



**BURNS PHILP FINANCE
NEW ZEALAND LIMITED**

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18 March 2008

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

Burns Philp Finance New Zealand Limited (“the Company”)

Annual Report for the six months ended 31 December 2007

In accordance with Listing Rule 10.5.1, I enclose for lodgment a copy of the Burns Philp Finance New Zealand Limited Annual Report for the six months ended 31 December 2007 dated 18 March 2008, incorporating the financial statements of the Company and the audit report thereon for the six months ended 31 December 2007. As previously advised, the Company's balance date has changed from 30 June to 31 December, therefore this report is for a six month period rather than a full twelve months.

The Annual Report is in final terms as prepared for printing and will be posted to holders of the Capital Notes by 31 March 2008.

Yours faithfully

HELEN GOLDING
Company Secretary
Burns, Philp & Company Pty Limited

Encl

Burns Philp Finance New Zealand Limited

ANNUAL REPORT

for the six months ended December 31, 2007

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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 six month period ended December 31, 2007.

Change in Financial Year

Burns Philp Finance New Zealand has changed its financial year resulting in the current financial period being for the six month period ended December 31, 2007 with comparatives being for the twelve month period ended June 30, 2007. This change is consistent with and aligns Burns Philp Finance New Zealand with the change in financial period of its parent, Burns, Philp & Company Pty Limited ("Burns Philp").

Activities of Burns Philp Finance New Zealand

Burns Philp Finance New Zealand is a wholly-owned subsidiary of 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 after tax of \$0.3m for the six month period ended December 31, 2007 (compared to \$0.2m for the twelve month period ended June 30, 2007). This is a result of interest revenue generated on intercompany loans during the period 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 six month period ended December 31, 2007.

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

A Second Deed of Amendment and Restatement of Trust Deed was executed on August 17, 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 July 22, 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 (being Burns Philp and its controlled entities); 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 August 17, 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 August 17, 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 July 1, 2003.

Payment of Interest

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

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

March 18, 2008

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 July 1, 2003. Burns Philp Finance New Zealand does not have, and did not have during the six month period to December 31, 2007, any subsidiaries.

Board of Directors

The Directors of Burns Philp Finance New Zealand as at December 31, 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	<p>Chairman. Appointed to the Board of Burns Philp Finance New Zealand on April 9, 2003. Member of the Audit Committee. Mr Hart was appointed Deputy Chairman of Burns Philp in September 1997 and appointed Chairman on September 9, 2004. Mr Hart is the Managing Director and owner of Rank Group Limited ("Rank Group"). Mr Hart is also a Director of:-</p> <ul style="list-style-type: none">• Carter Holt Harvey Limited, a forest and paper products company whose operations also include the Evergreen and Blue Ridge non-aseptic beverage packaging businesses;• SIG Holding AG, one of the world's leading manufacturers and suppliers of aseptic carton packaging solutions; and• Reynolds (NZ) Limited which, through its subsidiaries, is a leading global designer, manufacturer and marketer of a wide range of packaging products including plastic and aluminium beverage and food closures, aluminium foil, plastic wraps and bags and flexible packaging products for a variety of end markets. <p>The above entities are all part of Rank Group. In addition, Mr Hart is a Director of a number of private investment companies.</p>
Thomas Degnan BA	<p>Director. Appointed to the Board of Burns Philp Finance New Zealand on December 9, 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 and officer of a number of companies within Rank Group. In addition, Mr Degnan is a Director of Jones Dairy Inc., a manufacturer and distributor of meat products.</p>
Allen Hugli BCom	<p>Director. Appointed to the Board of Burns Philp Finance New Zealand on December 9, 2002. Mr Hugli is Chief Financial Officer of Burns Philp and Rank Group. Mr Hugli is a Director and officer of a number of companies within Rank Group. Mr Hugli previously held positions in financial management and audit practices in Australia, Canada and New Zealand.</p>
Bryce Murray CA, BMS	<p>Director. Appointed to the Board of Burns Philp Finance New Zealand on March 15, 2004. Mr Murray was appointed a Director of Burns Philp in June 2003. Mr Murray is a Director and officer of a number of companies within Rank Group. Mr Murray was previously a partner with Deloitte Touche Tohmatsu.</p>

Disclosure of Directors' Relevant Interests

As at December 31, 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 name of Kintron Developments Limited, a wholly owned subsidiary of Rank Group which is wholly owned by Mr Hart.

Distribution of Subordinated Capital Noteholders and Capital Note Holdings

As at January 31, 2008

	Number of noteholders	Number of notes
2008 Capital Notes		
Size of holding		
5,000 – 9,999	1,836	10,050,000
10,000 – 49,999	4,495	80,444,000
50,000 – 99,999	531	28,981,000
100,000 – 499,999	181	25,869,000
500,000 – 999,999	8	5,566,000
1,000,000 and over	10	22,774,000
Total	7,061	173,684,000
Geographical distribution		
New Zealand	7,003	172,279,000
Rest of world	58	1,405,000
Total	7,061	173,684,000
2011 Capital Notes		
Size of holding		
5,000 – 9,999	380	2,071,000
10,000 – 49,999	994	18,227,000
50,000 – 99,999	135	7,470,000
100,000 – 499,999	54	7,257,000
500,000 – 999,999	4	2,269,000
1,000,000 and over	1	1,522,000
Total	1,568	38,816,000
Geographical distribution		
New Zealand	1,551	38,168,000
Rest of world	17	648,000
Total	1,568	38,816,000

Statutory Information (continued)

20 Largest Registered Holders of 2008 Capital Notes

As at January 31, 2008

	Number	%
First NZ Capital Custodians Limited	4,680,000	2.69
Investment Custodial Services Limited (A/c C)	3,737,000	2.15
Asteron Life Limited - A/c NZCSD	3,500,000	2.02
Royal & Sun Alliance Corporate Bond Premium Income Trust - NZCSD A/c	2,370,000	1.36
Custodial Services Limited (A/c 3)	1,959,000	1.13
Tea Custodians Limited - A/c NZCSD	1,685,000	0.97
Aorangi Laboratories Limited	1,500,000	0.86
Private Nominees Limited	1,343,000	0.77
Graeme Laurence Beckett & Janine Dale Beckett & Alan Murray Paterson	1,000,000	0.58
Jarden Investments Limited	1,000,000	0.58
Custodial Services Limited (A/c 2)	947,000	0.55
Masterportfolio Nominees Limited	857,000	0.49
The Nursing Sisters of The Little Company of Mary Trust Board	835,000	0.48
First NZ Capital Custodians Limited (DRP NZ)	827,000	0.48
Manchester Unity Friendly Society	600,000	0.35
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
Investment Custodial Services Limited (A/c 300000549)	492,000	0.28
New Zealand Methodist Trust Association	457,000	0.26
	29,289,000	16.87

20 Largest Registered Holders of 2011 Capital Notes

As at January 31, 2008

	Number	%
Graeme Laurence Beckett & Janine Dale Beckett & Alan Murray Paterson	1,522,000	3.92
Rect Funds Management Limited	748,000	1.93
Custodial Services Limited (A/c 3)	521,000	1.34
Tea Custodians Limited - A/c NZCSD	500,000	1.29
Woolf Fisher Trust Inc	500,000	1.29
First NZ Capital Custodians Limited	347,000	0.89
Burgoyne Phillip Owen	300,000	0.77
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
Steven John Payne	160,000	0.41
Johannes Francois Botha & Jacomina Johanna Botha	150,000	0.39
Duncan Fraser Forrest & Judy Marie Forrest	150,000	0.39
	<u>6,958,000</u>	<u>17.95</u>

Statutory Information (continued)

Substantial Security Holders

As at January 31, 2008

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 January 31, 2008 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 period.

Details of the shareholdings held at the end of the financial period 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 December 31, 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 period to December 31, 2007.

Auditor's Remuneration

Burns Philp Finance New Zealand has agreed to pay KPMG \$30,300 in audit fees for the period to December 31, 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 period 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 period ended December 31, 2007 are set out in the Burns Philp December 31, 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 period.

Employees' Remuneration

Burns Philp Finance New Zealand does not have, and did not have during the period to December 31, 2007, any employees.

Donations

Burns Philp Finance New Zealand has not made any donations during the period to December 31, 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 period to December 31, 2007 under Listing Rule 5.4.2.

This annual report is dated March 18, 2008 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 period.

Board Responsibilities

The Board is responsible for the overall corporate governance of Burns Philp Finance New Zealand.

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 August 29, 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.

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 June 30, 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 period 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 the internal control environment. During the period Burns Philp had in place a policy whereby the Chief Executive Officer and the Chief Financial Officer report 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 behaviour 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 PERIOD ENDED

\$	Note	December 31 2007 6 Months	June 30 2007 12 Months
Interest income and similar items	2	12,024,254	23,026,471
Interest expenses and similar items	3	(11,404,113)	(22,628,070)
Net interest income		620,141	398,401
General administrative expenses	4	(123,558)	(199,946)
Profit from operations		496,583	198,455
Profit before tax		496,583	198,455
Income tax expense	5	(161,842)	(21,708)
Net profit after tax		334,741	176,747
Earnings per share			
Basic earnings per share		3,347	1,767
Diluted earnings per share		3,347	1,767

Statements of Recognised Income and Expense

FOR THE PERIOD ENDED

\$	December 31 2007 6 Months	June 30 2007 12 Months
Net profit after tax	334,741	176,747
Total recognised income and expense	334,741	176,747

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

Balance Sheets

AS AT

\$	Note	December 31 2007	June 30 2007
Current assets			
Cash at bank		5,304	59,202
Receivable – related party	6	213,422,703	-
		213,428,007	59,202
Non-current assets			
Receivable – related party	6	-	211,881,364
		-	211,881,364
Total assets		213,428,007	211,940,566
Current liabilities			
Payables	7	1,329,131	1,331,441
Interest bearing borrowings	8	171,848,814	-
Current tax liabilities		756,228	408,338
		173,934,173	1,739,779
Non-current liabilities			
Interest bearing borrowings	8	37,738,840	208,594,485
Deferred tax liabilities	5	458,128	644,177
		38,196,968	209,238,662
Total liabilities		212,131,141	210,978,441
Net assets		1,296,866	962,125
Equity			
Issued capital	9	100	100
Retained earnings	9	1,296,766	962,025
Total shareholder's equity		1,296,866	962,125
Net tangible assets			
Net tangible asset backing per ordinary share		12,969	9,621
Net asset backing per ordinary share		12,969	9,621

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 PERIOD ENDED

\$	Note	December 31 2007 6 Months	June 30 2007 12 Months
Net cash from operating activities			
Cash provided from:			
Interest income received		10,479,630	21,418,036
		10,479,630	21,418,036
Cash applied to:			
Payment on transfer of tax losses		-	(359,325)
Interest paid		(10,410,944)	(20,796,396)
Other operating expenses		(122,584)	(212,120)
		(10,533,528)	(21,367,841)
	10	(53,898)	50,195
Net cash from investing activities			
		-	-
Net cash from financing activities			
		-	-
Net increase/(decrease) in cash balances			
		(53,898)	50,195
Cash balances at the beginning of the financial period			
Cash at bank		59,202	9,007
Cash balances at the end of the financial period			
Cash at bank		5,304	59,202

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 PERIOD ENDED DECEMBER 31, 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.

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 current financial period is for the six months ended December 31, 2007 whereas the comparatives are for the twelve month period ended June 30, 2007. This change is consistent with and aligns the Company with the change in financial period of its parent, Burns, Philp & Company Pty Limited ("Burns Philp"). As a result of this change the comparative amounts in the income statements, statements of recognised income and expense and statements of cashflows are not entirely comparable.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income tax

The income tax expense recognised in the income statement is the estimated income tax payable in the current period, 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 change in the New Zealand company tax rate from 33% to 30%.

(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) Payables

Trade and other payables are stated at cost.

(k) 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	December 31 2007 6 Months	June 30 2007 12 Months
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2. INTEREST INCOME AND SIMILAR ITEMS

Interest income and similar items comprises:

Interest income:

Related parties	12	12,008,798	23,010,598
Other		15,456	15,873
		12,024,254	23,026,471

3. INTEREST EXPENSES AND SIMILAR ITEMS

Interest expenses and similar items include:

Interest on 9.75% 2008 Capital Notes	8,479,848	16,934,204
Interest on 9.95% 2011 Capital Notes	1,931,096	3,862,192
Amortisation of deferred debt issue costs	993,169	1,831,674
	11,404,113	22,628,070

\$	Note	December 31 2007 6 Months	June 30 2007 12 Months
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4. GENERAL ADMINISTRATIVE EXPENSES

Fees paid to KPMG:

- Audit fees	30,300	40,300
- Examination of covenant compliance	11,000	11,000
Bank charges	-	2,387
Secretarial & consulting fees	82,258	146,259
	123,558	199,946

5. TAXATION

(a) Tax expense

Operating surplus before income tax	496,583	198,455
Taxable income	496,583	198,455
Tax expense at 33%	163,872	65,490
Tax rate change adjustment	(2,030)	(43,782)
Total income tax expense	161,842	21,708

Current tax	347,891	408,336
Deferred tax	(186,049)	(386,628)
Total income tax expense on Income Statement	161,842	21,708

(b) Net deferred tax liabilities

Balance at beginning of period	(644,177)	(733,743)
Deferred tax expense	186,049	386,628
Prior period adjustment		
- Adjust between Current and Deferred	-	(297,062)
Balance at end of period	(458,128)	(644,177)

Net deferred tax liabilities can be reconciled as follows:

Deferred tax liabilities		
- Unamortised debt issue costs	(458,128)	(644,177)
Net deferred tax liabilities	(458,128)	(644,177)

All movements in net deferred tax liabilities during the period have been recognised in the income statement.

6. RECEIVABLES

Owing by wholly-owned subsidiary of Burns Philp	12	213,422,703	211,881,364
		213,422,703	211,881,364

7. PAYABLES

Current:

Interest payable	1,246,704	1,246,704
Other creditors	82,427	84,737
	1,329,131	1,331,441

Notes to the Financial Statements (continued)

\$	Note	December 31 2007	June 30 2007
8. INTEREST BEARING BORROWINGS			
2008 Capital Notes 9.75% p.a.	15	173,684,000	173,684,000
Unamortised debt issue costs		(1,835,186)	(2,719,345)
		171,848,814	170,964,655
2011 Capital Notes 9.95% p.a.	15	38,816,000	38,816,000
Unamortised debt issue costs		(1,077,160)	(1,186,170)
		37,738,840	37,629,830
Total interest bearing borrowings		209,587,654	208,594,485

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 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 and bears an interest rate of 9.75% per annum and the other series which has an initial election date of November 15, 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 July 1, 2006	100	785,278	785,378
Total recognised income and expense	-	176,747	176,747
Balance at June 30, 2007	100	962,025	962,125
Balance at July 1, 2007	100	962,025	962,125
Total recognised income and expense	-	334,741	334,741
Balance at December 31, 2007	100	1,296,766	1,296,866

At December 31, 2007 the share capital comprised 100 ordinary shares (June 30, 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 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.

\$	Note	December 31 2007 6 Months	June 30 2007 12 Months
Net profit after income tax		334,741	176,747
Non-cash items:			
Amortisation of deferred debt issue costs		993,169	1,831,674
Movements in working capital:			
(Increase)/decrease in non-current receivables		(1,541,339)	(1,608,435)
(Decrease)/increase in trade creditors		(2,310)	(12,175)
(Decrease)/increase in tax liabilities		161,841	(337,616)
Net cash from operating activities		(53,898)	50,195

- (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 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.

(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 July 29, 2008. The borrower may prepay any part of the loan on an interest payment date.

12. RELATED PARTIES (continued)

(d) Balances with related parties

\$	December 31 2007	June 30 2007
Amounts receivable:		
BPC Finance (N.Z.) Limited	213,422,703	211,881,364

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 December 31, 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables. The carrying amount of financial assets represents the maximum credit exposure at the reporting date. At balance date the only material receivable was due from a related party.

As identified in Note 12, the related party is BPC Finance (N.Z.) Limited. The purpose of this related party was to be an investment holding company, however the investments have now been sold with the cash generated used for intercompany loan purposes.

The Company believes that no impairment allowance is necessary in respect of the related party receivable as the management and ultimate ownership of both companies is the same and liquidity risk in the related party is managed in the same manner.

Liquidity risk

Liquidity risk is the risk that Burn Philp Finance New Zealand will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when 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.

Interest rate risk

Interest rate risk is the risk that a change in interest rates will affect the Company's profit or loss or the value of its holding of financial instruments.

The Company's interest rate risk arises from borrowings and related party receivables at fixed rates, which expose the Company to fair value interest rate risk.

The Company's objective is to manage and control interest risk exposures within acceptable parameters. To manage interest rate risk the Company takes advantage of natural offsets from having borrowings and related party receivables at fixed rates. This is illustrated in the Repricing Analysis table below.

Interest rate sensitivity

A change in interest rates impacts the fair value of the Company's fixed rate borrowings and related party receivables. Fair value changes impact on profit or loss or equity only where the instruments are carried at fair value. Given all instruments are carried at amortised cost a change in interest rates would not impact profit or loss or equity.

Fair values of financial assets and liabilities

As at December 31, 2007, the fair value of the listed Capital Notes was \$206.7 million (June 30, 2007: \$213.4 million). The carrying value of all other financial assets and liabilities approximates the respective fair value.

The fair value of the Capital Notes is calculated using a valuation model which takes into account the last traded prices on the NZX and the discounted estimated future net cash flows based on the terms and maturity of the Notes at the reporting date.

15. FINANCIAL INSTRUMENTS (continued)

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
December 31, 2007								
Financial assets								
Cash balances		0%	5,304	5,304	-	-	-	-
Owing by subsidiary of parent company	12	11.45%	213,422,703	213,422,703	-	-	-	-
Total financial assets			213,428,007	213,428,007	-	-	-	-
Financial liabilities								
2008 Capital Notes	8	10.92%	(171,848,814)	(171,848,814)	-	-	-	-
2011 Capital Notes	8	10.83%	(37,738,840)	-	-	-	(37,738,840)	-
Total financial liabilities			(209,587,654)	(171,848,814)	-	-	(37,738,840)	-
Net financial position			3,840,353	41,579,193	-	-	(37,738,840)	-
June 30, 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)

Residual contractual maturities of financial assets and liabilities

\$	Note	Carrying Amount	Gross Nominal inflow/ (outflow)	On Demand	1-6 months	6 months to 1 year	1 year to 2 years	2-5 years*
December 31, 2007								
Financial assets								
Cash balances		5,304	5,304	5,304	-	-	-	-
Owing by subsidiary of parent company	12	213,422,703	227,582,715	-	12,218,450	215,364,265	-	-
Total financial assets		213,428,007	227,588,019	5,304	12,218,450	215,364,265	-	-
Financial liabilities								
2008 Capital Notes	8	(171,848,814)	(190,618,190)	-	(8,467,095)	(182,151,095)	-	-
2011 Capital Notes	8	(37,738,840)	(54,264,768)	-	(1,931,096)	(1,931,096)	(3,862,192)	(46,540,384)
Total financial liabilities		(209,587,654)	(244,882,958)	-	(10,398,191)	(184,082,191)	(3,862,192)	(46,540,384)
Net financial position		3,840,353	(17,294,939)	5,304	1,820,259	31,282,074	(3,862,192)	(46,540,384)
June 30, 2007								
Financial assets								
Cash balances		59,202	59,202	59,202	-	-	-	-
Owing by subsidiary of parent company	12	211,881,364	238,069,320	-	12,130,208	12,130,208	213,808,904	-
Total financial assets		211,940,566	238,128,522	59,202	12,130,208	12,130,208	213,808,904	-
Financial liabilities								
2008 Capital Notes	8	(170,964,655)	(199,085,285)	-	(8,467,095)	(8,467,095)	(182,151,095)	-
2011 Capital Notes	8	(37,629,830)	(56,195,864)	-	(1,931,096)	(1,931,096)	(3,862,192)	(48,471,480)
Total financial liabilities		(208,594,485)	(255,281,149)	-	(10,398,191)	(10,398,191)	(186,013,287)	(48,471,480)
Net financial position		3,346,081	(17,152,627)	59,202	1,732,017	1,732,017	27,795,617	(48,471,480)

* Maturities do not extend beyond five years.

The table above and that on page 24 show the gross nominal undiscounted inflows/(outflows) on the Company's financial assets and liabilities on the basis of their earliest possible contractual maturity and the expected maturity. The Company's expected cash flows on these instruments vary significantly from their contractual maturity. For example, amounts owing by subsidiaries of the parent company are expected to extend in part beyond their original contractual maturity (and the cash flows associated with this extension).

15. FINANCIAL INSTRUMENTS (continued)

Expected maturities of financial assets and liabilities

\$	Note	Carrying Amount	Gross Nominal inflow/ (outflow)	On Demand	1-6 months	6 months to 1 year	1 year to 2 years	2-5 years*
December 31, 2007								
Financial assets								
Cash balances		5,304	5,304	5,304	-	-	-	-
Owing by subsidiary of parent company	12	213,422,703	245,951,136	-	12,218,450	174,728,970	5,568,500	53,435,216
Total financial assets		213,428,007	245,956,440	5,304	12,218,450	174,728,970	5,568,500	53,435,216
Financial liabilities								
2008 Capital Notes	8	(171,848,814)	(190,618,190)	-	(8,467,095)	(182,151,095)	-	-
2011 Capital Notes	8	(37,738,840)	(54,264,768)	-	(1,931,096)	(1,931,096)	(3,862,192)	(46,540,384)
Total financial liabilities		(209,587,654)	(244,882,958)	-	(10,398,191)	(184,082,191)	(3,862,192)	(46,540,384)
Net financial position		3,840,353	1,073,482	5,304	1,820,259	(9,353,221)	1,706,308	6,894,832
June 30, 2007								
Financial assets								
Cash balances		59,202	59,202	59,202	-	-	-	-
Owing by subsidiary of parent company	12	211,881,364	256,437,742	-	12,130,208	12,130,208	175,934,975	56,242,351
Total financial assets		211,940,566	256,496,944	59,202	12,130,208	12,130,208	175,934,975	56,242,351
Financial liabilities								
2008 Capital Notes	8	(170,964,655)	(199,085,285)	-	(8,467,095)	(8,467,095)	(182,151,095)	-
2011 Capital Notes	8	(37,629,830)	(56,195,864)	-	(1,931,096)	(1,931,096)	(3,862,192)	(48,471,480)
Total financial liabilities		(208,594,485)	(255,281,149)	-	(10,398,191)	(10,398,191)	(186,013,287)	(48,471,480)
Net financial position		3,346,081	1,215,795	59,202	1,732,017	1,732,017	(10,078,312)	7,770,871

* Maturities do not extend beyond five years.

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 December 31, 2007 and the results of its operations and cash flows for the six month 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.

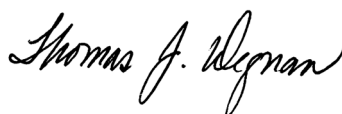
The Directors consider that they have taken adequate steps to safeguard the assets of Burns Philp Finance New Zealand and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability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

The Directors are pleased to present the financial statements of Burns Philp Finance New Zealand for the six month period ended December 31, 2007.

Signed for and on behalf of the Board of Directors on March 18, 2008.



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 24. The financial statements provide information about the past financial performance of the company and its financial position as at December 31, 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 December 31, 2007 and the results of its operations and cash flows for the six month period 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 24:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the company as at December 31, 2007 and the results of its operations and cash flows for the six month period ended on that date.

Our audit was completed on March 18, 2008 and our unqualified opinion is expressed as at that date.



KPMG

Auckland

Directory

DIRECTORS

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

AUDIT COMMITTEE

Graeme R Hart
Thomas J Degnan

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

ANNUAL REPORT

for the six months ended December 31, 2007