

Challenger Wine Trust
Interim Financial Report
For the half year ended 31 December 2006

Responsible Entity - Challenger Listed Investments Limited (ABN 94 055 293 644)

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Directors' Report

The directors of Challenger Listed Investments Limited ("CLIL"), the Responsible Entity of the Challenger Wine Trust ("CWT" or "the Trust"), submit their report together with the financial report for CWT, for the half-year ended 31 December 2006.

Directors' Summary

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

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

Trust Information

CWT is a registered scheme which has issued two classes of units, being Ordinary units and Preferred Indexed Convertible Equity ("PICE").

CLIL, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 41, 88 Phillip St Sydney NSW 2000.

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. These assets are then leased to experienced wine industry participants for periods generally of at least 10 years.

Review and Results of Operations

The consolidated profit for the half year period to 31 December 2006 attributable to the Ordinary unitholders of CWT was \$7.2 million. The following table provides an analysis of the interim result:

	Consolidated
	1 Jul 2006 - 31 Dec 2006
	\$'000
Revenue from operating activities	14,851
Profit from operating activities (before fair value movements)	7,215
Net profit attributable to Ordinary unitholders of CWT	7,865
Distributions to Ordinary unitholders	7,110
Distributions (cents per unit)	4.64

CWT has been identified as the parent entity for the purpose of preparing the consolidated financial report of CWT incorporating Delegats' Trust, Southcorp Trust and McGuigan Simeon Trust and the respective entities they controlled throughout the period to 31 December 2006.

Distributions

On 15 November 2006, CWT paid a first interim distribution of 2.317 cents per Ordinary unit. On 18 December 2006 CWT announced a further interim distribution of 2.326 cents per Ordinary unit, which will be paid to unitholders on 15 February 2007.

Significant Events after the Balance Date

On 13 February 2007, the CLIL board approved the compulsory conversion of PICE units to Ordinary units pursuant to Clause 4.3 (a) of the PICE units terms of issue. The issue of Ordinary units is in accordance with the conversion formulae set out in clause 4.6 of the terms of issue.

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

Likely Developments and Expected Results

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

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

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

Auditor's Independence Declaration

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


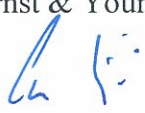
This report is made in accordance with a resolution of directors of Challenger Listed Investments Limited.



Ian M Martens
Sydney
13 February 2007

Auditor's Independence Declaration

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


Ernst & Young


Graeme McKenzie
Partner
Sydney

13 February 2007

Income Statement

For the half year ended 31 December 2006

		Consolidated	Consolidated
	Notes	1 Jul 2006 - 31 Dec 2006 \$'000	1 Jul 2005 - 31 Dec 2005 \$'000
Property Income			
Rental income		14,594	14,034
Less: Property related expenses		-	-
Net property income		14,594	14,034
Other income	4(i)	257	196
Other Trust Expenses			
Finance costs	4(ii)	(5,931)	(6,019)
Responsible Entity's and Manager's fees		(1,144)	(1,329)
Other expenses	4(iii)	(561)	(407)
Profit from operating activities		7,215	6,475
Net fair value movement in non-current assets		650	1,627
Net Profit		7,865	8,102
Basic earnings per Ordinary unit (cents)		4.71	5.72
Diluted earnings per Ordinary unit (cents)		4.70	5.64
Distributions paid per Ordinary unit (cents)		4.64	4.56

The above Income Statement should be read in conjunction with the Notes to the Half Year Financial Statements set out on pages 10 to 15.

Balance Sheet

As at 31 December 2006

		Consolidated	Consolidated
	Notes	31 Dec 2006	30 Jun 2006
		\$'000	\$'000
Assets			
Current Assets			
Cash and cash equivalents		3,212	3,991
Trade and other receivables		1,316	1,261
Other financial assets		600	600
Total current assets		5,128	5,852
Non-current Assets			
Investment properties	6	58,707	38,194
Vines (including integral infrastructure and water rights)	7	232,163	244,377
Plant and equipment	8	8,605	7,024
Cash flow hedge		351	(1,760)
Available-for-sale financial assets		500	500
Other financial assets		397	397
Total non-current assets		300,723	288,732
Total assets		305,851	294,584
Liabilities			
Current Liabilities			
Trade and other payables		2,707	1,931
Rent received in advance		790	819
Distribution payable	5	3,562	3,519
Interest bearing liabilities		1,867	1,925
Total current liabilities		8,926	8,194
Non-current Liabilities			
Interest bearing liabilities		133,151	127,210
PICE units	10	13,644	13,625
Total non-current liabilities		146,795	140,835
Total liabilities		155,721	149,029
Net assets		150,130	145,555
Equity			
Contributed equity	11	132,002	131,206
Retained earnings		16,384	15,629
Reserves		1,744	(1,280)
Total equity		150,130	145,555

The above Balance Sheet should be read in conjunction with the Notes to the Half Year Financial Statements set out on pages 10 to 15.

Statement of Changes in Equity

For the half year ended 31 December 2006

	Consolidated	Consolidated
	1 Jul 2006 - 31 Dec 2006 \$'000	1 Jul 2005 - 31 Dec 2005 \$'000
Total Opening Equity Balance	145,555	129,859
Net Profit	7,865	8,102
Currency translation differences	913	109
Fair value movements in interest rate cash flow hedges	2,111	(553)
Transaction costs paid	(10)	(55)
Total income and expense for the period recognised in equity	10,879	7,603
Contribution of equity	806	6,225
Distributions provided for Ordinary unitholders	(7,110)	(6,474)
Total Closing Equity Balance	150,130	137,213

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Half Year Financial Statements set out on pages 10 to 15.

Statement of Cash Flows

For the half year ended 31 December 2006

	Consolidated 1 Jul 2006 - 31 Dec 2006 \$'000	Consolidated 1 Jul 2005 - 31 Dec 2005 \$'000
Cash flows from operating activities		
Rental received	14,328	12,718
Interest received	135	147
Dividends received	101	27
Finance costs paid	(5,797)	(6,312)
Payments to suppliers	(1,002)	(2,020)
Net cash inflows from operating activities	7,765	4,560
Cash flows from investing activities		
Payment for vines (including integral infrastructure and water rights), investment properties and developments	(2,924)	(14,262)
Payments for deposits	-	(10)
Net cash outflows from investing activities	(2,924)	(14,272)
Cash flows from financing activities		
Cash proceeds from the issue of PICE units	-	392
Cash proceeds from the issue of Ordinary units	-	6,225
Proceeds from borrowings	693	6,678
Payment for transaction costs	(9)	(55)
Distributions to unit holders	(6,261)	(6,259)
Net cash outflows from financing activities	(5,577)	6,981
Net increase/(decrease) in cash and cash equivalents	(736)	(2,731)
Net foreign exchange differences	(43)	108
Cash and cash equivalents at beginning of period	3,991	3,380
Cash and cash equivalents at end of period	3,212	757

The above Statement of Cash Flows should be read in conjunction with the Notes to the Half Year Financial Statements set out on pages 10 to 15.

Notes to the financial statements

1 Trust Information

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

Challenger Wine Trust ("CWT" or "the Trust") is a trust limited by units incorporated and domiciled in Australia whose units are publicly traded on the Australian Securities Exchange ("ASX").

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. These assets are then leased to experienced wine industry participants for periods generally of at least 10 years.

2 Summary of Accounting Policies

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

(a) Basis of preparation

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

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

It is also recommended that the interim financial report be considered together with any public announcements made by CWT and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules.

The interim financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS').

(b) Basis of accounting

The interim financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Constitution, the Corporations Act 2001, applicable Accounting Standards including AASB134: "Interim Financial Reporting" and other mandatory professional reporting requirements.

The interim financial report has been prepared on an historical cost basis, except for investment properties, vines including integral infrastructure and water rights, winery land and buildings, derivative financial instruments and available for sale financial assets, which have been measured at fair value.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the CWT and its controlled entities ('the Group').

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits/(losses) resulting from intra-group transactions, have been eliminated in full.

Controlled entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where loss of control

of a controlled entity occurs, the consolidated financial statements of the group include the results for the part of the reporting period during which CWT had control.

3 Segment Information

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

There are no distinguishable business segments or geographical segments within the Trust which are subject to a different risk and return.

4 Revenue and Expenses

	Consolidated	Consolidated
	1 Jul 2006 - 31 Dec 2006	1 Jul 2005 - 31 Dec 2005
	\$'000	\$'000
(i) Other income		
Interest income	156	169
Dividend income	101	27
	257	196
(ii) Finance costs		
Interest expense - bank borrowings	(5,161)	(5,115)
Interest expense - PICE Units	(770)	(904)
	(5,931)	(6,019)
(iii) Other expenses		
Custodian fees	(54)	(47)
Realised currency losses	(26)	-
Consultant fees	(121)	(76)
Auditor's remuneration	(30)	(18)
Depreciation	(190)	(193)
Other costs	(140)	(73)
	(561)	(407)

5 Distributions paid and proposed

	Consolidated 1 Jul 2006 - 31 Dec 2006 \$'000	Consolidated 1 Jul 2005 - 31 Dec 2005 \$'000
Distributions proposed and recognised for Ordinary unitholders as a liability at half year end	3,562	3,284
Distributions paid during the interim period	3,548	3,188
Total distributions paid or payable from current year profits	7,110	6,472
Prior year distributions paid during the year from prior year profits	3,519	3,070

6 Investment properties

	Consolidated 31 Dec 2006 \$'000	Consolidated 30 Jun 2006 \$'000
Land		
Vineyard land	57,875	37,267
Winery land and buildings	832	927
Total land	58,707	38,194

7 Vines (including integral infrastructure and water rights)

	Consolidated 31 Dec 2006 \$'000	Consolidated 30 Jun 2006 \$'000
Vineyards		
Vineyards	232,163	244,377
Total vineyards	232,163	244,377

8 Plant and equipment

	Consolidated 31 Dec 2006 \$'000	Consolidated 30 Jun 2006 \$'000
Plant and Equipment		
Wineries	8,605	7,016
Office Equipment	-	8
Total plant and equipment	8,605	7,024

9 Investment properties, vines (including integral infrastructure and water rights) and plant and equipment

Details of the investment properties, vines (including integral infrastructure and water rights) and plant and equipment are below. The valuation methods for Investment properties and Vines (including integral infrastructure and water rights) are disclosed in notes 2(p) and 2(q) of the Annual Financial Report of the Challenger Wine Trust as at 30 June 2006.

Description	Acquisition date	Country	Date of latest independent valuation	31 Dec 06 Fair value \$'000	30 Jun 06 Fair value \$'000
Schubert's Vineyard (iii)	Nov 2001	Australia	Dec 2006	6,200	6,250
Summers Hill Vineyard (iii)	Feb 1998	Australia	Dec 2006	1,500	1,500
Corryton Park Vineyard (iii)	Feb 1998	Australia	Dec 2006	3,100	3,100
Sandy Hollow Vineyard (ii)	Nov 1998	Australia	Dec 2006	3,800	4,100
Cowra Station Vineyard (ii)	Oct 1998	Australia	Dec 2006	3,500	3,500
Waikerie Vineyard (ii)	Oct 1998	Australia	Dec 2006	1,900	1,800
Bethany Creek & Vine Vale Vineyards (iii)	Oct 1998	Australia	Dec 2006	1,700	1,800
Hermitage Road Winery (v)	Oct 2001	Australia	Apr 2006	3,946	3,887
Inglewood Vineyard (ii)	Jul 1999	Australia	Dec 2006	1,600	1,200
Dalswinton Vineyard (ii)	Jul 1999	Australia	Dec 2006	4,100	4,300
Boh River Vineyard (iii)	Jun 2000	Australia	Dec 2006	9,566	9,200
Gundagai Vineyard (i)	Sep 2000	Australia	Dec 2006	15,960	16,462
Chapel Vineyard (i)	Dec 2001	Australia	Dec 2006	2,800	2,900
Trillian's Hill Vineyard (i)	Jun 2002	Australia	Jun 2006	1,100	1,450
Woods Vineyard (i)	Apr 2003	Australia	Dec 2006	1,250	1,340
Cocoparra Vineyard (i)	Apr 2003	Australia	Dec 2006	8,500	8,255
Gnangara Vineyard (v)	Apr 2003	Australia	Dec 2006	5,900	5,700
Grande Junction Vineyard (vi)	Jun 2005	Australia	N/A	6,875	6,875
Poole's Rock Vineyard & Winery (v)	Nov 2004	Australia	Dec 2006	7,600	5,800
Whitton Vineyard (i)	Mar 2005	Australia	Dec 2006	3,800	3,800
Gimblett Road Vineyard (iv)	Apr 2001	New Zealand	Jun 2006	3,416	3,126
Highway 50 Vineyard (iv)	Apr 2001	New Zealand	Jun 2006	3,167	2,897
Crownthorpe Vineyard (iv)	Apr 2001	New Zealand	Jun 2006	26,847	24,278
Dashwood Vineyard (iv)	Oct 2002	New Zealand	Dec 2006	22,837	20,888
Rarangi Vineyard (iv)	Jun 2004	New Zealand	Dec 2006	17,306	13,867
Sirens Estate Vineyard (v)	Oct 2002	Australia	Dec 2006	3,150	3,343
Richmond Grove & Lawsons Vineyard (i)	Dec 2003	Australia	Jun 2006	42,955	42,867
Qualco East Vineyard (i)	Dec 2003	Australia	Jun 2006	9,000	9,000
Balranald Vineyard (i)	Dec 2003	Australia	Jun 2006	24,000	24,000
Dos Rios Vineyard (i)	Jun 2003	Australia	Jun 2006	52,100	52,102
Total Consolidated				299,475	289,587

The Directors have assessed fair value by reference to the following valuer's valuations as described in notes 2(p) and 2(q) of the Annual Financial Report of the Challenger Wine Trust as at 30 June 2006.

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

(ii) As valued by Angus Barrinton-Case, B. Bus (Prop), A.A.P.I., Agri Valuation & Advisory Certified Practising valuer, of McGees Property.

(iii) As valued by Alex Thamm, B.Bus (Prop), A.A.P.I., Agri Valuation & Advisory Certified Practising Valuer, Qualified Agent and Conveyancer, of McGees Property.

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

(v) 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.

(vi) Currently under development, carried at cost.

10 Preferred Indexed Convertible Equity (PICE) Units

	Consolidated	Consolidated
	31 Dec 2006	30 Jun 2006
	\$'000	\$'000
PICE units		
Opening balance at beginning of period	13,625	16,434
Issued during the period less issue costs	19	437
Converted to Ordinary Units	-	(3,246)
Balance at the end of the period	13,644	13,625
	# of units	# of units
Movements in PICE units on issue		
Opening balance at beginning of period	1,493	1,773
Issued during the period		
- Distribution reinvestment plan	2	45
- PICE units converted to ordinary units	-	(325)
Closing balance at end of period	1,495	1,493

Preferred Indexed Convertible Equity (PICE) units are required to be recognised as a liability under AASB 132 Financial Instruments: *Presentation and Disclosure* and AASB 139 *Financial Instruments: Recognition and Measurement*. PICE units have a preference over Ordinary Units as to income and capital distributions. Interest is paid on PICE units at a rate of 9.0% per annum which is indexed annually on the anniversary of the original issue (currently 10.303% until 25 March 2007). PICE units convert to Ordinary units in certain circumstances which are recited in the issue document. The conversion rate is dependant on the market price of Ordinary units at the date of conversion.

11 Contributed equity

	Consolidated	Consolidated
	31 Dec 2006	30 Jun 2006
	\$'000	\$'000
Ordinary units		
Opening balance at beginning of period	131,206	124,114
Issued during the period less issue costs	796	7,092
Equity balance at the end of the period	132,002	131,206
	# of units	# of units
Movements in ordinary units on issue		
Opening balance at beginning of period	151,957	136,138
Issued during the period		
- Distribution reinvestment plan	1,151	11,823
- PICE units converted to ordinary units	-	3,996
Closing balance at end of period	153,108	151,957

12 Related party disclosure

During the half-year, fees amounting to \$1,189,965 (2005: \$1,372,953) were paid to CLIL as responsible entity. In accordance with the CWT constitution and the management agreement entered into by CLIL with Challenger Management Services Limited ("CMSL") the following fees were paid by CWT out of scheme property:

- Responsible Entity fees for the financial half-year paid to CLIL in accordance with the Scheme Constitution: \$150,000 (2005: \$nil).
- Management fees for the financial half-year paid to CMSL under the Management Agreement: \$1,039,965 (2005: \$1,372,953).

Of the above fees \$45,922 (2005: \$43,877) has been capitalised to property acquisitions and developments during the half-year.

13 Events subsequent to balance date

On 13 February 2007, the CLIL board approved the compulsory conversion of PICE units to Ordinary units pursuant to Clause 4.3 (a) of the PICE units terms of issue. The issue of Ordinary units is in accordance with the conversion formulae set out in clause 4.6 of the terms of issue.

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

14 Contingent assets and liabilities

As at balance date there are no material contingent liabilities or contingent assets.

Statement by the Directors of the Responsible Entity of CWT

In accordance with a resolution of the directors of Challenger Listed Investments Limited (the Responsible Entity of the Challenger Wine Trust ("CWT")), I state that:

1. 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 CWT's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
 - (b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ian M Martens
Sydney
13 February 2007

Responsible Entity

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Challenger Wine Trust

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Auditor

For the Responsible Entity and the Trust
Ernst & Young
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SYDNEY NSW 2000
Website www.ey.com/au

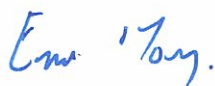
Independence

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

Conclusion

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

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



Ernst & Young



Graeme McKenzie
Partner
Sydney

13 February 2007