

INTERIM REPORT

09

FUELLING NEW ZEALAND'S FUTURE



The New Zealand
REFINING COMPANY LTD



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Group Performance Summary

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	30 JUNE 2009 \$000	30 JUNE 2008 \$000	CHANGE %
OPERATING RESULTS			
Operating revenue	182,445	182,755	(0.2)
Profit before income tax	75,114	77,167	(2.7)
Profit after tax	52,515	54,020	(2.8)
SHARE INDICATORS			
Net asset backing (per share)	\$2.39	\$2.43	(1.6)
Earnings per share (annualised)	44 cents	45 cents	(2.2)
NUMBERS			
Shareholders	3,221	3,028	6.4
Employees	390	371	5.1

Chairman's Report

I am pleased to announce a solid half year result achieved in challenging market conditions.

The Company was able to capitalise on the slightly higher margins and a weaker NZD in effect during the first quarter, through high reliability and operational excellence, to report an interim net profit after tax of NZ\$52.5 million for the six months ended 30 June 2009. This is 2.8% down on the same period last year.

BUSINESS ENVIRONMENT

Increasing volatility in the business environment with a strengthening New Zealand dollar (NZD) and a decline in refining margins has created a challenging business environment for the Company.

This was anticipated at the Annual General Meeting in April, where I talked about the prospects of world-wide demand for transport fuels slowing at the same time as extra refining capacity coming on stream and resulting in a surplus of refined products. This is now a reality and is weighing heavily on refiners' margins.

Pressure on refiners' margins has impacted the Company's income and has been further compounded by changes in the relative value of crude oils. The New Zealand Refining Company has traditionally benefited from processing cheaper, heavier crudes which have attracted premium margins for the refinery. In the last six months, we have seen a significant change in crude values with those heavy, sour, crude oils trading at a much smaller discount resulting in reduced margins.

POSITIONING THE ENTERPRISE FOR SUSTAINABLE PROFITABILITY

The current volatility was the inevitable result of the global financial crisis but the Company is well placed to weather this pressure on margins. Our business plan includes measures to conserve cash in the short term and position the Company for sustainable profitability and improved competitiveness as conditions improve.

The exceptional reliability of our facility at Marsden Point is recognised as world leading. Our people are committed to maintaining that reliability and are focussed on delivering operational excellence for the benefit of all our stakeholders.

POINT FORWARD PROJECT

The expansion of the Refinery through the Point Forward Project is progressing well. The project underpins the Company's plans for growth and will ensure we maintain our position as New Zealand's leading supplier of refined fuels. Point Forward is

predicted to grow the Company by around 15 per cent and will lessen the Company's reliance on imported residue.

The Company completed the planned shutdown in March to regenerate Platformer catalyst and install phase one of the PFP "tie-ins", on time and within budget. A further shutdown is planned for September to complete the remaining "tie-ins". This will enable the enhanced plant to be commissioned and fully operational by the end of the year.

The project has proved challenging with construction work being carried out in the oldest part of the operational refinery. The complexity of the expansion project has required additional work to be undertaken and it is expected that the project will be approximately 10 per cent over the original budget of \$180 million.

FUTURE OUTLOOK

We expect that in the second half of the year the Company will operate at a loss due to the relatively strong New Zealand dollar, continuing pressure on margins and a planned four week shutdown in September. The full year profit would therefore be less than this year's half year result. The worldwide supply of finished product is not something that the Company can influence and refining margins will only recover as the supply-demand imbalances correct.

SHAREHOLDER RETURNS

Low margins, a strong New Zealand dollar, the impact of two planned shutdowns on throughput and costs plus the completion of the Point Forward Project will put pressure on the Company's cash flow this year. These factors were taken into account by the Board in determining that no Interim Dividend be paid.

However, looking ahead the Directors consider that the Company is well positioned to meet future challenges. The refinery is efficient, well resourced, maintained and operated by competent, committed people. To maintain a strong platform for future profitability and shareholder growth we will remain focused on being cost-competitive against imports, flexible to the needs of our customers while operating our business safely and reliably.

APPOINTMENT OF NEW DIRECTOR

The Directors of The New Zealand Refining Company appointed Michael McGuinness a Director of the Company on 1st September 2009. He represents the interests of BP Oil NZ Ltd, and fills the position previously held by Peter Griffiths. On behalf of the Board I would like to thank Peter for his valuable contribution over the 9 years he has served as a Director.

DAVID JACKSON CHAIRMAN



Consolidated Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

SIX MONTHS ENDED 30 JUNE	NOTE	2009 \$000	2008 \$000
INCOME			
Operating revenue	2	182,445	182,755
TOTAL INCOME		182,445	182,755
EXPENSES			
Purchase of process materials and utilities		25,117	30,399
Materials and contractor payments		14,467	15,804
Wages and salaries		21,190	17,156
Depreciation, amortisation and disposal costs		32,690	30,328
Administration and other expenses		11,617	11,404
PROFIT BEFORE FINANCE COSTS		77,364	77,664
Less net finance costs		2,250	497
PROFIT BEFORE INCOME TAX		75,114	77,167
Less income tax	4	22,599	23,147
PROFIT AFTER TAX		52,515	54,020
ATTRIBUTABLE TO:			
Shareholders of the Company		52,501	54,000
Minority interest		14	20
		52,515	54,020
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY:			
		CENTS	CENTS
Basic earnings per share		21.9	22.5
Diluted earnings per share		21.9	22.5

THE ABOVE CONSOLIDATED INTERIM INCOME STATEMENT IS TO BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Consolidated Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

SIX MONTHS ENDED 30 JUNE	2009 \$000	2008 \$000
PROFIT AFTER TAX	52,515	54,020
OTHER COMPREHENSIVE INCOME NET OF TAX		
Movement in cash flow hedge reserve net of tax	(1,274)	4,176
Actuarial gain/(loss) recognised in the pension scheme net of tax	5,107	(8,547)
TOTAL OTHER COMPREHENSIVE INCOME NET OF TAX	3,833	(4,371)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	56,348	49,649
ATTRIBUTABLE TO:		
Shareholders of the Company	56,334	49,629
Minority interest	14	20
	56,348	49,649

THE ABOVE CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME IS TO BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Consolidated Interim Balance Sheet

AS AT 30 JUNE 2009 (UNAUDITED)

	NOTE	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DEC 2008 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		1,569	2,749	26,412
Trade and other receivables		93,835	113,732	123,513
Consumable stores and spares		14,714	13,772	13,430
Derivative financial instruments		39	396	1,400
TOTAL CURRENT ASSETS		110,157	130,649	164,755
NON-CURRENT ASSETS				
Property, plant and equipment		802,253	723,967	772,044
Investment property		4,500	4,500	4,500
Intangible assets		635	725	278
Derivative financial instruments		-	4,206	-
TOTAL NON-CURRENT ASSETS		807,388	733,398	776,822
TOTAL ASSETS		917,545	864,047	941,577
LIABILITIES				
CURRENT LIABILITIES				
Bank overdraft		-	34	51
Trade and other payables		101,399	104,741	118,211
Income taxation		17,502	3,928	15,131
Employee entitlements		5,712	3,480	7,709
Derivative financial instruments		917	-	454
TOTAL CURRENT LIABILITIES		125,530	112,183	141,556
NON-CURRENT LIABILITIES				
Bank borrowings	9	80,000	45,000	65,000
Deferred taxation		95,507	112,072	96,637
Employee entitlements		6,723	5,872	6,386
Provision for restoration costs		3,655	3,019	2,938
Defined benefit obligation	10	33,402	2,975	40,690
TOTAL NON-CURRENT LIABILITIES		219,287	168,938	211,651
TOTAL LIABILITIES		344,817	281,121	353,207
NET ASSETS		572,728	582,926	588,370
EQUITY				
Contributed equity		24,000	24,000	24,000
Cash flow hedge reserve		(613)	3,187	661
Retained profits		548,877	555,218	563,259
Minority interests		464	521	450
TOTAL EQUITY		572,728	582,926	588,370

THE ABOVE CONSOLIDATED INTERIM BALANCE SHEET IS TO BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Consolidated Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	CONTRIBUTED EQUITY \$000	CASHFLOW HEDGE RESERVE \$000	RETAINED PROFITS \$000	TOTAL \$000	MINORITY INTEREST \$000	TOTAL EQUITY \$000
BALANCE AT 1 JANUARY 2008	24,000	(989)	593,765	616,776	501	617,277
Profit after tax	-	-	54,000	54,000	20	54,020
Other comprehensive income						
Movement in cash flow hedge reserve net of tax	-	4,176	-	4,176	-	4,176
Actuarial loss recognised in the pension scheme net of tax	-	-	(8,547)	(8,547)	-	(8,547)
Total other comprehensive income for the period ended 30 June 2008	-	4,176	(8,547)	(4,371)	-	(4,371)
Dividends paid	-	-	(84,000)	(84,000)	-	(84,000)
BALANCE AT 30 JUNE 2008	24,000	3,187	555,218	582,405	521	582,926
BALANCE AT 1 JANUARY 2009	24,000	661	563,259	587,920	450	588,370
Profit after tax	-	-	52,501	52,501	14	52,515
Other comprehensive income						
Movement in cash flow hedge reserve net of tax	-	(1,274)	-	(1,274)	-	(1,274)
Actuarial gain recognised in the pension scheme net of tax	-	-	5,107	5,107	-	5,107
Total other comprehensive income for the period ended 30 June 2009	-	(1,274)	5,107	3,833	-	3,833
Unclaimed dividends written back	-	-	10	10	-	10
Dividends paid	-	-	(72,000)	(72,000)	-	(72,000)
BALANCE AT 30 JUNE 2009	24,000	(613)	548,877	572,264	464	572,728

THE ABOVE CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY IS TO BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Consolidated Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

SIX MONTHS ENDED 30 JUNE	NOTE	2009 \$000	2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		205,880	183,308
Payments for supplies and expenses		(60,877)	(63,055)
Payments to employees		(22,843)	(16,605)
CASH GENERATED FROM OPERATIONS		122,160	103,648
Interest received		175	649
Interest paid		(1,708)	(1,188)
GST paid		(600)	(317)
Income taxes paid		(23,001)	(19,565)
NET CASH INFLOW FROM OPERATING ACTIVITIES	8	97,026	83,227
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment, and intangible assets		(64,866)	(49,644)
Proceeds from sale of property, plant and equipment		23	94
NET CASH USED IN INVESTING ACTIVITIES		(64,843)	(49,550)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		15,000	45,000
Dividends paid to shareholders		(72,000)	(84,000)
Unclaimed dividends		25	-
NET CASH USED IN FINANCING ACTIVITIES		(56,975)	(39,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(24,792)	(5,323)
Cash and cash equivalents at the beginning of the period		26,361	8,038
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		1,569	2,715
Consisting of:			
Cash and cash equivalents		1,569	2,749
Bank overdraft		-	(34)
CLOSING CASH BALANCE		1,569	2,715

THE ABOVE CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS IS TO BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

I BASIS OF PREPARATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These consolidated interim financial statements as at and for the six months ended 30 June 2009 comply with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') and have been prepared in accordance with New Zealand Equivalent to International Accounting Standard ('NZ IAS') 34: Interim Financial Reporting and International Accounting Standard ('IAS') 34: Interim Financial Reporting. These consolidated interim financial statements should be read in conjunction with the 2008 Annual Report.

Entities reporting

The consolidated interim financial statements for the 'Group' are for the economic entity comprising The New Zealand Refining Company Limited ('Parent' or 'Company') and its subsidiary, Independent Petroleum Laboratory Limited. No separate Parent results are disclosed in these consolidated interim financial statements. The Parent and the Group are designated as profit oriented entities for financial reporting purposes.

Statutory base

The New Zealand Refining Company Limited is incorporated in New Zealand, registered under the Companies Act 1993 and is an issuer pursuant to the Securities Act 1978.

The consolidated interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Accounting policies

Except for operating segments and borrowing costs as described below, the accounting policies used in the preparation of these consolidated interim financial statements are consistent with those used in the previously published consolidated interim financial statements as at and for the six months ended 30 June 2008 and the audited financial statements as at and for the year ended 31 December 2008.

The following new standards and amendments are mandatory for the first time for the financial year beginning 1 January 2009:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The consolidated interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Leadership Team that makes strategic decisions. This has had no impact on the reportable segments presented.

- NZ IAS 23 'Borrowing costs' (revised). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply NZ IAS 23 (revised) for qualifying assets that commence construction on or after 1 January 2009. Under the requirements of the standard, borrowing costs will not be capitalised on assets that were included as work in progress as at 31 December 2008.

The Group has not capitalised interest for the period ended 30 June 2009 as no expenditure has been incurred on qualifying assets.

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

2 OPERATING REVENUE

SIX MONTHS ENDED 30 JUNE	2009 \$000	2008 \$000
Comprises:		
Processing fees	152,254	155,978
Natural Gas recovery	9,435	7,761
Other refining related income	2,765	1,020
REFINING REVENUE	164,454	164,759
Distribution revenue	13,396	13,971
Wiri rental income	3,262	3,262
Other income	1,333	763
TOTAL INCOME	182,445	182,755

The fee payable by customers for processing crude at the Marsden Point Refinery is subject to a cap of USD6.30 per barrel (70% of USD9.00). The cap is calculated on a year to date basis. Revenue is not capped at 30 June 2009 (30 June 2008: \$80 million, representing a contingent asset, the recognition of which is dependent on whether, and to the extent, the fee payable by customers falls below the level of the cap for the six months to 31 December 2008).

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Leadership Team. This team reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Leadership Team considers the business from an operations perspective and assesses performance of 'Oil Refining' and 'Distribution'.

(a) Description of segments

The Group is organised into two main business segments.

Oil Refining

The Company owns and operates an oil refinery located at Marsden Point – 160 kilometres north of Auckland. The oil refinery is able to process a wide range of crude oil types imported from around the world.

Distribution

The Company owns infrastructure to support the distribution of manufactured products to its customers. The Refinery to Auckland pipeline transfers product to the Wiri Oil Terminal located in South Auckland. The Wiri Terminal is owned by the Company and is leased to its customers.

Other

Other segments include the subsidiary company operations and properties. These have not been included in a reportable segment as they are not separately reported to the Leadership Team.

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

3 SEGMENT INFORMATION CONT.

(b) Reporting measures

The Leadership Team assesses the performance of the operating segments based on a measure of profit after tax. This information is measured in a manner consistent with that in the consolidated interim financial statements.

Total segment assets exclude cash and cash equivalents, which is managed on a central basis. These are part of the reconciliation to total balance sheet assets.

(c) Segment results

30 JUNE 2009	OIL REFINING \$000	DISTRIBUTION \$000	OTHER \$000	INTER- SEGMENT \$000	REVENUE FROM EXTERNAL CUSTOMERS \$000
Total operating revenue	164,454	16,658	3,130	(1,797)	182,445
PROFIT AFTER TAX	49,504	2,652	407	(48)	52,515

30 JUNE 2008	OIL REFINING \$000	DISTRIBUTION \$000	OTHER \$000	INTER- SEGMENT \$000	REVENUE FROM EXTERNAL CUSTOMERS \$000
Total operating revenue	164,759	17,233	2,385	(1,622)	182,755
PROFIT AFTER TAX	47,962	6,237	113	(292)	54,020

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

3 SEGMENT INFORMATION CONT.

Income from processing, distribution, natural gas and Wiri terminal is all derived from the Oil Companies along with some other refining related income.

TOTAL INCOME RECEIVED FROM EACH OIL COMPANY FOR THE SIX MONTHS ENDED 30 JUNE	2009 \$000	2008 \$000
BP	47,822	47,619
Chevron	30,732	38,980
Mobil	34,413	36,794
Shell	63,542	54,951
Wiri Oil Services Limited	3,262	3,262
TOTAL INCOME FROM OIL COMPANIES	179,771	181,606

TOTAL ASSETS	OIL REFINING \$000	DISTRIBUTION \$000	OTHER \$000	ELIMINATION \$000	TOTAL \$000
30 JUNE 2009					
Segment assets	732,867	176,945	6,704	(540)	915,976
Cash and cash equivalents					1,569
TOTAL ASSETS					917,545
30 JUNE 2008					
Segment assets	665,719	188,621	7,386	(428)	861,298
Cash and cash equivalents					2,749
TOTAL ASSETS					864,047
31 DECEMBER 2008					
Segment assets	723,389	185,594	6,452	(270)	915,165
Cash and cash equivalents					26,412
TOTAL ASSETS					941,577

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

4 INCOME TAXATION

(a) Reconciliation of income tax expense to tax rate applicable to profits

SIX MONTHS ENDED 30 JUNE	2009 \$000	2008 \$000
Profit before income tax expense	75,114	77,167
Tax at the New Zealand tax rate of 30% (2008 – 30%)	22,534	23,150
Tax effect of amounts which are either non-deductible or taxable in calculating taxable income:		
Expenses not deductible for tax	(3)	-
Tax payable in respect of previous years	229	(3)
Deferred tax in respect of previous years	(161)	-
INCOME TAX EXPENSE	22,599	23,147

(b) Income tax expense

Tax payable in respect of the current year	25,142	25,252
Tax payable/(receivable) in respect of previous years	229	(3)
Deferred tax in respect of the current year	(2,611)	(2,102)
Deferred tax in respect of previous years	(161)	-
INCOME TAX EXPENSE	22,599	23,147

(c) Amounts recognised directly in equity

Aggregate deferred tax arising in the period and not recognised in the income statement but directly debited or credited to equity	(1,642)	1,873
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The Group has no tax losses (2008: Nil) and no unrecognised temporary differences (2008: Nil).

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

5 CAPITAL EXPENDITURE COMMITMENTS

	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DECEMBER 2008 \$000
Commitments in relation to property, plant and equipment at the end of the period not provided for in the consolidated interim financial statements	20,610	31,906	20,451

6 OPERATING LEASE COMMITMENTS

	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DECEMBER 2008 \$000
Gross commitments under non-cancellable operating leases for the Group as lessee	210	302	241

7 CONTINGENT LIABILITIES

	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DECEMBER 2008 \$000
Contingent liabilities under contracts, guarantees and other agreements arising in the ordinary course of business on which no loss is anticipated are as follows:			
Guarantee to the New Zealand Stock Exchange	75	75	75

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

8 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO REPORTED PROFIT

SIX MONTHS ENDED 30 JUNE	2009 \$000	2008 \$000
Profit after tax	52,515	54,020
Adjusted for:		
Depreciation expense	32,690	30,328
Movement in deferred tax	(1,130)	(3,975)
Less deferred taxation movement in reserves	(1,642)	1,873
Provision for restoration costs	717	(40)
Settlement of foreign exchange swap	-	(50)
Contributions to defined benefit pension plan	7	(484)
Impact of changes in working capital items:		
(Decrease)/increase in employee entitlement provisions	(1,660)	1,035
Decrease in trade and other receivables	29,678	553
Decrease in trade and other payables	(16,812)	(5,492)
Increase in consumable stores and spares	(1,284)	(224)
Less attributable to fixed asset purchases/transfers	1,590	-
Increase in taxation payable	2,371	5,683
Decrease in unclaimed dividends	(14)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	97,026	83,227

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

9 BANK BORROWINGS

	30 JUNE 2009	30 JUNE 2008	31 DECEMBER 2008	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DECEMBER 2008 \$000
Unsecured						
Bank loans	3.44%	8.80%	5.85%	80,000	45,000	65,000
TOTAL NON-CURRENT INTEREST BEARING BORROWINGS	3.44%	8.80%	5.85%	80,000	45,000	65,000

The carrying amount of the current and non-current borrowings approximates their fair value.

The non-current borrowings are unsecured. The Parent borrows under a negative pledge arrangement which requires certain certificates and covenants. All these requirements have been met.

The carrying amounts of the Group's borrowings are denominated in New Zealand Dollars.

The Group has the following un-drawn borrowing facilities:

	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DECEMBER 2008 \$000
Working capital facility	70,000	55,000	35,000
Cash advance facility	50,000	100,000	100,000
TOTAL UN-DRAWN BORROWING FACILITY	120,000	155,000	135,000

Notes to the Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

10 DEFINED BENEFIT OBLIGATION

The Company contributes to a defined benefit pension scheme for eligible employees. This scheme closed to new members on 31 December 2002 due to the Company's decision to move from providing a defined benefit scheme to a defined contribution scheme from 1 January 2003. The last full actuarial review was dated 31 March 2007.

At each year end an accounting valuation is performed by an independent actuary in accordance with NZ IAS 19 "Employee Benefits". An updated accounting valuation is required for interim reporting if the assumptions adopted in the valuation have changed materially since the previous year end. Due to the current volatility of the financial markets the Group has obtained an updated accounting valuation at 30 June 2009.

(a) Movements in the net (liability)/asset recognised in the balance sheet

	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DECEMBER 2008 \$000
Opening net asset including contributions tax	(40,690)	8,752	8,752
Superannuation expense including contributions tax	(1,149)	(565)	(997)
Amounts recognised in the consolidated statement of comprehensive income and expenditure grossed up for contributions tax	7,295	(12,210)	(50,584)
Employer contributions including contributions tax	1,142	1,048	2,139
CLOSING NET LIABILITY INCLUDING CONTRIBUTIONS TAX	(33,402)	(2,975)	(40,690)

(b) Principal actuarial assumptions at the balance sheet date

	30 JUNE 2009 \$000	30 JUNE 2008 \$000	31 DECEMBER 2008 \$000
Discount rate	4.20%	3.50%	3.50%
Expected rate of return on plan assets	6.20%	5.50%	5.50%
Expected rate of salary increases	3.50%	4.00%	4.00%
Pension increases	No Provision	No Provision	No provision
Mortality in retirement	NZLT (2005/2007) with a two year set-back	NZLT (2000/2002) with a two year set-back	NZLT (2000/2002) with a two year set-back

11 RELATED PARTIES

The Group enters into transactions with related parties. Details of related parties and the types of transactions entered into during the period ended 30 June 2009 are consistent with those disclosed in the audited financial statements for the year ended 31 December 2008. Refer to note 3 for details of income which is derived from the Oil Companies.

Corporate directory

REGISTERED OFFICE

Marsden Point
Ruakaka

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Facsimile: +64 9 432 8035

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www.nzrc.co.nz

SHARE REGISTER

COMPUTERSHARE INVESTOR SERVICES LIMITED

Private Bag 92119
Auckland 1020

BANKERS

THE NATIONAL BANK OF NEW ZEALAND BANK OF NEW ZEALAND

LEGAL ADVISERS

MINTERELLISONRUDDWATTS CHANCERY GREEN SWARBICK BECK SOLICITORS

AUDITOR

PRICEWATERHOUSECOOPERS

CHAIRMAN

D.A. Jackson

DIRECTORS

A.J. Clements
J.R. Crossman
P.W. Griffiths (resigned 18 August 2009)
G.W. Henson
K.A. Hirschfeld
M.J. McGuinness (appointed 1 September 2009)
P.F. Rea
M. Schubert (appointed 17 February 2009)
P.M. Springford
M. Tume
W.S. Wheat

ALTERNATE DIRECTORS

V. Raman
J.H. Wake

CHIEF EXECUTIVE OFFICER

K.J. Rivers

COMPANY SECRETARY

D.B. Martin

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