



**BURNS PHILP FINANCE
NEW ZEALAND LIMITED**

173 CAPTAIN SPRINGS ROAD
ONEHUNGA
AUCKLAND
PRIVATE BAG 92-106
AUCKLAND
NEW ZEALAND
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28 March 2008

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

**Burns Philp Finance New Zealand Limited –
Annual Report for the six months ended 31 December 2007**

Pursuant to Listing Rule 10.8.2, please find attached a letter dated 28 March 2008 addressed to the holders of the Capital Notes issued by Burns Philp Finance New Zealand Limited (“the Company”) which was sent to holders today with a copy of the Annual Report of the Company for the six months ended 31 December 2007 and the Annual Report of Burns, Philp & Company Pty Limited (“Burns Philp”) for the six months ended 31 December 2007.

It is noted that a copy of the printed version of the Company’s Annual Report was provided to the NZX on 18 March 2008. Attached is a copy of Burns Philp’s Annual Report.

Yours faithfully

Helen Golding
Company Secretary
Burns, Philp & Company Pty Limited

Encls



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28 March 2008

Dear Noteholder

Burns Philp Finance New Zealand Limited Capital Notes

Pursuant to Listing Rule 10.5.1 and clause 5.5(d) of the Restated Trust Deed dated 30 April 2003 for the Capital Notes, please find enclosed the Annual Report of Burns Philp Finance New Zealand Limited ("the Company") and the Annual Report of Burns, Philp & Company Pty Limited ("Burns Philp") for the 6 month period to 31 December 2007.

As previously advised, the balance date for both the Company and Burns Philp has changed from 30 June to 31 December, therefore the enclosed reports are annual reports but are for a six month period only rather than a full twelve months.

Should you have any enquiries in relation to your holding of Burns Philp Finance New Zealand Limited Capital Notes, please contact the Capital Notes Registrar:

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

Yours faithfully

Helen Golding
Company Secretary
Burns, Philp & Company Pty Limited

Encls

***Burns
Philp***

Annual Report

for the six months ended December 31, 2007

BURNS, PHILP & COMPANY PTY LIMITED

Directory

Burns, Philp & Company Pty Limited

ACN 000 000 359

Registered Office

Level 23

56 Pitt Street

Sydney NSW 2000

Australia

(GPO Box 543, Sydney NSW 2001)

Telephone: +61 2 9259 1111

Facsimile: +61 2 9247 3272

Managing Director & Chief Executive Officer

Thomas J Degnan

Company Secretaries

Helen Golding

Robyn Charnock

Auditor

KPMG

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Directors' Report

The Directors present their report together with the financial report of Burns, Philp & Company Pty Limited ("Burns Philp" or "the Company") and the consolidated financial report of the consolidated entity, being the Company and its subsidiaries ("the Group") for the six months ended December 31, 2007 and the auditor's report thereon.

1. Directors

The Directors of the Company as at December 31, 2007 and during the six months ended on that date, are:

Graeme Hart
Thomas Degnan
Bryce Murray
Helen Golding
Mark Dunkley, appointed October 17, 2007
Mark Burrows, resigned July 1, 2007

Messrs, Hart, Degnan, Murray and Ms Golding have been in office for the whole of the reporting period.

2. Principal activities

During the period, the Group primarily invested in businesses that manufacture, market and distribute food ingredients and consumer branded food and related products.

There were no significant changes in the nature of the activities of the Company during the period, other than as set out in the operating and financial review section of this report.

3. State of affairs

Changes in the state of affairs of the Group during the period under review are included in the operating and financial review section below.

4. Consolidated result

The net consolidated result attributable to members of the Company for the financial period was a profit of A\$77.5 million (year ended June 30, 2007: profit of A\$317.5 million).

5. Change in financial reporting period

The Group 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 & Company Pty Limited and its controlled entities with the change in financial period of its ultimate parent, Rank Group Limited. Under subsection 340(1) of the Corporations Act 2001 ("the Act"), the Australian Securities and Investments Commission made an order on November 15, 2007 relieving the Company and its Australian subsidiaries and certain other subsidiaries of Rank Group Limited from the requirement that a financial year subsequent to the first financial year be twelve months long, on the basis that they complied with certain parts of the Act in respect of the period from July 1, 2007 to December 31, 2007 as if that period was a financial year.

6. Operating and financial review

During the period under review, the Group continued with initiatives to achieve its goal of maximising shareholder return.

As previously reported the Group completed the sale of Uncle Tobys' business to Nestlé for proceeds of A\$893.5 million on July 14, 2006 and completed the sale of BlueBirds Foods to PepsiCo New Zealand Holdings for proceeds of NZ\$249.2 million (A\$222.1 million) on January 4, 2007.

Following the disposal of these businesses, the Group's remaining assets as reported at June 30, 2007 were the 20% investment in Goodman Fielder Limited ("Goodman Fielder"), a 50% stake in Fresh Start Bakeries Australia Pty Ltd ("Fresh Start Bakeries"), cash and related party receivables.

During the current financial period the residual interest of 20% in Goodman Fielder was disposed of for proceeds of A\$561.8 million.

Subsequent to the end of the financial period the Group entered into an agreement with FSB Holdings Australia Pty Limited on February 4, 2008 to sell its investment in Fresh Start Bakeries Australia. Proceeds of A\$37.8 million were received on the date of completion being February 20, 2008.

7. Environmental regulation

Following the disposal of its remaining operations described in the operating and financial review section of this report, the Group is not subject to any significant environmental regulations.

Prior to the disposal of the remaining operations, the Group had corporate and locally based procedures in place to monitor potential or actual environmental risks and manage compliance with existing and new environmental regulations as they come into force. Prior to and up to the date of the relevant disposals, the Directors were not aware of any significant environmental liabilities having been incurred.

8. Dividends

No dividend was paid or declared during the financial period. On February 15, 2008 an unfranked ordinary dividend of A\$331.8 million was declared by the Company and paid on February 20, 2008 to Kintron Developments Limited (the sole member).

9. Options and unissued shares or interests

There were no options for ordinary shares on issue during the financial period and none are on issue as at the date of this report.

No employee options are on issue as at the date of this report.

10. Events subsequent to reporting date

Subsequent to the end of the financial period the Group entered into an agreement with FSB Holdings Australia Pty Limited on February 4, 2008 to sell its investment in Fresh Start Bakeries Australia Pty Ltd. Proceeds of A\$37.8 million were received on the date of completion, being February 20, 2008, resulting in a gain on disposal of A\$25.8 million.

On February 15, 2008 an unfranked ordinary dividend of A\$331.8 million was declared by the Company and paid on February 20, 2008 to Kintron Developments Limited (the sole member).

On February 20, 2008 a subsidiary, Burns Philp Finance New Zealand Ltd, advanced A\$384.3 million to Rank Group Limited.

No other events have occurred subsequent to balance date that would have a material effect on the financial statements as at December 31, 2007 or the Group's state of affairs, operations or results in future financial years.

11. Likely developments

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

12. Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify the current Directors, Company Secretaries and Chief Financial Officer of the Company, and former Directors (Mr A McGregor, who is now deceased, Mr F Smith and Mr M Burrows) and a former Company Secretary (Mr P West) against losses incurred in their role as director, secretary, executive or other employee of the Company or its subsidiaries subject to certain exclusions, including to the extent that such an indemnity is prohibited by the Corporations Act 2001 or any other law. The agreement stipulates that the Company will meet the full amount of any such losses, costs and expenses (including legal expenses).

By a Deed Poll dated December 18, 1997 (as amended on November 3, 2000) the Company agreed to indemnify each director and company secretary of a subsidiary of the Company against any liability incurred as a result of having served as a director, secretary or employee of a subsidiary. The indemnity is subject to certain exclusions including to the extent that such an indemnity is prohibited by the Corporations Act or any other law.

12. Indemnification and insurance of officers and auditors (continued)

The agreement stipulates that the Company will meet the full amount of any such liabilities, costs and expenses (including legal fees).

By two separate Deeds of Indemnity authorised by the Board on November 14, 2005, the Company agreed to indemnify each of Mr H E Perrett and Mr M Ould on a full indemnity basis (subject to certain specified limitations) and to the full extent permitted by law against any liability incurred by either of them in their capacity as a director of Goodman Fielder in relation to certain specified matters in connection with the divestment by Burns Philp of its Baking, Spreads & Oils businesses and the initial public offering of ordinary shares in Goodman Fielder.

Each of the indemnities referred to above provide that the Company must maintain directors' and officers' insurance for a specified period and pay such premiums to the extent permitted by the law.

The Company has not been advised of any claims under any of the above indemnities.

Insurance

During the financial period the Company paid insurance premiums for a directors' and officers' liability (and legal expenses) insurance contract that provides cover for the current and former directors, secretaries and executive officers of both the Company and its subsidiaries. The Directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

Indemnification of auditors

From time to time the Group engages its external auditor, KPMG, to conduct non-statutory audit work and provide other services. The terms of engagement include an indemnity in favour of KPMG:

- (a) against all losses, claims, costs, demands, actions, damages, liabilities or any proceedings ("liabilities") incurred by KPMG in respect of third party claims arising from a breach by the Group under the engagement terms; and
- (b) for all liabilities KPMG has to the Group or any third party as a result of reliance on information provided by the Group which is false, misleading or incomplete.

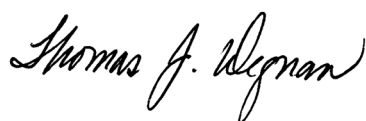
13. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the financial period ended December 31, 2007.

14. Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated July 10, 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

This report has been made in accordance with a resolution of the Directors of the Company.



Thomas J Degnan
Managing Director

March 18, 2008

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Burns, Philp & Company Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the six months ended December 31, 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Duncan McLennan

Partner

Sydney, Australia

March 18, 2008

Income Statements

FOR THE PERIOD ENDED

A\$ million	Note	Consolidated		Burns, Philp & Company Pty Limited	
		Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Continuing operations					
Revenue from sale of goods		-	-	-	-
Cost of goods sold		-	-	-	-
Gross profit		-	-	-	-
Gain on disposal of investment in Goodman Fielder Limited	2(a)	171.8	-	-	-
Dividends received from subsidiaries		-	-	-	363.3
Other income	2(b)	4.3	4.8	-	0.3
General and administration expenses		(14.4)	(12.9)	(8.4)	(19.5)
Share of profits of associates and jointly controlled entities	10	17.9	49.3	-	-
Profit/(loss) from continuing operations before net financing (expense)/income and tax	2	179.6	41.2	(8.4)	344.1
Financial income	3	49.3	114.5	38.5	119.7
Financial expenses	3	(99.4)	(181.6)	-	-
Net financing (expense)/income	3	(50.1)	(67.1)	38.5	119.7
Profit/(loss) before tax from continuing operations		129.5	(25.9)	30.1	463.8
Income tax (expense)	4	(52.0)	(30.5)	(1.6)	(52.7)
Profit/(loss) after tax from continuing operations		77.5	(56.4)	28.5	411.1
Discontinued operations					
Profit after tax from discontinued operations and gains and losses after tax on sale of discontinued operations	6	-	373.9	-	1.5
Net profit after tax	5	77.5	317.5	28.5	412.6
Attributable to:					
Equity holders of the parent		77.5	317.5	28.5	412.6

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 12 to 63.

Balance Sheets

AS AT

A\$ million	Note	Consolidated		Burns, Philp & Company Pty Limited	
		December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Current assets					
Cash and cash equivalents	7	866.9	367.5	1.2	0.7
Receivables	8	10.0	0.3	725.6	704.8
Assets classified as held for sale	9	12.0	0.4	-	-
Other assets	9	1.2	1.5	1.1	1.3
Total current assets		890.1	369.7	727.9	706.8
Non-current assets					
Receivables	8	1,521.2	1,497.9	420.7	407.2
Investments accounted for using the equity method	10	-	389.4	-	-
Other financial assets	11	-	-	251.9	251.9
Property, plant and equipment	12	1.2	1.1	0.3	0.2
Intangible assets	13	1.4	-	1.4	-
Deferred tax assets	14	39.0	103.4	6.0	0.9
Total non-current assets		1,562.8	1,991.8	680.3	660.2
Total assets		2,452.9	2,361.5	1,408.2	1,367.0
Current liabilities					
Payables	15	106.2	115.0	100.6	88.9
Interest bearing loans and borrowings	16	164.3	11.5	-	-
Current tax liabilities		4.4	2.5	1.9	-
Employee benefits	17	2.6	3.5	0.8	1.2
Provisions	18	15.6	15.5	1.1	1.1
Total current liabilities		293.1	148.0	104.4	91.2
Non-current liabilities					
Payables	15	696.6	700.0	-	-
Interest bearing loans and borrowings	16	33.2	189.1	-	-
Deferred tax liabilities	14	1.1	1.1	-	-
Employee benefits	17	0.4	0.6	0.4	0.6
Provisions	18	16.9	16.3	4.1	4.4
Total non-current liabilities		748.2	907.1	4.5	5.0
Total liabilities		1,041.3	1,055.1	108.9	96.2
Net assets		1,411.6	1,306.4	1,299.3	1,270.8
Equity					
Issued capital	19	470.3	470.3	470.3	470.3
Reserves	19	9.6	(18.1)	-	-
Retained earnings		931.7	854.2	829.0	800.5
Total equity		1,411.6	1,306.4	1,299.3	1,270.8

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 12 to 63.

Statements of Changes in Equity

Consolidated						
A\$ million	Note	Share capital	Foreign currency translation reserve	Hedge reserve	Retained earnings	Total equity
Balance at July 1, 2007		470.3	(21.1)	3.0	854.2	1,306.4
Foreign exchange translation differences, net of tax		-	18.8	-	-	18.8
Amounts reclassified to net profit on disposal of investment in Goodman Fielder Limited		-	11.9	(3.0)	-	8.9
Total non-profit items recognised directly in equity		-	30.7	(3.0)	-	27.7
Net profit after tax		-	-	-	77.5	77.5
Total recognised income and expense		-	30.7	(3.0)	77.5	105.2
Balance at December 31, 2007		470.3	9.6	-	931.7	1,411.6
Balance at July 1, 2006		1,114.1	(34.5)	0.9	1,529.2	2,609.7
Share of associates' hedge reserve movement, net of tax		-	-	2.1	-	2.1
Total non-profit items recognised directly in equity		-	-	2.1	-	2.1
Net profit after tax		-	-	-	317.5	317.5
Total recognised income and expense		-	-	2.1	317.5	319.6
Reduction in capital	19(a)	(643.8)	-	-	(676.0)	(1,319.8)
Dividends paid to shareholders	19(c)	-	-	-	(2.2)	(2.2)
Related party debt forgiveness	1(t),22	-	-	-	(66.9)	(66.9)
Loss on amalgamation of subsidiary	1(t),22	-	13.4	-	(247.4)	(234.0)
Balance at June 30, 2007		470.3	(21.1)	3.0	854.2	1,306.4
Burns, Philp & Company Pty Limited						
A\$ million	Note	Share capital	Foreign currency translation reserve	Hedge reserve	Retained earnings	Total equity
Balance at July 1, 2007		470.3	-	-	800.5	1,270.8
Total non-profit items recognised directly in equity		-	-	-	-	-
Net profit after tax		-	-	-	28.5	28.5
Total recognised income and expense		-	-	-	28.5	28.5
Balance at December 31, 2007		470.3	-	-	829.0	1,299.3
Balance at July 1, 2006		1,114.1	-	-	1,133.0	2,247.1
Total non-profit items recognised directly in equity		-	-	-	-	-
Net profit after tax		-	-	-	412.6	412.6
Total recognised income and expense		-	-	-	412.6	412.6
Reduction in capital	19(a)	(643.8)	-	-	(676.0)	(1,319.8)
Dividends paid to shareholders	19(c)	-	-	-	(2.2)	(2.2)
Related party debt forgiveness	1(t),22	-	-	-	(66.9)	(66.9)
Balance at June 30, 2007		470.3	-	-	800.5	1,270.8

The statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 12 to 63.

Statements of Cash Flows

FOR THE PERIOD ENDED

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Cash flows from operating activities				
Cash receipts from customers	-	84.8	-	2.4
Cash paid to suppliers and employees	(15.0)	(130.8)	(9.9)	(31.0)
Cash generated from operations	(15.0)	(46.0)	(9.9)	(28.6)
Dividends received from associates and jointly controlled entities	21.3	30.9	-	-
Interest received	13.0	105.7	24.8	113.2
Financing costs paid				
Interest	(12.7)	(36.0)	-	-
Settlement of foreign currency contracts	(63.3)	-	-	-
Foreign currency option premiums	-	(13.3)	-	-
Cross currency swap close-out costs	-	(7.7)	-	-
Income taxes refunded/(paid)	1.1	(1.5)	-	-
Net cash from operating activities^(a)	(55.6)	32.1	14.9	84.6
Cash flows from investing activities				
Acquisition of property, plant and equipment	(0.2)	(1.3)	(0.2)	(0.1)
Acquisition of intangible assets	(1.4)	-	(1.4)	-
Disposal of businesses, net of costs and cash disposed of ^(b)	-	1,110.5	-	-
Proceeds from sale of property, plant and equipment	1.0	8.4	-	-
Proceeds from sale of Goodman Fielder Limited investment, net of costs	554.8	-	-	-
Proceeds from the sale of other financial assets	0.7	-	-	-
Net cash from investing activities^(c)	554.9	1,117.6	(1.6)	(0.1)
Cash flows from financing activities				
Loans (to)/from subsidiaries	-	-	(12.8)	1,304.3
Loans to other related parties	-	(2,431.7)	-	(1,386.8)
Repayment of borrowings – other parties	-	(630.4)	-	-
Dividends paid – converting preference shares	-	(2.2)	-	(2.2)
Net cash from financing activities^(c)	-	(3,064.3)	(12.8)	(84.7)
Net increase/(decrease) in cash held	499.3	(1,914.6)	0.5	(0.2)
Cash and cash equivalents at beginning of period	367.5	2,405.9	0.7	0.9
Effects of exchange rate changes on cash (including cash at beginning of the period and cash transactions during the period)	0.1	(123.8)	-	-
Cash and cash equivalents at end of period (refer to Note 7)	866.9	367.5	1.2	0.7

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 12 to 63.

Statements of Cash Flows (continued)

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
(a) Reconciliation of net cash from operating activities to net profit after tax				
Net profit after tax	77.5	317.5	28.5	412.6
Add/(less):				
Non-cash items				
Depreciation and amortisation	0.1	1.8	0.1	-
Share of profits of associates and jointly controlled entities, net of dividends received	3.4	(18.4)	-	-
Dividends received from subsidiaries	-	-	-	(363.3)
Profit before tax on disposal of non-current assets and businesses	(172.6)	(496.2)	-	-
Amortisation of debt issue costs	0.9	2.1	-	-
Items not classified as operating activities				
Net foreign currency exchange losses	23.1	105.0	-	-
Changes in assets and liabilities net of effects of acquisitions and disposals of businesses				
Related party receivable	(37.5)	(17.0)	(13.7)	(6.5)
Other creditors – accrued interest payable	0.8	(3.1)	(0.7)	-
Provisions	0.9	(25.2)	(0.3)	(0.7)
Employee benefits	(0.9)	(8.5)	(0.6)	(10.0)
Derivative financial instruments	(1.4)	21.2	-	-
Current tax liabilities	7.9	155.3	8.7	27.1
Deferred tax assets and liabilities	44.7	5.2	(7.1)	26.3
Other assets and liabilities, net	(2.5)	(7.6)	-	(0.9)
Net cash from operating activities	(55.6)	32.1	14.9	84.6

(b) Acquisitions and disposals of businesses

(i) Inflow/(outflow) of cash:

A\$ million	Consolidated			
	Six months ended		Year ended	
	December 31, 2007		June 30, 2007	
	Acquisitions	Disposals	Acquisitions	Disposals
Cash proceeds	-	-	-	1,115.6
Transaction and other costs paid	-	-	-	(16.3)
Cash received for retention of workers' compensation liabilities	-	-	-	13.1
Net cash disposed of	-	-	-	(1.9)
	-	-	-	1,110.5

(ii) Details of net assets disposed of:

A\$ million	Consolidated			
	Six months ended		Year ended	
	December 31, 2007		June 30, 2007	
	Acquisitions	Disposals	Acquisitions	Disposals
Property, plant and equipment	-	-	-	155.2
Goodwill	-	-	-	184.4
Identifiable intangible assets	-	-	-	223.4
Deferred tax assets	-	-	-	0.9
Trade debtors	-	-	-	61.7
Inventories	-	-	-	37.5
Cash	-	-	-	1.9
Other current and non-current assets	-	-	-	3.4
Trade creditors	-	-	-	(34.0)
Other payables	-	-	-	(3.9)
Employee benefits	-	-	-	(12.0)
Provisions	-	-	-	(0.8)
Net assets disposed of	-	-	-	617.7

Refer to Note 6 for details regarding business disposals in the year ended June 30, 2007.

(c) Non-cash financing and investing activities

There were no significant non-cash financing and investing activities during the current period.

During March 2007, 1,199,819,383 of the Company's ordinary shares held by Building Supplies Group Holdings Pty Limited ("BSGH") (formerly known as Rank Group Australia Pty Limited) were cancelled for consideration of A\$1,319.8 million. Consideration for the cancellation was deducted from monies previously loaned to BSGH in January 2007 (refer to Note 19(a) for further details).

Notes to the Financial Statements

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Burns, Philp & Company Pty Limited ("Burns Philp" or "the Company"), is a proprietary company domiciled in Australia. The consolidated financial report of the Company as of and for the six months ended December 31, 2007 comprises the Company and its subsidiaries (together referred to as "the consolidated entity" or "the Group") and the consolidated entity's interest in associates and jointly controlled entities.

On November 15, 2007, the Company, together with a number of other companies within the wholly owned group as controlled by the ultimate parent entity, Rank Group Limited, changed its fiscal year to end on December 31 for the current and future financial periods. As a result of this change, comparative information in the Income Statement, Statements of Cash Flow and Changes in Equity are for the twelve month period ended June 30, 2007 whereas the current period information is for the six month period ended December 31, 2007.

The financial report was authorised for issue by the Directors on March 17, 2008.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial report of the Group and the financial report of the Company also comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value.

The Company is of a kind referred to in ASIC Class Order 98/100 dated July 10, 1998 (updated by CO 05/641 effective July 28, 2005 and CO 06/51 effective January 31, 2006) and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest tenth of a million dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The consideration of these factors enables management to make the necessary judgements about the carrying values of assets and liabilities when the information is not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Unless otherwise indicated, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and have been applied consistently by all entities in the consolidated entity.

The following standards were available for early adoption but have not been applied by the Group in these financial statements:

- *AASB 8 Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's December 31, 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. AASB 8 is not expected to have an impact on the financial results of the Company or the Group as the standard is only concerned with disclosures.
- *Revised AASB 101 Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's December 31, 2009 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.
- *Revised AASB 123 Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 is expected to have no impact on the Group as currently such costs under the current version of the standard are treated in the manner as prescribed.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition, less any impairment write downs, in the Company's financial statements.

Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of the associate. Investments are carried at the lower of the equity accounted amount and recoverable amount.

Jointly controlled entities

In the consolidated financial statements, investments in jointly controlled entities are accounted for using equity accounting principles. Investments are carried at the lower of the equity accounted amount and recoverable amount.

The consolidated entity's share of the jointly controlled entity's net profit or loss is recognised in the consolidated income statement from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the "Investments in associates" and "Share of associates' net profit" accounts.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the respective entity's functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date.

The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation of the net investment in foreign operations, including related hedges and borrowings that form part of the net investment, are recognised directly in the foreign currency translation reserve, net of tax.

Financial statements of foreign operations

On disposal of a foreign operation, the cumulative balance in the foreign currency translation reserve is transferred to the income statement in determining the gain/loss on disposal, except where the disposal is a transaction with shareholders, when it is transferred to retained earnings.

In respect of all foreign operations, any exchange differences that arose before July 1, 2004, the date of transition to IFRS, have been transferred to retained earnings.

Notes to the Financial Statements (continued)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Derivative financial instruments and hedging

Derivative financial instruments are recognised initially at fair value, the best evidence of which is generally the transaction price or cost at the initial recognition date. Subsequent to initial recognition, all derivative financial instruments are measured at fair value with any gain or loss on re-measurement recognised immediately in the income statement, unless it qualifies as a cash flow hedge or as a hedge of a net investment in foreign operations.

The fair value of interest rate swaps and foreign currency derivatives is the estimated amount that the consolidated entity would receive or pay to terminate the instrument at the balance sheet date, taking into account current market conditions and the current creditworthiness of the counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(f) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(i) below).

Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity for each part of an item of property, plant and equipment. Generally this is a straight line basis. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- freehold buildings 40 – 50 years
- plant and equipment 3 – 33 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(g) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. At the date of acquisition, goodwill is determined based on the preliminary fair value of net identifiable assets acquired. Goodwill recognised on acquisition is subject to change until the allocation of the purchase price to the fair value of net identifiable assets is finalised, not more than 12 months from the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, instead it is allocated to cash-generating units and tested regularly, at least annually, for impairment (see Note 1(i) below).

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(h) Other intangible assets

Other intangible assets, including computer system development projects, that are acquired by the consolidated entity are stated at cost less accumulated amortisation and impairment losses (see Note 1(i) below).

Amortisation is charged to the income statement, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity over the estimated useful lives of the intangible assets, unless such lives are indefinite.

Computer system development projects, which are expected to provide future economic benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful life. Capitalised project costs are amortised from the time the project assets are in use.

The estimated useful lives in the current and comparative periods are as follows:

- computer software 2.5 years.

(i) Impairment

The carrying amounts of the consolidated entity's assets, other than inventories (see Note 1(k) below), employee benefit assets and deferred tax assets (see Note 1(p) below) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For goodwill and other intangible assets the recoverable amount is estimated at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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 the consolidated entity's receivables carried at amortised cost 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.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation.

A provision is determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Dividends

A liability for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

Restructuring and employee termination benefits

Provisions for restructuring or termination benefits are recognised when a detailed plan has been approved and the restructuring or termination benefits have either commenced or been publicly announced. Future operating costs are not provided for.

Workers' compensation

Burns Philp was a self-insurer under the Victorian Accident Compensation Act for the period to August 18, 2006 and was a self-insurer under the New South Wales Workers' Compensation Act for the period April 1, 2001 to April 30, 2004. Provisions have been made in respect of all employees in Victoria and New South Wales for all assessed workers' compensation liabilities incurred and both reported and not reported, for the relevant periods of self-insurance based on independent actuarial assessments plus a prudential margin. The actuarial assessments are based on a number of assumptions including those related to the long term nature of certain claims, the frequency and value of claims and a discount rate that is based on Australian Commonwealth Government Bond yields. In compliance with the relevant state schemes, workers' compensation risk for all Australian employees, other than for the periods of self-insurance outlined above, has been transferred via insurance to third party insurers.

Notes to the Financial Statements (continued)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the basis of first-in-first-out, or average cost, whichever is the most appropriate for each class of inventory. The method of assigning costs to inventory in each business is applied consistently from year to year. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost of manufactured inventory and work in progress includes applicable variable and fixed factory overhead costs, the latter being allocated on the basis of normal operating capacity.

(l) Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing loans and 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 loans and borrowings on an effective interest rate basis.

(m) Revenue recognition

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax and other value-added taxes payable to local taxation authorities. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when the risks and rewards of ownership and title of goods pass to the customer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method.

Dividends

In the Company's financial statements, revenue from dividends and distributions paid out of post-acquisition profits by subsidiaries are recognised when they are declared by the subsidiaries. Dividends paid out of pre-acquisition profits by subsidiaries are applied firstly to reduce the carrying value of the investments in the controlled entity. Any dividends received in excess of the carrying value of the investment are then recognised as revenue.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The consolidated entity's net obligation in respect of defined benefit superannuation plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The discount rate used is the rate attaching to AA credit rated bonds that have maturity dates which most closely match the terms of maturity of the related liabilities. Where AA credit rated bonds are not available, and specifically for all Australian and New Zealand defined obligations, the discount rate used is the rate attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

In respect of actuarial gains and losses that arise, and in calculating the consolidated entity's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

When the calculation results in plan assets exceeding liabilities to the consolidated entity, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Long-term service benefits

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

Provisions are calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history. Provisions are discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided up to balance date. Provisions are calculated at undiscounted amounts based on wage and salary rates that the consolidated entity expects to pay as at reporting date, including related on-costs.

(o) Net financing (expense)/income

Net financing (expense)/income comprises interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and gains and losses on derivative instruments that are recognised in the income statement (see Note 1(e)). Foreign currency exchange gains and losses on net unhedged foreign currency borrowings are also included in net financing (expense)/income. Borrowing costs are expensed as incurred and included in net financing (expense)/income.

(p) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous 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 following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

As previously reported, up until December 18, 2006, Burns Philp was the head entity in a tax-consolidated group comprising Burns Philp and its wholly-owned Australian resident entities. On December 19, 2006, Burns Philp and its wholly-owned Australian resident entities became part of the Rank Group Australia Pty Limited ("RGA") (which has been subsequently renamed Building Supplies Group Holdings Pty Limited ("BSGH")) tax-consolidated group, BSGH being the head entity. As a consequence of this change in arrangements, deferred tax assets amounting to A\$70.1 million arising from unused tax losses, previously recognised by Burns Philp, were transferred to RGA on that date.

With effect from July 1, 2007, Burns Philp assumed the role as head entity of the Australian tax-consolidated group from BSGH.

Notes to the Financial Statements (continued)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax (continued)

Nature of funding arrangements and tax sharing agreements

The members of the Burns Philp tax-consolidated group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/(from) the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) in the separate financial statements of the members of the tax-consolidated group equal in amount to the tax liability/(asset) assumed. The inter-entity receivable/(payable) is at call.

The head entity (Burns Philp) recognises the assumed current tax amounts as current tax liabilities/(assets), adding to its own current tax amounts, since they are also due to or from the same taxation authority. Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The members of the tax-consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as the likelihood of a requirement to make a payment of any amounts under the tax sharing agreement is considered remote.

(q) Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale and the assets and liabilities of a disposal group classified as held for sale are presented separately on the balance sheet. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, the asset or disposal group is available for immediate sale in its current condition, and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the asset (and all assets and liabilities in a disposal group) is brought up to date in accordance with IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the consolidated entity's business that represents: a separate major line of business; geographical area of operations; or is a controlled entity acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Upon classification as a discontinued operation or asset held for sale, the Group ceases to depreciate or amortise non-current assets classified as held for sale, including non-current assets of disposal groups held for sale.

When the consolidated entity retains a significant continuing involvement in an operation, either directly or indirectly, that operation is not reported as a discontinued operation.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash equivalents for the purpose of the statements of cash flows.

(s) Related party loans

Loans receivable from or payable to related parties, including loans between the Company and its subsidiaries, are generally non-interest bearing and repayable on demand. These are measured at their fair value. Where loan receivables are not expected to be called within the next twelve months these loans are classified as non-current.

Where loan agreements allow for interest to be received or paid, interest is calculated and accrued using the effective interest method.

Where loan agreements specify repayment periods greater than twelve months, loans receivable and payable are classified as non-current and carried at amortised cost based on the effective interest method.

(t) Transactions with related parties as owners

Transactions with related parties by Group companies are classified as transactions with owners when the transactions are completed on a non-arms length basis. Any gains or losses arising on consummation of the related party transactions are taken directly to equity.

Related party transactions that may result in gains or losses being taken directly to equity include, but are not limited to:

- Debt forgiveness transactions;
- Contribution of assets for greater than or less than fair value; and
- Acquisition or disposal, including merger or amalgamation, of subsidiaries for no consideration or consideration which is greater than or less than fair value.

(u) Accounting estimates and judgements

The preparation of the consolidated and Company financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation and uncertainty

Self-insured workers' compensation liabilities

Provisions for self-insured workers' compensation liabilities are based on actuarial assessments plus a prudential margin. See Note 1(j) for information regarding estimates and assumptions used in valuing these liabilities.

Realisation of deferred income tax assets

As Burns Philp is part of an Australian tax-consolidated group, estimates of Burns Philp's Australian deferred tax balances are now considered in light of the overall tax-consolidated group's tax profile. Burns Philp assesses the recoverability of deferred tax assets with reference to estimates of future taxable income of the Burns Philp tax-consolidated group. To the extent that actual taxable income is different to the Board's estimates of future taxable income, this may affect the value of recognised deferred tax assets. Deferred tax assets have been recognised to offset deferred tax liabilities, if both deferred tax assets and liabilities are expected to be realised in the same jurisdiction and reporting period. Deferred tax assets have also been recognised based on the Board's best estimate of the recovery of these assets against estimated future taxable income.

Notes to the Financial Statements (continued)

NOTE 2. PROFIT FROM CONTINUING OPERATIONS BEFORE NET FINANCING (EXPENSE) AND TAX

Profit from continuing operations before net financing (expense) and tax includes the following items:

(a) Gain on disposal of investment in Goodman Fielder Limited

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Sale proceeds	561.8	-	-	-
Carrying amount of investment	(374.1)	-	-	-
Gross gain on disposal	187.7	-	-	-
Costs associated with the sale	(7.0)	-	-	-
Amounts reclassified from reserves:				
Foreign currency translation reserve	(11.9)	-	-	-
Hedge reserve	3.0	-	-	-
	171.8	-	-	-

(b) Other income

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Gain on disposal of properties held for sale	0.6	2.8	-	-
Gain on disposal of investments and other financial assets	0.7	-	-	-
Net foreign currency exchange gain	1.1	-	-	-
Release of unused provisions	-	1.6	-	-
Management and guarantee fees received from:				
Subsidiaries	-	-	-	0.1
Other related parties	1.7	-	-	-
Other miscellaneous income items	0.2	0.4	-	0.2
	4.3	4.8	-	0.3

(c) Other expense items requiring separate disclosure

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Personnel expenses	(5.8)	(12.5)	(3.3)	(4.9)
Operating lease rental expense	(0.3)	(0.6)	(0.3)	(0.6)
Depreciation and amortisation – plant and equipment	(0.1)	(0.1)	(0.1)	(0.1)

(d) Auditors' remuneration

A\$ '000	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Audit services				
Auditors of the Company – KPMG				
KPMG Australia				
Audit and review of financial reports	139.0	299.0	139.0	299.0
Audit of special purpose financial reports ⁽ⁱ⁾	-	95.0	-	95.0
Other regulatory audit services	-	33.0	-	33.0
Overseas KPMG firms				
Audit and review of financial reports	43.8	56.8	-	-
Audit of special purpose financial reports ⁽ⁱ⁾	-	56.7	-	-
Total KPMG	182.8	540.5	139.0	427.0
Total audit services	182.8	540.5	139.0	427.0
Other services				
Auditors of the Company – KPMG				
KPMG Australia				
Taxation	17.7	227.5	17.7	227.5
Other assurance services	-	27.0	-	27.0
Overseas KPMG firms				
Other assurance services	9.7	14.5	-	-
Taxation	-	-	-	-
Total KPMG	27.4	269.0	17.7	254.5
Total other services	27.4	269.0	17.7	254.5

All audit and other services provided by the auditors are pre-approved by the Audit & Risk Committee. As part of this pre-approval process, the Audit & Risk Committee ensures that the services do not have an impact on the auditors' independence.

- (i) Includes the audit of special purpose financial reports prepared in conjunction with the business disposals in the year ended June 30, 2007 detailed in Note 6.

Notes to the Financial Statements (continued)

NOTE 3. NET FINANCING (EXPENSE)/INCOME

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Financial income				
Interest revenue				
Subsidiaries	-	-	24.6	112.6
Other related parties	35.8	17.0	13.7	6.5
Other parties	13.5	97.5	0.2	0.6
Total financial income	49.3	114.5	38.5	119.7
Financial expenses				
Interest expense				
NZ Capital Notes	(9.0)	(18.2)	-	-
Other parties	(4.5)	(14.7)	-	-
Amortisation of debt issue costs	(0.9)	(2.1)	-	-
Loss on derivative instruments	(61.9)	(41.6)	-	-
Net foreign currency exchange loss ⁽ⁱ⁾	(23.1)	(105.0)	-	-
Total financial expenses	(99.4)	(181.6)	-	-
Net financing (expense)/income	(50.1)	(67.1)	38.5	119.7

(i) As detailed in Note 24, the Group has net foreign currency positions in various currencies. In accordance with Note 1(d), a net foreign currency exchange loss of A\$23.1 million (year ended June 30, 2007 – A\$105.0 million loss) has been included in net financing (expense).

NOTE 4. INCOME TAX (EXPENSE)

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
(a) Recognised in the income statement				
Current tax (expense)/benefit				
Tax payable in Australia				
Burns Philp tax-consolidated group ⁽ⁱⁱⁱ⁾				
Burns Philp	(8.8)	(22.1)	(8.8)	(22.1)
Subsidiaries	3.2	22.1	-	-
BSGH tax-consolidated group ⁽ⁱ⁾				
Burns Philp	-	(8.7)	-	(8.7)
Subsidiaries	-	(148.1)	-	-
Tax payable overseas	(0.9)	-	-	-
Prior period (under)/over provision	(0.3)	-	0.1	3.7
	(6.8)	(156.8)	(8.7)	(27.1)
Deferred tax (expense)/benefit				
Origination and reversal of tax losses and temporary differences	(52.6)	37.3	(0.3)	(1.2)
Deferred tax (expense) reclassified from foreign currency translation reserve (refer to Note 19 (b))	-	(17.4)	-	-
Prior period (under) provision	(2.2)	-	(2.2)	-
Benefit of tax losses recognised	9.6	-	9.6	-
Reversal of tax losses previously recognised	-	(25.1)	-	(25.1)
	(45.2)	(5.2)	7.1	(26.3)
Total income tax (expense) recognised in the income statement	(52.0)	(162.0)	(1.6)	(53.4)
Attributable to:				
Continuing operations	(52.0)	(30.5)	(1.6)	(52.7)
Discontinued operations (refer to Note 6)	-	(3.6)	-	-
Gain on sale of discontinued operations (refer to Note 6)	-	(127.9)	-	(0.7)
	(52.0)	(162.0)	(1.6)	(53.4)

(i) Up until December 18, 2006, Burns Philp and its Australian subsidiaries comprised the Burns Philp tax-consolidated group. On December 19, 2006, these companies became part of the BSGH tax-consolidated group. The current tax liability of A\$156.8 million incurred by Burns Philp and its Australian subsidiaries in the year ended June 30, 2007 after becoming part of the BSGH tax-consolidated group was transferred to BSGH under tax funding arrangements (refer to Note 1(p) for further details).

(ii) With effect from July 1, 2007, Burns Philp assumed the role as head entity of the Australian tax-consolidated group from BSGH.

Notes to the Financial Statements (continued)

NOTE 4. INCOME TAX (EXPENSE) (CONTINUED)

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
(b) Numerical reconciliation between income tax (expense) and pre-tax profit/(loss)				
Profit/(loss) before tax-continuing operations	129.5	(25.9)	30.1	463.8
Profit before tax-discontinued operations	-	505.4	-	2.2
Total profit before tax	129.5	479.5	30.1	466.0
Income tax (expense) using the domestic corporation tax rate of 30% (June 30, 2007: 30%)	(38.9)	(143.8)	(9.0)	(139.8)
(Increase)/decrease in income tax (expense) due to:				
Effect of tax losses recognised	9.6	-	9.6	-
Effect of reversal of tax losses previously recognised	-	(25.1)	-	(25.1)
Effect of tax losses and temporary differences arising during the period not recognised	(0.2)	(26.8)	-	-
Deferred tax asset derecognised on disposal of investment in Goodman Fielder Limited	(13.8)	-	-	-
Adjustment due to transfer of investment in Goodman Fielder to a New Zealand subsidiary	-	11.3	-	-
Non-assessable gain on sale of Bluebird Foods	-	22.6	-	-
Differences in overseas tax rates	(7.8)	(1.5)	-	-
Non-assessable intragroup dividends	-	-	-	109.0
Prior period (under)/over provision	(2.5)	-	(2.1)	3.7
Other items	1.6	1.3	(0.1)	(1.2)
Income tax (expense) on pre-tax profit	(52.0)	(162.0)	(1.6)	(53.4)
(c) Deferred income tax (expense) recognised directly in equity				
Relating to foreign currency exchange (gains) included in the foreign currency translation reserve ⁽ⁱ⁾	-	(4.0)	-	-
Relating to other movements in the hedge reserve ⁽ⁱ⁾	-	(0.9)	-	-
Total deferred income tax (expense) recognised directly in equity	-	(4.9)	-	-

(i) Refer to Note 1(d) and Note 19(b) for further details.

(d) Available franking credits

As of December 31, 2007, the balance of franking credits available for the franking of dividends was A\$47.4million (June 30, 2007: Nil).

NOTE 5. SEGMENT REPORTING

The Group has not operated in any business segment since the disposal of its New Zealand snack business ("Bluebird Foods") on January 4, 2007 with its revenue since then derived principally from its equity investments in Goodman Fielder Limited (until its disposal on October 25, 2007) and Fresh Start Bakeries Australia Pty Ltd ("Fresh Start Bakeries"), and its short term cash deposits.

All of the Group's assets and liabilities represent unallocated/corporate items. Consequently no business segment information has been provided in respect of the current six months.

Business segment information in respect of the comparative period, the year ended June 30, 2007, represents the results of the Group's businesses disposed of in that year, Bluebird Foods which was disposed of on January 4, 2007 and the Australian snacks business ("Uncle Tobys") which was disposed of on July 14, 2006. These businesses have been classified as discontinued operations for the year ended June 30, 2007 (refer to Note 6 for further details).

For both the current period and the year ended June 30, 2007, the Group's activities have been based primarily in Australia and New Zealand.

Notes to the Financial Statements (continued)

NOTE 5. SEGMENT REPORTING (CONTINUED)

Primary reporting by business segment

A\$ million	Discontinued Operations			Consolidated
	Snacks - Australia	Snacks - New Zealand	Total	Total
Year ended June 30, 2007				
Revenue				
External segment revenue from sale of goods ⁽ⁱⁱⁱ⁾	11.9	63.7	75.6	75.6
Result				
Segment EBIT ⁽ⁱ⁾	3.5	8.5	12.0	12.0
Corporate/unallocated EBIT ⁽ⁱⁱ⁾	-	-	-	41.2
Profit before net financing (expense) and tax	3.5	8.5	12.0	53.2
Net financing (expense)	-	-	-	(67.1)
(Loss)/profit before tax	3.5	8.5	12.0	(13.9)
Income tax (expense)	(1.1)	(2.5)	(3.6)	(34.1)
(Loss)/profit after tax	2.4	6.0	8.4	(48.0)
Gain on sale of discontinued operations, net of tax				365.5
Net profit after tax				317.5
Assets				
Segment assets	-	-	-	-
Corporate/unallocated assets	-	-	-	2,361.5
Consolidated total assets	-	-	-	2,361.5
Liabilities				
Segment liabilities	-	-	-	-
Corporate/unallocated liabilities	-	-	-	1,055.1
Consolidated total liabilities	-	-	-	1,055.1
Acquisitions of property, plant and equipment				
Business segments	0.2	1.0	1.2	1.2
Corporate				0.1
Total acquisitions of property, plant and equipment during the year				1.3

(i) Included in segment EBIT were:

Non-cash expense items

- Net movements in provisions	(0.2)	(0.8)	(1.0)	(1.0)
- Depreciation and amortisation	-	(1.7)	(1.7)	(1.7)

(ii) Included in corporate/unallocated EBIT were:

Share of net profits of associates				49.3
Non-cash expense items				
- Net movements in provisions				11.6
- Depreciation and amortisation				(0.1)

(iii) There were no significant inter-segment sales.

Secondary reporting by geographic segment

A\$ million	Australia	New Zealand	Consolidated Total
Six months ended December 31, 2007			
Revenue			
External segment revenue from sale of goods ⁽ⁱ⁾	-	-	-
Assets			
Segment assets	-	-	-
Corporate/unallocated assets			2,452.9
Consolidated total assets			<u>2,452.9</u>
Acquisitions of property, plant and equipment			
Corporate			0.2
Total acquisitions of property, plant and equipment during the period			<u>0.2</u>
Long lived assets			
Property, plant and equipment			1.2
Intangible assets			1.4
Total long-lived assets			<u>2.6</u>
Year ended June 30, 2007			
Revenue			
External segment revenue from sale of goods ⁽ⁱ⁾	11.9	63.7	75.6
Assets			
Segment assets	-	-	-
Corporate/unallocated assets			2,361.5
Consolidated total assets			<u>2,361.5</u>
Acquisitions of property, plant and equipment			
Geographic segments	0.2	1.0	1.2
Corporate			0.1
Total acquisitions of property, plant and equipment during the year			<u>1.3</u>
Long lived assets			
Property, plant and equipment			1.1
Total long-lived assets			<u>1.1</u>

(i) There were no significant inter-segment sales.

Notes to the Financial Statements (continued)

NOTE 6. DISCONTINUED OPERATIONS

On May 23, 2006, Burns Philp announced that it had entered into an agreement with Nestlé Australia Limited ("Nestlé") to sell Uncle Tobys for a total price of A\$890.0 million. This business is reported as the Snacks Australia business segment in the business segment information for the year ended June 30, 2007 in Note 5.

On July 14, 2006, the Group completed the sale of the Uncle Tobys business to Nestlé for A\$890.0 million. The sale proceeds were subject to completion adjustments in respect of closing asset and liability values resulting in the receipt of further proceeds of A\$3.5 million. In addition, the Group received a payment of A\$13.1 million for the reimbursement of provisions for self-insured workers' compensation retained by the Group.

On December 7, 2006, Burns Philp announced that it had entered into an agreement with PepsiCo New Zealand Holdings to sell Bluebird Foods for a total price of NZ\$245.8 million (A\$219.1 million). This business is reported as the Snacks New Zealand business segment in the business segment information for the year ended June 30, 2007 in Note 5. The Bluebird Foods business was classified as a discontinued operation on September 30, 2006 when the Group determined that Bluebird Foods met the criteria to be classified as a disposal group held for sale. Depreciation on its non-current assets ceased at that time.

On January 4, 2007, the Group completed the sale of Bluebird Foods to PepsiCo New Zealand Holdings for proceeds of NZ\$245.8 million (A\$219.1 million). The sale proceeds were subject to completion adjustments in respect of closing asset and liability values resulting in further proceeds of NZ\$3.4 million (A\$3.0 million) being subsequently received.

Consolidated financial information, for Uncle Tobys for the period July 1, 2006 to July 14, 2006 (the sale completion date) and for Bluebird Foods for the period July 1, 2006 to January 4, 2007 (the sale completion date), is set out in the table below.

A\$ million	Uncle Tobys	Bluebird Foods	Total
Year ended June 30, 2007			
Income statement information			
Revenue from sale of goods	11.9	63.7	75.6
Costs of goods sold	(6.3)	(38.0)	(44.3)
Gross profit	5.6	25.7	31.3
Selling, marketing and distribution expenses	(1.5)	(13.7)	(15.2)
General and administration expenses	(0.6)	(3.8)	(4.4)
Other income/(expenses), net	-	0.3	0.3
Profit before net financing (expense) and tax	3.5	8.5	12.0
Interest expense	-	-	-
Interest revenue	-	-	-
Net financing (expense)	-	-	-
Profit before tax	3.5	8.5	12.0
Income tax (expense)	(1.1)	(2.5)	(3.6)
Profit after tax	2.4	6.0	8.4
Gain on sale of discontinued operations, before tax	425.0	68.4	493.4
Income tax (expense)	(127.9)	-	(127.9)
Gain on sale of discontinued operations, net of tax	297.1	68.4	365.5
Net profit	299.5	74.4	373.9
Cash flow information			
Net cash from operating activities	3.3	6.8	10.1
Net cash from investing activities	(0.1)	(1.0)	(1.1)
Net cash from financing activities	-	-	-
	3.2	5.8	9.0

Uncle Tobys

A net profit after tax of A\$297.1 million on the sale of Uncle Tobys was reflected in the consolidated financial statements for the year ended June 30, 2007 as set out below:

	A\$ million
Sale proceeds	893.5
Workers' compensation insurance proceeds received	13.1
Costs associated with the sale	(16.4)
Carrying amount of net assets sold	(465.2)
Gain on sale of discontinued operations, before tax	425.0
Income tax (expense)	(127.9)
Gain on sale of discontinued operations, net of tax	297.1

The consolidated net gain, before tax, included A\$13.1 million of proceeds received for the reimbursement of provisions for self-insured workers' compensation which were retained by the Group. Income tax expense on the sale primarily represented the reversal of the temporary difference recognised in the year ended June 30, 2006 due to the recognition of accounting and tax gains in different reporting periods. No income tax was paid on the sale of the business.

In addition to the consolidated information set out above, the Company recognised a A\$2.2 million gain before tax on the sale of Uncle Tobys, represented by proceeds received for the reimbursement of the provision for self-insured workers' compensation retained by the Company. Related income tax expense of A\$0.7 million was also recognised.

Bluebird Foods

A net profit after tax of A\$68.4 million on the sale of Bluebird Foods was reflected in the consolidated financial statements for the year ended June 30, 2007 as set out below.

	A\$ million
Sale proceeds	222.1
Carrying amount of net assets sold	(152.5)
Costs associated with the sale	(2.5)
Amount reclassified from foreign currency translation reserve	1.3
Gain on sale of discontinued operations, before tax	68.4
Income tax (expense)	-
Gain on sale of discontinued operations, net of tax	68.4

Notes to the Financial Statements (continued)

NOTE 7. CASH AND CASH EQUIVALENTS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Cash at bank and on hand	3.0	3.6	1.2	0.7
Short term deposits	863.9	363.9	-	-
Total cash and cash equivalents	866.9	367.5	1.2	0.7

NOTE 8. RECEIVABLES

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Current				
Other receivables	0.7	0.3	0.2	0.2
Receivables due from subsidiaries	-	-	716.5	704.6
Receivables due from other related parties	9.3	-	8.9	-
Total current receivables	10.0	0.3	725.6	704.8
Non-current				
Loans to other related parties:				
Interest bearing	1,100.0	1,064.2	420.7	407.2
Non-interest bearing	421.2	433.7	-	-
Total non-current receivables	1,521.2	1,497.9	420.7	407.2

NOTE 9. OTHER ASSETS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
(a) Other assets				
Current				
Deferred expenditure	-	1.0	-	1.0
Prepayments	1.1	0.4	1.1	0.3
Other	0.1	0.1	-	-
Total current other assets	1.2	1.5	1.1	1.3
(b) Assets classified as held for sale				
Investment in Fresh Start Bakeries	12.0	-	-	-
Properties held for sale	-	0.4	-	-
Total assets classified as held for sale	12.0	0.4	-	-

NOTE 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

A\$ million	Consolidated December 31, 2007	June 30, 2007
Non-current		
Associates	-	378.8
Jointly controlled entity	-	10.6
	-	389.4

Details of equity accounted investments

Name	Principal activities	Country	Reporting date	% Ownership interest		Consolidated carrying value A\$ million	
				December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Goodman Fielder Limited ⁽ⁱ⁾	Food Manufacture	Australia	June 30	-	20.0	-	378.8
Fresh Start Bakeries Australia Pty Ltd ⁽ⁱⁱ⁾	Food Manufacture	Australia	June 30	50.0	50.0	-	10.6
						-	389.4

(i) The market value of the Group's interest in Goodman Fielder Limited at June 30, 2007 was A\$643.9 million.

(ii) Investment in Fresh Start Bakeries Australia Pty Ltd has been classified as an asset held for sale at December 31, 2007 (refer to Note 9(b)).

Results of equity accounted investments

A\$ million	Revenues 100%	Profit after tax 100%	Profit before tax	Burns Philp's share of Income tax (expense)	Profit after tax
Six months ended December 31, 2007					
Goodman Fielder Limited	835.3	75.5	19.4	(4.3)	15.1
Fresh Start Bakeries Australia Pty Ltd	37.7	3.8	4.0	(1.2)	2.8
	873.0	79.3	23.4	(5.5)	17.9
Year ended June 30, 2007					
Goodman Fielder Limited	2,426.7	236.1	62.0	(14.5)	47.5
Fresh Start Bakeries Australia Pty Ltd	60.9	3.6	2.6	(0.8)	1.8
	2,487.6	239.7	64.6	(15.3)	49.3

Notes to the Financial Statements (continued)

NOTE 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Net assets of equity accounted investments

A\$ million	Total assets as reported by associates and jointly controlled entities (100%)		Total liabilities as reported by associates and jointly controlled entities (100%) ⁽ⁱ⁾		Burns Philp's share of net assets of associates and jointly controlled entities	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Goodman Fielder Limited	-	3,359.6	-	1,478.7	-	378.8
Fresh Start Bakeries Australia Pty Ltd	73.3	74.4	40.2	43.7	12.0	10.6
	73.3	3,434.0	40.2	1,522.4	12.0	389.4

(i) Total liabilities of associates includes minority interest

Share of associates' and jointly controlled entities' commitments

A\$ million	Consolidated	
	December 31, 2007	June 30, 2007
<i>Share of capital commitments contracted but not provided for or payable:</i>		
Within one year	0.9	1.8
<i>Share of other expenditure commitments contracted but not provided for or payable (including operating lease commitments):</i>		
Within one year	-	4.7
One year or later and no later than five years	-	8.2
Later than five years	-	5.2
	-	18.1

NOTE 11. OTHER FINANCIAL ASSETS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Non-current				
Shares in subsidiaries				
Cost	-	-	305.8	305.8
Provision for impairment loss	-	-	(53.9)	(53.9)
Total non-current other financial assets	-	-	251.9	251.9

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Plant and equipment				
Cost	1.4	1.2	1.4	1.2
Accumulated depreciation	(1.1)	(1.0)	(1.1)	(1.0)
Total plant and equipment	0.3	0.2	0.3	0.2
Freehold properties				
Cost	0.9	0.9	-	-
Accumulated depreciation	-	-	-	-
Total freehold properties	0.9	0.9	-	-
Total property, plant and equipment⁽ⁱ⁾	1.2	1.1	0.3	0.2

(i) Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Plant and equipment

Cost at beginning of period	1.2	34.9	1.2	1.1
Accumulated depreciation at beginning of period	(1.0)	(10.0)	(1.0)	(1.0)
Carrying amount at beginning of period	0.2	24.9	0.2	0.1
Foreign currency fluctuations	-	2.0	-	-
Movement due to business disposals	-	(26.3)	-	-
Additions	0.2	1.3	0.2	0.1
Depreciation	(0.1)	(1.7)	(0.1)	-
Carrying amount at end of period	0.3	0.2	0.3	0.2

Freehold properties

Cost at beginning of period	0.9	22.4	-	-
Accumulated depreciation at beginning of period	-	(3.1)	-	-
Carrying amount at beginning of period	0.9	19.3	-	-
Foreign currency fluctuations	-	1.3	-	-
Movement due to business disposals	-	(16.8)	-	-
Disposals	-	(2.8)	-	-
Depreciation	-	(0.1)	-	-
Carrying amount at end of period	0.9	0.9	-	-

Notes to the Financial Statements (continued)

NOTE 13. INTANGIBLE ASSETS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Identifiable intangible assets				
Computer software - cost	1.4	-	1.4	-
Total intangible assets⁽ⁱ⁾	1.4	-	1.4	-

(i) A reconciliation of the carrying amount of identifiable intangible assets is set out below:

Computer software

Carrying amount at beginning of period	-	-	-	-
Additions	1.4	-	1.4	-
Amortisation	-	-	-	-
Carrying amount at end of period	1.4	-	1.4	-

NOTE 14. DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

A\$ million	Assets		Consolidated (Liabilities)		Net assets/(liabilities)	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Tax value of loss carry forwards recognised	40.4	7.6	-	-	40.4	7.6
Investment in Goodman Fielder	-	94.0	-	-	-	94.0
Investment in Fresh Start Bakeries	-	-	(2.2)	-	(2.2)	-
Unrealised foreign currency exchange losses/(gains)	0.5	1.0	(0.2)	-	0.3	1.0
Employee benefits	0.5	0.6	-	-	0.5	0.6
Other items	0.4	0.7	(1.5)	(1.6)	(1.1)	(0.9)
Tax assets/(liabilities)	41.8	103.9	(3.9)	(1.6)	37.9	102.3
Set off of tax	(2.8)	(0.5)	2.8	0.5	-	-
Net tax assets/(liabilities)	39.0	103.4	(1.1)	(1.1)	37.9	102.3

A\$ million	Assets		Burns, Philp & Company Pty Limited (Liabilities)		Net assets/(liabilities)	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Employee benefits	0.2	0.4	-	-	0.2	0.4
Tax value of loss carry forwards recognised	7.6	-	-	-	7.6	-
Investment in Fresh Start Bakeries	-	-	(2.2)	-	(2.2)	-
Other items	0.4	0.5	-	-	0.4	0.5
Tax assets/(liabilities)	8.2	0.9	(2.2)	-	6.0	0.9
Set off of tax	(2.2)	-	2.2	-	-	-
Net tax assets/(liabilities)	6.0	0.9	-	-	6.0	0.9

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Tax losses ⁽ⁱ⁾				
Revenue losses	43.9	-	43.9	-
Capital losses	65.2	-	65.2	-
Temporary difference:				
Derivative financial instruments	15.2	16.0	-	-
Investment in subsidiaries	130.4	98.8	-	-
Total unrecognised deferred tax assets	254.7	114.8	109.1	-

(i) Unrecognised tax losses were transferred from BSGH on July 1, 2007 when Burns Philp assumed the role of head entity of the Australian tax-consolidated Group (refer to Note 1(p) for further details).

(c) Movement in deferred tax assets and liabilities during the period

A\$ million	Consolidated				
	Assets/(liability) at beginning of period	Recognised in income statement	Recognised in equity	Other movements	Assets/(liability) at end of period
Six months ended December 31, 2007					
Tax value of loss carry forwards recognised	7.6	33.5	-	(0.7)	40.4
Unrealised foreign currency exchange losses	1.0	(0.7)	-	-	0.3
Employee benefits	0.6	(0.1)	-	-	0.5
Investment in Goodman Fielder	94.0	(75.5)	-	(18.5)	-
Investment in Fresh Start Bakeries	-	(2.2)	-	-	(2.2)
Other items	(0.9)	(0.2)	-	-	(1.1)
	102.3	(45.2)	-	(19.2)	37.9
Year ended June 30, 2007					
Tax value of loss carry forwards recognised	95.7	(18.9)	-	(69.2)	7.6
Derivative financial instruments	9.9	(9.9)	-	-	-
Unrealised foreign currency exchange (gains)/losses	(16.6)	1.5	16.1	-	1.0
Employee benefits	2.8	(1.5)	-	(0.7)	0.6
Property, plant and equipment	0.8	(0.1)	-	(0.7)	-
Deferred tax relating to Uncle Tobys sale	124.0	(124.0)	-	-	-
Investment in Goodman Fielder	(58.2)	152.5	(3.6)	3.3	94.0
Other items	3.9	(4.8)	-	-	(0.9)
	162.3	(5.2)	12.5	(67.3)	102.3

Notes to the Financial Statements (continued)

NOTE 14. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

A\$ million	Burns, Philp & Company Pty Limited				Assets/ (liability) at end of period
	Assets/(liability) at beginning of period	Recognised in income statement	Recognised in equity	Other movements	
Six months ended December 31, 2007					
Employee benefits	0.4	(0.2)	-	-	0.2
Tax value of loss carry forwards recognised	-	9.6	-	(2.0)	7.6
Investment in Fresh Start Bakeries	-	(2.2)	-	-	(2.2)
Other items	0.5	(0.1)	-	-	0.4
	0.9	7.1	-	(2.0)	6.0
Year ended June 30, 2007					
Employee benefits	1.7	(1.3)	-	-	0.4
Tax value of loss carry forwards recognised	95.2	(25.1)	-	(70.1)	-
Other items	0.4	0.1	-	-	0.5
	97.3	(26.3)	-	(70.1)	0.9

NOTE 15. PAYABLES

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Current				
Creditors and accruals	6.4	7.9	1.1	2.2
Owing to associates	-	0.3	-	-
Loans from other related parties	99.8	106.8	99.5	86.7
Total current payables	106.2	115.0	100.6	88.9
Non-current				
Derivative financial instruments ⁽ⁱ⁾	52.0	53.4	-	-
Loans from other related parties	644.6	646.6	-	-
Total non-current payables	696.6	700.0	-	-

(i) Refer to Note 24 for further details.

NOTE 16. INTEREST BEARING LOANS AND BORROWINGS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Current				
Unsecured				
NZ Capital Notes ^{(i) (iii)}	151.3	-	-	-
Related party loan	13.0	11.5	-	-
Total current interest bearing loans and borrowings⁽ⁱⁱⁱ⁾	164.3	11.5	-	-
Non-current				
Unsecured				
NZ Capital Notes ^{(i) (iii)}	33.2	189.1	-	-
Total non-current interest bearing loans and borrowings⁽ⁱⁱⁱ⁾	33.2	189.1	-	-
(i) Notes payable	187.1	192.6	-	-
Unamortised debt issue costs	(2.6)	(3.5)	-	-
	184.5	189.1	-	-
(ii) Interest bearing loans and borrowings by currency:				
New Zealand dollars	184.5	189.1	-	-
United States dollars	12.7	11.4	-	-
Canadian dollars	0.3	0.1	-	-
Total interest bearing loans and borrowings	197.5	200.6	-	-

(iii) Burns Philp Finance New Zealand Limited ("Burns Philp Finance New Zealand"), a subsidiary of Burns Philp, has issued NZ\$212.5 million of Capital Notes ("NZ Capital Notes"). The NZ Capital Notes are guaranteed by Burns Philp and another of its subsidiaries, BPC Foods International Pty Limited. The NZ 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 NZ 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 during the year ended June 30, 2007, Burns Philp Finance New Zealand will be required to offer to redeem or purchase all NZ Capital Notes for cash on their next election dates, being either December 15, 2008 or November 15, 2011. In addition, Burns Philp Finance New Zealand may offer new terms and conditions to apply to the NZ Capital Notes from the next election date. Such revised terms will not be binding on noteholders who may request redemption on the election date.

(iv) Details of the consolidated entity's committed financing facilities as at December 31, 2007 and June 30, 2007, are set out below:

	Consolidated			
	December 31, 2007 A\$ million	Average Maturity	June 30, 2007 A\$ million	Average Maturity
Bank overdrafts	4.4	1.0 years	14.5	1.0 years
NZ Capital Notes	187.1	1.3 years	192.6	2.0 years
Total committed lines of credit	191.5		207.1	
Add cash	866.9		367.5	
Less gross interest bearing liabilities	(187.1)		(192.6)	
Undrawn lines of credit and cash	871.3		382.0	

Notes to the Financial Statements (continued)

NOTE 17. EMPLOYEE BENEFITS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Current				
Retirement allowances	-	0.2	-	0.2
Salaries and wages accrued	0.5	1.5	0.4	0.5
Liability for annual leave	2.1	1.8	0.4	0.5
Total current employee benefits	2.6	3.5	0.8	1.2
Non-current				
Recognised liability for defined benefit obligations ⁽ⁱ⁾	-	-	-	-
Liability for long service leave	0.4	0.6	0.4	0.6
Total non-current employee benefits	0.4	0.6	0.4	0.6

(i) Assets/liabilities for defined benefit obligations

Burns Philp sponsors the Burns Philp Group Superannuation Plan that services the retirement benefits for a group of retired employees of Burns Philp. This plan has been closed to new members since 1999. As advised by the plan actuary, the Company has been on a contribution holiday since 1989. This position is regularly reviewed by the Company, in consultation with the plan actuary.

The accrued benefits, plan assets at net market value and vested benefits of the Burns Philp Group Superannuation Plan as at December 31, 2007 and June 30, 2007, based on the most recent financial statements of the plan, are set out in the table below. Accrued benefits are benefits which the plan is presently obliged to pay at some future date as a result of membership of the plan. Vested benefits are benefits which are not conditional upon the continued membership of the plan or any factor, other than resignation from the plan.

At December 31, 2007, the Directors, based on the advice of the trustees of the Burns Philp Group Superannuation Plan, are not aware of any changes in circumstances since the date of the most recent financial statements of the plan which would have a material impact on the overall financial position of the plan.

Defined Benefit Plan

A\$ million	Accrued benefits		Plan assets at net market value		Funded status - overfunded		Vested benefits	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Burns Philp Group Superannuation Plan	5.2	5.5	9.6	10.7	4.4	5.2	5.2	5.5

Movements in the net asset/liability for defined benefit obligations recognised in the balance sheet

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Net asset for defined benefit obligations at beginning of period	-	0.2	-	-
Disposal of businesses ⁽ⁱ⁾	-	(0.2)	-	-
Net asset for defined benefit obligations at end of period	-	-	-	-
Reconciliation of funded status:				
Funded status – overfunded	4.4	5.2	4.4	5.2
Unrecognised (asset) ⁽ⁱⁱ⁾	(4.4)	(5.2)	(4.4)	(5.2)
Net amount recognised at balance date	-	-	-	-
Amounts for the current and previous period are as follows⁽ⁱⁱⁱ⁾:				
Defined benefit obligation	(5.2)	(5.5)	(5.2)	(5.5)
Fund assets	9.6	10.7	9.6	10.7
Surplus	4.4	5.2	4.4	5.2
Experience adjustments on fund liabilities	-	-	-	-
Experience adjustments on fund assets	-	-	-	-

- (i) The movement in the year ended June 30, 2007 represented the prepaid pension asset included in the net assets of the Uncle Tobys business disposed of in July 2006.
- (ii) Under the terms of the Trust Deed governing the Burns Philp Group Superannuation Plan, the Company is only entitled to the benefit of the plan surplus in limited circumstances. As of December 31, 2007 and June 30, 2007 the circumstances are such that the Company does not expect to benefit from the plan surplus in the foreseeable future.
- (iii) The consolidated entity and the Company have used the AASB 1.20A exemption and disclosed amounts under AASB 1.20A(p) above for each annual reporting period prospectively from the transition date.

Notes to the Financial Statements (continued)

NOTE 17. EMPLOYEE BENEFITS (CONTINUED)

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Change in benefit obligation:				
Benefit obligation at beginning of period	5.5	36.8	5.5	5.5
Interest cost	0.4	0.4	0.4	0.4
Benefits paid	(0.7)	(0.4)	(0.7)	(0.4)
Disposal of businesses	-	(31.3)	-	-
Benefit obligation at end of period	5.2	5.5	5.2	5.5
Change in plan assets:				
Fair value of plan assets at beginning of period	10.7	41.5	10.7	9.8
Actual return on plan assets	(0.2)	1.5	(0.2)	1.5
Benefits paid	(0.7)	(0.4)	(0.7)	(0.4)
Disposal of businesses	-	(31.7)	-	-
Other	(0.2)	(0.2)	(0.2)	(0.2)
Fair value of plan assets at end of period	9.6	10.7	9.6	10.7
Components of net periodic pension costs:				
Interest cost	0.4	0.4	0.4	0.4
Expected return on plan assets	(0.4)	(0.4)	(0.4)	(0.4)
Net periodic pension costs	-	-	-	-

As a consequence of the continuation of the contribution holiday in the Burns Philp Group Superannuation Plan, the consolidated entity was not required to contribute to this plan in the six months ended December 31, 2007 and does not expect to be required to contribute in the year ended December 31, 2008.

Composition of plan assets

	Target	December 31, 2007	June 30, 2007
Equity securities	60.3%	58.0%	58.0%
Debt securities and cash	27.9%	34.0%	34.0%
Property	11.8%	8.0%	8.0%
Total	100.0%	100.0%	100.0%

The investment strategy adopted by the Trustees of the Group's defined benefit plan is to control the level of risk by investing in a broad range of quality investments, using a range of Australian and international investment managers who specialise in cash, fixed interest debt securities, shares and property. The Trustees regularly review the plan's investments and adjust the investment strategy in order to maximise returns within this controlled risk profile and take advantage of perceived market efficiencies.

Investment goals are to earn the best possible returns within the appropriate strategic level of risk, and maintain the plan's financial viability by ensuring plan assets exceed benefit obligations. Derivatives are used to limit exposure to market fluctuations and are used within appropriate control environments for the respective pension plan assets.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	December 31, 2007	June 30, 2007
<i>Weighted average assumptions used to calculate the net periodic pension costs:</i>		
Discount rate	7.0%	7.0%
Long term rate of return on plan assets	7.0%	7.0%
Rate of compensation increase	3.0%	3.0%
<i>Weighted average assumption used to calculate the period end benefit obligations:</i>		
Discount rate	7.0%	7.0%
Rate of compensation	3.0%	3.0%

The determination of the expected return on plan assets is made with reference to factors that include independent actuarial advice, historical rate of return, including both short term and longer term trends, and changes in the age profiles of the Group's workforce. There is some inherent uncertainty of the nature of these items, therefore a change in the expected return may be required in future periods. Although the precise impact of a potential change cannot be quantified, a sustained downward revision of the expected return on plan assets may result in the recognition of additional pension expense for those members with guaranteed defined benefits.

Defined contribution plans

Employer contributions to defined contribution plans are based on various percentages of their gross salaries. The consolidated entity contributed A\$0.1 million to defined contribution plans during the current period (year ended June 30, 2007: A\$ 0.3 million).

Notes to the Financial Statements (continued)

NOTE 18. PROVISIONS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Current				
Legal claims	10.9	11.1	0.2	0.2
Workers' compensation	4.2	3.9	0.9	0.9
Other	0.5	0.5	-	-
Total current provisions⁽ⁱ⁾⁽ⁱⁱ⁾	15.6	15.5	1.1	1.1
Non-current				
Workers' compensation	16.9	16.3	4.1	4.4
Total non-current provisions⁽ⁱ⁾⁽ⁱⁱ⁾	16.9	16.3	4.1	4.4

(i) The nature of each class of provisions is outlined below:

Legal claims

The consolidated entity is subject to litigation in the ordinary course of operations and has provided indemnities and warranties to purchasers in respect of the sale of discontinued operations. Provisions for legal claims are recognised when estimated costs associated with settling current legal proceedings and indemnity and warranty claims are considered probable. Provisions include estimated legal and other fees associated with settling these claims. Refer to Note 21 for further details of the Group's contingent liabilities.

Workers' compensation

Burns Philp was a self-insurer under the Victorian Accident Compensation Act. BPC Foods Pty Limited ("BPC Foods", formerly Goodman Fielder Limited), a subsidiary of the Group, originally obtained a licence to self-insure in Victoria on July 14, 2001. Subsequent to its takeover of BPC Foods, Burns, Philp & Company Pty Limited obtained a licence and the BPC Foods licence was handed back. Subsequent to June 30, 2006, the Burns, Philp & Company Pty Limited licence was handed back. However, the Group has retained the liabilities and the majority of the obligations of a self-insurer for claims incurred from September 1, 1985 to August 19, 2006.

The self-insurance licence for the Group's former New South Wales operations, which was held from April 1, 2001, was handed back on April 30, 2004. Provisions have been maintained in respect of the period of self-insurance in New South Wales from April 1, 2001 until April 30, 2004 as the Group has retained this liability.

Provisions have been made in respect of all employees in New South Wales and Victoria for all assessed workers' compensation liabilities incurred and both reported and not reported, for the relevant periods of self-insurance, based on independent actuarial assessments plus a prudential margin.

In compliance with the relevant state schemes, workers' compensation risk for all Australian employees other than for the periods of self-insurance outlined above, has been transferred via insurance to third party insurers.

Other provisions

Other provisions are primarily comprised of provisions for motor vehicle self insurance.

(ii) Reconciliations of the carrying amount of each class of provision are set out below:

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Legal claims				
Carrying amount at beginning of period	11.1	27.2	0.2	-
Foreign currency fluctuations	(0.3)	(2.2)	-	-
Provisions made/(reversed) during the period	0.6	(1.9)	-	0.2
Payments made during the period	(0.5)	(12.0)	-	-
Carrying amount at end of period	10.9	11.1	0.2	0.2
Workers' compensation				
Carrying amount at beginning of period	20.2	32.0	5.3	6.2
Movement due to business disposals	-	(0.4)	-	-
Provisions made/(reversed) during the period	2.5	(8.5)	-	(0.5)
Payments made during the period	(1.6)	(2.9)	(0.3)	(0.4)
Carrying amount at end of period	21.1	20.2	5.0	5.3
Business closure and rationalisation				
Carrying amount at beginning of period	-	0.3	-	-
Payments made during the period	-	(0.3)	-	-
Carrying amount at end of period	-	-	-	-
Other provisions				
Carrying amount at beginning of period	0.5	0.6	-	-
Provisions (reversed) during the period	-	(0.1)	-	-
Carrying amount at end of period	0.5	0.5	-	-

Notes to the Financial Statements (continued)

NOTE 19. CAPITAL AND RESERVES

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
(a) Share capital				
1,629,315,312 (June 30, 2007 - 1,629,315,312) ordinary shares, fully paid	470.3	470.3	470.3	470.3
Total issued capital	470.3	470.3	470.3	470.3

Movements since June 30, 2006 in Burns, Philp & Company Pty Limited ordinary shares and converting preference shares ("CP Shares") have been as follows:

Ordinary Shares

	Number of shares	A\$ million
Ordinary shares at June 30, 2006	2,033,854,190	880.8
Automatic conversion of remaining CP shares on issue August 13, 2006	795,280,505	233.3
Capital reduction	(1,199,819,383)	(643.8)
Ordinary shares at June 30, 2007 and December 31, 2007	1,629,315,312	470.3

Effective July 1, 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and, at members' meetings, are entitled to one vote on a show of hands and one vote per share on a poll.

In the event of winding up of the Company, ordinary shareholders rank after secured and unsecured creditors and are fully entitled to the balance of any proceeds on liquidation.

Reduction of issued capital

On February 15, 2007, the Directors of the Company approved a selective capital reduction, whereby 1,199,819,383 ordinary shares held by BSGH were cancelled for consideration of A\$1,319.8 million. Consideration for the cancellation was deducted from monies loaned to BSGH in January 2007. This selective capital reduction, approved by shareholders on February 16, 2007 and implemented on March 6, 2007, resulted in a reduction in issued capital of A\$643.8 million and a reduction in retained earnings of A\$676.0 million.

CP Shares

	Number of shares	A\$ million
CP Shares at June 30, 2006	795,280,505	233.3
Automatic conversion of remaining CP Shares on issue August 13, 2006	(795,280,505)	(233.3)
CP Shares at June 30, 2007 and December 31, 2007	-	-

Holders of CP Shares were entitled to receive, where there were profits available for the payment of dividends, a cumulative preferential dividend of 7.5% per annum, based on the issue price of A\$0.30 per share, payable quarterly with no guarantee of franking. Each CP Share was convertible (subject to takeover laws) into one ordinary share at any time during its five year term at the option of the holder or otherwise on the fifth anniversary of its issue date of August 13, 2001 (or, in certain limited circumstances, later). No further payment was required by the holder on conversion of the CP Shares. CP Shares on issue at August 13, 2006 were automatically converted to ordinary shares at that date.

(b) Reserves

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Foreign currency translation reserve	9.6	(21.1)	-	-
Hedge reserve	-	3.0	-	-
Total reserves⁽ⁱ⁾	9.6	(18.1)	-	-

(i) Details of the nature and purpose of reserves and of movements in reserves during the period are as follows:

Foreign currency translation reserve

The foreign currency translation reserve comprises the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the consolidated entity, as well as the translation of transactions that hedge the consolidated entity's net investment in foreign operations or the translation of foreign currency monetary items forming part of the net investment in self-sustaining operations, net of related income tax (expense)/benefit.

Movements in the foreign currency translation reserve are set out below:

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Balance at beginning of period	(21.1)	(34.5)	-	-
Foreign exchange translation differences	18.8	(8.2)	-	-
Related deferred income tax (expense)	-	(1.3)	-	-
Share of associates' foreign exchange translation differences	-	9.2	-	-
Related deferred income tax (expense)	-	(2.7)	-	-
Foreign exchange translation differences reclassified to net profit				
On disposal of investment in Goodman Fielder Limited	11.9	-	-	-
On disposal of business	-	(1.3)	-	-
On repayment of inter-company loans	-	(13.1)	-	-
Related deferred income tax benefit reclassified to net profit	-	17.4	-	-
Foreign exchange translation differences reclassified to retained earnings on amalgamation of subsidiary (refer to Note 1(t) and Note 22)	-	13.4	-	-
Total current period movements	30.7	13.4	-	-
Balance at end of period	9.6	(21.1)	-	-

Notes to the Financial Statements (continued)

NOTE 19. CAPITAL AND RESERVES (CONTINUED)

Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Amounts are reclassified from the hedge reserve to net profit when the hedged transaction occurs or when the hedged transaction is no longer expected to take place.

Movements in the hedge reserve are set out below:

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Balance at beginning of period	3.0	0.9	-	-
Share of associates' hedge reserve movements	-	3.0	-	-
Related deferred income tax (expense)	-	(0.9)	-	-
Amount reclassified to net profit on disposal of investment in Goodman Fielder Limited	(3.0)	-	-	-
Total current period movements	(3.0)	2.1	-	-
Balance at end of period	-	3.0	-	-

(c) Dividends

Ordinary shares

No dividends were declared or paid on ordinary shares during the current period or the year ended June 30, 2007.

As outlined in Note 25, subsequent to December 31, 2007, a dividend of A\$331.8 million was paid to the sole member Kintron Developments Limited.

Converting preference shares

A final dividend of A\$2.2 million (0.2774 cents per share, fully franked) was paid on the converting preference shares on August 13, 2006 prior to their automatic conversion to ordinary shares.

NOTE 20. COMMITMENTS

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007	December 31, 2007	June 30, 2007
Operating lease commitments⁽ⁱ⁾				
Aggregate amount contracted for at balance date but not provided for:				
Payable within 1 year	0.6	0.6	0.6	0.6
Payable between 1 and 2 years	0.2	0.5	0.2	0.5
Total operating lease commitments	0.8	1.1	0.8	1.1

(i) The consolidated entity leases property under a non-cancellable operating lease expiring within 1 to 2 years. Property leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Property lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based either on movements in consumer price indices or operating criteria.

NOTE 21. CONTINGENT LIABILITIES

(a) Litigation and legal proceedings

The consolidated entity is subject to litigation in the ordinary course of operations, for which a provision of A\$10.9 million has been recognised in the consolidated financial statements as of December 31, 2007 (refer to Note 18). The consolidated entity does not believe that it is engaged in any other legal proceedings for which provision has not been made which would be likely to have a material affect on its business, financial position or results of operations.

(b) Indemnities and warranties in respect of discontinued operations and business disposals

As part of the agreements for the sale of its businesses, the Group provided certain warranties and indemnities to the respective purchasers as set out in the respective sale agreements. These warranties and indemnities are subject to various terms and conditions affecting the duration and total amount of the indemnities.

As of December 31, 2007 the Group is not aware of any material claims under these agreements that would give rise to any present or contingent liabilities that are not currently provided for.

(c) Security and guarantee arrangements

- (i) Burns Philp and certain of its subsidiaries have provided guarantees in respect of the NZ Capital Notes as described in Note 16.
- (ii) Burns Philp and certain of its subsidiaries have granted guarantees and securities in relation to amounts owing under certain financing documents. These guarantees and securities currently secure bank guarantees and cross-currency swaps (refer Note 24).
- (iii) Burns Philp and certain of its wholly owned subsidiaries identified in Note 23 have entered into a Deed of Cross Guarantee ("Deed"). The effect of the Deed is that Burns Philp guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Australian Corporations Act 2001. If winding up occurs under other provisions of the Corporations Law, Burns Philp will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that Burns Philp is wound up.

Consolidated condensed income statements for the six months ended December 31, 2007 and the year ended June 30, 2007 and consolidated condensed balance sheets as at December 31, 2007 and June 30, 2007, comprising Burns Philp and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed, are set out below:

Notes to the Financial Statements (continued)

NOTE 21. CONTINGENT LIABILITIES (CONTINUED)

Consolidated condensed income statements

A\$ million	Six months ended December 31, 2007	Year ended June 30, 2007
Profit before tax	27.0	417.4
Income tax benefit/(expense)	1.7	(259.0)
Net profit after tax	28.7	158.4

Consolidated condensed balance sheets

	December 31, 2007	June 30, 2007
Cash and cash equivalents	271.3	284.5
Receivables	10.8	0.8
Other assets	13.2	1.9
Total current assets	295.3	287.2
Receivables	1,100.0	1,064.2
Investments accounted for using the equity method	-	10.6
Other financial assets	232.8	154.2
Property, plant and equipment	1.2	1.1
Intangible assets	1.4	-
Deferred tax assets	6.5	2.1
Total non-current assets	1,341.9	1,232.2
Total assets	1,637.2	1,519.4
Payables	121.0	109.7
Current tax liabilities	4.3	2.5
Employee benefits	1.5	1.9
Provisions	15.5	15.5
Total current liabilities	142.3	129.6
Payables	52.0	53.4
Deferred tax liabilities	1.1	1.1
Employee benefits	0.4	0.6
Provisions	16.9	16.3
Total non-current liabilities	70.4	71.4
Total liabilities	212.7	201.0
Net assets	1,424.5	1,318.4
Issued capital	470.3	470.3
Reserves and retained profits	954.2	848.1
Total equity	1,424.5	1,318.4

NOTE 22. RELATED PARTIES

(a) Key management personnel disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated, were key management personnel for the entire period:

Non-executive directors

G R Hart (Chairman)

B M Murray

Former non-executive directors

M D Burrows (resigned July 1, 2007)

Executive directors

T J Degnan (Chief Executive Officer)

H D Golding (Group Legal Counsel and Company Secretary)

M J Dunkley (Director of Taxation) (appointed October 17, 2007)

Current executive

A P Hugli (Chief Financial Officer).

The key management personnel compensation included in net profit after tax is set out below:

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
Short-term employee benefits	-	3.8	-	3.8
Termination benefits	-	0.2	-	0.2
Other compensation benefits	-	4.2	-	3.6
	-	8.2	-	7.6

As a result of the disposal of the Group's operating assets during the year ended June 30, 2007, key management personnel of the Group, who are also key management personnel of the wider Rank organisation have focussed their time and efforts on other parts of Rank's operations. Such operations are outside of the Burns Philp consolidated entity. On this basis key management personnel costs, although borne by the Group have been allocated to those operations where key management personnel are actively involved, resulting in a 0% allocation being made to the Group.

Notes to the Financial Statements (continued)

NOTE 22. RELATED PARTIES (CONTINUED)

Equity instruments

Equity Holdings and Transactions

Movements during the current period and during the period ended June 30, 2007 in the number of ordinary and cumulative preference shares in Burns, Philp & Company Pty Limited and NZ Capital Notes issued by Burns Philp Finance New Zealand Limited held directly, indirectly or beneficially by each key management personnel, including their personally related entities, have been as follows:

Ordinary shares

	Held at June 30, 2006	Purchases	Conversion of CP Shares	Sales/ Cancellations	Held at June 30, 2007 & December 31, 2007
Directors					
G R Hart ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	1,092,239,312	1,199,819,383	537,809,274	(1,200,552,657)	1,629,315,312
M D Burrows ⁽ⁱⁱⁱ⁾	5,843	-	-	(5,843)	-
B M Murray ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	10,956	-	4,612	(15,568)	-
F W Smith ⁽ⁱⁱⁱ⁾	13,723	-	5,779	(19,502)	-
T J Degnan (CEO) ⁽ⁱⁱⁱ⁾	3,391,050	-	619,122	(4,010,172)	-
H D Golding ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	214,323	-	56,370	(270,693)	-
Executives					
A P Hugli ⁽ⁱⁱⁱ⁾	210,571	-	100,000	(310,571)	-

(i) Includes ordinary shares held indirectly at June 30, 2006 (and sold during the year ended June 30, 2007) by personally related entities i.e. relatives.

(ii) All held indirectly by personally related entities.

(iii) Represents Company and consolidated entity key management personnel disclosures.

Converting preference shares (CP Shares)

	Held at June 30, 2006	Purchases	Conversion of CP Shares	Sales	Held at June 30, 2007 & December 31, 2007
Directors					
G R Hart ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	537,809,274	-	(537,809,274)	-	-
B M Murray ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	4,612	-	(4,612)	-	-
F W Smith ⁽ⁱⁱⁱ⁾	5,779	-	(5,779)	-	-
T J Degnan (CEO) ⁽ⁱⁱⁱ⁾	619,122	-	(619,122)	-	-
H D Golding ⁽ⁱⁱⁱ⁾	56,370	-	(56,370)	-	-
Executives					
A P Hugli ⁽ⁱⁱⁱ⁾	100,000	-	(100,000)	-	-

(i) Includes 165,063 CP Shares held indirectly by personally related entities i.e. relatives.

(ii) All held indirectly by personally related entities.

(iii) Represents Company and consolidated entity key management personnel disclosures.

NZ Capital Notes

No specified Director or executive held NZ Capital Notes at July 1, 2006 or at any time during the period to December 31, 2007, other than Mr Hugli who held 20,000 NZ Capital Notes at July 1, 2006 and continued to hold them at December 31, 2007.

Loans with key management personnel

There were no outstanding loans to key management personnel at December 31, 2007, June 30, 2007 or at any time during the six months ended December 31, 2007 or the year ended June 30, 2007.

Other transactions with key management personnel and the Group

Rank Group Limited

Mr Hart is the Managing Director and substantial shareholder of Rank Group Limited ("Rank Group"), Mr Hugli is an executive director of Rank Group and Mr Murray and Ms Golding are senior executives of Rank Group. In respect of the current period, Burns Philp received invoices from Rank Group amounting to A\$0.2 million (year ended June 30, 2007- A\$0.3 million) in reimbursements, at cost, for salaries and expenses of employees paid by Rank Group on behalf of Burns Philp. In respect of the current period, Burns Philp invoiced Rank Group A\$0.1m (year ended June 30, 2007- nil), at cost for expenses paid by Burns Philp on behalf of Rank Group. In addition Burns Philp invoiced Rank Group Services ("RGS") (which is a Rank Group subsidiary) A\$0.1m (year ended June 30, 2007- A\$0.1m), at cost, for salaries and expenses paid by Burns Philp on behalf of RGS.

Building Supplies Group Holdings Pty Limited (formerly known as Rank Group Australia Pty Limited)

On September 7, 2006, Building Supplies Group Holdings Pty Limited ("BSGH"), a subsidiary of Rank Group, the ultimate holding company of Burns Philp, made an off market takeover offer for all the outstanding shares in Burns Philp not already held by Rank Group subsidiaries. Following completion of the takeover, Burns Philp became a wholly-owned subsidiary of Rank Group on December 19, 2006. On December 20, 2006, Burns Philp was delisted from the Australian Stock Exchange and the New Zealand Stock Exchange. On December 22, 2006, the Company approved in general meeting the giving of financial assistance to the Rank Group in connection with Rank Group's acquisition of shares in the Company.

On January 8, 2007, the Company loaned A\$1,362.7 million to BSGH. This loan was interest free and repayable on demand. On March 6, 2007, the Company undertook a selective capital reduction whereby shares held by BSGH were cancelled for a consideration of A\$1,319.8 million. Consideration for the cancellation of shares was deducted from monies loaned to BSGH in January 2007. Subsequent advances of A\$24.0 million by the Company increased the amount owing by BSGH to A\$66.9 million. On March 21, 2007 the Company approved in general meeting the giving of further financial assistance (including by loan forgiveness) to the Parent Group (being all entities controlled by Mr Hart). This debt of A\$66.9 million was forgiven by the Company and charged against retained earnings in accordance with the accounting policy set out in Note 1(t).

On March 31, 2007, the Company loaned A\$400.6 million to BSGH and on April 2, 2007, a subsidiary, Burns Philp GF Investments Pty Limited ("BPGFI") loaned A\$646.6 million to BSGH. These loans were initially advanced on an interest free basis at call. Subsequent to the initial loan advance, the Company, BPGFI and BSGH entered into a Deed of Subordination whereby these loans were subordinated to all other secured and unsecured liabilities of BSGH and its subsidiaries. Since entering into this Deed of Subordination, interest has been charged and capitalised on these loans at commercial rates (six months ended December 31, 2007: 6.61% (year ended June 30, 2007: 6.50%)). At December 31, 2007, the amounts owed to the Company and BPGFI were A\$420.7 million (June 30, 2007: A\$407.2 million) and A\$679.2 million (June 30, 2007 A\$657.0 million), respectively.

On March 30, 2007, the Company and its Australian subsidiaries entered into a tax funding agreement and tax sharing agreement with BSGH, as the head entity in the Australian tax-consolidated group. Amounts owing to and from BSGH under these agreements were determined on an accruals basis with the actual asset or liability being determined upon lodgment of BSGH's consolidated tax return.

With effect from July 1, 2007, Burns Philp assumed the role as head entity of the Australian tax-consolidated group from BSGH.

During the current period, the Company and its Australian subsidiaries have recognised a net receivable of A\$164.2 million (year ended June 30, 2007: net payable of A\$86.7 million) due from BSGH under these agreements.

Rank Group Holdings Limited

During the year ended June 30, 2007, a subsidiary of the Group loaned A\$656.0 million to a related party, Rank Group Holdings Limited. The loan is interest free and repayable on demand. As a result of the amalgamation of a subsidiary with a related entity, the amount owing to the Group decreased by A\$230.9 million. At December 31, 2007, the amount owed to the Group was A\$421.2 million (June 30, 2007: A\$433.6 million). The movement on this loan balance during the current period is a result of foreign exchange differences.

Ironforge Investments Limited

On May 24, 2007, a New Zealand subsidiary of Burns Philp, BPC Intertrade Ltd, was amalgamated with Ironforge Investments Limited. Ironforge Investments Limited is wholly-owned, directly, by Mr Hart.

Notes to the Financial Statements (continued)

NOTE 22. RELATED PARTIES (CONTINUED)

Other transactions with key management personnel and the Group (continued)

Ironforge Investments Limited (continued)

No payment or other consideration was received by the Group in consequence of this amalgamation, resulting in the Group incurring a loss to the extent of the net assets of BPC Intertrade Ltd at the date of amalgamation (A\$234.0 million). This loss was charged against retained earnings in accordance with the accounting policy set out in Note 1(t). In addition, A\$13.4 million was transferred from the foreign currency translation reserve to retained earnings in connection with this transaction.

Carter Holt Harvey Limited

Rank Group obtained control of Carter Holt Harvey Limited ("Carter Holt Harvey") on September 21, 2005. Since September 21, 2005, Mr Hart, Mr Murray and Mr Degnan have been directors of Carter Holt Harvey, a New Zealand based forestry and paper packaging company.

During the year ended June 30, 2007, a subsidiary of Carter Holt Harvey, Carter Holt Investments, loaned \$646.6 million to a subsidiary of Burns Philp, BPC Finance (NZ) Ltd. At December 31, 2007, the amount owed to Carter Holt Investments is A\$644.6 million (June 30, 2007: A\$646.6 million). The movement on this loan balance during the current period is a result of foreign exchange differences. This loan is interest free and repayable on demand. However, under a Deed of Assignment between BPC Finance (NZ) Ltd, Carter Holt Investments and BSGH, this debt is not required to be repaid until BSGH repays its debts due to the Company and BPGFI, as outlined above.

Carter Holt Harvey Australia Pty Limited (CHHA) (a subsidiary of Carter Holt Harvey) is part of a tax funding agreement and tax sharing agreement with Burns Philp. During the current period, the Company has recognised a net receivable of A\$8.9 million (year ended June 30, 2007: nil) due from CHHA under these agreements.

(b) Other related party disclosures

Identity of related parties

The Group has a related party relationship with its subsidiaries, associates and key management personnel.

Parent entity

The ultimate parent entity of Burns Philp is Rank Group, which is wholly owned by Mr Hart. Rank Group owns 100% of the issued capital of the Company.

Details of transactions with Mr Hart and Rank Group are set out above.

Subsidiaries

Information relating to subsidiaries is set out in Note 23.

Amounts receivable by the Company from subsidiaries bear interest at commercial rates (6 months ended December 31 2007: 9.11%; year ended June 30, 2007: 8.77%) and are repayable on demand.

Details of transactions between Burns Philp and its subsidiaries are set out below.

A\$ million	Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2007
Amounts receivable from wholly owned subsidiaries		
Current	716.5	704.6
Transactions with wholly owned subsidiaries		
Dividends received	-	363.3
Interest received	24.6	112.6
Management fees received	-	0.1
Management fees paid	(0.2)	(0.5)

Associates

Information relating to investments in associates is set out in Note 10.

On December 21, 2005, the Group disposed of its Baking, Spreads & Oils businesses to Goodman Fielder in exchange for cash and an equity interest of 20% in Goodman Fielder.

During the current period up until the date of disposal of this equity interest on October 25, 2007, and during the year ended June 30, 2007, the Group transacted with Goodman Fielder in respect of the recharge of shared services to and from Goodman Fielder, including information technology systems and services, field operations, commodity purchasing, warehousing, workers' compensation claims management, occupational health and safety services, and operation of call centres.

Details of transactions between the Group and its associates, other than investments and dividends, during the current period and the year ended June 30, 2007, are set out below.

A\$ million	Consolidated		Burns, Philp & Company Pty Limited	
	December 31, 2007	June 30, 2006	December 31, 2007	June 30, 2006
Transactions with associates				
Recharge of services from Goodman Fielder	0.3	0.9	0.3	0.9

Consolidated entity's interest in ordinary shares:

	December 31, 2007 %	June 30, 2007 %
(e)	51	51
(f)	97	97
(g)	-	100

(h) Name changes during the current period:

Current Name

LQ40 (BPFH) Pty Ltd

LQ41 (BPFS) Pty Ltd

Former Name

Burns Philp Food Holdings Pty Ltd

Burns Philp Food Services Pty Ltd

(i) Voluntarily liquidated during the current period. There was no profit or loss on the voluntary liquidation of these entities.

(j) During the current period, Burns Philp Treasury (New Zealand) Limited amalgamated into Burns Philp (New Zealand) Limited.

NOTE 24. FINANCIAL RISK MANAGEMENT

Overview

Exposure to market, credit and liquidity risks arise in the normal course of the Group's business.

The Boards of Directors of the Group and the ultimate parent entity, have overall responsibility for the establishment and oversight of the Group's risk management framework.

The respective Boards have established a Treasury Policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Risk management is primarily carried out by a centralised treasury function at the Rank Group level (ultimate parent entity). The Board of Directors has delegated authority levels and authorised use of various financial instruments to a restricted number of personnel within the treasury function.

Monthly consolidated treasury reports are prepared at the Rank Group level for the Board of Directors, who ensure compliance with risk management policies and procedures.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

The Group's policy is to manage interest rate risk through the use of both fixed and floating rate debt. The Group's primary exposure is to interest rates in the United States, Australia and New Zealand.

Following the repayment of the Group's short term debt facility during the year ended June 30, 2007, the Group's debt is primarily comprised of the NZ\$212.5 million NZ Capital Notes, of which one series matures in 2008 and bears interest at 9.75%, and the second series matures in 2011 and bears interest at 9.95%.

In addition to this debt facility, the Group currently holds a significant amount of cash on deposit which earns interest at floating rates. Interest rates earned on these cash deposits are subject to changes in interest rates, primarily in the United States and Australia, reflecting the currency of these cash deposits. The Group does not currently intend to hedge its exposure to movements in interest rates earned on cash on deposit.

Notes to the Financial Statements (continued)

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk exposure

The Group's exposure to interest rate re-pricing risk and the effective weighted average interest rate for classes of interest-earning financial assets and interest-bearing liabilities at December 31, 2007 and June 30, 2007, is set out below.

A\$ million	Effective interest rate	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
December 31, 2007							
Financial assets							
Cash and cash equivalents	4.71%	866.9	-	-	-	-	866.9
Receivable from related party	6.61%	1,100.0	-	-	-	-	1,100.0
		1,966.9	-	-	-	-	1,966.9
Financial liabilities							
Loans from related parties	4.24%	13.0	-	-	-	-	13.0
NZ Capital Notes ⁽ⁱ⁾	10.90%	-	151.3	-	33.2	-	184.5
		13.0	151.3	-	33.2	-	197.5
June 30, 2007							
Financial assets							
Cash and cash equivalents	5.08%	367.5	-	-	-	-	367.5
Receivable from related party	6.50%	1,064.2	-	-	-	-	1,064.2
		1,431.7	-	-	-	-	1,431.7
Financial liabilities							
Loans from related parties	4.73%	11.5	-	-	-	-	11.5
NZ Capital Notes ⁽ⁱ⁾	10.90%	-	-	155.0	34.1	-	189.1
		11.5	-	155.0	34.1	-	200.6

(i) These liabilities bear interest at a fixed rate.

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of interest-earning financial assets and interest-bearing liabilities at December 31, 2007 and June 30, 2007, is set out below:

A\$ million	Effective interest rate	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
December 31, 2007							
Financial assets							
Cash and cash equivalents	5.00%	1.2	-	-	-	-	1.2
Receivables from subsidiaries	9.11%	716.5	-	-	-	-	716.5
Receivable from other related party	6.61%	420.7	-	-	-	-	420.7
		1,138.4	-	-	-	-	1,138.4
June 30, 2007							
Financial assets							
Cash and cash equivalents	5.25%	0.7	-	-	-	-	0.7
Receivables from subsidiaries	9.00%	704.6	-	-	-	-	704.6
Receivable from other related party	6.50%	407.2	-	-	-	-	407.2
		1,112.5	-	-	-	-	1,112.5

There were no interest bearing financial liabilities in the Company at December 31, 2007 or June 30, 2007.

The Group's sensitivity to interest rate risk can be expressed in two ways:

Fair value sensitivity analysis

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

Cash flow sensitivity analysis

A change in interest rates would impact on future interest payments and receipts on the Group's floating rate assets and liabilities. A change in interest rates of 100 basis points at the reporting date would have increased/(decreased) profit by the amounts shown below, based on the assets and liabilities held at the reporting date, and a one year time frame. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the comparative period.

Notes to the Financial Statements (continued)

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk exposure (continued)

Cash flow sensitivity analysis (continued)

A\$ million - increase/(decrease) in net profit	Consolidated		Burns, Philp & Company Pty Limited	
	Six months ended December 31, 2007	Year ended June 30, 2007	Six months ended December 31, 2007	Year ended June 30, 2007
100 basis points increase				
Variable rate instruments	19.5	14.2	11.4	11.1
100 basis points decrease				
Variable rate instruments	(19.5)	(14.2)	(11.4)	(11.1)

Foreign exchange risk

The Group reports in Australian dollars. Movements in foreign currency exchange rates will affect the Group's reported financial results, financial position and cash flows. The Group is exposed to the following risks arising from movements in foreign currency exchange rates:

- Balance sheet – a significant portion of the Group's assets and liabilities are denominated in currencies other than Australian dollars. The translated value of these assets and liabilities will change as a result of movements in foreign currency exchange rates. The Group is also exposed to the change in the fair value of foreign currency derivative financial instruments which are recorded on the balance sheet;
- Revenue, expenditures and cash flows – a significant portion of the Group's interest income and expense are denominated in currencies other than Australian dollars. Movements in foreign currency exchange rates will affect the translated value of these items which will affect the Group's reported financial result.

Balance sheet exposure

During the six months ended and as at December 31, 2007 the Group has held cash on deposit in US dollars, Canadian dollars and New Zealand dollars which has given rise to additional unhedged foreign currency exposures. The Group is also exposed to foreign currency exchange movements on its derivative financial instruments which are recognised at fair value on the consolidated balance sheet.

In accordance with Note 1(o), any foreign currency exchange gains or losses arising on these unhedged positions are recorded in net financing costs. During the current period, the Group recorded a net foreign currency exchange loss of A\$23.1 million in the consolidated income statement (year ended June 30, 2007: A\$105.0 million loss).

The table below sets out a summary of the Group's significant foreign currency balance sheet exposures, expressed in Australian dollars, at December 31, 2007 and June 30, 2007.

A\$ million	USD	EUR	CAD	NZD
December 31, 2007				
Cash and cash equivalents	823.5	-	40.4	0.3
Interest bearing loans and borrowings	-	-	-	(184.5)
Net operating assets, excluding cash and debt	(1.3)	(0.1)	0.2	31.1
Net physical position	822.2	(0.1)	40.6	(153.1)
Derivative financial instruments:				
Cross currency swap receivables/(payables)	282.4	(93.6)	(37.6)	-
Net unhedged position	1,104.6	(93.7)	3.0	(153.1)
June 30, 2007				
Cash and cash equivalents	310.8	1.9	38.0	2.9
Interest bearing loans and borrowings	-	-	-	(189.1)
Net operating assets, excluding cash and debt	(1.3)	0.1	(0.1)	5.5
Net physical position	309.5	2.0	37.9	(180.7)
Derivative financial instruments:				
Cross currency swap receivables/(payables)	293.2	(88.6)	(36.1)	-
Net unhedged position	602.7	(86.6)	1.8	(180.7)

The following significant exchange rates applied during the six months ended December 31, 2007 and the year ended June 30, 2007:

	Average rate⁽ⁱ⁾		As at	
	Six months ended December 31, 2007	Year ended June 30, 2007	December 31, 2007	June 30, 2007
USD	0.8757	0.7909	0.8817	0.8493
NZD	1.1564	1.1423	1.1355	1.1030
EUR	0.6149	0.6029	0.5979	0.6316
CAD	0.8819	0.8912	0.8623	0.8986

(i) Average rates are for the six month period ended December 31, 2007 and the year ended June 30, 2007.

Notes to the Financial Statements (continued)

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Balance sheet exposure (continued)

A 10 percent strengthening/(weakening) of the Australian Dollar against the following currencies at the reporting date would have (decreased)/increased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The same basis has been applied for all periods presented.

A\$ million - (decrease)/increase net profit	Six months ended December 31, 2007	Year ended June 30, 2007
10% strengthening of AUD		
USD	(100.4)	(54.8)
NZD	13.9	16.4
EUR	8.5	7.9
CAD	(0.3)	(0.2)
10% weakening of AUD		
USD	122.7	60.3
NZD	(17.0)	(18.1)
EUR	10.4	(8.7)
CAD	(0.3)	0.2

Except for New Zealand dollar denominated net assets, all foreign currency exchange gains and losses arising on the translation of these exposures are recorded in the income statement. Foreign currency exchange gains and losses on the Group's New Zealand dollar denominated net assets, which include the New Zealand dollar interest bearing borrowings, are recognised directly in the foreign currency translation reserve in accordance with Note 1(d).

Cross-currency swaps

The table below presents the principal amounts and weighted average interest rates that the Group has agreed to pay or receive under cross currency swaps that are outstanding at December 31, 2007 and June 30, 2007 together with the weighted average contracted exchange rates. The instruments' actual cash flows are denominated in US dollars, Australian dollars, Canadian dollars and Euros as indicated.

	Weighted average exchange rate		Weighted average interest rate				Principal amount ⁽ⁱ⁾	
	December 31, 2007	June 30, 2007	Receive December 31, 2007	Pay December 31, 2007	Receive June 30, 2007	Pay June 30, 2007	A\$ million	
							December 31, 2007	June 30, 2007
Receive USD, pay AUD	0.7545	0.7545	4.19%	6.45%	4.19%	6.45%	212.1	212.1
Receive USD, pay EUR	1.1614	1.1614	4.27%	4.52%	4.27%	4.52%	93.6	88.6
Receive USD, pay CAD	0.7490	0.7400	4.36%	5.12%	4.36%	5.12%	37.6	36.1

(i) Amount represents Australian dollar equivalent of principal payable under the swap contract as at reporting date.

During the year ended June 30, 2004, the Group entered into certain cross-currency swaps. Following the sale of the Yeast & Bakery Ingredients group and Herbs and Spices business in September 2004, certain cross-currency swaps were no longer considered to be effective hedges of net investments in foreign operations and mark-to-market movements on these swap contracts since then have been recorded as part of net financing (expense) in the consolidated income statement. The Group recognised a mark-to-market gain of A\$1.4 million during the current period (year ended June 30, 2007: A\$18.5 million loss).

During the year ended June 30, 2007, the Group closed-out one of its outstanding cross currency swaps with a US\$ receivable of US\$40.0 million and an A\$ payable of A\$53.3 million. The close-out resulted in a loss to the Group of A\$8.1 million which was paid out on closing. The resulting provisions held on the consolidated balance sheet were reduced accordingly and the increase in the loss from that recorded at June 30, 2006 was recognised in net financing (expense) in the consolidated income statement.

Upon initial adoption of AASB 132 and AASB 139 on July 1, 2005, the Group recorded an additional mark-to-market loss on the remaining cross-currency swap contracts that were considered effective under previous GAAP. In accordance with the transitional requirements of AASB 139, the Group recognised a net A\$16.4 million adjustment, before tax, to the hedge reserve on July 1, 2005. Following the repayment of the US Notes in October 2005, the Group transferred the AASB 139 initial adoption adjustment of A\$16.4 million, before tax, from the hedge reserve to net financing (expense) in the income statement. As the cross-currency swaps were considered ineffective under AASB 139, the Group now recognises mark-to-market movements on these contracts in the derivative gain/loss account in net financing (expense). The net accumulated mark-to-market loss on these contracts at December 31, 2007 was A\$52.0 million (June 30, 2007: A\$53.4 million loss) which has been recorded in non-current payables on the consolidated balance sheet (refer to Note 15).

Foreign currency contracts

During the current period, the Group entered into foreign currency contracts to convert certain Australian dollar denominated cash flows into US dollars. On settlement of these contracts a loss of A\$63.3 million was recognised as a component of the net financing (expense) in the consolidated income statement.

During the year ended June 30, 2006, the Group entered into a series of foreign currency option contracts expiring in August and September 2006. These contracts were not considered effective hedges and at June 30, 2006, the A\$9.8 million mark-to-market gain on these contracts was recorded as a derivative gain in net financing (expense) in the consolidated income statement for the year ended June 30, 2006.

During the year ended June 30, 2007, the Group was required to pay a premium of A\$13.3 million in respect of certain of these contracts. This premium, as well as the reversal of the prior year mark-to-market gain of A\$9.8 million, resulted in a loss of A\$23.1 million being recognised in net financing (expense) in the prior year's consolidated income statement (refer to Note 3 for further details).

There were no foreign currency options contracts open at December 31, 2007 or June 30, 2007.

Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The consolidated entity does not require collateral in respect of financial assets.

Transactions involving derivative financial instruments are with counterparties with sound credit ratings and with whom the consolidated entity has a signed netting agreement. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Except for balances with related parties, at December 31, 2007 there was no significant concentration of credit risk.

At December 31, 2007 the Group's cash on deposit is held with six counterparties which are all large Australian, New Zealand or multi-national banks with short-term credit ratings of A-1 or better.

Notes to the Financial Statements (continued)

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair values of financial assets and liabilities

The carrying amounts and fair values of financial assets and liabilities as at December 31, 2007 and June 30, 2007, are as follows:

A\$ million	Consolidated		Consolidated	
	Carrying amount December 31, 2007	June 30, 2007	Fair value December 31, 2007	June 30, 2007
Financial assets				
Cash and cash equivalents	866.9	367.5	866.9	367.5
Receivables	1,521.2	1,497.9	1,521.2	1,497.9
Financial liabilities				
NZ Capital Notes	(184.5)	(189.1)	(187.1)	(192.7)
Related party loan	(13.0)	(11.5)	(13.0)	(11.5)
Payables	(750.8)	(761.6)	(750.8)	(761.6)
Derivative financial instruments				
Cross-currency swaps	(52.0)	(53.4)	(52.0)	(53.4)
	1,387.8	849.8	1,385.2	846.2
Net unrecognised (losses)			(2.6)	(3.6)

Estimated fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Derivatives

Cross-currency swaps are marked to market using broker quotes. These quotes are back tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used the discount rate is a market related rate for a similar instrument at the balance sheet date.

The Group used the following interest rates to determine the fair value of derivative financial instruments at December 31, 2007 and June 30, 2007:

	December 31, 2007	June 30, 2007
<i>Cross-currency swap - yield curves</i>		
- USD receivables	4.233%	5.622%
- AUD payables	7.732%	7.128%
- EUR payables	4.579%	4.944%
- CAD payables	4.391%	5.067%

NOTE 25. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the financial period the Group entered into an agreement with FSB Holdings Australia Pty Limited on February 4, 2008 to sell its investment in Fresh Start Bakeries Australia Pty Ltd. Proceeds of A\$37.8 million were received on the date of completion being February 20, 2008 resulting in a gain on disposal of A\$25.8 million.

On February 15, 2008 an unfranked ordinary dividend of A\$331.8 million was declared by the Company and paid on February 20, 2008 to Kintron Developments Limited (the sole member).

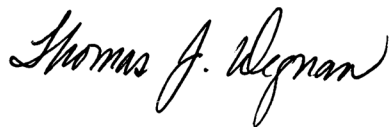
On February 20, 2008 a subsidiary, Burns Philp Finance New Zealand Limited, advanced A\$384.3 million to Rank Group Limited.

No other events have occurred subsequent to balance date that would have a material effect on the financial statements as at December 31, 2007 or the Group's state of affairs, operations or results in future financial years.

Directors' Declaration

- 1 In the opinion of the Directors of Burns, Philp & Company Pty Limited ("the Company"):
 - (a) the financial statements and notes, set out on pages 6 to 63, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at December 31, 2007 and of their performance, as represented by the results of their operations and their cash flows, for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the controlled entities identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to ASIC Class Order 98/1418.

Signed in accordance with a resolution of the Directors:



Thomas J Degnan
Managing Director

March 18, 2008

Independent Audit Report

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BURNS, PHILP & COMPANY PTY LIMITED

Report on the financial report

We have audited the accompanying financial report of Burns, Philp & Company Pty Limited (the Company), which comprises the balance sheets as at December 31, 2007, and the income statements, statements of changes in equity and cash flow statements for the six months ended on that date, a description of significant accounting policies and other explanatory notes 1 to 25 and the directors' declaration of the Group comprising the Company and the entities it controlled at December 31, 2007 or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

- (a) the financial report of Burns, Philp & Company Pty Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at December 31, 2007 and of their performance for the six months ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.



KPMG
Sydney, Australia
March 18, 2008



Duncan McLennan
Partner

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Burns Philp

Annual Report

for the six months ended December 31, 2007

BURNS, PHILP & COMPANY PTY LIMITED