



**BURNS PHILP FINANCE
NEW ZEALAND LIMITED**

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MANUKAU CITY
AUCKLAND
PRIVATE BAG 92-106
AUCKLAND
NEW ZEALAND
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18 September 2007

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

Burns Philp Finance New Zealand Limited ("the Company")

Annual Report 2007

In accordance with Listing Rule 10.5.1, I enclose for lodgment a copy of the Burns Philp Finance New Zealand Limited 2007 Annual Report dated 18 September 2007, incorporating the financial statements of the Company and the audit report thereon for the financial year ended 30 June 2007.

The Annual Report is in final terms as prepared for printing and will be posted to holders of the Capital Notes on 27 September 2007.

Change of Financial Year End

In accordance with Listing Rule 10.8.1(h) please be advised that the annual balance date of the Company has changed from 30 June to 31 December, with the Company's next annual balance date being 31 December 2007.

Change of Address

In accordance with Listing Rule 10.8.1(e) please be advised that the registered office of the Company and address for service of the Company will be changed with effect from 4 October 2007 to:

Address: 173 Captain Springs Road
Onehunga
Auckland

Effective 19 October 2007, telephone and facsimile numbers will be changing to the following:-

Telephone: +64 9 635 1248
Facsimile: +64 9 635 1252

Yours faithfully

HELEN GOLDING
Company Secretary
Burns, Philp & Company Pty Limited

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

2007 | Annual Report

Directory

DIRECTORS

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

AUDITORS

KPMG
18 Viaduct Harbour Avenue
Auckland
New Zealand

AUDIT COMMITTEE

Graeme R Hart
Thomas J Degnan

CAPITAL NOTES REGISTRAR

Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna, Auckland
(Private Bag 92119, Auckland 1142)
New Zealand
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.co.nz

REGISTERED OFFICE

640 Great South Road
Manukau
Auckland
New Zealand

Contact:

Corporate Controller
Burns Philp Finance New Zealand Limited
Telephone: +64 9 261 1849
Facsimile: +64 9 262 6083
Email: shareholder.enquiries@burnsphilp.com

Parent Contact:

Company Secretary
Burns, Philp & Company Pty Limited
GPO Box 543
Sydney NSW 2001
Australia
Telephone: +61 2 9259 1111
Facsimile: +61 2 9247 3272

Website:

www.burnsphilp.com

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Chairman's Report

The Directors of Burns Philp Finance New Zealand Limited ("Burns Philp Finance New Zealand") present the annual report on the results of Burns Philp Finance New Zealand for the year ended 30 June 2007.

Activities of Burns Philp Finance New Zealand

Burns Philp Finance New Zealand is a wholly-owned subsidiary of Burns, Philp & Company Pty Limited ("Burns Philp"). 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 \$0.2m for the year ended 30 June 2007 (compared to a profit of \$0.1m for the year ended 30 June 2006). This is a result of interest revenue generated on intercompany loans during the year exceeding interest payments on the Capital Notes.

Burns Philp and one of its wholly-owned subsidiaries, BPC Foods International Pty Limited, guarantee the obligations of Burns Philp Finance New Zealand in relation to the Capital Notes on an unsecured and subordinated basis. Accordingly, the information in this annual report should be read in conjunction with the Burns Philp annual report for the year ended June 2007.

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

Changes to the Trust Deed dated 30 April 2003 ("the Trust Deed") and Deeds of Guarantee

A Second Deed of Amendment and Restatement of Trust Deed was executed on 17 August 2007 between Burns Philp Finance New Zealand, Burns Philp and The New Zealand Guardian Trust Company Limited ("the Trustee").

Under this Second Deed of Amendment and Restatement of Trust Deed, the Trust Deed (last amended on 22 July 2005) has been further amended to reflect:

- (a) the de-listing of Burns Philp from the ASX and the NZX;
- (b) the adoption of International Financial Reporting Standards by Burns Philp and Burns Philp Finance New Zealand;
- (c) changes to the composition of, and financing arrangements for, the Burns Philp Group; and
- (d) changes to the NZX Listing Rules and legislation which have occurred since the Trust Deed was initially entered into.

The three Deeds of Guarantee (under New Zealand, Australian and New York law respectively) were also amended and restated on 17 August 2007 to effect consequential amendments to the Deeds of Guarantee, resulting from the amendments to the Trust Deed.

The changes to the amended Trust Deed and Deeds of Guarantee were approved by the Trustee and, in the case of the amended Trust Deed, also by NZX. As the Trustee was of the opinion that the changes were not, and were not likely to become, materially prejudicial to the interests of Noteholders generally, the changes did not require the prior approval of Noteholders. A copy of the Second Deed of Amendment and Restatement of Trust Deed ("the Restated Trust Deed") was filed with NZX on 17 August 2007 and filed on a publicly available register at the Companies Office of the Ministry of Economic Development and is available for inspection free of charge at the Company Office's website, www.companies.govt.nz.

Capital Notes

Burns Philp Finance New Zealand has issued \$212.5 million Capital Notes, comprising \$173.684 million of the 9.75% Five Year Capital Notes ("the 2008 Capital Notes") and \$38.816 million of the 9.95% Eight Year Capital Notes ("the 2011 Capital Notes").

Quotation and trading of the Capital Notes on the NZX commenced on 1 July 2003.

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.



Graeme Hart

Chairman

18 September 2007

Statutory Information

Burns Philp Finance New Zealand is a wholly-owned subsidiary of Burns Philp. Burns Philp Finance New Zealand's Capital Notes were listed on the NZX on 1 July 2003. Burns Philp Finance New Zealand does not have, and did not have during the financial year to 30 June 2007, any subsidiaries.

Board of Directors

The Directors of Burns Philp Finance New Zealand as at 30 June 2007 and the date of this report, and their professional qualifications, experience and special responsibilities, are:

Name and qualifications	Experience and special responsibilities
Graeme Hart MBA	Chairman. Appointed to the Board of Burns Philp Finance New Zealand on 9 April 2003. Member of the Audit Committee. Mr Hart was appointed Deputy Chairman of Burns Philp in September 1997 and appointed Chairman on 9 September 2004. Mr Hart is the Managing Director and owner of Rank Group Limited. Mr Hart is a Director of Goodman Fielder Limited, a company listed in Australia and New Zealand. Goodman Fielder is a consumer foods group which manufactures and markets a range of consumer food products in Australia, New Zealand and Asia Pacific. Mr Hart is also a Director of Carter Holt Harvey Limited, a forest and paper products company with operations primarily in New Zealand and Australia, SIG Holding AG, one of the world's leading manufacturers and suppliers of aseptic carton packaging solutions, both now part of Rank Group Limited, and a number of private investment companies.
Thomas Degnan BA	Director. Appointed to the Board of Burns Philp Finance New Zealand on 9 December 2002. Member of the Audit Committee. Mr Degnan was appointed Chief Executive Officer and Managing Director of Burns Philp in September 1997. Mr Degnan is a Director of Goodman Fielder Limited, a Director of Carter Holt Harvey Limited and President of SIG Holding AG. He is also Executive Chairman and a Director of Evergreen Packaging Inc and Vice President and a Director of Blue Ridge Holding Corporation, both of which are manufacturers and suppliers of non-aseptic beverage packaging and are now part of Rank Group Limited. In addition, Mr Degnan is a Director of Jones Dairy Inc., a manufacturer and distributor of meat products.
Allen Hugli BCom	Director. Appointed to the Board of Burns Philp Finance New Zealand on 9 December 2002. Mr Hugli is Chief Financial Officer of Burns Philp and Rank Group Limited. Mr Hugli is a Director and Treasurer of Evergreen Packaging Inc and a Vice President and Director of Blue Ridge Holding Corporation. Mr Hugli previously held positions in financial management and audit practices in Australia, Canada and New Zealand.
Bryce Murray CA, BMS	Director. Appointed to the Board of Burns Philp Finance New Zealand on 15 March 2004. Mr Murray was appointed a Director of Burns Philp in June 2003. Mr Murray is a senior executive of Rank Group Limited and has been employed by Rank Group Limited since 1996. Mr Murray is also a Director of Carter Holt Harvey Limited and was previously a partner with Deloitte Touche Tohmatsu.

Disclosure of Directors' Relevant Interests

As at 30 June 2007

	2008 Capital Notes	2011 Capital Notes	Burns Philp Ordinary Shares
G R Hart(a)	-	-	1,629,315,312
T J Degnan	-	-	-
A P Hugli	20,000	-	-
B M Murray	-	-	-

(a) Interests registered in the names of Millstreet Investments Limited and Kintron Developments Limited which are wholly owned subsidiaries of Rank Group Limited which is wholly owned by Mr Hart.

Distribution of Subordinated Capital Noteholders and Capital Note Holdings

As at 31 July 2007

	Number of noteholders	Number of notes
2008 Capital Notes		
Size of holding		
5,000 – 9,999	1,516	8,328,000
10,000 – 49,999	3,752	68,188,000
50,000 – 99,999	488	26,982,000
100,000 – 499,999	168	24,069,000
500,000 – 999,999	8	5,205,000
1,000,000 and over	12	40,912,000
Total	5,944	173,684,000
Geographical distribution		
New Zealand	5,892	172,516,000
Rest of world	52	1,168,000
Total	5,944	173,684,000
2011 Capital Notes		
Size of holding		
5,000 – 9,999	359	1,966,000
10,000 – 49,999	901	16,719,000
50,000 – 99,999	127	7,091,000
100,000 – 499,999	54	8,187,000
500,000 – 999,999	4	2,678,000
1,000,000 and over	1	2,175,000
Total	1,446	38,816,000
Geographical distribution		
New Zealand	1,423	38,071,000
Rest of world	23	745,000
Total	1,446	38,816,000

Statutory Information (continued)

20 Largest Registered Holders of 2008 Capital Notes

As at 31 July 2007

	Number	%
Investment Custodial Services Limited	10,078,000	5.80
FNZ Custodians Limited	7,441,000	4.28
Custodial Services Limited (A/c 3)	5,992,000	3.45
Custodial Services Limited (A/c 2)	3,320,000	1.91
Tea Custodians Limited - A/C NZCSD	2,885,000	1.66
Asteron Life Limited - NZCSD	2,495,000	1.44
Private Nominees Limited	1,908,000	1.10
Proteus Corporate Premium Income Trust (NZCSD)	1,835,000	1.06
Aorangi Laboratories Limited	1,500,000	0.86
FNZ Custodians Limited (DRP NZ)	1,458,000	0.84
Tappenden Holdings Limited	1,000,000	0.58
Faith Priscilla Taylor & Andrew Thomas Taylor	1,000,000	0.58
Custodial Services Limited (A/c 4)	991,000	0.57
The Nursing Sisters of the Little Company of Mary Trust Board	835,000	0.48
First NZ Capital Nominees No 1 Limited	747,000	0.43
Manchester Unity Friendly Society	600,000	0.35
Forsyth Barr Custodians Limited	532,000	0.31
Colman Securities Limited	500,000	0.29
New Star One Limited	500,000	0.29
Presbyterian Savings & Development Society of New Zealand Incorporated	500,000	0.29
	<u>46,117,000</u>	<u>26.57</u>

20 Largest Registered Holders of 2011 Capital Notes

As at 31 July 2007

	Number	%
Graeme Laurence Beckett & Janine Dale Beckett & Alan Murray Paterson	2,175,000	5.60
Custodial Services Limited (A/c 3)	965,000	2.49
FNZ Custodians Limited	713,000	1.84
Tea Custodians Limited - A/C NZCSD	500,000	1.29
Woolf Fisher Trust Inc	500,000	1.29
Custodial Services Limited (A/c 2)	455,000	1.17
Forsyth Barr Custodians Limited	400,000	1.03
Custodial Services Limited (A/c 4)	365,000	0.94
Investment Custodial Services Limited	329,000	0.85
First NZ Capital Nominees No 1 Limited	316,000	0.81
Hamilton Holdings Limited	250,000	0.64
Geoffrey Franklin Hawkins & Carole Anne Hawkins	225,000	0.58
Dunedin Diocesan Trust Board - Income Fund	215,000	0.55
Jack Philip Goldsmith & Mercia Leah Goldsmith	200,000	0.52
Mark Bradbury Horton & Gillian Horton	200,000	0.52
Gerard Kline	200,000	0.52
John Glanville Miller	200,000	0.52
Somsmith Nominees Limited	200,000	0.52
Helen Nancy Spratt	200,000	0.52
Ian Richard Seddon	170,000	0.44
	8,778,000	22.64

Statutory Information (continued)

Substantial Security Holders

As at 31 July 2007

Notice of the following substantial security holding (as defined by the Securities Markets Act 1988) had been received by Burns Philp Finance New Zealand:

	Number of ordinary shares	%
Burns, Philp & Company Pty Limited	100	100.00
	100	100.00

At 31 July 2007 the total number of issued voting securities of Burns Philp Finance New Zealand was 100.

Interests Register

There were no changes to the Burns Philp Finance New Zealand interests register relating to securities of Burns Philp Finance New Zealand during the financial year. Disclosures were made by Messrs Degnan, Hart and Hugli in relation to securities held by them in Burns Philp as a result of the automatic conversion of Burns Philp Converting Preference Shares into Ordinary Shares on 13 August 2006. On 9 November 2006 Messrs Degnan and Hugli disclosed further changes to their interest in Burns Philp arising from the acceptance of the takeover offer to shareholders of Burns Philp by certain subsidiaries of Rank Group Limited. Mr Hart's relevant interest in Burns Philp, through subsidiaries of Rank Group Limited, increased to 100% on 19 December 2006, with related disclosures being made progressively by Mr Hart from 15 September 2006 to 20 December 2006.

Details of the shareholdings held at the end of the financial year are set out under Disclosure of Directors' Relevant Interests on page 5.

Specific Disclosure of Interest in any Transaction

No notices have been received during the financial period.

NZX Waivers

The following waivers have been granted by the NZX and remained applicable as at 30 June 2007.

Minimum holding

The NZX has granted Burns Philp Finance New Zealand a waiver to allow the minimum holding of a tranche of Capital Notes to be Capital Notes with an aggregate principal amount of \$5,000.

Transfer restrictions

The NZX has granted Burns Philp Finance New Zealand a waiver from Listing Rule 11.1.1 in relation to the provisions in the Restated Trust Deed that require that Capital Notes be transferred in minimum principal amounts of \$1,000 per Tranche (or any lesser amount approved by Burns Philp Finance New Zealand).

Directors' Remuneration

No Director was paid or is entitled to receive any remuneration or any other benefits from Burns Philp Finance New Zealand for acting as a Director or in any other capacity with respect to the financial year to 30 June 2007.

Auditor's Remuneration

Burns Philp Finance New Zealand has agreed to pay KPMG \$40,300 in audit fees for the financial year to 30 June 2007. In addition to the statutory audit, in accordance with the Restated Trust Deed, KPMG as auditors are required to report on certain debt covenant compliance matters. Fees in relation to this are \$11,000. Other than these matters KPMG has not provided any other services to Burns Philp Finance New Zealand during the financial year and accordingly no other fees have been paid to KPMG by Burns Philp Finance New Zealand or any other entity in the Burns Philp Group with respect to services provided to Burns Philp Finance New Zealand.

KPMG also provides audit and other services to the Burns Philp Group. Details of these services and payments for the year ended 30 June 2007 are set out in the Burns Philp 2007 Annual Report.

Principal Activities

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. There have been no changes to its activities during, or subsequent to, the financial year.

Employees' Remuneration

Burns Philp Finance New Zealand does not have, and did not have during the financial year to 30 June 2007, any employees.

Donations

Burns Philp Finance New Zealand has not made any donations during the financial year to 30 June 2007.

Credit Rating

Neither Burns Philp Finance New Zealand nor the Capital Notes currently have a credit rating.

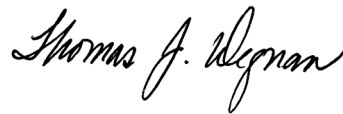
Enforcement Action by NZX

No enforcement action has been taken by the NZX during the financial year to 30 June 2007 under Listing Rule 5.4.2.

This annual report is dated 18 September 2007 and is signed on behalf of the Board of Burns Philp Finance New Zealand by:



Graeme Hart
Chairman



Thomas Degnan
Director

Corporate Governance Statement

This statement outlines Burns Philp Finance New Zealand's main corporate governance practices for the whole of the financial year.

Board Responsibilities

The Board is responsible for the overall corporate governance of Burns Philp Finance New Zealand. Three of the Directors of Burns Philp Finance New Zealand are also Directors of Burns Philp and in such capacity are in a position to monitor the performance of Burns Philp management and ensure internal controls and reporting procedures, as they impact on the activities of Burns Philp Finance New Zealand, are adequate and effective.

Composition of the Board

The names of the Directors of Burns Philp Finance New Zealand in office at the date of this statement are set out on page 4 of this report.

Procedures for the operation of the Board, including the appointment and removal of Directors, are governed by Burns Philp Finance New Zealand's Constitution.

Independent Professional Advice

Each Director is entitled to obtain independent professional advice in relation to their duties at Burns Philp Finance New Zealand's expense.

Audit Committee

The Board's Audit Committee was constituted on 29 August 2003. The Audit Committee members are Mr Degnan and Mr Hart.

The primary function of the Audit Committee is to provide advice to the Board in respect of the reliability and integrity of accounting policies and financial reporting and disclosure practices.

This function is carried out by reviewing the appropriateness of the accounting principles adopted in the composition and presentation of financial reports.

As a wholly-owned subsidiary of Burns Philp, Burns Philp Finance New Zealand has also been monitored by the Burns Philp Audit & Risk Committee.

Remuneration Committee and Nomination Committee

Burns Philp Finance New Zealand has not established a Remuneration Committee or a Nomination Committee due to the fact that it has only one shareholder and no employees.

External Auditor

KPMG has been appointed external auditor of Burns Philp Finance New Zealand, commencing with the period ended 30 June 2003.

The external auditor is responsible for planning and carrying out a proper audit of Burns Philp Finance New Zealand's annual financial reports.

Internal Control Framework

The Burns Philp Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The following internal control framework was in place during the financial year for its subsidiaries, including Burns Philp Finance New Zealand:

Financial monitoring and reporting

During the period management and the Burns Philp Board have monitored performance against budget and key financial benchmarks through monthly reporting routines and business reviews.

Risk management

Burns Philp has implemented review procedures and allocated management resources to consider the financial, legal, tax, safety, health, environmental and human resources aspects of the Burns Philp Group's business.

The Burns Philp Group evaluates the economic balance between self-retention of risks and risk transfer. The Burns Philp Group has implemented global insurance arrangements for risk transfer with high prudentially rated international insurers. Burns Philp monitors its compliance with its risk management policy and, amongst other risk control measures, develops contingency plans to manage potential business interruptions.

Internal controls

Burns Philp management assumes the primary responsibility for implementing internal controls and for their internal control environment. During the period Burns Philp had in place a policy whereby the head and financial controller of each business unit reports on a quarterly basis to the Burns Philp Chief Executive Officer and the Chief Financial Officer and, on an exceptions basis, to the Burns Philp Audit & Risk Committee, on the operation and effectiveness of key internal controls. Any identified deficiencies in internal controls are followed up and acted upon.

Code of Ethics

All directors and employees of the Burns Philp Group are expected to demonstrate ethical and appropriate behavior in all areas of business so as to maintain the Burns Philp Group's integrity and its reputation for fair and reasonable conduct. Burns Philp provides guidance to managers and employees through code of conduct policies.

Director Dealings in Company Securities

Burns Philp has in place guidelines which apply to the sale and purchase of any securities of the Burns Philp Group, which includes the Capital Notes. The guidelines set out a notification and approval process.

In accordance with the Listing Rules of the NZX and the provisions of applicable legislation, the NZX is advised within five business days of any transactions conducted by the Directors in the securities.

Equal Access to Material Information

Burns Philp Finance New Zealand is committed to providing all holders of the Capital Notes with accessible and timely information. Burns Philp Finance New Zealand has procedures in place to enable all investors to have equal access to company information and to ensure that any price sensitive information is disclosed to the NZX in accordance with the continuous disclosure requirements of applicable legislation and the Listing Rules of the NZX. All information provided to the NZX is posted to the Burns Philp website.

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

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			
Cash provided from:			
Interest income received		21,418,036	21,366,271
Income tax refunded		-	179
		21,418,036	21,366,450
Cash applied to:			
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)
		(21,367,841)	(21,547,187)
	10	50,195	(180,737)
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		59,202	9,007

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.

(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.

Notes to the Financial Statements (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 \$
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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

	Note	2007 \$	2006 \$
5. TAXATION			
(a) Tax expense			
Operating surplus before income tax		198,455	153,017
Taxable income		198,455	153,017
Tax expense at 33%		65,490	50,496
Tax rate change adjustment		(43,782)	-
Total income tax expense		21,708	50,496
Current tax		408,336	656,386
Deferred tax		(386,628)	(605,890)
Total income tax expense on Income Statement		21,708	50,496
(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		-	-
(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		(644,177)	(733,743)
Net deferred tax liabilities can be reconciled as follows:			
Deferred tax assets		-	-
Deferred tax liabilities			
- Unamortised debt issue costs		(644,177)	(733,743)
Net deferred tax liabilities		(644,177)	(733,743)

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
		211,881,364	210,272,929

7. PAYABLES

Current:

Interest payable		1,246,704	1,246,704
Other creditors		84,737	96,912
		1,331,441	1,343,616

Notes to the Financial Statements (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.

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.

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.

	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)

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.

Directors' Responsibility Statement

The Directors are responsible for preparing the financial statements and ensuring that they comply with New Zealand generally accepted accounting principles and give a true and fair view of the financial position of Burns Philp Finance New Zealand as at 30 June 2007 and the results of its operations and cash flows for the period ended on that date.

The Directors consider that the financial statements of Burns Philp Finance New Zealand have been prepared using appropriate accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Burns Philp Finance New Zealand and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

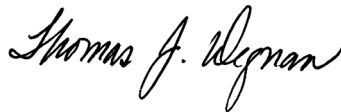
The Directors consider that they have taken adequate steps to safeguard the assets of Burns Philp Finance New Zealand and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of Burns Philp Finance New Zealand for the year ended 30 June 2007.

Signed for and on behalf of the Board of Directors on 18 September 2007.



Graeme Hart
Chairman



Thomas Degnan
Director

Audit Report

To the shareholder of Burns Philp Finance New Zealand Limited

We have audited the financial statements on pages 12 to 21. The financial statements provide information about the past financial performance of the Company and its financial position as at 30 June 2007. This information is stated in accordance with the accounting policies set out on pages 15 to 16.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Company as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the Company.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records;
- the financial statements on pages 12 to 21:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Company as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 18 September 2007 and our unqualified opinion is expressed as at that date.



KPMG

Auckland

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

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