

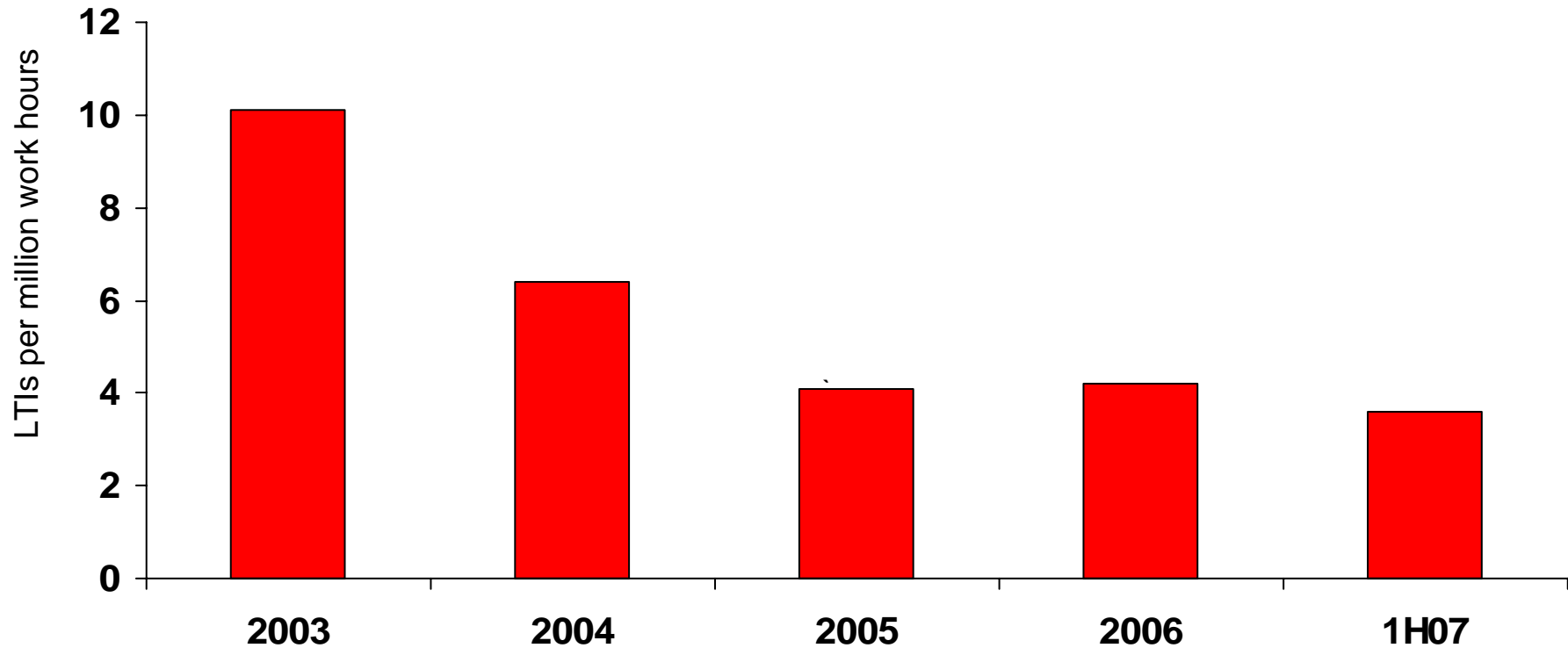


**2007 First Half
Results
Announcement
24 August 2007**

*Sustaining the
performance*

Incident Free Operations Topic

Caltex Lost Time Injury Frequency Rate (per million work hours)



Highlights – First half 2007 continues 2H06 performance

Sound financial results

- Continued strong replacement cost profit and dividend
- Debt at target range

Strong refinery performance

- Strong operational performance sustaining the 2H06 results
- 85% utilisation despite planned shutdown at Kurnell
- Continued progress on Refining Performance Improvement Program

Market leadership maintained

- Continued growth in transport fuel sales, in particular diesel
- Non-fuel income growing
- Leadership in retail fuel and convenience store marketing

Contents

Financial Highlights

Key Profit Drivers

Marketing Highlights

Refining Highlights

Outlook



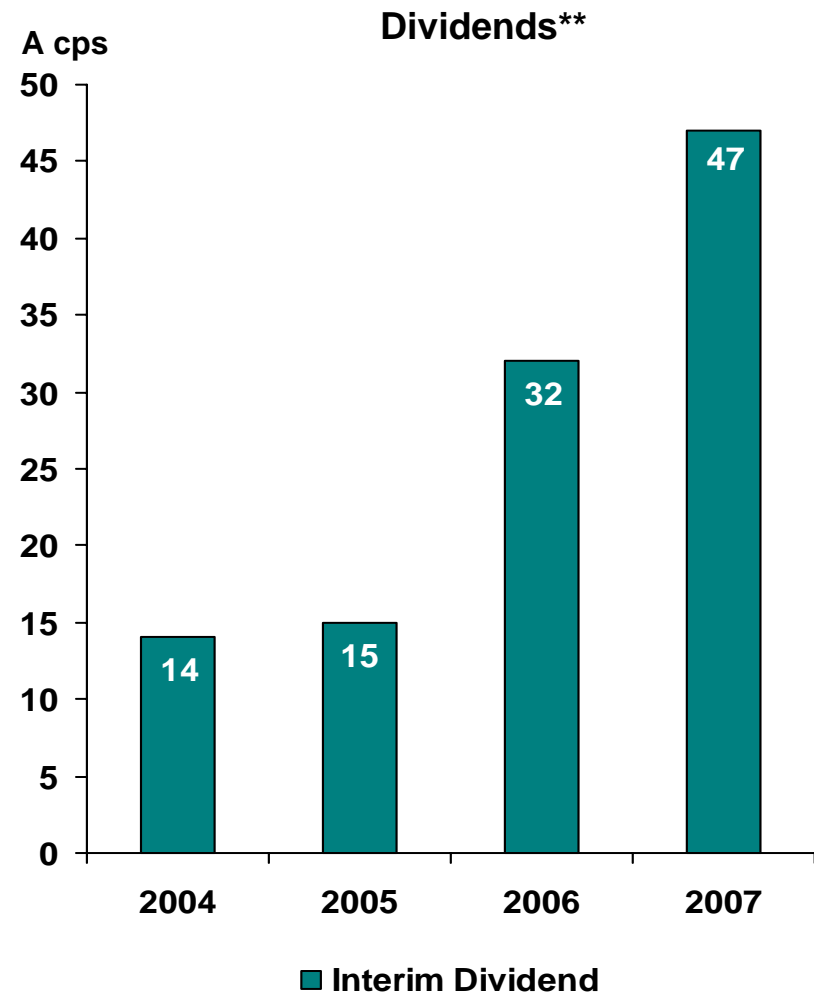
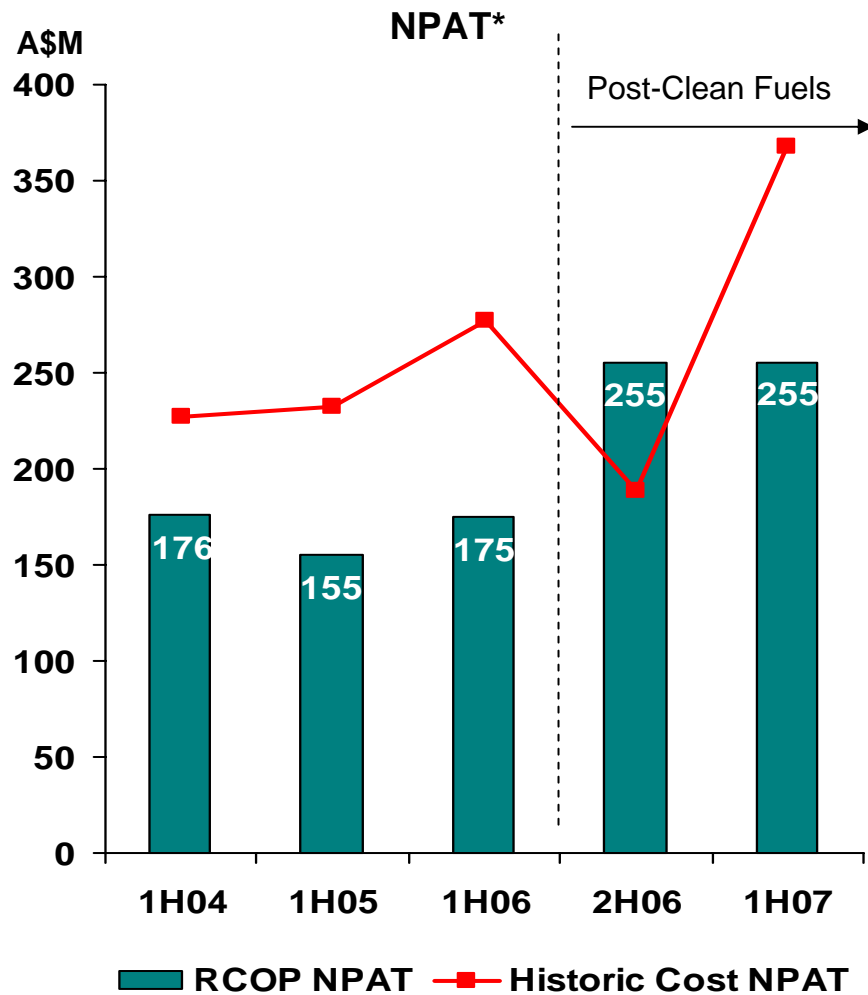
Summary financial results

<u>Replacement Cost</u>	<u>1H07</u>	<u>1H06</u>	<u>% Change</u>
EBIT (\$M)	389	270	43
NPAT (\$M)	255	175	46
EPS (cps)	94.4	64.7	46
Dividend (cps)	47	32	47
Debt (\$M)	490	539*	- 9
Gearing (%)	15	18*	- 3
Gearing (Lease Adjusted %)	23	26*	- 3

<u>Historic Cost</u>		
EBIT (\$M)	550	416
NPAT (\$M)	368	277
EPS (cps)	136.2	102.5

* as at December 31, 2006

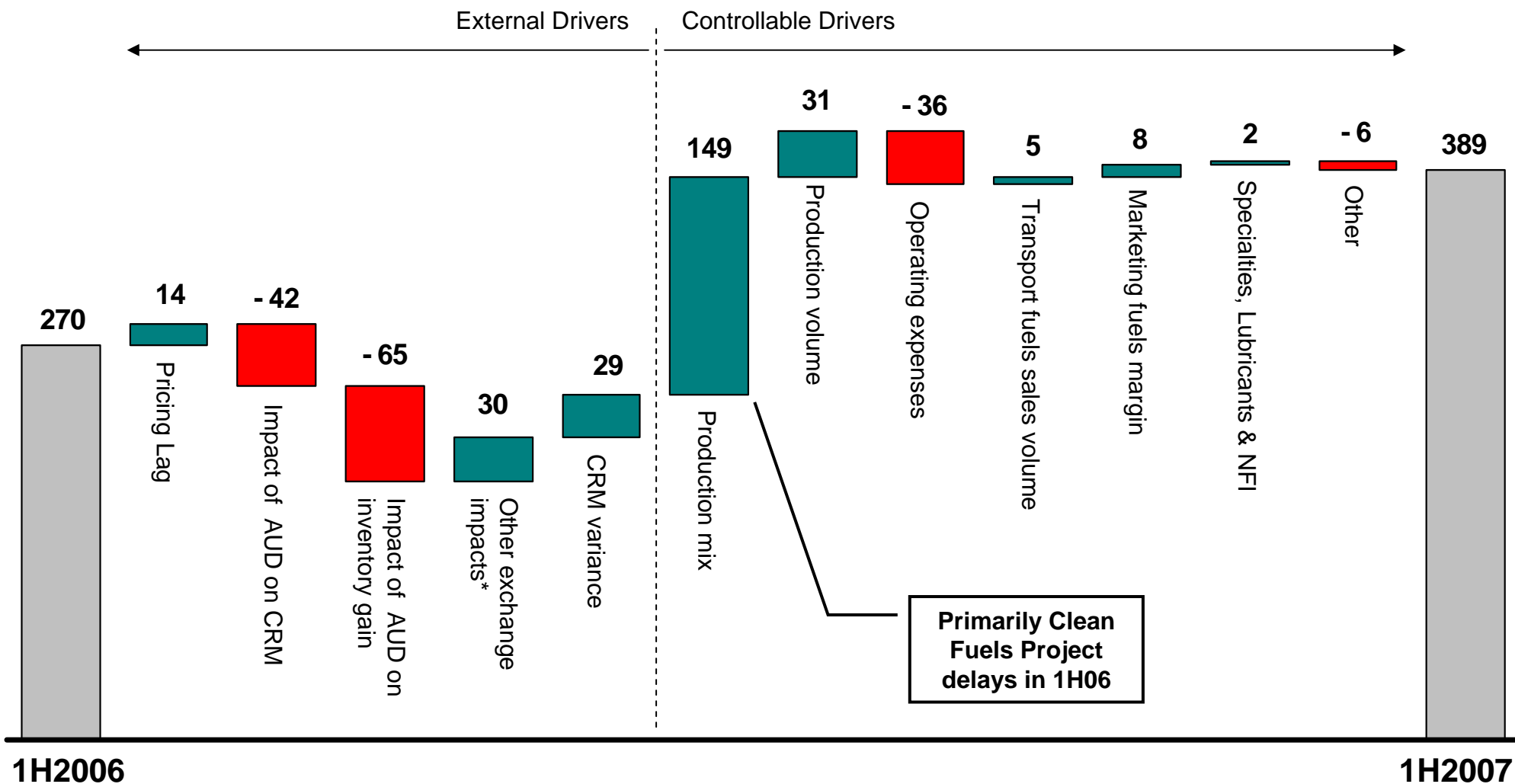
Strong profit performance and increasing dividends



* Net profit after tax, excluding individually material items

** Dividends declared relating to the operating period; all dividends fully franked

EBIT 1H06 to 1H07



\$A million; RCOP basis.

* 'Other exchange impacts' are primarily the gain on the payment of USD denominated crude and product payables



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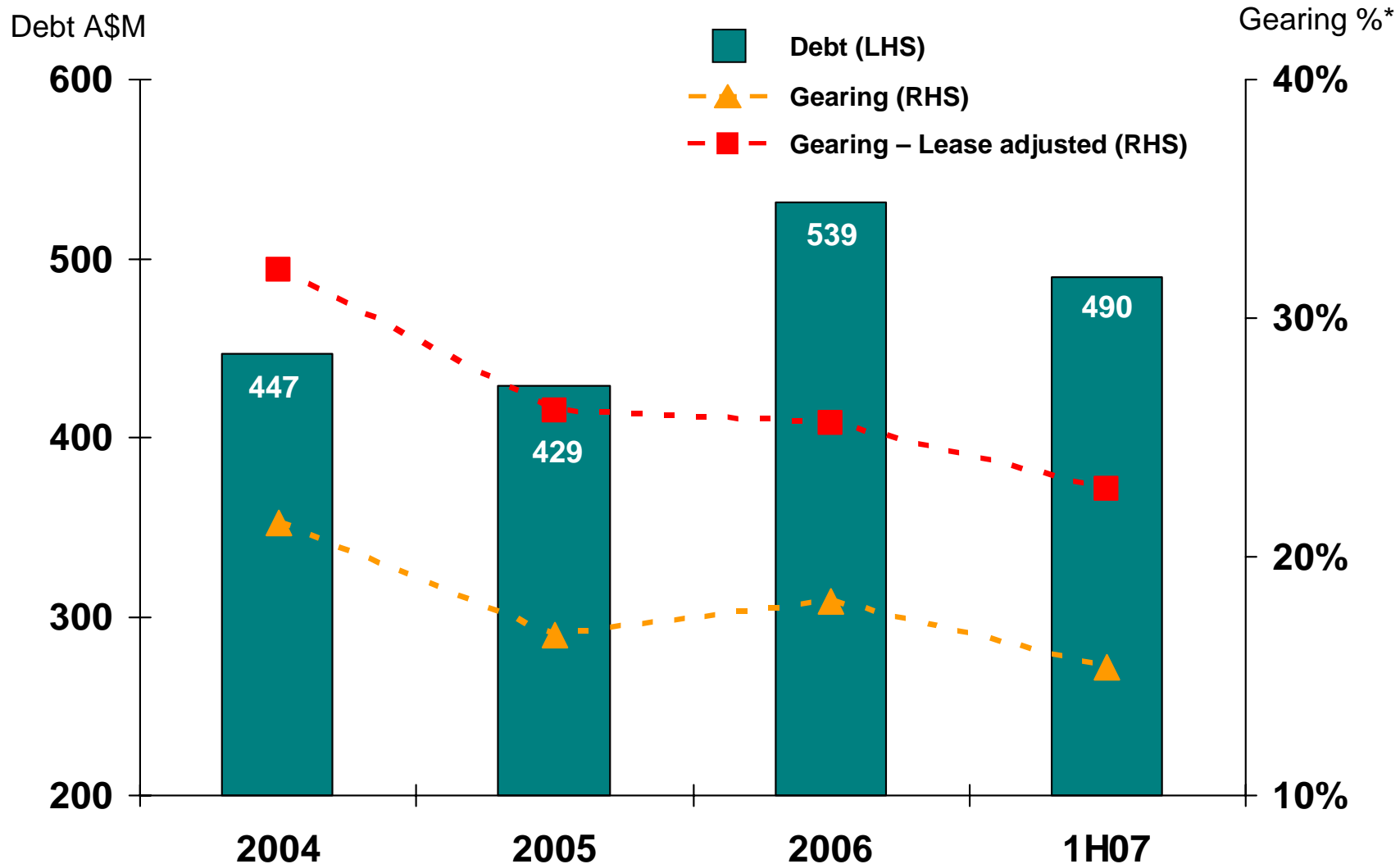
Exchange rate impact on inventory gain negatively impacted 1H07 RCOP results

\$M RCOP (1H07)	EBIT	NPAT
Historic Cost	550	368
Inventory (Gain) / Loss		
Crude price related	(161)	(113)
RCOP (as reported)	389	255
Inventory (Gain) / Loss		
Exchange related	64	45
RCOP (if adjusted for exchange impact on inventory gain)	453	300

RCOP (if adjusted for exchange impact on inventory gain) already incorporates other exchange rate impacts, including:

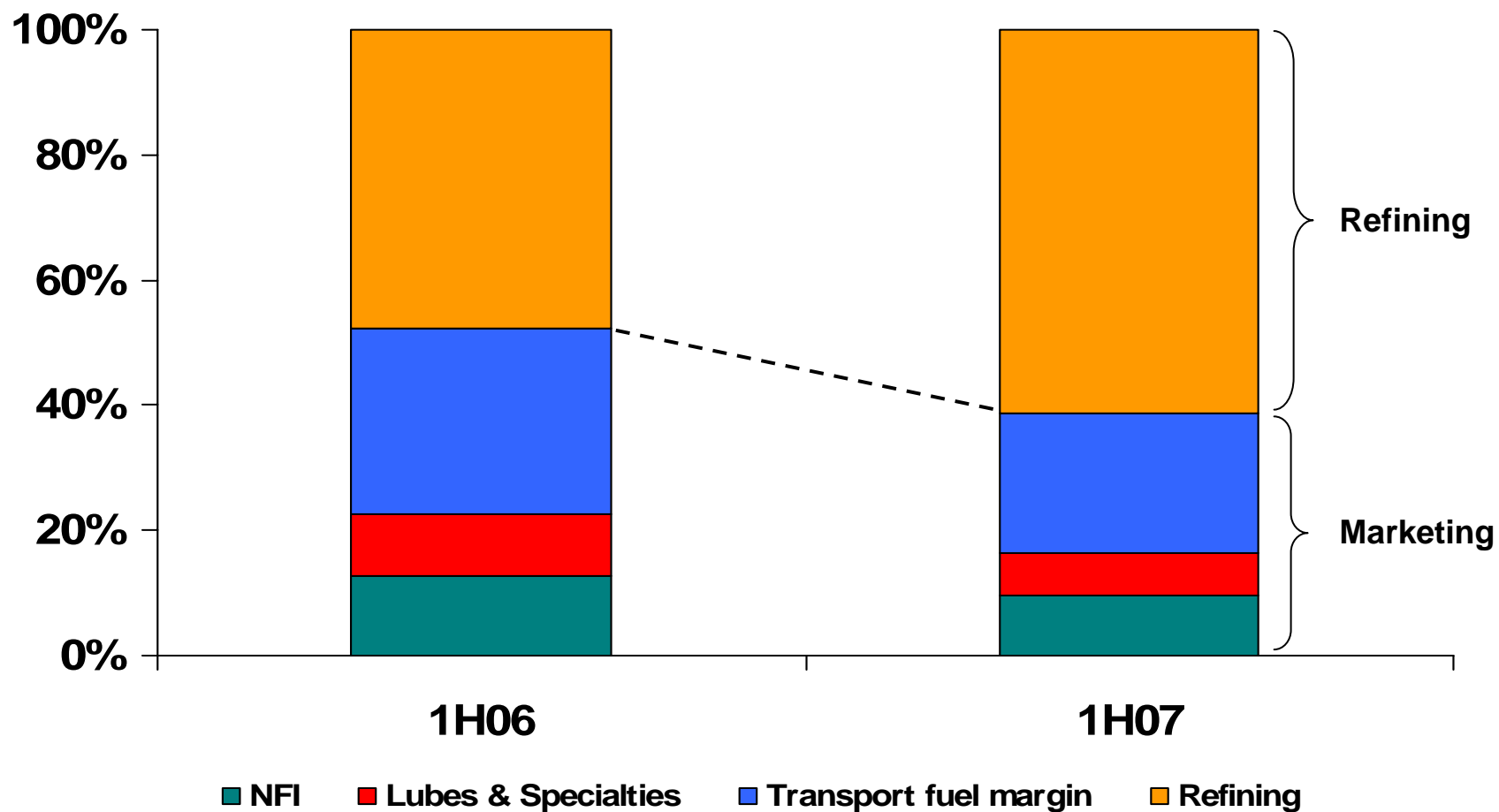
- AUD/USD impact on CRM
- Realised / unrealised exchange gain on crude and product payables

Debt and gearing remain on target



* Gearing = net debt / (net debt + equity); Gearing - Lease adjusted, adjusts net debt to include lease liabilities

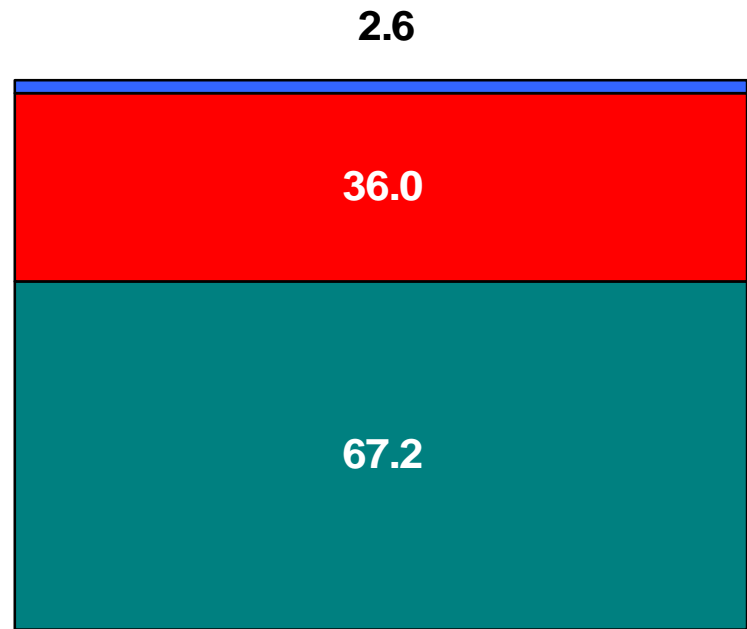
Gross margin contribution by channel



Gross margin analysis includes feedstock costs, inland freight costs and excludes all other opex

Caltex operates in a high volume, low margin business

Breakdown of Caltex revenue
(cents per litre)



1H07

■ Expenses

■ Taxes

■ Profit



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Contents

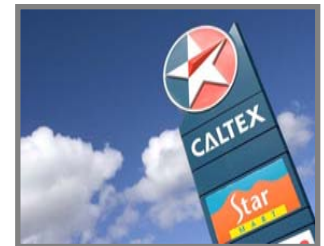
Financial Highlights

Key Profit Drivers

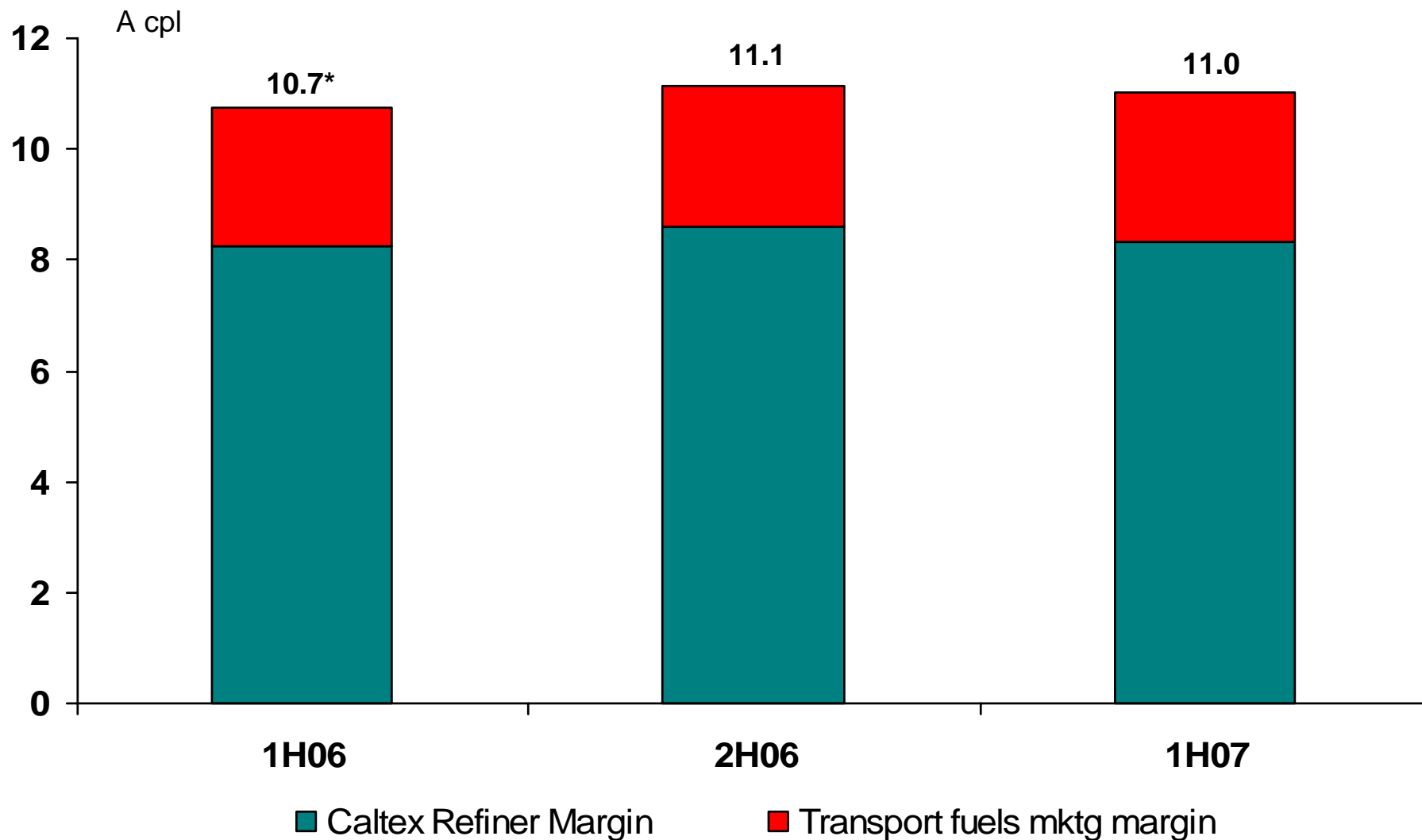
Marketing Highlights

Refining Highlights

Outlook



Integrated transport fuels gross margin



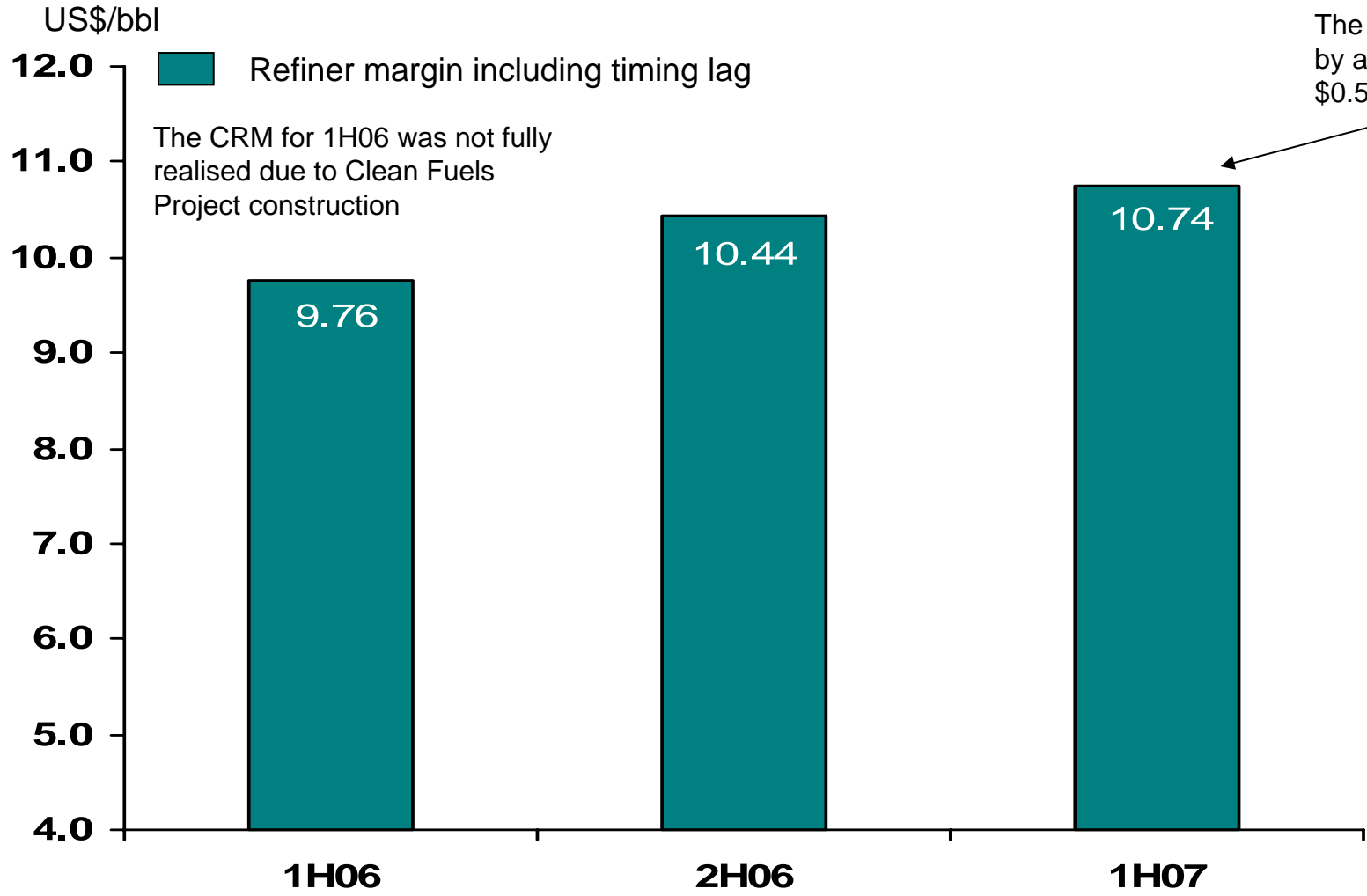
Gross transport fuels margin, before expenses

* Available margins not fully realised due to Clean Fuels Project construction



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1H07 Caltex Refiner Margin was US\$10.74/bbl



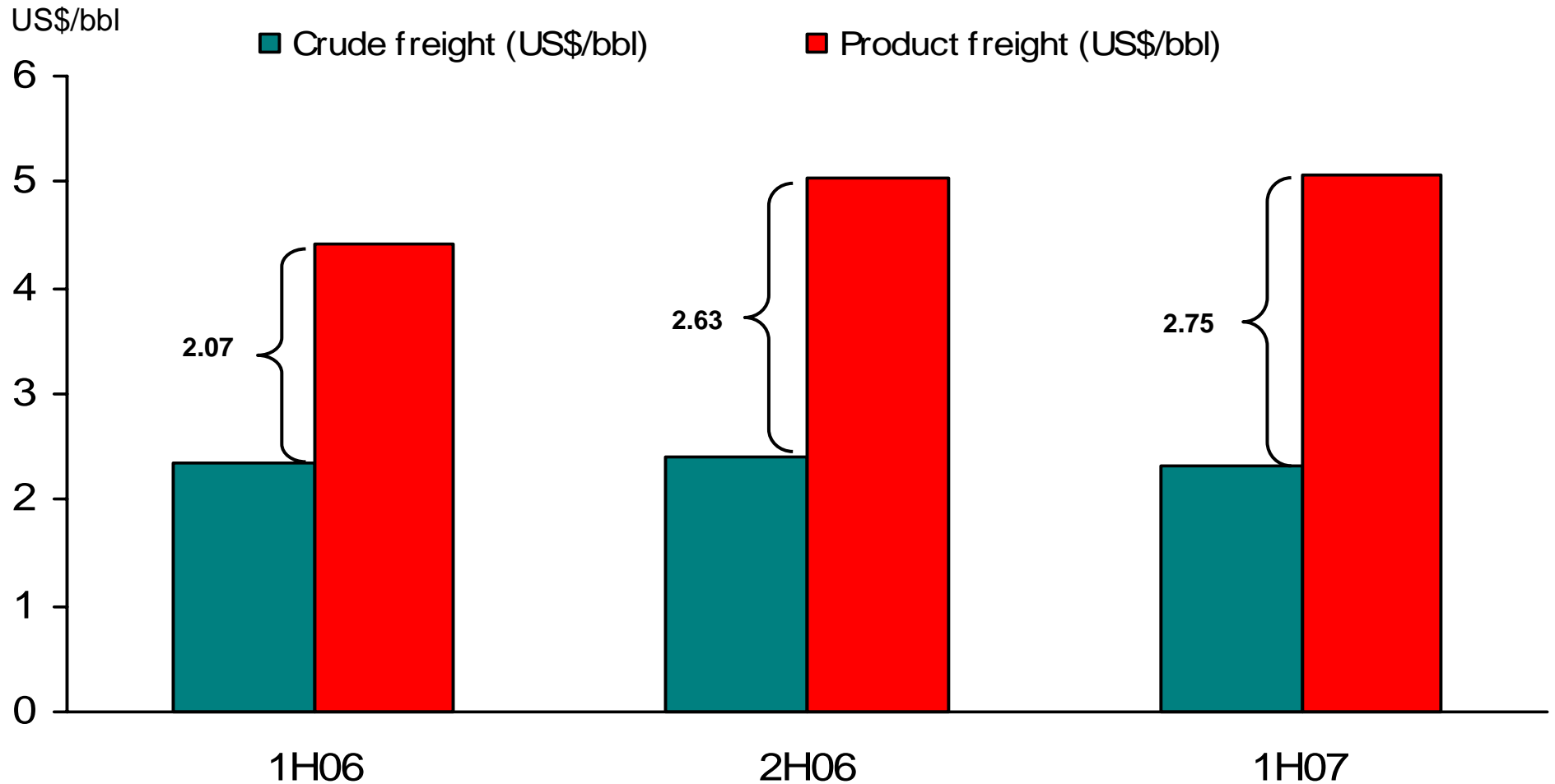
The CRM was negatively impacted by a market price timing lag of US \$0.55/bbl (A\$23 M EBIT) in 1H07

<u>Caltex Refiner Margin</u>	
Equals	
Singapore WAM	
Add :	Product freight
	Crude discount
	Quality premiums
Less :	Crude freight
	Crude premiums
	Yield loss

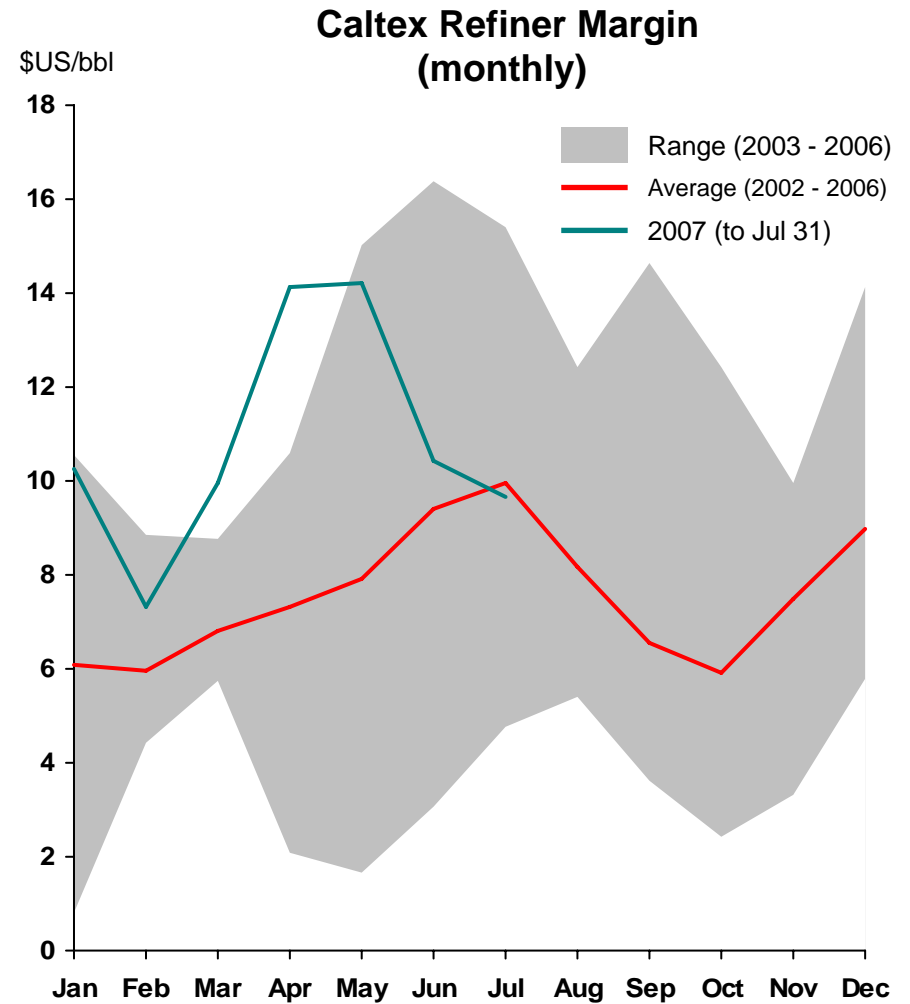
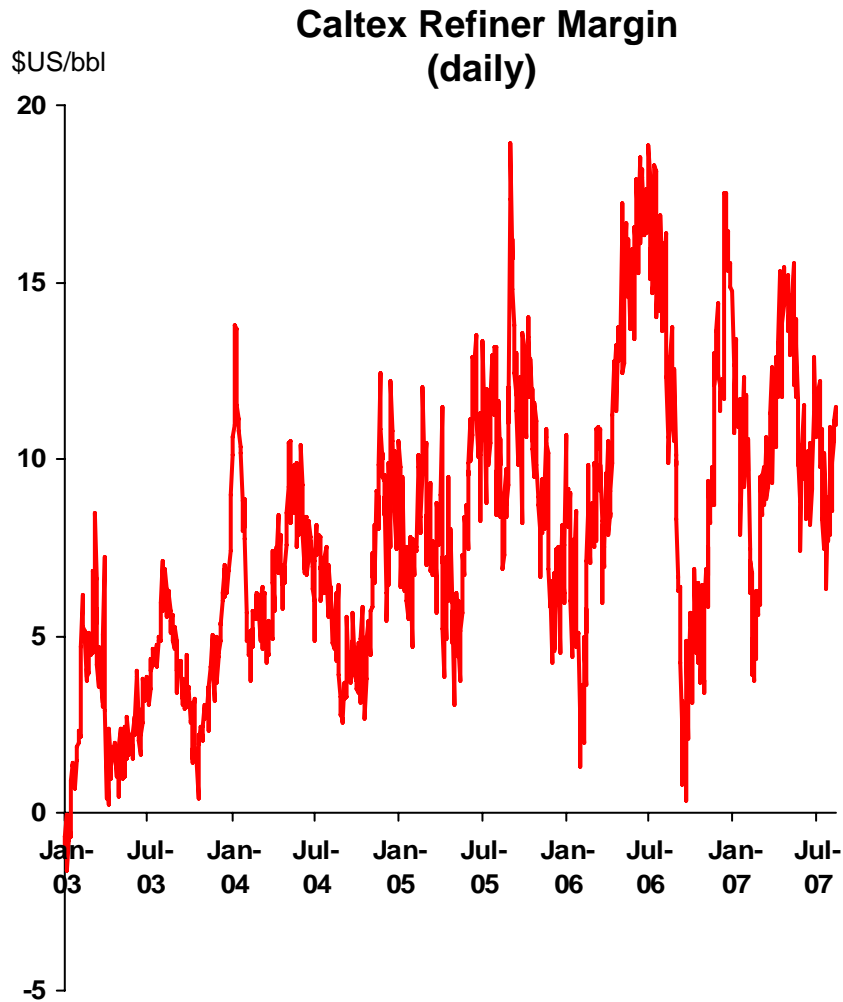
*The Caltex Refiner Margin (CRM) represents the difference between the cost of importing a standard Caltex basket of products to Eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents: average Singapore refiner margin + product quality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



Caltex Refiner Margin: crude & product freight



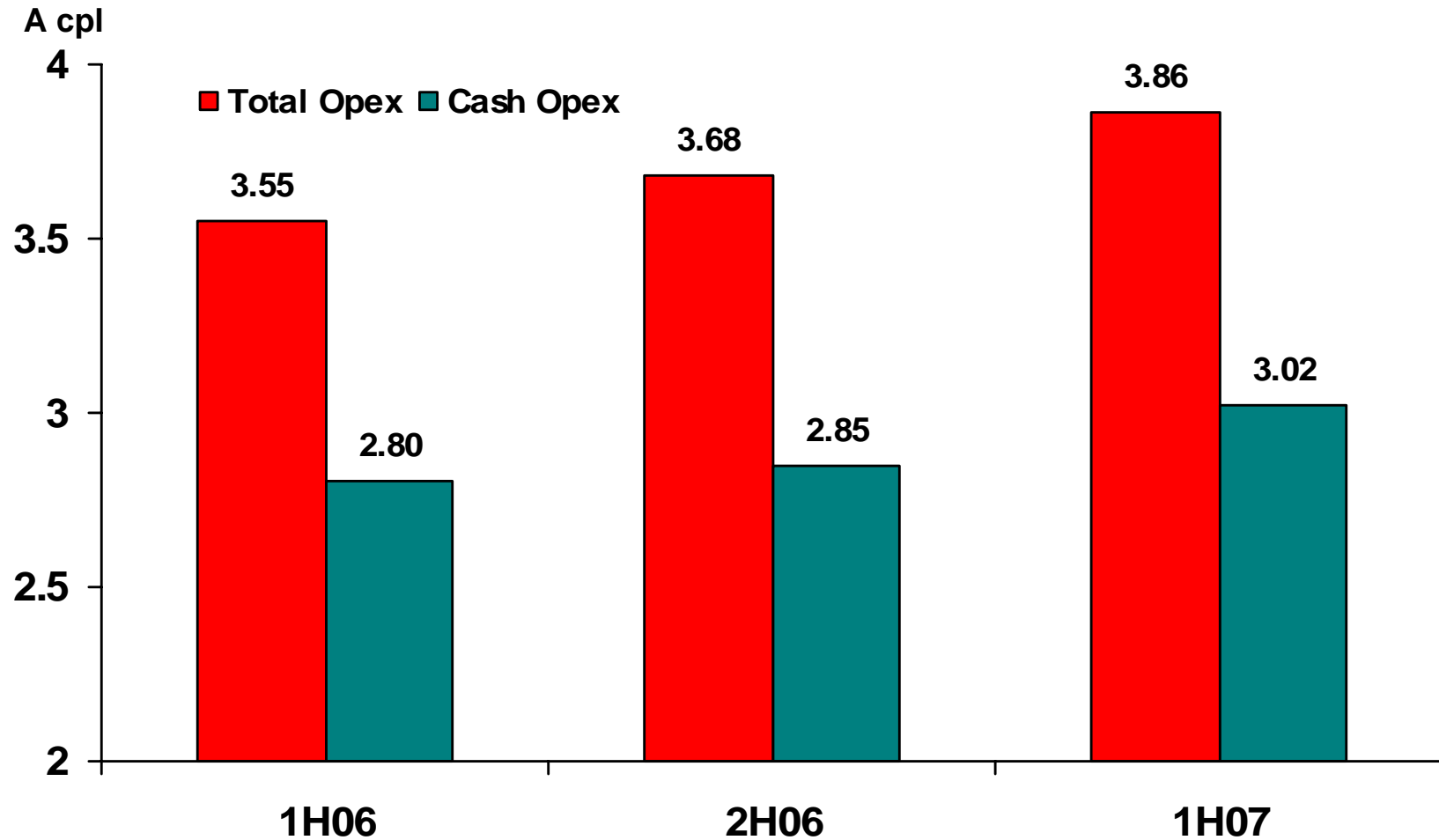
Refiner margins – volatility and seasonality will continue



Caltex Refiner Margin to August 14, 2007



Unit operating expenses impacted by non-cash costs



* Operating expenses (cents per litre)
Excluding inland distribution costs recovered in pricing
Based on total volumes, including volumes sold to competitors under buy/sell arrangements

Contents

Financial Highlights

Key Profit Drivers

Marketing Highlights

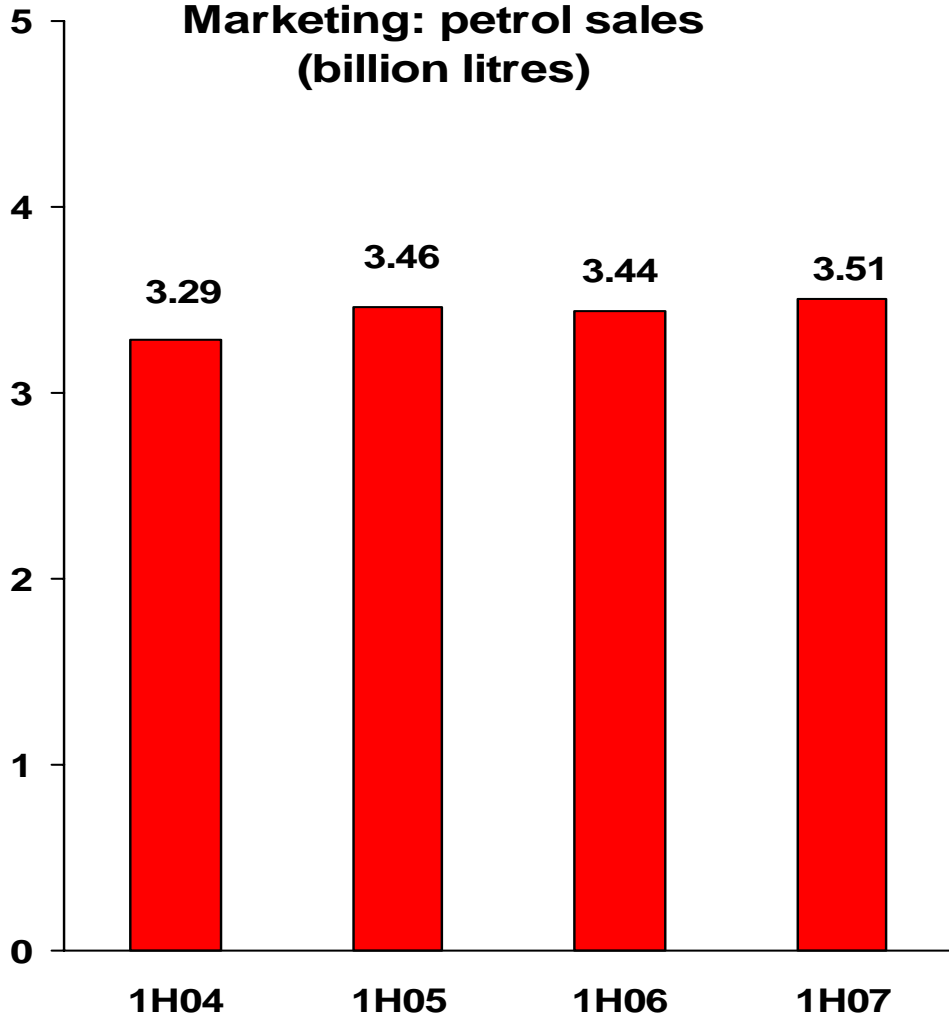
Refining Highlights

Outlook



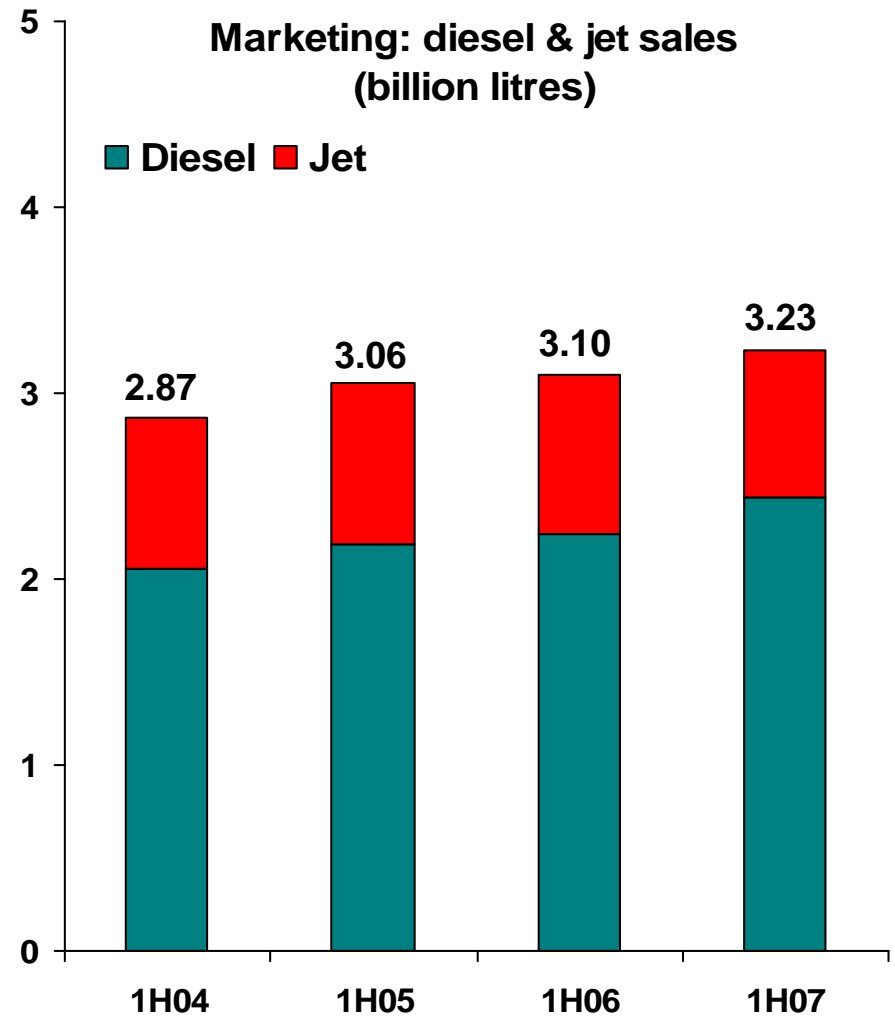
Transport fuel sales volumes

Marketing: petrol sales
(billion litres)



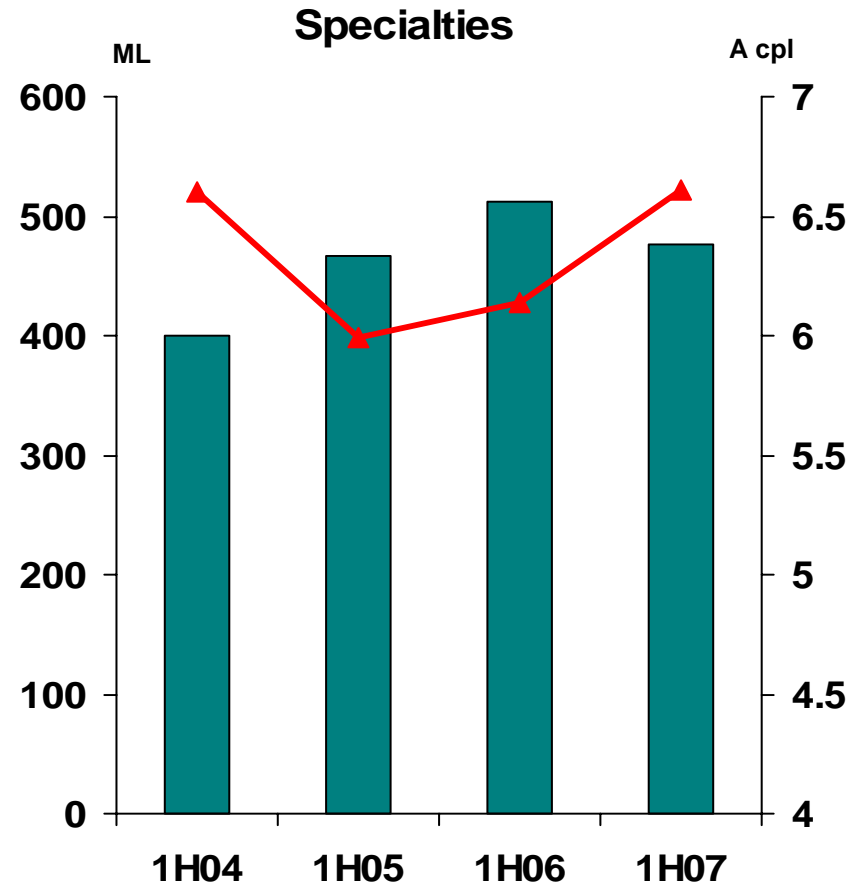
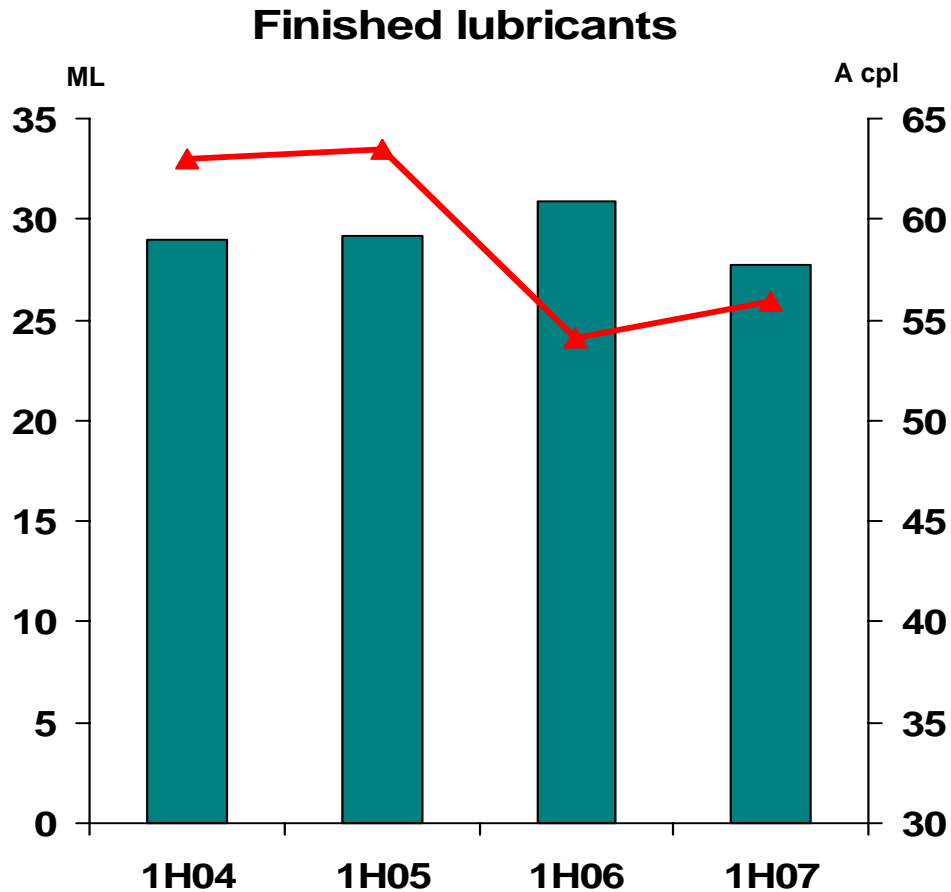
1H07 petrol sales up 2.0% over 1H06

Marketing: diesel & jet sales
(billion litres)



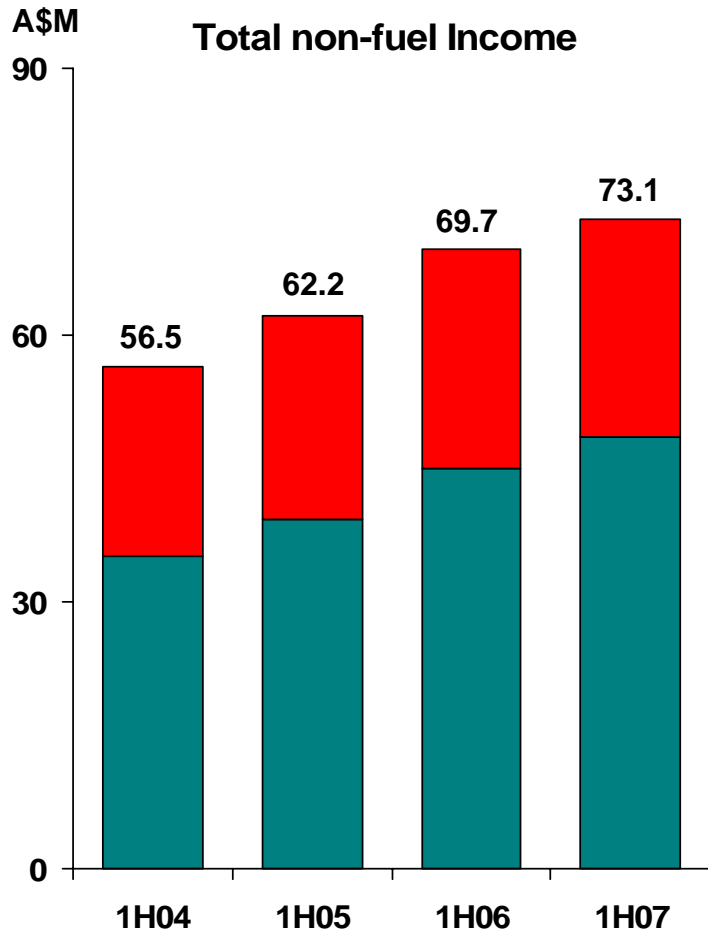
1H07 distillate sales up 4.2% over 1H06



Lubricants & Specialties

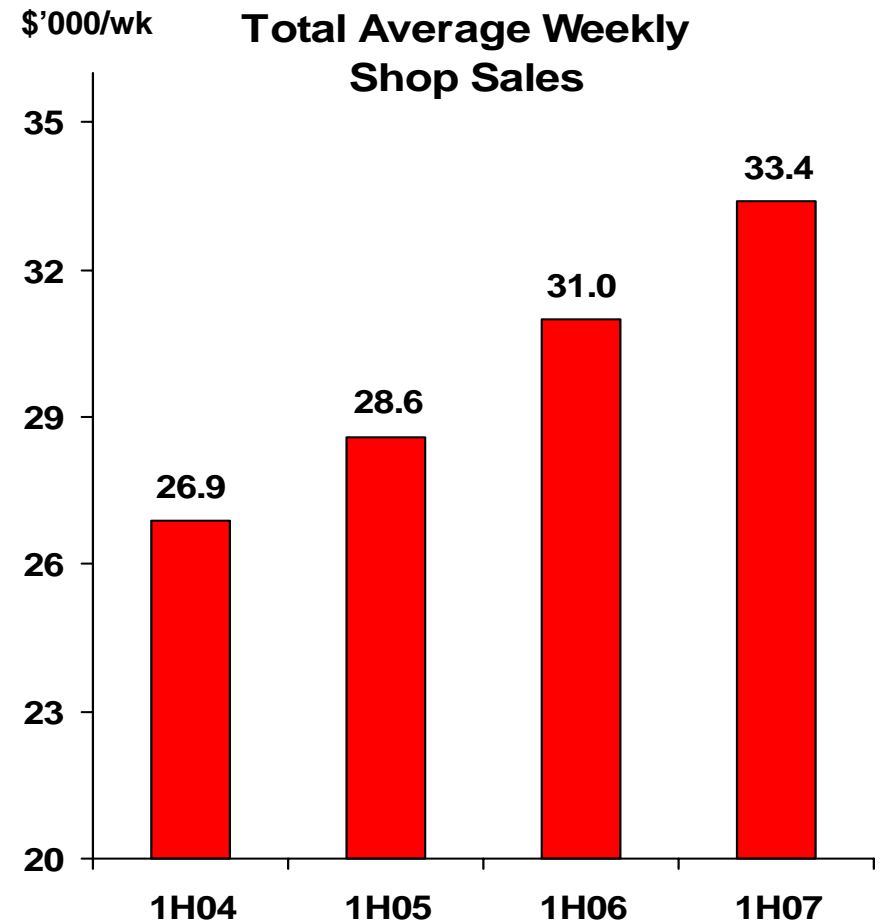


■ Volume ▲ Gross Margin

Non fuel income & store sales continue to grow



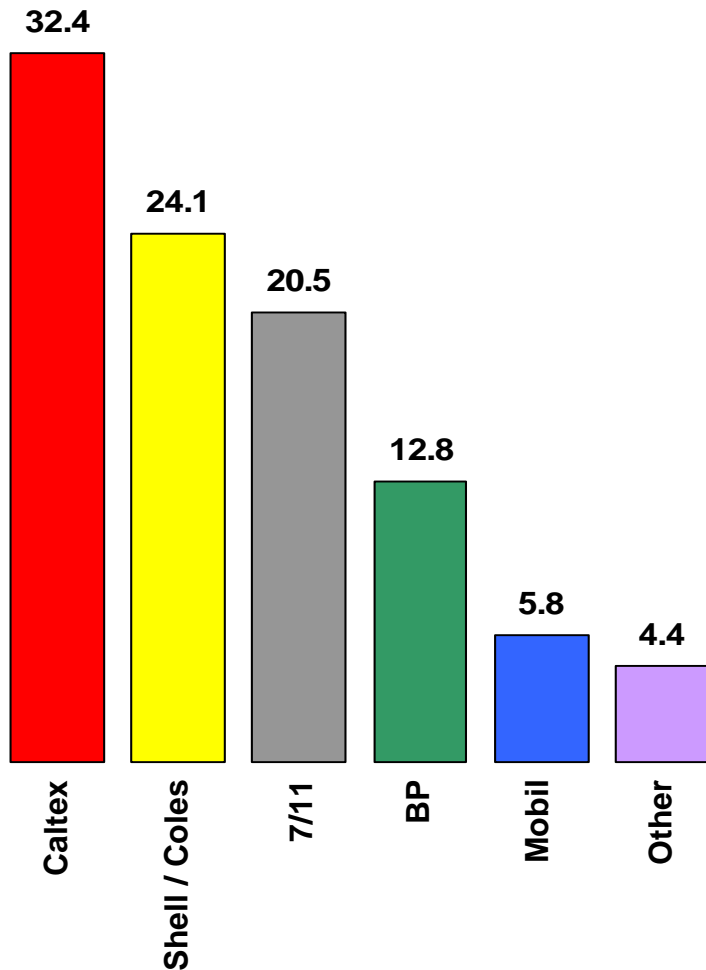
-  Retail non-fuel Income
-  Reseller, Direct Sales, and Card non-fuel Income



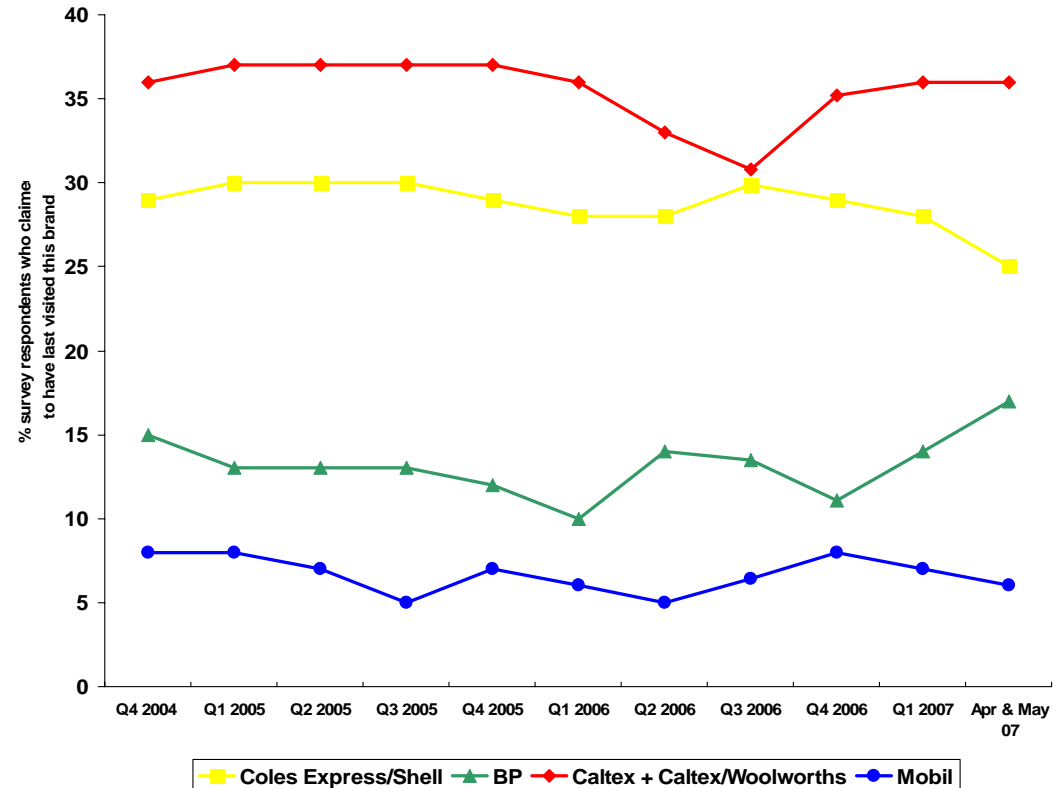
Like for like sales were up 7.7% from 1H06

Caltex, with our alliance with Woolworths, is the leading Australian petrol and convenience store retailer

Convenience Store Sales Market Share ¹



Retail Market Leadership ²



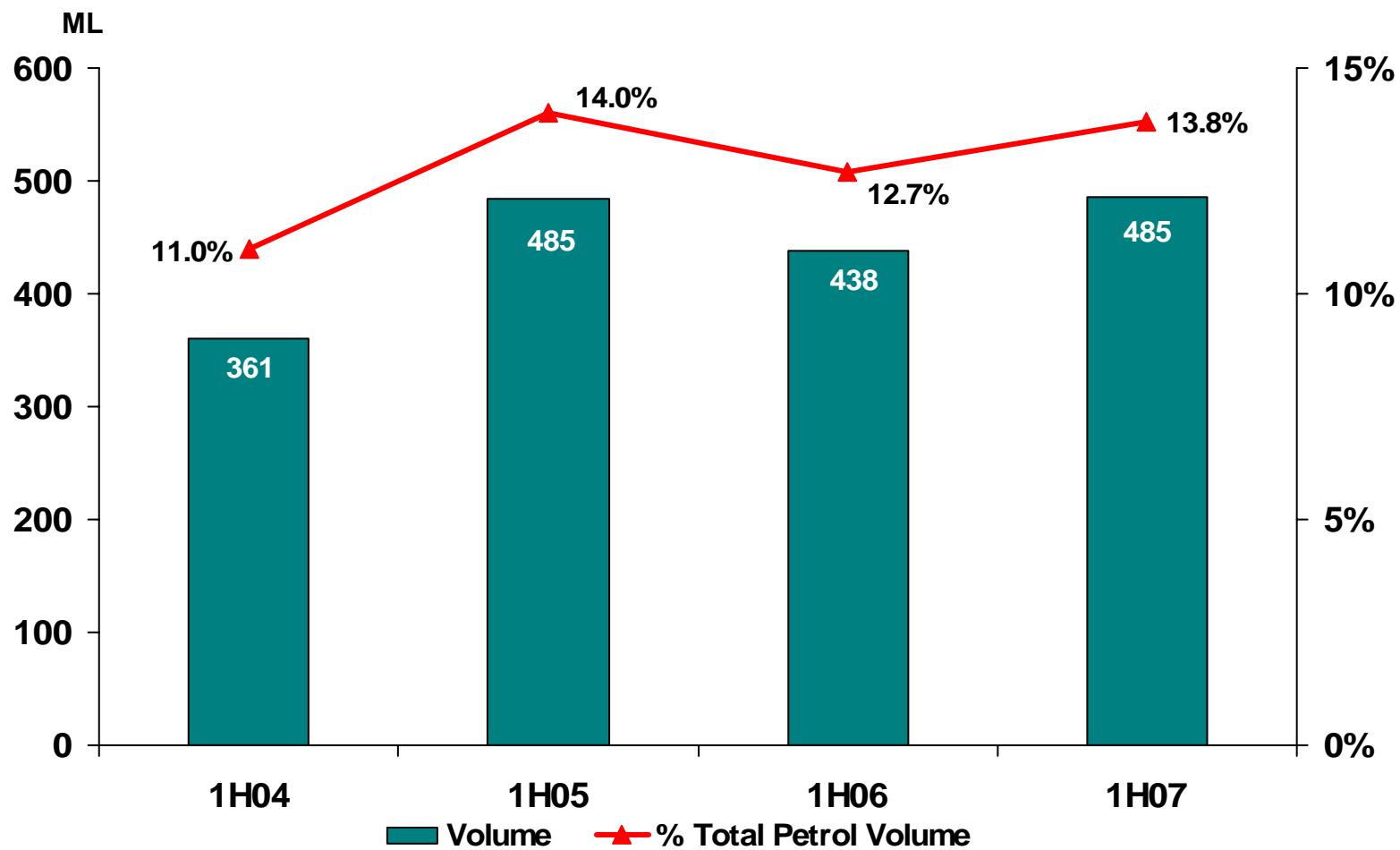
Q: Which was the last service station you visited to purchase fuel?

1 Source : ACNielsen ScanTrack – Moving average year ended 10 June 2007

2 Caltex Retail Market Tracking conducted by TNS



Premium fuel sales



1H07 sales up 10.5% over 1H06



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Contents

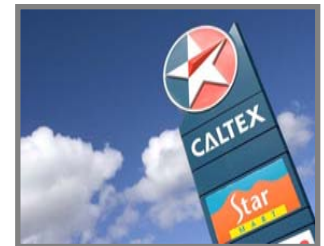
Financial Highlights

Key Profit Drivers

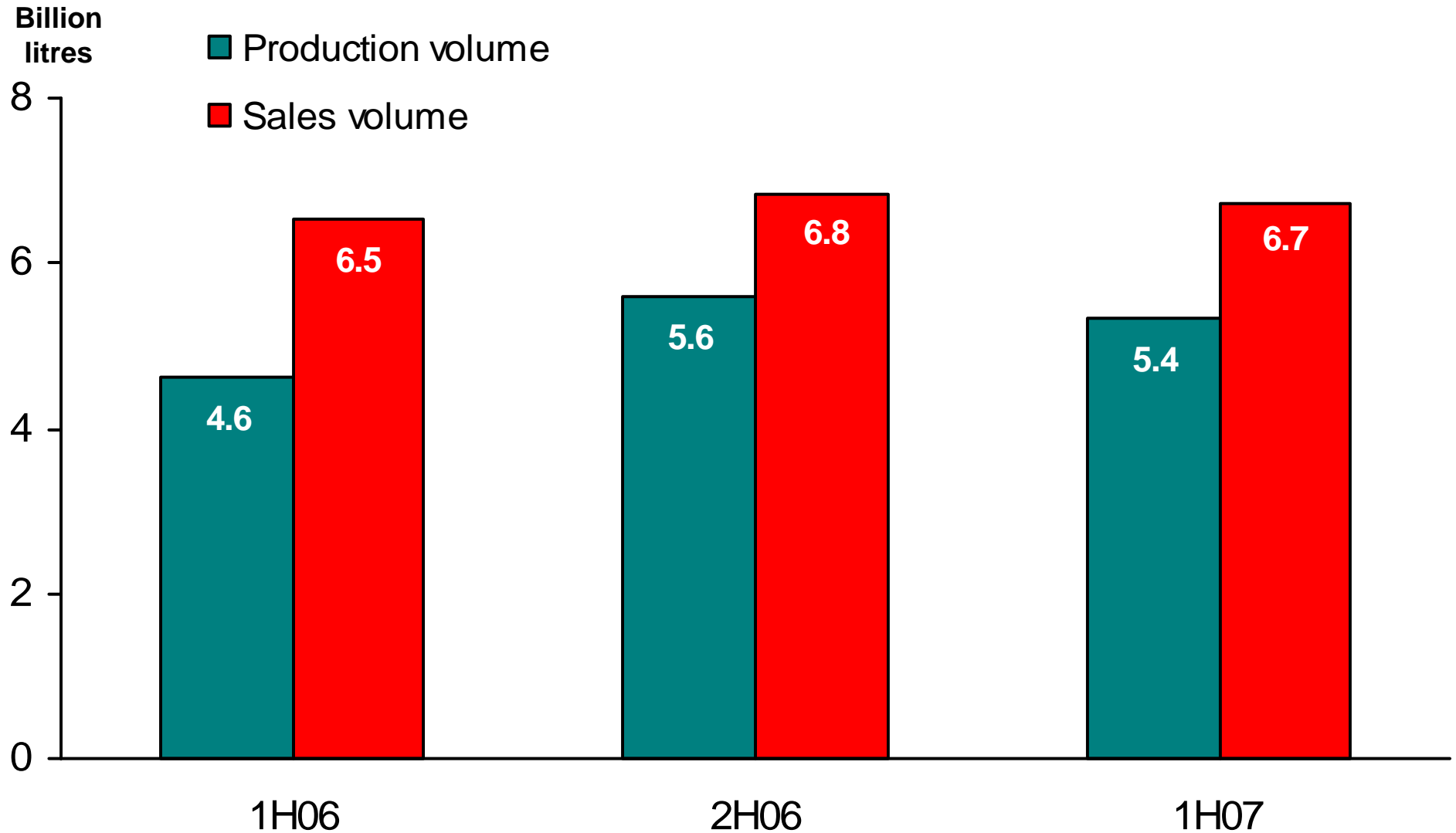
Marketing Highlights

Refining Highlights

Outlook

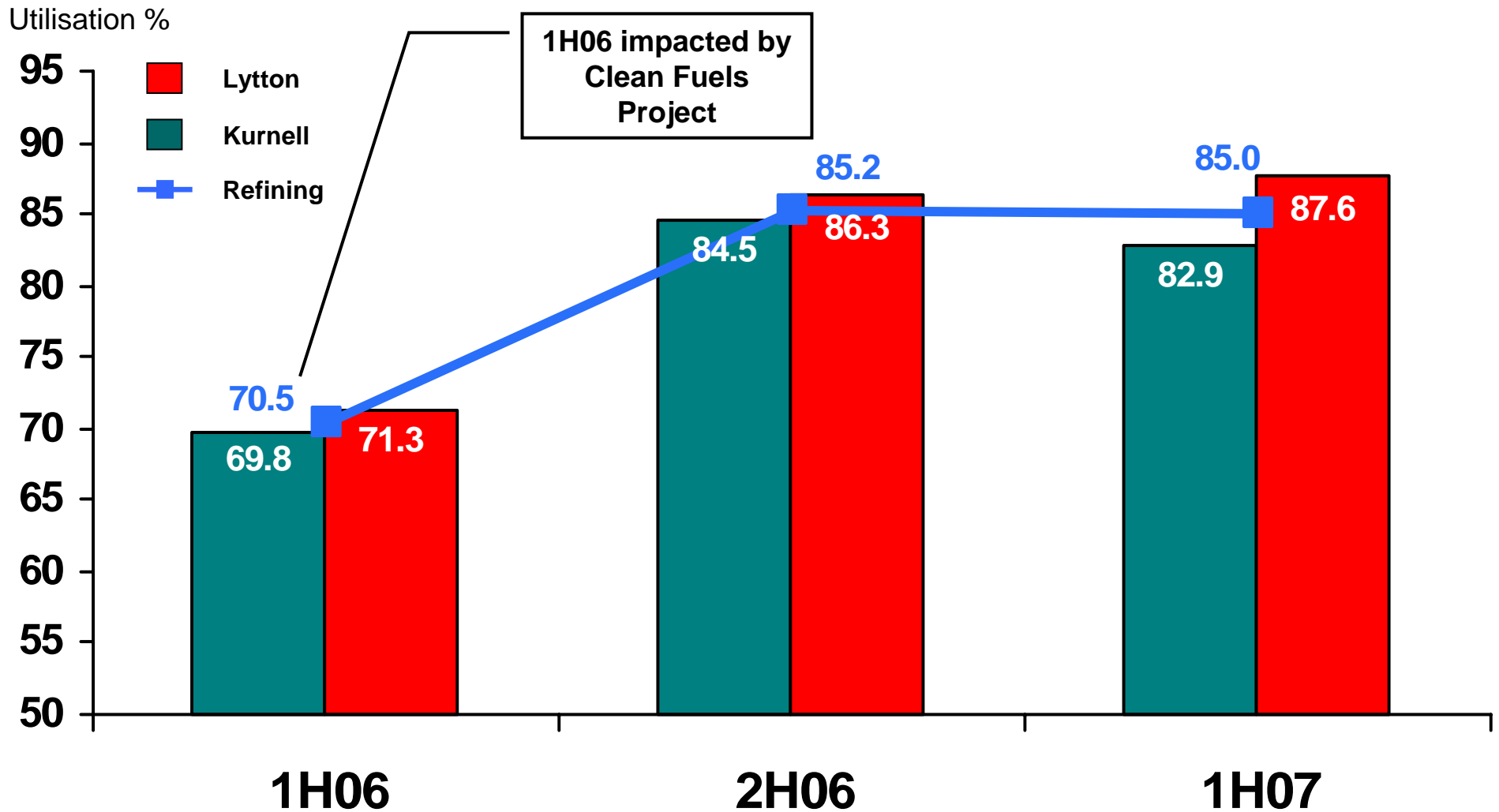


Transport fuels production and sales



Transport fuels include petrol, diesel and jet fuel
Sales from production in 1H07 was 5.5 billion litres, including fuel oil and movements in inventory

Utilisation improvements continue in Refining



Refining Performance Improvement Program to grow production volumes



- Progress on Lytton diesel hydrotreater continues
 - Procurement of long lead time equipment
 - Design & engineering well advanced
- On track for completion by 1Q2009
- Costs still anticipated to be ~\$A250 million

- Construction continues on Kurnell tankage
 - Diesel & crude tanks
 - Completion for both tanks 1H2008

- Post-RPIP production target of 1 billion litres per month of transport fuel*

* Transport fuels include petrol, diesel and jet fuel

Contents

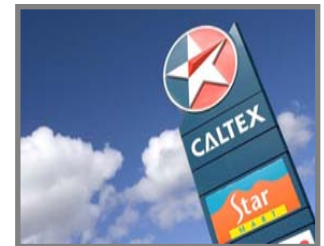
Financial Highlights

Key Profit Drivers

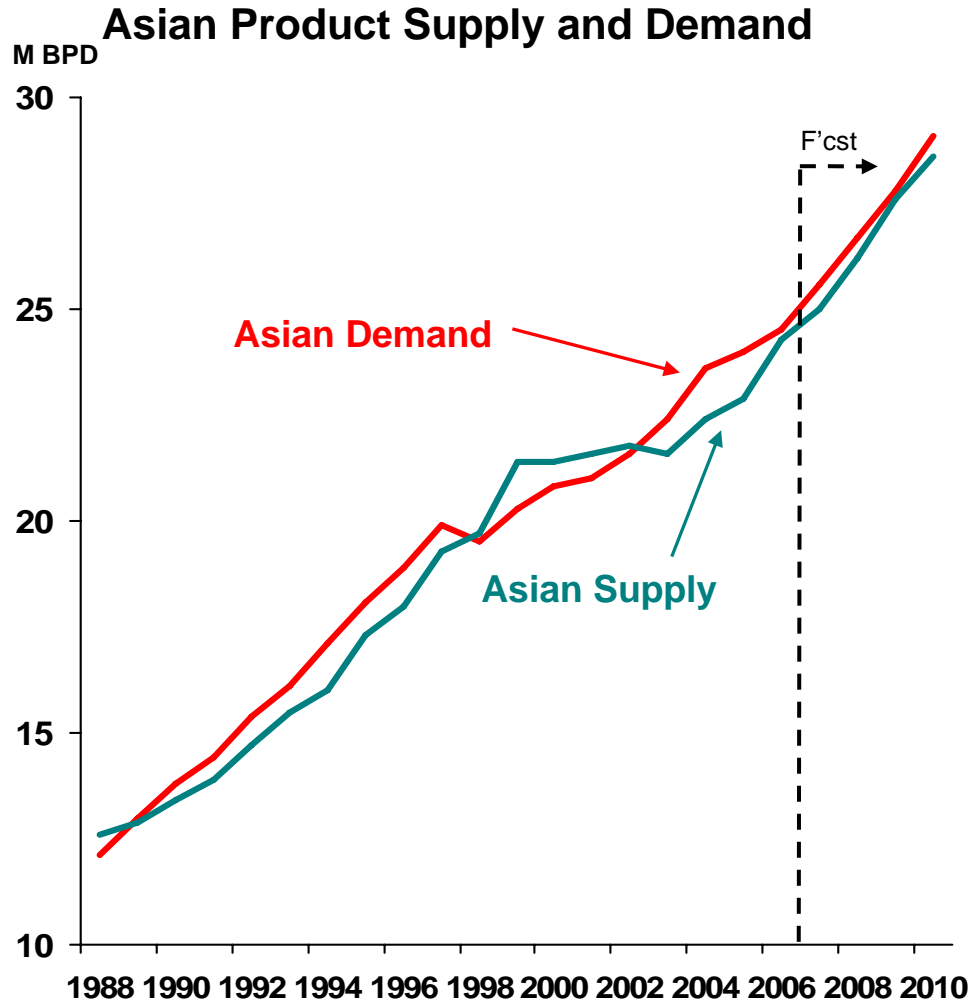
Marketing Highlights

Refining Highlights

Outlook



Regional supply and demand to remain tight in the near term



Source: BP Statistical Review (1970–2006); East-West (2007); CAL Analysis

- Demand growth remains on track
- IEA forecasting steady global oil product demand for 2007
- Regional demand growth remains solid in 2007, with China and India forecast to grow >4%
- Increasing costs & scarcity of resources has caused project delays, deferrals and cancellations e.g.
 - S-Oil deferral of a 480 000 BPD refinery expansion
 - Delay to Kuwait 615 000 BPD refinery
- Key risk in the medium term remains a demand shock

Total Asian CDU capacity (BP Statistical Review: 1970–2005; East-West: 2006).
Total Asian petroleum product demand (including LPG & direct use crude) (BP Statistical Review: 1970–2005; East-West: 2006, normalised to 2003 BP baseline)
As at January 2007



Drivers of future Australian product demand growth

	Petrol	Diesel	Jet Fuel
Main Drivers	<ul style="list-style-type: none"> • Increase in vehicle fleet • Increasing fuel efficiency • Increasing demand for higher octane fuels • Product substitution <ul style="list-style-type: none"> • Diesel • Biofuels • LPG 	<ul style="list-style-type: none"> • Strong GDP growth, driven by <ul style="list-style-type: none"> • Commodity boom • Mining & transport • Increasing fuel efficiency • Increasing penetration of diesel into passenger cars • Product substitution <ul style="list-style-type: none"> • Biodiesel 	<ul style="list-style-type: none"> • Increasing passenger travel linked to economic activity / prosperity <ul style="list-style-type: none"> • International • Domestic • New airline market entrants
Projected Growth Rates	0 – 1%	~ 4%	3 – 4%

The biofuels landscape continues to evolve



- Caltex has approaching 300 sites supplying biofuels
 - E10 unleaded petrol
 - Biodiesel blends (B2 and B5)
- Caltex has secured supply contracts for ethanol and biodiesel
- On track to meet Australian Government biofuels target of 350ML by 2010
- Caltex requirement to comply fully with mandates
 - NSW – 2% ethanol from 1 Oct, 2007
 - Qld – E5 unleaded fuel proposed Dec 2010
- Increasing biofuels in the fuel mix will primarily displace petroleum product imports

Caltex and climate change



- Caltex supports a carbon pricing system
 - Appropriate mix of regulation, taxes and trading
 - Maintain international competitiveness
 - National approach to avoid duplication
- Caltex believes a carbon tax is appropriate for the transport sector to limit volatility and maintain transparency in fuel prices
- Caltex greenhouse gas emissions are heavily weighted to consumer fuel consumption
 - Caltex operations – 1.8 Mt CO₂ eq
 - Consumption of Caltex products – 35 Mt CO₂ eq

Second half 2007 outlook

Refining

- Margins will continue to be volatile – anticipate the seasonal easing in margins from the end of the northern summer
 - Continue the 1H2007 performance – on track for full year 2007 transport fuel production of about 11 billion litres*
 - Continue progress on Refinery Performance Improvement Program
-

Marketing

- Continue to compete vigorously in the competitive retail market
- Target profitable growth markets, particularly in diesel
- Expand biofuels offering to meet government obligations
- Continue progress on initiatives across infrastructure and convenience retailing

* - Transport fuel production (petrol, diesel and jet fuel)

Success is built on the basics

Our focus remains:

0 : Safety and incident free operations

1 : Number 1 in hearts and minds of customers

85 : Utilisation of refineries

100 : Full engagement of all our staff



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Important Notice

This presentation for Caltex Australia Limited is designed to provide:

- an overview of the financial and operational highlights for the Caltex Australia Group for the 6 month period ended 30 June 2007; and
- a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's expectations of the outlook for the second half of 2007 and future years, as at 24 August 2007

This presentation contains forward-looking statements relating to operations of the Caltex Australia Group that are based on management's own current expectations, estimates and projections about matters relevant to Caltex's future financial performance. Words such as "likely", "aims", "looking forward", "potential", "anticipates", "expects", "predicts", "plans", "targets", "believes" and "estimates" and similar expressions are intended to identify forward-looking statements.

References in the presentation to assumptions, estimates and outcomes and forward-looking statements about assumptions, estimates and outcomes, which are based on internal business data and external sources, are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of the Caltex Australia Group or the likelihood that the assumptions, estimates or outcomes will be achieved.

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All forward-looking statements made in this presentation are based on information presently available to management and Caltex Australia Limited assumes no obligation to update any forward looking- statements. Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of any offer to buy any securities or otherwise engage in any investment activity. You should make your own enquiries and take your own advice in Australia (including financial and legal advice) before making an investment in the company's shares or in making a decision to hold or sell your shares. You should also refer to the Caltex Australia Limited's 2006 Annual Report.



CALTEX AUSTRALIA LIMITED

ACN 004 201 307

SUSTAINING THE PERFORMANCE

2007 FIRST HALF RESULTS ANNOUNCEMENT – SPEAKER NOTES
24 AUGUST 2007

[Slide 0 – Cover sheet]

Good morning. I am Des King, Managing Director and CEO of Caltex Australia, and I would like to welcome you to Caltex's 2007 interim results announcement. I would also like to welcome those who are taking a feed via webcast. Please note that an archive copy of the webcast should be available on caltex.com.au by the close of business today.

For those of you here in Sydney, you will have received a copy of our interim results, media release and Australian Stock Exchange announcement, together with the slides I will talk through this morning. For those taking the feed via webcast the same material is available now from both our website, caltex.com.au, and the ASX website.

[Slide 1 – Incident Free Operations Topic]

In an industry like ours, safety is always of prime importance – our goal is that all our employees and contractors return home safely at the end of each day.

This chart shows our lost time injury frequency rate – a lost time injury is defined as one where an at-work incident prevented a worker from returning to work the next day or next shift. Over the past 4 years, this measure has been improving, as we continue to focus on both behavioural and systemic causes.

In the first half of this year we continued on the journey – the change represents a 15% improvement over 2006 and a nearly 65% improvement from 2003. Our progress gives us confidence that our goal of zero injuries is possible.

[Slide 2 – Highlights – First half 2007 continues 2H06 performance]

The strong performance in the second half 2006, following Clean Fuels, has been continued into the first six months of 2007.

The highlights for the first half to date include:

- Delivery of a strong RCOP profit, underpinned by continued strength in our operational performance.
- Excellent production rates in our refineries, arising from high plant utilisation, despite a planned maintenance shutdown at Kurnell.

- Strong growth in diesel sales consolidated our market leading position in transport fuels; and
- Caltex continues to be the number 1 in convenience retailing.

[Slide 3 - Contents]

I will now cover our financial highlights.

[Slide 4 – Summary Financial Results]

For the period ended 30 June 2007, Replacement Cost EBIT was \$389 million, compared to \$270 million in the previous year.

Replacement Cost Net Profit after Tax was \$255 million. Historic Cost Net Profit after Tax was \$368 million, reflecting an inventory gain of \$113 million, after tax.

The first half 2007 result continued the strong second half result in 2006, also of \$255 million. Despite the negative impacts of the stronger Australian dollar and increased refinery downtime due to planned maintenance, focus on those drivers under Caltex's control enabled the company to sustain a strong operational performance post the Clean Fuels Project.

[Slide 5 – Strong profit performance and increasing dividends]

The Replacement Cost Net Profit after Tax excludes the movements in the crude oil and product prices in our result. Consequently it better reflects the underlying performance of the business. This is clearly shown on this slide, where movements in the price of crude oil significantly impact the historic cost results.

Our profits in the first half were 46% higher than the corresponding period last year, but in line with the results from the second half, reflecting the sustained operational performance following the completion of the Clean Fuels Project.

This strong financial result has enabled the Board to approve a fully franked interim dividend of 47 cents per share for 2007. This represents a payout ratio of 50% of our replacement cost net profit after tax, in line with our dividend policy of 40 – 60% payout.

[Slide 6 – EBIT 1H06 to 1H07]

Our replacement cost EBIT increased by \$119 million in the first half of 2007 compared to 2006. As you can see, the net impact of external factors was negative, with the strengthening Australian dollar negating the stronger Caltex refiner margin and positive impact of the pricing lag. A major impact of the stronger exchange rate is to compress our refiner margin, which is denominated in USD.

The stronger AUD also gave rise to an unrealised loss of approximately \$65 million due to an inventory gain adjustment. Other exchange impacts represented a realised gain of approximately \$30 million, primarily relating to the payment of crude and product purchases in the first six months.

The most significant positive variance surrounds the 'Production Mix'. In the corresponding period in 2006, we were finalising the commissioning of our clean fuels plants. As a result, there were significant exports of low value products together with the need to import compliant fuels. This year, with the plants operational, our refinery production was largely placed domestically, decreasing the impact of exports and imports.

Beyond this, our refineries increased production volumes, while our marketing operations showed some increases in EBIT. Operating expenses have continued to come under pressure, which I will discuss in more detail later.

[Slide 7 – Exchange rate impact on inventory gain negatively impacted 1H07 RCOP results]

The replacement cost of sales operating profit (or RCOP) excludes the impact of the US dollar rise or fall on oil prices. The calculation of this inventory gain or loss ignores the impact of exchange rate movements on the change in crude oil prices. In any given prior period, this has not been material, and therefore such exchange impacts have been included in the RCOP result.

The significant strengthening of the Australian dollar during the first half of 2007 has resulted in a material impact on the calculation of the inventory gain for the period. This exchange impact, a loss of \$64 million (or \$45 million after tax), has been included in the RCOP result for the period. In other words, had the inventory gain for the period been adjusted for the exchange rate impact, as well as the movement in crude oil prices, the RCOP result after tax would have been \$45 million higher.

This is in addition to the negative impact of the strengthening AUD on the Caltex Refiner Margin.

[Slide 8 – Debt and gearing remain on target]

At June 30, our net debt stood at \$490 million, with lease-adjusted gearing at 23%. This is slightly below our target range of \$500 – 600 million.

We anticipate that debt will rise above our target range at year end, as we build inventories in preparation for a planned maintenance shutdown period at Kurnell, early in 2008.

[Slide 9 – Gross margin contribution by channel]

This slide shows the relative gross margin contribution by our two major operating arms, and illustrates the diversification of our earnings. In the first six months of this year our Refining operations contributed 61% of our gross

margin, up from 48% in the first half of 2006. This reflects the stronger refiner margin environment, which was unable to be fully captured last year due to the completion of our Clean Fuels Project.

The more consistent earnings from our Marketing operations provide a natural diversification in our earnings, when compared to the volatility inherent in the global refining industry. These two operating arms have different profitability drivers – for example in this half, the impact of the strengthening AUD was keenly felt in Refining earnings, but had a smaller, positive impact on our Marketing operations by reducing the price of fuel to our customers.

[Slide 10 – Caltex operates in a high volume, low margin business]

As I am sure you are aware, Caltex operates in a high volume, low margin business. As this analysis indicates, our net profit after tax across all products amounted to 2.6 cents per litre in the first half of the year. This is in contrast to a recent public survey we conducted, which indicated that over 50% of motorists believed oil companies made more than 26 cents per litre profit, or more than 10 times our actual earnings.

[Slide 11 – Contents]

In the next slides, I will expand on the key drivers of our financial performance.

[Slide 12 – Integrated transport fuels gross margin]

Our integrated fuel gross margin in the first half was 11.0 cents per litre before expenses, slightly lower than the second half of 2006. This margin was negatively impacted by the stronger AUD in this period.

[Slide 13 – 1H07 Caltex Refiner Margin was US\$10.74/bbl]

The Caltex Refiner Margin is a key variable in our financial performance, and underpins our refinery profitability. In the first six months, this margin was \$US10.74/bbl, an increase from 2006. Looking at the major components of the CRM, the lower Singapore Weighted Average Margin was offset by increases in the quality premium and freight differential.

The Singapore Weighted Average Margin, fell by around \$US1.20/bbl from the same period last year, to \$US7.56/bbl. However, the quality premium for Australian-grade products averaged around \$US1.80/bbl for the first half, reflecting the tighter fuel specifications in this country. This compares to a premium of around \$US1.45/bbl for 2006.

This margin is denominated in USD, as the crude and products that it is based on are traded in USD. The impact of the strengthening Australian dollar, which averaged 81 cents in this period, had a significant impact on our earnings. In AUD terms, the CRM in 1H07 was 3.2% lower than 2H06.

[Slide 14 – Caltex Refiner Margin: crude & product freight]

A third element of the Caltex Refiner margin is the differential between crude and product freight. For our refined product we import crude, paying crude freight. Our refinery production competes directly with imported fuel which is transported on product tankers – the differential between these two freight rates provides a location advantage for our refineries. From January to June this differential averaged \$US2.75/bbl, an increase over last year.

[Slide 15 – Refiner margins – volatility and seasonality will continue]

Volatility in refiner margins is a fact of life in our industry. The first chart shows our Caltex Refiner Margin since 2003. While the margin has been trending up in this period, the averages disguise the volatility that occurs on a day-to-day basis.

In addition to the daily volatility, refiner margins show a distinct seasonality. Our margins are linked to global refiner margins, and so changes in overseas demand patterns directly impact refiner margins. A significant demand driver is the northern hemisphere driving season. Through the northern summer, demand for gasoline increases, resulting in increasing refiner margins – typically this commences in the second quarter, as inventories are built in anticipation of the demand increase. Conversely, gasoline margins seasonally decline in August / September, as demand falls.

[Slide 16 – Unit operating costs impacted by non-cash costs]

Operating costs are under pressure across all industries, and we are no exception. Following the completion of our Clean Fuels Project, our underlying refinery costs have risen. Competition for labour and inflationary pressures on materials are also impacting on our costs. Our Opex in the first half of 2007 increased by 8.7% (on a cents-per-litre basis) over the corresponding period last year – this amounted to \$36 million. Of this increase,

- Increased depreciation, primarily arising from our Clean Fuels Project capital, accounted for \$10 million, and
- There were also net increases in provisions of \$14.5 million in the first six months, primarily for environmental remediation.

We are keenly aware that we operate in a high volume, low margin environment, where every tenth of a cent counts. We will continue to actively pursue opportunities to control our costs, with the goal to hold average cents-per-litre cost increases to no more than inflation going forward, across the remainder of 2007 and through 2008.

[Slide 17 – Contents]

I will now turn to the performance of our Marketing team.

[Slide 18 – Transport fuel sales volumes]

Our overall sales volumes increased in the first six months. Our petrol volumes increased by 2.0% over the first half of 2006, compared to market growth of 1.9% for the same period. Petrol is predominantly marketed through our retail network, which is in an intensely competitive environment. Our ability to again grow volumes above the market growth underlines our ability to compete strongly in this market, leveraging our alliance with Woolworths.

Overall, distillate volumes were up 4.2% on the corresponding period last year. Diesel sales increased strongly, up 8.9% to June. Overall market demand was also strong at 7.1%, on the back of continuing robust demand from the mining and transport sectors. Our jet fuel volumes fell by 8.0%, in a market that has grown 1.7% in the first six months. As incremental jet fuel sales are sourced from imports, we have consciously elected to maintain margins from our refinery production, rather than simply place volume at low margins. However we will continue to work to increase our volumes, profitably, in what is a growing market.

[Slide 19 – Lubricants & Specialties]

The lubricant market has been heavily impacted by cost increases over the past 2 years, for both base oils and additives. We have been rationalising our business to maintain profitable volumes – this has resulted in a fall in volumes, but margins have increased in this half.

The results in our Specialties business were impacted by the Clean Fuels Project in 2006. Last year, the increase in low value refinery fuel oil production during the construction of the clean fuels plants, resulted in additional sales volumes of the low value product – these reduced to more normal levels in 2007. Average margins also improved for the same reason, as reduced fuel oil production in the sales mix lifted the average margin.

[Slide 20 – Non fuel income & store sales continue to grow]

Non-fuel income has continued to improve, increasing nearly 5% from the previous corresponding period to \$73.1 million. This growth occurred in both our card products and convenience store network.

Our average shop sales also continue to grow, up 7.7% on a like-for-like basis compared with the same period in 2006.

[Slide 21 – Caltex, with our alliance with Woolworths, is the leading Australian petrol and convenience store retailer]

Our convenience store network has maintained its leading position in the market, with a 32.4% market share.

In the retail fuel market, our network, including our alliance sites with Woolworths, continues to be the leading supplier of fuel to the Australian consumer.

[Slide 22 – Premium fuel sales]

Premium fuel sales have rebounded from the 2006 volumes, with a 10.5% increase to 485 ML. Premium fuel volumes last year were impacted by higher pump prices, which were lower in the first six months of this year. We continue to roll out our Vortex fuels across Australia, with the launch of Vortex 98 in the Western Australian market in 2007.

[Slide 23 – Contents]

I will now turn to our Refining performance.

[Slide 24 – Transport fuels production and sales]

As I mentioned earlier, our refineries sustained the level of performance displayed in the second half of 2006. Production volumes of transport fuels were down slightly at 5.4 billion litres, but incorporate a 41 day planned maintenance shutdown of one of the two crude distillation units at our Kurnell refinery in the first quarter.

Our total transport fuel sales totalled 6.7 billion litres. In recent years, there has been a seasonal impact on these volumes, with second half sales higher than the first half.

[Slide 25 – Utilisation improvements continue in Refining]

The strong production volumes arose from high refinery utilisation in the first six months, averaging 85% for the period. This also reflects the continued performance from the second half of last year, where our refineries also met our 85% utilisation target. Both refineries operated well, with the Kurnell result including the low utilisation period during the planned maintenance shutdown.

These results underline the improvements we have been delivering from our Refining Performance Improvement Program, generating sustained operation at high levels. Our Refining team is committed to consistently deliver this performance through the safe and reliable operation of our refineries.

[Slide 26 – Refining Performance Improvement Program to grow production volumes]

Our Refining Performance Improvement Program (RPIP) continues to progress. The largest capital project – the Lytton diesel hydrotreater – is still on track for commissioning in 1Q2009. Site preparation work has commenced in the refinery, with design and engineering well advanced. The project cost is still anticipated to be around \$250 million.

As you can see, the two tank projects at Kurnell are into the construction phase, with both targeted for completion in the first half of next year.

The overall objective from RPIP is to increase production of transport fuels to 1 billion litres per month, in the absence of major refinery maintenance. This corresponds to annual production of 12 billion litres in a year without major shutdown activity.

[Slide 27 – Contents]

I will now discuss some of our views for the future.

[Slide 28 – Regional supply and demand to remain tight in the near term]

We presented this view of the regional refinery supply and demand balance with our 2006 full year results presentation in February. At that time we stated that we saw that the supply of refinery products would remain tight into the medium term, supporting refiner margins.

Subsequent to that work, there have been a number of signposts that continue to support that view. Tracking of global demand by agencies such as the International Energy Agency continues to support steadily increasing global oil demand, with the larger growing markets of China and India forecast to track significantly higher than the average.

On the supply side, we are seeing the impacts of increasing capital costs and scarcity of resources leading to project delays and deferrals. Two notable examples are the deferral of the S-Oil refinery expansion in Korea, and the delay to the new greenfield Kuwaiti refinery.

Our view remains that over the next 1 – 2 years, refiner margins will remain robust. There is potential for margins to remain robust beyond the end of this period. However, this is dependent on continued demand growth and the pace at which new refinery capacity enters the market. The prime risk in the short term remains a shock to the demand side, rather than to supply.

[Slide 29 – Drivers of future Australian product demand growth]

The nature of the Australian market is evolving, with the three major products – petrol, diesel and jet fuel – showing different projected growth profiles.

Petrol is largely a mature product. Increasing numbers of cars in the fleet will be offset by increasing fuel efficiency and product substitution from diesel, biofuels and LPG. Demand for higher octane fuels will grow as car manufacturers increasingly produce engines that require premium fuels. Overall growth of this fuel will likely be in the 0 – 1% range.

In contrast, diesel and jet fuel will grow more strongly – up to 4% per year. Diesel is more leveraged to GDP growth, driven by the commodity boom with

the transport and mining sectors heavily impacted. There will also likely be increasing penetration of diesel into the passenger car fleet, albeit from a small base. Again, increasing fuel efficiency and higher biofuel volumes will offset the volume growth.

Jet fuel is also projected to grow strongly, as both international and domestic passenger travel increases.

[Slide 30 – The biofuels landscape continues to evolve]

The biofuels landscape in Australia continues to evolve. On the regulatory front, the Australian Government target of 350 ML of biofuels in the fuel mix by 2010 has been augmented with state government mandates – the NSW government has mandated an average 2% ethanol level in petrol from October 1 this year, while Queensland has proposed an E5 requirement to commence from December 2010.

Caltex has been actively supporting biofuels in the Australian market for a number of years – we now have nearly 300 sites in our network supplying biofuel blends. We have been improving our supply of biofuels, including supply contracts with Australian Renewable Fuels for biodiesel and Dalby Bio-Refinery for ethanol. These supplement supply arrangements already in place.

The net impact of biofuels to the Caltex business is largely to displace imports – sourcing domestically produced biofuels negates the requirement to import fuel from Asia.

[Slide 31 – Caltex and climate change]

Climate change is a growing community and investor issue. Caltex supports the introduction of a carbon pricing system, as part of a broad-based, national approach to emissions abatement. In our view, this carbon pricing mechanism needs to:

1. Include an appropriate mix of carbon taxes, emission trading and regulation;
2. Maintain the competitiveness of export and import industries competing with countries without similar emission reduction policies; and
3. Adopt a national approach to avoid duplication.

For the transport fuel sector, we feel that the introduction of a carbon tax on fuels is the appropriate carbon pricing mechanism. This will ensure the cost of carbon is transparent to the consumer, and will limit the impact of volatility that would likely exist if the pricing was directly linked to an emissions trading system.

Caltex greenhouse gas emissions are relatively small compared to the emissions of our customers who use our fuel. Our operations account for around 1.8 million tonnes of CO₂ equivalent emissions, while the use of our

products by other businesses and the Australian public produce approximately 35 million tonnes of greenhouse gases.

[Slide 32 – Second half 2007 outlook]

Looking forward to the rest of 2007, our refining operations will look to continue the strong performance of the first half. Margins will continue to be volatile, and we would anticipate the seasonal easing in margins as the northern summer ends. We are still on track to achieve 11 billion litres production for the full year, which will require our refineries to continue to operate incident-free. Delivery of the Refining Performance Improvement Program, which underpins our refinery medium term growth, will continue to be a key focus area.

In Marketing, we will continue to compete vigorously in a competitive retail market. Looking forward, we will target profitable growth opportunities, particularly in the diesel segment which we expect will show stronger growth potential. Work will continue on the roll out of our biofuels offer, to meet our commitments to the various government targets and mandates. Other initiatives in our terminal infrastructure and strengthening our convenience retail leadership will progress.

[Slide 33 – Success is built on the basics]

The success of Caltex is built on the basics. We have been using this slide since 2005, and it still encapsulates the basics of our business:

Zero safety incidents, and incident-free operations

Number 1 in the hearts and minds of our customers

85% Utilisation of our refineries, and

100% Engagement of all of our staff

The successful execution of our operations and strategies will be underpinned by the delivery of these four focus areas, and we are making very good progress in all four.

[Slide 34 – Q&A]

I would now like to ask for any questions. We can start with questions from the audience here in Sydney, and alternate with questions that are coming in from the Webcast.

[Field questions from the floor]

[Webcast questions to be read aloud to the audience]

END: Thank you for attending the presentation today, either in the auditorium in Sydney, or over the internet. I look forward to talking to you again in February when we announce our final results for 2007.