

The Beston Wine Industry Trust



Annual Report
Year ended 30 June 2003

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Trust highlights, results and review

for the year ended 30 June 2003

Trust highlights

Revenue from ordinary activities up 37% to \$10.4 million.

Operating profit of \$5.3 million, up 29.4%.

Total assets of the Trust increasing 67% to \$131.6 million.

The successful raising of \$22.4 million in ordinary Units.

The successful raising of \$2.0 million in Preferred Indexed Convertible Equity Units.

Tax deferral of 33.09%, giving a grossed up yield of up to 13.6% for ordinary Unitholders.

Key financial results

year ended 30 June

	2003 actual	2002 actual
Revenue (\$'000)	10,361	7,562
Profit (\$'000)	5,339	4,130
Distribution per Unit (cents)	9.2	9.2
Annualised yield (%) based on .89¢ per Unit (2002 at .88¢)	10.2	10.5

Trust review

- The Trust currently owns 25 vineyards and three wineries in well-regarded grape growing regions of Australia and New Zealand which, based on current valuations, are valued at \$128.01 million.
- The Trust has consistently generated strong earnings, and has paid distributions totalling 9.2 cents per ordinary Unit and 92.5 cents per PICE Unit for the year ended 30 June 2003.

Chairman's report

Dear Unitholder

I have pleasure in presenting the 2003 Annual Report for the Beston Wine Industry Trust.

The trading results for the Trust show an operating profit for the 2003 financial year of \$5,339,444 compared with \$4,125,497 for the previous year, an increase of 29.4 per cent. This profit has been distributed to Unitholders in accordance with the Trust's present policy on a quarterly basis as follows:

	Rate per Ordinary Unit	Total Distribution (Including PICE Units)
Three months ended 30 September 2002	2.286	\$1,144,767
Three months ended 31 December 2002	2.377	\$1,226,973
Seventy nine days ended 20 March 2003	2.233	\$807,606
Balance of quarter ended 31 March 2003	0.202	\$518,635
Three months ended 30 June 2003	2.059	\$1,641,463
	9.157	\$5,339,444

The distribution on Ordinary Units for the full year ending 30 June 2003 represented an annualised running yield of 10.2% on the most recent issue price of \$0.89 per Unit. A further benefit to the Ordinary Unitholders is that 33.09% of the distribution is tax deferred, which represents a grossed up yield of 13.6% based upon an investor at the highest marginal tax bracket.

The Trust's 2003 financial year distribution was down on last year's distribution of 9.244 cents due to the write down of \$103,259, being three months rent due from Reynolds Wines Limited. The Trust has received notice that the Receivers and Managers of Reynolds Wines Limited will continue to pay rent from 14 August 2003 on the Reynolds property.

PICE Unitholders received distributions totalling 92.5 cents per Unit on a weighted average basis for the financial year ending 30 June 2003, up 0.15 cents per Unit from the previous corresponding period. Following the annual CPI adjustment on the 26th of March, the PICE Units are yielding 9.54% based on the \$10.00 issue price.

Portfolio

Assets under management by the Trust increased from \$78,649,906 to \$131,566,588 during the year, an increase of 67%.

During the year, the Trust made the following strategic acquisitions:

- The Dashwood vineyard in the world renowned Marlborough region of New Zealand, leased to the third largest wine company in New Zealand, Delegat's Wine Estate;

- Sirens vineyard in Margaret River, Western Australia, leased to one of Australia's largest listed wine companies, Southcorp Limited;
-
- The Gngangara vineyard in Manjimup, Western Australia;
-
- Woods' vineyard in Griffith, New South Wales;
-
- Oakridge vineyard and winery in the Yarra Valley, Victoria, all three of which are leased to the ASX listed wine group, Evans & Tate Limited;
-
- A vineyard in Swan Hill, Victoria which is leased to Australia's third largest listed wine company, McGuigan Simeon Wines Limited.
-

This now places the Trust as the sixth largest vineyard owner in Australia with a total of 1,752.60 hectares (4329 acres).

As in previous years, the assets of the Trust have been recorded in the financial accounts at historical cost. However, the Trust ensures that qualified independent valuers revalue all properties at least every three years, with management checking valuations annually.

Based on the Trust's most recent valuations for the properties, the Trust's vineyard and winery assets are currently worth \$128.01 million. This represents a \$1.97 million premium over the book value of \$126.04 million.

NTA and growth in equity

The Trust's Net Tangible Asset backing on a fully diluted basis increased from \$0.81 to \$0.84 during the 2003 financial year. If the latest property valuations for the Trust's assets were used as the base, the comparable NTA of the Trust would be \$0.87.

The growth during the past year has been partly funded by the issue of new Ordinary and Preferred Indexed Convertible Equity (PICE) Units in the Trust. The 2003 Capital Raising offer of 23,804,604 new Ordinary Units to the public closed fully oversubscribed on 14 March 2003. The Trust also raised new Ordinary and PICE Units via private placements and the Distribution Reinvestment Plan.

At 30 June 2003, there were 60,216,410 Ordinary Units on issue (an increase of 25,224,743 Units) of which the 20 largest Unitholders held 24,482,269 Units or 40.66% of the Ordinary Units, and 1,700,115 PICE Units (an increase of 200,115 Units) of which the 20 largest Unitholders held 1,691,999, or 99.52% of the total. As at July 2003, the Trust had 2,756 Ordinary Unitholders and 56 PICE Unitholders.

Total Unitholders' equity increased 53% during the year, from \$43.9 million to \$67.3 million.

Unit price movement

The Ordinary Units have enjoyed a strong improvement from the 30 June 2002 close of \$0.85, rising to \$0.92 by the end of the 2003 financial year.

The PICE Units also closed the financial year stronger, having firmed from their 30 June 2002 close of \$9.10 to end 2003 at \$9.70.

Outlook

Challenger Beston Limited, the Responsible Entity for the Trust, has identified a number of investment opportunities it believes complement the Trust's growth strategy. These opportunities are located in South Australia, Western Australia, New South Wales and New Zealand, and represent opportunities to further diversify the Trust's assets over premium wine growing regions. Expenditure on the Trust's development properties continues, as do upgrades to the Trust's existing vineyards, to ensure they are maintained in accordance with best viticultural practices.

The Trust's investment in vineyard properties and wine infrastructure assets provides the investors with a stable income stream that is derived from rental incomes and is not subject to fluctuations inherent in grape production. The Trust has a history of high and consistent yields, and acquisitions are aimed at maintaining or improving those returns. The Trust also continues to pursue its goal of being recognised as a leading provider of capital to the wine industry as the demand from major participants continues to grow.

This year the Australian wine industry continued its success, with export sales exceeding \$2.4 billion and market share increasing in many international markets. As exports grow, the demand for new vineyard plantings, from the major wine companies in particular, will continue with the emphasis being placed on the popular wine grape varieties such as Chardonnay and Shiraz.

New Zealand wine companies are also facing a similar need for growth. The New Zealand industry has predicted that production could be trebled by 2010, with current export sales exceeding NZ\$280 million.

The Beston Wine Industry Trust is now well placed to partner with the wine industry to meet these challenges as an established and significant contributor to the development of additional vineyard properties in Australia and New Zealand. The Trust's sale and leaseback product assists wine companies to improve their capital management practices and allows them to keep pace with the demands of the domestic and international market places.

Unitholders in the Trust are well placed to enjoy the benefits of an expanding and dynamic wine industry, both here in Australia and abroad.

Yours sincerely



Stephen Gerlach
Chairman

Property portfolio summary

as at 30 June 2003

Beston Wine Industry Trust

Property and Investment Interest	Lessee	Location	% of Portfolio	Book Value (inc. transaction fees & improvements)	Planted Hectares
Summers Hill Vineyard	Burge Corp Pty Ltd	Eden Valley, SA	1%	1,533,600	18.07
Corryton Park Vineyard	Burge Corp Pty Ltd	Eden Valley, SA	2%	3,109,850	38.81
Cowra Station Vineyard ^a	Vineyards of NSW Pty Ltd ^a	Cowra, NSW	3%	3,686,759	58.47
Sandy Hollow Vineyard	McGuigan Simeon Wines Ltd	Hunter Valley, NSW	4%	4,876,268	105.29
Waikerie Vineyard	McGuigan Simeon Wines Ltd	Riverland, SA	2%	2,185,020	40.1
Bethany Creek & Vine Vale Vineyards	McGuigan Simeon Wines Ltd	Barossa Valley, SA	1%	1,711,650	18.60
Schubert's Vineyard	McGuigan Simeon Wines Ltd	Lobethal, SA	3%	4,307,612	76.87
Inglewood Vineyard	Inglewood Vineyards Pty Ltd	Hunter Valley, NSW	1%	1,412,745	20.09
Dalswinton Vineyard	Inglewood Vineyards Pty Ltd	Hunter Valley, NSW	4%	4,969,565	75.51
Thomson Vineyard	Thomson Fruitgrowers Pty Ltd	Riverland, SA	3%	4,100,542	103.62
Boh River Vineyard	BH & SE Booth and Auction Services Pty Ltd	Waikerie, SA	8%	10,036,382	192.74
Gundagai Vineyard	P Bunn	Gundagai, NSW	10%	12,552,035	200.32
Highway 50 Vineyard ^b	Delegat's Wine Estate Ltd	Hawkes Bay, NZ	2%	2,520,248	18.90
Gimblett Rd Vineyard ^b	Delegat's Wine Estate Ltd	Hawkes Bay, NZ	2%	2,572,330	20.85
Crownthorpe Vineyard ^b Development	Delegat's Wine Estate Ltd	Hawkes Bay, NZ	11%	13,534,886	216.00
Dashwood Vineyard ^b Development	Delegat's Wine Estate Ltd	Marlborough, NZ	10%	12,456,403	167.03
Sirens Vineyard ^c	Southcorp Wines Ltd	Margaret River, WA	2%	1,979,089	27.27
Yarraman Vineyard & Winery	Reynolds Wines (Cabonne) Ltd	Hunter Valley, NSW	2%	2,049,002	18.89
Hermitage Road Winery	McGuigan Simeon Wines Ltd	Hunter Valley, NSW	4%	4,636,401	N/A
Chapel Vineyard	NVFA	Coonawarra, SA	2%	2,878,424	30.39
Trillian's Hill Vineyard	Trillian's Hill Vineyard Pty Ltd	Clare, SA	1%	912,197	19.50
Woods Vineyard	Evans & Tate Ltd	Griffith, NSW	1%	1,252,552	36.42
Gnangara Vineyard Development	Evans & Tate Ltd	Manjimup, WA	2%	1,895,296	0.00
Oakridge Estate	Evans & Tate Ltd	Coldstream, VIC	2%	2,380,710	11.21
Two Rivers Vineyard ^d	McGuigan Simeon Wines Ltd	Swan Hill, VIC	17%	22,037,263	237.74
Investment Interest ^e		Langhorne Creek, SA	0.4%	448,985	N/A
TOTAL:			100%	\$126,035,814	1,752.60

^aAffiliate of McGuigan Simeon Wines Limited.

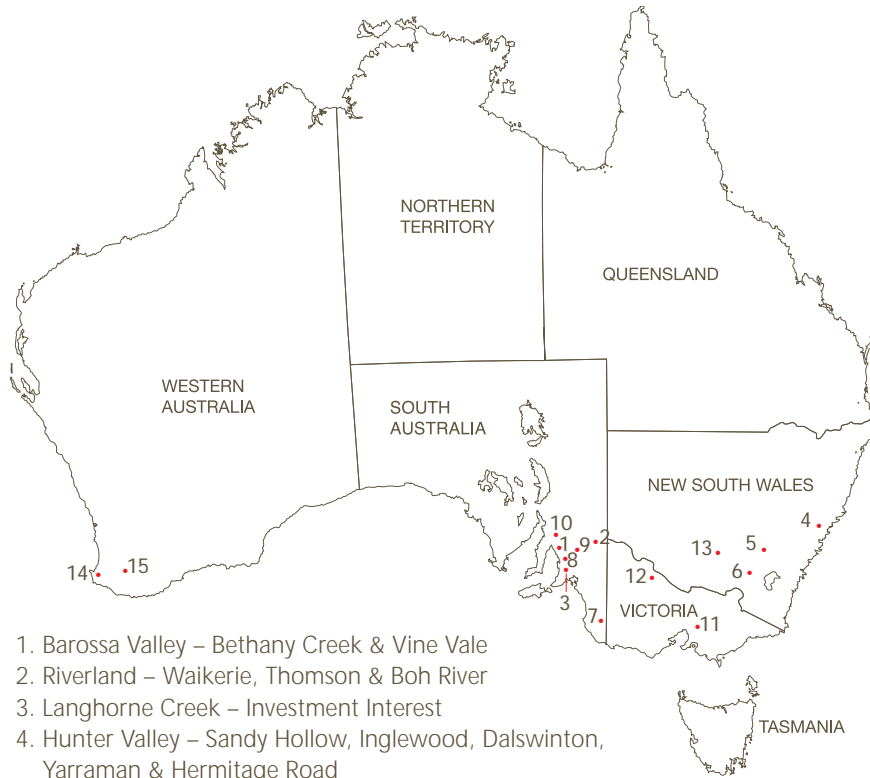
^bThese properties are owned through the Beston Delegat's Wine Trust, a unit trust wholly owned by the Trust. The acquisition costs of these assets were converted to Australian dollars at a rate of AU\$1.1463 per NZ\$ (as at 30 June 2003).

^cThis property is owned through the Beston Southcorp Vineyard Trust, a unit trust wholly owned by the Trust.

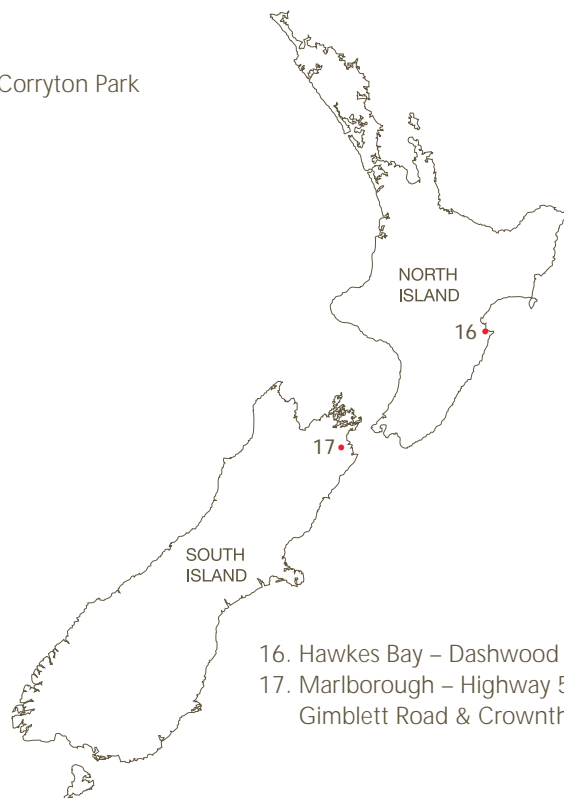
^dThis property is owned through the McGuigan Simeon Wines Wholesale Trust, a unit trust wholly owned by the Trust.

^eOf this amount, \$401,864 is a Loan Receivable.

Australia and New Zealand wine regions and properties



1. Barossa Valley – Bethany Creek & Vine Vale
2. Riverland – Waikerie, Thomson & Boh River
3. Langhorne Creek – Investment Interest
4. Hunter Valley – Sandy Hollow, Inglewood, Dalswinton, Yarraman & Hermitage Road
5. Cowra – Cowra
6. Gundagai – Gundagai
7. Coonawarra – Chapel
8. Adelaide Hills – Schubert's
9. Eden Valley – Summers Hill & Corryton Park
10. Clare Valley – Trillian's Hill
11. Yarra Valley – Oakridge
12. Swan Hill – Two Rivers
13. Griffith – Woods
14. Margaret River – Sirens
15. Manjimup – Gngangara

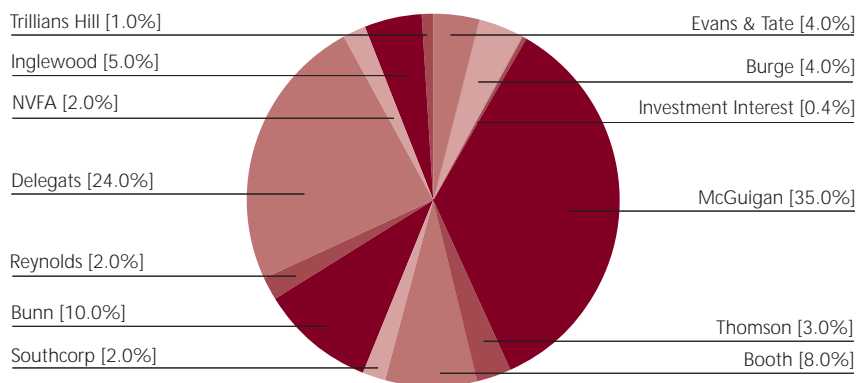


16. Hawkes Bay – Dashwood
17. Marlborough – Highway 50, Gimblett Road & Crownthorpe

The Beston Wine Industry Trust

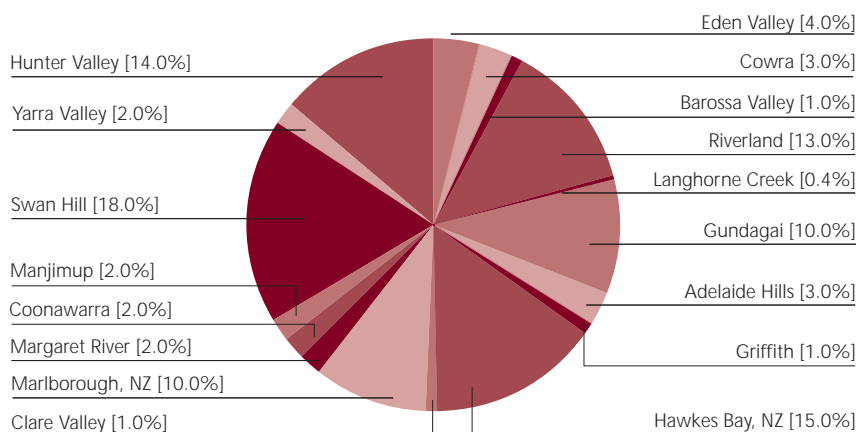
Leesee diversification

as at 30 June 2003



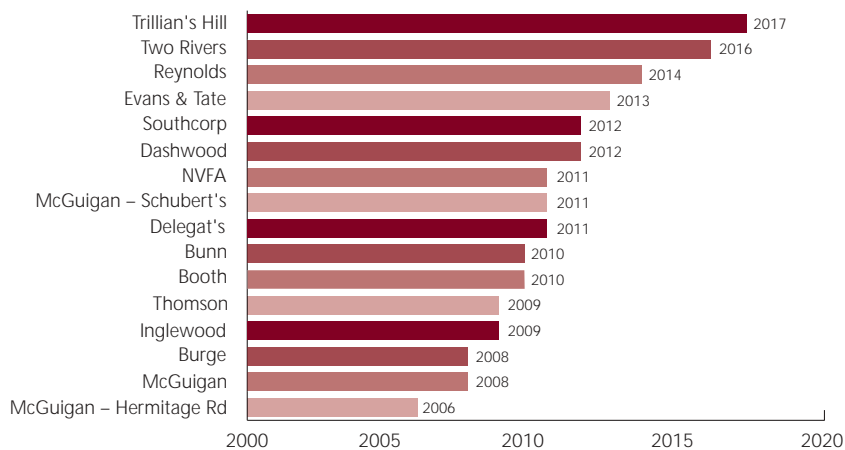
Portfolio diversification by region

as at 30 June 2003



Lease maturity profile

as at 30 June 2003



Property portfolio

as at 30 June 2003

The following is a sample of vineyard properties of the Trust in the major wine regions of Australia and New Zealand.



Summers Hill Vineyard, Eden Valley, SA

Lessee: Grant Burge Wines Pty Ltd
Total area: 27.52 hectares
Planted area: 18.07 hectares
Varietals: Chardonnay, Pinot Noir, Riesling
Lease expiry: 2008

Fully mature vineyard producing award winning wines for Grant Burge, and is considered one of the finest in the Eden Valley.



Corryton Park Vineyard, Eden Valley, SA

Lessee: Grant Burge Wines Pty Ltd
Total area: 53.90 hectares
Planted area: 38.81 hectares
Varietals: Cabernet Sauvignon, Merlot, Petit Verdot
Lease expiry: 2008

Situated in the cooler climate of the Eden Valley region of the Barossa Valley. The Corryton Park Vineyard is adjacent to the historic Corryton Park homestead, one of the original dwellings in the area dating back to the 1800s.



Cowra Station, Central Ranges, NSW

Lessee: Vineyards of NSW Pty Ltd affiliate of
McGuigan Simeon Wines Ltd
Total area: 68.21 hectares
Planted area: 58.47 hectares
Varietals: Chardonnay, Verdelho, Semillon,
Sauvignon Blanc, Shiraz, Merlot
Lease expiry: 2008

Cowra is a fully developed premium vineyard established in 1995, located 15km West of Cowra in the Cowra Vineyards region.



Vine Vale Vineyard, Barossa Valley, SA

Lessee: McGuigan Simeon Wines Ltd
Total area: 14.38 hectares
Planted area: 8.49 hectares
Varietals: Chardonnay, Riesling, Shiraz
Lease expiry: 2008

Vine Vale is adjacent to the Bethany Creek Vineyard and produces premium quality fruit with vines dating back to 1965.



Inglewood Vineyard, Hunter Valley, NSW

Lessee: Inglewood Vineyards Pty Ltd
Total area: 44.50 hectares
Planted area: 20.09 hectares
Varietals: Chardonnay, Semillon, Merlot
Lease expiry: 2009

Adjoining the Trust's Dalswinton Vineyard, both properties are well established, and are located just south of the township of Denman on the Hunter River.



Gundagai Vineyard, Southern New South Wales, NSW

Lessee: Peter Bunn Group
Total area: 307 hectares
Planted area: 200.32 hectares
Varietals: Chardonnay, Verdelho, Cabernet Sauvignon,
Merlot, Shiraz
Lease expiry: 2010

Gundagai is a large-scale vineyard and has shown itself to produce excellent fruit, all of which is contracted to Southcorp.



Gimblett Road Vineyard, Hawkes Bay, New Zealand

Lessee: Delegat's Wine Estate Limited
Total area: 22.93 hectares
Planted area: 20.85 hectares
Varietals: Cabernet Sauvignon, Merlot, Chardonnay
Lease expiry: 2011

Gimblett Road consistently produces high quality fruit used for Delegat's award winning wines, and is also characterised by its gravely, stony soils.



Crownthorpe Vineyard, Hawkes Bay, New Zealand

Lessee: Delegat's Wine Estate Limited
Total area: 360.79 hectares
Planted area: 216 hectares
Varietals: Merlot, Chardonnay
Lease expiry: 2011

Stage 1 of the NZ\$14.6 million development of Crownthorpe is now complete, with the first plantings completed in winter 2001. Currently 216 hectares of the 288 hectares have been planted, with completion of the Stage 2 development expected in 2003.



Dashwood Vineyard Development, Marlborough, New Zealand

Lessee: Delegat's Wine Estate Limited
Total area: 168.7 hectares
Planted area: 167.03 hectares
Varietals: Sauvignon Blanc, Chardonnay, Pinot Noir
Lease expiry: 2012

Located in the much sought after Awatere Valley in Marlborough, New Zealand, this development vineyard is scheduled to be completed by the end of 2003.



Hermitage Road Winery, Hunter Valley, NSW

Lessee: McGuigan Simeon Wines Ltd
Lease expiry: 2006

Located in the popular Hunter Valley wine region, next to the Hunter Resort, Hermitage Road is a large winery with a processing capacity of approximately 4,000 tonnes, and stainless steel storage of approximately 8 million litres. Hermitage Road also includes a restaurant and cellar door sales facility.



Two Rivers Vineyard, Swan Hill, VIC

Lessee: McGuigan Simeon Wines Ltd
Total area: 1030.92 hectares
Planted area: 237.74 hectares
Varietals: Sauvignon Blanc, Chardonnay, Cabernet Sauvignon, Merlot, Shiraz, Grenache, Petit Verdot, others
Lease expiry: 2016

Located in the Swan Hill area of the Sunraysia, this vineyard development is to be planted by October 2003 and when fully developed will comprise 943 hectares under vine.



Sirens Vineyard, Margaret River, WA

Lessee: Southcorp Wines Ltd
Total area: 66.09 hectares
Planted area: 27.27 hectares
Varietals: Chardonnay, Merlot, Cabernet Sauvignon, Sauvignon Blanc, Voigner
Lease expiry: 2012

The vineyard was developed by a private consortium in 1999 and is adjacent to Southcorp's Devil's Lair vineyard. Southcorp and the Trust intend to further develop another 17 hectares in 2004.



Chapel Vineyard, Coonawarra, SA

Lessee: National Viticultural Fund of Australia
Total area: 36.98 hectares
Planted area: 30.39 hectares
Varietals: Cabernet Sauvignon
Lease expiry: 2012

Planted on the world-renowned 'terra rossa' soils of Coonawarra, Chapel Vineyard is contracted to Southcorp under a seven year agreement. The fruit will be used in the super premium Wynns Black Label range.



Oakridge Estate, Coldstream, VIC

Lessee: Evans & Tate Ltd
Total area: 16.98 hectares
Planted area: 11.21 hectares
Varietals: Shiraz, Cabernet Sauvignon, Semillon, Chardonnay, Sauvignon Blanc, Pinot Noir, Merlot
Lease expiry: 2013

The property comprises a vineyard with a winery and restaurant. It is located in the premium Yarra Valley wine region and is a handsome addition to the Trust's portfolio.



Investment Interest – Langhorne Creek Winery, Langhorne Creek, SA

Langhorne Creek Winery is a large commercial winery which has extensive storage and fermenting capacity. Over 90% of its 9,500 tonnes processing capacity is contracted to BRL Hardy. The winery also has extensive storage and fermenting capacity.

Directors' report

Challenger Beston Limited, the Responsible Entity of the Beston Wine Industry Trust (the Trust), presents this report together with the financial report of the Trust for the year ended 30 June 2003, and the auditor's report therein.

The Responsible Entity of the Beston Wine Industry Trust is Challenger Beston Limited (the Responsible Entity), which has been the Responsible Entity since registration of the Trust on 8 June 2000.

Challenger Beston Limited holds a Securities Dealers Licence in accordance with the requirements of the Australian Securities and Investments Commission.

Directors

The directors of Challenger Beston Limited during or since the end of the financial year are:

S Gerlach

RN Sexton

CJ Atkins

IM Martens – appointed 11 July 2003

DC Hall – appointed 11 July 2003

B Beaton – appointed 29 May 2003

WEB Ireland – resigned 11 July 2003

RI Bacon – resigned 29 May 2003

JC Barry – resigned 29 May 2003

J Gilsenan – appointed 5 May 2003,
resigned 31 July 2003

Management

Challenger Beston Limited appointed Beston Pacific Vineyard Management Limited as its Agent and Manager to carry out many of the obligations of the Responsible Entity under the Compliance Plan. In addition Tower Trust (SA) Limited was appointed as Custodian of the Trust property as set out in the property summary.

Since 18 May 2003, Challenger Beston Limited has taken on the role as Manager of the Trust.

Challenger Beston Limited has considerable expertise in the wine industry as illustrated by the experience of its directors:

Mr Stephen Gerlach LLB, FAICD (Chairman)

Mr Gerlach is a corporate advisor, solicitor and company director, holding positions on the Boards of several public companies including: Santos Limited (Chairman); Southcorp Limited; Futuris Corporation Limited (Chairman); Riverland Water Group (Deputy Chairman); Elders Rural Bank Limited and Elders Australia Limited (Chairman).

Dr Roger N Sexton B Ec (Hons), M Ec, PhD (Econ), FAICD, FAIM (Deputy Chairman)

Dr Sexton holds positions on the Boards of several other public and private companies including IOOF Holdings Limited (Deputy Chairman) and Perennial Investment Partners Limited. He has specialist qualifications and experience in investment banking, agricultural economics and the wine industry and has 15 years experience in funds management.

Mr Christopher J Atkins FCA (Managing Director)

Mr Atkins is a Chartered Accountant and a director of Challenger Beston Limited and has been involved in advisory work for a number of wineries over the last 30 years. He has been Managing Director of the Responsible Entity since the Trust's inception, growing the assets to over \$131 million.

Mr Ian M Martens FCA, FAICD

Mr Martens is a consultant to BDO Chartered Accountants. His advisory work has included Petaluma Limited, Tim Knapstein Wines Pty Ltd and several other wine companies and vineyard owners and operators.

Mr David C Hall FCA, FAICD

Mr Hall is a Chartered Accountant and is currently an executive director of Roche Group Pty Ltd, is the third largest Unitholder of the Trust, and is on the Board of the public company Pacific Strategic Investments Limited and other companies.

Mr Blair Beaton CA, CBN

Mr Beaton is Head of Corporate Development for Challenger Financial Services Group. He has significant experience in listed property trusts and the resources industry and has worked in the investment banking and accounting professions for 20 years.

Mr Stephen Gilsenan CA (Appointed on 5 May 2003 and resigned on 31 July 2003)

Mr Gilsenan is a Chartered Accountant who has spent the past 20 years in investment banking and was the Chief Finance Officer of Challenger International limited.

Mr William EB Ireland (Resigned on 11 July 2003)

Mr Ireland was the Chairman and Managing Director of Challenger International Limited. He has extensive experience in stock and option broking, project development, and financing and marketing new business ventures.

Mr Rodger I Bacon B Com (NSW) ASIA (Resigned on 29 May 2003)

Mr Bacon was a director of Challenger International Limited and has been involved in investment banking activities for more than 30 years. He has extensive experience in all aspects of investment management both in Australia and overseas, money market dealing and corporate finance advisory work.

Mr John C Barry B Com (Macq) ARA (Resigned on 29 May 2003)

Mr Barry was a director of Challenger International Limited and has been involved in funds management, finance and investment banking for over 25 years.

The attendance at Board meetings during the year was as follows:

Beston Pacific Vineyard Management

	Director's Meetings	Attended
S Gerlach	5	5
C Atkins	5	5
I Martens	5	5
J Barry	5	4
R Bacon	5	4
D Hall	5	5
W Ireland	5	0
R Sexton	5	4

Challenger Beston Limited

	Director's Meetings	Attended
S Gerlach	2	2
C Atkins	2	2
J Barry	2	2
R Bacon	2	1
R Sexton	2	2
B Beaton	0	0
S Gilsenan	0	0

Principal activities

The principal activity of the Trust during the period was the pooling of investors' funds in the Trust through the private placement and public issue of Units and the investment of the Trust funds in wine industry properties and infrastructure assets.

Investment and borrowing policies

The Trust is a specialised wine industry trust investing in well located vineyards and other strategic wine related assets such as crushing, processing and storage facilities leased to quality tenants. It aims to achieve competitive income returns to investors with the opportunity for capital growth from the vineyards, and is complemented by strategic investments in wine industry equities and infrastructure.

The Trust has a \$30.1 million borrowing facility with National Australia Bank, a \$2.3 million borrowing facility with Bank SA, a AUS\$13.8 million borrowing facility with Bank of NZ and a \$14.2 million borrowing facility with ANZ Bank, representing 46.0% of the total tangible assets of the Trust. Swap contracts are entered into on floating rate facilities for the duration of the corresponding leases.

The Responsible Entity and its associates held the following interests in the Trust:

Entity/Director	PICE Units		Ordinary Units	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
Challenger Life Limited	675,602	675,700	9,722,277	6,625,799
CJ Atkins	215	200	38,978	36,000
W Ireland	200	200	-	-
S Gerlach	-	-	101,600	81,600
RN Sexton	200	400	139,507	145,432
DC Hall	-	-	3,037,548	3,176,760
IM Martens	200	-	204,541	130,789
B Beaton	-	-	-	-

Further information regarding Unit capital is in note 12 to the Financial Report.

Fees and charges paid to the Responsible Entity and the Manager

The Trust was registered as a Managed Investment Scheme under the Corporations Act with effect from 8 June 2000. Beston Pacific Vineyard Management Limited was the Manager of the Trust and continued until 18 May 2003 managing the Trust as agent for the Responsible Entity. On that date Challenger Beston assumed the role of Manager. During the year, Beston Pacific Vineyard Management Limited and Challenger Beston Limited received \$933,711 (2002: \$667,853) for the management of the Trust in accordance with the Constitution.

Financial results

The operating profit after income tax for the Trust was \$5,339,444.

Responsible Entity's interest in property held by or disposed of by the Trust

Neither the Responsible Entity nor any of its associates has had any financial interest in any of the Trust's property held or disposed of by the Trust.

Distributions

The following distributions were paid or are payable during the period covered by the attached financial statements:

Date declared	30 Sept '02	31 Dec '02	19 Mar '03	31 Mar '03	30 Jun '03	Total
Total distribution	1,144,767	1,226,973	807,606	518,635	1,641,463	5,339,444

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Trust that occurred during the year not otherwise disclosed in this report or the financial statements.

Significant events after balance date

On 1 September 2003 an announcement was made regarding a private placement of ordinary Units. This placement will result in approximately 4,000,000 additional ordinary Units in the Trust at an issue price of \$0.90 producing a cash inflow of approximately \$3,600,000.

No other transaction or event of a material and unusual nature has arisen in the interval between the end of the period and the date of this report that in the opinion of the directors, is likely to significantly affect the operation of the Trust, the results of those operations, or the state of affairs of the Trust in subsequent financial years.

Insurance and indemnification

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the Responsible Entity or its agent, or the auditor of the Trust. So long as the officers of both the Responsible Entity and its agent act in accordance with the Constitution and the law, both parties remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust.

Corporate governance

The corporate governance statement is contained in a separate section later in this report.

Likely developments and expected results

In the opinion of the directors it would prejudice the Trust's interests if any information on likely developments in the operations of the company and expected results of operations were included in this report.

Signed in accordance with a resolution of the directors.



Christopher J Atkins
Managing Director
4 September 2003

Statement of financial performance and distribution

for the year ended 30 June 2003

	Notes	Consolidated		Parent Entity	
		Year ended 30 June 2003 \$	Year ended 30 June 2002 \$	Year ended 30 June 2003 \$	Year ended 30 June 2002 \$
Revenue and expenses from ordinary activities					
Revenue from ordinary activities	2	10,361,355	7,562,455	9,153,846	7,173,011
Borrowing costs expense	2	3,145,736	2,318,104	2,263,366	1,943,439
Depreciation and amortisation expense	2	305,088	64,169	295,880	57,791
Other expenses from ordinary activities	2	1,571,087	1,054,685	1,255,156	1,046,284
		5,021,911	3,436,958	3,814,402	3,047,514
Profit from ordinary activities before income tax expense					
Income tax attributable to ordinary activities	2	5,339,444	4,125,497	5,339,444	4,125,497
		-	-	-	-
Profit from ordinary activities after income tax expense					
		5,339,444	4,125,497	5,339,444	4,125,497
Net exchange difference on translation of financial report of foreign controlled entity	13	(117,888)	516,335	-	-
Issue costs from capital raising	12	(970,381)	(1,062,984)	(970,381)	(1,062,984)
Total changes in equity other than those resulting from transactions with owners as owners		4,251,175	3,578,848	4,369,063	3,062,513
Reconciliation of Distributions					
Profit from ordinary activities available for distribution		5,339,444	4,125,497	5,339,444	4,125,497
Distributions paid and payable		(5,339,444)	(4,125,497)	(5,339,444)	(4,125,497)
Balance at year end		-	-	-	-
Distributions per Unit (cents per Unit)					
- ordinary		9.2	9.2		
Diluted distributions per Unit (cents per Unit)					
		8.6	8.6		

Statement of financial position

for the year ended 30 June 2003

	Notes	Consolidated		Parent entity	
		As at	As at	As at	As at
		30 June 2003	30 June 2002	30 June 2003	30 June 2002
		\$	\$	\$	\$
Current assets					
Cash	14(b)	1,363,808	940,387	619,857	844,433
Receivables	3	497,725	255,103	587,760	4,894,129
Investments	5	3,185,234	355,927	3,185,234	355,927
Other	4	373,068	281,830	346,710	253,679
Total current assets		5,419,835	1,833,247	4,739,561	6,348,168
Non-current assets					
Receivables	3	401,864	315,000	401,864	315,000
Investments	5	47,125	46,413	25,822,508	5,046,423
Property, plant & equipment	6	125,586,831	76,341,971	70,486,612	62,298,852
Other	7	110,933	113,275	74,850	86,485
Total non-current assets		126,146,753	76,816,659	96,785,834	67,746,760
Total assets		131,566,588	78,649,906	101,525,395	74,094,928
Current liabilities					
Payables	8	1,093,216	209,290	520,220	318,457
Provisions	8	9,507	–	9,507	–
Distributions payable	9	1,641,463	1,164,819	1,641,463	1,164,819
Other	10	1,244,178	784,819	775,611	784,819
Total current liabilities		3,988,364	2,158,928	2,946,801	2,268,095
Non-current liabilities					
Interest-bearing liabilities	11	60,325,598	32,586,524	31,462,110	28,176,409
Total non-current liabilities		60,325,598	32,586,524	31,462,110	28,176,409
Total liabilities		64,313,962	34,745,452	34,408,911	30,444,504
Net assets		67,252,626	43,904,454	67,116,484	43,650,424
Unitholders' funds					
Units on issue	12	67,116,484	43,650,424	67,116,484	43,650,424
Reserves	13	136,142	254,030	–	–
Total Unitholders' equity		67,252,626	43,904,454	67,116,484	43,650,424

Statement of cash flows

for the year ended 30 June 2003

	Notes	Consolidated		Parent entity	
		Year ended	Year ended	Year ended	Year ended
		30 June 2003	30 June 2002	30 June 2003	30 June 2002
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		10,511,096	7,568,693	7,018,575	6,363,207
Payments to suppliers and employees		(919,301)	(1,651,567)	(950,501)	(1,502,654)
Borrowing costs		(3,183,869)	(2,318,104)	(2,292,290)	(1,943,439)
Interest received		234,595	275,706	1,290,820	265,303
Dividends received		10,737	10,821	10,737	10,821
Distributions received		–	–	407,579	766,385
Net cash flows from operating activities	14 (a)	6,653,258	3,885,549	5,484,920	3,959,623
Cash flows from investing activities					
Acquisition of property		(49,547,750)	(21,211,498)	(8,490,650)	(15,373,376)
Payments for deposits		(21,622,031)	(352,577)	(21,622,031)	(352,577)
Payments to subsidiary		–	–	4,574,098	(4,686,070)
Proceeds from deposits		18,705,861	350,000	18,705,861	350,000
Payments for purchase of securities		(712)	(4,320)	(20,776,085)	(4,320)
Net cash flows used in investing activities		(52,464,632)	(21,218,395)	(27,608,807)	(20,066,343)
Cash flows from financing activities					
Cash proceeds from the issue of Units		24,436,441	16,085,827	24,436,441	16,085,827
Proceeds from borrowings		27,739,074	5,564,009	3,285,701	4,916,373
Payment for capital raising		(970,383)	(1,072,687)	(970,381)	(1,072,687)
Distribution to Unitholders		(4,852,450)	(3,717,145)	(4,852,450)	(3,717,145)
Net cash flows from financing activities		46,352,682	16,860,004	21,899,311	16,212,368
Net Increase in cash held		541,308	(472,842)	(224,576)	105,648
Add opening cash brought forward		940,387	896,894	844,433	738,785
Effect of exchange rate changes on cash		(117,887)	516,335	–	–
Closing cash carried forward	14 (b)	1,363,808	940,387	619,857	844,433

Notes to and forming part of the financial statements

for the year ended 30 June 2003

Note 1. Summary of significant accounting policies

The principal accounting policies adopted by the Trust are stated to assist in the general understanding of the financial information. These policies have been consistently applied.

The Trust was constituted on 19 February 1998 and will operate for a term of 80 years from the date of its execution subject to earlier termination in accordance with the provisions of the Trust Deed.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Trust Deed and the Corporations Act 2001, which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

Property

Property is recognised at cost, including stamp duty and other transaction costs. The carrying amounts of non-current assets are reviewed at balance date to determine whether they are in excess of their recoverable amount. Valuations

are obtained on properties every three years. However, the results of those valuations are not reflected in the book values. Valuations have recently been obtained on the Boh River and Thomson's Vineyards in South Australia, and the Inglewood and Dalswinton vineyards in NSW.

No depreciation charge is applied to the vineyard properties in the financial statements as they are treated as investment properties. Winery assets acquired during the period are amortised over their expected useful life and amortisation is provided on a straight line basis. Major amortisation periods are:

	2003	2002
Winery buildings	50 years	50 years
Grape processing plant	30 years	30 years
Storage	50 years	50 years
Winery plant	20 years	20 years

Leases

Lease agreements entered into with vineyard operators over vineyard properties are considered to be operating leases given that leases over vineyards generally expire after 10 years of the initial term, with vineyard operators holding call options to purchase back the properties at market value after this term.

Other non-current assets

Significant items of carried forward expenditure having a benefit or relationship to more than one period are written off over the periods to which such expenditure relates.

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition

criteria must also be met before the revenue is recognised:

Rentals

On a monthly basis in line with the service provision of leased properties.

Interest

When the control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

When the control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Expenses

The Manager and Trustee are entitled under the Trust Deed to be reimbursed for certain expenses incurred in administering the Trust. The bases on which the expenses are reimbursed are defined in the Trust Deed. In accordance with the Trust Deed, the Manager's fee is up to 0.75% per annum of the total asset value of the Trust, assessed at the end of each month.

The Manager is entitled to receive up to 2% per annum of the properties' annual gross income for managing the vineyards, payable monthly. The Manager may also be entitled to additional fees for providing additional services to the Trust.

Expenses are recognised on an accruals basis as they are incurred.

Taxation

Under current legislation the Trust is taxed as a trust estate. Distributions to investors will be taxed as distributions of net income or corpus.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

Self-generating and regenerating assets

The Trust applies AASB 1037 'Self Generating and Regenerating Assets' (SGARA). The definition of SGARA in the standard applies to the grape vines (and not the underlying land and improvements) and requires that they are valued at net market value and that any changes in value are to be recognised in net profit in the current period. The underlying value of the grapevines (which is included in the value of the vineyards) is the value of the rental streams calculated on a discounted cash flow basis and includes the value of the grape vines. The directors have determined that, given the nature of the leases, the cost of the vines included in the cost of the vineyards represents the net market value of the vines. The ownership of the grapes remains with the wine-maker and therefore the grapes do not require revaluation, as they are not recognised in the Statement of Financial Position of the Trust.

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the Beston Wine Industry Trust (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 'Consolidated Accounts'. A list of controlled entities appears in note 15 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the entity obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all inter-entity balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

Foreign currency transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions.

Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling at that date.

Exchange differences relating to such amounts are recognised in the statement of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign entities

The statements of financial position of the controlled entities incorporated overseas (being self-sustaining foreign operations) are translated at the rate of exchange ruling at year end. The statements of financial performance are translated at the exchange rate on the day of the transaction. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

Receivables

Trade receivables and other receivables to be settled within normal trading terms are recorded at amounts due less any provision for doubtful debts.

Investments

Investments in other listed and unlisted companies are carried at the lower of cost or directors' valuation and recoverable amount. Investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accrual basis.

Accounts payable

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

Interest-bearing liabilities

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis. Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Employee benefits

During the year the Trust had the services of three employees. Provision is made for employee benefits as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave. Liabilities arising in respect of wages and salaries and annual leave are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Distribution to Unitholders

A provision for distribution is recognised in accordance with the requirements of the Trust Constitution.

Distribution per Unit

Basic distributions per Unit (DPU) is calculated as net profit attributable to Unitholders adjusted to exclude costs of servicing equity (excluding distributions) preference distributions, divided by the weighted average number of Ordinary Units on issue during the year adjusted for any bonus element.

Diluted DPU is calculated as the net profit attributable to members adjusted for:

- Costs of servicing equity (other than distributions)
- The after tax effect of dividends and interest associated with dilutive potential ordinary Units that have been recognised as expenses; and
- Other non-discretionary changes in revenue and expenses during the period that would result from the dilution of potential Ordinary Units; divided by the weighted average number of Ordinary Units and dilutive potential Ordinary Units, adjusted for any bonus element.

Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of Units are recognised directly in equity as a reduction of the Unit proceeds received.

Note 2. Profit from ordinary activities

	Consolidated		Parent Entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
	\$	\$	\$	\$
Included in the profit from ordinary activities are the following items of revenue:				
Revenue from operating activities				
Rental revenue	10,116,023	7,275,928	7,281,991	6,130,502
	10,116,023	7,275,928	7,281,991	6,130,502
Revenue from non-operating activities				
Distributions from subsidiaries	–	–	761,491	766,385
Interest received	234,595	275,706	224,387	265,303
Interest revenues – wholly owned group entities	–	–	875,240	–
Dividend received	10,737	10,821	10,737	10,821
	245,332	286,527	1,871,855	1,042,509
Revenue from ordinary activities	10,361,355	7,562,455	9,153,846	7,173,011
Profit from ordinary activities has been arrived at after charging the following items:				
Borrowing costs – interest expense	3,145,736	2,318,104	2,263,366	1,943,439
Other expenses				
Management and custodial fees	996,441	713,079	719,755	713,079
Consultant fee	138,071	18,689	106,721	13,162
Auditors remuneration – audit services	33,000	28,539	33,000	28,539
Auditors remuneration – other services	40,667	27,290	33,497	27,290
Other costs	362,908	267,088	362,183	264,214
	1,571,087	1,054,685	1,255,156	1,046,284
Amortisation of expenditure carried forward	38,133	29,482	28,925	23,104
Depreciation of winery assets	266,955	34,687	266,955	34,687
Total depreciation & amortisation expense	305,088	64,169	295,880	57,791
Note 3. Receivables				
Current				
Sundry receivables	1,397	141,694	1,160	94,650
Accrued rental revenue	496,328	113,409	474,628	113,409
Loans to controlled entities	–	–	111,972	4,686,070
	497,725	255,103	587,760	4,894,129
Non-current				
Loans – secured	401,864	315,000	401,864	315,000
	401,864	315,000	401,864	315,000

The Trust has a registered charge over the assets and undertakings of the borrower.

	Consolidated		Parent Entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
	\$	\$	\$	\$
Note 4. Other current assets				
Prepayments	373,068	281,830	346,710	253,679
	373,068	281,830	346,710	253,679

Note 5. Investments

Current				
Term deposits	3,185,234	355,927	3,185,234	355,927
	3,185,234	355,927	3,185,234	355,927
Non-current				
Units in controlled entities – at cost	–	–	13,900,010	5,000,010
Shares in unlisted companies – at cost	47,125	46,413	47,125	46,413
Convertible notes in controlled entities – at cost	–	–	11,875,373	–
	47,125	46,413	25,822,508	5,046,423

Note 6. Property, plant & equipment

Land – vineyards and winery plant at cost less provision for amortisation	125,586,831	76,341,971	70,486,612	62,298,852
Movements in carrying amounts				
Land – vineyards at cost				
Balance at the beginning of the financial year	72,129,058	55,165,160	58,085,939	46,960,163
Acquisitions of vineyard properties and additions during the year	48,235,265	16,963,898	7,178,165	11,125,776
Balance at the end of the financial year	120,364,323	72,129,058	65,264,104	58,085,939
Winery plant & equipment				
Balance at the beginning of the year	4,247,600	–	4,247,600	–
Acquisitions of winery plant and equipment during the year	1,276,550	4,247,600	1,276,550	4,247,600
Accumulated Amortisation	(301,642)	(34,687)	(301,642)	(34,687)
Balance at the end of the financial year	5,222,508	4,212,913	5,222,508	4,212,913
Total property, plant & equipment	125,586,831	76,341,971	70,486,612	62,298,852

Vineyards and wineries are leased to vineyard operators and/or wine companies under long-term lease contracts, typically for ten year terms. Rentals are based on a premium over bond rates, and cannot decline. Leases are renewable at the lessee's option after the expiration of the initial lease term, in renewal periods typically of not less than five years.

The vineyard properties are subject to call options which have been granted to the vineyard operators. These options are exercisable upon expiry of the initial lease term or expiry of each option period at varying dates between October 2006 and June 2032. The exercise price of the options is to be market value as determined by an independent valuation if required, at not less than cost.

As the properties are held under such contracts and the manner in which revenue is derived, the land and vines are considered one asset for disclosure purposes.

Self-generating and regenerating assets

The vineyards are valued as a complete Unit based on their rental streams and the values include the land, vines and other improvements. The value attributable to the vines is not identified independently from the values of the other assets included in the value of the vineyards.

Assets pledged as security

Included in the balances of freehold land and buildings are assets over which first mortgages have been granted as security over bank loans (see note 11). The terms of the first mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.

Assets under lease are pledged as security for the associated lease liabilities.

The value of assets pledged as security are:

	Consolidated		Parent Entity	
	2003	2002	2003	2002
Freehold land – buildings	120,364,323	72,129,058	65,264,104	58,085,939
Plant & equipment	5,222,508	4,212,913	5,222,508	4,212,913

Note 7. Other non-current assets

	Consolidated		Parent Entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
	\$	\$	\$	\$
Borrowing costs carried forward	191,955	156,164	140,287	122,997
Provision for amortisation	(81,022)	(42,889)	(65,437)	(36,512)
	110,933	113,275	74,850	86,485

Note 8. Payables

Trade creditors and accruals	1,093,216	209,290	520,220	318,457
Employee benefits	9,507	–	9,507	–
	1,102,723	209,290	529,727	318,457

Note 9. Distributions Payable

Distributions payable	1,641,463	1,164,819	1,641,463	1,164,819
	1,641,463	1,164,819	1,641,463	1,164,819

Note 10. Other current liabilities

	Consolidated		Parent Entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
	\$	\$	\$	\$
Revenue received in advance	1,244,178	784,819	775,611	784,819

Note 11. Interest-bearing liabilities

Bank bills – secured	60,325,598	32,586,524	31,462,110	28,176,409
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The bank bills are secured as registered mortgage debentures over the properties disclosed in note 6.

Note 12 – Unit Capital

Ordinary Units

2,950,001 Units at \$0.95 each	2,802,501	2,802,501	2,802,501	2,802,501
12,000,100 Units at \$1.00 each	12,000,100	12,000,100	12,000,100	12,000,100
6,044,899 Units at \$0.92 each	5,561,307	5,561,307	5,561,307	5,561,307
13,996,667 Units at \$0.88 each	12,317,067	12,317,067	12,317,067	12,317,067
750,000 Units at \$0.88 each	660,000		660,000	
284,000 Units at \$0.88 each	249,920		249,920	
55,428 DRP Units at \$0.86 each	48,216		48,216	
78,903 DRP Units at \$0.91 each	71,937		71,937	
23,804,604 Units at \$0.89 each	21,186,098		21,186,098	
241,480 DRP Units at \$0.87 each	210,088		210,088	
10,328 DRP Units at \$0.88 each	9,089		9,089	
Total Ordinary Units	55,116,323	32,680,975	55,116,323	32,680,975

PICE Units

1,123,300 Units at \$10.00 each	11,233,000	11,233,000	11,233,000	11,233,000
200,000 Units at \$10.00 each	2,000,000	2,000,000	2,000,000	2,000,000
176,700 Units at \$10.00 each	1,767,000	1,767,000	1,767,000	1,767,000
200,000 Units at \$10.00 each	2,000,000		2,000,000	
33 DRP Units at \$9.70 each	320		320	
40 DRP Units at \$9.70 each	401		401	
42 DRP Units at \$9.70 each	373		373	
Total PICE Units	17,001,094	15,000,000	17,001,094	15,000,000
Issue costs	(5,000,933)	(4,030,551)	(5,000,933)	(4,030,551)
	67,116,484	43,650,424	67,116,484	43,650,424

Units issued during the year

200,000 fully paid Preferred Indexed Convertible Equity (PICE) Units were issued via private placement during the year at \$10.00 each. A further 115 PICE Units were issued through the Distribution Reinvestment Plan. 23,804,604 Units were issued at \$0.89 by public equity raising, 386,139 Units were issued through the Distribution Reinvestment Plan on prices between \$0.86 and \$0.88. A further 1,034,000 Units were issued at \$0.88 by private placement. The total Units on issue are 60,216,410 Ordinary and 1,700,115 PICE.

	30 June 2003		30 June 2002	
	Number of Units	\$	Number of Units	\$
Ordinary Units				
Beginning of the financial year	34,991,667	32,680,975	20,995,000	20,363,908
Issued during the year				
– Distribution reinvestment plan	386,139	339,329	–	–
– Public equity raising	23,804,604	21,186,098	13,996,667	12,317,067
– Private placements	1,034,000	909,920	–	–
Balance at the end of the year	60,216,410	55,116,322	34,991,667	32,680,975
PICE Units				
Beginning of the financial year	1,500,000	15,000,000	1,123,300	11,233,000
Issued during the year				
– Distribution reinvestment plan	115	1,094	–	–
– Private placements	200,000	2,000,000	376,700	3,767,000
Balance at the end of the year	1,700,115	17,001,094	1,500,000	15,000,000
Contributed equity		72,117,416		47,680,975
Less issue costs		(5,000,932)		(4,030,551)
End of financial year		67,116,484		43,650,424

Terms and conditions of Units

Ordinary Units have the right to receive distributions as declared and, in the event of winding up the Trust, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the Units held.

PICE Units may be converted at any time within 60 days after the fifth anniversary of issue to 60 days after the tenth anniversary of issue. The conversion price is based on the market value of Ordinary Units discounted at a rate of 5% to 10% respectively. During the term of the Units, holders will be entitled to a yield at the rate of 9.0% per annum, which is indexed annually in arrears in accordance with increases in the Australian Consumer Price Index. PICE Unitholders will be entitled to income in preference to Ordinary Unitholder distributions.

Note 13. Reserves

The foreign currency translation reserve records the exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

	Consolidated		Parent Entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
Movements in reserve:				
Balance at beginning of financial year	254,030	(262,305)	–	–
Movement relating to currency fluctuations	(117,888)	516,335	–	–
Balance at end of financial year	136,142	254,030	–	–

Note 14. Cash Flow Statement

	Consolidated		Parent Entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
	\$	\$	\$	\$
(a) Reconciliation of the operating profit after tax to the net cash flows from operations.				
Operating profit after tax	5,339,444	4,125,497	5,339,444	4,125,497
Amortisation of non-current assets	266,955	34,687	266,955	34,687
Amortisation of borrowing costs	38,133	29,482	28,925	23,104
Changes in assets and liabilities:				
Trade receivables & prepayments	(289,666)	292,765	(267,731)	232,705
Unearned income	459,359	(31,321)	(9,209)	(6,599)
Trade creditors	839,033	(565,561)	126,536	(449,771)
Net cash flow from operating activities	6,653,258	3,885,549	5,484,920	3,959,623
(b) Reconciliation of cash				
Cash balance comprises				
– Cash	1,363,808	940,387	619,857	844,433

(c) Bank overdraft facility

The Trust has a bank overdraft facility available to the extent of \$30,000.

Note 15. Controlled entities

Subsidiary: Beston Deleat's Wine Trust
Country of incorporation: New Zealand
Percentage owned: 100%

Subsidiary: Beston Southcorp Vineyard Trust
Country of incorporation: Australia
Percentage owned: 100%

Subsidiary: McGuigan Simeon Wines Wholesale Trust
Country of Incorporation: Australia
Percentage owned: 100%

Note 16. Related parties

Single Responsible Entity

On 8 June 2000, Challenger Beston Limited became the single Responsible Entity for the Trust and appointed Beston Pacific Vineyard Management Limited (ACN 079 882 161) as its agent to manage its responsibilities as the Responsible Entity. On 18 May 2003, Challenger Beston Limited took on the role of Manager.

Both Challenger Beston Limited and Beston Pacific Vineyard Management Limited are entities wholly owned by Challenger Financial Services Group (formerly Challenger International Limited).

Custodian

The Custodian is Tower Trust (SA) Limited.

Directors

Each person holding the position of director of Challenger Beston Limited during the year were:

S Gerlach	S Gilsenan
RN Sexton	WEB Ireland
CJ Atkins	RI Bacon
B Beaton	JC Barry

No director has entered into a material contract with the Trust.

Remuneration of Directors

	2003	2002
Income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of each of the Responsible Entity and the Manager, paid by the Responsible Entity from management fees received.	\$252,000	\$245,000

The number of directors of Beston Pacific Vineyard Management and Challenger Beston Limited whose income (including superannuation contributions) falls within the following bands is:

	2003	2002
\$0 – \$9,999	1	0
\$20,000 – \$29,999	1	3
\$40,000 – \$49,999	2	1
\$50,000 – \$59,999	1	1
\$80,000 – \$89,999	1	1

Other transactions with the Trust

As disclosed in note 2, Beston Pacific Vineyard Management Limited, and Challenger Beston Limited which are related entities received management fees during the year of \$933,711 (2002 \$667,853).

Custodian fees for the year of \$62,730 (2002 \$45,226) were payable to Tower Trust (SA) Limited.

Wholly owned group transactions

All transactions with related parties have been conducted at terms not more favourable than arms length.

Convertible notes

Beston Delegat's Wine Trust and Beston Southcorp Vineyard Trust have issued Convertible Notes to Beston Wine Industry Trust. The Convertible Notes are issued in consideration for funds advanced by Beston Wine Industry Trust. The Convertible Notes may be redeemed at 30 days' notice or converted to Ordinary Units on each anniversary of the issue of the Notes.

Equity instruments of related parties

Interests in equity held by directors of Challenger Beston Limited and their director related entities at balance date:

	PICE Units fully paid		Ordinary Units fully paid	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
Challenger Life Limited	675,602	675,700	9,722,277	6,625,799
W Ireland	200	200	–	–
CJ Atkins	215	200	38,978	36,000
S Gerlach	–	–	101,600	81,600
RN Sexton	200	400	139,507	145,432
DC Hall	–	–	3,037,548	3,176,760
IM Martens	200	–	204,541	130,789
B Beaton	–	–	–	–
Total	676,417	676,500	13,244,451	10,196,380

Note 17. Capital commitments

Certain finance facilities which total \$19,448,205 have been made available by the Trust for further development of various vineyards. These commitments will be secured by the Trust and the Trust will earn lease rental on these developments at the applicable bond rate plus up to 4.5% per annum.

	Consolidated		Parent entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
	\$	\$	\$	\$
Estimated capital expenditure contracted for at balance date but not provided for				
– payable not later than one year	15,210,168	6,659,148	5,606,508	3,277,085
– later than one year and not later than two years	2,981,835	3,227,236	–	580,000
– later than two years and not later than five years	1,256,202	680,079	–	–
	19,448,205	10,566,463	5,606,508	3,857,085

Note 18. Segment information

The Trust operates entirely within Australasia, investing in vineyard properties for lease to vineyard operators and wine industry infrastructure assets.

Note 19. Financial instruments

Terms, conditions and accounting policies

The Trust's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity, both recognised and unrecognised at the balance date, are as follows:

Recognised financial instruments	Balance sheet notes	Accounting policies	Terms and conditions
(i) Financial assets			
Receivables – sundry	3	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Trade receivables are on 30 day terms.
Receivables – loan	3	Other loans are carried at the principal amount. Interest is recognised in the statement of financial performance when earned.	Other loans relates to a secured loan to an unrelated party. Interest is calculated daily at 10.5% per annum.
Short Term Deposits	5	Short term deposits are carried at the principal amount. Interest is recognised as income when earned.	Interest is charged at the bank's benchmark rate.
(ii) Financial liabilities			
Trade creditors and accruals	8	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust.	Trade liabilities are normally settled in 30 days

Recognised financial instruments	Balance sheet notes	Accounting policies	Terms and conditions
Accounts payable – related party/entity	8	Loans from related parties are carried at the principal amount. Interest (when charged by the lender) is taken up as an expense on an accrual basis.	Related party liabilities are normally settled in 30 days.
Bank bills	11	Bank bills are carried at the principal amount plus deferred interest.	Details of the terms and conditions are set out in note 11.
(iii) Equity			
Units on issue	11	Units on issue are recognised at the par value of the amount paid-up.	There are no restrictions on the number of Units that can be issued by the Trust.

(a) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date are as follows:

	Total carrying amount as per the statement of financial position		Aggregate net fair value	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
	\$	\$	\$	\$
Financial assets				
Cash	1,363,808	940,387	1,363,808	940,387
Short-term deposits	3,185,234	355,927	3,185,234	355,927
Receivables – loan	401,864	315,000	401,864	315,000
Receivables - sundry	597,715	147,694	597,715	147,694
Total financial assets	5,548,621	1,759,008	5,548,621	1,759,008
Financial liabilities				
Trade creditors and accruals	1,099,654	209,290	1,099,654	209,290
Bank bills	60,325,598	32,586,524	60,325,598	32,586,524
Total financial liabilities	61,425,252	32,795,814	61,425,252	32,795,814

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments

Cash, cash equivalent and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Trade receivables and payables: The carrying amount approximates fair value.

Other loans: The carrying amount approximates fair value.

Long-term borrowings: The carrying amount approximates fair value.

(c) Credit risk exposure

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Credit reviews of all vineyard lessees are completed prior to the acquisition of any vineyard property and there is an ongoing review process during the terms of the leases.

Note 20. Auditor's remuneration

	Consolidated		Parent entity	
	30 June 2003	30 June 2002	30 June 2003	30 June 2002
Amounts received or due and receivable by the auditors of the Trust for				
– audit of the financial statements of the entity	33,000	28,539	33,000	28,539
– other services	40,667	27,290	33,497	57,848
	73,667	58,829	66,497	86,387
– capital raising (included in issue costs)	24,500	33,060	24,500	33,060
	98,167	91,889	90,997	91,889

Note 21. Operating leases

The Trust leases all of its properties under operating leases.

Minimum lease receipts				
– not later than one year	14,968,171	9,230,714	9,983,903	6,925,388
– later than one year and not later than five years	72,389,118	38,434,339	44,931,813	28,742,657
– later than five years	33,666,448	28,188,088	15,981,864	18,289,511
	121,023,737	75,853,141	70,897,580	53,957,556

Note 22. Distribution per unit

The following reflects the income and share data used in the calculation of basic and diluted distributions per Unit:

	Consolidated	
	30 June 2003	30 June 2002
Net Profit	5,339,444	4,125,497
Adjustments:		
Net profit attributable to preference Units	(1,526,250)	(1,281,737)
Earnings used in calculation of basic distributions per Unit	3,813,194	2,843,760
Weighted average number of Units used in calculating basic distributions per Unit	42,467,650	30,773,493
Effect of dilutive Units – weighted average conversion of PICE Units at a discounted market of ordinary Units for each PICE Unit convertible at the end of a five year term from the date of issue.	19,452,117	17,195,518
Adjusted weighted average number of ordinary Units used in calculating diluted distributions per Unit	61,919,767	47,969,011

Note 23. Subsequent events

On 1 September 2003 an announcement was made regarding a private placement of ordinary Units. This placement will result in approximately 4,000,000 additional ordinary Units in the Trust at an issue price of \$0.90 producing a cash inflow of approximately \$3,600,000.

No other events of a material nature have arisen since the end of the year which will have any effect on the statement of financial performance or the statement of position in this report.

Directors' declaration

In accordance with a resolution of the directors of Challenger Beston Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Trust are in accordance with the Trust Deed and the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 30 June 2003 and of its performance, as represented by the results of its operations and its cash flows for then year ended; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001;

- (b) there are reasonable grounds to believe that the members of the closed group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Christopher J Atkins
Director
4 September 2003

Independent audit report to members of the Beston Wine Industry Trust

Scope

The financial report and directors responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Beston Wine Industry Trust (the Trust) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the Trust and the entities it controlled during that year.

The directors of the Trust are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Trust and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Trust. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's and the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or

judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Trust.

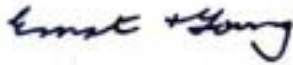
Independence

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of the Beston Wine Industry Trust is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Beston Wine Industry Trust and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Alan H Herald
Partner
Adelaide
2 September 2003

INDEPENDENT AUDIT REPORT

To the Directors of Challenger Beston Limited:

Scope

We have audited the compliance plan of the Beston Wine Industry Trust which was established by Challenger Beston Limited as the responsible entity for the trust for the financial year ended 30 June 2003. As directors of the responsible entity you are responsible for the design, documentation, operation and monitoring of the compliance plan and the adequacy of compliance measures contained in the plan, including the relevant internal control systems, policies and procedures, and compliance therewith. These responsibilities are set out in Part 5C.2 of the *Corporations Act 2001* applicable in Australia. We have conducted an independent audit of the compliance plan in order to express an opinion on it to the responsible entity.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance regarding the compliance plan. Accordingly, we have performed such tests and procedures as we considered necessary in the circumstances. Our procedures included obtaining an understanding of the compliance plan and the compliance measures which it contains and examining, on a test basis, evidence supporting the operation of these compliance measures. These procedures have been undertaken to form an opinion whether, in all material respects, the responsible entity has complied with the compliance plan during the financial year ended 30 June 2003, and the compliance plan continue to meet the requirements of Part 5C.4 of the *Corporations Act 2001* as at that date.

This audit report has been prepared for Challenger Beston Limited as the responsible entity of the Beston Wine Industry Trust in accordance with section 601HG of the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report to any person other than the responsible entity, or for any purpose other than that for which it was prepared.

Inherent Limitations

Because of the inherent limitations of any compliance plan, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. An audit is not designed to detect all weaknesses in a compliance plan and the compliance measures in the plan as an audit is not performed continuously throughout the financial year and the audit procedures performed on the compliance plan and compliance measures are undertaken on a test basis.

Any projection of the evaluation of the compliance plan to future periods is subject to the risk that the compliance measures in the plan may become inadequate because of changes in conditions or circumstances, or that the degree of compliance with them may deteriorate.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, in all material respects:

- (a) Challenger Beston Limited has complied with the compliance plan of the Beston Wine Industry Trust for the financial year ended 30 June 2003; and
- (b) the plan continues to meet the requirements of Part 5C.4 of the *Corporations Act 2001* as at that date.



Ernst & Young



Allan J Potter
Partner
Adelaide

21 August 2003

Unitholder information

Distribution of Unitholders

As at 18 August 2003 the distribution of Unitholders was:

Range of Holding	Ordinary	PICE
1 – 1,000	58	46
1,001 – 5,000	822	6
5,001 – 10,000	753	1
10,001 – 100,000	1,092	0
100,001 – over	31	3
	2,756	56

Ordinary Units

As at 18 August 2003 the total number of Ordinary Units on issue was 60,216,410 of which the 20 largest holders held 24,482,269 Units representing 40.66%.

Top 20 Unitholders (as per register)

Top 20 Unitholders (as per register)	Number of Units held at 12/8/03	% Held
Westpac Custodian Nominees Ltd	9,722,277	16.15
Citicorp Nominees Pty Ltd	3,217,514	5.34
Roche Group Ltd	3,012,548	5.00
Commonwealth Custodial Services Ltd	2,505,156	4.16
Invia Custodian Pty Limited	1,123,595	1.87
Catholic Church Insurances Ltd	1,064,899	1.77
Permanent Trustee Australia Limited	570,394	0.95
Mr William Harold Pridham & Mrs Rebecca Jane Pridham	500,000	0.83
Sandhurst Trustees Ltd	500,000	0.83
Sandhurst Trustees Ltd	335,000	0.56
HCF Life Insurance Company	300,000	0.50
Sandhurst Trustees Ltd	280,000	0.46
Dr George Havas & Mrs Lynette Dawn Havas	225,000	0.37
Laurex Pty Ltd	187,500	0.31
S & G Hotel Pty Ltd	173,684	0.29
Wainco Holdings Pty Ltd	158,592	0.26
Tower Trust Limited	156,110	0.26
Mr Roger Gregory & Mrs Janet Gregory	150,000	0.25
Society Of The Sacred Mission (Southern Province)	150,000	0.25
Towns Corporation Pty Ltd	150,000	0.25
	24,482,269	40.66

PICE Units

As at 12 August 2003 the total number of PICE Units on issue was 1,700,115 of which the 20 largest holders held 1,691,999 Units representing 99.55%.

Top 20 Unitholders (as per register)	Number of Units held at 12/8/03	% Held
Westpac Custodian Nominees Ltd	675,602	39.74
Commonwealth Custodial Services Ltd	584,552	34.38
Mr Alan Segel	400,000	23.53
Magnus Donners Pty Ltd	10,000	0.59
Miss Samantha Orgill	2,879	0.17
S & O M Investments Pty Ltd	2,500	0.15
Mr Alan Robert Mitchelson	2,050	0.12
Mr John Dring & Mrs Yvonne Dring	2,000	0.12
Ling Nominees Pty Ltd	1,500	0.09
Vision Synergy Investments Pty Ltd	1,300	0.08
Mr Roy Michael Ball & Mrs Rosina Ball	1,000	0.06
Dr Ronald Leslie Dolton & Mrs Ann Dolton	1,000	0.06
Mr John Donkers	1,000	0.06
Mr Vincent Michael Highland & Mrs Dorothy Clare Highland	1,000	0.06
Dr Noel Clarkson Holmes & Mrs Dorothy Ruth Holmes	1,000	0.06
Mr Harold Douglas McCormick & Ms Marlene Jean Dodge	1,000	0.06
Mr Danny Stojic	1,000	0.06
Mr Ivan Laszlo Zaar	1,000	0.06
Mr Kelvin Bertram Miller	971	0.06
Mr James David Murphy & Mrs Nola Irene Murphy	645	0.04
	1,691,999	99.55

Investor information

Stock exchange listing

The Trust is currently listed on the Australian Stock Exchange (ASX). The ASX code for Ordinary Units of the Trust is BWI and for the Preferred Indexed Convertible Equity Units is BWIPA.

Trading and pricing information

Units in the Trust trade in the same manner as shares in a listed public company. Trading takes place between 10:00 am and 4:00 pm (AEST) each business day. All major Australian newspapers publish trading prices for securities listed on the ASX on the day following each trading day.

The Unit price of the Units in the Trust can be accessed via our website www.bestonwine.com.

Distributions

Income is distributed quarterly, six weeks after the end of each quarter, in August, November, February and May. Unitholders may elect to either have their distribution paid directly into a nominated bank account or receive a cheque.

Unitholders may also elect to participate in the Trust's Distribution Reinvestment Plan. Election notices may be obtained from the Trust's Investor Centre.

Electronic Funds Transfer (EFT) allows both Ordinary and PICE Unitholders to have their cash distributions paid into a nominated bank, building society or credit union account on the day the distribution is payable. Application forms for direct credit of distributions can be obtained from the Trust's Investor Centre or Computershare Investor Services. Contact details are listed in the corporate directory.

Distribution payments

Distributions are paid at the end of each trading quarter and the Manager expects that the distribution payments for the next financial year will be paid on the following dates:

Quarter	Record date	Expected payment date
September 2003	30 September 2003	14 November 2003
December 2003	31 December 2003	16 February 2004
March 2004	31 March 2004	14 May 2004
June 2004	30 June 2004	16 August 2004

If you have recently changed your address, altered or changed your bank account to which distributions are directed, or wish to advise your tax file number to ensure tax is not withheld from distributions, you should advise the Unit Registry in writing of the details prior to the record date for each quarter.

Contact details for the Unit registry can be found in the corporate directory at the end of this report.

Annual taxation statement

An annual taxation statement was issued in August 2003 for the taxation year ending 30 June 2003. This statement advised taxable income for the period 1 July 2002 to 30 June 2003 assessable on the distributions paid in November 2002, February 2003, May 2003 and August 2003.

2003/2004 Calendar

November 2003	September 2003 quarter income distribution
February 2004	December 2003 quarter income distribution
February 2004	Half year results for 6 months ended 31 December 2003 released to ASX
March 2004	Half year report for 6 months ended 31 December 2003 available
May 2004	March 2004 quarter income distribution
August 2004	June 2004 quarter income distribution
August 2004	Annual taxation statement dispatched to Unitholders
August 2004	Annual results for year to 30 June 2004 released to ASX
September 2004	Annual report for year ended 30 June 2004 available

Corporate governance statement

Corporate governance statement

The Board of directors of Challenger Beston Limited ACN 055 293 644 (the Responsible Entity) is responsible for the corporate governance of the Trust. The Board guides and monitors the business and affairs of the Beston Wine Industry Trust (the Trust) on behalf of the Unitholders.

Composition of the Board

The composition of the Board of the Responsible Entity is determined in accordance with the following principles and guidelines:

- (a) the Board should comprise at least five directors and should maintain a majority of non executive directors;

- (b) the Chairperson must be a non executive director;

- (c) the Board shall comprise directors with an appropriate range of qualifications and experience; and

- (d) the Board shall meet at least bi-monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

Nomination to the Board has been based on ensuring that these principles and guidelines have been adhered to.

Remuneration of the Responsible Entity

The Responsible Entity appointed Beston Vineyard Management Pty Ltd to act as Manager to oversee the day to day operations of the Trust. On 18 May 2003, Challenger Beston took over the role as Manager. Fees payable to the Manager have been set to reflect the level of expertise and time necessary to effectively manage the affairs of the Trust. These remain at the levels set upon the listing of the Trust and as disclosed in the prospectus.

Responsible entity responsibilities

The Responsible Entity has sought to identify the expectations of the Trust's Unitholders as well as all regulatory and ethical expectations. In addition, the Responsible Entity is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board has delegated the responsibilities of the day to day management of the Trust to the Manager who has experience in the management of the Trust's activities.

Due to the current size of the Trust's activities, the Board of the Responsible Entity believes that the current structure is appropriate to ensure the adequate risk management of the Trust's activities. The Board presently carries out the normal functions of the audit committee. At the appropriate time a separate audit committee will be appointed.

Code of ethics

It is the Responsible Entity's policy for the directors and officers to observe high standards of conduct and ethical behaviour in all of the Group's activities, including its dealings with employees, suppliers, business partners, the general community and the environment in which it operates.

Responsible entities access to independent advice

The Board of the Manager elects to seek independent professional advice at the Trust's expense in respect of issues that arise from time to time.

Directory

for the year ended 30 June 2003

Custodian of the Fund

Tower Trust (SA) Limited
44 Pirie Street
Adelaide, South Australia, 5000

Responsible Entity

Challenger Beston Limited
Level 9, T & G Building
82 King William Street
Adelaide, South Australia, 5000

Board of Directors of Responsible Entity

Stephen Gerlach (Chairman)
Roger Sexton (Deputy Chairman)
Christopher Atkins (Managing Director)
Ian Martens
Blair Beaton
David Hall

Secretary of the Responsible Entity

Michael Basedow

Auditor

Ernst & Young
Santos House, 91 King William Street
Adelaide, South Australia, 5000

Legal advisors

Finlaysons
Level 8, 81 Flinders Street
Adelaide, South Australia, 5000

Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia, 5000

Trust investor centre

Beston Wine Industry Trust
Level 9, T & G Building
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Adelaide, South Australia, 5000
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Fax: +61 (0)8 8212 1661
www.bestonwine.com

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Investor services: 08 8211 7777

Website: www.bestonwine.com

