BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

CALTEX

CALTEX AUSTRALIA LIMITED

ACN 004 201 307

LEVEL 12, MLC CENTRE, 19-29 MARTIN PLACE
SYDNEY NSW 2000 AUSTRALIA

1 October 2004

Company Announcements Office
Australian Stock Exchange Limited

CALTEX AUSTRALIA LIMITED
2004 HALF YEAR REVIEW – SHAREHOLDER BROCHURE

The *2004 Half Year Review* is Caltex Australia Limited's report to shareholders for the half year ended 30 June 2004. The *2004 Half Year Review* is being mailed to shareholders over the next few days and is attached for release to the market.

Caltex Australia's results for the 2004 half year were released to the ASX on 27 August 2004. The *2004 Half Year Review*, the 2004 half year results information and other recent financial reports and presentations are available from our website (*www.caltex.com.au*).

Helen Conway
Company Secretary

Attach.

MAKING **PROGRESS**

2004

CALTEX

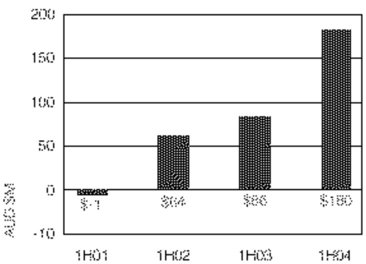
Caltex Australia Limited ACN 004 201 307

FINANCIAL HIGHLIGHTS

Results summary		Six months ended 30 June 2004	2003
Replacement cost of sales operating profit (RCOP)[1] after tax	⇧	$180.3 million	$86.1 million
RCOP earnings before interest and tax	⇧	$278.8 million	$153.5 million
RCOP earnings per share	⇧	66.8 cents	31.9 cents
Net debt	⇩	$535.7 million (26% gearing)	$854.6 million (43% gearing)
Dividend	⇧	14 cents	4 cents
Statutory net profit after tax (including inventory gains/losses and significant items)	⇧	$340.6 million	$76.2 million
Earnings per share	⇧	126.2 cents	28.2 cents

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

FIRST HALF PROFIT TRENDS



RCOP NPAT
(replacement cost excluding significant items)

DEAR SHAREHOLDER

We are pleased to report that Caltex Australia Limited recorded higher earnings and dividend payments for the first half of 2004 due to stronger refiner margins and growth in sales volumes of transport fuels and lubricants.

The replacement cost of sales operating profit (RCOP) was $180.3 million after tax and excluding significant items, up 109.4% on the $86.1 million profit for the first half of 2003. The RCOP result is recognised as a primary measure in establishing the level of dividend as it excludes the impact of international oil price movements and provides a picture of how well the company is performing in areas of its operations not affected by this external factor.

The Board declared an interim fully franked dividend of $37.8 million, or 14 cents a share (first half 2003: 4 cents a share).

The improved refiner margins and strong sales helped Caltex further reduce its net debt to $535.7 million at 30 June 2004 (30 June 2003: $854.6 million) and gearing to around 26% (30 June 2003: 43%).

When a $113.5 million significant item of tax consolidation and oil-price driven inventory gains of $46.8 million (after tax) are included, on an historical cost basis, Caltex made an after tax profit of $340.6 million for the first half of 2004 compared with $76.2 million for the first half of 2003.

The higher refiner margins were achieved against a backdrop of strong domestic, regional and North American economic growth.

Caltex's marketing business benefited from its improved domestic positioning, achieving transport fuels sales in the first half of 2004 with a 14% growth in volume compared with the first half of 2003, well ahead of overall growth in the Australian market. Non-fuel income also continued to grow through our convenience store network and card products.

The final arrangements for the Caltex Woolworths venture that will include up to 470 service stations were concluded in April. The jointly branded Caltex Woolworths network includes a growing number of sites operated by Caltex franchisees offering fuel for sale under a selling agency arrangement.

Following Caltex's decision in February to proceed with a $295 million Clean Fuels Project, progress has been made on planning and procurement for the new facilities at both the Lytton and Kurnell refineries to produce fuel to meet standards that come into effect in January 2006 and to the tougher 2008/9 standards that were announced in July.

The Board has reviewed the company's dividend policy. Taking into account the Clean Fuels Project's high capital commitments in 2004 and 2005, the Board intends to declare ordinary dividends of 20% to 30% of the replacement cost of sales profit after tax excluding significant items in 2004 and 2005.

After 2005, the company intends to increase the payout ratio to a range of 40% to 60% of the replacement cost of sales profit after tax excluding significant items. If there is surplus cash flow above the target payout ratio the Board will consider a further distribution in the form of a fully franked special dividend and/or other capital management initiatives.

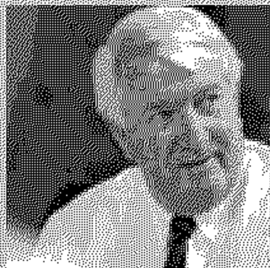
However, the declaration and the amount of any dividends are at the sole discretion of the Board and are dependent on the company's earnings, cash flow requirements, financial conditions at that time and available franking credits.

The improved financial performance will assist Caltex in its ability to fund its $295 million Clean Fuels Project from operating cash flow.

Refining margins for the second half are unlikely to remain as strong as in the first half but will continue to be supported by the regional demand/supply balance.

The reduction in debt over the past two years has also made the company significantly less vulnerable to external factors such as oil price rises and currency movements.

Shareholders have again enjoyed substantial capital appreciation with the share price doubling since 31 December 2003. Caltex was the third best performing share in the 2003/04 financial year of the top 200 ASX listed companies.



Richard Warburton

DICK WARBURTON

Chairman

Dave Reeves

DAVE REEVES

Managing Director and CEO

27 August 2004

	Millions of dollars	June 2004	June 2003	change %
1	Total revenue[1]	4,131.2	3,399.1	21.5
2	Total expenses[2]	(3,852.4)	(3,245.6)	18.7
3	**Replacement cost EBIT**	**278.8**	**153.5**	**81.6**
4	Net borrowing costs	(21.8)	(32.2)	(32.3)
	Income tax expense	(76.7)	(35.2)	117.9
	Replacement cost profit	**180.3**	**86.1**	**109.4**
5	Inventory gain/(loss) – after tax	46.8	(9.9)	N/A
6	Significant income tax item	113.5	–	–
	Historical cost net profit	**340.6**	**76.2**	**346.8**
7	Interim dividend per share	14c	4c	
	Final and special dividend per share	–	14c	
	Basic earnings per share			
	– Replacement cost – excluding significant items	66.8c	31.9c	
	– Historical cost	126.2c	28.2c	

[1] Excludes interest revenue, product duties and taxes and significant items (if applicable)
[2] Excludes interest expense, inventory gains/(losses) and significant items (if applicable)

DISCUSSION AND ANALYSIS

1 Total revenue ⇧ 21.5%

Total revenue increased primarily due to:

- Higher crude prices;
- Strong refiner margins; and
- Significant growth in marketing sales volumes of transport fuels and lubricants.

2 Total expenses – replacement cost basis ⇧ 18.7%

The increase in total expenses is primarily caused by:

- Higher cost of sales due to higher sales volumes and higher crude prices; and
- Operating expenses increased in absolute terms but on a per litre sold basis operating expenses decreased 2% compared to the first half of 2003.

3 Replacement cost EBIT ⇧ 81.6%

Improvement in Caltex's underlying performance was driven primarily by strong refiner margins, stable average marketing margins and significant growth in sales volumes of transport fuels and lubricants.

Breakdown of replacement cost EBIT is detailed below:

Caltex Refiner Margin (CRM) $301.3m

CRM represents the difference between the cost of importing a standard Caltex basket of products to eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation basically represents:

- Average Singapore refiner margin + product quality premium + crude discount/(premium) + product freight – crude freight – yield loss
- CRM strengthened significantly from an average of US$3.90/bbl in 1H03 to US$7.07/bbl in 1H04 as Singapore refiner margins increased from an aveage of US$3.83/bbl in 1H03 to an average of US$7.08/bbl in 1H04. However, the increase in refiner margins was somewhat dampened by a higher AUD against the USD compared with 1H03.

PROFIT AND LOSS

FOR THE HALF YEAR ENDED 30 JUNE 2004 CONTINUED

Transport Fuels Marketing Margin $139.9m

Transport fuels comprise petrol, diesel and jet. The transport fuels marketing margin is based on the average net margin over import parity price in Australia.

- The average transport fuels marketing margin remained stable compared with the first half of 2003. At the same time, transport fuel sales volumes increased overall by 14% across all products.

Lubricants and Specialties Margin $61.3m

Lubricants and specialties products include finished lubricants, base oils, liquified petroleum gas, petrochemicals, bitumen, wax and marine fuels.

- Lubricants volumes grew overall by nearly 50% mainly due to additional base oil volume, following the closure of the Mobil Port Stanvac refinery.

Non Fuel Income $56.5m

Non fuel income includes convenience store income, franchise income, royalties, property, plant and equipment rentals, StarCard income and share of profits from non controlled equity distributors.

- Same store average Star Mart sales increased by 6.9% and same store average Star Shop sales by 7.2% compared with the first half 2003.

Operating Expenses ($281.0m)

Operating expenses include those costs not related to the cost of production such as finance and administration, marketing and other operating expenditure.

- Operating expenses increased in absolute terms but on a per litre sold basis operating expenses decreased 2% compared to the first half of 2003.

Other $10.8m

Other comprises a number of components including miscellaneous income and net exchange impacts.

Total Replacement Cost EBIT $278.8m

Replacement cost of sales operating profit before interest, tax and significant items.

4 Net borrowing costs ⇩ 32.3%

Net debt reduced to $535.7 million at 30 June 2004. This compares with $854.6 million at 30 June 2003. The lower net debt level resulted in decreased borrowing costs.

5 Inventory gain/(loss) – after tax 1H04 $46.8m gain 1H03 $9.9m loss

Regional crude oil prices rose in the first half 2004, (averaging US$37.26/bbl in June 2004 and US$30.59/bbl in December 2003). This increase resulted in inventory gains of $46.8 million (after tax) compared with inventory losses of $9.9 million (after tax) in the first half 2003.

6 Significant income tax item ⇧ $113.5m

As a consequence of entry into the new tax consolidation regime, the value of refining and pipeline assets has been reset for tax purposes. This has resulted in a $113.5 million decrease in deferred tax liabilities, with the offset being a non-recurring tax credit to current year earnings. The cash flow benefit will be achieved over some 20-25 years, which is the effective life of revalued assets.

7 Interim dividend 14 cps

The Board declared an interim dividend (fully franked) of $37.8 million or 14 cents per share. The record date is 10 September 2004, with the dividend payable on 1 October 2004.

BALANCE SHEET
AS AT 30 JUNE 2004

	Millions of dollars	June 2004	December 2003	change $m
1	Working capital	449.3	343.1	106.2
2	Property, plant and equipment (PP&E)	1,603.4	1,615.3	(11.9)
3	Net debt	(535.7)	(624.4)	88.7
4	Other non current assets and liabilities	9.3	(110.3)	119.6
	Total equity	1,526.3	1,223.7	302.6

DISCUSSION AND ANALYSIS

1 Working capital ⇧ $106.2m

The increase in working capital is primarily due to:

- Higher crude prices; and
- Weakening of the AUD during the first half of 2004.

Offset to some extent by:

- Higher income tax liability due to higher profits in the first half 2004.

2 PP&E ⇩ $11.9m

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

- Depreciation of $59.6 million; and
- Net disposals of $10.2 million; partially offset by
- Capital expenditure and major cyclical maintenance of $57.9 million, including $26.3 million relating to the Clean Fuels Project for Caltex's two refineries.

3 Net debt ⇩ $88.7m

Net debt has reduced to $535.7 million at 30 June 2004, a decrease of $88.7 million from 31 December 2003. As a result, Caltex's gearing (net debt to net debt plus equity) was 26.0%, down from 33.8% at 31 December 2003.

4 Other non current assets and liabilities ⇩ $119.6m

Other non current assets and liabilities have decreased as a consequence of entry into the new tax consolidation regime which resulted in a $113.5 million decrease in deferred tax liabilities. For more information refer to the Profit and Loss, Discussion and Analysis, Note 6: "Significant income tax item."

CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2004

	Millions of dollars	June 2004	June 2003	change $m
	Receipts from customers	6,594.0	5,765.5	828.5
	Payments to suppliers and employees	(4,235.1)	(3,362.2)	(872.9)
	Payments for excise and GST	(2,059.8)	(2,155.6)	95.8
1	Borrowing costs paid	(26.7)	(31.1)	4.4
2	Other net operating activities	(90.4)	(62.9)	(27.5)
	Net operating cash inflows	**182.0**	**153.7**	**28.3**
3	Purchases of property, plant and equipment (PP&E) and major cyclical maintenance	(56.4)	(47.9)	(8.5)
	Other investing cash flows	1.7	(6.1)	7.8
	Net investing cash outflows	**(54.7)**	**(54.0)**	**(0.7)**
4	**Net financing cash outflows**	**(152.9)**	**(105.1)**	**(47.8)**
	Net decrease in cash held	**(25.6)**	**(5.4)**	**(20.2)**

DISCUSSION AND ANALYSIS

1 Borrowing costs ⇩ $4.4m

Net debt reduced to $535.7 million at 30 June 2004. This compares with $854.6 million at 30 June 2003. The lower net debt level combined with the timing of coupon payments resulted in an overall borrowing cost saving of $4.4 million.

2 Other operating activities ⇧ $27.5m

Income tax payments increased in the first half 2004. This increase is due to current year tax instalments being based on prior year historical cost profit and the final prior year tax payment falling due in the first half 2004.

3 Purchases of PP&E and major cyclical maintenance ⇧ $8.5m

The increase in capital expenditure in the first half 2004 related primarily to the Clean Fuels Project.

4 Net financing cash outflows ⇧ $47.8m

This increase in net financing cash outflows is primarily due to payment of the 2003 final dividend of $37.8 million in the first half 2004 (no final dividend was paid in the first half 2003).

BOARD OF DIRECTORS

AS AT 27 AUGUST 2004

The Board of Caltex Australia Limited comprises a team of directors with different backgrounds, skills and experience who bring independent judgement and review of Caltex's business and management performance and knowledge of the petroleum business. The Board comprises:

DICK WARBURTON
Chairman (Non-executive / Independent)

DAVE REEVES
Managing Director and Chief Executive Officer

ELIZABETH BRYAN
Director (Non-executive / Independent)

LEO LONERGAN*
Director (Non-executive)

JOHN THORN
Director (Non-executive / Independent)

KEN WATSON
Director (Non-executive / Independent)

* Mitchell Rubinstein serves as an alternate director for Leo Lonergan

CORPORATE GOVERNANCE

The Board is committed to best practice in corporate governance where these practices are appropriate and add value to Caltex Australia.

Caltex Australia has established a corporate governance centre on the Caltex web site (www.caltex.com.au) to provide information about our corporate governance practices and links to our Board and committee charters and policies, shareholder reports, full year and half year results announcements, ASX / Media releases, notices of shareholder meetings (and explanatory material) and corporate information.

FINANCIAL CALENDAR*

2004 full year results and dividend announcement
Friday 25 February 2005

Record date for 2004 full year dividend entitlement
Friday 11 March 2005

2004 full year dividend payable
Friday 1 April 2005

2005 Annual General Meeting
Wednesday 27 April 2005

2005 half year results and dividend announcement
Friday 26 August 2005

Record date for 2005 half year dividend entitlement
Friday 9 September 2005

2005 half year dividend payable
Friday 30 September 2005

* These dates may be subject to change

CALTEX

Caltex Australia Limited ACN 004 201 307

REGISTERED OFFICE

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Helen Conway
Company Secretary & General Counsel

John Willey
Assistant Company Secretary

Investor Relations
Harvey Ward
Manager Investor Relations

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