



**BURNS PHILP FINANCE  
NEW ZEALAND LIMITED**

173 CAPTAIN SPRINGS ROAD  
ONEHUNGA  
AUCKLAND  
PRIVATE BAG 92-106  
AUCKLAND  
NEW ZEALAND  
TEL: +64 9 635 1248  
FAX: +64 9 635 1252

27 August 2008

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

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

In accordance with Listing Rule 10.4, 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 30 June 2008.

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.

Yours faithfully

A handwritten signature in black ink, appearing to be "Helen Golding", written over a white background.

**HELEN GOLDING**  
Company Secretary  
Burns, Philp & Company Pty Limited

Encl.

# **BURNS PHILP FINANCE NEW ZEALAND LIMITED**

## **PRELIMINARY REPORT – INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2008**

### **CONTENTS**

	<b>Page</b>
Results for announcement to the market	2
Additional information required by Appendix 1	3 - 4
Interim Financial Statements	5 - 12

## INTERIM PRELIMINARY ANNOUNCEMENT

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Appendix 1 requirements 2.1 & 2.2

<b>BURNS PHILP FINANCE NEW ZEALAND LIMITED</b>
--

Reporting Period: Six months ended June 30, 2008
--

Previous Corresponding Reporting Period: Six months ended June 30, 2007
---

	Amount (000's)	Percentage change
Revenue from ordinary activities <sup>(1)</sup>	\$NZ 11,954	up 7%
Profit / (loss) from ordinary activities after tax attributable to security holders <sup>(2)</sup>	\$NZ 256	N/A
Net profit / (loss) attributable to security holders <sup>(2)</sup>	\$NZ 256	N/A
Interim 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:

- <sup>(1)</sup> Revenue from ordinary activities has increased by 7% due to a higher related party loan receivable balance and a change in the timing of capitalising interest receivable on the related party loan.
- <sup>(2)</sup> Profit from ordinary activities after tax attributable to security holders and net profit attributable to security holders increased from a loss position to the profit shown above as a result of the increased revenue from ordinary activities. With the movement from a loss to a profit, the percentage change is not applicable.

## BURNS PHILP FINANCE NEW ZEALAND LIMITED

### 2.3 ADDITIONAL INFORMATION REQUIRED:

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

Refer to the attached unaudited Interim Financial Statements – see page 5.

(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 Interim Financial Statements – see page 6.

(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 Interim Financial Statements – see page 8.

(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 dividends 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 period ended June 30, 2008. 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:

	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>December 31, 2007</b>
Net tangible asset backing per ordinary share (NZ\$)	15,526	9,621	12,969
Net asset backing per ordinary share (NZ\$)	15,526	9,621	12,969

## **BURNS PHILP FINANCE NEW ZEALAND LIMITED**

- (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.**

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

**INCOME STATEMENT**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008**

NZ\$	Note	Unaudited	
		2008	Six months ended June 30 2007
Interest income and similar items		11,953,540	11,122,558
Interest expenses and similar items		(11,446,766)	(11,338,266)
<b>Net interest income/(loss)</b>		<b>506,774</b>	<b>(215,708)</b>
General administrative expenses		(141,479)	(109,803)
<b>Profit/(loss) from operations</b>		<b>365,295</b>	<b>(325,511)</b>
<b>Profit/(loss) before tax</b>		<b>365,295</b>	<b>(325,511)</b>
Income tax (expense)/benefit		(109,588)	151,201
<b>Net profit/(loss) after tax</b>	4	<b>255,707</b>	<b>(174,310)</b>
<b>Earnings per share (NZ\$ per share)</b>			
Basic earnings per share		2,557	(1,743)
Diluted earnings per share		2,557	(1,743)

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

**BALANCE SHEET**  
AS AT JUNE 30, 2008

NZ\$	Note	Unaudited June 30 2008	Audited June 30 2007	Audited December 31 2007
<b>Current assets</b>				
Cash at bank		64,823	59,202	5,304
Receivable – related party	6	173,684,000	-	213,422,703
		<b>173,748,823</b>	59,202	213,428,007
<b>Non-current assets</b>				
Receivable – related party		40,659,337	211,881,364	-
		<b>40,659,337</b>	211,881,364	-
<b>Total assets</b>		<b>214,408,160</b>	211,940,566	213,428,007
<b>Current liabilities</b>				
Payables		1,307,056	1,331,441	1,329,131
Interest bearing borrowings	2	172,782,349	-	171,848,814
Current tax liabilities		635,521	408,338	756,228
		<b>174,724,926</b>	1,739,779	173,934,173
<b>Non-current liabilities</b>				
Interest bearing borrowings	2	37,853,875	208,594,485	37,738,840
Deferred tax liabilities		276,786	644,177	458,128
		<b>38,130,661</b>	209,238,662	38,196,968
<b>Total liabilities</b>		<b>212,855,587</b>	210,978,441	212,131,141
<b>Net assets</b>		<b>1,552,573</b>	962,125	1,296,866
<b>Equity</b>				
Issued capital	3	100	100	100
Retained earnings	3	1,552,473	962,025	1,296,766
<b>Total equity</b>		<b>1,552,573</b>	962,125	1,296,866
<b>Net tangible assets</b>				
Net tangible asset backing per ordinary share		15,526	9,621	12,969
Net asset backing per ordinary share		15,526	9,621	12,969

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008**

<b>NZ\$</b>	<b>Note</b>	<b>Issued capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at January 1, 2008</b>		100	1,296,766	1,296,866
Net profit after tax		-	255,707	255,707
<b>Balance at June 30, 2008 (unaudited)</b>	<b>3</b>	<b>100</b>	<b>1,552,473</b>	<b>1,552,573</b>
<b>Balance at January 1, 2007</b>		100	1,136,335	1,136,435
Net loss after tax		-	(174,310)	(174,310)
<b>Balance at June 30, 2007 (unaudited)</b>	<b>3</b>	<b>100</b>	<b>962,025</b>	<b>962,125</b>

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

**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008**

NZ\$	Note	Unaudited Six months ended June 30	
		2008	2007
<b>Net cash from operating activities</b>			
<i>Cash provided from:</i>			
Interest received		<b>11,032,906</b>	10,526,619
		<b>11,032,906</b>	10,526,619
<i>Cash applied to:</i>			
Interest paid		<b>(10,398,191)</b>	(10,397,576)
Payment on transfer of tax losses		<b>(411,637)</b>	-
Other operating expenses		<b>(163,559)</b>	(72,385)
		<b>(10,973,387)</b>	(10,469,961)
<b>Net cash from operating activities</b>	4	<b>59,519</b>	56,658
<b>Net cash used in investing activities</b>		-	-
<b>Net cash from financing activities</b>		-	-
<b>Net increase in cash held</b>		<b>59,519</b>	56,658
<b>Cash and cash equivalents at beginning of the financial period</b>			
Cash at bank		<b>5,304</b>	2,544
<b>Cash and cash equivalents at end of the financial period</b>			
Cash at bank		<b>64,823</b>	59,202

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

Burns Philp Finance New Zealand Limited (“Burns Philp Finance New Zealand” or “the Company”) is a company domiciled in New Zealand and is registered under the Companies Act 1993. 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 annual financial statements for the six months ended December 31, 2007. The disclosures required in the interim financial statements are less extensive than that required for the December 31, 2007 annual financial statements.

The interim financial statements comprise the following: income statement, balance sheet, statement of changes in equity 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 unaudited.

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 interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (c) Financial risk management

During the six months ended June 30, 2008 the Company continued to apply the risk management objectives and policies consistently as disclosed in the financial statements for the six month period ended December 31, 2007.

#### (d) 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.

#### (e) Interest income

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

#### (f) Interest expenses

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

#### (g) Cash and cash equivalents

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

#### (h) 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 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (i) 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.

#### (j) Receivables

Amounts receivable from related parties are stated at cost.

#### (k) Payables

Trade and other payables are stated at cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008**  
(continued)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) 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 June 30 2008	Audited June 30 2007	Audited December 31 2007
2008 Capital Notes 9.75% p.a.	173,684,000	173,684,000	173,684,000
Unamortised debt issue costs	(901,651)	(2,719,345)	(1,835,186)
	<b>172,782,349</b>	170,964,655	171,848,814
2011 Capital Notes 9.95% p.a.	38,816,000	38,816,000	38,816,000
Unamortised debt issue costs	(962,125)	(1,186,170)	(1,077,160)
	<b>37,853,875</b>	37,629,830	37,738,840
<b>Total interest bearing borrowings</b>	<b>210,636,224</b>	208,594,485	209,587,654

Burns Philp Finance New Zealand has on issue Capital Notes with a principal value of \$212.5 million. As at the date of preparation of this report, the Capital Notes are guaranteed by Burns, Philp & Company Pty Limited ("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 December 15, 2008 ("2008 Capital Notes Election Date") and bears an interest rate of 9.75% per annum ("2008 Capital Notes") and the other series which has an initial election date of November 15, 2011 and bears an interest rate of 9.95% per annum.

**2008 Capital Notes Election Date**

If Burns Philp Finance New Zealand proposes to compulsorily redeem or purchase all of the 2008 Capital Notes on the 2008 Capital Notes Election Date, it must, on or before November 3, 2008, give notice of such election to holders of the 2008 Capital Notes.

If Burns Philp Finance New Zealand does not propose to compulsorily redeem or purchase all of the 2008 Capital Notes on the 2008 Capital Notes Election Date, it is required to send notices to holders of the 2008 Capital Notes on or before November 3, 2008:

- a) offering to redeem or purchase all of the 2008 Capital Notes; and
- b) specifying any new conditions of the 2008 Capital Notes which may be offered instead of redemption or purchase (which, if offered, may be a continuation of the existing conditions other than the 2008 Capital Notes Election Date).

Burns Philp Finance New Zealand may also choose to compulsorily redeem or purchase a proportion of the 2008 Capital Notes on the 2008 Capital Notes Election Date, by giving notice to holders of the 2008 Capital Notes on or before November 3, 2008. Any such compulsory proportionate redemption or purchase must be made on a pro rata basis and must also be coupled with an offer to purchase or redeem the remaining 2008 Capital Notes (which offer may also include an offer of new conditions in respect of Notes not compulsorily redeemed or purchased).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008**  
**(continued)**

If new conditions are offered, such conditions are not binding on the holders of the 2008 Capital Notes who will be entitled to:

- a) accept the new conditions (if offered) with respect to all or part of the relevant Capital Notes, with effect from the 2008 Capital Notes Election Date; and
- b) with respect to those Capital Notes for which the Noteholder does not accept the new conditions (if offered), elect to have those Notes redeemed or purchased on the 2008 Capital Notes Election Date.

**3. CAPITAL AND RESERVES**

At June 30, 2008 the share capital comprised 100 ordinary shares (2007: 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 or paid 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 tax shown in the income statement and the net cash flow from operating activities.

NZ\$	Unaudited Six months ended June 30	
	2008	2007
Net profit/(loss) after income tax	255,707	(174,310)
<b>Non-cash items:</b>		
Amortisation of deferred debt issue costs	1,048,570	940,690
<b>Movements in working capital:</b>		
Increase in receivables	(920,634)	(595,939)
(Decrease)/increase in payables	(22,075)	37,418
Decrease in tax liabilities	(302,049)	(151,201)
<b>Net cash from operating activities</b>	<b>59,519</b>	<b>56,658</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008**  
**(continued)**

**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 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 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 December 19, 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.

With effect from June 30, 2008, Burns Philp Finance New Zealand and a Burns Philp subsidiary agreed to an extension of the related party debt receivable. The extension provides for repayment of \$173,684,000 together with any interest thereon on or before December 12, 2008, with the remaining balance repayable on or before November 14, 2011.

During the six months ended June 30, 2008 Burns Philp Finance New Zealand received \$11,015,122 (2007: \$10,515,077) 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**

There have been no events subsequent to the reporting date that would require accrual or disclosure in these interim financial statements.