



# The New Zealand REFINING COMPANY LTD

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## Announcement to NZX

### NZRC Throughput and Margins Report for November/December 2009

Throughput for the two month period was 7.2 million barrels with the plant operating at near full capacity.

The average Gross Refining Margin (GRM) generated for the November/December period was USD 1.18 per barrel. At an average exchange rate of USD/NZD 0.72, the Processing Fee earned for the two month period was NZD 8.2 million.

As previously reported, over-capacity in the global refining industry and reduced demand for oil products has significantly reduced (and on some occasions eliminated) refining margins. When combined with a relatively strong New Zealand dollar, the processing fees that we earned have been very low.

Markets are showing some signs of a recovery (during late 2009 and early 2010) but supply/demand fundamentals have not yet changed sufficiently to expect a sustained recovery in refining margins at this stage.

For the full year 37.9 million barrels of crude were processed by the refinery which was in line with the company's target. The Gross margin for the year was USD 4.16 and the average exchange rate was 0.58. Total processing fees generated for the year were approximately NZD 188.6 million.

Four years' history of Throughput, Margins and Processing Fees can be found on the company's website [www.nzrc.co.nz](http://www.nzrc.co.nz).

**THE NEW ZEALAND REFINING COMPANY LIMITED**  
**STOCK EXCHANGE RELEASE**  
**Throughput, Margin and Refining Income**

		<b>Totals</b>	<b>/bbl</b>
<b>Jan/Feb</b>	Throughput	Barrels (mln)	5.9
	Gross Refining Margin	USD (mln)	55.4
	Interim Cap/Floor adjustment	USD/bbl	-2.8
	USD Gross Refining Margin after Cap	USD (mln)	52.6
	USD Processing Fee	USD (mln)	36.8
	NZD Processing Fee billed to customers	NZD (mln)	69.0
	YTD Gross Refining Margin above Cap	USD (mln)	2.8
<b>Mar/Apr</b>	Throughput	Barrels (mln)	6.1
	Gross Refining Margin	USD (mln)	36.1
	Interim Cap/Floor adjustment	USD/bbl	2.8
	USD Gross Refining Margin after Cap	USD (mln)	38.9
	USD Processing Fee	USD (mln)	27.2
	NZD Processing Fee billed to customers	NZD (mln)	49.3
	YTD Gross Refining Margin above Cap	USD (mln)	0.0
<b>May/Jun</b>	Throughput	Barrels (mln)	6.5
	Gross Refining Margin	USD (mln)	30.4
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	30.4
	USD Processing Fee	USD (mln)	21.3
	NZD Processing Fee billed to customers	NZD (mln)	34.3
	YTD Gross Refining Margin above Cap	USD (mln)	0.0
<b>Jul/Aug</b>	Throughput	Barrels (mln)	6.8
	Gross Refining Margin	USD (mln)	20.1
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	20.1
	USD Processing Fee	USD (mln)	14.1
	NZD Processing Fee billed to customers	NZD (mln)	21.3
	YTD Gross Refining Margin above Cap	USD (mln)	0.0
<b>Sept/Oct</b>	Throughput	Barrels (mln)	5.4
	Gross Refining Margin	USD (mln)	6.7
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	6.7
	USD Processing Fee	USD (mln)	4.7
	NZD Processing Fee billed to customers	NZD (mln)	6.5
	YTD Gross Refining Margin above Cap	USD (mln)	0.0
<b>Nov/Dec</b>	Throughput	Barrels (mln)	7.2
	Gross Refining Margin	USD (mln)	8.5
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	8.5
	USD Processing Fee	USD (mln)	5.9
	NZD Processing Fee billed to customers	NZD (mln)	8.2

**Explanatory Note**

**Throughput** Throughput is the amount of intake comprising of crude oil, residues, natural gas and blend stocks. Throughput is measured in barrels. One barrel equates to approximately 159 litres.

**Gross Refining Margin**

The Gross Refining Margin is calculated in USD and is the difference between the value of finished products and the cost of feedstocks for each customer.

The values assigned to the products use Singapore pricing adjusted for NZRC quality and the cost of getting those products to New Zealand

The values assigned to the feedstocks use notional market values adjusted for the cost of getting these feedstocks to New Zealand

**Interim cap/floor adjustment**

The Processing Agreements with our customers contain both Floor and Cap clauses.

Both are calculated on a full calendar year basis.

The Floor is operative if the total Processing Fee billed to our customers falls below NZD106 million.

The Cap is operative when the USD Gross Refining Margin generated by any customer is in excess of USD9.00 per barrel on a year to date basis.

**USD Gross Refining Margin After Cap**

Is the Gross Refining Margin plus/minus any impacts of the Cap

**USD Processing Fee**

Is 70% of the USD Gross Refining Margin after adjustments for the Cap.

**NZD Processing Fee billed to customers**

The USD Processing Fee is converted into NZD and billed to customers as a NZD Processing Fee.

**YTD Gross Refining Margin above Cap**

NZRC can utilize this amount if the USD Gross Refinery Margin generated during the balance of the year falls below USD9.00 on a customer by customer basis.

The balance can not be carried over from one year to the next.

Because NZRC is entitled to 70% of the Gross Refining Margin, only 70% of this amount can be considered a contingent asset.

**Note**

The above information relates to refinery operations only. Revenue from Pipeline and other activities is not included.

**The New Zealand Refining Company Limited**

**Stock Exchange Release**

**Intake/Production, Gross Refining Margin and Processing Fee**

		<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Jan/Feb	Barrels 000,s	5,873	6,529	6,067	6,400	5,900
	USD GRM per barrel	5.59	6.21	7.90	9.00	8.88
	NZD Processing Fee Billed	32,351	41,723	46,842	51,800	69,009
Mar/Apr	Barrels 000,s	6,378	6,504	5,750	6,600	6,100
	USD GRM per barrel	8.87	10.76	4.96	9.00	6.34
	NZD Processing Fee Billed	54,055	78,007	29,277	52,100	49,290
May/Jun	Barrels 000,s	6,891	6,325	6,199	6,500	6,500
	USD GRM per barrel	8.52	10.82	10.39	9.00	4.66
	NZD Processing Fee Billed	57,508	76,642	58,948	53,600	34,336
Jul/Aug	Barrels 000,s	6,582	6,525	5,978	6,300	6,800
	USD GRM per barrel	8.49	10.40	11.43	9.00	2.94
	NZD Processing Fee Billed	56,882	75,932	56,506	54,100	21,315
Sept/Oct	Barrels 000,s	6,626	6,419	6,510	6,500	5,400
	USD GRM per barrel	9.78	4.19	8.26	9.00	1.25
	NZD Processing Fee Billed	64,895	28,643	47,794	62,300	6,505
Nov/Dec	Barrels 000,s	6,933	6,464	6,363	6,800	7,200
	USD GRM per barrel	7.61	7.76	7.43	9.00	0.83
	NZD Processing Fee Billed	53,409	51,510	46,922	72,100	8,235
Total	Barrels 000,s	39,283	38,766	36,867	39,100	37,900
	USD GRM per barrel	8.10	8.37	8.14	9.00	4.16
	NZD Processing Fee Billed	319,100	352,457	286,289	346,000	188,690