest rate and foreign currency risk, see note 17.

i. The bank loans and the US notes are provided by a number of banks and capital markets. The 2008 current hedge payable and US notes, totalling $142,147,000, matured in July 2009. The remainder of the US notes and hedge payable mature in: July 2012: $113,414,850, April 2014: $74,158,000, and April 2016: $186,443,000. 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 non-current hedge payable mainly represents the impact of the movement in the exchange rate from the date of inception (6 May 2009, US$ exchange rate 0.7090) to 31 December 2009 (US$ exchange rate 0.8945) on the amount hedged (US$175 million).

iii. The implicit rate of interest on finance leases is 14.0% p.a. (2008: 14.0% p.a.). Refer to note 19 for details on the timing and amount of future lease payments.

Thousands of dollars	Employee benefits	Site remediation	OIL insurance	Other	Total
15. PROVISIONS					
Consolidated					
Balance at 1 January 2009	196,533	58,273	15,380	3,973	**274,159**
Provisions made/(reversed) during the year	43,338	49,276	(5,877)	10,761	**97,498**
Provisions used during the year	(40,175)	(18,960)	–	(2,632)	**(61,767)**
Discounting	(6,475)	(4,094)	–	–	**(10,569)**
Balance at 31 December 2009	**193,221**	**84,495**	**9,503**	**12,102**	**299,321**
Current	81,988	38,339	9,503	12,102	**141,932**
Non-current	111,233	46,156	–	–	**157,389**
	193,221	**84,495**	**9,503**	**12,102**	**299,321**
Parent entity					
Balance at 1 January 2009	–	–	–	–	–
Provisions used during the year	–	–	–	–	–
Balance at 31 December 2009	–	–	–	–	–

EMPLOYEE BENEFITS

The current provisions for employee benefits, which include annual leave, long service leave, employee bonus, redundancy and retirement benefits, represent the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided up to the balance date.

Provisions for employee benefits which are not expected to be settled within 12 months are calculated using future expected increases in salary rates, including related oncosts, turnover rates, and expected settlement dates based on turnover history, and are discounted using the rates attaching to the national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

RESTORATION AND REMEDIATION

Provision is made for the remediation of oil refining, distribution and marketing sites. The estimation of the cost of future remediation activities is subject to potentially significant uncertainties. These uncertainties include the legal and regulatory framework, the magnitude of possible contamination, and the timing and extent of remediation activities required.

OIL INSURANCE

The Group is a shareholder of Oil Insurance Limited (OIL). OIL is a Bermuda company that was formed to insure catastrophic risk such as oil and gas fires and pollution control. The premium charged utilises loss information from the entire shareholder base as the pricing mechanism to determine a rate per $1,000 of insured assets.

If the Group was to leave OIL, a payment is required in respect of the unpaid portion of the allocated five year incurred loss. This amount is advised annually by OIL and is provided for in the accounts.

OTHER

Other includes the legal provision and other provisions.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	**2009**	**2008**	**2009**	**2008**
16. ISSUED CAPITAL				
Ordinary shares				
Issued capital 270 million ordinary shares, fully paid	**543,415**	543,415	**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 (refer to the Directors' Report at page 28 to 45 for further detail).

For each right that vests, Caltex intends to purchase a share on-market following vesting.

17. FINANCIAL INSTRUMENTS

(Amounts in Australian dollars except where stated)

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses a range of derivative financial instruments to hedge these risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk, and ageing analysis for credit risk.

Risk management is carried out by Group Treasury for interest rate risk, foreign exchange exposures, liquidity risk and capital management. Risk management activities in respect of credit risk are carried out by the Group's Credit Risk department. Both Group Treasury and Credit Risk operate under policies approved by the Board of directors. Group Treasury and Credit Risk identify, evaluate and monitor the financial risks in close co-operation with the Group's operating units. The Group has written policies covering specific areas, such as foreign exchange risk (including hedging activities) interest rate risk, liquidity risk, and credit risk and they are summarised further below.

The Group's principal financial instruments, other than derivatives, comprise bank loans, US notes, finance leases, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The Group enters into derivative transactions, principally interest rate swaps, forward currency contracts, and commodity pricing swaps. The purpose is to manage the interest rate, currency risks, refiner margin risks and commodity pricing risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The Group's accounting policies in relation to derivatives are set out in note 1.

The magnitude of each type of financial risk that has arisen over the year is discussed below.

(a) Interest rate risk

INTEREST RATE INSTRUMENTS

The Group enters into fixed interest rate instruments to manage cash flow risks associated with the interest rates on borrowings that are floating. Interest rate instruments allow the Group to swap floating rate borrowings into fixed rates. Maturities of swap contracts are principally between one and five years.

Each contract involves periodic payment or receipt of the net amount of interest. At 31 December 2009, the fixed rates varied from 4.4% p.a. to 5.1% p.a. (2008: 5.8% p.a. to 6.3% p.a.), a weighted average rate of 4.8% p.a. (2008: 6.0% p.a.). The floating rates were at bank bill rates.

The net fair value of interest rate swap contracts at 31 December 2009 was $1,174,888 profit (2008: $1,024,000 loss). The Group classifies qualifying interest rate swap contracts as cash flow hedges.

The Caltex Australia Group has entered into combined cross currency swap and interest rate swap contracts maturing in five years (30 April 2014) and cross currency swap contracts maturing in seven years (30 April 2016) to manage interest rate and currency risks on the US dollar denominated borrowings.

The net fair value of derivative contracts inextricably linked to US dollar denominated borrowings at 31 December 2009 was $68,200,000 (2008: $24,390,000). The Group has combined cross currency swap and interest rate swap contracts classified as cash flow hedges and cross currency swap contracts (excluding margins) classified as fair value hedges and US and Australian margins classified as cash flow hedges.

At 31 December 2009, if interest rates had changed by –/+1% from the year end rates, with all other variables held constant, net profit for the year for the Group would have been $350,000 lower/$450,000 higher (2008: $4,000,000 higher/$5,000,000 lower), and equity would have been $1,700,000 lower/$1,600,000 higher (2008: $4,000,000 higher/$5,000,000 lower).

For the parent entity, if interest rates had changed by –/+1% from the year end rates, with all other variables held constant, net profit for the year for the Group would have been $200,000 lower/$300,000 higher (2008: $5,000,000 higher/$6,000,000 lower), and equity would have been $800,000 lower/$700,000 higher (2008: $5,000,000 higher/$6,000,000 lower).

INTEREST RATES SENSITIVITY ANALYSIS

	CONSOLIDATED				PARENT ENTITY			
	2009		2008		2009		2008	
Dollars	Net profit	Equity	Net profit	Equity	Net profit	Equity	Net profit	Equity
Interest rates decrease 1%	**(350,000)**	**(1,700,000)**	4,000,000	4,000,000	**(200,000)**	**(800,000)**	5,000,000	5,000,000
Interest rates increase 1%	**450,000**	**1,600,000**	(5,000,000)	(5,000,000)	**300,000**	**700,000**	(6,000,000)	(6,000,000)

17. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (continued)

INTEREST RATE RISK EXPOSURE

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are set out as follows:

			FIXED INTEREST MATURING IN:					
Thousands of dollars	Note	Floating interest rate	Less than one year	Between one and five years	Greater than five years	Non-interest bearing	Total	Effective interest rate p.a.
31 December 2009								
Consolidated								
Financial assets								
Cash at bank and on hand		**22,356**	**–**	**–**	**–**	**–**	**22,356**	**3.6%**
		22,356	**–**	**–**	**–**	**–**	**22,356**	
Financial liabilities								
Bank loans	14	**125,000**	**–**	**–**	**–**	**–**	**125,000**	**4.2%**
US notes	14	**–**	**–**	**169,799**	**136,016**	**–**	**305,815**	**10.1%**
Hedge payable	14	**–**	**–**	**17,773**	**50,427**	**–**	**68,200**	**10.1%**
Lease liabilities	14	**–**	**3,434**	**6,958**	**–**	**–**	**10,392**	**14.0%**
		125,000	**3,434**	**194,530**	**186,443**	**–**	**509,407**	
31 December 2008								
Consolidated								
Financial assets								
Cash at bank and on hand		31,703	–	–	–	–	31,703	3.6%
		31,703	–	–	–	–	31,703	
Financial liabilities								
Bank loans	14	600,000	–	–	–	–	600,000	4.9%
US notes	14	–	117,757	113,415	–	–	231,172	9.9%
Hedge payable	14	–	24,390	–	–	–	24,390	9.9%
Lease liabilities	14	–	1,781	6,391	–	–	8,172	14.0%
		600,000	143,928	119,806	–	–	863,734	
31 December 2009								
Parent entity								
Financial liabilities								
Bank and other loans	14	**125,000**	**–**	**–**	**–**	**–**	**125,000**	**4.2%**
US notes	14	**–**	**–**	**169,799**	**136,016**	**–**	**305,815**	**10.1%**
Hedge payable	14	**–**	**–**	**17,773**	**50,427**	**–**	**68,200**	**10.1%**
		125,000	**–**	**187,572**	**186,443**	**–**	**499,015**	
31 December 2008								
Parent entity								
Financial assets								
Cash at bank and on hand	–	–	–	–	–	–	–	
Financial liabilities								
Bank and other loans	14	600,000	–	–	–	–	600,000	4.9%
US notes	14	–	117,757	113,415	–	–	231,172	9.9%
Hedge payable	14	–	24,390	–	–	–	24,390	9.9%
		600,000	142,147	113,415	–	–	855,562	

Interest on financial instruments classified as floating rate is repriced at intervals of less than six months.

Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

(b) Foreign exchange risk

The Caltex Australia Group is exposed to the effect of changes in exchange rates on the operations of the Group. In particular, at least in the short term, the refiner margin is determined principally with reference to the US dollar Singapore spot product price.

The Caltex Australia Group does not use financial instruments to hedge the foreign exchange exposure, except for forward foreign exchange contracts to cover major capital expenditure.

All trade transactions which require the sale or purchase of foreign currencies are covered on a spot basis. As at 31 December 2009, the total fair value of all outstanding forward contracts amounted to nil (2008: nil).

US dollar denominated borrowings are swapped into Australian dollar exposure; as a result, there were no net foreign currency gains or losses arising from translation of these borrowings.

At 31 December 2009, had the Australian dollar strengthened/weakened by 10% against the US dollar with all other variables held constant, post tax profit for the year for the Group would have been $37,250,000 higher/$45,550,000 lower (2008: $30,000,000 higher/$40,000,000 lower), and equity would have been $7,450,000 lower/$9,150,000 higher (2008: $30,000,000 higher/$40,000,000 lower).

For the parent entity, had the Australian dollar strengthened/weakened by 10% against the US dollar with all other variables held constant, both post tax profit for the year and equity would not have been impacted (2008: $90,000 lower/$130,000 higher), and equity would have been $7,450,000 lower/$9,150,000 higher (2008: $90,000 lower/$130,000 higher).

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS

	CONSOLIDATED				PARENT ENTITY			
	2009		2008		2009		2008	
Dollars	Net profit	Equity	Net profit	Equity	Net profit	Equity	Net profit	Equity
AUD strengthens against USD 10%	**37,250,000**	**(7,450,000)**	30,000,000	30,000,000	**–**	**(7,450,000)**	(90,000)	(90,000)
AUD weakens against USD 10%	**(45,550,000)**	**9,150,000**	(40,000,000)	(40,000,000)	**–**	**9,150,000**	130,000	130,000

EXPOSURE TO FOREIGN EXCHANGE RISK

The carrying amounts of the Group's and parent entity's financial instruments are denominated in the following currencies (Australian dollar equivalent amounts):

	2009				2008			
Thousands of dollars	US dollar	Euro	Australian dollar	Total	US dollar	Euro	Australian dollar	Total
Consolidated								
Cash	**1,040**	**–**	**21,316**	**22,356**	6,631	–	25,072	31,703
Trade receivables	**73,205**	**–**	**700,556**	**773,761**	46,444	–	787,247	833,691
Trade payables	**(668,265)**	**–**	**(523,499)**	**(1,191,764)**	(549,729)	–	(616,703)	(1,166,432)
US notes	**(193,889)**	**–**	**(111,926)**	**(305,815)**	(117,757)	–	(113,415)	(231,172)
Parent entity								
Cash	**–**	**–**	**–**	**–**	–	–	–	–
Trade receivables	**–**	**–**	**424,015**	**424,015**	–	–	713,415	713,415
Trade payables	**–**	**–**	**(367,178)**	**(367,178)**	–	–	(434,461)	(434,461)
US notes	**(193,889)**	**–**	**(111,926)**	**(305,815)**	(117,757)	–	(113,415)	(231,172)

17. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Commodity price risk

The Group utilises both crude and finished product swap contracts from time to time, on specific cargoes to manage the risk of price movements (Basis & Timing). The Board approved hedging policy precludes the use of refiner margin hedging.

The Board policy seeks to neutralise adverse basis and timing risk brought about by purchase and sales transactions that are materially outside the normal operating conditions of the Group. During the year, the Group employed two hedge instruments in respect of crude or finished product cargoes (2008: nil).

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Group which have been recognised on the balance sheet is the carrying amount of trade debtors, net of allowances for impairment.

Caltex has a Board approved Credit Policy and manual which provide the guidelines for the management and diversification of the credit risk to Caltex. The guidelines provide for the manner in which the credit risk of customers is assessed and the use of credit rating and other information in order to set appropriate limits of trade with customers. The credit quality of customers is consistently monitored in order to identify any potential adverse changes in the credit risk of the customers. Sales to retail customers are settled in cash or using major credit cards, mitigating risk.

Caltex also minimises concentrations of credit risk by undertaking transactions with a large number of customers, across a variety of industries and networks. Accordingly, there are not any significant concentrations of credit risk.

Security is required to be supplied by certain groups of Caltex customers to minimise risk. The security is predominantly in the form of fixed and floating charges over the customer's business and mortgages over the business property. However, mortgages are also held over directors' property such as residential houses or rural properties. Bank guarantees or insurance bonds are also provided in some cases.

The estimated realisable value of the security takes into consideration that the sale of the assets under the security may be in a distressed situation.

Credit risk on derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

Swap and foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large banks.

The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the Caltex Australia Group pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Group. The full amount of the exposure is disclosed at note 17(b).

The credit risk on interest rate swaps is limited to the positive mark to market amount to be received from counterparties over the life of contracts that are favourable to the Caltex Australia Group. As at 31 December 2009, there is no expected credit risk on any financial instruments (2008: nil).

(e) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aims at maintaining flexibility in funding by keeping committed credit lines available.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. For derivative financial instruments, the cash flows and profit or loss impacts will occur at the same time.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average effective interest rate %	Carrying amount $'000	Contractual cash flows $'000	Less than one year $'000	Between one and five years $'000	Greater than five years $'000
31 December 2009						
Consolidated						
Interest bearing liabilities						
Bank loans	**4.2%**	**125,000**	**125,197**	**75,055**	**50,142**	**–**
US notes	**10.1%**	**305,815**	**437,240**	**26,401**	**252,986**	**157,853**
Hedge payable	**10.1%**	**68,200**	**92,598**	**6,719**	**69,512**	**16,367**
Lease liabilities	**14.0%**	**10,392**	**11,598**	**4,030**	**7,568**	**–**
Payables						
Interest rate swaps	**4.8%**	**(1,175)**	**(1,247)**	**376**	**(1,623)**	**–**
Payables	**–**	**1,192,939**	**1,192,010**	**1,184,799**	**7,211**	**–**
31 December 2008						
Consolidated						
Interest bearing liabilities						
Bank loans	4.9%	600,000	672,402	21,155	651,247	–
US notes	9.9%	231,172	276,110	133,163	142,947	–
Hedge payable	9.9%	24,390	28,600	28,600	–	–
Lease liabilities	14.0%	8,172	10,343	2,682	7,661	–
Payables						
Interest rate swaps	6.2%	1,024	953	953	–	–
Payables	–	1,165,407	1,165,407	1,157,877	7,530	–
31 December 2009						
Parent entity						
Interest bearing liabilities						
Bank loans	**4.2%**	**125,000**	**125,197**	**75,055**	**50,142**	**–**
US notes	**10.1%**	**305,815**	**437,240**	**26,401**	**252,986**	**157,853**
Hedge payable	**10.1%**	**68,200**	**92,598**	**6,719**	**69,512**	**16,367**
Payables	**–**	**367,178**	**367,178**	**367,178**	**–**	**–**
31 December 2008						
Parent entity						
Interest bearing liabilities						
Bank loans	4.9%	600,000	672,402	21,155	651,247	–
US notes	9.9%	231,172	276,110	133,163	142,947	–
Hedge payable	9.9%	24,390	28,600	28,600	–	–
Payables	–	434,461	434,461	434,461	–	–

17. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2009, the Group's strategy was to maintain a minimum long term credit rating of BBB+, in order to secure access to finance at a reasonable cost. The credit rating is impacted by both funds flow from operations and the gearing ratio.

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing liabilities less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

The gearing ratios at 31 December 2009 and 31 December 2008 were as follows:

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
Total interest bearing liabilities	**509,407**	863,734	**499,015**	855,562
Less: cash and cash equivalents	**(22,356)**	(31,703)	**–**	–
Net debt	**487,051**	832,031	**499,015**	855,562
Total equity	**2,925,262**	2,601,963	**764,867**	786,126
Total capital	**3,412,313**	3,433,994	**1,263,882**	1,641,688
Gearing ratio	**14.3%**	24.2%	**39.5%**	52.1%

(g) Net fair values of financial assets and liabilities

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

	ASSET/(LIABILITY)		ASSET/(LIABILITY)	
Thousands of dollars	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Consolidated				
Receivables	**773,761**	**773,761**	833,691	833,691
Cash and cash equivalents	**22,356**	**22,356**	31,703	31,703
Other investments	**15**	**15**	15	15
Interest bearing liabilities				
Bank loans	**(125,000)**	**(125,000)**	(600,000)	(600,000)
US notes	**(305,815)**	**(319,740)**	(231,172)	(237,626)
Cross currency swaps	**(68,200)**	**(68,200)**	(24,390)	(24,390)
Lease liabilities	**(10,392)**	**(10,225)**	(8,172)	(8,812)
Payables				
Interest rate swaps	**1,175**	**1,175**	(1,024)	(1,024)
Payables	**(1,192,939)**	**(1,192,939)**	(1,165,407)	(1,165,407)
	(905,039)	**(918,797)**	(1,164,756)	(1,171,850)
Parent entity				
Receivables	**424,015**	**424,015**	713,415	713,415
Other investments	**1,226,375**	**1,226,375**	1,226,375	1,226,375
Interest bearing liabilities				
Bank loans	**(125,000)**	**(125,000)**	(600,000)	(600,000)
US notes	**(305,815)**	**(319,740)**	(231,172)	(237,626)
Cross currency swaps	**(68,200)**	**(68,200)**	(24,390)	(24,390)
Payables	**(367,178)**	**(367,178)**	(434,461)	(434,461)
	784,197	**770,272**	649,767	643,313

ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Derivatives

The fair value of cross currency swaps and interest rate swaps is determined as the present value of future contracted cash flows. Cash flows are discounted using standard valuation techniques at the applicable market yield, having regard to the timing of the cash flows. These valuation techniques use inputs other than quoted prices included within a Level 1 hierarchy – that is, they are not priced off identically traded assets or liabilities as these derivatives have been transacted over the counter with banks. This means all derivatives are categorised as a Level 2 hierarchy.

Interest bearing loans and borrowings

Cash flows are discounted using standard valuation techniques at the applicable market yield, having regard to the timing of cash flows.

Lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at the rate implicit in the lease agreement.

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.

Interest rates used for determining fair value

Caltex used the government bond rate as of 31 December 2009 plus an adequate constant credit spread to discount financial instruments. The annual interest rates used are as follows:

	2009	2008
Bank loans	**7%**	7%
Lease liabilities	**7%**	7%
Receivables	**4–5%**	4–5%
Payables	**3–5%**	2–4%

		CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	Note	2009	2008	2009	2008
18. EMPLOYEE BENEFITS					
(a) Liability for employee benefits					
Current					
Liability for annual leave		**31,243**	22,908	–	–
Liability for long service leave		**4,481**	1,645	–	–
Liability for termination benefits		**16,264**	893	–	–
Bonus accrued		**30,000**	17,821	–	–
		81,988	43,267	–	–
Non-current					
Liability for long service leave		**49,852**	60,533	–	–
Defined benefit superannuation obligation		**43,381**	92,733	–	–
Liability for termination benefits		**18,000**	–	–	–
		111,233	153,266	–	–
Total liability for employee benefits	15	**193,221**	196,533	–	–

(b) Superannuation commitments

The Group contributes to superannuation plans to provide benefits to employees and their dependants upon retirement, disability or death. Employer contributions (where applicable) are based on a percentage of salary.

The employer is committed to contributing to the plans as prescribed by the relevant trust deeds and relevant legislation.

18. EMPLOYEE BENEFITS (CONTINUED)

(b) Superannuation commitments (continued)

CALTEX AUSTRALIA SUPERANNUATION PLAN – DEFINED BENEFIT DIVISION

The Caltex Australia Superannuation Plan – Defined Benefit Division is predominantly a defined benefit plan, but it also includes the retirement account, which is a defined contribution payable by the Group.

Information from the most recent actuarial valuation for the defined benefit plan at 31 December 2009 follows:

	CONSOLIDATED	
Thousands of dollars	2009	2008
Movements in the net liability for defined benefit obligation recognised in the balance sheet		
Net liability/(asset) for defined benefit obligation at the beginning of the year	**89,611**	(8,706)
Expense recognised in the income statement	**4,424**	2,913
Actuarial (gains)/losses recognised in retained earnings	**(26,907)**	103,657
Employer contributions	**(23,747)**	(8,253)
Net liability for defined benefit obligation at the end of the year	**43,381**	89,611
Reconciliation of the present value of the defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	**226,686**	186,516
Current service cost	**9,049**	6,551
Interest cost	**6,579**	9,173
Contributions by plan participants	**2,419**	2,531
Actuarial (gains)/losses recognised in retained earnings	**(16,735)**	37,790
Benefits paid	**(20,834)**	(15,875)
Curtailments	**(2,438)**	–
Present value of defined benefit obligation at the end of the year	**204,726**	226,686
Reconciliation of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	**137,075**	195,222
Expected return on plan assets	**8,766**	12,811
Actuarial gains/(losses) recognised in retained earnings	**10,172**	(65,867)
Employer contributions	**23,747**	8,253
Contributions by plan participants	**2,419**	2,531
Benefits paid	**(20,834)**	(15,875)
Fair value of plan assets at the end of the year	**161,345**	137,075
Reconciliation of the net liability recognised in the balance sheet		
Defined benefit obligation	**204,726**	226,686
Fair value of plan assets	**(161,345)**	(137,075)
Net liability	**43,381**	89,611
Expense recognised in the income statement		
The expense is recognised in Refining and Supply expenses, Marketing expenses, and Other expenses in the income statement.		
Service cost	**9,049**	6,551
Interest cost	**6,579**	9,173
Expected return on assets	**(8,766)**	(12,811)
Effect of curtailments/settlements	**(2,438)**	–
Superannuation expense	**4,424**	2,913
Amounts recognised in equity		
Actuarial gains/(losses)	**26,907**	(103,657)
Cumulative actuarial losses	**41,536**	71,965

	2009	2008
Plan assets		
The percentage invested in each asset class at the balance sheet date was:		
Australian equity	**31%**	31%
International equity	**27%**	30%
Fixed income	**16%**	27%
Alternatives/Other	**14%**	–
Property	**8%**	7%
Cash	**4%**	5%

The fair value of plan assets includes no amounts relating to any of the company's own financial instruments, and any property occupied by, or other assets used by, the company.

The expected return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class. The returns used for each asset class are net of investment tax and investment fees.

	CONSOLIDATED	
Thousands of dollars	2009	2008
Actual return on plan assets gain/(loss)	**18,938**	(53,056)
Principal actuarial assumptions at the balance sheet date (% p.a.)		
Discount rate (active members)	**5%**	3%
Discount rate (pensioners)	**5%**	4%
Expected rate of return on plan assets (active members)	**7%**	7%
Expected rate of return on plan assets (pensioners)	**8%**	8%
Expected salary increase rate	4%	4%

Thousands of dollars	2009	2008	2007
Historical information			
Present value of defined benefit obligation	**204,726**	226,686	186,516
Fair value of plan assets	**161,345**	137,075	195,222
Deficit/(surplus) in plan	**43,381**	89,611	(8,706)
Experience adjustments on plan assets – gain/(loss)	**10,376**	(65,867)	1,581
Experience adjustments on plan liabilities – gain/(loss)	**4,839**	(16,874)	(5,376)

Expected employer contributions for the reporting year to 31 December 2010 are $29,816,000.

CALTEX AUSTRALIA SUPERANNUATION PLAN – ACCUMULATION DIVISION

As this is a defined contribution plan, no actuarial review has been performed on this plan. The plan benefits to members are as described in the trust deed. Funds are available to satisfy all vested benefits in the event of termination of the fund or the voluntary or compulsory termination of employment of each employee of the participating employers.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
Employer contributions to the plan during the year	**13,398**	12,653	–	–

19. COMMITMENTS

(a) Capital expenditure

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Capital expenditure contracted but not provided for in the financial report and payable:				
Within one year	**16,758**	57,130	–	–
	16,758	57,130	–	–

(b) Leases

FINANCE LEASES

Thousands of dollars	31 DECEMBER 2009 Minimum lease payments	31 DECEMBER 2009 Interest	31 DECEMBER 2009 Principal	31 DECEMBER 2008 Minimum lease payments	31 DECEMBER 2008 Interest	31 DECEMBER 2008 Principal
Consolidated						
Within one year	**4,030**	**596**	**3,434**	2,681	900	1,781
Between one and five years	**7,568**	**610**	**6,958**	7,757	1,366	6,391
After five years	–	–	–	–	–	–
	11,598	**1,206**	**10,392**	10,438	2,266	8,172

The Caltex Australia Group leases production plant and equipment under finance leases expiring from one to five years. At the end of the lease term, the Group has the option of extending the leases for a further five year period. Some leases involve lease payments comprising a base amount plus an incremental rental. Contingent rentals are based on operating performance criteria. No contingent rentals were paid during the year (2008: $2,019,000).

Parent entity

The company has no finance leases.

OPERATING LEASES

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Non-cancellable operating leases – Group as lessee				
Future minimum rentals payable:				
Within one year	**83,468**	88,413	–	–
Between one and five years	**187,073**	240,573	–	–
After five years	**51,869**	60,235	–	–
	322,410	389,221	–	–

The Group leases property under operating leases expiring from one to 20 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments consist mainly of a base amount; however, in a few cases, they include a base amount and incremental contingent rental. Contingent rentals are based on operating performance criteria.

No contingent rentals were paid during the year (2008: nil).

The expense recognised in the income statement during the year in respect of operating leases is $99,129,000 (2008: $89,531,000).

There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease.

Parent entity

The company has no operating leases as lessee.

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Non-cancellable operating leases – Group as lessor				
Future minimum rentals receivable:				
Within one year	**28,293**	25,972	–	–
Between one and five years	**78,554**	79,527	–	–
After five years	**23,962**	61,746	–	–
	130,809	167,245	–	–

The Group leases property under operating leases expiring from one to 14 years.

Some of the leased properties have been sublet by the Group. The lease and sublease expire between 2009 and 2021.

Note 2 shows the rental income recognised in the income statement in respect of operating leases.

Parent entity

The company has no operating leases as lessor.

20. CONTINGENT ASSETS AND LIABILITIES

The details and estimated maximum amounts of contingent assets and 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 assets and liabilities will crystallise and consequently no provisions are included in the financial report in respect of these matters.

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
(a) Contingent assets – legal and other claims	–	–	–	–

In the ordinary course of business, the Group is involved as a plaintiff 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.

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
(b) Contingent liabilities – legal and other claims	–	315	–	–

In the ordinary course of business, the Group 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.

(c) Bank guarantees

Caltex Australia Limited has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of $31,856,351 (2008: $1,853,942).

(d) Deed of Cross Guarantee and Class Order relief

Note 22(a) lists the companies in the Caltex Australia Group that are parties to a Deed of Cross Guarantee dated 22 December 1992 with Caltex Australia Limited and each other (these companies are notated with (iii)).

As parties to the Deed of Cross Guarantee, and by virtue of ASIC Class Order CO 98/1418, these companies are relieved from complying with certain requirements of the *Corporations Act 2001*. Under the Deed of Cross Guarantee, each company agrees to guarantee all of the debts (in full) of all companies that are parties to the deed subject to, and in accordance with, the terms set out in the deed.

No companies have been added to the Deed of Cross Guarantee during the year ended 31 December 2009 or since 1 January 2010.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
21. AUDITOR'S REMUNERATION				
Audit services – KPMG Australia	**740**	1,048	–	–
Non-audit services – KPMG Australia:				
Emissions-intensive trade-exposed assistance program submission (CPRS)	**237**	–	–	–
Transaction services	**40**	–	–	–
Other assurance services	**98**	43	–	–
Taxation services	**38**	59	–	–
	413	102	–	–

22. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

		% INTEREST	
	Note	2009	2008
(a) Name			
Companies			
Ampol Bendigo Pty Ltd	(iii)	**100**	100
Ampol Property (Holdings) Pty Ltd	(iii)	**100**	100
Ampol Refineries (Matraville) Pty Ltd		**100**	100
Ampol Road Pantry Pty Ltd		**100**	100
Australian Petroleum Marine Pty Ltd	(iii)	**100**	100
B & S Distributors Pty Ltd	(ii)	**50**	50
Bowen Petroleum Services Pty Ltd		**100**	100
Brisbane Airport Fuel Services Pty Ltd	(v)	**100**	100
Calstores Pty Ltd	(iii), (v)	**100**	100
Caltex Australia Custodians Pty Ltd		**100**	100
Caltex Australia Finance Pty Ltd	(iv)	**100**	100
Caltex Australia Investments Pty Ltd	(iv)	**100**	100
Caltex Australia Management Pty Ltd		**100**	100
Caltex Australia Nominees Pty Ltd		**100**	100
Caltex Australia Petroleum Pty Ltd	(iii), (v)	**100**	100
Caltex Fuel Services Pty Ltd	(iii)	**100**	100
Caltex Lubricating Oil Refinery Pty Ltd	(iii), (v)	**100**	100
Caltex Petroleum (Qld) Pty Ltd	(iii)	**100**	100
Caltex Petroleum (Victoria) Pty Ltd	(iii)	**100**	100
Caltex Petroleum Pty Ltd	(iii)	**100**	100
Caltex Petroleum Services Pty Ltd	(iii), (v)	**100**	100
Caltex Refineries (NSW) Pty Ltd	(iii), (v)	**100**	100
Caltex Refineries (Qld) Pty Ltd	(iii), (v)	**100**	100
Circle Petroleum (Q'land) Pty Ltd		**100**	100
Cocks Petroleum Pty Ltd	(vi)	**100**	100
Cooper & Dysart Pty Ltd		**100**	100
Hanietee Pty Ltd	(iii)	**100**	100
Hunter Pipe Line Company Pty Ltd	(iii)	**100**	100
Jayvee Petroleum Pty Ltd		**100**	100
Jet Fuels Petroleum Distributors Pty Ltd	(iii)	**100**	100
Kanegood Pty Ltd		**100**	100
Link Energy Pty Ltd	(x), (v)	**100**	50
Manworth Pty Ltd		**100**	100

	Note	% INTEREST 2009	2008
Newcastle Pipe Line Company Pty Ltd	(iii)	**100**	100
Northern Marketing Management Pty Ltd		**100**	100
Northern Marketing Pty Ltd	(iii)	**100**	100
Pilbara Fuels Pty Ltd	(x)	**100**	–
R & T Lubricants Pty Ltd	(iii)	**100**	100
Ruzack Nominees Pty Ltd		**100**	100
Solo Oil Australia Pty Ltd		**100**	100
Solo Oil Corporation Pty Ltd		**100**	100
Solo Oil Investments Pty Ltd	(iii)	**100**	100
Solo Oil Pty Ltd	(iii)	**100**	100
South Coast Oils Pty Ltd		**100**	100
South East Queensland Fuels Pty Ltd		**100**	100
Sydney Metropolitan Pipeline Pty Ltd	(ii)	**60**	60
Teraco Pty Ltd	(ii)	**50**	50
Travelmate.com.au Pty Ltd	(iv)	**100**	100
Tulloch Petroleum Services Pty Ltd	(iii)	**100**	100
Western Fuel Distributors Pty Ltd	(ii)	**50**	50
Wildbank Pty Ltd		**100**	100
Unit trusts			
Eden Equity Unit Trust	(vi), (ix)	**100**	100
Petroleum Leasing Unit Trust	(vii)	**100**	100
Petroleum Properties Unit Trust	(vii)	**100**	100
South East Queensland Fuels Unit Trust	(viii)	**100**	100

i. All companies were incorporated in Australia. The unit trusts were formed in Australia.

ii. These entities have been included as controlled entities in accordance with AASB 127 Consolidated and Separate Financial Statements. In each case, control exists because a company within the Caltex Australia Group has the ability to dominate the composition of the entity's board of directors, or enjoys the majority of the benefits and is exposed to the majority of the risks of the entity.

iii. These companies are parties to a Deed of Cross Guarantee dated 22 December 1992 with Caltex Australia Limited and each other. As parties to the Deed of Cross Guarantee, and by virtue of ASIC Class Order CO 98/1418, these companies are relieved from complying with certain requirements of the *Corporations Act 2001*. Under the Deed of Cross Guarantee, each company agrees to guarantee all of the debts (in full) of all companies that are parties to the deed subject to, and in accordance with, the terms set out in the deed. No companies have been added to the Deed of Cross Guarantee during the year ended 31 December 2009 or since 1 January 2010.

iv. These companies entered into a Revocation Deed dated 8 November 2007 and were released from the Deed of Cross Guarantee with effect from 14 May 2008.

v. These companies were "employer" companies in the Caltex Australia Group during 2009. Employees of these companies were eligible to participate in the Caltex Australia Limited employee share plans in 2009.

vi. These entities became wholly owned entities on 13 October 2008. Caltex did not previously have an interest in these entities.

vii. Solo Oil Pty Ltd is the sole unitholder of these trusts.

viii. Caltex Australia Petroleum Pty Ltd and Caltex Petroleum Services Pty Ltd each own half of the units in this trust.

ix. Caltex Petroleum Services Pty Ltd is the sole unitholder of this trust.

x. On 5 May 2009, the Group acquired the remaining 50% interest in Link Energy Pty Ltd (and Jenessa Holdings Pty Ltd, as a subsidiary of Link Energy 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.

22. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (CONTINUED)

(b) Income statement for entities covered by the Deed of Cross Guarantee

Thousands of dollars	2009	2008
Profit before income tax expense	**423,950**	38,937
Income tax expense	**(136,142)**	(10,533)
Net profit	**287,808**	28,404
Retained earnings at the beginning of the year	**2,035,477**	2,255,214
Movement in reserves	**36,910**	(74,494)
Dividends provided for or paid	**–**	(186,300)
Retained earnings at the end of the year	**2,360,195**	2,022,824

(c) Balance sheet for entities covered by the Deed of Cross Guarantee

Current assets		
Cash and cash equivalents	**7,936**	14,037
Receivables	**567,141**	695,852
Inventories	**1,202,448**	1,035,143
Current tax asset	**1,233**	135,108
Other	**31,607**	19,146
Total current assets	**1,810,365**	1,899,286
Non-current assets		
Receivables	**33,238**	25,504
Investments accounted for using the equity method	**34,541**	24,828
Other investments	**15**	15
Property, plant and equipment	**2,734,787**	2,705,316
Intangibles	**68,943**	66,752
Deferred tax assets	**15,465**	–
Other	**86,577**	97,876
Total non-current assets	**2,973,566**	2,920,291
Total assets	**4,783,931**	4,819,577
Current liabilities		
Payables	**1,058,271**	1,103,451
Interest bearing liabilities	**78,258**	143,756
Current tax liabilities	**26,063**	–
Provisions	**157,096**	71,670
Total current liabilities	**1,319,688**	1,318,877
Non-current liabilities		
Interest bearing liabilities	**431,272**	717,998
Deferred tax liabilities	**–**	14,012
Provisions	**140,985**	201,324
Total non-current liabilities	**572,257**	933,334
Total liabilities	**1,891,945**	2,252,211
Net assets	**2,891,986**	2,567,366
Equity		
Issued capital	**542,415**	543,415
Treasury stock	**(1,756)**	(1,959)
Reserves	**(8,868)**	3,086
Retained earnings	**2,360,195**	2,022,824
Total equity	**2,891,986**	2,567,366

	% INTEREST 2009	% INTEREST 2008	Balance date
23. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD			
(a) Investments in associates and joint ventures			
Airport Fuel Services Pty Ltd	**40**	40	31 December
Australasian Lubricants Manufacturing Company Pty Ltd	**50**	50	31 December
Cairns Airport Refuelling Service Pty Ltd	**25**	25	31 December
Geraldton Fuel Company Pty Limited	**50**	50	31 December
South Coast Fuels Pty Ltd	**50**	50	31 December
Vitalgas Pty Ltd	**50**	50	31 December

All above companies are incorporated in Australia.

These entities are principally concerned with the sale, marketing and/or distribution of fuel products.

(b) Investments in associates

Thousands of dollars	Revenue (100%)	Profit (100%)	Share of associates' net profit recognised	Total assets (100%)	Total liabilities (100%)	Net assets as reported by associates (100%)	Share of associates' net assets equity accounted
2009	**123,999**	**3,297**	**1,395**	**18,755**	**12,117**	**6,638**	**3,821**
2008	311,113	4,993	1,564	47,193	31,721	15,473	8,518

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Results of associates				
Share of associates' profit before income tax expense	**1,964**	2,259	–	–
Share of associates' income tax expense	**(589)**	(678)	–	–
Share of associates' net profit	**1,375**	1,581	–	–
Unrealised profit in inventories	**20**	(17)	–	–
Share of associates' net profit – equity accounted	**1,395**	1,564	–	–
Commitments				
Share of associates' capital expenditure contracted but not provided for in the financial report and payable:				
Within one year	–	–	–	–
Share of associates' operating lease commitments not provided for in the financial report and payable:				
Within one year	**122**	11	–	–
Between one and five years	**609**	46	–	–
	731	57	–	–
Share of associates' finance lease commitments not provided for in the financial report and payable:				
Within one year	**531**	1,243	–	–
Between one and five years	**1,463**	7,469	–	–
	1,994	8,712	–	–
Future finance charges	**(239)**	(1,124)	–	–
	1,755	7,588	–	–

23. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(c) Investments in joint ventures

Thousands of dollars	Revenue (100%)	Profit/(loss) (100%)	Share of joint ventures' net profit/(loss) recognised	Total assets (100%)	Total liabilities (100%)	Net assets/ liabilities as reported by joint ventures (100%)	Share of joint ventures' net assets equity accounted
2009	**570,436**	**2,926**	**2,401**	**1,019,451**	**1,014,986**	**4,465**	**17,762**
2008	568,573	2,669	(567)	877,449	870,842	6,607	16,310

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
Results of joint ventures				
Share of joint ventures' profit before income tax expense	**2,099**	423	–	–
Share of joint ventures' income tax expense	**(630)**	(46)	–	–
Share of joint ventures' net profit	**1,469**	377	–	–
Unrealised profit in inventories	**932**	(944)	–	–
Share of joint ventures' net profit – equity accounted	**2,401**	(567)	–	–
Commitments				
Share of joint ventures' capital expenditure contracted but not provided for in the financial report and payable:				
Within one year	–	–	–	–
Share of joint ventures' operating lease commitments not provided for in the financial report and payable:				
Within one year	**462**	1,504	–	–
Between one and five years	**541**	1,073	–	–
	1,003	2,577	–	–
Reconciliation to income statement				
Share of net profit of associates accounted for using the equity method	**1,395**	1,564	–	–
Share of net profit/(loss) of joint ventures accounted for using the equity method	**2,401**	(567)	–	–
	3,796	997	–	–

24. INTEREST IN JOINT VENTURE OPERATIONS

The Group has joint interests in multiple Joint User Hydrant Installations (JUHIs), which are based at airports across Australia. The principal activity of the JUHIs is refuelling aircraft at the airports. For the year ended 31 December 2009, the contribution of the JUHIs to the operating profit of the Group was nil (2008: nil), and of the parent entity was nil (2008: nil). Included in the assets and liabilities of the Group are the Group's interests in the assets and liabilities employed in the joint venture operation:

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
Non-current assets				
Plant and equipment expenditure	**35,174**	34,373	–	–
Less: accumulated amortisation	**(18,637)**	(22,391)	–	–
Total non-current assets	**16,537**	11,982	–	–
Total assets	**16,537**	11,982	–	–

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008

25. NOTES TO THE CASH FLOW STATEMENTS

(a) Reconciliation of cash and cash equivalents

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
For the purposes of the cash flow statements, cash and cash equivalents includes:				
Cash at bank	**22,356**	31,703	–	–
Total cash and cash equivalents	**22,356**	31,703	–	–

(b) Reconciliation of net profit to net operating cash flows

Thousands of dollars	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Net profit	**314,760**	33,181	**(10,223)**	185,286
Adjustments for:				
Loss on divestment of non-current assets	**31,591**	27,798	–	–
Impairment of fixed assets	**102,021**	–	–	–
Impairment of goodwill	**5,000**	–	–	–
Finance charges on finance leases	**79**	2,019	–	–
Interest paid capitalised	**(15,489)**	(19,541)	–	–
Fair value adjustment on financial instruments	**(137)**	479	**891**	479
Depreciation of property, plant and equipment	**189,291**	168,394	–	–
Amortisation of intangibles	**7,349**	8,575	–	–
Write-down of inventory to net realisable value	–	64,863	–	–
Treasury stock movements net of expense	**(290)**	1,586	**(290)**	1,586
Share of associates' and joint ventures' net profit	**(3,796)**	(726)	–	–
Movements in assets and liabilities:				
(Increase)/decrease in receivables	**71,034**	317,221	**290,289**	(156,894)
(Increase)/decrease in inventories	**(162,794)**	443,809	–	–
(Increase)/decrease in other current assets	**(17,514)**	18,826	**(652)**	(648)
Increase/(decrease) in payables	**13,693**	(476,459)	**(436,357)**	368,261
Increase/(decrease) in current tax liabilities	**161,085**	(211,859)	**26,106**	(211,991)
Increase/(decrease) in deferred tax liabilities	**(34,544)**	15,812	**130,236**	217
Increase/(decrease) in provisions	**13,813**	(13,768)	–	(243)
Net operating cash inflows	**675,152**	380,210	–	186,053

26. BUSINESS COMBINATIONS

2009

(a) Link Energy Pty Limited and Pilbara Fuels Pty Limited

On 5 May 2009, the Group acquired the remaining 50% of Link Energy Pty Limited for a total acquisition cost of $7,191,000, plus incidental acquisition costs of $303,000. The remaining 50% was acquired through a direct 25% interest in Link Energy Pty Limited for $3,655,000 satisfied in cash, and 100% interest in Pilbara Fuels Pty Limited for $3,536,000 satisfied in cash. Pilbara Fuels Pty Limited holds a 25% interest in Link Energy Pty Limited. Link Energy Pty Limited distributes and markets petroleum. In the eight months to 31 December 2009, the subsidiary contributed a net profit of $1,538,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2009, the Group estimates that gross sales revenue would have been $2,826,000 greater and net profit would have been $501,000 greater.

26. BUSINESS COMBINATIONS (CONTINUED)

2009 (continued)

(a) Link Energy Pty Limited and Pilbara Fuels Pty Limited (continued)

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

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Cash and cash equivalents	1,788	–	1,788
Receivables	11,105	–	11,105
Inventories	2,130	–	2,130
Other current assets	1,198	–	1,198
Property, plant and equipment	12,198	–	12,198
Goodwill	2,030	(2,030)	–
Payables	(18,617)	–	(18,617)
Net identifiable assets and liabilities	11,832	(2,030)	9,802
Net assets acquired – remaining interest			3,858
Goodwill on acquisition			3,636
Consideration paid, satisfied in cash			7,494
Cash acquired			(1,788)
Net cash outflow			(5,706)

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

Goodwill on acquisition of the business of Link Energy Pty Limited and Pilbara Fuels Pty Limited has arisen because of future business synergies that did not meet the criteria for recognition as a separately identifiable asset at the date of acquisition.

Goodwill within Link Energy Pty Limited and Pilbara Fuels Pty Limited was unable to be recognised as a separate intangible asset under AASB 3.

2008

(a) Cocks Petroleum Pty Limited

On 13 October 2008, the Group acquired 100% of Cocks Petroleum Pty Limited and the units in the Eden Equity Trust, of which Cocks Petroleum Pty Limited is the Trustee. Cocks Petroleum Pty Limited was purchased for an acquisition cost of $0, plus incidental acquisition costs of $33,000. The company distributes petroleum. In the two and a half months to 31 December 2008, the subsidiary contributed net profit of $nil to the consolidated net profit for the year.

If the acquisition had occurred on 1 January 2008, the Group estimates that gross sales revenue would have been $41,071,000 greater and net profit would have been $564,000 greater.

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

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Cash and cash equivalents	351	–	351
Receivables	3,319	–	3,319
Inventories	649	–	649
Other current assets	16	–	16
Land	2,965	–	2,965
Property, plant and equipment	484	–	484
Other non-current assets	148	–	148
Goodwill	514	(514)	–
Payables	(3,381)	–	(3,381)
Bank bills	(4,450)	–	(4,450)
Net identifiable assets and liabilities	615	(514)	101
Discount on acquisition			(68)
Consideration paid, satisfied in cash			33
Cash acquired			(351)
Net cash inflow			318

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

A discount on acquisition of the business of Cocks Petroleum Pty Limited has arisen as there is an excess in the net fair values of identifiable assets and liabilities.

Goodwill within Cocks Petroleum Pty Limited was unable to be recognised as a separate intangible asset under AASB 3.

(b) South Coast Retail Pty Limited

On 13 October 2008, Cocks Petroleum Pty Limited, a subsidiary of the Group, acquired the assets and liabilities of South Coast Retail Pty Limited for nil value, plus incidental acquisition costs of $39,000.

The business operates retail service stations. In the two and a half months to 31 December 2008, the business contributed net profit of $31,958 to the subsidiary's (Cocks Petroleum Pty Limited) net profit for the year. If the acquisition had occurred on 1 January 2008, the Group estimates that gross sales revenue would have been $12,678,000 greater and net profit would have been $153,600 greater.

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

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Cash and cash equivalents	(35)	–	(35)
Receivables	337	–	337
Inventories	605	–	605
Other current assets	2	–	2
Property, plant and equipment	139	–	139
Goodwill	265	(265)	–
Payables	(1,464)	–	(1,464)
Other non-current liabilities	(110)	–	(110)
Net identifiable assets and liabilities	(261)	(265)	(526)
Goodwill on acquisition			565
Consideration paid, satisfied in cash			39
Cash acquired			35
Net cash outflow			(74)

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

Goodwill on acquisition of the business of South Coast Retail Pty Limited has arisen because of future business synergies that did not meet the criteria for recognition as a separately identifiable intangible asset at the date of acquisition.

Goodwill within South Coast Retail Pty Limited was unable to be recognised as a separate intangible asset under AASB 3.

(c) Malcolm Slater Pty Limited

On 15 December 2008, the Group acquired the assets and hire purchase liabilities of Malcolm Slater Pty Limited for an acquisition cost of $1,300,000. The company distributes petroleum. In the half month to 31 December 2008, the subsidiary contributed net profit of $14,860 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2008, the Group estimates that gross sales revenue would have been $21,016,000 greater and net profit would have been $339,000 greater.

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

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Property, plant and equipment	1,281	–	1,281
Hire purchase liabilities	(529)	–	(529)
Net identifiable assets and liabilities	752	–	752
Goodwill on acquisition			548
Consideration paid, satisfied in cash			1,300
Net cash outflow			(1,300)

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

Goodwill has arisen on acquisition of the business assets and hire purchase liabilities of Malcolm Slater Pty Limited because of future business synergies that did not meet the criteria for recognition as a separately identifiable intangible asset at the date of acquisition.

26. BUSINESS COMBINATIONS (CONTINUED)

(d) Wonfair Pty Limited

On 15 December 2008, the Group acquired the assets and hire purchase liabilities of Wonfair Pty Limited for an acquisition cost of $400,000. The company distributes petroleum. In the half month to 31 December 2008, the subsidiary contributed net profit of $1,607 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2008, the Group estimates that gross sales revenue would have been $21,674,000 greater and net profit would have been $33,660 greater.

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

Thousands of dollars	Original values	Fair value adjustments	Recognised values
Property, plant and equipment	407	–	407
Hire purchase liabilities	(203)	–	(203)
Net identifiable assets and liabilities	204	–	204
Goodwill on acquisition			196
Consideration paid, satisfied in cash			400
Net cash outflow			(400)

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

Goodwill has arisen on acquisition of the business assets and hire purchase liabilities of Wonfair Pty Limited because of future business synergies that did not meet the criteria for recognition as a separately identifiable intangible asset at the date of acquisition.

	CONSOLIDATED		PARENT ENTITY	
Thousands of dollars	2009	2008	2009	2008
27. FINANCING ARRANGEMENTS				
The Caltex Australia Group has access to the following lines of credit:				
Total facilities available:				
Bank overdrafts	**30,000**	30,000	–	–
Bank loans and capital markets	**1,625,505**	1,505,562	**1,625,505**	1,505,562
	1,655,505	1,535,562	**1,625,505**	1,505,562
Facilities utilised at balance date:				
Bank overdrafts	**1,140**	21,165	–	–
Bank loans and capital markets	**500,505**	855,562	**500,505**	855,562
	501,645	876,727	**500,505**	855,562
Facilities not utilised at balance date:				
Bank overdrafts	**28,860**	8,835	–	–
Bank loans and capital markets	**1,125,000**	650,000	**1,125,000**	650,000
	1,153,860	658,835	**1,125,000**	650,000

These facilities are unsecured and have an average maturity of 2.7 years (2008: 2.7 years).

28. RELATED PARTY INFORMATION

(a) Key management personnel

The key management personnel of the Caltex Australia Group during 2009 and 2008 were:

(I) DIRECTORS OF CALTEX AUSTRALIA LIMITED DURING 2009 AND 2008

Current directors

Ms Elizabeth Bryan, Chairman & Non-Executive Director
Mr Julian Segal, Managing Director & CEO (joined Caltex on 1 June 2009; appointed as Managing Director & CEO from 1 July 2009)
Mr Trevor Bourne, Non-Executive Director
Mr Brant Fish, Non-Executive Director
Mr Greig Gailey, Non-Executive Director
Ms Colleen Jones-Cervantes, Non-Executive Director (from 1 June 2008; previously an Alternate Director to 31 May 2008)
Mr Robert Otteson, Non-Executive Director (from 17 July 2009)
Mr John Thorn, Non-Executive Director
Mr Walter Szopiak, Alternate Director (from 17 April 2009)

Former directors

Mr Desmond King, Managing Director & CEO (to 30 June 2009)
Mr Peter Wissel, Alternate Director (to 30 June 2009)

(II) BUSINESS MANAGERS

Current business managers

Helen Conway, General Manager – Office of the CEO, Company Secretary and General Counsel (appointed 4 July 2008) formerly Company Secretary and General Counsel (to 3 July 2008)
Simon Hepworth, Chief Financial Officer
Kenneth James, General Manager – Supply and Distribution (acting from 3 November 2008, appointed 1 April 2009)
Mike McMenamin, Group Manager – Strategy, Planning and Development (appointed 1 April 2008), formerly Acting General Manager – Marketing (to 31 March 2008)
Gary Smith, General Manager – Refining (appointed 4 August 2009)
Andy Walz, General Manager – Marketing (appointed 1 April 2008)
Simon Willshire, Group Manager – Human Resources

Former business managers

Richard Beattie, Group Manager – Policy, Public and Government Affairs (resigned 4 July 2008)
Andrew Brewer, Acting Group Manager – Strategy and Planning (seconded to Chevron on 1 April 2008)
Alex Strang, General Manager – Supply and Distribution (passed away 17 December 2008)
Brian Waywell, General Manager – Refining (resigned 30 November 2008)
Peter Wilkinson, Group Manager – Operational Excellence and Risk (resigned 23 October 2009)

(b) Key management personnel compensation

	CONSOLIDATED		PARENT ENTITY	
Dollars	2009	2008	2009	2008
Short term benefits	**9,936,127**	8,628,906	**9,936,127**	8,628,906
Other long term benefits	**616,292**	1,411,536	**616,292**	1,411,536
Post-employment benefits	**595,241**	668,177	**595,241**	668,177
Share based payments	**1,086,065**	1,063,153	**1,086,065**	1,063,153
	12,233,725	11,771,772	**12,233,725**	11,771,772

Information regarding individuals' and executives' compensation and some equity instruments disclosures is provided in the remuneration report section of the Directors' Report on pages 28 to 45.

28. RELATED PARTY INFORMATION (CONTINUED)

(c) Shareholdings of key management personnel

The movement during the reporting period in the number of shares of Caltex Australia Limited held, directly, indirectly or beneficially, by each key management personnel, including their personally related entities, is as follows:

31 December 2009	Held at 31 Dec 2008	Purchased	Vested	Sold	Held at 31 Dec 2009
Directors					
Elizabeth Bryan	9,238	5,708	–	–	14,946
Julian Segal	–	–	–	–	–
Trevor Bourne	5,395	–	–	–	5,395
Brant Fish	–	–	–	–	–
Greig Gailey	–	–	–	–	–
Colleen Jones-Cervantes	–	–	–	–	–
Robert Otteson	–	–	–	–	–
John Thorn	1,510	–	–	–	1,510
Walter Szopiak	–	–	–	–	–
Desmond King	1,000	–	–	(1,000)	–
Peter Wissel	1,000	–	–	(1,000)	–
Senior executives					
Helen Conway	50,873	–	7,403	–	58,276
Simon Hepworth	22,975	–	8,143	–	31,118
Kenneth James	2,752	–	2,932	–	5,684
Mike McMenamin	11,059	–	4,696	–	15,755
Gary Smith	–	–	–	–	–
Andy Walz	–	–	–	–	–
Peter Wilkinson	6,053	–	3,402	–	9,455
Simon Willshire	4,838	–	4,155	–	8,993

31 December 2008	Held at 31 Dec 2007	Purchased	Vested	Sold	Held at 31 Dec 2008
Directors					
Elizabeth Bryan	5,000	4,238	–	–	9,238
Desmond King	1,000	–	–	–	1,000
Trevor Bourne	4,407	988	–	–	5,395
Brant Fish	–	–	–	–	–
Greig Gailey	–	–	–	–	–
Colleen Jones-Cervantes	–	–	–	–	–
John Thorn	1,510	–	–	–	1,510
Peter Wissel	1,000	–	–	–	1,000
Richard Warburton	13,519	–	–	–	13,519
Senior executives					
Richard Beattie	9,441	–	15,105	–	24,546
Andrew Brewer	8,983	–	3,782	–	12,765
Helen Conway	40,176	–	10,697	–	50,873
Simon Hepworth	9,618	–	13,357	–	22,975
Kenneth James	2,526	–	2,200	(1,974)	2,752
Mike McMenamin	5,221	–	5,838	–	11,059
Alex Strang[i]	80,799	–	44,013	(51,732)	73,080
Andy Walz	–	–	–	–	–
Brian Waywell	–	–	–	–	–
Peter Wilkinson	2,371	–	3,682	–	6,053
Simon Willshire	914	1,233	2,691	–	4,838

i. Mr Strang passed away on 17 December 2008. The above share balance was held by his estate at 31 December 2008.

(d) Other key management personnel transactions

No key management personnel had entered into a material contract, loan or other transaction with any entity in the Caltex Australia Group during the year ended 31 December 2009 (2008: nil).

During 2009, Elizabeth Bryan was a director of Caltex Australia Limited and a director of Westpac Banking Corporation. The business relationship between Caltex and Westpac Banking Corporation has been in place for many years and facilities are on normal commercial terms.

During 2009, Mr Bourne was a director of Caltex Australia Limited, Hastie Group Limited and Origin Energy Limited. He was previously a director of Coates Hire Limited (February 2004 to January 2008). Transactions with these companies and their subsidiaries were on normal commercial terms.

During 2009, Mr Thorn was a director of Caltex Australia Limited, National Australia Bank Limited, Salmat Limited and Amcor Limited. Transactions with these companies and their subsidiaries were on normal commercial terms.

During 2009, Mr Gailey was a director of Caltex Australia Limited and the President of the Business Council of Australia. Transactions with this entity were on normal commercial terms.

(e) Controlled entities

Details of dividends and interest received or receivable from controlled entities are set out in note 2.

The amounts receivable by and payable to Caltex Australia Limited and its controlled entities are included in note 7. Details of controlled entities are set out in note 22.

(f) Other related entities

Chevron Global Energy Inc. holds a 50% interest in Caltex Australia Limited. Transactions with the Chevron Group are summarised below.

The Caltex Australia Group paid $3,516,218 (2008: $2,563,310) to the Chevron Group for technical service fees. The Caltex Australia Group received $7,763,266 (2008: $4,086,040) for technical service fees from the Chevron Group. These fees are in the ordinary course of business and on normal commercial terms and conditions.

The Caltex Australia Group paid $2,569,039 (2008: $2,408,368) to the Chevron Group, including Heddington Insurance Limited, for insurance coverage. Dealings with Heddington Insurance Limited are in the ordinary course of business and on normal commercial terms and conditions.

The Caltex Australia Group purchased crude, other refinery feedstocks and petroleum products from the Chevron Group of $3,290,664,934 (2008: $5,896,880,182). The Caltex Australia Group sold crude, other refinery feedstocks and petroleum products to the Chevron Group of $458,010,721 (2008: $780,669,510). These purchases and sales are in the ordinary course of business and on normal commercial terms and conditions.

Payments were made to the Chevron Group in respect of the secondment of Desmond King and Andy Walz. Details of these payments are shown in the Directors' Report on pages 28 to 45.

In addition to the above, the Chevron Group seconded one executive (2008: one executive) primarily to provide specialist expertise in refineries. The cost borne by Caltex Australia was $268,649 (2008: $801,978). This cost includes salary and bonuses, allowances including relocation, and indirect payroll related expenses.

Caltex Australia seconded seven employees to various roles within the Chevron Group during 2009. The Chevron Group paid the salary and bonuses, allowances including relocation, and indirect payroll related expenses of these Caltex employees.

Amounts receivable from and payable to other related entities are set out in notes 7 and 13 respectively.

(g) Associates

The Caltex Australia Group sold petroleum products to associates totalling $142,621,851 (2008: $267,207,908). The Caltex Australia Group received income from associates for rental income of $270,753 (2008: $631,432).

Details of associates are set out in note 23. Amounts receivable from associates are set out in note 7. Dividend and disbursement income from associates is $707,000 (2008: $755,000).

Caltex has interests in associates primarily for the marketing, sale and distribution of fuel products. Details of Caltex's interests are set out in note 23.

(h) Joint ventures

The Caltex Australia Group sold petroleum products to joint ventures totalling $52,300,681 (2008: $81,785,624). The Caltex Australia Group received income from joint ventures for service fees, site fees, operating leases and licence fees of $9,816,306 (2008: $12,796,755).

The Caltex Australia Group purchased petroleum products from joint ventures of $152,299,257 (2008: $140,945,420). The Caltex Australia Group received service fee income from joint ventures of $160,000 (2008: $130,000). Dividend and disbursement income from joint ventures is $988,807 (2008: $269,110).

Caltex has interests in joint ventures primarily for the marketing, sale and distribution of fuel products. Details of Caltex's interests are set out in notes 23 and 24.

(i) Executive share plan

Up to 1 January 2007, senior executives may receive shares under Caltex Australia Limited's Long Term Incentive Plan, based on the achievement of specific targets related to the performance of the Caltex Australia Group (including return on capital employed and total shareholder return). The terms and conditions of this plan were approved by shareholders at the Annual General Meeting held in April 1999.

28. RELATED PARTY INFORMATION (CONTINUED)

(i) Executive share plan (continued)

Executives in the Long Term Incentive Plan for 2006 are entitled to receive shares in three equal instalments as their shares vest, although dividend and voting entitlements vest immediately. Shares are included as part of bonuses upon vesting. Details of the Long Term Incentive Plan are included in the remuneration report on pages 28 to 45.

The fair value of services received in return for shares granted are measured by reference to the market price of shares on the grant date.

Summary of share movements in the plan:

OPENING BALANCE	ISSUED TO PLAN			DISTRIBUTION DURING THE YEAR			CLOSING BALANCE	
Number of shares	Grant date	Number of shares	Weighted average fair value per share ($)	Distribution date	Number of shares	Weighted average fair value per share ($)	Number of shares	Weighted average fair value aggregate ($)
2009								
84,854		–		2 Jan 2009	(65,843)	7.15	17,724	164,833
				23 Oct 2009	(1,287)			
84,854		–			(67,130)		17,724	164,833
2008								
154,566		–		2 Jan 2008	(61,361)	17.99	84,854	610,100
				4 Jul 2008	(2,679)			
				18 Dec 2008	(5,672)			
154,566		–			(69,712)		84,854	610,100

Since 1 January 2007, senior executives may receive shares under Caltex Australia Limited's Equity Incentive Plan, based on the achievement of specific targets related to the performance of the Caltex Australia Group (including return on capital employed and total shareholder return).

Executives in the Caltex Equity Incentive Plan for 2009 are entitled to receive shares in three equal instalments as their shares vest, although dividend and voting entitlements vest immediately. Shares are included as part of bonuses upon vesting. Details of the Caltex Equity Incentive Plan are included in the remuneration report on pages 28 to 45.

The fair value of services received in return for shares granted are measured by reference to the market price of shares on the grant date.

Summary of share movements in the plan:

OPENING BALANCE	ISSUED TO PLAN			DISTRIBUTION DURING THE YEAR			CLOSING BALANCE	
Number of shares	Grant date	Number of shares	Weighted average fair value per share ($)	Distribution date	Number of shares	Weighted average fair value per share ($)	Number of shares	Weighted average fair value aggregate ($)
2009								
53,410	7 Apr 2009	46,234	9.12	7 Apr 2009	(33,721)	9.14	57,088	530,918
				23 Apr 2009	(8,835)			
53,410		46,234			(42,556)		57,088	530,918
2008								
28,431	7 Apr 2008	78,040	13.81	7 Apr 2008	(26,012)	12.48	53,410	384,018
				23 Apr 2008	(2,231)			
				27 Apr 2008	(14,214)			
				4 Jul 2008	(3,014)			
				18 Dec 2008	(7,590)			
28,431		78,040			(53,061)		53,410	384,018

Since 1 January 2007, senior executives may receive performance rights under Caltex Australia Limited's Equity Incentive Plan, based on the achievement of specific targets related to the performance of the Caltex Australia Group (including return on capital employed and total shareholder return).

Details of the Caltex Equity Incentive Plan are included in the remuneration report on pages 28 to 45.

Summary of performance rights in the plan:

OPENING BALANCE	ISSUED TO PLAN			DISTRIBUTION DURING THE YEAR			LAPSED DURING THE YEAR			CLOSING BALANCE	
Number of performance rights	Start date	Number of performance rights	Fair value of performance rights ($)	Distribution date	Number of performance rights	Weighted average fair value per share ($)	Lapsed date	Number of performance rights	Weighted average fair value per share ($)	Number of performance rights	Fair value aggregate ($)
2009											
76,850	1 Jan 09	135,235	4.03		–	0.00	23 Oct 09	(10,345)	0.00	201,740	813,012
75,910	1 Jan 09	135,235	4.17		–		23 Oct 09	(10,285)		200,860	837,586
152,760		270,470			–			(20,630)		402,600	1,650,598
2008											
37,120	1 Jan 08	55,475	10.41	23 Apr 08	(2,530)	9.30	28 Oct 08	(6,820)	0.00	76,850	800,008
35,890	1 Jan 08	55,475	10.76	4 Jul 08	(3,400)		18 Dec 08	(7,514)		75,910	816,792
				18 Dec 08	(10,936)						
73,010		110,950			(16,866)			(14,334)		152,760	1,616,800

The performance criteria for the performance rights start on 1 January of each of the relevant years, while the issue date follows shortly thereafter. All performance rights may be exercised three years after the grant date and expire 10 years after the grant date.

	CONSOLIDATED	
Thousands of dollars	2009	2008
Executive share plan expense	**1,111**	2,705

	2009	2008
29. NET TANGIBLE ASSETS PER SHARE		
Net tangible assets per share (dollars)	**10.48**	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).

30. SEGMENTED REPORTING

(a) Segment disclosures

The accounting policies used by the Group in reporting segments are detailed in note 1.

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.

30. SEGMENTED REPORTING (CONTINUED)

(a) Segment disclosures (continued)

TYPES OF PRODUCTS AND SERVICES (CONTINUED)

Refining and Supply

Caltex sources the supply of both crude oil and refined products on the international market and refines crude oil into petrol, diesel, jet fuel, base oil for lubricants 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 a contracted transportation fleet.

(b) Information about reportable segments

	MARKETING		REFINING AND SUPPLY		TOTAL OPERATING SEGMENTS	
Thousands of dollars	2009	2008	2009	2008	2009	2008
Gross segment revenue	**14,677,199**	18,833,806	**2,500,547**	4,250,018	**17,177,746**	23,083,824
Product duties and taxes	**(4,761,257)**	(4,788,254)	–	–	**(4,761,257)**	(4,788,254)
External segment revenue	**9,915,942**	14,045,552	**2,500,547**	4,250,018	**12,416,489**	18,295,570
Inter-segment revenue	–	–	**9,097,011**	13,373,268	**9,097,011**	13,373,268
Share of profit of associates	**3,796**	997	–	–	**3,796**	997
Depreciation and amortisation	**(49,009)**	(49,591)	**(134,158)**	(119,985)	**(183,167)**	(169,576)
Replacement Cost Operating Profit before income tax	**452,769**	475,818	**55,562**	(99,633)	**508,331**	376,185
Other material items						
Impairment of intangible assets	**(5,000)**	–	–	–	**(5,000)**	–
Impairment of tangible assets	**(22,525)**	–	**(79,496)**	(4,935)	**(102,021)**	(4,935)
Inventory gains/(losses)	**6,890**	20,942	**86,657**	(172,890)	**93,547**	(151,948)
Capital expenditure	**(92,615)**	(87,993)	**(239,856)**	(350,733)	**(332,471)**	(438,726)

(c) Reconciliation of reportable segment revenues, profit or loss and other material items

Thousands of dollars	2009	2008
Revenues		
Total revenue for reportable segments	**21,513,500**	31,668,838
Product duties and taxes	**4,761,257**	4,788,254
Elimination of inter-segment revenue	**(9,097,011)**	(13,373,268)
Total reportable segments gross revenue	**17,177,746**	23,083,824
Non-fuel income and rebates	**562,554**	562,829
Consolidated revenue	**17,740,300**	23,646,653
Profit or loss		
Total replacement cost profit or loss for reportable segments	**508,331**	376,185
Other profit and loss	**(18,900)**	(55,529)
Replacement Cost Operating Profit before interest and income tax, excluding significant items	**489,431**	320,656
Significant items excluded from profit and loss reported to the Chief Operating Decision Maker:		
Expenses relating to the closure of Caltex Lubricating Oil Refinery	**(92,654)**	–
Corporate restructuring expenses	**(18,230)**	–
Impairment and remediation liabilities related to sites to be divested	**(38,622)**	–
Other costs and asset write-offs	**(23,288)**	–
Replacement Cost Operating Profit before interest and income tax	**316,637**	320,656
Inventory gains/(losses)	**158,410**	(216,811)
Consolidated historical cost earnings before interest and income tax	**475,047**	103,845
Net financing costs	**(28,049)**	(56,157)
Net profit/(loss) attributable to minority interest	**678**	(1,081)
Consolidated profit before income tax	**447,676**	46,607

Thousands of dollars	Reportable segment totals	Other	Consolidated totals
Other material items 2009			
Depreciation and amortisation	**(183,167)**	**(13,473)**	**(196,640)**
Impairment of intangible assets	**(5,000)**	**–**	**(5,000)**
Impairment of tangible assets	**(102,021)**	**–**	**(102,021)**
Inventory gains/losses	**93,547**	**64,863**	**158,410**
Capital expenditure	**(332,471)**	**(6,772)**	**(339,243)**

Thousands of dollars	Reportable segment totals	Other	Consolidated totals
Other material items 2008			
Depreciation and amortisation	(169,576)	(7,393)	(176,969)
Impairment of tangible assets	(4,935)	–	(4,935)
Inventory losses	(151,948)	(64,863)	(216,811)
Capital expenditure	(438,726)	(10,067)	(448,793)

(d) Geographical segments

The Caltex Australia Group operates within one geographic region – Australia.

All of the Group's non-financial non-current assets are located in the Group's country of domicile, Australia.

(e) Major customer

Revenues from one customer of the Group's Marketing segment represents approximately $3,300,000,000 (2008: $4,200,000,000) of the Group's total gross sales revenue.

(f) Products and services

Thousands of dollars	2009	2008
Petrol	**5,614,881**	7,717,795
Diesel	**4,581,919**	7,238,936
Jet	**1,295,516**	2,102,057
Lubricants	**296,999**	343,065
Specialty and other products	**627,174**	893,717
	12,416,489	18,295,570

COMPARATIVE FINANCIAL INFORMATION

The additional information on pages 106 and 107 is provided for the information of shareholders.
The information is based on, but does not form part of, the 2009 Financial Report.

Caltex Australia Limited Consolidated Results	2009	2008	2007	2006	2005
Profit and loss ($ million)					
Historical cost operating profit before significant items, interest and income tax expense	**648**	104	965	706	811
Interest income	**2**	4	7	3	4
Borrowing costs	**(30)**	(60)	(46)	(49)	(27)
Historical cost income tax expense before significant items	**(185)**	(13)	(280)	(195)	(214)
Historical cost operating profit after tax and before significant items	**435**	34	646	466	574
Significant items (net of tax)	**(121)**[i]	–	–	–	21 [ii]
Historical cost operating profit/(loss) after income tax	**314**	34	646	466	595
Dividends					
Amount paid and payable ($/share)	**0.25**	0.36	0.80	0.80	0.46
Times covered (excl. significant items)	**6.45**	0.35	2.99	2.16	4.62
Dividend payout ratio – replacement cost basis[iii] (excl. significant items)	**21%**	52%	49%	50%	30%
Dividend franking percentage	**100%**	100%	100%	100%	100%
Other data					
Total revenue ($m)	**17,984**	23,891	19,342	18,665	15,895
Earnings per share – historical cost (cents per share)	**116**	13	239	173	220
Earnings per share – replacement cost (cents per share) (excl. significant items)	**120**	69	164	159	153
Earnings before interest and tax – historical cost basis ($m) (excl. significant items)	**648**	104	965	706	811
Earnings before interest and tax – replacement cost basis ($m) (excl. significant items)	**489**	321	675	655	583
Operating cash flow per share ($/share)	**2.5**	1.4	2.2	1.7	2.3
Interest cover – historical cost basis	**17.0**	1.8	24.7	15.5	34.8
Interest cover – replacement cost basis (excl. significant items)	**17.4**	6.7	18.3	15.4	26.0
Return on capital employed – historical cost basis (%)[iv]	**9**	1	19	16	23
Return on capital employed – replacement cost basis (excl. significant items) (%)[iv]	**10**	5	13	14	16
Equity attributable to members of the company ($m)	**2,915**	2,592	2,817	2,432	2,129
Total equity ($m)	**2,925**	2,602	2,829	2,443	2,138
Return on equity attributable to members of the parent entity after tax, excluding significant items (%)	**15**	1	23	19	27
Total assets ($m)	**4,952**	4,922	5,330	4,417	4,079
Net tangible asset backing ($/share)	**10.48**	9.29	10.14	8.80	7.73
Debt ($m)	**509**	864	596	595	458
Net debt ($m)	**487**	832	582	539	429
Net debt to net debt plus equity (%)	**14**	24	17	18	17

i. Includes significant items relating to the planned closure of the Caltex Lubricating Oil Refinery (CLOR), remediation liabilities for Marketing sites to be divested and redundancies classified as significant items of $173 million ($121 million after tax).

ii. Includes a significant item of $21 million relating to an income tax benefit upon entry into the tax consolidation regime.

iii. Dividend payout ratio – replacement cost basis calculated as follows:

$$\frac{\text{Dividends paid and payable in respect of financial year}}{\text{Replacement cost of sales operating profit after income tax (excl. significant items)}}$$

iv. Return of capital employed is calculated as follows:

$$\frac{\text{Net Profit After Tax}}{\text{Net Debt + Equity}}$$

REPLACEMENT COST OF SALES OPERATING PROFIT BASIS OF ACCOUNTING

REPLACEMENT COST OF SALES OPERATING PROFIT BASIS OF ACCOUNTING

- To assist in understanding the Group's operating performance, the directors have provided additional disclosure of the Group's results for the year on a replacement cost of sales operating profit basis,[i] which excludes net inventory gains and losses.
- On a replacement cost of sales operating profit basis excluding significant items, the Group's net profit after income tax for the year was $324 million, compared to a profit of $186 million in 2008.
- 2009 net profit before interest, income tax and significant items on a replacement cost of sales operating profit basis was $489 million, an increase of $168 million over 2008.

Millions of dollars	Five years	2009	2008	2007	2006	2005
Historical cost net profit before interest, income tax and significant items	3,234	**648**	104	965	706	811
(Deduct)/add inventory (gains)/losses[ii]	(511)	**(158)**	217	(290)	(52)	(228)
Replacement cost net profit before interest, income tax and significant items	2,723	**489**	321	675	655	583
Net borrowing costs	(192)	**(28)**	(56)	(39)	(46)	(23)
Historical cost tax expense	(877)	**(185)**	(13)	(280)	(195)	(214)
Add/(deduct) tax effect of inventory (losses)/gains	154	**48**	(66)	88	16	68
Replacement cost profit after income tax[iii]	1,797	**324**	186	444	430	414

i. The replacement cost of sales operating profit (RCOP) basis removes the impact of fluctuations in the US$ price of crude and foreign exchange on cost of sales, giving a truer reflection of underlying financial performance. Such impacts constitute a major external influence on company profits. RCOP restates profit to remove these impacts. The Caltex RCOP methodology is consistent with the basis of reporting used by other refining and marketing groups.

As a general rule, an increase in crude prices on an Australian dollar basis will create a gain for Caltex. Conversely, a drop in crude prices on an Australian dollar basis will create a loss. This is a direct consequence of the first in first out (FIFO) costing process used by Caltex in adherence to accounting standards to produce the financial result on a historical cost basis. With Caltex holding approximately 45–60 days of inventory, revenues reflect current prices in Singapore whereas FIFO costings reflect costs some 45–60 days earlier. The timing difference creates these impacts on cost of sales, referred to as "inventory gains and losses".

To remove the impact of this inventory value factor on earnings and to better reflect the underlying performance of the business, the RCOP methodology calculates the cost of goods sold on the basis of theoretical new purchases instead of actual costs from inventory. The cost of these theoretical new purchases is calculated as the average monthly cost of cargoes received during the month of those sales.

ii. Historical cost results include gross inventory gains or losses from the movement in crude oil prices. In 2009, the historical cost result includes $158 million inventory gain (2008: $217 million inventory loss). Net inventory gain/(loss) is adjusted to reflect impact of revenue lags.

iii. Replacement cost of sales operating profit after income tax is calculated before taking into account any significant items over the five years. The total effect of these significant items in each year was:

2005: $21 million gain before and after tax
2006: nil
2007: nil
2008: nil
2009: $173 million expenses before tax ($121 million after tax).

SHAREHOLDER INFORMATION

SHAREHOLDER ENQUIRIES

Shareholders with queries about their shares or dividend payments should contact the company's share registry on telephone 1300 850 505 or facsimile 03 9473 2500, or through its website (www.computershare.com) using their holder identification number (HIN) or shareholder reference number (SRN) to access their shareholder specific information, or write to:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Vic 3001
Australia

All enquiries should include an SRN or HIN, which is recorded on the holding statement.

Change of address

Shareholders on the issuer sponsored sub-register who have changed their address should notify the company's share registry in writing. CHESS holders should notify their controlling sponsor.

Caltex Australia publications

The company's annual report published in March each year is the main source of information for shareholders. Shareholders who wish to receive a hard copy of the annual report or half year report should notify the company's share registry in writing.

Voting rights

The share capital of Caltex Australia Limited is comprised of 270 million fully paid ordinary shares. Shareholders in Caltex Australia Limited have a right to attend and vote at all general meetings, in accordance with the company's Constitution, the *Corporations Act* and the Australian Securities Exchange Listing Rules.

At a general meeting, individual shareholders may vote their shares in person or by proxy. A corporate shareholder may vote by proxy or through an individual who has been appointed as the company's body corporate representative. Shareholders with at least two shares may appoint up to two proxies to attend and vote at a general meeting.

If shares are held jointly and more than one of the joint shareholders register to vote, only the vote of the shareholder named first in the register will be counted at a meeting.

Shareholders who are entitled to vote at the meeting should note that:

- on a poll, each shareholder has one vote for each share they hold, and
- on a show of hands, each shareholder has one vote.

If the shareholder has appointed a proxy, the proxy may vote but, if two proxies are appointed, neither proxy may vote on a show of hands.

For a complete analysis of shareholders' voting rights, it is recommended that shareholders seek independent legal advice.

Caltex issues performance rights to senior executives under a long term incentive scheme, subject to vesting conditions. If performance rights vest, ordinary shares are purchased on market. Performance rights do not carry voting or dividend rights.

Securities exchange listing

The company's shares are listed on the Australian Securities Exchange (ticker: CTX)

General enquiries

Investor Relations
Ms Fran van Reyk 02 9250 5378

Company Secretaries
Ms Helen Conway, Mr John Willey

The address and telephone of the registered office is:

Level 24
2 Market Street
Sydney NSW 2000

Telephone: 02 9250 5000
Facsimile: 02 9250 5742

with the postal address being:

GPO Box 3916
Sydney NSW 2001

Website: www.caltex.com.au

The address at which the register of shares is kept is:

Computershare Investor Services Pty Limited
Level 2, 60 Carrington Street
Sydney NSW 2000 Australia

Tollfree: 1300 850 505
(enquiries within Australia)

Telephone: +61 3 9415 4000
(enquiries outside Australia)

Facsimile: 03 9473 2500
Website: www.computershare.com

with the postal address being:

GPO Box 2975
Melbourne Vic 3001

GENERAL INFORMATION

The following additional information is provided under ASX Listing Rule 4.10:

1. As at 28 February 2010

1.1 Substantial shareholders:
Chevron Global Energy Inc holding 135,000,000 ordinary shares.

1.2 There is only one class of equity securities (namely ordinary shares) and the number of holders is 36,361.

1.3 The shareholding is distributed as follows:

CATEGORY	NUMBER OF HOLDERS	NUMBER OF SHARES	%
A.			
1–1,000	24,834	11,933,928	4.42
1,001–5,000	9,963	23,001,941	8.52
5,001–10,000	1,001	7,561,027	2.80
10,001–100,000	516	12,127,560	4.49
100,001 and over	47	215,375,544	79.77
Rounding			0.00
Total	36,361	270,000,000	100.00
B.			
Holders of less than a marketable parcel	592		

1.4 The 20 largest shareholders held 78.42% of the ordinary shares in the company.

1.5 The 20 largest holders of ordinary shares and the number of ordinary shares and the percentage of capital held by each are as follows:

CATEGORY	NUMBER OF SHARES	%
1. Chevron Global Energy Inc	135,000,000	50.00
2. HSBC Custody Nominees (Australia) Limited	24,019,373	8.90
3. J P Morgan Nominees Australia Limited	17,562,868	6.50
4. National Nominees Limited	16,116,391	5.97
5. Citicorp Nominees Pty Limited	7,147,647	2.65
6. ANZ Nominees Limited <Cash Income A/C>	3,242,628	1.20
7. Queensland Investment Corporation	2,156,814	0.80
8. Cogent Nominees Pty Limited	1,160,132	0.43
9. AMP Life Limited	948,423	0.35
10. UBS Nominees Pty Ltd	943,395	0.35
11. Bond Street Custodians Limited <Macquarie Alpha Opport A/C>	609,314	0.23
12. Citicorp Nominees Pty Limited <CFS WSLE Leaders Fund A/C>	608,118	0.23
13. Brisport Nominees Pty Ltd <House Head Nominee No 1 A/C>	507,741	0.19
14. Pan Australian Nominees Pty Limited	285,506	0.11
15. HSBC Custody Nominees (Australia) Limited – GSCO ECA	269,516	0.10
16. HSBC Custody Nominees (Australia) Limited – A/C 2	262,049	0.10
17. RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	239,564	0.09
18. Bainpro Nominees Pty Limited	223,188	0.08
19. Mrs Frances Mary Karst	220,000	0.08
20. UBS Wealth Management Australia Nominees Pty Ltd	214,045	0.08
Total	211,736,712	78.42

STATISTICAL INFORMATION

Year ended 31 December	2009	2008	2007	2006
People				
Employees[(i)]	**3,872**	4,158	3,252	3,164
Assets				
Fuel refineries	**2**	2	2	2
Lube oil refinery	**1**	1	1	1
Road tankers[(ii)]	**178**	18	18	18
Rail cars (operational)	**66**	62	62	62
Storage terminals operated by Caltex[(iii)]	**12**	12	12	12
Star convenience stores (Star Mart, Star Supermarket and Star Shop)	**468**	476	478	488
Service stations (owned or leased)[(iv)]	**756**	748	492	511
Depots	**88**	83	88	99
Operations				
Nameplate refining capacity (barrels per day)				
Caltex Refineries (NSW) Pty Ltd	**135,000**	135,000	135,000	135,000
Caltex Refineries (Qld) Pty Ltd	**109,000**	109,000	109,000	109,000
Caltex Lubricating Oil Refinery Pty Ltd	**3,750**	3,750	3,750	3,750
Fuel production (ML)	**11,093**	10,834	11,951	11,703
Lubricants production (ML)	**107**	137	129	166
Total sales volume (ML)[(v)]	**16,304**	16,493	16,088	15,492
Lost time injury frequency rate (LTIFR)[(vi)]	**2.1**	3.0	3.8	4.5

i. Includes employees of Calstores Pty Ltd and Caltex 100% owned resellers. Employee numbers for 2007 and 2006 do not include employees from reseller businesses acquired during the year.
ii. In 2009 road tanker numbers includes Caltex 100% owned reseller fleet.
iii. Caltex has access to product supply at a further 12 terminals.
iv. In 2008 and 2009 service station numbers include Caltex 100% equity reseller sites.
v. Sales volumes exclude sales made to domestic refiners.
vi. Employee and contractor lost time injury frequency rate per million work hours.

GLOSSARY OF TERMS

21CC Twenty-first century Caltex – the latest Caltex Star Mart format.

ACCC Australian Competition and Consumer Commission.

Acpl Australian cents per litre.

A-IFRS Australian equivalents to International Financial Reporting Standards.

ASIC Australian Securities and Investments Commission.

ASX Australian Securities Exchange.

Barrel (per barrel) or **bbl** A measure used for oil production and sales. One barrel equals approximately 160 litres.

Biofuels Biofuels (bio fuels) refers to fuels derived from feedstocks or biomass crops (such as cereals, grains and oilseeds) and waste (such as animal and cooking fat waste). The two main types of biofuel used for transport fuel in Australia are ethanol and biodiesel.

- Ethanol production relies on plant-based feedstocks like sugar and grains. It's blended with unleaded petrol and can be substituted for regular unleaded petrol in many new and used cars, trucks and motorcycles.
- Biodiesel production involves the use of plant and/or animal fats. In Australia, biodiesel producers use canola oil, used cooking oil and tallow. When blended with petroleum diesel, it can be used as a substitute in vehicles and stationary engines.

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.

Capital expenditure Investment in acquisition or improvement of long term assets, such as property, plant or equipment.

CEIP Caltex Equity Incentive Plan.

CPRS Carbon Pollution Reduction Scheme.

DHTU2 The second diesel hydrotreator at the Lytton Refinery, commissioned in July 2009.

EBIT Earnings Before Interest and Tax.

EBITDA Earnings Before Interest, Tax, Depreciation and Amortisation.

EITE Emissions-intensive trade-exposed – refers to industries that are either exporters or compete against imports and produce significant emissions in their production of goods, measured as the weighted average emissions per million dollars of revenue or per million dollars of value added.

EPA Environment Protection Authority or equivalent state authority.

FIFO First in, first out costing process.

Hedge Buyers and sellers of the commodity may enter into long or short term contracts at an agreed price to manage the risk created by price volatility for a commodity (such as crude oil) on a spot market.

IFRS International Financial Reporting Standards.

LPG Liquid Petroleum Gas.

LTI Lost Time Injury.

LTIFR Lost Time Injury Frequency Rate – The number of injuries causing lost time for employees and contractors per million hours worked.

Marketing The operating businesses of Caltex responsible for a range of activities including company owned and franchised retail service station operations, company owned and independent branded resellers and direct sales to commercial customers.

MHF Major Hazard Facility.

NGERS National Greenhouse and Energy Reporting Scheme.

NPAT Net Profit After Tax.

PP&E Property, Plant and Equipment.

RCOP Caltex reports its results for statutory purposes on a historical cost basis. We also provide information on our financial results on a replacement cost of sales operating profit (RCOP) basis. The RCOP result removes the impact of fluctuations in the USD price of crude and foreign exchange on cost of sales. Such impacts constitute a major external influence on company profits.

RCOP restates profit to remove these impacts. The Caltex RCOP methodology is consistent with the basis of reporting used by other refining and marketing groups.

As a general rule, an increase in crude prices on an Australian dollar basis will create a gain for Caltex. Conversely, a drop in crude prices on an Australian dollar basis will create a loss. This is a direct consequence of the first in first out costing process used by Caltex in adherence to accounting standards to produce the financial result on a historical cost basis. With Caltex holding approximately 45–60 days of inventory, revenues reflect current prices in Singapore whereas first in first out costings reflect costs some 45–60 days earlier. The timing difference creates these impacts on cost of sales, referred to as "inventory gains and losses". To remove the impact of this on earnings and to better reflect the underlying performance of the business, the RCOP methodology calculates the cost of goods sold on the basis of theoretical new purchases instead of actual costs from inventory. The cost of these theoretical new purchases is calculated as the average monthly cost of cargoes received during the month of those sales.

The RCOP result is used by the Board and management for internal review of the company's performance. It is used by the Board for its consideration of dividend (as set out in the dividend policy) and our short term incentive (bonus) scheme.

Refining The operating businesses of Caltex responsible for refining crude oil into petrol, diesel, jet fuel, and base oil for lubricants and producing many specialty products such as liquid petroleum gas (LPG) and bitumen.

Supply and Distribution The operating businesses of Caltex responsible for the purchasing, sale and distribution of crude and refined product.

Tapis Tapis crude is a Malaysian crude oil used as a pricing benchmark in Singapore. While it is not traded on a market, it is often used as an oil marker for Asia.

TRV Total Reward Value.

TSR Total Shareholder Return.

PETROL LEAK LEADS TO $100K ENVIRONMENTAL PENALTY

On 6 March 2009 at Melbourne Magistrates' Court, Caltex Australia Petroleum Pty Ltd ("Caltex") pleaded guilty to an environmental hazard charge brought by the Environment Protection Authority ("EPA") in relation to a leak of unleaded petrol at its Newport premises on 13 August 2006.

The incident was caused by Caltex's failure to install a pressure relief valve in a pipeline which subsequently led to the failure of a gasket outside Caltex's premises in Burleigh Street due to increased pressure. Approximately 36,000 litres of unleaded petrol was released from the pipeline, of which approximately 2,000 litres entered the Yarra River via the local stormwater system. The vapour from the released fuel created an ignition risk in the immediate vicinity of where it was exposed to air.

The incident involved a combined emergency services response including the Metropolitan Fire and Emergency Services Board, Melbourne Water Corporation, Oil Response Company of Australia Pty Ltd and EPA.

The Court convicted Caltex Australia Petroleum Pty Ltd and ordered it to pay $80,000 to Port Phillip EcoCentre Inc for the CarbonCut 2: Low-Income Community Capacity-building for Climate Change Project which involves delivering an energy-efficiency program by training a team of young people to perform basic energy and water efficiency installations and audits, whilst at the same time promoting behaviour change in low income households. The Defendant was also fined $20,000 and ordered to pay the EPA's costs of $27,580.48.

Caltex has since changed its practices to prevent a recurrence of this incident.

The Court also ordered publication of this notice.

CALTEX
Caltex Australia

CORPORATE OFFICES

Caltex Australia Limited
ACN 004 201 307

Caltex Australia Petroleum Pty Ltd
ACN 000 032 128

Level 24
2 Market Street
Sydney NSW 2000
Australia

Mail: GPO Box 3916
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Telephone: 02 9250 5000
Facsimile: 02 9250 5742
Website: www.caltex.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Vic 3001
Australia

Tollfree: 1300 850 505
(enquiries within Australia)

Telephone: +61 3 9415 4000
(enquiries outside Australia)

Facsimile: 03 9473 5000
Website: www.computershare.com

REFINERIES

Caltex Refineries (NSW) Pty Ltd
ACN 000 108 725

2 Solander Street
Kurnell NSW 2231

Telephone: 02 9668 1111
Facsimile: 02 9668 1188
Community hotline: 1800 802 385

Caltex Lubricating Oil Refinery Pty Ltd
ACN 000 352 205

Sir Joseph Banks Drive
Kurnell NSW 2231

Telephone: 02 9668 1111
Facsimile: 02 9668 1188

Caltex Refineries (Qld) Pty Ltd
ACN 008 425 581

South Street
Lytton Qld 4178

Telephone: 07 3362 7555
Facsimile: 07 3362 7111
Environmental hotline: 1800 675 487

MARKETING OFFICES

New South Wales
Caltex Banksmeadow terminal
Penhryn Road
Banksmeadow NSW 2019

Telephone: 02 9695 3600
Facsimile: 02 9666 5737

Queensland/Northern Territory
Caltex Lytton terminal
Tanker Street, off Port Drive
Lytton Qld 4178

Telephone: 07 3877 7333
Facsimile: 07 3877 7464

Victoria/Tasmania
Caltex Newport terminal
411 Douglas Parade
Newport Vic 3015

Telephone: 03 9287 9555
Facsimile: 03 9287 9572

South Australia
Caltex Birkenhead terminal
2 Elder Road
Birkenhead SA 5015

Telephone: 08 8385 2311
Facsimile: 08 8242 8334

Western Australia
Caltex Fremantle terminal
85 Bracks Street
North Fremantle WA 6159

Telephone: 08 9430 2888
Facsimile: 08 9335 3062

CUSTOMER SUPPORT

Feedback Line
(complaints, compliments and suggestions)

Mon–Fri 8.30 am to 5.00 pm (EST)
Telephone: 1800 240 398

Card Support Centre
Card enquiries 24 hours/seven days
Telephone: 1300 365 096

Lubelink
Mon–Fri 8.00 am to 6.00 pm (EST)
Telephone: 1300 364 169

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