



**BURNS PHILP FINANCE
NEW ZEALAND LIMITED**

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28 August 2007

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Burns Philp Finance New Zealand Limited: Preliminary Full Year Report

Pursuant to Listing Rule 10.4, attached is Appendix 1 Preliminary Full Year Report Announcement, for Burns Philp Finance New Zealand Limited ("Burns Philp Finance New Zealand" or "the Company") for the financial year to 30 June 2007.

Directors' Commentary on Results

Burns Philp Finance New Zealand has reported a profit of \$0.2 million for the year ended 30 June 2007 (compared to a profit of \$0.1 million for the year ended 30 June 2006). This is a result of interest revenue generated on intercompany loans during the year.

Activities of Burns Philp Finance New Zealand

The Company is a wholly-owned subsidiary of Burns, Philp & Company Pty Limited (Burns Philp). It was incorporated for the sole purpose of issuing Capital Notes.

The Company has issued \$212.5 million Capital Notes, comprising \$173.684 million of the 2008 Capital Notes and \$38.816 million of the 2011 Capital Notes. The Company does not conduct any trading activities, but receives interest from a Burns Philp subsidiary in order to fund interest payable on the Capital Notes.

Yours faithfully

Thomas J. Degnan
Director

Encl.

BURNS PHILP FINANCE NEW ZEALAND LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED JUNE 30, 2007

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FULL YEAR PRELIMINARY ANNOUNCEMENT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Appendix 1 requirements 1.1 & 1.2

BURNS PHILP FINANCE NEW ZEALAND LIMITED
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Reporting Period: Year ended June 30, 2007
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Previous Reporting Period: Year ended June 30, 2006

	Amount (000's)	Percentage change
Revenue from ordinary activities ⁽¹⁾	\$NZ 23,026	up 1%
Profit / (loss) from ordinary activities after tax attributable to security holders ⁽²⁾	\$NZ 177	up 72%
Net profit / (loss) attributable to security holders ⁽²⁾	\$NZ 177	up 72%
Final Dividend	Amount per security	Imputed amount per security
	It is not proposed to pay dividends.	N/A

Record Date	N/A
Dividend Payment Date	N/A

Comments:

⁽¹⁾ Revenue from ordinary activities was up 1% resulting from increased interest income from a related party.

⁽²⁾ Profit from ordinary activities after tax attributable to security holders and net profit attributable to security holders were both up 72% due to the increase in revenue stated above and reduced administrative expenses.

BURNS PHILP FINANCE NEW ZEALAND LIMITED

1.3 ADDITIONAL INFORMATION REQUIRED:

(a) **A statement of financial performance.**

Refer to page 6 of the attached Financial Statements.

(b) **A statement of financial position. The statement of financial position may be condensed but must report as line items each significant class of asset, liability and equity element with appropriate sub-totals.**

Refer to page 7 of the attached Financial Statements.

(c) **A statement of cash flows. The statement of cash flows may be condensed but must report as line items each significant form of cash flow.**

Refer to page 8 of the attached Financial Statements.

(d) **Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distributions.**

No dividends or distributions have been declared.

(e) **Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.**

No dividend reinvestment plans were in operation during the year ended 30 June 2007. Currently there are no intentions to implement a dividend reinvestment plan.

(f) **A statement of movements in equity.**

Refer to Note 9 in the attached Financial Statements.

(g) **Net tangible assets per security with the comparative figure of the previous corresponding period.**

Net tangible assets per security are set out in the table below:

	June 30, 2007	June 30, 2006
Net tangible asset backing per ordinary share (NZ\$)	9,621	7,854
Net asset backing per ordinary share (NZ\$)	9,621	7,854

BURNS PHILP FINANCE NEW ZEALAND LIMITED

- (h) **Details of entities over which control has been gained or lost during the period, including the following:**
- (i) **name of the entity;**
 - (ii) **the date of the gain or loss of control; and**
 - (iii) **where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.**

Control has not been gained or lost over any entities during the period.

- (i) **Details of associates and joint venture entities including the following:**
- (i) **name of the associate or joint venture entity;**
 - (ii) **details of the reporting entity's percentage holding in each of these entities; and**
 - (iii) **where material to an understanding of the report – aggregate share profits (losses) of these entities, details of contributions to net profit for each of these entities and with comparative figures for each of these disclosures for the previous corresponding period.**

Burn Philp Finance New Zealand Limited does not hold interests in any associates or joint ventures.

- (j) **Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.**

Refer to Notes 1 to 15 in the attached Financial Statements.

- (k) **A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussions of the following:**

- (i) **the earnings per security and the nature of any dilution aspects;**
- (ii) **returns to shareholders including distributions and buy backs;**
- (iii) **significant features of operating performance;**
- (iv) **the results of segments that are significant to an understanding of the business as a whole;**
- (v) **a discussion of trends in performance; and**
- (vi) **any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.**

Burns Philp Finance New Zealand Limited has reported a profit of \$0.2 million for the year ended 30 June 2007 compared to a profit of \$0.1 million for the year ended 30 June 2006. This is a result of interest revenue generated on intercompany loans during the year and reduced administration costs. A comparison of earnings per share is provided on page 6 of the Financial Statements.

BURNS PHILP FINANCE NEW ZEALAND LIMITED

- (l) **A statement as to whether the report is based on financial statements which have been audited, are in the process of being audited, or have not yet been audited.**

Note: If the accounts have been audited or subject to review, the audit report or review should be provided with the report.

The attached financial statements are in the process of being audited.

- (i) **If the financial statements have not yet been audited and are likely to be subject to qualification, a description of the likely qualification.**

The financial statements are not likely to be qualified.

- (ii) **If the financial statements have been audited a statement of any qualifications that the auditors have made to those financial statements.**

Not applicable

- (m) **A statement of any major changes or trends in the Issuer's business subsequent to the end of the financial year or half year, as the case may be, and shall include where material any changes in the value of the Issuer's assets, or in its profitability, and any contingent liabilities, all in relation to the position disclosed in the last published financial statements.**

There have been no major changes or trends.

- (n) **A statement of any unrealised gains resulting from the revaluation of assets of the Issue, any subsidiary, or any associated company and unrealised net changes in values or development margins of investment assets included as separate items after profit before extraordinary items, identifying separately amounts arising from any unrealised gains of associated companies.**

There have been no unrealised gains or net changes.

Income Statements

FOR THE YEAR ENDED 30 JUNE

	Note	2007 \$	2006 \$
Interest income and similar items	2	23,026,471	22,858,325
Interest expenses and similar items	3	(22,628,070)	(22,439,613)
Net interest income		398,401	418,712
General administrative expenses	4	(199,946)	(265,695)
Profit from operations		198,455	153,017
Profit before tax		198,455	153,017
Income tax expense	5	(21,708)	(50,496)
Net profit after tax		176,747	102,521
Earnings per share (\$ per share)			
Basic earnings per share		1,767	1,025
Diluted earnings per share		1,767	1,025

Statements of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE

	2007 \$	2006 \$
Net profit after tax	176,747	102,521
Total recognised income and expense	176,747	102,521

The accompanying notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

Balance Sheets

AS AT 30 JUNE

	Note	2007 \$	2006 \$
Current Assets			
Cash at bank		59,202	9,007
		<u>59,202</u>	<u>9,007</u>
Non-current Assets			
Receivable – related party	6	211,881,364	210,272,929
		<u>211,881,364</u>	<u>210,272,929</u>
Total Assets		<u>211,940,566</u>	<u>210,281,936</u>
Current Liabilities			
Payables	7	1,331,441	1,343,616
Current tax liabilities		408,338	656,388
		<u>1,739,779</u>	<u>2,000,004</u>
Non-current Liabilities			
Interest bearing borrowings	8	208,594,485	206,762,811
Deferred tax liabilities	5	644,177	733,743
		<u>209,238,662</u>	<u>207,496,554</u>
Total Liabilities		<u>210,978,441</u>	<u>209,496,558</u>
Net Assets		<u>962,125</u>	<u>785,378</u>
Equity			
Issued capital	9	100	100
Retained earnings	9	962,025	785,278
Total Shareholder's Equity		<u>962,125</u>	<u>785,378</u>
Net Tangible Assets			
Net tangible asset backing per ordinary share		<u>9,621</u>	<u>7,854</u>
Net asset backing per ordinary share		<u>9,621</u>	<u>7,854</u>

The accompanying notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE

	Note	2007 \$	2006 \$
Net cash from operating activities			
<i>Cash provided from:</i>			
Interest income received		21,418,036	21,366,271
Income tax refunded		-	179
		<u>21,418,036</u>	<u>21,366,450</u>
<i>Cash applied to:</i>			
Payment on transfer of tax losses		(359,325)	(512,561)
Interest paid		(20,796,396)	(20,796,847)
Other operating expenses		(212,120)	(237,779)
		<u>(21,367,841)</u>	<u>(21,547,187)</u>
	10	<u>50,195</u>	<u>(180,737)</u>
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash balances		50,195	(180,737)
Cash balances at the beginning of the financial period			
Cash at bank		9,007	189,744
Cash balances at the end of the financial period			
Cash at bank		<u>59,202</u>	<u>9,007</u>

The accompanying notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of Burns Philp Finance New Zealand Limited (“Burns Philp Finance New Zealand” or “the Company”), have been prepared in accordance with generally accepted accounting principles in New Zealand (“NZ GAAP”). They comply with the New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable Financial Reporting Standards as appropriate to profit oriented entities for financial statements.

Burns Philp Finance New Zealand is a company domiciled in New Zealand and is registered under the Companies Act 1993. These financial statements comply with that Act. Burns Philp Finance New Zealand is an issuer for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The reporting currency used in the preparation of these financial statements is New Zealand dollars, rounded to the nearest dollar.

The financial statements comprise the following: income statements, statements of recognised income and expense, balance sheets and statements of cash flows, as well as the notes to these financial statements.

The accounting policies set out herein have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis.

(b) Estimates

The preparation of these financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(d) Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest rate method.

(e) Interest expenses

Interest payable on borrowings is calculated using the effective interest rate method.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises bank cash balances.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

(g) Income Tax

The income tax expense recognised in the income statement is the estimated income tax payable in the current year, adjusted for any difference between the estimated and actual income tax payable in prior periods. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. The deferred tax liability has been adjusted to recognise the future change in the New Zealand company tax rate from 33% to 30% in respect of those timing differences that won't be realised until after the rate has changed.

(h) Goods and services tax

All amounts are shown exclusive of Goods and Services Tax ("GST"), except for receivables and payables that are stated inclusive of GST.

(i) Receivables

Amounts receivable from related parties are stated at cost.

(j) Impairment

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration, less than 12 months, are not discounted.

	Note	2007 \$	2006 \$
2. INTEREST INCOME AND SIMILAR ITEMS:			
Interest income and similar items comprises:			
Interest income:			
Related parties	12	23,010,598	22,831,790
Other		15,873	26,535
		23,026,471	22,858,325
3. INTEREST EXPENSES AND SIMILAR ITEMS			
Interest expenses and similar items include:			
Interest on 9.75% 2008 Capital Notes		16,934,204	16,934,204
Interest on 9.95% 2011 Capital Notes		3,862,192	3,862,192
Amortisation of deferred debt issue costs		1,831,674	1,643,217
		22,628,070	22,439,613
4. GENERAL ADMINISTRATIVE EXPENSES			
Fees paid to KPMG:			
- Audit fees		40,300	42,750
- Examination of covenant compliance		11,000	11,500
Bank charges		2,387	505
Legal fees		-	35,299
Secretarial & consulting fees		146,259	175,641
		199,946	265,695

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	Note	2007 \$	2006 \$
5. TAXATION			
(a) Tax expense			
Operating surplus before income tax		198,455	153,017
Taxable income		<u>198,455</u>	<u>153,017</u>
Tax expense at 33%		65,490	50,496
Tax rate change adjustment		(43,782)	-
Total income tax expense		<u>21,708</u>	<u>50,496</u>
Current tax		408,336	656,386
Deferred tax		(386,628)	(605,890)
Total income tax expense on Income Statement		<u>21,708</u>	<u>50,496</u>
(b) Imputation credits			
Balance at beginning of year		-	3,211
Income tax refunded		-	(179)
Imputation credits attached to Group dividends paid		-	(3,032)
Balance at end of year		<u>-</u>	<u>-</u>
(c) Net Deferred Tax Liabilities			
Balance at beginning of year		(733,743)	(1,339,633)
Deferred tax expense		386,628	605,890
Prior period adjustment			
- Adjust between Current and Deferred		(297,062)	-
Balance at end of year		<u>(644,177)</u>	<u>(733,743)</u>
Net deferred tax liabilities can be reconciled as follows:			
Deferred tax assets		-	-
- Unamortised debt issue costs		(644,177)	(733,743)
Net deferred tax liabilities		<u>(644,177)</u>	<u>(733,743)</u>
All movements in net deferred tax liabilities during the year have been recognised in the income statement.			
6. RECEIVABLES			
Non-current receivables:			
Owing by wholly-owned subsidiary of Burns Philp	12	211,881,364	210,272,929
		<u>211,881,364</u>	<u>210,272,929</u>
7. PAYABLES			
Current:			
Interest payable		1,246,704	1,246,704
Other creditors		84,737	96,912
		<u>1,331,441</u>	<u>1,343,616</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	Note	2007 \$	2006 \$
8. INTEREST BEARING BORROWINGS			
2008 Capital Notes 9.75% p.a.	15	173,684,000	173,684,000
Unamortised debt issue costs		(2,719,345)	(4,349,874)
		170,964,655	169,334,126
2011 Capital Notes 9.95% p.a.	15	38,816,000	38,816,000
Unamortised debt issue costs		(1,186,170)	(1,387,315)
		37,629,830	37,428,685
Total interest bearing borrowings		208,594,485	206,762,811

Burns Philp Finance New Zealand has issued \$212.5 million of Capital Notes. As at the date of preparation of this report, the Capital Notes are guaranteed by Burns Philp and BPC Foods International Pty Limited, a wholly owned subsidiary of Burns Philp. The Capital Notes and the guarantees are unsecured and subordinated obligations of Burns Philp Finance New Zealand and the guarantors, ranking behind all their other secured and unsecured liabilities. The Capital Notes were issued in two series, one series which has an initial election date of 15 December 2008 and bears an interest rate of 9.75% per annum and the other series which has an initial election date of 15 November 2011 and bears an interest rate of 9.95% per annum.

As a result of the takeover of Burns Philp, Burns Philp Finance New Zealand will be required to offer to redeem or purchase all Capital Notes for cash on their next election date. In addition, Burns Philp Finance New Zealand may offer new terms and conditions to apply to the Capital Notes from the next election date. Such revised terms will not be binding on noteholders who may request redemption on the election date.

9. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Share capital \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2005	100	682,757	682,857
Total recognised income and expense	-	102,521	102,521
Balance at 30 June 2006	100	785,278	785,378
Balance at 1 July 2006	100	785,278	785,378
Total recognised income and expense	-	176,747	176,747
Balance at 30 June 2007	100	962,025	962,125

At 30 June 2007 the share capital comprised 100 ordinary shares (2006: 100).

All shares in the Company carry equal rights in respect of voting, dividend payments and distribution on winding up.

No dividends or distributions were declared and no dividend reinvestment plans were in operation in the current period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

10. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES

a) The following is a reconciliation between the net profit after income tax shown in the income statement and the net cash flow from operating activities.

	2007 \$	2006 \$
Net profit after income tax	176,747	102,521
Non-Cash Items:		
Amortisation of deferred debt issue costs	1,831,674	1,643,217
Movements in Working Capital:		
(Increase)/decrease in non-current receivables	(1,608,435)	(1,491,875)
(Decrease)/increase in trade creditors	(12,175)	27,464
(Decrease)/increase in tax liabilities	(337,616)	(462,064)
Net cash from operating activities	50,195	(180,737)

b) There were no other significant non-cash financing or investing activities and no unrealised gains or net changes during the current period.

11. CONTINGENT LIABILITIES

Burns Philp Finance New Zealand has provided a guarantee and security which secures a number of financings typically involving small amounts extending to other companies in the Burns Philp Group (being Burns Philp and its controlled entities), all of which are senior in right of repayment to the Capital Notes.

Burns Philp Finance New Zealand has provided an indemnity ("Indemnity") in respect of a bank bond provided to the New Zealand Stock Exchange for \$75,000 in connection with the Capital Notes. The Indemnity has been granted on an unsecured basis, and is not subordinated to other debt.

12. RELATED PARTIES

(a) Parent company

The parent company of Burns Philp Finance New Zealand is Burns Philp which holds 100% of the ordinary shares on issue. On 19 December 2006, Burns Philp became wholly owned by certain subsidiaries of Rank Group Limited, a company incorporated in New Zealand, following completion of a takeover offer.

(b) Identity of related parties with whom material transactions have occurred

Note 12(d) identifies all entities that are related parties of Burns Philp Finance New Zealand with whom transactions have taken place.

(c) Types of related party transactions

Burns Philp Finance New Zealand has made a loan to a certain subsidiary of the parent company. Details are provided in note 12(d). The interest rate is fixed at 11.45%. The loan is repayable on demand and any outstanding principal must be repaid by 29 July 2008. The borrower may prepay any part of the loan on an interest payment date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

12. RELATED PARTIES (continued)

(d) Balances with related parties

	2007 \$	2006 \$
Amounts receivable:		
BPC Finance (N.Z.) Limited	211,881,364	210,272,929

In addition to the above balance, during the year Burns Philp Finance New Zealand made cash payments of \$359,325 in relation to the receipt of tax losses from BPC (Finance (N.Z.) Limited.

13. SEGMENT REPORTING

A segment is a distinguishable component of the entity, that is engaged either in providing products or services (“business segment”), or in providing products or services within a particular economic environment (“geographical segment”), which is subject to risks and rewards that are different from those of other segments.

Burns Philp Finance New Zealand operates in one business segment and one geographical segment only. All interest payments are made from, and all interest is received in, New Zealand in New Zealand dollars.

14. SUBSEQUENT EVENTS

There have been no other events subsequent to balance date which would have a material effect on the Company’s financial statements at 30 June 2007.

15. FINANCIAL INSTRUMENTS

Exposures to various risks may arise in the normal course of Burns Philp Finance New Zealand’s business. Derivative financial instruments can be used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects of the items being hedged.

There were no derivative financial instruments outstanding as at balance sheet date.

Foreign currency risk

Foreign currency risk is the risk that the value of Burns Philp Finance New Zealand’s assets and liabilities will fluctuate due to changes in foreign exchange rates. At balance sheet date Burns Philp Finance New Zealand is not exposed to currency risk, as all assets and liabilities of Burns Philp Finance New Zealand are held in its functional currency, being the New Zealand dollar.

Interest rate risk

Interest rate risk is the risk that Burns Philp Finance New Zealand’s assets and liabilities will fluctuate due to changes in market interest rates. At balance sheet date Burns Philp Finance New Zealand has certain interest bearing financial instruments. These are detailed below in the Repricing Analysis note.

Fair values of financial assets and liabilities

As at 30 June 2007, the fair value of the listed Capital Notes was \$213.4 million (2006: \$221.8 million). The carrying value of all other financial assets and liabilities approximates the respective fair value.

Repricing analysis

The following table identifies the effective interest rates of the financial assets and financial liabilities of Burns Philp Finance New Zealand and its repricing or maturity periods, whichever is earlier.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

	Note	Effective interest rate p.a.	Total \$	One Year or less \$	1 - 2 Years \$	2 - 3 Years \$	3 - 4 Years \$	4 - 5 Years \$	>5 Years \$
2007									
Financial assets									
Cash balances		0%	59,202	59,202	-	-	-	-	-
Owing by subsidiary of parent company	12	11.45%	211,881,364	-	211,881,364	-	-	-	-
Total financial assets			211,940,566	59,202	211,881,364	-	-	-	-
Financial liabilities									
2008 Capital Notes	8	10.92%	(170,964,655)	-	(170,964,655)	-	-	-	-
2011 Capital Notes	8	10.83%	(37,629,830)	-	-	-	-	(37,629,830)	-
Total financial liabilities			(208,594,485)	-	(170,964,655)	-	-	(37,629,830)	-
Net financial position			3,346,081	59,202	40,916,709	-	-	(37,629,830)	-
2006									
Financial assets									
Cash balances		0%	9,007	9,007	-	-	-	-	-
Owing by subsidiary of parent company	12	11.45%	210,272,929	-	-	210,272,929	-	-	-
Total financial assets			210,281,936	9,007	-	210,272,929	-	-	-
Financial liabilities									
2008 Capital Notes	8	10.92%	(169,334,126)	-	-	(169,334,126)	-	-	-
2011 Capital Notes	8	10.83%	(37,428,685)	-	-	-	-	-	(37,428,685)
Total financial liabilities			(206,762,811)	-	-	(169,334,126)	-	-	(37,428,685)
Net financial position			3,519,125	9,007	-	40,938,803	-	-	(37,428,685)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (continued)**

15. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk that the counterparty to a transaction with Burns Philp Finance New Zealand will fail to discharge its obligations, causing Burns Philp Finance New Zealand to incur a financial loss. At balance sheet date the majority of receivables were due from related parties.

Liquidity risk

Liquidity risk is the risk that Burns Philp Finance New Zealand will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. Burns Philp Finance New Zealand has internal limits in place in order to reduce the exposure to liquidity risk, as well as having access to lines of credit from related parties.

Burns Philp and certain of its wholly-owned subsidiaries guarantee the obligations of Burns Philp Finance New Zealand in relation to the Capital Notes on an unsecured and subordinated basis. Burns Philp and those subsidiaries guarantee the payment of the interest on the Capital Notes and the other indebtedness of Burns Philp Finance New Zealand under the Restated Trust Deed.