



**BURNS PHILP FINANCE
NEW ZEALAND LIMITED**

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22 February 2007

Market Information Services
New Zealand Exchange Limited
Level 2, NZX Centre
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WELLINGTON, NEW ZEALAND

**Burns Philp Finance New Zealand Limited -
Preliminary Half Year Report Announcement**

In accordance with Listing Rule 10.4.2, please find attached Appendix 1, being the Preliminary Half Year Report Announcement of Burns Philp Finance New Zealand Limited (Burns Philp Finance New Zealand) for the six month period ended 31 December 2006.

Burns Philp Finance New Zealand is a wholly-owned subsidiary of Burns, Philp & Company Pty Limited (Burns Philp). It was incorporated for the sole purpose of issuing Capital Notes. Burns Philp Finance New Zealand does not conduct any trading activities, but receives interest from a Burns Philp subsidiary in order to fund interest payable on the Capital Notes. On 19 December 2006 Burns Philp became wholly owned by certain subsidiaries of Rank Group Limited following the completion of a takeover offer.

Yours faithfully

HELEN GOLDING
Company Secretary
Burns, Philp & Company Pty Limited

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BURNS PHILP FINANCE NEW ZEALAND LIMITED

PRELIMINARY ANNOUNCEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2006

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HALF YEAR PRELIMINARY ANNOUNCEMENT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Appendix 1 requirements 2.1 & 2.2

| |
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| BURNS PHILP FINANCE NEW ZEALAND LIMITED |
|--|

| |
|---|
| Reporting Period: Half year ended December 31, 2006 |
|---|

| |
|--|
| Previous Reporting Period: Half year ended December 31, 2005 |
|--|

| | Amount (000's) | Percentage change |
|--|--------------------------------------|-----------------------------|
| Revenue from ordinary activities ⁽¹⁾ | \$NZ 11,904 | up 1% |
| Profit / (loss) from ordinary activities after tax attributable to security holders ⁽²⁾ | \$NZ 351 | down 3% |
| Net profit / (loss) attributable to security holders ⁽²⁾ | \$NZ 351 | down 3% |
| 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%.

⁽²⁾ Profit from ordinary activities after tax attributable to security holders and net profit attributable to security holders were both down 3%.

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2.3 ADDITIONAL INFORMATION REQUIRED:

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

Refer to the attached Unaudited 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 the attached Unaudited 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 the attached Unaudited 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 in the six months ended 31 December 2006. Currently there are no intentions to implement a dividend reinvestment plan.

(f) **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:

| | December 31, 2006 | December 31, 2005 |
|--|------------------------------|------------------------------|
| Net tangible asset backing/(deficit) per ordinary share (NZ\$) | 11,364 | 10,451 |
| Net asset backing per ordinary share (NZ\$) | 11,364 | 10,451 |

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- (g) **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.

- (h) **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.**

The company does not hold interests in any associates or joint ventures.

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INCOME STATEMENT FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

| NZ\$ | Note | Unaudited Six months ended 31 December | |
|--|------|--|----------------|
| | | 2006 | 2005 |
| Interest income and similar items | | 11,903,913 | 11,825,828 |
| Interest expenses and similar items | | (11,289,804) | (11,197,992) |
| Net interest income | | 614,109 | 627,836 |
| General administrative expenses | | (90,143) | (87,166) |
| Profit from operations | | 523,966 | 540,670 |
| Profit before tax | | 523,966 | 540,670 |
| Income tax expense | | (172,909) | (178,421) |
| Net profit after tax | | 351,057 | 362,249 |
| Earnings per share (NZ\$ per share) | | | |
| Basic earnings per share | | 3,511 | 3,622 |
| Diluted earnings per share | | 3,511 | 3,622 |

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

| NZ\$ | Unaudited Six months ended 31 December | |
|--|--|----------------|
| | 2006 | 2005 |
| Net profit after tax | 351,057 | 362,249 |
| Total recognised income and expense | 351,057 | 362,249 |

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

BURNS PHILP FINANCE NEW ZEALAND LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

| NZ\$ | Note | Unaudited 31 December 2006 | Unaudited 31 December 2005 | Audited 30 June 2006 |
|---|------|-------------------------------|-------------------------------|-------------------------|
| Current assets | | | | |
| Cash at bank | | 2,544 | 135,302 | 9,007 |
| | | 2,544 | 135,302 | 9,007 |
| Non-current assets | | | | |
| Receivable – related party | | 211,285,425 | 209,683,225 | 210,272,929 |
| | | 211,285,425 | 209,683,225 | 210,272,929 |
| Total assets | | 211,287,969 | 209,818,527 | 210,281,936 |
| Current liabilities | | | | |
| Payables | | 1,294,023 | 1,336,457 | 1,343,616 |
| Current tax liabilities | | 331,298 | 318,720 | 656,388 |
| | | 1,625,321 | 1,655,177 | 2,000,004 |
| Non-current liabilities | | | | |
| Interest bearing borrowings | 2 | 207,653,795 | 205,918,907 | 206,762,811 |
| Deferred tax liabilities | | 872,418 | 1,199,337 | 733,743 |
| | | 208,526,213 | 207,118,244 | 207,496,554 |
| Total liabilities | | 210,151,534 | 208,773,421 | 209,496,558 |
| Net assets | | 1,136,435 | 1,045,106 | 785,378 |
| Equity | | | | |
| Issued capital | 3 | 100 | 100 | 100 |
| Retained earnings | 3 | 1,136,335 | 1,045,006 | 785,278 |
| Total shareholder's equity | | 1,136,435 | 1,045,106 | 785,378 |
| Net tangible assets | | | | |
| Net tangible asset backing per ordinary share | | 11,364 | 10,451 | 7,854 |
| Net asset backing per ordinary share | | 11,364 | 10,451 | 7,854 |

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

BURNS PHILP FINANCE NEW ZEALAND LIMITED

STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

| NZ\$ | Note | Unaudited | |
|---|------|-----------------------------------|---------------------|
| | | Six months ended 31 December 2006 | 2005 |
| Net cash from operating activities | | | |
| <i>Cash provided from:</i> | | | |
| Interest income received | | 10,891,417 | 10,923,658 |
| | | <u>10,891,417</u> | <u>10,923,658</u> |
| <i>Cash applied to:</i> | | | |
| Payment on transfer of tax losses | | (359,325) | (512,560) |
| Interest paid | | (10,398,820) | (10,398,657) |
| Other operating expenses | | (139,735) | (66,883) |
| | | <u>(10,897,880)</u> | <u>(10,978,100)</u> |
| | 4 | <u>(6,463)</u> | <u>(54,442)</u> |
| Net cash used in investing activities | | | |
| | | - | - |
| Net cash from financing activities | | | |
| | | - | - |
| Net (decrease)/increase in cash balances | | | |
| | | (6,463) | (54,442) |
| 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>2,544</u> | <u>135,302</u> |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The unaudited interim 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”) adopting New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and its interpretations as appropriate to profit oriented entities for interim financial statements.

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

The interim financial statements have been prepared in accordance with NZ IAS 34: Interim Financial Reporting, and should be read in conjunction with the 2006 annual financial statements. The disclosure required in the interim financial statements is less extensive than that required for the annual financial statements.

The interim financial statements comprise the following: income statement, statement of recognised income and expense, balance sheet and statement 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 interim financial statements.

The interim financial statements are prepared on the historical cost basis.

(b) Estimates

The preparation of financial statements in conformity with NZ IAS 34: Interim Financial Reporting 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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006
(continued)

(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.

2. **INTEREST BEARING BORROWINGS**

| NZ\$ | Unaudited 31 December 2006 | Unaudited 31 December 2005 | Audited 30 June 2006 |
|--|-------------------------------|-------------------------------|-------------------------|
| 2008 Capital Notes 9.75% p.a. | 173,684,000 | 173,684,000 | 173,684,000 |
| Unamortised debt issue costs | (3,556,752) | (5,101,056) | (4,349,874) |
| | 170,127,248 | 168,582,944 | 169,334,126 |
| 2011 Capital Notes 9.95% p.a. | 38,816,000 | 38,816,000 | 38,816,000 |
| Unamortised debt issue costs | (1,289,453) | (1,480,037) | (1,387,315) |
| | 37,526,547 | 37,335,963 | 37,428,685 |
| Total interest bearing borrowings | 207,653,795 | 205,918,907 | 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.

3. **CAPITAL AND RESERVES**

Reconciliation of movement in capital and reserves

| NZ\$ | Share capital | Retained earnings | Total equity |
|-------------------------------------|---------------|-------------------|------------------|
| Balance at 1 July 2005 | 100 | 682,757 | 682,857 |
| Total recognised income and expense | - | 362,249 | 362,249 |
| Balance at 31 December 2005 | 100 | 1,045,006 | 1,045,106 |
| Balance at 1 July 2006 | 100 | 785,278 | 785,378 |
| Total recognised income and expense | - | 351,057 | 351,057 |
| Balance at 31 December 2006 | 100 | 1,136,335 | 1,136,435 |

At 31 December 2006 the share capital comprised 100 ordinary shares (2005: 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 SIX MONTH PERIOD ENDED 31 DECEMBER 2006
(continued)

4. 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.

| NZ\$ | Unaudited | |
|--|--------------------------------------|-----------------|
| | Six months ended 31 December 2006 | 2005 |
| Net profit after income tax | 351,057 | 362,249 |
| Non-Cash Items: | | |
| Amortisation of deferred debt issue costs | 890,984 | 799,313 |
| Movements in Working Capital: | | |
| (Increase)/decrease in non-current receivables | (1,012,496) | (902,171) |
| (Decrease)/increase in trade creditors | (49,593) | 20,305 |
| (Decrease)/increase in tax liabilities | (186,415) | (334,138) |
| Net cash from operating activities | (6,463) | (54,442) |

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

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

6. RELATED PARTIES

Burns Philp Finance New Zealand is a wholly-owned subsidiary of Burns Philp. 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. During the six months ended 31 December 2006 Burns Philp Finance New Zealand received NZ\$10,887,086 (2005: NZ\$10,923,658) in interest from a Burns Philp subsidiary in order to fund interest payable on the Capital Notes.

7. 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.

8. SUBSEQUENT EVENTS

The Burns Philp Group completed the disposal of its New Zealand snacks business, Bluebird Foods Limited, to PepsiCo New Zealand Holdings Limited on 4 January 2007 for proceeds of NZ\$245 million. There have been no other events subsequent to balance date which would have a material effect on the Company's financial statements at 31 December 2006.