



Good morning, welcome everybody and thank you for attending today. 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 www.Caltex.com.au by close of business today or next Monday at the latest. For those of you here in Sydney you will have received a package this morning containing our 1st Half 2005 results, media release and Australian Stock Exchange announcement, together with the PowerPoint 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, or the ASX website.

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I plan to run through the major highlights of 1H05, and in the “Way Forward” section, I will reiterate our focus for 2H05 and the next few years. This will take about 30 minutes, then I will open up the floor for your questions. Those taking part via webcast, you can submit questions either during the webcast or during the Q&A session. I propose that we start with questions from Sydney, before rotating to questions submitted via webcast.

Incident Free Operations Topic



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It is the custom at Caltex to commence every meeting involving 5 or more people with an Incident Free Operations Topic. You may have heard me say before that a company with a strong safety record is also highly likely to have reliable and efficient operations.

As many of you know our Lytton refinery underwent a major planned total refinery shutdown in 1H05. The shutdown started in mid April and lasted 50 days. Given its complexity both the shutdown and subsequent start up in June was a great success.

Pictured here is a life-sized wooden model of the cyclones that sit inside the Lytton catalytic cracker. The cyclones, which separate catalyst from fuel gas, were refurbished during the shutdown at Lytton. The model was built before the shutdown to enable the shutdown team to practise safety procedures and perfect their methods of repair in advance of the shutdown. It is this planning and attention to detail that we are striving for, in building both the capability of our people and reducing incidents in our operations.

For perspective, individual workers are required to get inside these cyclones to resurface their interior, standing on a long pole and manually working the materials. Planning for both safe work and exit was the purpose of these models.

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On slides 3-13 I intend to take you through the financial highlights that made up 1H05.

2005 – Focus areas

- Development of an incident free culture: “0”
- Customer focus: “1”
- Continuing focus on refinery utilisation and production: “85”
- Continuing to build capability: “100”

0 : 1 : 85 : 100



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As I have stated before, Caltex will remain focussed on the key drivers over which we have control. Internally, we have introduced to our employees the key areas on which we are focussing over the next few years. Those areas are captured by 0:1:85:100, the areas that have and will continue to underpin our performance.

0: Development of an incident free culture

1: No 1 in hearts and minds of our customers

85%: Continuing focus on refinery utilisation and production

100: 100% engagement by all our staff

1H05: Momentum Continues

- Strong financial performance continues despite impact of external drivers:
 - Strengthening AUD depresses CRM
 - Timing lags in recovering rapidly rising crude price from market
- Refinery utilisation in line with last year despite extended planned shutdown periods:
 - Production only 100ML below prior year
 - 1H05 Lytton 50 day full refinery shutdown; Kurnell 26 days CDU
- Marketing has delivered across the board:
 - Record transport fuels sales
 - Non-fuel income up, premium fuels up, lubes up, specialties up
 - Caltex is the No 1 convenience retailer in Australia
- Returns to shareholders continue to be strong:
 - Share price up 46% in six months to 30 June 2005



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Our 1H05 performance was strong and continued the momentum built up over the last 2 years. I now want to highlight some key drivers which I will discuss in more detail later in the presentation.

In 1H05, we continued our strong financial performance despite the impact of two external drivers, being:

- The strengthening AUD which had the effect of depressing CRM; and
- Timing lags in recovering rapidly rising crude price from the market

Refinery utilisation was in line with last year despite extended planned shutdown periods:

- Production was only 100ML (or 2%) below prior year
- During the half Lytton underwent a 50 day full refinery shutdown (the first for four years), and Kurnell shut down one of its crude units for 26 days.
- In the first 6 months, Marketing has delivered across the board:
 - Record transport fuels sales
 - Non-fuel income is up, premium fuels sales are up, and both lubes and specialties have experienced higher sales.
 - On top of that, Caltex has confirmed its position as the No 1 convenience retailer in Australia

In 1H05 our returns to shareholders continued to be strong:

- Share price up 46% in the six months to 30 June 2005.

Summary financial results

Replacement Cost	1H05	1H04
EBIT (\$M)	226.4	275.1
NPAT (\$M)	149.6*	176.1*
EPS (cps)	55.4*	65.2*

	30 June 2005	31 Dec 2004
Debt (\$M)	533	447
Gearing (%)	22.7	21.5

Historic Cost	1H05	1H04
EBIT (\$M)	343.8	341.9
NPAT (\$M)	231.8*	222.9*
EPS	85.9*	82.6*

* Both the replacement cost and historic cost result excludes a significant credit to 1H04 earnings of \$113.5 and \$20.9 million to 1H05 which occurred on entry into the new tax consolidation regime.



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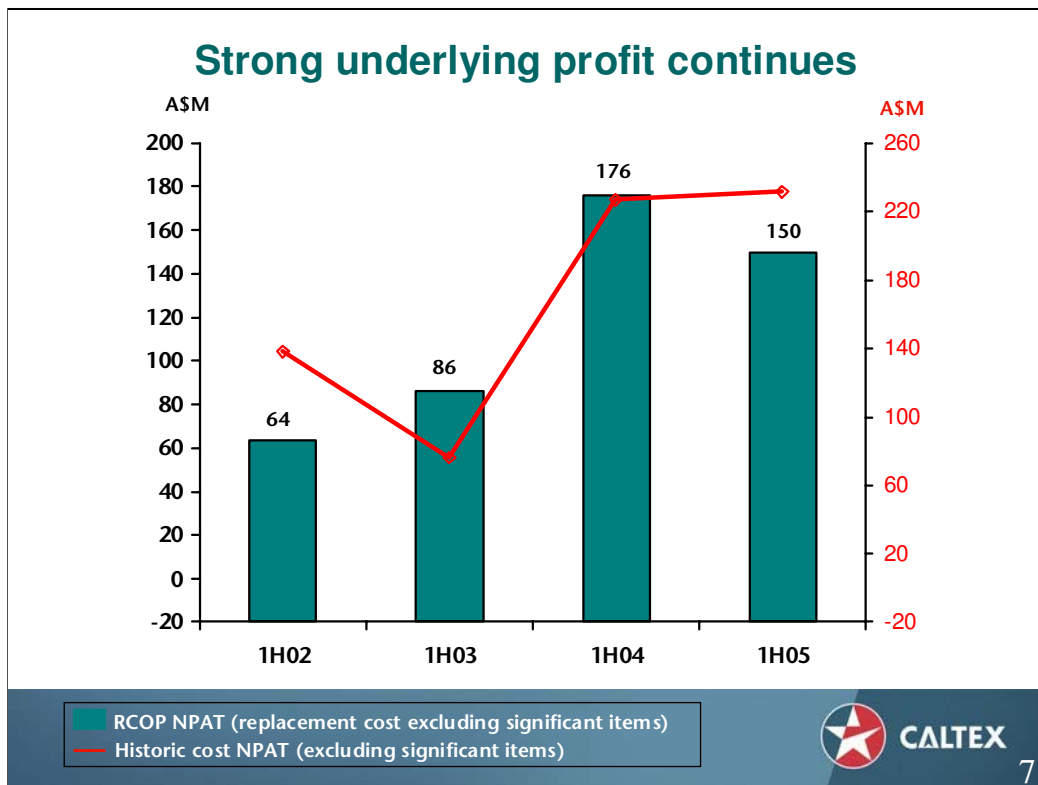
For the period ended 30 June 2005, Replacement Cost EBIT, excluding significant items, was \$226.4 million.

Replacement Cost Net Profit After Tax, excluding significant items, was \$149.6 million.

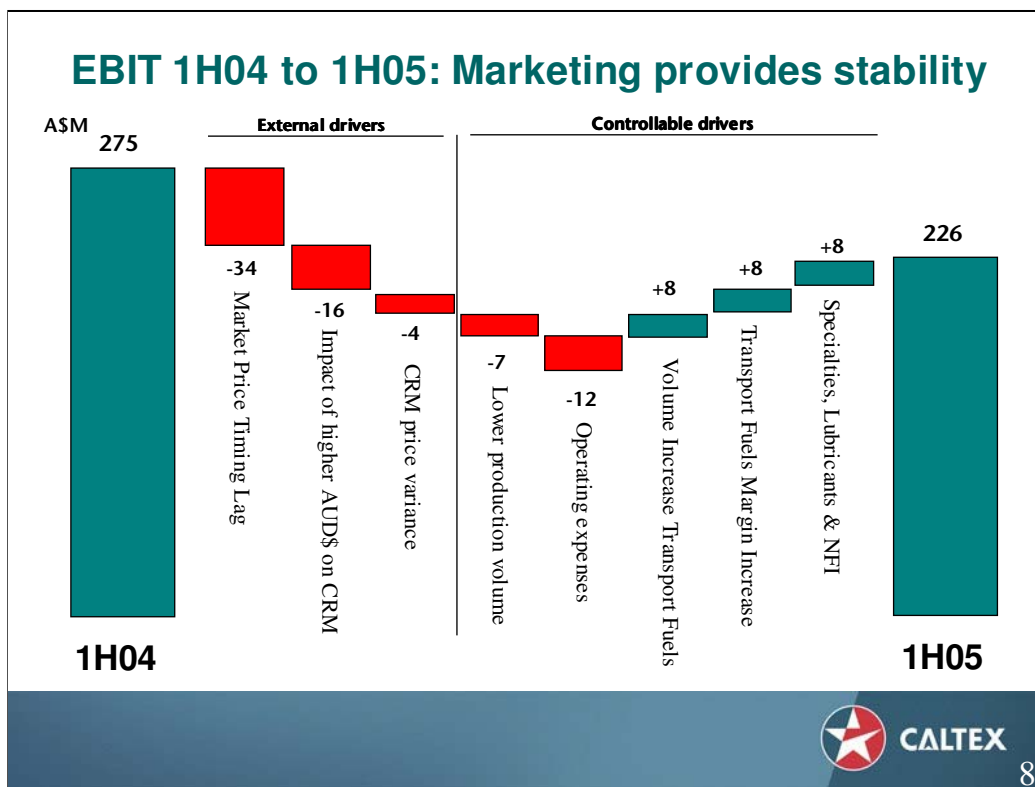
Historic cost profit after tax, excluding the significant tax item, was \$231.8 million.

Both the Replacement Cost and Historic Cost results exclude a significant credit of \$20.9 million relating to our entry into tax consolidation following the passing of new legislation this year. This is in addition to the significant credit of \$113.5 million recognised last year.

Please note both 1H04 and 1H05 figures are based upon International Financial Reporting Standards (IFRS). I will cover the transition and impact of IFRS upon Caltex shortly.



The Replacement Cost Net Profit after tax represented here by the green bars shows the underlying performance of the business. 1H05 again reflected the strong operating environment, although the results were negatively impacted by two external drivers, the stronger average AUD compared to 1H04, together with the impact of the rapidly rising crude oil price. Now, let me explain these a little further.



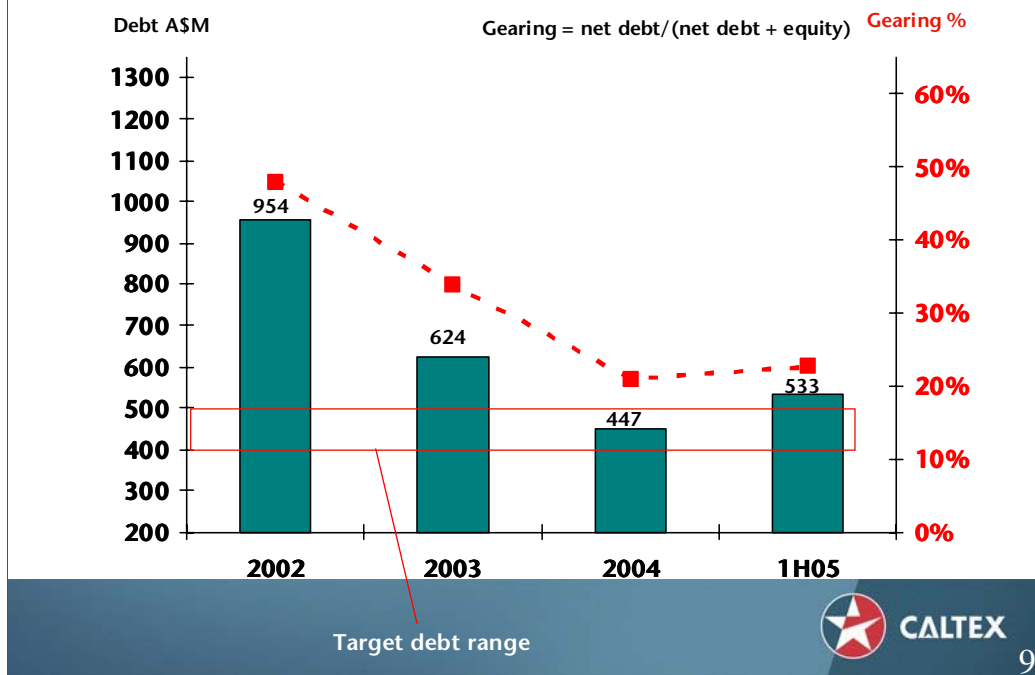
This slide explains the movement in EBIT between the first half of 2004 and the first half of 2005. As I said in my opening comments, the results for 2005 continue to reflect the favourable operating environment with those drivers under our control showing strong performance. In marketing, there was further growth in transport fuel volumes and margins as well as non fuel income. I'll provide more detail on those later.

The lower replacement cost profit in 2005 reflects the impact of two external drivers outside our control. Firstly, the stronger average AUD compared to 2004 depressed the Caltex Refiner Margin by approximately \$16 million before tax.

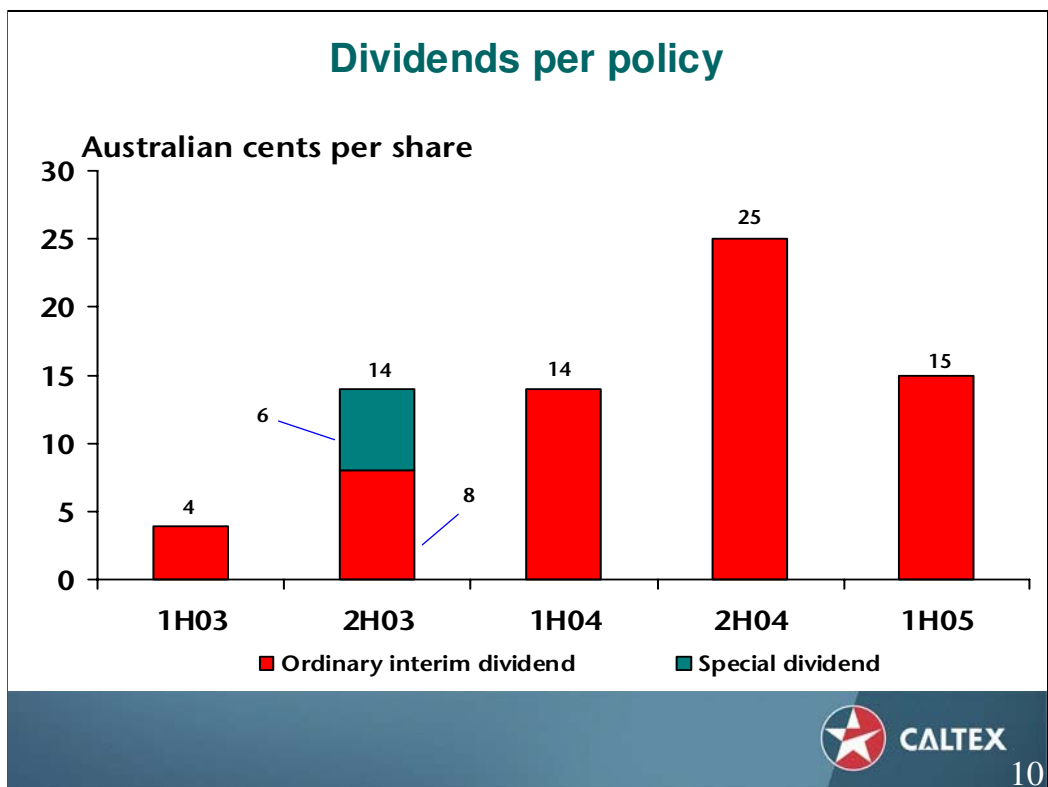
The second material impact relates to the effect of the rapidly rising crude oil price in the six months to 30 June 2005.

Just to clarify, our Replacement Cost Profit excludes the impact of changing oil prices on our cost of sales. In other words, our cost of sales is re-stated to the Replacement Cost of purchasing crude oil. However, due to the fact that refined product prices tend to lag any movement in the crude oil price, our margins are compressed in times of such rapid crude price movements. The impact of this pricing "lag" in the six months to 30 June 2005 was to reduce EBIT by approximately \$45 million. In prior years, this impact has not been material. In 1H04, this impact was approximately \$10 million before tax. Of course, the opposite effect occurs when the price of crude oil declines.

Debt in line with expectations, gearing on plan



Net debt ended the period at \$533 million, within our gearing target of 20-25% on a debt / debt + equity basis.



In light of our performance, and consistent with our dividend policy, the Board has approved a 15 cent per share interim dividend to be paid in respect of 1H05.

Shareholders have again enjoyed substantial growth in Total Shareholder Returns, given both the share price performance and dividends.

Since 1 January 2005, Caltex TSR has been a solid 48 %.

In the last 12 months to 30 June 2005 Caltex was posted a TSR of 76 %

A-IFRS - Summary

- No strategic or operational impact resulting from change to A-IFRS
- No change in cash available for either reinvestment or distribution to shareholders
- Impact on RCOP net profit for both 1H04 and 1H05 not material
- Caltex will continue to focus on Replacement Cost Operating Profit (RCOP) as the main indicator of financial performance

A-IFRS: Australian equivalents to International Financial Reporting Standards



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Caltex has adopted International Financial Reporting Standards for the first time at 30 June 2005.

The impact on RCOP net profit for the six months of both 2004 and 2005 is immaterial.

Reconciliation of equity under previous AGAAP to equity under A-IFRS

	1 January 2004 (\$millions)	31 December 2004 (\$millions)
Equity under previous AGAAP	1,224	1,719
Borrowing costs	(10)	(14)
Employee benefits	(31)	(11)
Impairment of assets	(5)	(6)
Income taxes	(39)	(37)
Fair value of financial assets and liabilities	(3)	(4)
Start up costs	(2)	(7)
Provisions	(1)	(4)
	(91)	(83)
Equity under A-IFRS	1,133	1,636



Initial application of IFRS at 1 January 2004 resulted in the reduction of shareholders' equity by approximately \$90 million.

A-IFRS – Major impacts on Caltex

Standard	Change	Impact
AASB 123: Borrowing costs	Borrowing costs on major projects expensed as incurred vs capitalising then amortising	Equity reduced by \$14 million at 31 December 2004
AASB 119: Employee benefits	Actuarial deficit on defined benefit superannuation schemes to be included on the balance sheet vs including vested deficit	Equity reduced by \$11 million at 31 December 2004
AASB 136: Impairment of assets	Amortisation of goodwill replaced by impairment testing	Equity reduced by \$6 million at 31 December 2004 for impairment
AASB 112: Income taxes	Income statement method replaced by balance sheet method	Equity reduced by \$37 million at 31 December 2004
AASB 139: Financial instruments: recognition and measurement	Hedge effectiveness testing	Potential volatility in income statement if hedges fail effectiveness tests



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This slide sets out those accounting standards which had the major impact on the opening balance sheet.

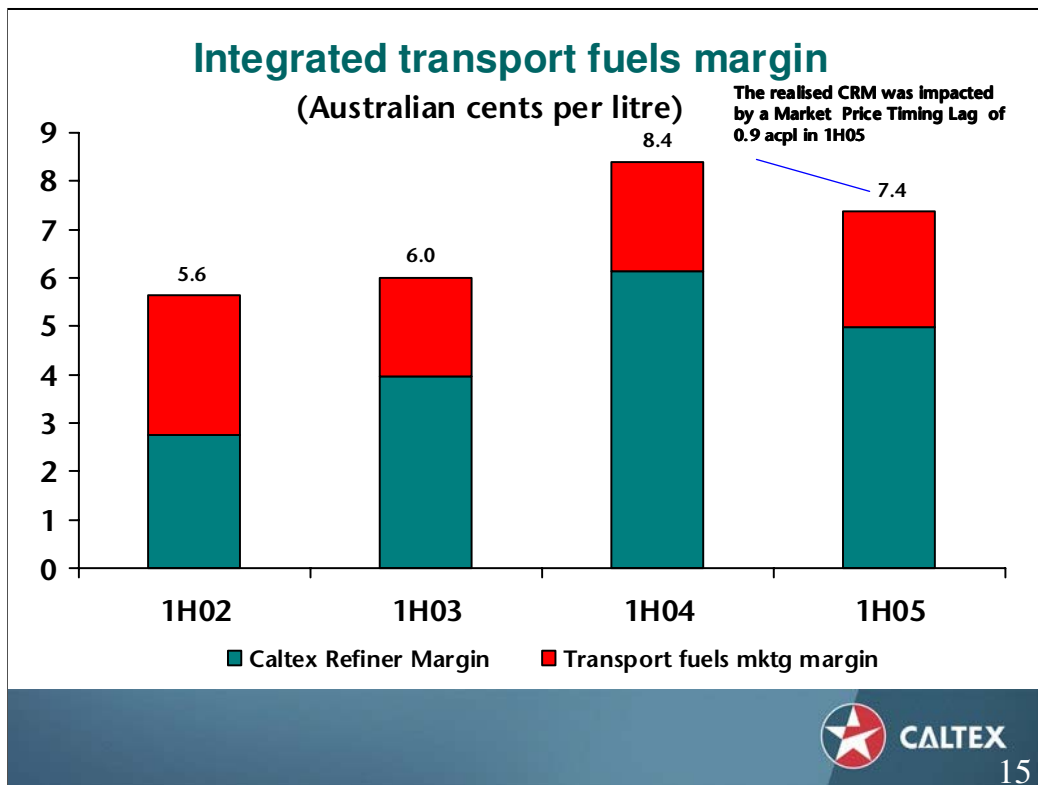
Rather than going into detail here, please contact either Simon Hepworth or Harvey Ward after the presentation.

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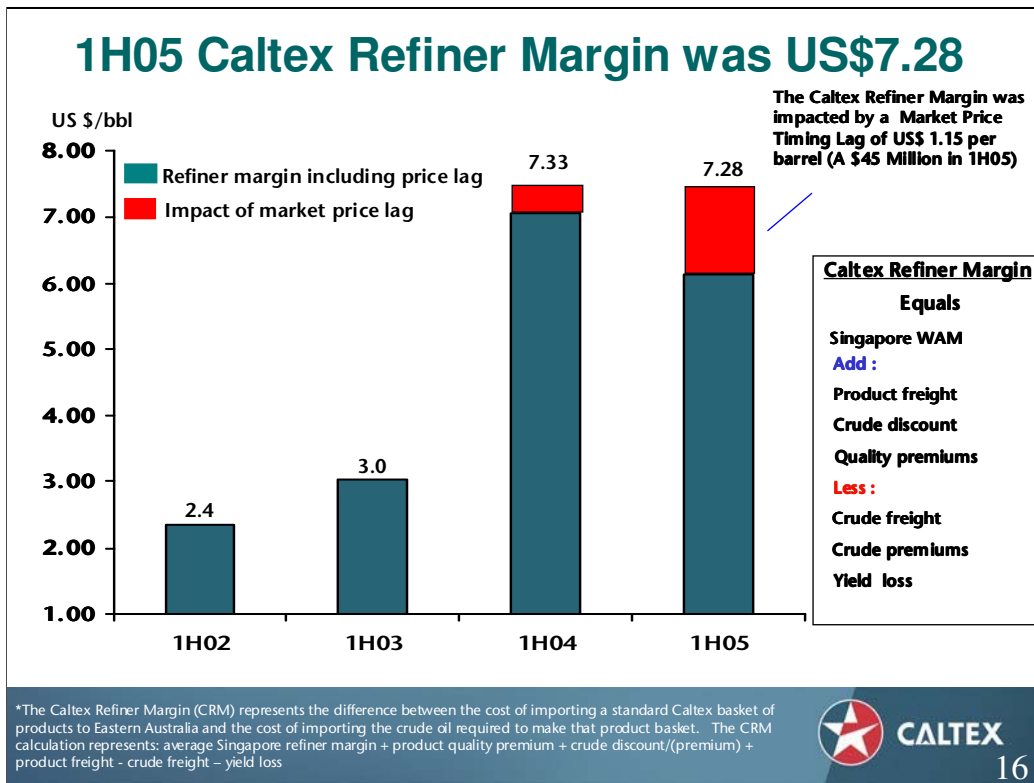
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In slides 14-18 I will outline the performance of the key profit drivers of the company.

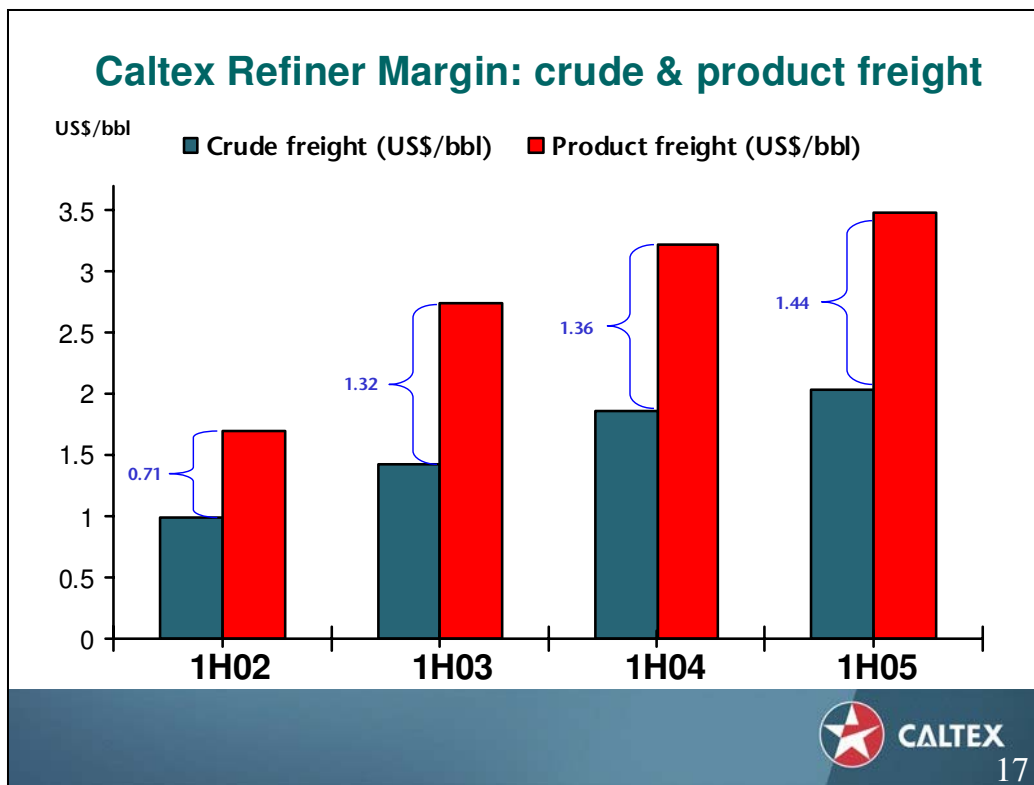


This slide shows the integrated transport fuels margin realised by Caltex in Australian cents per litre. The 1H05 integrated margin was 7.4 CPL, down from 8.4CPL in 2004. Marketing margins were up slightly. The market price timing lag effectively reduced the Caltex Refiner Margin by 0.9 acpl, or about US\$1.15 per barrel. Should crude oil prices fall in the future, the reverse effect will occur.

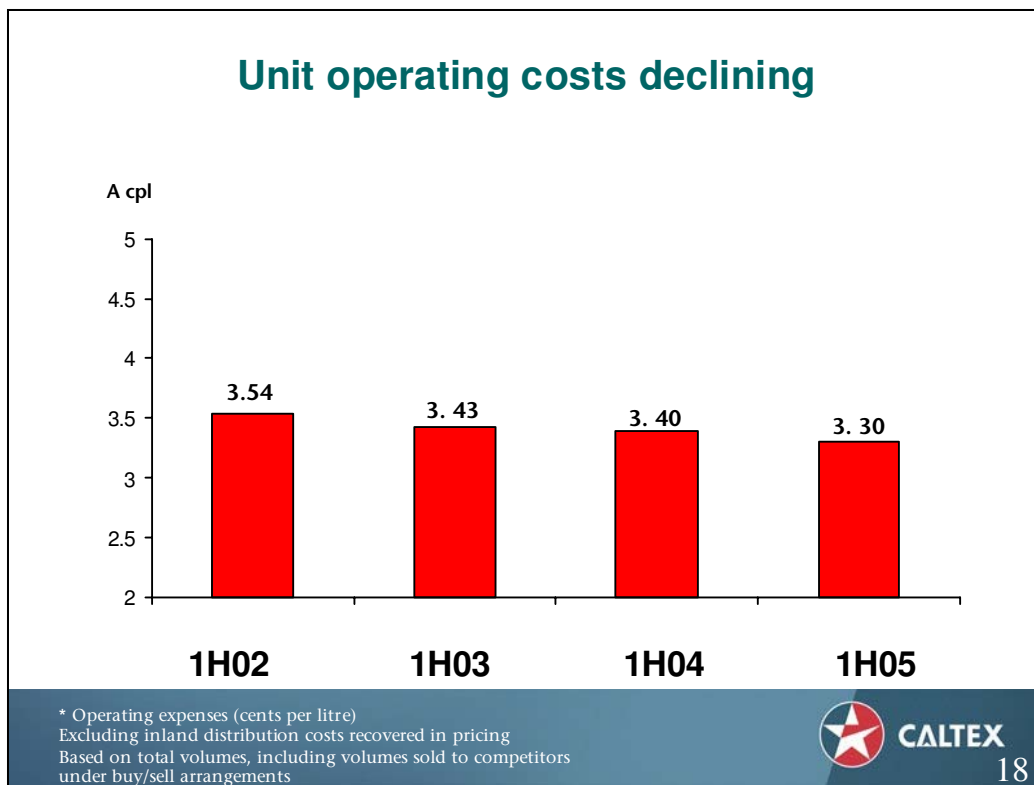


The Caltex Refiner Margin is a proxy for the margin realised by Caltex’s refineries. The margin is based on the Singapore weighted average refiner margin, adjusted for product freight, crude freight, crude premiums or discount, product quality premiums and the average product yield at our particular refineries.

The average Caltex Refiner Margin for 1H05 was US\$7.28 compared to US\$7.33 for 1H04.



The differential between crude freight and product freight, which is a net contributor to the Caltex Refiner Margin, expanded in 1H05 by US 8 cents per barrel over 1H04.



As discussed previously, in the long term, unit costs must decline for the Australian industry to remain competitive. We have been making progress on this front in recent years. This will be a challenge for Caltex beginning next year in a post Clean Fuels environment. Depreciation and processing costs to produce the new fuels will be higher, and production will be affected until we are able to expand through the efforts of our Refining Performance Improvement Program. Much of our success in the last few years has been on the basis of increasing sales (with better margins).

The new fuels will attract a premium which should more than offset the higher processing costs.

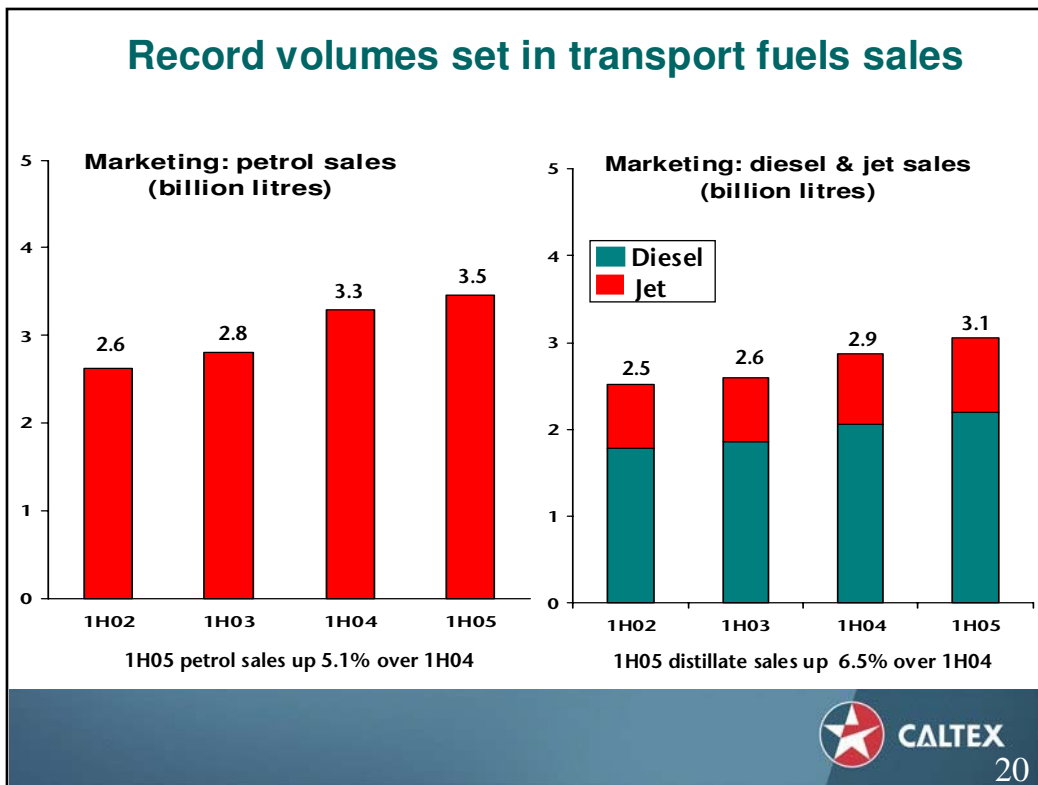
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On slides 19-28 I will outline our Marketing performance.

Record volumes set in transport fuels sales



Petrol sales saw an increase of 5.1% vs. 1H04, from 3.3 to 3.5 billion litres, primarily due to our venture with Woolworths.

Distillate sales reflect a continued strong economy with volume up 6.5% over 1H04. Improved agricultural conditions and a strong mining and transport sector contributed to this growth.

Total transport fuels sales in this half are at historical highs.

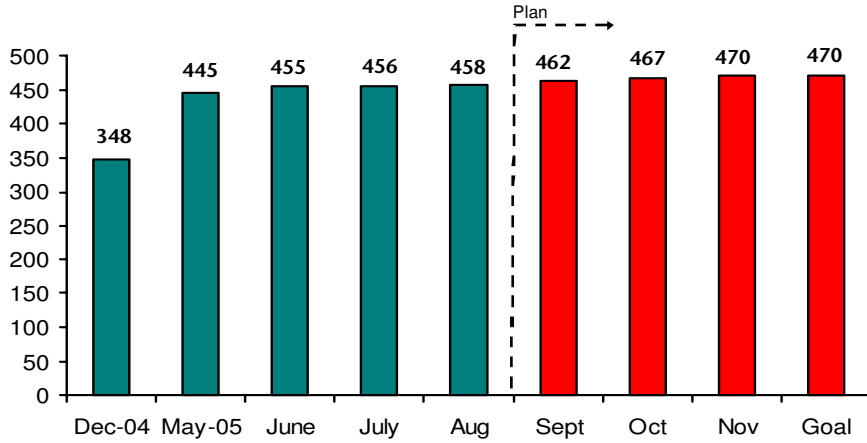


Venture site rollout: on plan



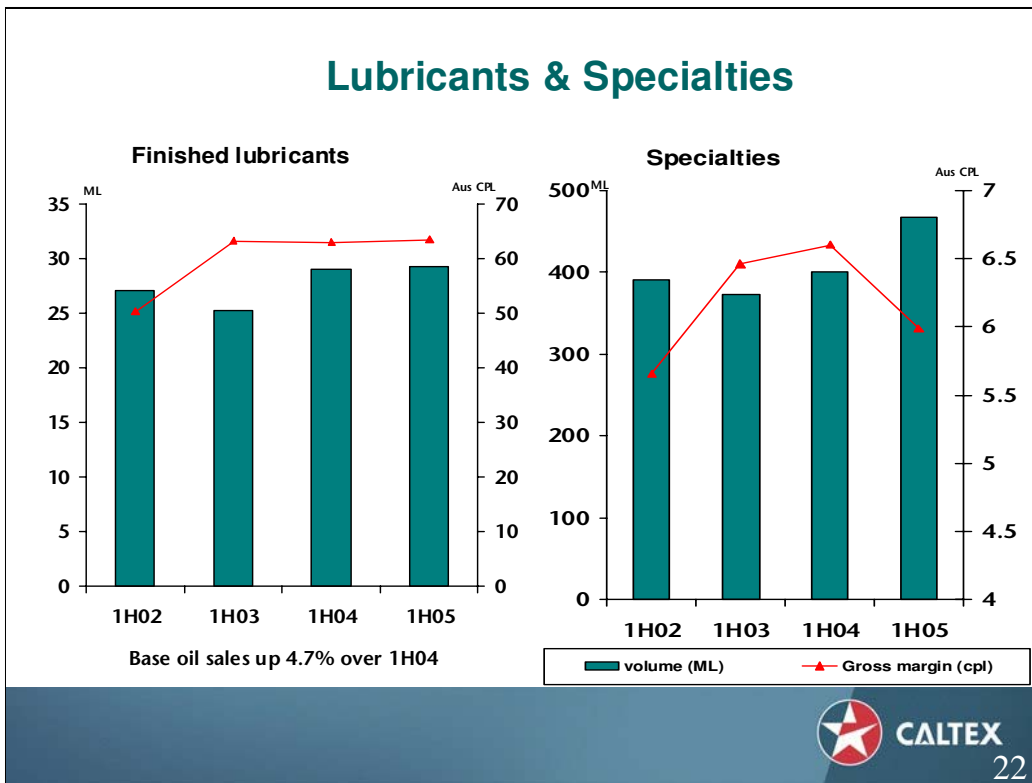
- Fuel volume at converted Caltex venture sites has seen an average increase of 80% since commencement.

Co-branded site Rollout



The rollout of our Woolworths venture is essentially complete. As of July, Caltex had contributed 118 sites with 340 sites coming from Woolworths. We continue to be extremely pleased with the venture, and volumes at contributed Caltex sites continue to experience average increases of 80%. By end of the year Caltex will have brought 125 sites to the venture.

Lubricants & Specialties



Finished lubricant volumes were up marginally over 1H04. Margins were stable. Specialty volumes are up 17 % over 1H04 mainly due to marine fuel sales. This represents a strong performance during a half year with high levels of planned refinery shutdowns.

Growth continues: non fuel income & store sales

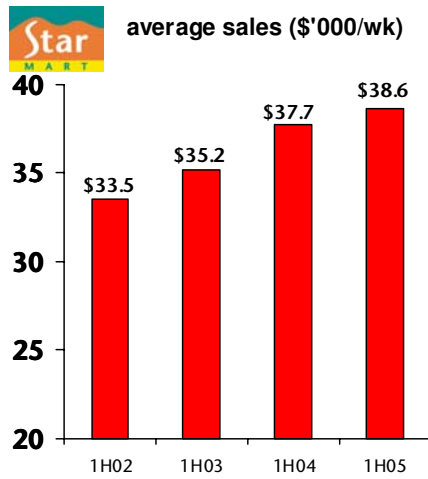


Total non-fuel income represented here by the chart on the left was up almost 10% from same period last year. This was a fantastic performance in a slowing retail environment. The main contributor to growth came from Retail royalty income, which is represented by the green bar in the chart on the left.

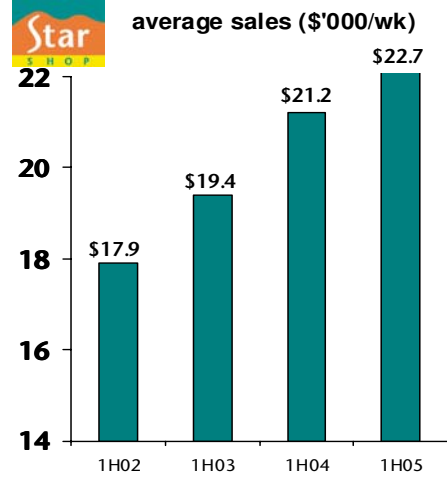
The Red bar on the chart on the left shows non-fuel income generated by channels other than Retail. This comprises revenue from our equity distributors, card products, pipeline and airport refuelling operations.

The chart on the right shows total sales of both our Star Mart and Star Shop convenience stores at \$365 million, up nearly 6% over 1H04.

Ongoing growth in average weekly sales



Like for like sales were up 2.0%



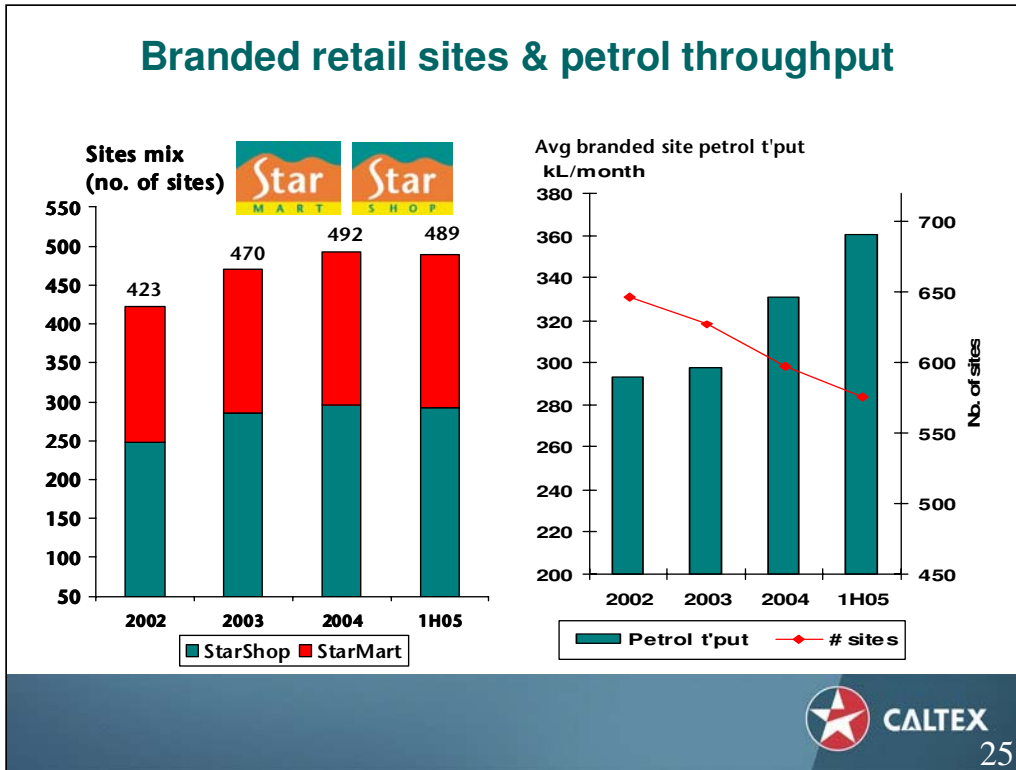
Like for like sales were up 3.3%



Star Mart and Star Shop like for like sales grew 2 % and 3.3% respectively.

The driver of growth in average store sales has been our active tail site management program. In addition, we are starting to see competitor site divestments drive sales at our sites as those customers switch to Caltex.

Branded retail sites & petrol throughput

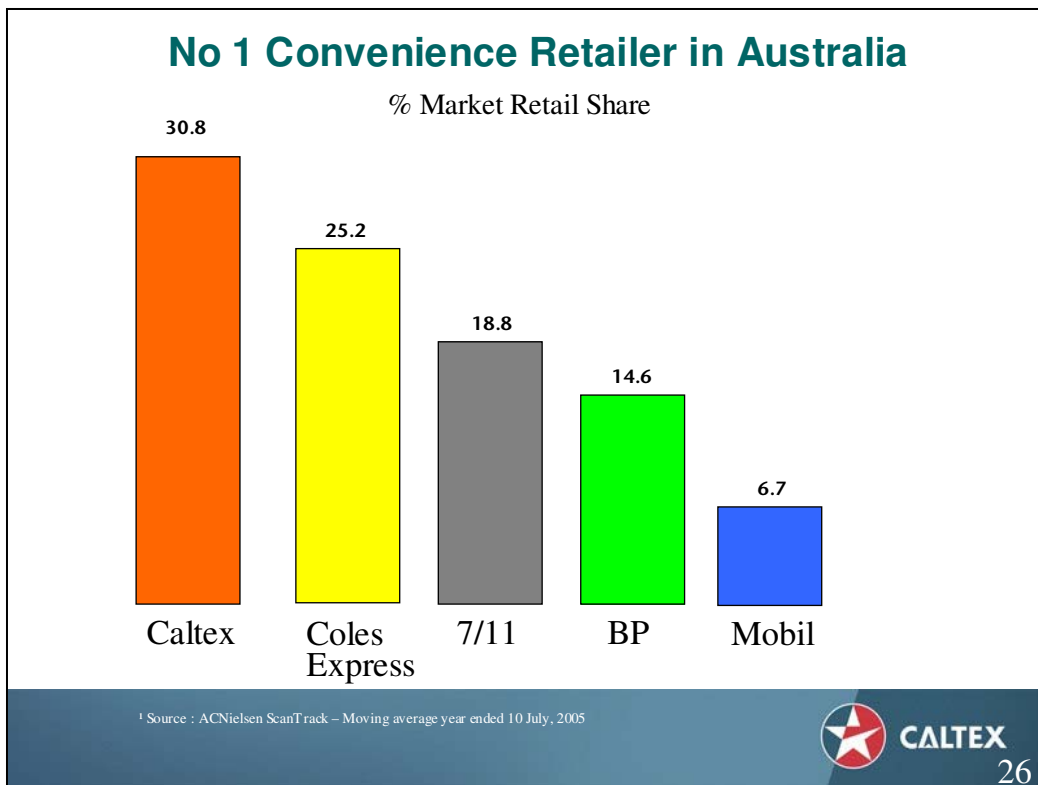


At the end of June Caltex had 197 Star Marts and 292 Star Shops.

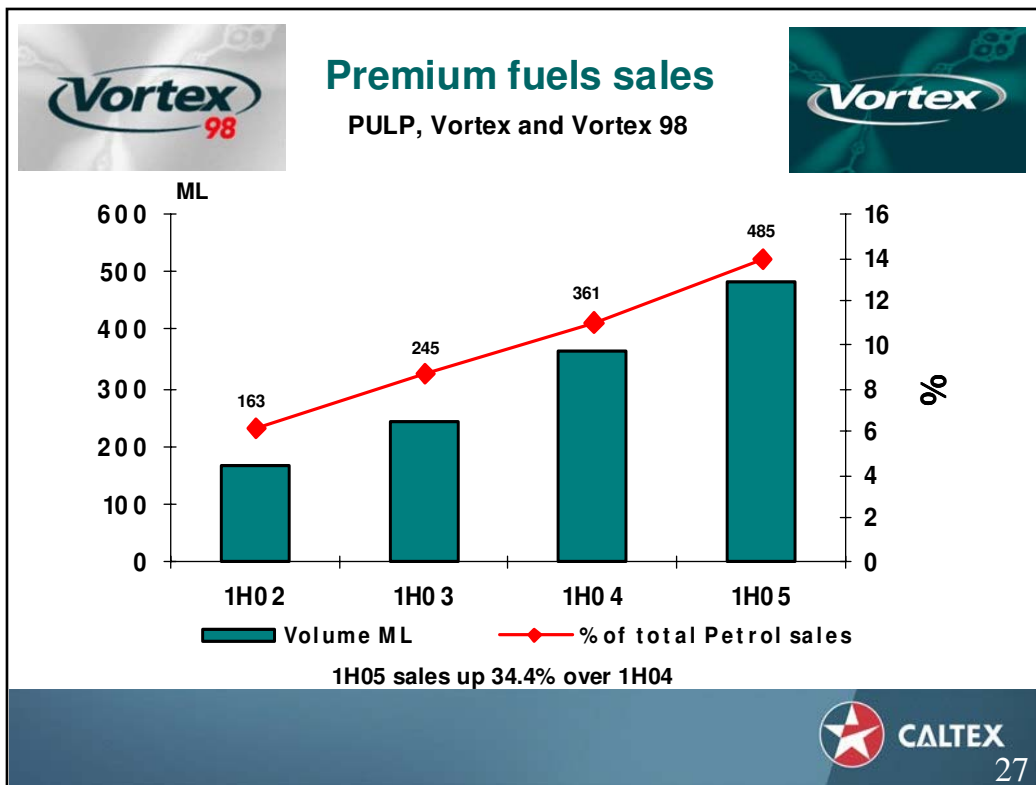
Investment will continue to be focused on long term sites with strong returns. 'Tail' sites, with low return on capital will continue to be divested. On a net basis we would expect our number of owned sites to decrease, contributing to higher average sales growth.

The chart on the right sets out our average branded site petrol throughput and number of sites. Focus on our retail network optimisation and the Woolworth's venture resulted in an increase of 10% to an average 361 kL/mth in 1H05. Since 2002, our average site petrol throughput at branded sites has increased 89 KL/mth, or nearly 33%.





This chart is based on data received from AC Nielsen. As you can see Caltex has captured clear leadership in the convenience retail market with nearly 31% market share. Caltex is not complacent in this dynamic market, and we are continually developing our product and store offering to meet the ever changing requirements of our customers and maintain our leadership.



1H05 saw our premium fuels sales continue to build on our 2004 performance. Advertising of Vortex 98, our 98 Octane premium fuel, started in November 2004 and many of you would have seen the recent adverts linked with the 2005 State Of Origin rugby league series.

Our goal is to increase our sales of Premium unleaded petrol ratio to 20% of all our petrol sales by 2007.

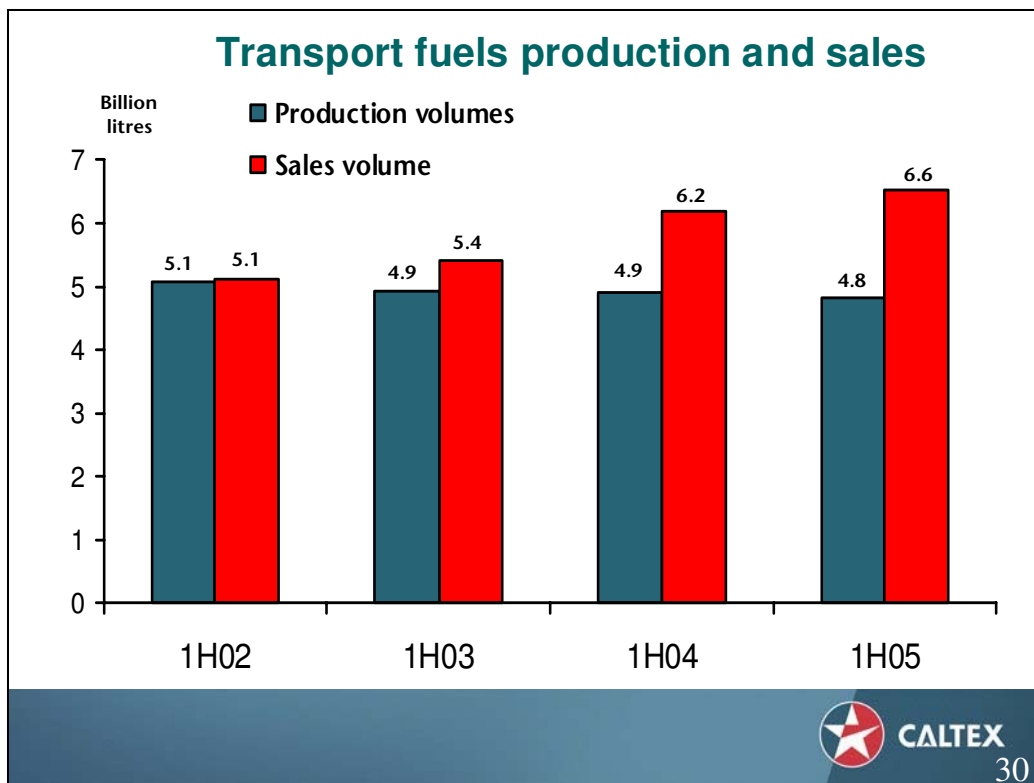


Wrapping up the Marketing discussion, here is a view of our Neutral Bay retail site, recently constructed at a cost of \$2.7 million. It is one of the venture locations with Woolworths, and indicative of the direction of our retail offer.

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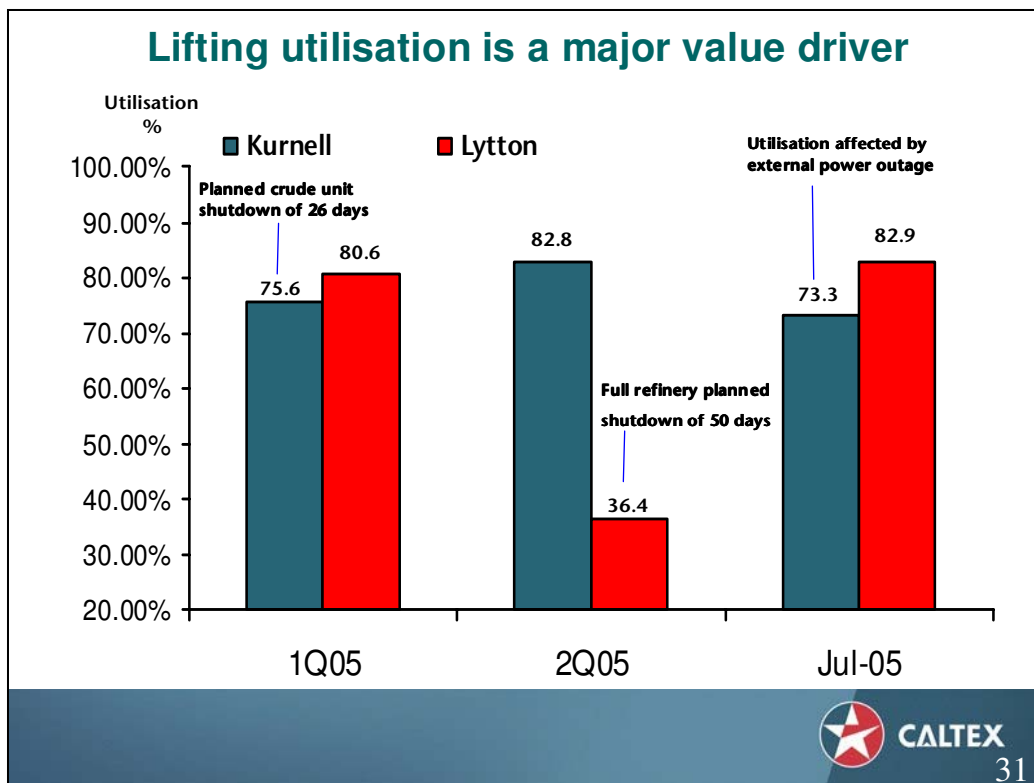
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Let me now turn to Refining.



This slide sets out both the production and sales of transport fuels, comprising petrol, diesel and jet.

- You should note that Caltex enjoys both the Caltex Refiner Margin and the marketing margin on production. However, on the purchases made by Caltex, we only achieve a marketing margin.
- As can be seen, we have been a net purchaser of transport fuel. This net purchase is made from domestic refiners under buy/sell arrangements and also imports of finished product.
- In 1H05, we purchased a net 1.8 billion litres due mainly to the increase in volumes from our venture with Woolworths and also in part, to lower production in 1H05 due to the execution of extensive planned shutdowns in both our Kurnell and Lytton refineries.
- Our opportunity remains to economically increase refinery utilisation so that we capture the maximum refiner margin.



This slide sets out our achieved utilisation rates at both of our refineries in 1H05. There are three main points I want to make about this chart.

- Kurnell’s performance has improved significantly, and in 1H05 the team at Kurnell has really started to challenge the accepted rates of all the major units. We are finding that previously established unit rates are being exceeded and the refinery posted new record daily, weekly and monthly crude unit rates in 1H05
- Lytton’s performance was likewise strong despite the planned full refinery 50 day shutdown. When combined it is great to see that overall utilisation was similar to 1H04 despite the extensive shutdown activity, with transport fuels production only 100 Million litres below 1H04 production
- Finally, higher utilisation in both refineries in July was exceptional and points to a stronger production performance in 2H05. You should note that Kurnell’s July performance is very good especially given the external power outage.

Update on Clean Fuels Project

- Planning for completion to meet 1 Jan, 2006 compliance date
- Overcoming significant external barriers
 - As a contingency we have sought a temporary variation to standards for supply chain reliability
- EBIT impact in 2006, if variation is needed, is not material
- Capex within prior announced guidelines



I turn now to the progress on our Clean Fuels Project.

We are still planning and working to meet the 1 January, 2006 compliance date. However, we are facing significant delays in fabrication and delivery of materials equipment. As a contingency we have sought a temporary variation to standards for supply chain reliability.

The EBIT impact in 2006, if variation is needed, is not deemed to be material

Capex will be within prior announced guidelines of \$395 Million (+/- 6%), and we have indicated that it will be in the higher end of that range.

2005 production will be affected by project tie-ins at both refineries, however due to increased utilisation rates, especially in 2H05 we will be roughly in line with 2004 transport fuels production for the year, barring unforeseen incidents.



The issues of resource constraints, especially skilled contractors and material shortages is affecting a number of key refinery projects both here in Australia and in the Asian region. The key point I want you to take away is a positive one. The cost escalations and delays we are seeing in major refining projects in places like China, India and Thailand can play an important part in extending the current industry cycle.

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In the past I have highlighted both the regional and Australian industry developments that would impact on our future. These developments are now better understood by both the Australian investment community and the larger global investment community. I would now like to focus on our immediate future.

2H05 outlook

- Asian and world refining capacity remain tight
- Margins are expected to remain strong
- Strong focus on execution:
 - Clean Fuels: diesel hydrotreating units at both refineries will undergo major rebuilds
 - On track to meet 2005 transport fuels production targets



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The key points that will affect our performance for 2H05 are

- Asian and world refining capacity remain tight
- We expect margins to remain strong
- 2H05 will have a strong focus on execution:
- In terms of Clean Fuels, the diesel hydro-treating units at both refineries will undergo major rebuilds, however we believe that 2H05 utilisation and transport fuels production rates will be near 2004 levels.
- Due to the work on the diesel hydro-treating units we will need to export some higher sulfur diesel offshore in 2H05. The netback margins on these volumes will be below domestic import parity prices. We do not think that the levels of exports will materially affect our financial performance for 2005.

0 : 1 : 85 : 100

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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As I stated at the start of this presentation, Caltex will be ultimately successful if we focus on the key drivers of value that we have control over. Over the next few years, 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



We will now start with some questions from Sydney, before rotating to any webcast questions.

END. Once again thanks for your interest in Caltex today and we look forward to seeing you all again at the end of February 2006 when we will announce our full year results for 2005.

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 2005; 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 2005 and future years, as at 26 August 2005.

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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