



Challenger Beston Wine Trust

Challenger Beston Wine Trust

Half-Year Financial Report 2004

Half-year ended 31 December 2004

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Trust Highlights, Results and Review

For the half-year ended 31 December 2004

The Challenger Beston Wine Trust (ASX Code: CWT and CWPTA) is pleased to announce that it has continued its record of asset growth which has led to a strong profit result for the December 2004 half-year.

Net profit after tax was \$6.77 million for the half-year to 31 December 2004, up 68% from the previous corresponding period figure of \$4.03 million. Strong revenue growth was also achieved, with a 61% increase in revenues to \$12.75 million for the half-year.

Profit growth was driven by the 23% increase in property assets from 31 December 2003 to reach \$265.27 million at 31 December 2004, with total assets increasing \$30.12 million (12%) to \$272.81 million. The half-year net profit includes the full revenue impact of the property acquisitions that occurred in December 2003 (of \$59 million).

Portfolio

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

- The Poole's Rock vineyard in the Hunter Valley, New South Wales for \$5.0m which has been leased to PRW Leasing Pty Ltd for 10 years with 3 rights of renewal of 5 years each;
- An additional two of the thirteen lots comprising the Balranald Vineyard in Balranald, New South Wales were purchased for \$4.05m and are leased to Australia's fourth largest pure wine company, McGuigan Simeon Wines Limited (ASX Code: MGW). (Nine lots had been purchased in the 2003/2004 financial year).

Total expenditure on property acquisitions and property developments for the half-year was \$20.35 million. This now places the Trust as the third largest vineyard owner in Australia with a total of 4,016 hectares (9,923 acres) under vine.

Consistent with the Trust's accounting policy, the Trust has continued to obtain independent valuations of investment properties, at intervals of not more than three years, from suitably qualified property valuers. Such valuations are reflected in the financial statements of the Trust. Where carrying values differ from the fair value, those assets are adjusted to their fair value as assessed by the directors, resulting in the revaluation of a number of properties during the half-year to 31 December 2004. These revaluations have resulted in an increase of the asset revaluation reserve of \$1.58 million.

NTA and Growth in Equity

The Trust's Net Tangible Asset backing on a fully diluted basis increased from \$0.92 to \$0.95 during the half-year.

17,206 Preferred Indexed Convertible Equity ('PICE') Units were issued during the half-year through the Distribution Reinvestment Plan at prices between \$9.524 and \$9.6987. 4,184,745 Ordinary Units were issued through the Distribution Reinvestment Plan at prices between \$0.9021 and \$0.9408.

At 31 December 2004, there were 1,735,763 PICE Units, of which the 20 largest Unitholders held 1,699,693 units or 97.94% of the total, and 130,298,566 Ordinary Units on issue, of which the 20 largest Unitholders held 66,707,273 units or 51.2% of the Ordinary Units.

Total Unitholders' equity increased 4.6% during the half-year, from \$134.38 million to \$140.53 million.

Capital Structure

During the half-year the Trust successfully raised \$4,049,278 under its Distribution Reinvestment Plan, being 4,184,745 additional ordinary units and 17,206 Preferred Indexed Convertible Equity (PICE) Units.

Additional debt totalling \$12.66 million was secured from the major banks in order to fund property acquisitions completed during the year. This took total debt of the Trust to \$125.91 million as at 31 December 2004.

The Trust's gearing as at 31 December 2004 was 46.15%, down slightly from 46.39% at 31 December 2003.

100% of the Trust's interest bearing liabilities are hedged and are duration matched to the initial terms of the Trust's leases.

Outlook

Challenger Beston Limited, the responsible entity for the Trust, has identified a number of investment opportunities that it believes complements the Trust's growth strategy and is continuing due diligence which could lead to a rights issue, as we have done in the past. 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 Challenger Beston Wine Trust is well placed to partner with the wine industry 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 cost and capital management practises and assists them in keeping 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 in Australia and abroad.

For further information please see our website www.challengerbestonwinetrust.com.au or contact the Challenger Beston Wine Trust:

Mr Christopher Atkins

Managing Director

Ph (08) 8211 7777

Challenger Beston Wine Trust – Appendix 4D

For the half-year ended 31 December 2004

Results for announcement to the market

Highlights of results

	31-Dec-04	31-Dec-03	% Change
Revenue from ordinary activities (\$'000)	12,752	7,922	60.97
Net Profit from ordinary activities after tax attributable to unitholders (\$000)	6,772	4,027	68.16
Distribution to unitholders (\$'000)	6,772	4,027	68.16
Distributions for the half-year ending 31 December (cents per unit)	4.60	4.59	0.24
Basic earnings/distributions (cents per unit)	4.60	4.59	0.24
Diluted earnings (cents per unit) ¹	4.59	4.53	1.24
	31-Dec-04	30-Jun-04	% Change
Total Assets (\$'000)	272,805	254,721	7.10
Total borrowings (\$'000)	125,911	113,252	11.1
Unitholders' equity (\$'000)	140,526	134,379	4.57
Ordinary unit market capitalisation (\$'000)	130,299	117,286	11.10
Net tangible assets (NTA) \$ per ordinary unit (diluted)	0.95	0.92	2.17
Ordinary unit price (\$)	1.00	0.93	7.53
Ordinary units on issue ('000)	130,299	126,114	3.3
Preferred indexed convertible equity unit price (\$)	10.00	9.80	2.04
Preferred indexed convertible equity units on issue ('000)	1,736	1,718	1.05

Record date

September Quarter (Q1) distribution	30 September 2004
December Quarter (Q2) distribution	4 January 2005

Payment date

September Quarter (Q1) distribution	15 November 2004
December Quarter (Q2) distribution	14 February 2005

1. Diluted earnings increased due to a lower relative number of Preferred Indexed Convertible Equity (PICE) Units to Ordinary Units in the Trust's equity capital base.

Directors' Report

The directors of Challenger Beston Limited, being the responsible entity of the Challenger Beston Wine Trust, during or since the end of the half-year are:

Stephen Gerlach	Chairman	
Roger N Sexton	Deputy Chairman	Resigned December 2004
Christopher J Atkins	Managing Director	
Ian M Martens		
David Hall		
Tim Foster		
Robert Woods		

Review and Results of Operations

Net profit after tax has risen for the half-year to 31 December 2004 as a result of revenue growth which was driven by the increase in property assets.

Property assets grew by 23% from 31 December 2003 to reach \$265.27 million at 31 December 2004. The half-year net profit includes the full revenue impact of the property acquisitions that occurred in December 2003 (of \$59 million).

During the half-year, 4,184,745 additional ordinary and 17,206 PICE units were issued. The new issues together with an increase of \$12.66 million in borrowings were applied for the purpose of additional property assets.

Auditor's Independence Declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.



■ Santos House
91 King William Street
Adelaide SA 5000
Australia

■ Tel 61 8 8233 7111
Fax 61 8 8231 8050
DX 155 Adelaide

GPO Box 1271
Adelaide SA 5001

Auditor's Independence Declaration to the Directors of Challenger Beston Limited, being the Responsible Entity of the Challenger Beston Wine Trust

In relation to our review of the financial report of the Challenger Beston Wine Trust (the Trust) for the half-year ended 31 December 2004, 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

Alan H Herald
Partner
16 February 2005

Director's report (continued)

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Trust under ASIC Class Order 98/0100. The Trust is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Atkins', with a stylized flourish at the end.

Christopher J Atkins

Managing Director

Dated this 16th day of February 2005

Condensed statement of financial performance

For the half-year ended 31 December 2004

	Notes	Consolidated	
		Half-year ended 31 December 2004 \$'000	Half-year ended 31 December 2003 \$'000
Revenue from ordinary activities	2	12,752	7,922
Expenses from ordinary activities	2	(5,980)	(3,895)
Profit from ordinary activities before income tax expense		6,772	4,027
Income tax attributable to ordinary activities		–	–
Profit from ordinary activities after income tax expense		6,772	4,027
Net profit		6,772	4,027
Net profit distributable to members of Challenger Beston Wine Trust		6,772	4,027
Issue costs from Capital Raising deducted from equity		(73)	(1,956)
Net exchange difference on translation of financial statements of foreign controlled entity		(6)	(31)
Total revenues, expenses and valuation adjustments attributable to members of Challenger Beston Wine Trust and recognised directly in equity		(79)	(1,987)
Total changes in equity other than those resulting from transactions with owners as owners		6,693	2,040
Basic earnings per Ordinary Units (cents per Ordinary Unit)		4.601	4.591
Diluted earnings per Ordinary Units (cents per Ordinary Unit)		4.586	4.530
Franked dividends per Ordinary Units (cents per Ordinary Unit)		NIL	NIL

Condensed Statement of Financial Position

As at 31 December 2004

	Notes	Consolidated	
		31 December 2004 \$'000	30 June 2004 \$'000
Current assets			
Cash		3,070	568
Receivables		2,180	2,592
Investments		422	5,885
Other		441	607
Total current assets		6,113	9,652
Non-current assets			
Property, plant & equipment	5	265,268	243,745
Other		1,424	1,324
Total non-current assets		266,692	245,069
Total assets		272,805	254,721
Current liabilities			
Payables		4,285	5,495
Other		2,083	1,595
Total current liabilities		6,368	7,090
Non-current liabilities			
Interest-bearing liabilities		125,911	113,252
Total non-current liabilities		125,911	113,252
Total liabilities		132,279	120,342
Net assets		140,526	134,379
Unitholders funds			
Units on issue	7	128,161	124,185
Reserves		12,365	10,194
Total unitholders equity		140,526	134,379

Condensed Statement of Cash Flows

For the half-year ended 31 December 2004

	Consolidated	
	Half-year ended 31 December 2004 \$'000	Half-year ended 31 December 2003 \$'000
Cash Flows from Operating Activities		
Receipts from customers	15,626	8,709
Payments to suppliers and employees	(3,782)	(2,683)
Borrowing costs	(4,460)	(3,183)
Other	348	274
Net Cash flows from Operating Activities	7,732	3,117
Cash Flows from Investing Activities		
Acquisition of property	(20,093)	(89,358)
Payments for deposits	–	(13,435)
Proceeds from deposits	4,876	–
Other	–	355
Net Cash flows used in Investing Activities	(15,217)	(102,438)
Cash Flows from Financing Activities		
Cash proceeds from the issue of units	4,049	58,954
Proceeds from borrowings	12,659	52,248
Distribution paid	(6,667)	(3,445)
Other	(74)	(1,955)
Net Cash flows from Financing Activities	9,967	105,802
Net increase in cash held	2,482	6,480
Add opening cash brought forward	568	1,364
Effect of exchange rate changes on cash	20	(31)
Closing Cash Carried Forward	3,070	7,813

Notes to the half-year financial statements

31 December 2004

Note 1. Basis of preparation of the half-year financial report

The half-year 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 half-year financial report should be read in conjunction with the Annual Financial Report of Challenger Beston Wine Trust as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by Challenger Beston Wine Trust and its controlled entities during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 'Interim Financial Reporting' and other mandatory professional reporting requirements (Urgent Issue Group Consensus Views).

The financial report has been prepared in accordance with the historical cost convention, except for vineyards, which are measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004.

Notes to the half-year financial statements (continued)

5. Property, plant and equipment

(a) Reconciliation of carrying amounts

	Consolidated	
	Half-year ended 31 December 2004 \$'000	Year ended 30 June 2004 \$'000
Land – vineyards and winery plant at fair value less provision for amortisation	265,268	243,745
Movements in carrying amounts		
Land – vineyards		
Balance at beginning of the period	238,506	120,364
Acquisitions of vineyard properties and additions during the period	20,093	109,552
Net increment from revaluation	1,581	8,590
Balance at the end of the period	260,180	238,506
Winery plant & equipment		
Balance at beginning of the period	5,239	5,524
Acquisitions of winery plant and equipment during the period	–	69
Accumulated Amortisation	(151)	(354)
Balance at the end of the period	5,088	5,239
Total Property, Plant & Equipment	265,268	243,745

Vineyards and wineries are leased to vineyard operators and/or wine companies under long-term lease contracts, typically for ten year terms under the current lease. Rentals are based upon a premium over bond rates. 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 each five year or ten year increment 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.

Valuations

The fair values of investment properties have been determined by reference to director valuations, based upon independent valuations in accordance with the Trust's policy of a three year revaluation cycle. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

(b) Details of Property, Plant & Equipment

Description	Acquisition date	Original acquisition cost \$'000	Total cost including additions \$'000	Date of latest independent valuation	Fair value \$'000
Schubert's Vineyard (ii)	Nov 2001	4,209	5,256	Mar 2004	5,352
Summer's Hill Vineyard (i)	Feb 1998	1,358	1,534	Oct 2004	1,550
Corryton Park Vineyard (ii)	Feb 1998	1,043	3,124	Oct 2004	3,150
Sandy Hollow Vineyard (i)	Nov 1998	4,417	4,878	Oct 2004	4,350
Cowra Station Vineyard (i)	Oct 1998	3,573	3,687	Oct 2004	3,600
Waikerie Vineyard (i)	Oct 1998	1,935	2,186	Oct 2004	1,800
Bethany Creek & Vine Vale Vineyards (i)	Oct 1998	1,516	1,713	Oct 2004	1,800
Hermitage Road Winery (i)	Oct 2001	1,404	4,552	Dec 2003	4,487
Inglewood Vineyard (i)	Jul 1999	1,336	1,413	Jul 2003	1,250
Dalswinton Vineyard (i)	Jul 1999	4,850	4,973	Jul 2003	4,600
Thomson Vineyard (ii)	Oct 1999	3,618	4,101	Aug 2003	4,000
Boh River Vineyard (ii)	Jun 2000	8,734	10,168	Jul 2003	9,931
Gundagai Vineyard (i)	Sep 2000	6,105	13,384	Apr 2004	14,476
Chapel Vineyard (iii)	Dec 2001	2,870	2,933	Dec 2001	3,000
Yarraman Winery and Vineyard (i)	Sep 2001	1,171	2,129	Aug 2001	1,100
Trillian's Hill Vineyard (i)	Jun 2002	889	1,048	Apr 2002	1,048
Woods Vineyard (iii)	Apr 2003	1,252	1,270	Feb 2003	1,270
Cocoparra Vineyard (iii)	Apr 2003	8,526	8,462	Feb 2003	8,462
Oakridge Estate Vineyard & Winery (iii)	Apr 2003	1,105	2,491	Feb 2003	2,470
Gngarara Vineyard (i)	Apr 2003	1,653	6,130	Dec 2002	6,430
Poole's Rock Vineyard (iii)	Nov 2004	5,009	5,009	Nov 2004	5,017
Gimblett Road Vineyard (iv)	Apr 2001	2,607	2,715	Apr 2004	3,435
Highway 50 Vineyard (iv)	Apr 2001	2,561	2,660	Apr 2004	3,274
Crownthorpe Vineyard (iv)	Apr 2001	3,486	16,995	Apr 2004	20,909
Dashwood Vineyard (v)	Oct 2002	8,003	15,019	Aug 2002	20,747
Rarangi (v)	Jun 2004	6,494	9,669	Jun 2004	9,669
Sirens Estate Vineyard (i)	Oct 2002	1,897	2,611	Oct 2002	3,087
Richmond Grove & Lawsons Vineyard (i)	Dec 2003	44,947	44,941	Jun 2003	44,941
Qualco East Vineyard (i)	Dec 2003	7,421	7,674	Jun 2003	7,674
Balranald Vineyard (i)	Dec 2003	15,573	21,355	Jun 2003	21,355
Two Rivers Vineyard (ii)	Jun 2003	17,484	41,034	May 2003	41,034
Total property, plant & equipment		177,046	255,114		265,268

(i) As valued by Colin Gaetjens, F.A.P.I. (Val, P & M), R.E.I.V. (Aust), A.R.E.I., of Colin Gaetjens & Co.

(ii) As valued by Colin Pickett, A.A.P.I., Certified Practising Valuer, of Colin Gaetjens & Co.

(iii) As valued by Ron Aschberger, F.A.P.I., Certified Practising Valuer, of FPDSavills.

(iv) As valued by Boyd Gross, B. Agr. (Rural Va), Dip. Bus. Std., A.N.Z.I.V., of Logan Stone.

(v) As valued by David Stark, B. Ag. Com., A.N.Z.I.V., S.N.Z.P.I., of Alexander Hayward Ltd.

6. Segment information

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

Notes to the half-year financial statements (continued)

7. Unitholders' equity

	Half-year ended 31 December 2004		Year ended 30 June 2004	
	Number of Units '000	\$'000	Number of Units '000	\$'000
Ordinary Units				
Beginning of the period	126,114	114,422	60,216	55,116
Issued during the period				
– Distribution reinvestment plan	4,185	3,885	812	729
– Public equity raising	–	–	61,111	55,000
– Private placements	–	–	3,975	3,577
Balance at the end of the period	130,299	118,307	126,114	114,422
PICE Units				
Beginning of the period	1,719	17,172	1,700	17,001
Issued during the period				
– Distribution reinvestment plan	17	164	19	171
– Private placements	–	–	–	–
Balance at the end of the period	1,736	17,336	1,719	17,172
Contributed equity		135,643		131,594
Less Issue Costs		(7,482)		(7,409)
Equity balance at the end of the period		128,161		124,185

Units issued during the half-year

17,206 Preferred Indexed Convertible Equity ('PICE') Units were issued during the half-year through the Distribution Reinvestment Plan at prices between \$9.524 and \$9.6987. 4,184,745 Units were issued through the Distribution Reinvestment Plan at prices between \$0.9021 and \$0.9408. The total Units on issue are 130,298,558 ordinary and 1,735,763 PICE.

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 30 days immediately after the 5th to 10th anniversaries of issue. At any time following the 10th anniversary, PICE Units may be converted within 60 days. The conversion price is based on the market value of Ordinary Units within a specified minimum and maximum, depending on the length of time the PICE Units have been held before conversion. 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.

8. Subsequent events

No 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 Financial Position in this report.

9. International Financial Reporting Standards

Challenger Beston Wine Trust is required to comply with the Australian equivalents of International Financial Reporting Standards (IFRS) issued by the Australian Accounting Standards Board for the year ending 30 June 2006.

AASB 1 'First Time Adoption of Australian Equivalents to International Financial Reporting Standards' requires that entities presenting first time financial reports in accordance with Australian Equivalents of IFRS must also restate their comparative financial statements using all Australian Equivalents of IFRS, except for AASB 132 'Financial Instruments: Disclosure and Presentation', AASB 139 'Financial Instruments: Recognition and Measurement', and AASB 4 'Insurance Contracts'.

In accordance with AASB 1047 'Disclosing the Impact of Adoption the Australian Equivalents to International Financial Reporting Standards', the Trust is required to disclose the transitional impact of adopting the Australian Equivalents of IFRS on its reported financial position as at 1 July 2004. Most adjustments required on transition to the Australian Equivalents of IFRS will be made, retrospectively, against opening retained earnings on 1 July 2004; however transitional adjustments relating to those standards where comparatives are not required will only be made at 1 July 2005.

An opening IFRS balance sheet for the period beginning 1 July 2004 will be completed for the audit of the year ending 30 June 2005.

The Trust has established a separate project to assess the impact of the IFRS. This project is currently in progress and will be completed by the end of the current financial year. The project is actively engaged in consultation with external experts and advisors.

The following areas have been identified as being likely to have a significant impact on the accounting policies of the Trust:

- PICE Units;
- Investment property;
- Interest Rate Swaps; and
- Agriculture.

At this stage the Trust has not been able to reliably measure the impacts on the financial report. The impact of the above noted significant areas are summarised as follows:

Classification of PICE Units

In accordance with the definition outlined in AASB 132 'Financial Instruments: Disclosure and Presentation', the PICE Units, or some portion of them, may be classified as a financial liability, rather than as equity. If it is determined that they should be classified as a liability, under the PICE Terms of Issue the directors of the Trust may resolve to trigger the conversion of the PICE Units to Ordinary Units.

Notes to the half-year financial statements (continued)

9. International Financial Reporting Standards (continued)

Investment property

Under current AASB 1041 'Revaluation of Non-current Assets', increases in the fair value of investment properties are reflected through the asset revaluation reserve. Decreases are also reflected through the asset revaluation reserve to the extent they reduce previously recognised increments and otherwise are charged to the operating result in the Statement of Financial Performance.

Under AASB 140 'Investment Properties', changes in the fair value of investment properties are recorded through the operating results in the Statement of Financial Performance. If this policy was to be applied in the current financial year, this would result in an increase in reported net profit for the period ended 30 June 2005.

Interest rate swaps

The Trust enters into interest rate swap agreements on borrowing facilities that coincide with part or all of the initial corresponding lease term, thereby fixing the interest rate of each facility. The swaps are not currently recognised. However, the swaps will be classified as a derivative under AASB 139 'Financial Instruments: Recognition and Measurement' and recognised on the Trust's Statement of Financial Position. Valuation of these agreements will be governed by the requirements of AASB 139.

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 Beston Wine Industry Trust consolidated entity:
 - (i) giving a true and fair view of the financial position as at 31 December 2004 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Challenger Beston Wine Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Christopher J Atkins
Director

Dated this 16th day of February 2005

Independent review report to unitholders of the Challenger Beston Wine 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 and accompanying notes to the financial statements for the consolidated entity comprising both the Challenger Beston Wine Trust (the Trust) and the entities it controlled during the half-year, and the directors' declaration for the Trust, for the period ended 31 December 2004.

The directors of the Responsible Entity, Challenger Beston Limited are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", 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.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the unitholders of the Trust, and in order for the Trust to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

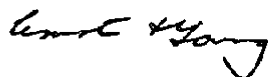
Independence

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and 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. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

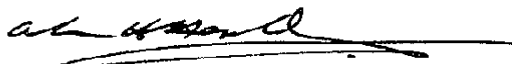
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising the Challenger Beston Wine Trust and the entities it controlled during the half-year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Alan H Herald
Partner
Adelaide
16 February 2005

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Directory

Australian Stock Exchange Code	CWT (Ordinary Units) CWTPA (PICE Units)
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	S Gerlach (Chairman) CJ Atkins (Managing Director) IM Martens DC Hall R Woods T Foster
Secretary of the Responsible Entity	Anne Gardiner
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 Service Pty Ltd Level 5, 115 Grenfell Street Adelaide, South Australia 5000
Trust Investor Centre	Challenger Beston Wine Trust Level 9, T & G Building 82 King William Street Adelaide, South Australia 5000 Tel: +61 08 8211 7777 Fax: +61 08 8212 1661



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