



**BURNS PHILP FINANCE
NEW ZEALAND LIMITED**

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23 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 -
Interim Report for the six months ended 31 December 2006**

In accordance with Listing Rule 10.5.2, I enclose for lodgment a copy of the Burns Philp Finance New Zealand Limited Interim Report for the six months ended 31 December 2006.

The Interim Report is dated 23 February 2007 and is in final terms as prepared for printing. The Interim Report will be posted to Noteholders on 2 March 2007.

Burns Philp Finance New Zealand Limited is the issuer of NZ\$212,500,000 Capital Notes, which were issued during the period from 5 May 2003 to 27 June 2003.

Yours faithfully

HELEN GOLDING
Company Secretary
Burns, Philp & Company Limited

Encl

Burns Philp Finance New Zealand Limited

Interim Report

For the six months ended
31 December 2006

Directory

DIRECTORS

Graeme R Hart (Chairman)
Thomas J Degnan
Allen P Hugli
Bryce M Murray

AUDIT COMMITTEE

Graeme R Hart
Thomas J Degnan

REGISTERED OFFICE

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AUDITORS

KPMG

CAPITAL NOTES REGISTRAR

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Chairman's Report

The Directors of Burns Philp Finance New Zealand Limited ("Burns Philp Finance New Zealand") present the half year report on the results of Burns Philp Finance New Zealand for the six months to 31 December 2006.

Burns Philp Finance New Zealand is a wholly-owned subsidiary of Burns, Philp & Company Pty Limited ("Burns Philp") formerly known as Burns, Philp & Company Limited. It is a company 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.

Burns Philp Finance New Zealand has reported a profit of \$351,057 for the six months to 31 December 2006 (compared to a profit of \$362,249 for the six months to 31 December 2005). This is a result of interest revenue generated on intercompany loans during the six month period exceeding interest payments on the Capital Notes.

Burns Philp and one 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.

On 19 December 2006, Burns Philp became wholly owned by certain subsidiaries of Rank Group Limited following the completion of a takeover offer. On 20 December 2006, Burns Philp was de-listed from both the Australian Securities Exchange ("ASX") and the New Zealand Exchange Limited ("NZX").

PAYMENT OF INTEREST

Interest on the Capital Notes is payable quarterly in arrears as follows:

- 15 March, 15 June, 15 September and 15 December in respect of 2008 Capital Notes; and
- 15 February, 15 May, 15 August and 15 November in respect of 2011 Capital Notes.

If the interest date is not a business day, payment will occur on the next business day after that date.

A handwritten signature in black ink, appearing to read 'Graeme Hart', with a horizontal line underneath.

Graeme Hart

Chairman

23 February 2007

Income Statement

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

NZ\$	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.

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.

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
		10,891,417	10,923,658
<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)
		(10,897,880)	(10,978,100)
	4	(6,463)	(54,442)
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		2,544	135,302

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.

Notes to the Financial Statements (continued)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

Notes to the Financial Statements (continued)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

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.

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 2006	31 December 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.

Notes to the Financial Statements (continued)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2006

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 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.

***Burns Philp Finance
New Zealand Limited***

Interim Report

For the six months ended
31 December 2006