

Appendix 4D - Results for announcement to the market
Interim result for the period ended 31 December 2006

Challenger Infrastructure Fund comprising
 CIF Investment Trust 1 ARSN 114 139 703 and
 CIF Investment Trust 2 ARSN 114 139 632

	Half Year ended 31 December 2006 (\$'000)	Period ended 31 December 2005 (\$'000)	% increase (% decrease)
2.1 Revenue from ordinary activities	58,229	36,885	57.9%
2.2 Profit/(loss) from ordinary activities after tax	(18,665)	(15,370)	(21.4%)
2.3 Net profit/(loss) attributable to members	(18,665)	(15,370)	(21.4%)

2.4/2.5 Amounts per security of all distributions paid during the period:

	Distribution (cents per unit)	Record date	Payment date
- Interim distribution	14.40	29 December 2006	27 February 2007

2.6 Explanation of figures in 2.1 to 2.4

For an explanation of the above result refer to the following attached documents:

- Interim results market release
- Interim financial report

3.0 The net tangible assets for CIF for the period ended are:

	As at 31 December 2006 \$ per security	As at 30 June 2006 \$ per security	% increase (% decrease)
Net tangible asset backing per security	(1.15)	(0.95)	(21.1%)

4.0 No control has been gained or lost over another entity during the period.

5.0 Details of distribution:

	Distribution (cents per unit)	Payment date	Half Year ended 31 December 2006 (\$'000)
- Interim distribution	14.40	27 February 2007	34,680

6.0 No distribution reinvestment plan was in operation for the period.

7.0 No associates or joint venture transaction were entered into during the period.

8.0 Not applicable

9.0 Not applicable

Suzanne Koeppenkastrop

Suzie Koeppenkastrop
Company Secretary

14 February 2007

Date

MARKET RELEASE

CHALLENGER INFRASTRUCTURE FUND 2007 INTERIM RESULT

14 February 2006, Sydney – Challenger Infrastructure Fund (ASX: CIF) today released its financial results for the interim period ended 31 December 2006. CIF also announced an upgrade to its distribution guidance for the year ending 30 June 2007 to 32.1 cents per unit. This upgrade of 3.3 cents per unit is an 11.5 per cent increase on the previous guidance provided in August 2006.

During the period, CIF's revenue was \$58.2 million and earnings before interest, tax, depreciation, amortisation and unrealised gains/(losses) on financial instruments (EBITDA) was \$46.4 million. Both EBITDA and revenue were in line with the Manager's expectations for the period and reflect the strong and predictable cash flows generated by CIF's portfolio of quality assets.

For the six months ended 31 December 2006, the Directors declared an interim distribution of 14.4 cents per unit, which is payable on 27 February 2007. The interim distribution was 1.87 times covered by the gross cash flows contributed by the assets of the Fund.

Mr Steve Bickerton, Fund Manager of CIF said "It has been a positive six months for the Fund. Given the high level of confidence we have in the future performance of CIF's assets we are in a position to upgrade the 2007 financial year distribution guidance – passing on to unitholders the above forecast cash received from the Fund's assets over the past 18 months."

"Inexus has had another impressive year, maintaining its market leading position in the UK gas connections market and in its first year of operation, the electricity connections business exceeded its performance targets. Such a strong performance from the electricity business is particularly pleasing when considering it was only a business plan when CIF acquired Inexus in September 2005. Today, the electricity connections business has significant operational momentum and has delivered capital growth to unitholders."

"Positively, Arqiva, Northern Gas Networks and Wales & West Utilities all continue to perform well in their respective operating environments. Arqiva continues to deliver a mix of income and growth as it pursues strategic opportunities such as its recent acquisition of the BT Satellite Broadcasting¹ business, which expanded Arqiva's geographic reach into France and the USA. Both the gas distribution networks (GDNs) continue to deliver improvements in operating efficiency."

¹ Subject to approval by the Office of Fair Trade



Capital Structure

On 21 August 2006, the second and final instalment totalling \$420 million was received by the Fund. The majority of the proceeds were used to pay down the bridging facility utilised in the acquisition of Inexus, leaving CIF's balance sheet debt free. The remaining \$131 million in cash together with the Fund's long term debt facility, will be used to acquire assets that meet the Fund's investment criteria

Inexus revaluation uplift

Inexus continues to deliver strong results, as evidenced by its ability to exceed its gas and electricity sales budget for the calendar year 2006 by 19,000 connections and doubled the size of the net increase in the order book for the second year in a row. Reflecting this strong business momentum, CIF upgraded its valuation of Inexus to incorporate the actual performance of gas and electricity to date, and its increased confidence in the performance of the electricity connections business. This translated into a 12% uplift in CIF's valuation of Inexus to \$474 million.²

Following this valuation uplift in Inexus the Fund's net asset value (NAV)³ increased 25 cents per unit to \$3.90 as at 31 December 2006.

Positive Outlook

CIF's assets generate highly predictable income streams. Inexus and Arqiva continue to offer opportunities for growth.

Mr Bickerton said: "The Fund is well placed to deliver in 2007. CIF's experienced team continue to look at investment opportunities within the growth orientated infrastructure and utilities space whilst maintaining acquisition discipline, thus ensuring that any new assets will meet the existing quality of the current asset portfolio."

ENDS

² Asset values converted at \$A = £0.402727 spot rate as at 31 December 2006.

³ Net asset value per security is calculated as the total value of all CIF investments (including goodwill in Inexus), and foreign exchange movements, divided by the number of securities on issue at 31 December 2006.

Challenger Infrastructure Fund

**Comprising the stapled securities:
CIF Investment Trust 1 (ARSN 114139703)
CIF Investment Trust 2 (ARSN 114139632)**

Interim Financial Report

For the half year ended 31 December 2006

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Directors' Report

The directors of Challenger Listed Investments Limited ("CLIL") ABN 94 055 293 644, the Responsible Entity of the CIF Investment Trust 1 (ARSN: 114 139 703) (CIF1) & CIF Investment Trust 2 (ARSN: 114 139 632) (CIF2), collectively known as the Challenger Infrastructure Fund ("CIF"), submit their report together with the financial report for CIF, for the half year ended 31 December 2006.

Directors' Summary

The following persons held office as directors of CLIL during the period and up to the date of this report:

- Stephen Gerlach Chairman
- Peter Brook (appointed 6 November 2006)
- Russell Hooper
- Ian Martens
- Ian Moore
- Peter Polson (resigned 4 August 2006)
- Paul Rogan (resigned 2 November 2006)
- Robert Woods
- Geoff McWilliam
- Greg Martin (resigned 4 August 2006)

Scheme Information

Challenger Infrastructure Fund ("CIF") consists of two stapled Australian registered managed investment schemes: CIF1 and CIF2. Each security consists of one unit in CIF1 and one unit in CIF2. Units are stapled together so that one cannot be transferred, or otherwise dealt with, without the other.

Challenger Listed Investments Limited ("CLIL"), the Responsible Entity of the Scheme, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 41, 88 Phillip St, Sydney, NSW, 2000.

Review and Results of Operations

The consolidated loss before tax for the half year ended 31 December 2006 attributable to the stapled security holders of CIF was \$20,549,432 (2005: (\$16,079,085)). CIF derived a profit before tax of \$3,569,082 (2005: \$1,357,700 loss) after adding back the \$24,118,514 (2005: \$14,721,385) of unrealised losses on inflation and foreign exchange hedge contracts. The following table provides an analysis of the result:

	CIF1 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF1 Consolidated 19 May 2005 - 31 Dec 2005 \$'000	CIF2 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF2 Consolidated 19 May 2005 - 31 Dec 2005 \$'000
Total Revenue	58,229	36,885	38,448	21,407
EBIT	8,528	8,790	(7,847)	(6,239)
Profit/(Loss) before tax	(20,550)	(16,079)	(33,712)	(23,550)
Profit/(Loss) after tax attributable to stapled security holders of CIF	(18,665)	(15,370)	(31,827)	(22,821)
Interim Distribution (Cents per Unit)	14.40	6.05	-	-

Significant Changes in the State of Affairs

Payment of second instalment

The second instalment on issued securities was received by CIF 1 on 21 August 2006 in accordance with the requirements in the CIF Product Disclosure Statement and Entitlement Offer.

Distributions

On 13 February 2007 the directors resolved to pay an interim distribution of 14.40 cents per security. The distribution amount of \$34,679,631 will be paid on 27 February 2007.

Significant Events after the Balance Date

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, CIF's operations in future financial years, the results of those operations or CIF's state of affairs in future financial years.

Likely Developments and Expected Results

Further information on likely developments on the operation of CIF and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to CIF.

Rounding of Amounts in the Directors' Report and the Financial Report

CIF1 and CIF2 are registered schemes that are of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditors Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young as set out on page 5.

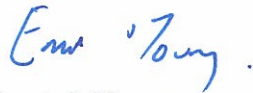
This report is made in accordance with a resolution of directors of Challenger Listed Investments Limited.



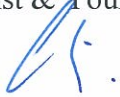
Director
Sydney
13 February 2007

Auditor's Independence Declaration

In relation to our review of the financial report of Challenger Infrastructure Fund for the half-year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Graeme McKenzie
Partner
Sydney

13 February 2007

Income Statement

For the half year ended 31 December 2006

		CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	Notes	1 July 2006 – 31 Dec 2006 \$'000	19 May 2005 – 31 Dec 2005 \$'000	1 July 2006 – 31 Dec 2006 \$'000	19 May 2005 – 31 Dec 2005 \$'000
Investment revenue		20,100	15,763	319	285
Transportation revenue		38,129	21,122	38,129	21,122
Total revenue	3(i)	58,229	36,885	38,448	21,407
Cost of sales		(3,590)	(2,263)	(3,590)	(2,263)
Gross profit		54,639	34,622	34,858	19,144
Operating expenses	3(ii)	(15,283)	(7,297)	(10,929)	(5,721)
Realised gains on foreign currency hedges		7,081	-	-	-
Earnings before interest, tax, depreciation, amortisation and unrealised gains/(losses) on financial instruments		46,437	27,325	23,929	13,423
Depreciation	3(ii)	(6,331)	(3,364)	(6,331)	(3,364)
Unrealised movements in employee share scheme	3(ii)	(7,460)	(449)	(7,460)	(449)
Unrealised (losses)/gains on foreign currency hedges	3(ii)	(5,149)	4,074	986	2,947
Unrealised losses on inflation hedge contracts	3(ii)	(18,969)	(18,796)	(18,971)	(18,796)
Earnings before interest and tax		8,528	8,790	(7,847)	(6,239)
Interest expense - preference shares	3(ii)	(3,515)	(1,818)	(3,515)	(1,818)
Interest expense - debt	3(ii)	(24,361)	(20,576)	(21,554)	(14,523)
Amortisation of loan issue costs	3(ii)	(1,202)	(2,475)	(796)	(970)
Profit/(Loss) before tax		(20,550)	(16,079)	(33,712)	(23,550)
Tax benefit		1,885	709	1,885	729
Net Profit/(Loss) after tax		(18,665)	(15,370)	(31,827)	(22,821)
Net Profit/(Loss) after tax attributable to:					
Security holders of CIF1		13,162	6,911	-	-
Security holders of CIF2		(31,827)	(22,281)	(31,827)	(22,821)
Minority interests		-	-	-	-
		(18,665)	(15,370)	(31,827)	(22,821)
Basic earnings per unit (cents)		(7.77)	(7.82)	(13.24)	(11.61)
Diluted earnings per unit (cents)		(7.77)	(7.82)	(13.24)	(11.61)

Balance Sheet

As at 31 December 2006

	Notes	CIF1	CIF1	CIF2	CIF2
		Consolidated	Consolidated	Consolidated	Consolidated
		31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash	6(ii)	171,546	36,593	9,692	12,272
Trade and other receivables	7	21,632	438,142	19,944	17,320
Inventory	10	975	831	975	831
Investments	8	320,067	318,486	-	-
Property, plant and equipment	9	285,937	273,047	285,937	273,047
Intangible assets	11	1,027,736	1,030,387	1,027,736	1,030,387
Deferred tax assets		4,192	6,998	4,192	6,998
Total assets		1,832,085	2,104,484	1,348,476	1,340,855
Liabilities					
Trade and other payables	12	93,162	76,511	89,283	72,549
Provisions		115	447	115	447
Deferred tax liabilities		5,491	10,527	5,491	10,527
Distribution payable	5	34,680	19,558	-	-
Interest bearing liabilities	13	785,298	1,058,046	1,143,120	1,131,899
Preference shares	13	76,778	76,976	76,778	76,976
Hedge contracts at market value	14	85,250	59,492	72,860	53,438
Total liabilities		1,080,774	1,301,557	1,387,647	1,345,836
Net assets/(liabilities)		751,311	802,927	(39,171)	(4,981)
Equity					
Contributed equity	15	823,932	821,423	48	48
Retained earnings		(39,350)	(20,685)	(55,719)	(23,892)
Reserves	16	(33,271)	2,189	16,500	18,863
Total equity		751,311	802,927	(39,171)	(4,981)
Comprised of :					
CIF1		790,482	807,908	-	-
CIF2		(39,171)	(4,981)	(39,171)	(4,981)
Minority interests		-	-	-	-
Total equity		751,311	802,927	(39,171)	(4,981)

Statement of Changes in Equity

For the half year ended 31 December 2006

	Notes	CIF1	CIF1	CIF2	CIF2
		Consolidated	Consolidated	Consolidated	Consolidated
		1 July 2006 - 31 Dec 2006 \$'000	19 May 2005 - 31 Dec 2005 \$'000	1 July 2006 - 31 Dec 2006 \$'000	19 May 2005 - 31 Dec 2005 \$'000
Total Opening Equity Balance		802,927	-	(4,982)	-
Transaction costs paid		-	(18,465)	-	-
Cashflow hedge reserve		(1,158)	(3,986)	(1,158)	(3,986)
Asset Revaluation Reserve		2,406	-	-	-
Exchange differences on translation of foreign operations	16	(2,028)	(16,968)	(1,204)	(7,819)
Total income and expense for the period recognised in equity		(780)	(39,419)	(2,362)	(11,805)
Net Profit/(Loss) after tax		(18,665)	(15,370)	(31,827)	(22,821)
Contributions of equity		-	839,920	-	48
Distributions provided for security holders		(34,680)	(14,519)	-	-
Additional equity issued		2,509	-	-	-
Total Closing Equity Balance		751,311	770,612	(39,171)	(34,578)

Statement of Cash Flows

For the half year ended 31 December 2006

	CIF1 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF1 Consolidated 19 May 2005 - 31 Dec 2005 \$'000	CIF2 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF2 Consolidated 19 May 2005 - 31 Dec 2005 \$'000
Note				
Cash flows from operating activities				
Receipts from customers	35,960	21,201	35,960	21,201
Payments to suppliers	(10,220)	(5,987)	(9,757)	(5,814)
Interest received	7,835	4,655	34	285
Dividends received	11,459	10,143	-	-
Interest paid	(21,441)	(8,729)	(21,549)	(2,704)
Tax paid	(336)	(531)	(336)	(531)
Net cash flow from operating activities	23,257	20,752	4,352	12,437
6(i)				
Cash flows from investing activities				
Acquisition of available for sale investments	-	(300,427)	-	-
Purchase of controlled entities (net of cash acquired)	-	(1,149,698)	-	(1,149,698)
Payments for purchase of property, plant and equipment	(21,272)	(4,580)	(21,272)	(4,580)
Net cash flow from investing activities	(21,272)	(1,454,705)	(21,272)	(1,154,278)
Cash flows from financing activities				
Net proceeds from issue of securities	420,157	401,495	24	24
Proceeds from issue of preference shares	-	73,974	-	73,974
Proceeds from borrowings	13,623	1,193,101	13,624	726,987
Repayment of borrowings	(288,751)	(168,279)	-	-
Loan from related party	-	-	-	363,134
Distributions paid	(19,533)	-	-	-
Net cash flow from financing activities	125,496	1,500,291	13,648	1,164,119
Net increase in cash assets held	127,481	66,338	(3,272)	22,278
Cash and cash equivalents at beginning of year	36,593	-	12,272	-
Net foreign exchange differences	7,472	505	692	142
Cash and cash equivalents at end of year	171,546	66,843	9,692	22,420
6(ii)				

Notes to the Financial Statements

1. Corporate Information

The financial report for the half year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors dated 13 February 2007.

Challenger Infrastructure Fund ("CIF") is a trust limited by securities incorporated in Australia whose securities are publicly traded on the Australian Stock Exchange.

The principal activity of CIF during the period was the pooling of investor's funds in CIF through the public issue of Securities and the investment of CIF funds in UK infrastructure assets.

2. Summary of Accounting Policies

This general purpose financial report for the interim half-year ended 31 December 2006 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period.

(i) Basis of Preparation

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The interim financial report should be read in conjunction with the annual financial report of CIF for the period ended 30 June 2006.

It is also recommended that the interim financial report should be read in conjunction with the Product Disclosure Statement dated 15 July 2005, Entitlement Offer dated 19 October 2005 and any public announcements made by Challenger Infrastructure Fund ("CIF") and its controlled entities during the period the half year ending 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(ii) Basis of Consolidation

CIF1 has applied AASB 127 "Consolidated and Separate Financial Statements" and AASB Interpretation 1002 to the stapling of CIF1 and CIF2. For the purposes of statutory reporting the parent entity is CIF1.

The interim consolidated balance sheet and consolidated income statement comprises the financial position and performance of CIF1 and its controlled entities and CIF2 and its controlled entities, collectively known as CIF.

The financial statements of subsidiaries are prepared for the same reporting period as CIF1 and CIF2, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to CIF and cease to be consolidated from the date on which control is transferred out of CIF. Where loss of control of a subsidiary occurs, the consolidated financial statements include the results for the part of the reporting period during which CIF had control.

Minority interests do not have a binding obligation to reimburse CIF for losses and accordingly losses applicable to the minority interest in excess of their interest in the equity of the subsidiary's equity are allocated against the parent interest. Minority interests in the profits of the relevant subsidiary are recognised once the minority's share of losses previously absorbed by CIF has been removed.

3. Net Result from Ordinary Activities

	CIF1 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF1 Consolidated 19 May 2005 - 31 Dec 2005 \$'000	CIF2 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF2 Consolidated 19 May 2005 - 31 Dec 2005 \$'000
(i) Total Revenue				
Investment revenue				
- Arqiva	7,368	8,620	-	-
- North DN	6,481	3,400	-	-
- Wales & the West DN	2,014	2,549	-	-
Interest income	4,237	1,194	319	285
Operating revenue	20,100	15,763	319	285
Transportation revenue	38,129	21,122	38,129	21,122
Total revenue	58,229	36,885	38,448	21,407
(ii) Total Expenses				
Operating expenses				
Management fees and expenses	(3,931)	(1,227)	-	-
Fund operating expenses	(423)	(349)	-	-
Inexus operating expenses	(10,929)	(5,721)	(10,929)	(5,721)
Total operating expenses	(15,283)	(7,297)	(10,929)	(5,721)
Depreciation and unrealised items				
Depreciation of property, plant and equipment	(6,331)	(3,364)	(6,331)	(3,364)
Unrealised movements on employee share scheme	(7,460)	(449)	(7,460)	(449)
Unrealised gains/(losses) on foreign currency hedges	(5,149)	4,074	986	2,947
Unrealised losses on inflation hedge contracts	(18,969)	(18,796)	(18,971)	(18,796)
Total depreciation and unrealised items	(37,909)	(18,535)	(31,776)	(19,662)
Borrowing costs				
Preference shares	(3,515)	(1,818)	(3,515)	(1,818)
Interest bearing liabilities – external	(24,361)	(19,123)	(21,554)	(12,569)
Interest bearing liabilities – related entities	-	(1,453)	-	(1,954)
Total interest bearing liabilities	(24,361)	(20,576)	(21,554)	(14,523)
Amortisation of loan issue costs	(1,202)	(2,475)	(796)	(970)
Total borrowing costs expense	(29,078)	(24,869)	(25,865)	(17,311)
Total expenses	(82,270)	(50,701)	(68,570)	(42,694)

4. Segment Information

Geographic segment

The consolidated entity operates predominately in one geographical segment being the United Kingdom. Accordingly, no geographical segment information is presented.

Business segment

The principal activity of CIF is investment in infrastructure assets.

5. Distributions Proposed

	CIF1 Consolidated 31 Dec 2006 \$'000	CIF1 Consolidated 30 June 2006 \$'000	CIF2 Consolidated 31 Dec 2006 \$'000	CIF2 Consolidated 30 June 2006 \$'000
Distributions Payable				
Interim stapled distribution proposed for the period ended 31 December 2006 (payable 27 February 2007)	34,680	19,558	-	-
	34,680	19,558	-	-
	Cents per security	Cents per security	Cents per security	Cents per security
Interim stapled distribution proposed for the period ended 31 December 2006 (payable on 27 February 2007)	14.40	8.15	-	-
	14.40	8.15	-	-

6. Cash Flow Information

i) Reconciliation of Loss after tax to Net Cash Flows from Operating Activities

	CIF1 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF1 Consolidated 19 May 2005 – 31 Dec 2005 \$'000	CIF2 Consolidated 1 July 2006 - 31 Dec 2006 \$'000	CIF2 Consolidated 19 May 2005 - 31 Dec 2005 \$'000
Net loss from continuing activities after income tax expense	(18,665)	(15,370)	(31,827)	(22,821)
Depreciation	6,331	3,364	6,331	3,364
Amortisation	1,202	2,475	796	970
Unrealised loss on financial instruments including movements on employee share scheme	31,578	14,722	25,445	15,849
Change in assets and liabilities				
Increase in receivables	(857)	(7,755)	(2,168)	(6,393)
Increase in payables and other liabilities	3,668	23,316	5,775	21,444
Increase in related entity borrowings	-	-	-	24
Net cash flow from operating activities	23,257	20,752	4,352	12,437

ii) Reconciliation of cash assets

Cash assets at the end of the period as shown in the statement of cashflows is reconciled to the related items in the Balance Sheet as follows:

	CIF1 Consolidated 31 Dec 2006 \$'000	CIF1 Consolidated 30 June 2006 \$'000	CIF2 Consolidated 31 Dec 2006 \$'000	CIF2 Consolidated 30 June 2006 \$'000
Cash at bank and on hand	171,546	36,593	9,692	12,272

7. Trade and other receivables

	CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Initial Public Offer – 2nd Instalment	-	314,970	-	18
Entitlement Offer – 2nd Instalment	-	104,990	-	6
Trade Receivables	4,383	2,319	4,383	2,319
Accrued Income	9,208	9,312	9,208	9,312
Interest Receivables	8,024	6,531	6,353	5,665
Other Receivables	17	20	-	-
Total	21,632	438,142	19,944	17,320

8. Investments

	CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Available for Sale Assets				
Carrying value of investments:				
▪ Wales & West Gas DN	96,343	96,591	-	-
▪ Northern Gas DN	96,591	94,434	-	-
▪ Arqiva	127,133	127,461	-	-
Total	320,067	318,486	-	-

9. Property Plant & Equipment

	CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Infrastructure	281,558	268,274	281,558	268,274
Plant and equipment	4,379	4,773	4,379	4,773
Total	285,937	273,047	285,937	273,047

10. Inventory

	CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Inventory at cost	975	831	975	831
Total	975	831	975	831

11. Intangible Assets

	CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Goodwill on acquisition of Inexus Group (Holdings) Limited	992,476	992,476	992,476	992,476
Foreign currency translation on goodwill	35,260	37,911	35,260	37,911
Total	1,027,736	1,030,387	1,027,736	1,030,387

12. Trade and other payables

	CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	31 Dec 2006	30 June 2006	31 Dec 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Trade creditors and accruals	55,117	49,144	51,260	46,677
Interest payable	37,993	27,283	37,993	25,810
Current tax liability	52	84	30	62
Total	93,162	76,511	89,283	72,549

13. Interest Bearing Liabilities

	CIF1 Consolidated			CIF2 Consolidated		
	31 Dec 2006			31 Dec 2006		
	Outstanding	Facility	Unused	Outstanding	Facility	Unused
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank Loans						
Bridge Debt	-	-	-	-	-	-
Senior Bank Debt	689,673	1,092,549	402,876	689,673	1,092,549	402,876
Junior Bank Debt	86,907	86,907	-	86,907	86,907	-
less Capitalised Line Fees	(5,905)	-	-	(5,905)	-	-
Total Bank Loans	770,675	1,179,456	402,876	770,675	1,179,456	402,876
Non-bank Loans						
Loan Notes to Inexus minority shareholders	14,623	-	-	14,623	-	-
Related party	-	-	-	357,822	363,134	5,312
Total Non-bank Loans	14,623	-	-	372,445	363,134	5,312
Total Interest Bearing Loans and Borrowings excluding Preference Shares	785,298	1,179,456	402,876	1,143,120	1,542,590	408,188
Preference Shares issued to Inexus minorities	76,778	-	-	76,778	-	-
Total Interest Bearing Loans and Borrowings	862,076	1,179,456	402,876	1,219,899	1,542,590	408,188

	CIF1 Consolidated			CIF2 Consolidated		
	30 June 2006			30 June 2006		
	\$'000			\$'000		
	Outstanding	Facility	Unused	Outstanding	Facility	Unused
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Bank Loans						
Bridge Debt	284,363	320,819	36,456	-	-	-
Senior Bank Debt	679,005	1,095,367	416,362	679,005	1,095,367	416,362
Junior Bank Debt	87,131	87,131	-	87,131	87,131	-
less Capitalised Line Fees	(7,114)	-	-	(6,720)	-	-
Total Bank Loans	1,043,385	1,503,317	452,818	759,416	1,182,498	416,362
Non-bank Loans						
Loan Notes to Inexus minority shareholders	14,661	-	-	14,661	-	-
Related party	-	-	-	357,822	363,134	5,312
Total Non-bank Loans	14,661	-	-	372,483	363,134	5,312
Total Interest Bearing Loans and Borrowings excluding Preference Shares	1,058,046	1,503,317	452,818	1,131,899	1,545,632	421,674
Preference Shares issued to Inexus minorities	76,976	-	-	76,976	-	-
Total Interest Bearing Loans and Borrowings	1,135,022	1,503,317	452,818	1,208,875	1,545,632	421,674

14. Hedge Contracts

	CIF1 Consolidated	CIF1 Consolidated	CIF2 Consolidated	CIF2 Consolidated
	30 June 2006	30 June 2006	31 Dec 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Hedge contracts	85,250	59,492	72,860	53,438
Total	85,250	59,492	72,860	53,438

Fair value of hedge contracts relate to inflation, interest rate and foreign exchange exposures.

15. Contributed Equity

	CIF1 Consolidated 31 Dec 2006 \$'000	CIF1 Consolidated 30 June 2006 \$'000	CIF2 Consolidated 31 Dec 2006 \$'000	CIF2 Consolidated 30 June 2006 \$'000
Securities on Issue				
Class A Securities	527,459	524,950	30	30
Class B Securities	314,970	314,970	18	18
IPO transaction costs	(12,048)	(12,048)	-	-
Entitlement Offer transaction costs	(6,449)	(6,449)	-	-
Closing Balance	823,932	821,423	48	48

	Number of stapled securities '000	Total stapled securities \$'000
Movement in securities on issue		
Class A Securities on issue at 1 July 2006	149,986	524,950
Class A Securities issued at 9 October 2006 (*)	854	2,509
Total Class A Securities on issue at 31 December 2006	150,840	527,459
Class B Securities on issue at the beginning of the period	89,991	314,970
Total Class B Securities on issue at 31 December 2006	89,991	314,970
Total transaction costs of security issue	-	(18,497)
Total Stapled Securities on issue at 31 December 2006	240,831	823,932

* The Class A Securities issued are in respect of management fees for the period ending 30 June 2006 in line with the CIF Product Disclosure Statement and CIF Entitlement Offer documents. The total number of Class A Securities issued in respect of the management fee period ending 30 June 2006 was 853,622.

16. Reserves

	CIF1 Consolidated 31 Dec 2006 \$'000	CIF1 Consolidated 30 June 2006 \$'000	CIF2 Consolidated 31 Dec 2006 \$'000	CIF2 Consolidated 30 June 2006 \$'000
Cashflow hedge reserve	5,037	6,195	5,037	6,195
Asset revaluation reserve	11,024	8,618	-	-
Capital distribution reserve	(68,756)	(34,077)	-	-
Foreign currency translation reserve	19,424	21,453	11,463	12,668
Total	(33,271)	2,189	16,500	18,863

17. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2006 annual financial report.

a) Management Fees and Expenses

The attached table discloses all fees paid by CIF to CLIL, Challenger Management Services Limited ("CMSL") and Challenger Group Services United Kingdom ("CGSUK") through the fee sharing arrangement.

	CIF1 Consolidated 31 Dec 2006 \$	CIF1 Consolidated 31 Dec 2005 \$	CIF2 Consolidated 31 Dec 2006 \$	CIF2 Consolidated 31 Dec 2005 \$
a) Management Fees paid or payable to CLIL from CIF under the CIF Trust Constitution and Fee Sharing Agreement	206,148	61,337	-	-
b) Management Fees paid or payable to CMSL from CIF under the CMSL Management Agreement and Fee Sharing Agreement	3,706,540	1,152,356	-	-
c) Management Fees paid or payable to CGSUK under UK Management Agreement and Fee Sharing Agreement	18,669	13,055	-	-
Total Management Fees paid or payable at balance date	3,931,357	1,226,748	-	-

Total expenses paid by CIF1 Consolidated to related parties for the period to 31 December 2006 is \$nil (2005: \$20,884,549). The total expenses paid by CIF2 Consolidated to related parties for the period to 31 December 2006 is \$nil (2005: \$19,252,545).

18. Investments in Controlled Entities

Investments in Controlled Entities are consistent with those of the previous financial period and corresponding interim reporting period.

19. Events subsequent to balance date

The directors are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has occurred since the period end that has significantly affected the operations of CIF or the state of affairs in periods subsequent to the period ended 31 December 2006.

20. Contingencies

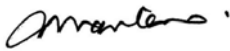
As at balance date there are no material contingent liabilities or contingent assets (2005: Nil).

**Statement by the Directors of the Responsible Entity of CIF
On the Financial Report of the Challenger Infrastructure Fund**

In accordance with a resolution of the directors of Challenger Listed Investments Limited (the Responsible Entity of the CIF Investment Trust 1 and CIF Investment Trust 2, collectively known as the Challenger Infrastructure Fund ("CIF")), I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Challenger Infrastructure Fund are in accordance with the Scheme Constitutions and the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Challenger Infrastructure Fund as at 31 December 2006 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Challenger Infrastructure Fund will be able to pay its debts as and when they become due and payable.



Director
Sydney
13 February 2007

To the unitholders of Challenger Infrastructure Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report prepared in accordance with ASIC Class Order 05/642 for the stapled securities CIF Investment Trust 1 and CIF Investment Trust 2, collectively known as the Challenger Infrastructure Fund (CIF) and the entities they controlled during the half-year, which comprises the balance sheet as at 31 December 2006, the income statement, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity for CIF are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of CIF's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of CIF, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

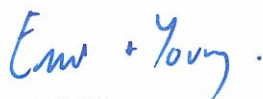
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Challenger Infrastructure Fund, is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Challenger Infrastructure Fund's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Graeme McKenzie
Partner
Sydney

13 February 2007