ASX Release

AMPOL

23 August 2021

2021 HALF YEAR REPORT

Ampol Limited (ASX:ALD) provides the attached 2021 Half Year Report (incorporating Appendix 4D).

Authorised for release by: the Board of Ampol Limited.

AMPOL LIMITED
ACN 004 201 307

LEVEL 24
2 MARKET STREET
SYDNEY NSW 2000

INVESTOR CONTACT
FRAN VAN REYK
HEAD OF INVESTOR RELATIONS
M +61 419 871 138
T +61 2 9250 5000
FRANCES.VANREYK@AMPOL.COM.AU

MEDIA CONTACT
RICHARD BAKER
HEAD OF CORPORATE AFFAIRS
M +61 417 375 667
T +61 2 9250 5369
RICHARD.BAKER@AMPOL.COM.AU

AMPOL

Half Year Report 2021

Ampol Limited
ACN 004 201 307

Powering better journeys, today and tomorrow

Half year information given to the ASX under listing rule 4.2A.3

The 2021 Half Year Financial Report should be read in conjunction with the 2020 Financial Report.

AMPOL LIMITED
LEVEL 24, 2 MARKET STREET SYDNEY
NSW 2000 AUSTRALIA

Ampol Limited

ACN 004 201 307

Appendix 4D - Results for Announcement to the Market

Key results (Millions of dollars)		Half year ended 30 June 2021	2020
Revenue from ordinary activities	▲ 22%	**9,817.2**	8,052.9
Other income	>100%	**40.8**	2.1
Profit/(loss) from ordinary activities after tax for the period attributable to members of the parent:			
Statutory basis[i]	>100%	**325.5**	(626.2)
Replacement cost basis (excluding significant items after tax)[ii]	▲ 70%	**204.5**	120.1

Dividend	2021	2020
Dividends declared		
Amount per security (fully franked):[iii]		
Interim	**52c**	25c
Final	**N/A**	23c
Record date for determining entitlement to 2021 interim dividend		6 September 2021
Payment date for the 2021 interim dividend		23 September 2021

Comments update

- Strong recovery in Group RCOP EBIT of $339.8 million (1H 2020: $221.4 million) due to improved Lytton refinery earnings, including the benefit of the Temporary Refining Production Payment (TRPP) of $40.0 million and successful execution of the International and Convenience Retail EBIT uplift initiatives.
- HCOP NPAT attributable to members of the parent of $325.5 million compared to a loss of $626.2 in the first half of 2020. The result reflects an improved RCOP NPAT, inventory gains of $139.2 million and a material reduction in significant items to $18.2 million.
- Net borrowings[iv] at 30 June 2021 were $734.8 million compared to $433.9 million at 31 December 2020, supported by, operating cashflows and inventory gains from a favourable crude oil price, offset by shareholder returns including the $300.4 million Off-market Buy-back and ordinary dividends.
- Reflecting this performance, the Company declared an interim dividend of 52 cps, representing a 61% pay out of its RCOP NPAT and a 108% increase from the prior year interim dividend.

(i) Statutory basis financial information is referred to throughout this document as Historical Cost Basis or "HCOP".
(ii) Replacement cost of sales operating profit (RCOP) excluding significant items (on a pre-tax and post-tax basis) is a non-International Financial Reporting Standards (IFRS) measure and is unaudited. It is derived from the statutory profit adjusted for inventory (gains)/losses, as management believes this presents a clearer picture of the Company's underlying business performance and is consistent with the basis of reporting commonly used within the global oil industry. RCOP excludes the unintended impact of the fall or rise in oil and product prices (key external factors). It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of contract-based revenue lags. Refer to note B4 in the Half Year Financial Statements for a reconciliation of Statutory Profit to Replacement Cost basis profit.
(iii) There is no conduit foreign income component distributed in relation to the dividend. There is no Dividend Reinvestment Plan in operation.
(iv) Net borrowings is a non-statutory measure calculated as total interest-bearing liabilities (excluding liabilities arising under AASB 16 Leases) less cash and cash equivalents.

Ampol Limited
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Appendix 4D - Key Performance Indicators

	Half year ended 30 June	
Key results (Millions of dollars)	**2021**	**2020**
Net profit/(loss) replacement cost basis net profit/(loss) before tax (excluding significant items)(i)(ii)	**320.9**	221.1
Net finance costs	**(48.9)**	(53.4)
Income tax expense	**(67.5)**	(47.6)
Replacement cost basis net profit/(loss) after tax (excluding significant items)(i)(ii)	**204.5**	120.1
Inventory gain/(loss) after tax(iii)	**139.2**	(434.4)
Significant items loss after tax(i)	**(18.2)**	(311.9)
Historical cost net profit/(loss) after tax attributable to members of the parent(iii)	**325.5**	(626.2)
Non-controlling interest	**18.9**	0.3
Historical cost net profit/(loss) after tax	**344.4**	(625.9)
Earnings per share (cents)		
Historical cost basis including significant items – basic	**135.7**	(247.5)
Historical cost basis including significant items – diluted	**135.4**	(247.5)
Replacement cost basis excluding significant items – basic(i)(ii)	**85.2**	47.5
Replacement cost basis excluding significant items – diluted(i)(ii)	**85.1**	47.5

	30 June	**31 December**
Key results (Millions of dollars)	**2021**	**2020**
Return on equity attributable to members of the parent entity after tax		
Replacement cost basis (excluding significant items)(i)(ii)	**7.0%**	7.2%
Historical cost basis (including significant items)(i)	**11.1%**	(16.4%)
Net tangible asset backing per share ($)(iv)	**10.00**	9.58
Interest bearing liabilities		
Net borrowings(v)	**734.8**	433.9
Lease liabilities	**981.8**	914.2
Interest bearing liabilities net of cash	**1,716.6**	1,348.1
Gearing (excluding leases)(vi)	**18.6%**	11.9%
Gearing (lease adjusted)	**34.8%**	29.5%

(i) Significant items are events that Management and the Board consider to be outside the scope of usual business. These are excluded to give a clearer reflection of underlying financial performance from one period to the next.

(ii) Refer to Footnote (ii) on prior page regarding Replacement cost basis.

(iii) Inventory gains/(losses) after tax is a non-IFRS un-audited adjustment to statutory profit used to derive the replacement cost measure referred to in Footnote (ii) on prior page.

(iv) Net tangible asset backing per share is derived by dividing net tangible assets by the number of shares issued. Net tangible assets are net assets attributable to members of Ampol less intangible assets. The number of ordinary shares used in the calculation of net tangible assets per share was 238 million (1H 2020: 250 million).

(v) Net borrowings is a non-statutory measure calculated as total interest-bearing liabilities (excluding liabilities arising under AASB 16 Leases) less cash and cash equivalents.

(vi) The Group's gearing ratio is calculated as net borrowings/total capital. Total capital is calculated as equity (as shown in the balance sheet) plus net borrowings.

AMPOL

Half Year Report 2021

Ampol Limited
ACN 004 201 307

Powering better journeys, today and tomorrow

Contents

The 2021 Half Year Financial Report for Ampol Limited (Ampol) includes the:

- Directors' Report
- Directors' Declaration
- Independent Auditor's Review Report
- Half Year Financial Statements
- Notes to the Half Year Financial Statements for the Group

For the purposes of this report, the Group refers to Ampol and its controlled entities.

The 2021 Half Year Financial Report should be read in conjunction with the 2020 Financial Report.

Directors' Report

The Board

The directors of Ampol Limited (Ampol) present the 2021 Directors' Report and the 2021 Financial Report for Ampol and its controlled entities (collectively referred to as the Group) for the half year ended 30 June 2021.

On 23 August 2021, the Directors of Ampol resolved to authorise the issue of the Half Year Financial Report for the half year ended 30 June 2021.

Board of Directors

The following persons were directors holding office at any time during the half year period and up to the date of this report, unless otherwise stated.

Name	Position
1. Steven Gregg	Independent, Non-executive Director (appointed 9 October 2015) and Chairman (appointed 18 August 2017)
2. Matthew Halliday	Managing Director and Chief Executive Officer (appointed 29 June 2020)
3. Mark Chellew	Independent, Non-executive Director (appointed 2 April 2018)
4. Melinda Conrad	Independent, Non-executive Director (appointed 1 March 2017)
5. Michael Ihlein	Independent, Non-executive Director (appointed 1 June 2020)
6. Gary Smith	Independent, Non-executive Director (appointed 1 June 2020)
7. Penny Winn	Independent, Non-executive Director (appointed 1 November 2015)
8. Barbara Ward AM	Independent, Non-executive Director (retired 13 May 2021)

A biography of each current director is available on the Ampol website at https://www.ampol.com.au/about-ampol/our-people/board-of-directors.

Board and committee changes

On 13 May 2021, Barbara Ward AM retired as a director of Ampol and Melinda Conrad was appointed as Chair of the Human Resources Committee, succeeding Barbara Ward AM.

On 26 February 2021, Ampol announced the appointment of Michael Abbott as Company Secretary with effect from 26 February 2021 following the resignation of Georgina Koch as Company Secretary effective the same date.

Executive changes

On 29 April 2021, Ampol announced the appointment of Greg Barnes as Chief Financial Officer with effect from 1 July 2021. On that date, Jeff Etherington who acted as Interim Chief Financial Officer, returned to his role of Deputy CFO, reporting to Mr Barnes.

A biography of each current Ampol Leadership Team member is available on the Ampol website at https://www.ampol.com.au/about-ampol/our-people/leadership-team.

Directors' Report continued

Operating and financial review

The purpose of the operating and financial review (OFR) is to enhance the periodic financial reporting and provide shareholders with additional information regarding the Group's operations, financial position, business strategies and prospects. The review complements the Financial Report on pages 19 to 39.

The OFR may contain forward-looking statements. These statements are by their nature estimates based solely on the information available at the time of this report, and there can be no certainty of outcome in relation to the matters to which the statements relate.

Company overview

Ampol is an independent Australian company and the nation's leader in transport fuels.

We supply the country's largest branded petrol and convenience network as well as refining, importing and marketing fuels and lubricants. We have a deep history spanning over 120 years, having grown to become the largest transport fuels company and is listed on the Australian Securities Exchange (ASX).

Ampol supplies fuel to around 80,000 customers in diverse markets across the Australian economy, including defence, mining, transport, marine, agriculture, aviation and other commercial sectors. Across our retail network, we serve more than three million customers every week with fuel and convenience products.

Our ability to service our broad customer base is supported by our robust supply chain and strategic infrastructure positions across the country, which includes 16 terminals, 6 major pipelines, 55 wet depots, 1,898 branded sites (including 697 company-controlled retail sites) and one refinery located in Lytton, Queensland. This network is supported by over 8,100 people across Australia and overseas.

In recent years, we have leveraged our Australian business to extend our supply chain and operations into international markets. This includes our Trading and Shipping business that operates out of Singapore and Houston in the USA, and our international storage positions across the Asia Pacific region. We also have a growing presence in New Zealand as owner of Gull New Zealand, which operates the largest independent import terminal in the country and a retail network. Ampol also owns a 20% equity interest in Seaoil, a leading independent fuel company in the Philippines.

Ampol Limited (previously Caltex) returned to its iconic Australian name following shareholder approval on 14 May 2020. The national roll-out of the Ampol brand across our retail network has begun, with 389 sites rebranded as at 30 June 2021. All remaining sites will be rebranded by the end of 2022.

Operating and financial review continued

Group Strategy

Ampol's strategy is focused around three elements underpinned by our market-leading position in transport fuels, strategic assets, customer positions and supply chain expertise.

Evolving our business to build the foundations for energy transition is one of the three key elements of Ampol's strategy. Ampol's privileged assets, supply chain expertise and deep customer relationships mean we are uniquely placed to be part of the decarbonisation solution by enabling an orderly energy transition and capitalising on opportunities that can deliver sustainable returns for shareholders over the long-term.

Our strategy builds on our strengths in fuels

Our strategy focuses on our core business, and establishes a platform to grow and ultimately evolve as energy markets transition

Purpose

Powering better journeys, today and tomorrow

Strategy		
Enhance the core business	Bring back Ampol	Bring back an iconic Australian brand and reinvigorate our people and customer connection
	Further cost savings	Take further action on costs to mitigate demand impacts and reinforce competitive position
	Improve retail network	We have released significant capital, with further potential to improve returns
	Restore F&I Australia ROCE	Our market leading position provides resilience, but we will take action to further strengthen our infrastructure and focus on capital effectiveness and cost efficiency
Expand from rejuvenated fuels platform	International earnings growth	Leverage our scale and capabilities to accelerate our growth in regional markets
	Shop earnings growth	Leverage our strength in retail fuel to capture opportunities from the evolving behaviours and expectations of our customers
Evolve energy offer for our customers	Build foundations for energy transition	Transition with our customers, focusing on a targeted set of energy and decarbonisation themes with clear linkages to our capabilities and assets

Strengths

Strategic assets	Deep customer base	Supply chain expertise

Directors' Report continued

Operating and financial review continued

Ampol results 30 June 2021

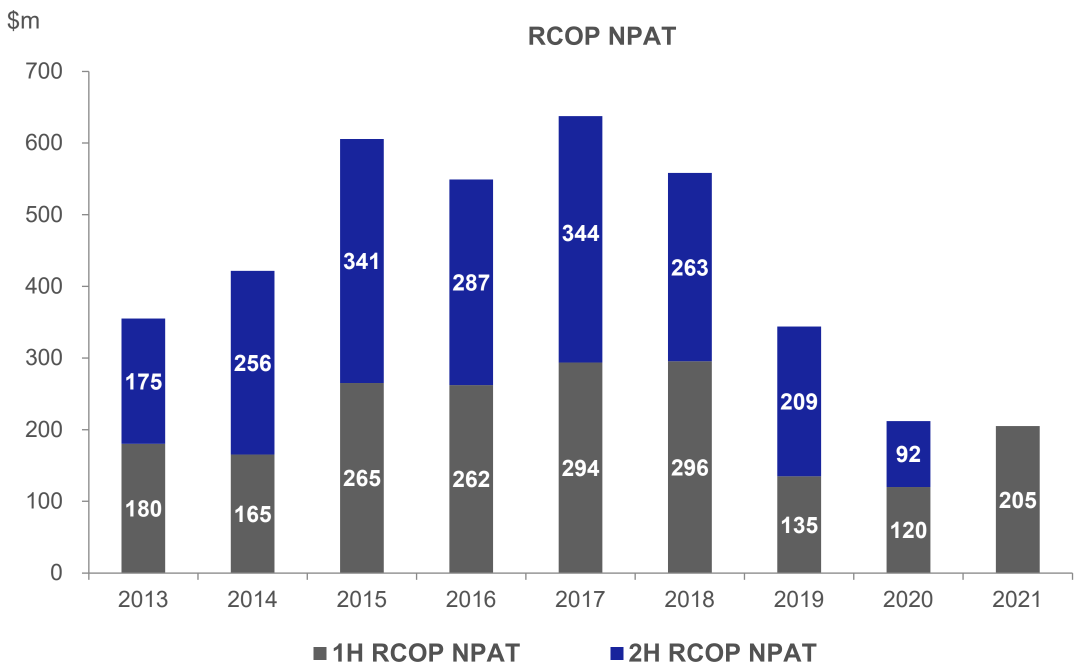
On an historical cost profit basis, Ampol recorded an after-tax profit attributable to equity holders of the parent entity of $325.5 million, including a significant items loss of $18.2 million and a product and crude oil inventory gain of $139.2 million after tax. This compares favourably to the 2020 half year after-tax loss of $626.2 million, which included a significant items loss of $311.9 million and a product and crude oil inventory loss of $434.4 million after tax.

Replacement cost of sales operating profit (RCOP) excluding significant items (on a pre-tax and post-tax basis) is a non-International Financial Reporting Standards (IFRS) measure and is unaudited. It is derived from the statutory profit adjusted for inventory (gains)/losses, as management believes this presents a clearer picture of the Company's underlying business performance and is consistent with the basis of reporting commonly used within the global oil industry. RCOP excludes the unintended impact of the fall or rise in oil and product prices (key external factors). It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of contract-based revenue lags. Refer to note B4 in the Half Year Financial Statements for a reconciliation of Statutory Profit to Replacement Cost basis profit.

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

Reconciliation of the underlying result to the statutory result	June 2021 $m (after tax)	June 2020 $m (after tax)
Net profit/(loss) attributable to equity holders of the parent entity	**325.5**	(626.2)
Significant items loss	**18.2**	311.9
Inventory (gain)/loss	**(139.2)**	434.4
RCOP NPAT (excluding significant items)	**204.5**	120.1

On an RCOP basis, Ampol recorded an after-tax profit excluding significant items for the first half of 2021 of $204.5 million (1H 2020: $120.1 million).



Dividend

The Board has declared an interim fully franked dividend of 52 cents per share (61% of RCOP NPAT) for the first half of 2021, in line with the Dividend Policy pay-out ratio of 50% to 70% of RCOP NPAT excluding Significant Items. This compares to Ampol's 2020 interim fully franked dividend of 25 cents per share (52% of RCOP NPAT). The record and payment dates for the interim dividend are referenced on page 31.

Directors' Report continued

Operating and financial review continued

Income statement

	For the half year ended 30 June	2021 $m	2020 $m
1.	Total revenue	**9,817.2**	8,052.9
	Other income	**40.8**	2.1
	Share of net profit of entities accounted for using the equity method	**6.5**	4.0
2.	Total expenses[i]	**(9,524.7)**	(7,837.6)
	Replacement cost earnings before interest and tax, excluding significant items	**339.8**	221.4
	Finance income	**0.1**	0.7
	Finance expenses	**(49.0)**	(54.1)
3.	**Net finance costs**	**(48.9)**	(53.4)
	Income tax expense[ii]	**(67.5)**	(47.6)
	Non-controlling interest	**(18.9)**	(0.3)
	Replacement cost of sales operating profit (RCOP)	**204.5**	120.1
4.	Significant items loss after tax	**(18.2)**	(311.9)
5.	Inventory gain/(loss) after tax	**139.2**	(434.4)
	Historical cost net profit/(loss) after tax attributable to parent[iii]	**325.5**	(626.2)
	Non-controlling interest	**18.9**	0.3
	Historical cost net profit/(loss) after tax	**344.4**	(625.9)
	Dividends declared or paid		
	Interim dividend per share	**52c**	25c
	Final dividend per share	**N/A**	23c
	Earnings/(loss) per share (cents)		
	Historical cost basis including significant items – basic	**135.7**	(247.5)
	Historical cost basis including significant items – diluted	**135.4**	(247.5)
	Replacement cost basis excluding significant items – basic	**85.2**	47.5
	Replacement cost basis excluding significant items – diluted	**85.1**	47.5

Discussion and analysis – Income statement

1.	**Total revenue and other income** ▲ **22%**	Total revenue increased due to an 11% increase in total sales volumes (11.1 BL) compared to 1H 2020 (9.9 BL). Australian Dollar product prices are also on average 22% higher than 1H 2020. Higher product prices in 1H 2021 were driven by a higher weighted average Dated Brent crude oil price (1H 2021: US$65/bbl vs 1H 2020: US$40/bbl). Other income increased due to the benefit of the Lytton refinery Temporary Refinery Production Program of $40.0 million (1H 2020: $nil) and COVID-19 government wage support of $0.6 million (1H 2020: $2.1 million) received from Australia, New Zealand and Singapore government programs.
2.	**Total expenses – replacement cost basis** ▲ **22%**	Total expenses increased primarily as a result of higher replacement cost of goods sold, driven by the same components noted above for fuel revenue offset by expenses in half year 2020 of $364.8m comprising of Lytton refinery impairment ($80.0 million), Convenience Retail impairment ($233.0 million), fixed asset write off components ($41.8 million) and net loss on disposals of property, plant and equipment ($10.0 million) not repeated in half year 2021.

(i) Excludes significant item loss of $26.0 million (1H 2020: $445.6 million loss) and inventory gain of $198.9 million (1H 2020: $620.6 million inventory loss).

(ii) Excludes tax expense on inventory gain of $59.7 million (1H 2020: $186.2 million tax benefit) and tax benefit on significant items loss of $7.8 million (1H 2020: $133.7 million).

(iii) Statutory basis financial information is referred to throughout this document as Historical Cost Basis or "HCOP".

Directors' Report continued

Operating and financial review continued

Income statement continued

Discussion and analysis – Income statement		
3.	**Net finance costs** ▼ 8%	Net finance costs decreased by $4.5 million compared with 1H 2020 mainly as a result of unwinding of discounting of the provision balances partially offset by incremental interest expense on subordinated notes issued in December 2020.
4.	**Significant items loss after tax $18.2 million**	The significant item loss before tax of $26.0 million (1H 2020: $445.6 million) and after tax of $18.2 million (1H 2020: $311.9 million) relates to: **Ampol rebranding expense** The Group has recognised an expense of $26.6 million (1H 2020: $56.9 million) relating to the rebranding program currently being undertaken to remove Caltex signage and install Ampol branding at the Group's sites. Current period costs include accelerated depreciation $5.8 million (1H 2020: $6.6 million) and other operating expenses $20.8 million (1H 2020: $4.3 million). In the period ended 30 June 2020, a provision of $46.0 million was also recognised in relation to the contractual obligation to undertake rebranding work at sites owned by a third party, to be completed before 31 December 2022. **Other income** Other income includes COVID-19 government wage support of $0.6 million (1H 2020: $2.1 million) received from Australia, New Zealand and Singapore government programs. **Significant items tax benefit** Significant items tax benefit of $7.8 million (1H 2020: $133.7 million) represents tax at the Australian corporate tax rate of 30% on significant items before tax.
5.	**Inventory gain after tax $139.2 million**	There was an inventory gain of $139.2 million after tax ($198.9 million before tax) in the first half of 2021. Ampol holds crude and product inventory, the price of which varies due to fluctuations in the product price and foreign exchange movements. The price at which inventory was purchased often varies from the current market prices at the time of sale. This creates an inventory gain or loss at the time of sale.

Operating and financial review continued

Income statement continued

Discussion and analysis – Income statement	RCOP EBIT breakdown[(i)]
Fuels and Infrastructure EBIT Fuels and Infrastructure EBIT consists of the segment's earnings from trading, shipping, refining and distribution of bulk fuels across international markets, including Gull, and internal sales to Convenience Retail. Total Australian fuel sales volumes were 6.5BL in 1H 2021, 6% lower than the 7.0BL in 1H 2020, as net wholesale supply sales in Brisbane declined due to competitor supply chain decisions and jet fuel sales declined due to the full half impact of COVID-19 border restrictions. International sales volumes increased by more than 50% versus the prior comparable period due to Gull and Seaoil expanding their retail networks, expansion to new customers in the Pacific region and the benefit of the Houston Trading and Shipping office operations. Fuels and Infrastructure delivered an EBIT result of $208.2 million, an increase of $95.9 million or 85% compared to 1H 2020 $112.3 million. The improvement in performance was largely a result of the resumption of production at the Lytton refinery and the benefit of the Temporary Refining Production Payment (TRPP) government assistance of $40.0 million. Fuels and Infrastructure EBIT (excluding Lytton refinery) was $158.9 million, which is a decrease of $10.8 million compared to 1H 2020. The result declined as the elevated imported volumes during the extended Lytton Turnaround & Inspection (T&I) in 2020 were replaced by the Lytton refinery production the profit from which is excluded from these earnings. Successful execution of the International growth strategy saw Fuels and Infrastructure International RCOP EBIT grow to $59.6 million, up 15% compared to 1H 2020. The 1H 2020 result also includes $24.6 million of foreign exchange gains compared with $29.0 million from the prior comparable period. Lytton refinery delivered a RCOP EBIT result of $49.3 million, including the benefit of $40.0 million from the Federal Government's once-off TRPP. 1H 2021 Lytton RCOP EBIT was up $107.9 million compared to 1H 2020 RCOP EBIT loss of $58.6 million.	**$208.2m**
Convenience Retail EBIT Convenience Retail RCOP EBIT consists of earnings from fuel and shop products at Ampol convenience stores. Convenience Retail delivered an RCOP EBIT result of $149.4 million, which is up 20% compared to 1H 2020. Retail fuel earnings were supported by improved petrol and diesel volumes in April and May as lockdown restrictions lifted. Shop performance improved from the prior comparable period due to increased consumer mobility and execution of site improvement plans. These combined improvements helped to counter reduced diesel margins compared to 1H 2020, which resulted from lags in diesel price adjustments in response to volatility in crude input costs in both periods. This benefited 1H 2020 and adversely impacted 1H 2021. Shop performed strongly during the period, with a 6.3% increase in like-for-like shop sales and a clear focus on cost management.	**$149.4m**
Corporate EBIT Corporate operating expenses increased by $1.9 million compared to 1H 2020, largely due to the reinstatement of employee incentives as earnings have improved.	**($17.8m)**
RCOP EBIT excluding significant items	**$339.8m**

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

Directors' Report continued

Operating and financial review continued

Balance sheet

		June 2021 $m	Dec 2020 $m	Change %
1.	Working capital	**804.5**	386.9	>100%
2.	Property, plant and equipment	**3,474.1**	3,467.7	▲0%
3.	Intangibles	**557.6**	558.4	▼0%
4.	Interest-bearing liabilities net of cash	**(1,716.6)**	(1,348.1)	▲27%
5.	Other non-current assets and liabilities	**92.2**	159.8	▼42%
	Total equity	**3,211.8**	3,224.7	▼0%

Discussion and analysis – Balance sheet	
1. Working capital ▲ **$417.6m**	The increase in working capital was primarily driven by higher product and crude price impacting receivables, inventory and payables.
2. Property, plant and equipment ▲ **$6.4m**	The increase in property, plant and equipment is driven by additions of $206.4 million which includes right of use assets ($129.7 million) partially offset by depreciation ($181.7 million).
3. Intangibles ▼ **$0.8m**	Intangibles remained consistent with 1H 2020.
4. Interest-bearing liabilities ▲ **$368.5m**	Interest-bearing liabilities relates to net borrowings ($734.8 million) and lease liabilities ($981.8 million). The $368.5 million increase in interest-bearing liabilities was primarily due to the $300.4 million off-market buy-back in February 2021. Ampol's gearing was 18.6%, an increase from 11.9% as at 31 December 2020. On a lease-adjusted basis, gearing was 34.8%, an increase from 29.5% as at 31 December 2020.
5. Other non-current assets and liabilities ▼ **$67.6m**	Other non-current assets and liabilities decreased primarily due to the decrease in deferred tax assets which primarily relates to the reduction in deferred tax assets ($68.5 million) recognised in the 2020 financial period tax loss. This has been fully utilised in the first of 2021.

Cash flows

For the half year ended 30 June		2021 $m	2020 $m	Change %
1.	Net operating cash inflow/(outflow)	**208.2**	(65.9)	>100%
2.	Net investing cash outflows	**(84.7)**	(87.2)	▼3%
3.	Net financing cash (outflows)/inflows	**(428.1)**	143.4	<100%
	Net decrease in cash held[(i)]	**(303.2)**	(16.9)	<100%

(i) Including effect of foreign exchange rates on cash and cash equivalents.

Directors' Report continued

Operating and financial review continued

Cash flows continued

Discussion and analysis – Cash flows	
1. **Net operating cash inflows** ▲ **$274.1m**	Net operating cash inflows were higher and primarily driven by improved earnings arising from the increase in sales prices and volumes in 1H 2021 compared to 1H 2020. This resulted in an increase in receipts from customers ($700.5 million), offset partially by an increase in payments to suppliers ($427.0 million).
2. **Net investing cash outflows** ▼ **$2.5m**	Investing cash flows represent capital expenditure for property, plant and equipment, Lytton T&I, and purchase of intangibles. The decrease is primarily due to the reduction in major cyclical maintenance at the Lytton refinery ($24.2 million) offset partially by an increase in capital expenditure on property, plant and equipment ($15.5 million) and intangible assets ($6.1 million).
3. **Net financing cash outflows** ▼ **$571.5m**	Financing cashflows primarily include an equal and offsetting repayment and drawdown of borrowings ($3,198 million), dividend payment ($54.8 million), repayment of lease principal ($51.2 million) and a $300.4 million off-market buy-back purchase which was completed in February 2021.

Capital expenditure

Capital expenditure totalled $84.9 million, including T&I spend at the Lytton refinery of $5.7 million and $9.8 million in intangible software.

Market conditions and outlook(i)

Since the end of the first half, COVID-19 lockdowns, including the ongoing prolonged lockdown of Greater Sydney, have impacted fuel demand and shop performance. Convenience Retail fuel volumes were down 15% in July 2021 and down 18% in August to 15 August 2021 versus the prior corresponding period. Gasoline demand has been most impacted, with diesel remaining more resilient. Australian wholesale volumes have performed well, up 2% in July 2021 compared to the same time last year. Uncertainty on the timing of when restrictions will ease is making forecasting full year Australian volumes difficult. Current run rate suggests Australian volumes will be below the previous guidance range of 13.5 to 14.0 billion litres.

Changes in consumer behaviour are reversing the good momentum from the first half with shop sales down 16% in July 2021 and 17% in August to 15 August 2021, versus the same time last year.

Looking beyond current lockdowns, the market has shown that demand and sales recover quickly when restrictions ease and there are signs that retail margins are providing a partial offset to the volume weakness.

Vaccination rates and the resultant easing of COVID-19 restrictions and continued execution of our strategies should provide positive earnings momentum. Combined with Ampol's significant operating leverage, this means we are well placed to benefit from the recovery when it occurs, supporting a positive medium-term outlook.

Ampol remains on track to deliver $195(ii) million EBIT uplift by 2024, from our Convenience Retail and Fuels and Infrastructure International EBIT growth strategies.

We will also continue to build foundations for the orderly energy transition by working with our customers, focusing on a targeted set of energy and decarbonisation themes. This includes our plan to roll out fast charging bays to ~100 sites across our national retail network by September 2023, with the support of an ARENA Future Fuels Fund grant.

(i) Current market conditions remain challenging with ongoing lockdowns and community transmission of COVID-19. All forward looking statements are provided on the basis that the vaccination roll out continues and COVID-19 restrictions ease towards the end of 2021.
(ii) EBIT uplift on a base of 2019, from Convenience Retail shop contribution, Fuels and Infrastructure and $40.0 million cost-out delivered in 2020.

Directors' Report continued

Risk management

There have been no material changes to the descriptions of Ampol's risk management framework as outlined in the Operating and Financial Review included in the Annual Report as at 31 December 2020.

Events subsequent to the end of the year

Dividend

On 23 August 2021, the directors declared a fully franked final dividend of 52 cents per share.

Coronavirus pandemic (COVID-19)

Since July 2021, Australian state governments have announced a number of new restrictions in response to COVID-19 and the situation continues to evolve. These restrictions affect fuel demand and shop performance and the duration and impact of these restrictions on the business remains uncertain. Ampol continues to monitor and review the safeguarding and health of its people and customers, business continuity and cashflow.

Z Energy Limited

On 23 August 2021 the Group announced that it had made a non-binding indicative offer to acquire Z Energy Limited ("Z"), a fuel distribution and retailing company which is listed on the New Zealand Stock Exchange. The Group made a cash offer of NZ$3.78 per share with an estimated transaction (equity) value of approximately NZ$2.0bn, which equates to an Enterprise Value of NZ$2.8bn (inclusive of net debt). The Group will commence a four week period of exclusivity during which it will conduct confirmatory due diligence and further develop its proposal. The proposal is subject to a unanimous Board recommendation, agreement of binding transaction documents, as well as the approval of Z shareholders, NZ High Court and relevant regulatory authorities. The Group expects the acquisition to be funded through a mix of debt, proceeds from divestments and approximately $600m in equity. It is anticipated that any transaction would complete in the first half of 2022.

Other

There were no other items, transactions or events of a material or unusual nature that, in the opinion of the Board, are likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group that have arisen in the period from 30 June 2021 to the date of this report.

Rounding of amounts

Amounts in the half year 2021 Directors' Report and half year 2021 Financial Report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated, in accordance with *ASIC Corporations Instrument (Rounding in Financial/Directors' Report) 2016/191*. Ampol is an entity to which the instrument applies.

The Directors' Report is made in accordance with a resolution of the Directors of Ampol.

Steven Gregg
Chairman

Matthew Halliday
Managing Director & Chief Executive Officer
Sydney, 23 August 2021

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

To the Directors of Ampol Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Ampol Limited for the half-year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Julian McPherson
Partner
Sydney
23 August 2021

Directors' Declaration

The Directors of Ampol Limited (Ampol) declared that:

a) in the Directors' opinion, there are reasonable grounds to believe that Ampol will be able to pay its debts as and when they become due and payable; and

b) in the Directors' opinion, the consolidated financial statements for the Group for the half year ended 30 June 2021, and the notes to the financial statements, are in accordance with the *Corporations Act 2001 (Cth)*, including:
   (i) section 304 (compliance with Accounting Standards); and
   (ii) section 305 (true and fair view).

This declaration is made in accordance with a resolution of the Directors of Ampol.

Steven Gregg
Chairman

Matthew Halliday
Managing Director & Chief Executive Officer
Sydney, 23 August 2021

KPMG

Independent Auditor's Review Report

To the shareholders of Ampol Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Ampol Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Ampol Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2021
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated cash flow statement for the Half-year ended on that date
- Notes comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Ampol Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Julian McPherson
Partner
Sydney
23 August 2021

Financial Statements

Contents

Consolidated Income Statement

FOR THE HALF YEAR ENDED 30 JUNE 2021

Millions of dollars	Note	30 June 2021	30 June 2020
Revenue	B1	**9,817.2**	8,052.9
Cost of goods sold – historical cost		**(8,679.5)**	(7,819.1)
Gross profit		**1,137.7**	233.8
Other income	B1	**40.8**	2.1
Other expense	B2	**-**	(364.8)
Net foreign exchange gain		**4.4**	32.7
Selling and distribution expenses		**(557.8)**	(571.5)
General and administration expenses		**(118.9)**	(181.1)
Profit/(loss) from operating activities		**506.2**	(848.8)
Finance costs		**(49.0)**	(54.1)
Finance income		**0.1**	0.7
Net finance costs	B2	**(48.9)**	(53.4)
Share of net profit of entities accounted for using the equity method		**6.5**	4.0
Profit/(loss) before income tax expense	B3.3	**463.8**	(898.2)
Income tax (expense)/benefit		**(119.4)**	272.3
Net profit/(loss)		**344.4**	(625.9)
Profit/(loss) attributable to:			
Equity holders of the parent entity		**325.5**	(626.2)
Non-controlling interest		**18.9**	0.3
Net profit/(loss)		**344.4**	(625.9)
Basic and diluted earnings/(loss) per share			
Historical cost – cents per share - basic	B4	**135.7**	(247.5)
Historical cost – cents per share - diluted	B4	**135.4**	(247.5)

The Consolidated Income Statement is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 30 JUNE 2021

Millions of dollars	Note	30 June 2021	30 June 2020
Profit/(loss) for the period		**344.4**	(625.9)
Other comprehensive income			
Items that will not be reclassified to income statement:			
Actuarial gain/(loss) on defined benefit plans		**2.5**	(2.8)
Tax on items that will not be reclassified to income statement		**(0.8)**	0.8
Total items that will not be reclassified to income statement		**1.7**	(2.0)
Items that may be reclassified subsequently to income statement:			
Foreign operations – foreign currency translation differences		**12.6**	25.9
Net change in fair value of net investment hedges		**-**	3.7
Effective portion of changes in fair value of cash flow hedges		**24.4**	72.6
Net change in fair value of cash flow hedges reclassified to income statement		**(16.8)**	(74.2)
Tax on items that may be reclassified subsequently to income statement		**(2.4)**	(0.6)
Total items that may be reclassified subsequently to income statement		**17.8**	27.4
Other comprehensive income for the period, net of income tax		**19.5**	25.4
Total comprehensive income/(loss) for the period		**363.9**	(600.5)
Attributable to:			
Equity holders of the parent entity		**345.0**	(600.8)
Non-controlling interest		**18.9**	0.3
Total comprehensive income/(loss) for the period		**363.9**	(600.5)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the Financial Statements.

Consolidated Balance Sheet

AS AT HALF YEAR ENDED 30 JUNE 2021

Millions of dollars	Note	30 June 2021	31 December 2020(i)
Current assets			
Cash and cash equivalents		**64.4**	367.6
Receivables		**1,534.3**	882.8
Government grant receivable		**40.0**	-
Inventories		**1,662.2**	1,354.3
Other		**36.5**	53.3
Total current assets		**3,337.4**	2,658.0
Non-current assets			
Receivables		**6.8**	2.5
Investments accounted for using the equity method		**181.9**	173.0
Intangibles		**557.6**	558.4
Property, plant and equipment		**3,474.1**	3,467.7
Deferred tax assets		**358.5**	453.8
Employee benefits		**4.7**	2.9
Other		**43.3**	47.7
Total non-current assets		**4,626.9**	4,706.0
Total assets		**7,964.3**	7,364.0
Current liabilities			
Payables		**2,099.9**	1,535.2
Interest-bearing liabilities	C1.1	**158.2**	160.2
Current tax liabilities		**90.9**	90.7
Employee benefits		**105.2**	98.9
Provisions		**172.5**	178.7
Total current liabilities		**2,626.7**	2,063.7
Non-current liabilities			
Payables		**14.4**	16.0
Interest-bearing liabilities	C1.1	**1,622.8**	1,555.5
Deferred tax liabilities		**10.8**	9.7
Employee benefits		**6.7**	6.1
Provisions		**471.1**	488.3
Total non-current liabilities		**2,125.8**	2,075.6
Total liabilities		**4,752.5**	4,139.3
Net assets		**3,211.8**	3,224.7
Equity			
Issued capital	C3	**479.7**	502.6
Treasury stock		**(1.8)**	(1.6)
Reserves		**23.7**	5.6
Retained earnings		**2,439.4**	2,444.5
Total parent entity interest		**2,941.0**	2,951.1
Non-controlling interest		**270.8**	273.6
Total equity		**3,211.8**	3,224.7

(i) Prior period has been restated to reflect changes made in the current period to current and non-current classifications. Refer to note A4 for further information on the reclassification of Long Service Leave Liabilities.

The Consolidated Balance Sheet is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 30 JUNE 2021

Millions of dollars	Issued capital	Treasury stock	Foreign currency translation reserve	Hedging reserve	Equity compen-sation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2020	502.6	(2.0)	42.9	(5.0)	(18.5)	2,737.0	3,257.0	13.5	3,270.5
Total comprehensive income for the half year									
(Loss)/profit for the year	–	–	–	–	–	(626.2)	(626.2)	0.3	(625.9)
Total other comprehensive (loss)/income	–	–	28.5	(1.1)	–	(2.0)	25.4	–	25.4
Total comprehensive (loss)/income for the half year	–	–	28.5	(1.1)	–	(628.2)	(600.8)	0.3	(600.5)
Own shares acquired net of tax	–	(0.4)	–	–	0.1	–	(0.3)	–	(0.3)
Shares vested to employees	–	1.0	–	–	(1.0)	–	–	–	–
Expense on equity settled transactions	–	–	–	–	0.9	–	0.9	–	0.9
Dividends to shareholders	–	–	–	–	–	(127.4)	(127.4)	-	(127.4)
Balance at 30 June 2020	502.6	(1.4)	71.4	(6.1)	(18.5)	1,981.4	2,529.4	13.8	2,543.2
Balance at 1 January 2021	**502.6**	**(1.6)**	**30.8**	**(5.1)**	**(20.1)**	**2,444.5**	**2,951.1**	**273.6**	**3,224.7**
Total comprehensive income for the half year									
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**325.5**	**325.5**	**18.9**	**344.4**
Total other comprehensive income/(loss)	**–**	**–**	**12.6**	**5.2**	**–**	**1.7**	**19.5**	**–**	**19.5**
Total comprehensive income/(loss) for the half year	**–**	**–**	**12.6**	**5.2**	**–**	**327.2**	**345.0**	**18.9**	**363.9**
Ampol Property Trust – distribution	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(20.9)**	**(20.9)**
Own shares acquired net of tax	**–**	**(1.9)**	**–**	**–**	**0.5**	**–**	**(1.4)**	**–**	**(1.4)**
Shares vested to employees	**–**	**1.7**	**–**	**–**	**(1.7)**	**–**	**–**	**–**	**–**
Expense on equity settled transactions	**–**	**–**	**–**	**–**	**1.5**	**–**	**1.5**	**–**	**1.5**
Shares bought back[i]	**(22.9)**	**–**	**–**	**–**	**–**	**(277.5)**	**(300.4)**	**–**	**(300.4)**
Dividends to shareholders	**–**	**–**	**–**	**–**	**–**	**(54.8)**	**(54.8)**	**(0.8)**	**(55.6)**
Balance at 30 June 2021	**479.7**	**(1.8)**	**43.4**	**0.1**	**(19.8)**	**2,439.4**	**2,941.0**	**270.8**	**3,211.8**

(i) 11,404,848 shares were bought back during the half year ended 30 June 2021.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements.

Consolidated Cash Flow Statement

FOR THE HALF YEAR ENDED 30 JUNE 2021

Millions of dollars	Note	30 June 2021	30 June 2020
Cash flows from operating activities			
Receipts from customers		**12,816.1**	12,115.6
Payments to suppliers, employees and governments		**(12,531.2)**	(12,104.2)
Shares acquired for vesting employee benefits		**(1.9)**	(0.4)
Dividends and distributions received		**1.6**	(0.1)
Interest received		**0.1**	0.6
Interest and other finance costs paid		**(51.3)**	(47.6)
Income taxes paid		**(25.2)**	(29.8)
Net operating cash inflows/(outflows)		**208.2**	(65.9)
Cash flows from investing activities			
Purchase of investment in associate	D3	**(1.5)**	-
Purchases of property, plant and equipment		**(69.4)**	(53.9)
Major cyclical maintenance		**(5.7)**	(29.9)
Purchases of intangibles		**(9.8)**	(3.7)
Proceeds from sale of property, plant and equipment, net of selling costs		**1.7**	0.3
Net investing cash outflows		**(84.7)**	(87.2)
Cash flows from financing activities			
Proceeds from borrowings		**3,198.0**	5,215.6
Repayments of borrowings		**(3,198.0)**	(4,866.1)
Repayment of lease principal		**(51.2)**	(78.7)
Payments for shares bought back		**(300.4)**	-
Distributions/dividends paid to non-controlling interest		**(21.7)**	-
Dividends paid	B5	**(54.8)**	(127.4)
Net financing cash (outflows)/inflows		**(428.1)**	143.4
Net decrease in cash and cash equivalents		**(304.6)**	(9.7)
Effect of exchange rate changes on cash and cash equivalents		**1.4**	(7.2)
Increase in cash and cash equivalents		**(303.2)**	(16.9)
Cash and cash equivalents at the beginning of the period		**367.6**	35.0
Cash and cash equivalents at the end of the period		**64.4**	18.1

The Consolidated Cash Flow Statement is to be read in conjunction with the notes to the Financial Statements.

Notes to the Financial Statements
A Overview

FOR THE HALF YEAR ENDED 30 JUNE 2021

A1 Reporting entity

Ampol Limited ("Ampol" or the "Company") is a for-profit company, incorporated and domiciled in Australia. The Consolidated Interim Financial Report for the six months ended 30 June 2021 comprises the Company and its controlled entities (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group is primarily involved in the purchase, refining, distribution and marketing of petroleum products and the operation of convenience stores as described in note B3.1.

A2 Basis of preparation

The Interim Financial Report was approved and authorised for issue by the Board of Directors on 23 August 2021. It does not contain all the information that is included in the full annual financial report and should be read in conjunction with the financial statements for the year ended 31 December 2020. These can be obtained by visiting https://www.ampol.com.au/about-ampol/investor-centre/annual-reports.

The Interim Financial Report is a general-purpose financial report which has been prepared;

- in accordance with AASB 134 *"Interim Financial Reporting"* and the *Corporations Act 2001 (Cth)*;
- on a historical cost basis, except for derivative financial instruments and other financial assets and liabilities that are measured at fair value; and
- on a going concern basis (detailed information relating to the assessment of going concern can be found in Note C1); and
- in Australian dollars together with the Directors' Report and is rounded to the nearest hundred thousand dollars in accordance with *ASIC's Instrument 2016/191*, unless stated otherwise.

A3 Use of judgement and estimates

Except as described below in note A4, the accounting judgements and estimates applied by the Group in these interim financial statements are the same as those applied in its financial statements for the full year ended 31 December 2020. Specific judgements, estimates and assumptions made in relation to the COVID-19 pandemic are disclosed in notes B3.3, C1 and E5 to the interim financial statements.

A4 Significant accounting policies

The interim Financial Report does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Except as described in this note, the accounting policies applied in these interim financial statements are consistent with those applied as at 31 December 2020 and have been consistently applied by each entity in the Group.

Government grants

The introduction of the Temporary Refinery Production Package in 2021 has led to a government grant entitlement. Consequently, the accounting treatment applied to government grants, *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*, is now considered a significant accounting policy of the Group.

The Group recognises grants only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and that the grant will be received. The grant is recognised as income, on a systemic basis, over the period in which the related costs or revenue shortfall, for which they are intended to compensate, are recognised. The Group presents government grants separately in 'other income'.

Cloud computing arrangements

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, "*Configuration or Customisation Costs in a Cloud Computing Arrangement*". The decision clarifies whether configuration or customisation expenditure relating to cloud computing arrangements can be recognised as an intangible asset, and if not, over what time period the expenditure should be expensed.

The adoption of this IFRIC agenda decision is a change in accounting policy. This may result in the restatement of, and an adjustment to, the opening retained earnings of the comparative reporting period.

Historically, the Group's accounting policy has been to capitalise costs related to cloud computing configuration and customisation as software intangible assets in the Balance Sheet ($101.6 million). Consequently, the Group has not yet adopted this IFRIC agenda decision. Management has commenced a detailed review of capitalised software costs. However, for the six months ended 30 June 2021, the impact of the change is not expected to be reasonably estimable before the signing of the Interim Financial Report.

Comparatives

Where applicable, various comparative balances have been reclassified to align with current period presentation.

Employee benefits

Historically, the Group has classified long service leave as either current or non-current based on the amounts which are expected to be settled within 12 months and those expected to be settled beyond the next 12 months. In the current period the Group has presented the current and non-current portions based on the legal obligation that the Group has for services performed up to the balance date. The non-current portion has been measured as the present value of expected future payments to be made in respect of services provided by employees up to period end in accordance with *AASB 119 Employee Benefits.* Accordingly, the comparative information presented for 31 December 2020 has been reclassified to align with current period presentation resulting in an increase in current provisions and a corresponding decrease in non-current provisions of $33.8 million.

Notes to the Financial Statements
B Results for the year

FOR THE HALF YEAR ENDED 30 JUNE 2021

This section highlights the performance of the Group for the half year, including revenue and other income, costs and expenses, results by operating segment, earnings per share and dividends.

B1 Revenue and other income

Millions of dollars	Note	30 June 2021	30 June 2020
Revenue			
Sale of goods		**9,738.8**	7,953.2
Other revenue			
Rental income		**9.7**	10.5
Transaction and merchant fees		**50.0**	66.7
Other		**18.7**	22.5
Total other revenue		**78.4**	99.7
Total revenue		**9,817.2**	8,052.9
Other income			
Government assistance – wage support(i)		**0.6**	2.1
Government assistance - refinery(ii)		**40.0**	-
Net gain on sale of property, plant and equipment		**0.2**	-
Total other income	B3.2	**40.8**	2.1

(i) Relates to COVID-19 government wage support of $0.6 million (1H 2020: $2.1 million) received from Australia, New Zealand and Singapore government programs.
(ii) A total of $40.0 million was recognised under the Temporary Refinery Production Program during the first half of 2021. Refer to note A4 for further information.

B1.1 Revenue from products and services

Millions of dollars	30 June 2021	30 June 2020
Petrol	**2,936.6**	2,350.1
Diesel	**4,826.7**	3,912.5
Jet	**412.4**	540.0
Lubricants	**101.2**	103.9
Specialty and other products	**149.5**	62.4
Crude	**708.2**	471.3
Non-fuel income	**604.2**	513.0
Other revenue	**78.4**	99.7
Total product and service revenue	**9,817.2**	8,052.9

Notes to the Financial Statements
B Results for the year continued

FOR THE HALF YEAR ENDED 30 JUNE 2021

B2 Costs and expenses

Millions of dollars	Note	30 June 2021	30 June 2020
Finance costs			
Interest expense		**24.2**	20.7
Finance charges on leases		**28.7**	28.2
Unwinding of discount on provisions		**(3.6)**	5.3
Less: capitalised finance costs		**(0.3)**	(0.1)
Finance costs		**49.0**	54.1
Finance income		**(0.1)**	(0.7)
Net finance costs		**48.9**	53.4
Depreciation and amortisation			
Depreciation of:			
Buildings		**7.0**	7.9
Leasehold property		**75.1**	70.8
Plant and equipment		**99.6**	113.9
		181.7	192.6
Amortisation of:			
Intangibles		**10.2**	15.3
Total depreciation and amortisation		**191.9**	207.9
Other expenses			
Net loss on disposal of property, plant and equipment	B3.2	**-**	10.0
Impairment of non-current assets	E5	**-**	354.8
Total other expenses		**-**	364.8

B3 Segment reporting

B3.1 Segment disclosures

The accounting policies used by the Group in reporting segments are consistent with those applied as part of the 31 December 2020 Financial Report.

Types of products and services

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

Convenience Retail

The Convenience Retail segment includes revenues and costs associated with fuel and shop offerings at Ampol’s network of stores, including royalties and franchise fees on remaining franchise stores.

Fuels and Infrastructure

The Fuels and Infrastructure segment includes revenues and costs associated with the integrated wholesale fuels and lubricants supply for the Group, including the Company’s international businesses. This includes Lytton refining, Bulk Fuels sales, Trading and Shipping, Infrastructure, and the Gull and Seaoil businesses.

Transfer price between segments

The Group operates as a vertically integrated supply chain including trading and shipping, infrastructure, refining and marketing of fuel products in Australia and internationally to customers, including retail service stations. Segment results are based on commercial pricing between segments, most notably Fuels and Infrastructure and Convenience Retail, that is determined by a reference to relevant import parity prices for refining output and other commercial arrangements between the business segments.

Notes to the Financial Statements
B Results for the year continued

FOR THE HALF YEAR ENDED 30 JUNE 2021

B3 Segment reporting continued

B3.2 Information about reportable segments

	Convenience Retail		Fuels and Infrastructure		Total operating segments	
Millions of dollars	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
External segment revenue	**2,252.3**	2,025.2	**7,564.9**	6,027.7	**9,817.2**	8,052.9
Inter-segment revenue	**-**	-	**1,314.1**	1,136.6	**1,314.1**	1,136.6
Total segment revenue	**2,252.3**	2,025.2	**8,879.0**	7,164.3	**11,131.3**	9,189.5
Government assistance – wage support	**-**	-	**0.6**	2.1	**0.6**	2.1
Government assistance - refinery	**-**	-	**40.0**	-	**40.0**	-
Net gain/(loss) on sale of property, plant and equipment	**0.3**	8.7	**(0.1)**	1.3	**0.2**	10.0
Total other income	**0.3**	8.7	**40.5**	3.4	**40.8**	12.1
Replacement Cost of Sales Operating Profit (RCOP) before interest and income tax excluding foreign exchange and significant items[i]	**149.4**	125.0	**183.6**	83.3	**333.0**	208.3
RCOP foreign exchange gain	**-**	-	**24.6**	29.0	**24.6**	29.0
RCOP before interest and income tax excluding significant items[i]	**149.4**	125.0	**208.2**	112.3	**357.6**	237.3

B3.3 Reconciliation of reportable segment revenues, profit or loss and other material items

Millions of dollars	**30 June 2021**	**30 June 2020**
Profit or loss		
Segment RCOP[i] before interest and income tax, excluding significant items	**357.6**	237.3
Other expenses including corporate expenditure	**(17.8)**	(15.9)
RCOP before interest and income tax, excluding significant items	**339.8**	221.4
Significant items loss excluded from profit or loss (before tax)	**(26.0)**	(445.6)
RCOP before interest and income tax	**313.8**	(224.2)
Inventory gain/(loss) before tax	**198.9**	(620.6)
Consolidated historical cost profit/(loss) before interest and income tax	**512.7**	(844.8)
Net financing costs	**(48.9)**	(53.4)
Consolidated profit/(loss) before income tax	**463.8**	(898.2)
RCOP income tax expense	**(67.5)**	(47.6)
Significant items tax benefit	**7.8**	133.7
Inventory tax (expense)/benefit	**(59.7)**	186.2
Consolidated historical cost income tax (expense)/benefit	**(119.4)**	272.3
Net profit/(loss)	**344.4**	(625.9)
Profit/(loss) attributable to:		
Non-controlling interest	**18.9**	0.3
Equity holders of the parent entity	**325.5**	(626.2)
Net profit/(loss)	**344.4**	(625.9)

(i) Replacement Cost of sales Operating Profit (RCOP) (on a pre- and post-tax basis) is a non-International Financial Reporting Standards (IFRS) measure and is unaudited. It is derived from the statutory profit adjusted for inventory (losses)/gains as management believes this presents a clearer picture of the Group's underlying business performance as it is consistent with the basis of reporting commonly used within the global downstream oil industry. RCOP excludes the unintended impact of the fall or rise in oil and product prices (key external factors). It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of contract-based revenue lags.

Notes to the Financial Statements
B Results for the year continued

FOR THE HALF YEAR ENDED 30 JUNE 2021

B3.3 Reconciliation of reportable segment revenues, profit or loss and other material items continued

Significant items excluded from profit or loss reported to the chief operating decision maker:

Millions of dollars	30 June 2021	30 June 2020
Ampol rebranding expense	**(26.6)**	(56.9)
Other income	**0.6**	2.1
Impairment of non-current assets	**-**	(354.8)
Other expenses	**-**	(36.0)
Significant items loss excluded from profit or loss (before tax)	**(26.0)**	(445.6)

Ampol rebranding expense

The Group has recognised an expense of $26.6 million (1H 2020: $56.9 million) relating to the rebranding program currently being undertaken to remove Caltex signage and install Ampol branding at the Group's sites. Current period costs include accelerated depreciation $5.8 million (1H 2020: $6.6 million) and other operating expenses $20.8 million (1H 2020: $4.3 million). This expense is included within general and administration expenses $20.8 million (1H 2020: $50.3 million) and selling and distribution for $5.8 million (1H 2020: $6.6 million) in the Consolidated Income Statement. In the period ended 30 June 2020, a provision of $46.0 million was also recognised in relation to the contractual obligation to undertake rebranding work at sites owned by a third party, to be completed before 31 December 2022.

Other Income

Assistance from government

Other income includes COVID-19 government wage support of $0.6m (1H 2020: $2.1 million). These amounts were received from Australian, New Zealand and Singapore government programs.

Impairment of non-current assets

In the period ended 30 June 2020 the Group recognised an impairment loss of $354.8 million. These impairments related to the Lytton refinery ($80.0 million), a number of Convenience Retail sites ($233.0 million) and other specific assets ($41.8 million). This impairment loss was disclosed in other expenses in the Consolidated Income Statement.

Other expenses

Site remediation provision

An environmental remediation provision of $32.3 million was recognised in the period ended 30 June 2020 in respect of the cost of remediating convenience retail and depot sites for alternative use. This expense was included within general and administration expenses in the Consolidated Income Statement.

Provision for doubtful debts

In the period ended 30 June 2020 a provision for doubtful debts of $3.7 million was raised as a result of the expected impact on Ampol customers from COVID-19. This expense was included within general and administration expenses in the Consolidated Income Statement.

Significant items tax benefit

Significant items tax benefit of $7.8 million (1H 2020: $133.7 million) represents tax at the Australian corporate tax rate of 30% on Significant items before tax.

Notes to the Financial Statements
B Results for the year continued

FOR THE HALF YEAR ENDED 30 JUNE 2021

B4 Earnings per share

Cents per share	30 June 2021	30 June 2020
Historical cost net profit/(loss) attributable to ordinary shareholders – basic	**135.7**	(247.5)
Historical cost net profit/(loss) attributable to ordinary shareholders – diluted	**135.4**	(247.5)
RCOP after tax and excluding significant items – basic	**85.2**	47.5
RCOP after tax and excluding significant items – diluted	**85.1**	47.5

Calculation of earnings per share

Basic historical earnings per share is calculated as the net profit attributable to ordinary shareholders of the parent entity divided by the weighted average number of ordinary shares outstanding during the half year ended 30 June 2021.

Diluted historical cost earnings per share is calculated as the profit attributable to ordinary shareholders of the parent entity divided by the weighted average number of ordinary shares which has been adjusted to reflect the number of shares that would be issued if all outstanding rights and restricted shares were exercised. When the Company has made a loss, basic and diluted earnings per share are calculated using the same weighted average number of ordinary shares and excludes all outstanding rights and restricted shares on issue as to include them in the calculation of diluted earnings per share would result in a lower loss per share.

Earnings per share has been disclosed for both the historical cost net profit as well as the RCOP segment method of reporting net profit. The RCOP segment method adjusts statutory profit for significant items and inventory gains and losses. A reconciliation between historical cost net profit attributable to ordinary shareholders of the parent entity and RCOP after tax and excluding significant items is included below.

Millions of dollars	30 June 2021	30 June 2020
Net profit/(loss) after tax attributable to equity holders of the parent entity	**325.5**	(626.2)
Add/Less: Significant items loss/(gains) after tax	**18.2**	311.9
Add/Less: Inventory (gains)/losses after tax	**(139.2)**	434.4
RCOP excluding significant items after tax	**204.5**	120.1

Weighted average number of shares (millions)	30 June 2021	30 June 2020
Issued shares as at 1 January	**249.7**	249.7
Shares bought back and cancelled[(i)]	**(11.4)**	-
Issued shares as at 30 June	**238.3**	249.7
Weighted average number of shares as at 30 June - basic	**239.9**	253.0
Weighted average number of shares as at 30 June - diluted	**240.3**	253.0

(i) Refer to Note C3.

Notes to the Financial Statements
B Results for the year continued
FOR THE HALF YEAR ENDED 30 JUNE 2021

B5 Dividends

B5.1 Dividends declared or paid
Dividends recognised in the current year by the Group are:

Millions of dollars	Date of payment	Franked/ unfranked	Cents per share	Total amount
2021				
Final 2020	1 April 2021	Franked	23	54.8
Total amount			**23**	**54.8**
2020				
Interim 2020	2 October 2020	Franked	25	62.4
Final 2019	3 April 2020	Franked	51	127.4
Total amount			76	189.8

Subsequent events
Since 30 June 2021, 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 the interim financial statements.

Interim 2021	**23 September 2021**	**Franked**	**52**	**123.9**

Notes to the Financial Statements
C Capital, funding and risk management

FOR THE HALF YEAR ENDED 30 JUNE 2021

C1 Going concern, liquidity and capital management

C1.1 Interest-bearing liabilities

Millions of dollars	30 June 2021	31 December 2020
Current		
Bank facilities	**-**	-
Lease liabilities	**158.2**	160.2
Total current interest-bearing liabilities	**158.2**	160.2
Non-current		
Bank facilities(i)	**(4.6)**	(5.3)
Capital market borrowings(ii)	**309.7**	313.5
Subordinated notes(iii)	**494.1**	493.3
Lease liabilities	**823.6**	754.0
Total non-current interest-bearing liabilities	**1,622.8**	1,555.5
Total interest-bearing liabilities	**1,781.0**	1,715.7

(i) Bank facilities comprise of no drawn bank debt at 30 June 2021 (less borrowing costs of $4.6 million (2020: $5.3 million)).

(ii) Capital market borrowings of $309.7 million (2020: $313.5 million) includes a fair value adjustment of $10.9 million (2020: $14.8 million) relating to the fair value hedge of the $300.0 million Australian Medium-Term Notes (less borrowing costs of $1.2 million (2020: $1.3 million)).

(iii) Subordinated notes were issued on 9 December 2020 and are unlisted. They are denominated in Australian dollars. The Notes have a maturity date of 9 December 2080, with the first optional redemption date on 9 March 2026 totalling $500.0 million (less borrowing costs of $5.9 million (2020: $6.7 million)).

C1.2 Capital management

The Group's primary objective when managing capital is to safeguard the ability to continue as a going concern, while delivering on strategic objectives.

The Group's Financial Framework is designed to support the strategic objective of sustainably delivering value and growth for our owners, people and customers. The framework's key elements are to:

(i) maintain an optimal capital structure that delivers a competitive cost of capital by holding a level of net debt (including lease liabilities) relative to EBITDA that is consistent with strong investment-grade credit rating;

(ii) deliver Return on Capital Employed (ROCE) that exceeds the weighted average cost of capital; and

(iii) make disciplined capital allocation decisions between investments, debt reduction and distribution of surplus capital to shareholders.

The Group's gearing ratio is calculated as net borrowings divided by total capital. Net borrowings is a non-statutory measure calculated as total interest-bearing liabilities (excluding liabilities arising under AASB 16 Leases; refer to note C1.1) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

Notes to the Financial Statements
C Capital, funding and risk management continued

C1 Going concern, liquidity and capital management continued

C1.2 Capital management continued

Millions of dollars	30 June 2021	31 December 2020
Interest-bearing liabilities(i)	**799.2**	801.5
Less: cash and cash equivalents	**(64.4)**	(367.6)
Net borrowings	**734.8**	433.9
Total equity	**3,211.8**	3,224.7
Total capital	**3,946.6**	3,658.6
Gearing ratio	**18.6%**	11.9%

(i) Interest-bearing liabilities excludes liabilities arising under AASB 16 Leases. Refer to note C1.1.

C1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Due to the dynamic nature of the underlying business, the liquidity risk policy requires maintaining sufficient cash and an adequate amount of committed credit facilities to be held above the forecast requirements of the business. The Group manages liquidity risk centrally by monitoring cash flow forecasts and maintaining adequate cash reserves and debt facilities. The debt portfolio is periodically reviewed to ensure there is funding flexibility across an appropriate maturity profile.

The debt facility maturity profile of the Group as at 30 June 2021 is as follows:

30 June 2021 Millions of dollars	2022	2023	2024	2025	2026	Funds available	Drawn	Undrawn
Bank facilities	**419.2**	**325.0**	**461.6**	**557.1**	**235.0**	**1,997.9**	**-**	**1,997.9**
Capital market borrowings - Drawn(i)	**-**	**-**	**-**	**300.0**	**-**	**300.0**	**300.0**	**-**
Subordinated notes(ii)	**-**	**-**	**-**	**-**	**500.0**	**500.0**	**500.0**	**-**
Total	**419.2**	**325.0**	**461.6**	**857.1**	**735.0**	**2,797.9**	**800.0**	**1,997.9**

(i) Capital market borrowings were drawn for the half year period 30 June 2021. Refer to note C1.1 annotation (ii) for the reconciliation back to $309.7 million (2020: $313.5 million).

(ii) Subordinated notes were drawn for the half year period 30 June 2021. Refer to note C1.1 annotation (iii) for the reconciliation back to $494.1 million (2020: $493.3 million).

The Group maintains a strong balance sheet and liquidity position by accessing diversified funding sources made up of committed bank debt facilities and bonds, with a weighted average debt maturity profile of 3.4 years.

The total available funds for the half year period 30 June 2021 was $2,797.9 million (2020: $2,940.5 million), with $1,997.9 million (2020: $2,140.5 million) in undrawn committed bank debt facilities.

C2 Fair value of financial assets and liabilities

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

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

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

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

The fair value of cash, cash equivalents and non-interest-bearing financial assets and liabilities approximates their carrying value due to their short maturity.

Notes to the Financial Statements
C Capital, funding and risk management continued
FOR THE YEAR ENDED 30 JUNE 2021

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

Millions of dollars		Asset/(Liability)			
30 June 2021	**Carrying amount**	**Fair value total**	**Quoted market price (Level 1)**	**Observable inputs (Level 2)**	**Non-market observable inputs (Level 3)**
Interest-bearing liabilities					
Bank facilities[(i)]	**4.6**	**-**	**-**	**-**	**-**
Capital market borrowings	**(309.7)**	**(337.8)**	**-**	**(337.8)**	**-**
Subordinated notes	**(494.1)**	**(583.4)**	**-**	**(583.4)**	**-**
Derivatives					
Interest rate swaps	**10.5**	**10.5**	**-**	**10.5**	**-**
Foreign exchange contracts (forwards, swaps and options)	**7.2**	**7.2**	**-**	**7.2**	**-**
Crude and finished product swap and futures contracts	**(54.5)**	**(54.5)**	**10.0**	**(64.5)**	**-**
Total	**(836.0)**	**(958.0)**	**10.0**	**(968.0)**	**-**

Millions of dollars		Asset/(Liability)			
31 December 2020	**Carrying amount**	**Fair value total**	**Quoted market price (Level 1)**	**Observable inputs (Level 2)**	**Non-market observable inputs (Level 3)**
Interest-bearing liabilities					
Bank facilities[(i)]	5.3	-	-	-	-
Capital market borrowings	(313.5)	(347.9)	-	(347.9)	-
Subordinated notes	(493.3)	(592.9)	-	(592.9)	-
Derivatives					
Interest rate swaps	6.9	6.9	-	6.9	-
Foreign exchange contracts (forwards, swaps and options)	(3.0)	(3.0)	-	(3.0)	-
Crude and finished product swap and futures contracts	(49.8)	(49.9)	(22.0)	(27.9)	-
Total	(847.4)	(986.8)	(22.0)	(964.8)	-

(i) Relates to capitalised borrowing costs recorded at amortised cost on committed bank facilities.

Estimation of fair values

Interest-bearing liabilities

Bank facilities

These are estimated as the present value of future cash flows using the applicable market rate.

Capital market borrowings and subordinated notes

These are determined by quoted market prices or dealer quotes for similar instruments

Derivatives

Interest rate swaps

This is an estimated amount that the Group would receive or pay to terminate the swap at balance date taking into account current interest rates and credit adjustments.

Foreign exchange contracts (forwards, swaps and options)

These are calculated by reference to current forward exchange rates for contracts with similar maturity profiles as at reporting date. The fair value of foreign exchange options is determined using standard valuation techniques.

Crude and finished product swap and futures contracts

The fair value of crude and product swap contracts is calculated by reference to market prices for contracts with similar maturity profiles at reporting date. The fair value of crude and product futures contracts is determined by quoted market prices.

Notes to the Financial Statements
C Capital, funding and risk management continued

FOR THE YEAR ENDED 30 JUNE 2021

C3 Issued capital

Millions of dollars	30 June 2021	31 December 2020
Ordinary shares		
Shares on issue at beginning of period – fully paid	**502.6**	502.6
Shares repurchased for cash(i)	**(22.9)**	-
Shares on issue at end of period – fully paid	**479.7**	502.6

(i) On 22 January 2021, the Group completed an Off-market Buy-back of 11,404,848 shares at a price of $26.34 per share which included a capital component of $2.01 per share. The total amount paid for the buy back was $300.4 million and the impact of this transaction on the issued share capital of the Company was to reduce it by $22.9 million with the remainder from retained earnings. 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. The number of issued shares post the buy back was 238.3 million. Refer to note B4.

In the event of the winding up of the Group, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. The Group grants performance rights to Senior Executives; see the 2020 Remuneration Report for further detail. For each right that vests, the Group intends to purchase shares on-market following vesting.

Notes to the Financial Statements
D Group Structure

FOR THE HALF YEAR ENDED 30 JUNE 2021

D1 Business combinations

There were no business combinations during the half year ended 30 June 2021 or 30 June 2020.

D2 Controlled entities

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

2021

On 14 May 2021, the Group incorporated Ampol Energy Pty Ltd.

On 20 January 2021 the following entities were deregistered:

- Ampol Bendigo Pty Ltd;
- Ampol Road Pantry Pty Ltd;
- Bowen Petroleum Services Pty Ltd;
- Circle Petroleum (Q'land) Pty Ltd;
- Jayvee Petroleum Pty Ltd;
- South Coast Oils Pty Ltd and
- Tulloch Petroleum Services Pty Ltd.

On 9 February 2021 the following entities were deregistered:

- Caltex Australia Nominees Pty Ltd
- Ruzack Nominees Pty Ltd and
- Solo Oil Corporation Pty Ltd.

There were no other entities over which control was gained or lost during the half year ended 30 June 2021.

2020

On 5 March 2020, the Group incorporated Ampol Property Manager Pty Ltd (formerly Ampol Convenience REIT FinCo Pty Ltd).
There were no other entities over which control was gained or lost during the half year ended 30 June 2020.

D3 Equity-accounted investees

Investments in associates and joint ventures

		% Interest	
Name	**Country of incorporation**	**30 June 2021**	**31 December 2020**
Investments in associates			
Seaoil Philippines Inc.	Philippines	**20**	20
Geraldton Fuel Company Pty Ltd	Australia	**50**	50
Bonney Energy Group Pty Ltd (i)	Australia	**50**	50
Endua Pty Ltd (ii)	Australia	**20**	-
EVOS Technology Pty Ltd (iii)	Australia	**-**	-
Investments in joint ventures			
Airport Fuel Services Pty Limited	Australia	**40**	40
Australasian Lubricants Manufacturing Company Pty Ltd (iv)	Australia	**50**	50
Cairns Airport Refuelling Service Pty Ltd	Australia	**33.33**	33.33

(i) On 31 January 2020, Ampol Australia Petroleum Pty Ltd converted its $15.0 million 2016 convertible note to a 50% equity interest in Bonney Energy Group Pty Ltd (formerly Caltas Pty Ltd). The carrying amount of this investment at 30 June 2021 was $16.7 million.

(ii) On 19 May 2021, Ampol Energy Pty Ltd acquired a 20% equity interest in Endua Pty Ltd.

(iii) On 8 June 2021, Ampol Energy Pty Ltd acquired rights in EVOS Technology Pty Ltd whereby Ampol has the right to shares in EVOS. As this right is currently exercisable in accordance with *AASB 128 Investment in Associates and Joint Ventures*, Ampol has taken these rights into consideration when assessing the accounting for its investment in EVOS as an associate.

(iv) Australasian Lubricants Manufacturing Company Pty Ltd ceased joint venture operations on 17 April 2015 and had a nil carrying value at 30 June 2021.

The companies listed in the above table were incorporated in Australia and the Philippines and have a 31 December balance date. These companies' main course of business primarily relate to the sale, marketing and/or distribution of fuel products and the operation of convenience stores with the exception of Endua Pty Ltd (Endua) and EVOS Technology Pty Ltd (EVOS). Endua is principally concerned with the generation and storage of clean hydrogen power and EVOS with the design and manufacture of electric vehicle charging products.

Notes to the Financial Statements
E Other information

FOR THE HALF YEAR ENDED 30 JUNE 2021

E1 Commitments and contingent liabilities

Capital expenditure

Millions of dollars	30 June 2021	31 December 2020
Capital expenditure contracted but not provided for in the financial report and payable	**60.6**	23.0

On 25 August 2020, Ampol announced, after successfully applying to a tender with Transport for New South Wales that Ampol had won the right to lease and redevelop four existing highway service centres located on the M4 Motorway at Eastern Creek and on the M31 Hume Highway at Pheasants Nest. The estimated redevelopment capital expenditure of ~$100 million is expected to be contracted and spent during the second half of 2021 and 2022. DA approval has not yet been granted as at 30 June 2021.

Contingent liabilities

Discussed below are items where either it is not probable that the Group will have to make future payments or the amounts of the future payments are not able to be measured.

Legal and other claims

In the ordinary course of business, the Group is involved as a plaintiff or defendant in legal proceedings. Where appropriate, Ampol 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.

Bank guarantees

The Group has entered into letters of credit in the normal course of business to support crude and product purchase commitments and other arrangements entered into with third parties. In addition, the Group has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities. The probability of having to make a payment under these arrangements is remote.

Deed of Cross Guarantee and class order relief

The parent entity has entered into a Deed of Cross Guarantee through which the Group guarantees the debts of certain controlled entities. The controlled entities that are party to the deed are disclosed in F1 of the Financial Statements for the year ended 31 December 2020.

E2 Related party disclosures

Associates

Associate related party transactions are as follows:

Dollars	30 June 2021	30 June 2020
Income Statement		
Petroleum sales	**552,340,000**	335,094,000
Rental income	**958,000**	874,000
Dividend and disbursements	**1,600,000**	50,000
Total Income statement impact	**554,898,000**	336,018,000
Balance Sheet		
Receivables	**105,847,000**	36,796,000
Total balance sheet impact	**105,847,000**	36,796,000

Details of the Group's interests are set out in note D3. There were no other material related party disclosures during the half year ended 30 June 2021.

Joint venture and joint operations

The Group has interests in joint arrangements primarily for the marketing, sale and distribution of fuel products and the operation of convenience stores.

There were no other material related party transactions with the Group's joint arrangements entities during the half year 2021 (1H2020: nil). Details of the Group's interests are set out in note D3.

Notes to the Financial Statements
E Other information

FOR THE HALF YEAR ENDED 30 JUNE 2021

E3 Net tangible assets per share

Millions of dollars	30 June 2021	31 December 2020
Net tangible assets per share	**10.00**	9.58

Net tangible assets are net assets attributable to members of Ampol less intangible assets. The number of ordinary shares used in the calculation of net tangible assets per share was 238.3 million (2020: 249.7 million).

E4 Taxation

Taxation of Singaporean entities

At the date of this report, the Australian Taxation Office (ATO) had not finalised its position in relation to the extent to which earnings by the Group's Singaporean entities from transactions with the Group's Australian entities should be subject to corporate income tax in Australia.

Due to the uncertainty over the ATO's final position, the Group has recognised tax liabilities for the period 1 January 2014 to 30 June 2021 in relation to these earnings at the Australian corporate income tax rate of 30%, rather than at the rate payable by the Group's Singaporean entities in Singapore. The difference between these rates is a cumulative tax expense impact (both current and deferred) of $197.1 million (2020: $178.9 million) for the period 1 January 2014 to 30 June 2021.

Under an administrative agreement with the ATO, 50% of the current tax expense impact for the 2014 to 2019 years has been paid or is now payable, with the remaining 50% payable pending resolution of the matter. No Australian tax was paid on these earnings in respect of the 2020 year given the Australian tax consolidated group was in a tax loss position. In addition, no Australian tax was paid on these earnings in respect of the first half of 2021 due to the utilisation of the tax loss carried forward from the 2020 year. As at 30 June 2021, the Group has recognised $87.2 million (2020: $81.0 million) in current tax liability and reduced the deferred tax asset recognised on the Australian tax consolidated group's carry forward tax loss by $29.2 million (2020: $10.9 million), in relation to this matter.

If the outcome of the ATO's position is in the Group's favour, an amount of income tax expense recognised to date could be written back in future periods. If it is resolved such that the ATO's position is sustained, there would be no impact on the Group's income statement or net assets.

E5 Impairment of non-current assets

Carrying value assessment

The carrying amounts of each cash generating unit ("CGU") are reviewed at each reporting period to determine if there are any indicators of impairment. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. Where an indicator of impairment exists, a detailed recoverable amount test is performed for the relevant CGU. If the recoverable amount test determines that a CGU is impaired an impairment expense is recognised in the income statement.

All CGUs have been reviewed for indicators of impairment and triggers for a detailed recoverable amount review were present for the Lytton refinery. Other CGU Groups were not tested for impairment as there were no impairment indicators at 30 June 2021.

Lytton refinery CGU

30 June 2021

Global hydrocarbon demand weakness due to COVID-19 travel restrictions and the impact of COVID-19 on regional refiner margins and global trade balances has impacted the profitability of the Lytton refinery. With refiner margins at historically low levels and demand for hydrocarbons showing weakness globally and in Australia, the Group announced on 8 October 2020 that it would undertake a review of its Lytton refinery operations. The review was completed in May 2021 and the Group announced that it would continue to operate the Lytton refinery and would access a range of both temporary and ongoing government support for the refinery industry. Given the ongoing historically low levels of refinery margins, and the significant changes to the income streams for the Lytton refinery, the Group has undertaken a recoverable amount review of the Lytton refinery CGU.

The Group re-assessed the recoverable amount of its Refinery assets using a discounted value-in-use cash-flow analysis. The analysis uses cash flows projected over a 10-year useful life with a discount rate of 8.3% post-tax (pre-tax of 14.5%). Based on this assessment it was determined the carrying value of the refinery was not impaired.

Determining recoverable amount requires the exercise of significant judgement for both internal and external factors. This includes, but is not limited to, external foreign exchange forecasts and reference to industry-specific external analyst forecasts of regional refiner margins. Judgements for internal factors, including but not limited to applicable discount rate, production volumes, wage growth and other operating costs, have been made with reference to historical data and forward-looking business plans. Assumptions have been risk adjusted as appropriate to take account of the inherent uncertainty of the future operating environment and market conditions impacting Lytton refinery, arising from the COVID-19 pandemic.

Notes to the Financial Statements
E Other information continued

FOR THE HALF YEAR ENDED 30 JUNE 2021

E5 Impairment of non-current assets continued

Carrying value assessment continued

Lytton refinery CGU continued

Sensitivities

Changes in the long-term view of both internal and external judgements may impact the estimated recoverable value. The discounted cash flows are most sensitive to the following assumptions:

Key assumption	Recoverable Amount increase/(decrease)
Long term refining margins decreasing by US$1/bbl over a ten-year period	~($218) million
Foreign exchange rate (USD/AUD) increasing by 1 cent	~($25) million
Reduction over a ten-year period in annual production volume by 100ML for each year modelled	~($33) million
Discount rate increase by 1%	~($45) million

30 June 2020

The Group assessed the recoverable amount of its Refinery assets using a discounted value-in-use cash-flow analysis. The analysis uses cash flows projected over a ten-year useful life with a discount rate of 8.5% post-tax (pre-tax of 13.0%). Based on this assessment an impairment loss of $80.0 million was recognised in the interim financial statements.

Convenience Retail

30 June 2020

The Group assessed the recoverable amount of the site level CGU assets by using a value-in-use discounted cash flow analysis. The analysis used cash flow forecasts based on a five-year period which were risk adjusted to reflect the uncertainty around the timing and level of recovery from the impact of COVID-19. Cash flows beyond this period were extrapolated using a long-term growth rate of 2.5%. Cash flow forecast for leased site assets were consistent with the term of the lease assessed under AASB 16. The recoverable amount of the CGUs was based on its value-in-use (with a discount rate of 7.8% post-tax and pre-tax of 10.3%).

Based on the assessment it was determined that the carrying value of the Convenience Retail site assets was impaired by $233.0 million.

Impairment - Other specific assets

30 June 2020

As a consequence of COVID-19, a review of company priorities across projects and future investment was undertaken, to ensure a clearer focus on the organisational priorities. The review resulted in cessation of IT projects and identification of Convenience Retail and Depot sites to be closed and divested. Based on this assessment it was determined that an asset write down of $41.8 million was required.

E6 Events subsequent to the reporting date

Dividend

On 23 August 2021, the Directors declared a fully franked final dividend. Refer to note B5 for further information.

Coronavirus pandemic (COVID-19)

Since July 2021, Australian state governments have announced a number of new restrictions in response to COVID-19 and the situation continues to evolve. These restrictions affect fuel demand and shop performance and the duration and impact of these restrictions on the business remains uncertain. Ampol continues to monitor and review the safeguarding and health of its people and customers, business continuity and cashflow.

Z Energy Limited

On 23 August 2021 the Group announced that it had made a non-binding indicative offer to acquire Z Energy Limited (“Z”), a fuel distribution and retailing company which is listed on the New Zealand Stock Exchange. The Group made a cash offer of NZ$3.78 per share with an estimated transaction (equity) value of approximately NZ$2.0bn, which equates to an Enterprise Value of NZ$2.8bn (inclusive of net debt). The Group will commence a four week period of exclusivity during which it will conduct confirmatory due diligence and further develop its proposal. The proposal is subject to a unanimous Board recommendation, agreement of binding transaction documents, as well as the approval of Z shareholders, NZ High Court and relevant regulatory authorities. The Group expects the acquisition to be funded through a mix of debt, proceeds from divestments and approximately $600m in equity. It is anticipated that any transaction would complete in the first half of 2022.

Other

There were no other items, transactions or events of a material or unusual nature that, in the opinion of the Board, are likely to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group that have arisen in the period from 30 June 2021 to the date of this report.