

Appendix 4E - Results for announcement to the market

Annual results for the year ended 30 June 2007

Challenger Wine Trust (CWT) ARSN 092 960 060

Results for announcement to the market

	Year ended 30 June 2007 \$'000	Restated Year ended 30 June 2006 \$'000	Variance \$'000	Variance %
2.1 Revenue from ordinary activities	29,430	28,478	952	3.3%
2.2.1 Profit from operating activities	14,331	13,171	1,160	8.8%
2.2.2 Fair value movements	(6,456)	608	(7,064)	(1161.8%)
2.3 Net profit after tax attributable to members	7,875	13,779	(5,904)	(42.8%)

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

	Ordinary units (cents per unit)	PICE units (cents per unit)	Payment date	Record date
Quarter ended 30 Sep 2006	2.317	25.756	15-Nov-06	29-Sep-06
Quarter ended 31 Dec 2006	2.326	25.756	15-Feb-07	29-Dec-06
Quarter ended 31 Mar 2007	2.172	25.813	15-May-07	30-Mar-07
Quarter ended 30 Jun 2007	2.285	-	16-Aug-07	29-Jun-07
Total distribution	9.100	77.325		

Note: Distribution reinvestment plans (DRPs) for Ordinary and PICE unit holders were suspended on 15 August 2006.

2.6 Explanation of figures in 2.1 to 2.4

Following discussions and agreement with ASIC, CWT has restated its 30 June 2006 comparatives, to recognise certain water rights as intangible assets carried at cost. Historically, CWT has accounted for its water rights as embedded in the value of the vines, and as a result has not separately accounted for water rights. This change in accounting treatment has had no impact on the underlying economic value of CWT's properties, however, it results in a reduction in Net Tangible Assets of \$21.2 million or \$0.12 per unit at 30 June 2007. This accounting change will have no impact on distributions from the Trust. For further explanation of the above result also refer to the following attached documents:

- Annual results market release
- Annual financial report

Additional information

1. At 30 June 2007 CWT's Net Tangible Assets (NTA) per unit were \$0.82 (30 June 2006 restated: \$0.84).
At 30 June 2007 CWT's Net Asset Value (NAV) per unit were \$0.92 (30 June 2006 restated: \$0.94).
2. No associates or joint venture transactions were entered into during the period.



Suzie Koeppenkastrop
Company Secretary

22 August 2007

Date

MARKET RELEASE

CWT ANNOUNCES SOLID 2007 FINANCIAL RESULTS

22 August 2007, Sydney – Challenger Wine Trust (ASX: CWT) has today announced net operating income of \$14.3 million for the 2007 financial year, up 8.8% on the 2006 result.

CWT's Fund Manager, Mr Nick Gill said: "CWT's 2007 financial performance has been positive, reflecting 100% occupancy of the portfolio, as well as the progression of vineyard development projects and lower borrowing costs.

"This is a strong result in what has been a difficult period for the vineyard industry, with weather conditions significantly reducing the size of the 2007 harvest and uncertainty over water availability forecast to impact future production. In this environment, we have worked closely with our impacted tenants to ensure that any impacts to portfolio income and long-term vineyard values are minimised."

Solid financial results

- **Net operating income \$14.3 million, 8.8% higher than FY06**
- **Net property income \$28.9 million, 2.8% higher than FY06**
- **Distributable income \$14.3 million, 8.8% higher than FY06**
- **Distribution per unit 9.10 cents, 0.4% higher than FY06**
- **NTA per unit \$0.82 (2006 restated: \$0.84)**
- **NAV per unit \$0.92 (2006 restated: \$0.94)**

CWT delivered net operating income of \$14.3 million for the year, up 8.8% on a comparable basis against the 2006 result. The key driver of this stronger performance was growth in net property income, up 2.8% from \$28.1 million in 2006 to \$28.9 million. This growth was the result of new income from development projects nearing completion, as well as the net uplift from annual rental reviews across the portfolio. Lower borrowing costs following the conversion of PICE units (which were recognised as debt) to ordinary units in April 2007 also contributed to this positive result.

After inclusion of the unrealised impact of the negative movement in the fair value of non-current assets of \$6.4 million, CWT's net profit for the period was \$7.9 million.

CWT's distributable income for the year was \$14.3 million, up from \$13.2 million in 2006. After taking into account new units issued during the year under the DRP and PICE unit conversion, this equated to 9.10 cents per unit, reflecting growth of 0.4% over the 9.06 cents per unit distribution for the 2006 financial year.



Change to accounting treatment of water rights

Following discussions and agreement with ASIC as to the appropriate treatment of water rights under AIFRS, CWT has determined to treat water rights associated with its warm climate vineyards as intangible assets recorded at cost. This change was reflected in both 2007 asset values and prior period comparatives.

Recognising water rights at cost rather than fair value has resulted in a write down of 30 June 2006 asset values of \$2.3 million, with the restated 30 June 2006 Net Asset Value (NAV) per unit now \$0.94 (previously \$0.96). In addition, the recognition of \$15.8 million as intangible assets at 30 June 2006 resulted in Net Tangible Assets (NTA) per unit being restated to \$0.84 (previously \$0.96).

For the year ended 30 June 2007 a further write down of \$1.9 million was recorded due to recognising intangible assets at cost. This change in accounting treatment has no impact on the underlying economic value of CWT's properties.

Valuation of properties

Annual independent valuations, which take into consideration the value of the land, vines, infrastructure and water rights which collectively reflect the underlying economic value of the properties, remain the most appropriate reflection of the market value of the vineyards.

In the year to 30 June 2007, a net downward movement of \$4.5 million over previous asset valuations was recorded. This fall was largely driven by the impacts of the current drought and uncertainty over future water availability on vineyard profitability forecasts at Australian warm climate vineyards located along the Murray River.

NAV/NTA per unit

At 30 June 2007, CWT's NAV and NTA per unit reflected the negative impact of asset revaluations (\$4.5 million), the write downs due to recognition of water rights at cost (\$1.9 million) and additional units issued following the PICE unit conversion in April 2007. These factors were partially offset by fair value increments in interest rate cash flow hedges and other movements, resulting in NAV per unit and NTA per unit both falling \$0.02 to \$0.92 and \$0.82 per unit respectively.

Capital management

At 30 June 2007, CWT had total borrowings of \$134.4 million, and a gearing ratio of 45.2% (increasing to 47.4% following acquisition of Miamba vineyards). All of the Trust's borrowings are at fixed rates, either directly or through the overlay of interest rate hedges. At 30 June 2007, CWT's weighted average cost of borrowing was 7.7%.

Portfolio update

The CWT portfolio is 100% occupied, has a long weighted average lease term of 5.9 years and is well diversified by region, tenant and grape variety.

Further enquiry: Investor Relations, Susie McPherson, Challenger Financial Services Group, 02 9994 7958
Media Relations, Lynn Anderson, Challenger Financial Services Group, 02 9994 7008



During the year, lease extensions were negotiated with McGuigan Simeon Wines at Hermitage Road Winery and Sandy Hollow, Cowra and Waikerie vineyards for varying periods. In addition, Grant Burge Wines has also agreed to an extension of its lease at Summer's Hill vineyard for a further five years. After excluding assets planned for sale, portfolio expiries in the next two years are limited to Grant Burge Wines' tenancy at Corryton Park and McGuigan Simeon Wines tenancies at Cowra, Bethany Creek and Vine Vale vineyards, which together account for only 3.3% of portfolio income.

As advised yesterday, Evans and Tate Limited, which is a tenant at CWT's Cocoparra, Woods and Gngangara Vineyards, has announced the appointment of an Administrator and Receiver and Manager. In the year to 30 June 2007, rent on these properties totalled \$1.7 million, equivalent to 5.8% of CWT's net property income. CWT is awaiting contact from the Administrator and Receiver and Manager in relation to their intentions regarding Evans and Tate Limited's leases with CWT.

Acquisitions

In August, CWT announced the acquisition of the Miamba vineyards from Grant Burge Wines for \$11.5 million (plus costs). The properties were acquired under a sale and lease back arrangement with Grant Burge Wines, at a rental equivalent to a 9.8% yield on purchase price. The acquisition was fully debt funded and will be accretive to distributions from FY08 onwards.

Mr Gill said: "A core focus for the CWT management team has been sourcing new opportunities. The recent acquisition of the Miamba vineyards met all of CWT's investment criteria - delivering distribution growth to unitholders whilst also maintaining income security and enhancing portfolio diversification."

The Miamba vineyards add to CWT's growing portfolio of premium brand cool climate vineyards in Australia. Located in the southern end of the Barossa Valley, South Australia's premium wine growing region, the Miamba vineyards comprise an aggregation of five vineyards which together provide grapes for many of Grant Burge Wines' premium wines.

Planned disposals

Three properties currently leased to McGuigan Simeon Wines have been identified for sale in the year ahead. The first of these is the Grande Junction development vineyard, which was discontinued in February 2007, with McGuigan Simeon Wines reimbursing CWT for all development costs incurred to date (totaling \$6.0 million). A further \$0.9 million will be paid by McGuigan Simeon Wines in September to purchase the land.

The Hermitage Road Winery and Sandy Hollow Vineyards, which have leases to McGuigan Simeon Wines expiring in June 2008 and April 2009 respectively, are currently being marketed for sale. The proposed sale of these assets, which are both smaller, older style properties, will minimise any risk to income that may arise during the re-leasing period and enhance the quality of the CWT portfolio.

CWT has also contracted to sell Trillian's Hill vineyard to the current tenant for \$1.1 million by December 2007.

Further enquiry: Investor Relations, Susie McPherson, Challenger Financial Services Group, 02 9994 7958
Media Relations, Lynn Anderson, Challenger Financial Services Group, 02 9994 7008



Australian industry conditions¹

The 2007 grape harvest is forecast to have been 1.35 million tonnes, the smallest since 2000. This was primarily due to weather conditions, including frost in the cooler climate regions of South Australia, Victoria and Western Australia, and drought in warm climate regions, particularly the Murray Darling Basin.

The reduction in 2007 supply has significantly lowered the existing wine surplus, with wine companies reducing inventory to meet current demand. Industry organisations are predicting supply-demand balance could occur with the 2008 harvest, with the impact of the 2007 season frosts on vine development and reduced water availability likely to again reduce production. The current industry forecast for the 2008 harvest is 1.5 million tonnes, significantly below the 1.9 million tonnes produced in 2006.

The reduced supply outlook coupled with steady growth in demand is starting to have a positive impact on grape prices, following increases in prices for both bulk and bottled wines for both domestic and export markets.

Water availability for the 2008 harvest remains a critical issue, particularly for warm climate regions dependent on water allocations from the Murray River. Some vines in these regions are being pruned back in order to reduce water use. This may have a short term negative impact on valuations, but the vines should not suffer any long term impact to productivity in future years.

CWT's rental income stream is backed by long term leases with fixed rental structures and is therefore not directly impacted by current industry conditions. However, valuations of CWT's vineyards dependent on the Murray River have experienced downward movements as a result of the uncertainty regarding water allocations impacting forecast vineyard profitability.

Outlook

In order to generate and maintain attractive, predictable income returns to investors, CWT focuses on vineyards which are able to support long-term sustainable operations. This continues to be achieved via the investment in a blend of both large scale commercial vineyards in warm climate regions which provide grapes for low cost wine producers, and vineyards in cool climate premium geographic regions which have global varietal presence and strong brand support.

Mr Gill said: "Throughout the 2007 financial year CWT has continued to deliver a stable and predictable income return to unitholders. This is expected to continue into the 2008 financial year, with the recent acquisition and the planned sale of non-core assets.

"The impact of irrigation water availability on the Murray River may remain a key issue for the Australian vineyard sector into 2008. CWT will continue to work with its tenants in these regions to ensure rental income remains secure and the capital value of the portfolio is not impacted over the longer term."

ENDS

¹ Forecast grape harvest figures in this section have been sourced from "The Australian Winegrape Outlook 2007-2011"

Challenger Wine Trust
(ARSN 092 960 060)
Financial Report
For the year ended 30 June 2007

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Directors' report

The Directors of Challenger Listed Investments Limited (CLIL) (ABN 94 055 293 644), the Responsible Entity of the Challenger Wine Trust (CWT) (ARSN 092 960 060), submit their report together with the financial report for CWT, for the year ended 30 June 2007.

Principal activities

The principal activity of Challenger Wine Trust during the period was to pool investors' funds in a portfolio of vineyards and wine infrastructure assets which is designed to provide its investors with a stable distribution stream derived from net rental incomes. The Trust's investments are structured in such a way as to avoid the risks inherent in grape production.

Scheme information

Challenger Listed Investments Limited (CLIL), the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 15, 255 Pitt St, Sydney, NSW, 2000.

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
- Greg Martin (resigned 4 August 2006)
- Geoff McWilliam
- Ian Moore
- Peter Polson (resigned 4 August 2006)
- Paul Rogan (resigned 2 November 2006)
- Robert Woods

Qualifications, experience and special responsibilities of Directors

CLIL has considerable expertise in the infrastructure, property and funds management sectors as illustrated by the experience of its Directors.

The names and details of the Directors in office at the date of this report are as follows.

Directors and Key Management Personnel

Stephen Gerlach

LLB, FAICD

Chairman

Mr Gerlach has extensive experience as a corporate adviser and company director, having held positions on the boards of several public companies. At present he is on the Board of Santos Limited (Chairman) and Futuris Corporation Limited (Chairman).

Mr Gerlach is the former Managing Partner of Adelaide legal firm Finlaysons, and is a former Director of Elders Australia Limited (Chairman), Elders Rural Bank Limited, Equatorial Mining Limited (Chairman), Penrice Soda Products Limited (Chairman), Southcorp Limited and Brunner Mond Holdings Limited (UK).

Mr Gerlach is a member of the AICD, its Corporate Governance Committee and is Chairman of Foodbank SA Inc, a Director of Foodbank Australia Inc and a Trustee of the Australian Cancer Research Foundation.

Mr Gerlach is a member of the CLIL Challenger Wine Trust Investment Committee.

Peter Brook

B.Comm, MMngt, AICA,

Executive Director

Mr Brook is the Chief Financial Officer of Challenger's Asset Management division. In this role, Mr Brook is responsible for overseeing the financial management and reporting of the Asset Management division's investment portfolio and specialist funds across direct property, infrastructure and fixed income.

Mr Brook has over 20 years' experience in finance roles, most recently with MLC Limited and National Australia Bank, prior to which he was a partner in professional practice.

Russell Hooper

FAICD, FCPA, FFin

Non-executive Director

Mr Hooper has extensive experience in financial services, including over 13 years at St George Bank Limited and Advance Bank Limited, where he held senior management positions in life insurance, wealth management and listed investment trusts, including the role of Chief General Manager, Funds Management.

Mr Hooper is also a Director of Challenger Financial Services Group Limited, Challenger Life No.2 Ltd and Century Australia Investments Limited, and was previously a Director of (and Chairman of the Audit Committee for) Commonwealth Insurance Limited, a subsidiary of the Commonwealth Bank. Mr Hooper is a Fellow of the Australian Institute of Company Directors, the Australian Society of Certified Practising Accountants and the Financial Services Institute of Australasia.

Mr Hooper is a member of the CLIL Audit and Compliance Committee.

Ian Martens

FCA, FAICD

Non-executive Director

Mr Martens is a chartered accountant and was senior partner at BDO Chartered Accountants (SA), where he is now a consultant. Throughout his career Mr Martens has advised a broad range of public and private companies on financial measurement and reporting, strategy development and evaluation and merger and acquisitions activities.

Mr Martens is currently Chairman of RAA Insurance Ltd and a Director of RAA Investments Pty Ltd and the Royal Automobile Association of SA Inc.

Mr Martens is Chairman of the CLIL Audit and Compliance Committee and the CLIL Challenger Wine Trust Investment Committee.

Geoff McWilliam
BE (Civil)
Non-executive Director

Mr McWilliam has had an extensive career in the Australian property investment industry. Most recently, Mr McWilliam spent 10 years building the Commonwealth Bank's property funds management division, Colonial First State Property. As head of this business, he was responsible for the management and performance of over \$16 billion in listed and unlisted property funds. Prior to this, Mr McWilliam spent 23 years with Lend Lease Corporation in a variety of senior management roles.

Mr McWilliam is a Director of Lend Lease Funds Management Limited, Lend Lease Asian Retail Investments Limited, Lend Lease Real Estate Investments Limited, St Laurence Limited (NZ), Dunmore Lang College Limited, Gandel Group Pty Ltd and the Dusseldorp Skills Forum Incorporated, and a Fellow of the Australian Property Institute.

Ian Moore
BA, FIA, FIAA
Non-executive Director

Mr Moore has extensive experience in investment banking and structured finance. Mr Moore was Head of Corporate Finance at Bankers Trust Investment Bank where he was responsible for all forms of corporate, project and asset backed financings.

Mr Moore is currently a Director of Artesian Capital Management and a Fellow of the Institute of Actuaries of Australia and the Institute of Actuaries in London.

Mr Moore is a member of the CLIL Audit and Compliance Committee.

Robert Woods
BCom
Executive Director

Mr Woods is Chief Executive, Asset Management at Challenger. In this role, Mr Woods is responsible for managing Challenger's \$5.4 billion portfolio of investments in direct property, infrastructure and fixed income. The Asset Management business manages assets for third party investors, policyholders and shareholders, generating spread and fee based income.

Prior to joining Challenger, Mr Woods was a founder of Zurich Capital Markets Asia, where he was responsible for the alternative asset business. Prior to this, Mr Woods spent 11 years with Bankers Trust in investment banking.

Bevan Towning
Head of Specialised Funds

Bevan Towning joined Challenger in February 2006 and is Head of Specialised Funds for Challenger. In this role, Mr Towning is responsible for the management and performance of Challenger's listed and unlisted funds as well as attracting third party capital for co-investment.

Prior to joining Challenger, Mr Towning spent five years as the General Manager, Listed Funds for Colonial First State's property division. In this role Mr Towning was responsible for the strategic direction, management and performance of two ASX 100 listed property trusts with combined gross assets in excess of \$7.5 billion, namely CFS Gandel Retail Trust (of which he was also Fund Manager) and Commonwealth Property Office Fund.

Mr Towning has 25 years experience in the property investment industry, including roles in funds management, asset management, property leasing and valuation with Colonial First State, Lend Lease, Armstrong Jones and Richard Ellis International.

Nick Gill
Fund Manager – Challenger Wine Trust (CWT)

Mr Gill joined Challenger in November 2006 in the role of Fund Manager. Mr Gill has specific responsibility for the ongoing management of CWT. This includes responsibility for Trust strategy, financial and investment performance and transaction evaluation and execution.

Mr Gill has over 20 years experience in the corporate agribusiness and investment industries, including roles in corporate strategy, commercial management and investment with Macquarie Bank, SunRice Limited, Twynam Agricultural Group, Colly Cotton Limited and Rural Property Trust.

Company secretary

Chris Robson
BA, LLB (Hons), LLM
General Counsel & Group Company Secretary

Mr Robson is a qualified solicitor and is the Group Company Secretary and General counsel of the Challenger Financial Services Group. He is also a non-independent Director of certain subsidiaries of the Challenger Group. His responsibilities include leading the legal and company secretariat teams within the Business Services division of the Challenger Group.

Suzie Koeppenkastrop
BCom, LLB, LLM
Company Secretary

Ms Koeppenkastrop is a qualified solicitor and Head of Company Secretariat team at Challenger. Ms Koeppenkastrop has over 13 years experience in legal and company secretarial roles in the financial services industry.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of CLIL support and have adhered to the ASX Corporate Governance Council's Principles of Corporate Governance and Best Practise Recommendations. The corporate governance statement is contained in the Corporate Governance Section of this report.

Review and Results of Operations

The consolidated net profit before tax for the year to 30 June 2007 attributable to unit holders of CWT was \$7,875,356 (2006 Restated: \$13,779,904). The following table provides an analysis of the result:

	Consolidated	Consolidated
	30 June 2007	Restated
	\$'000	30 June 2006
		\$'000
Net property income	28,925	28,144
Profit from operating activities	14,331	13,171
Net fair value movement in non-current assets (i)	(6,456)	608
Net Profit attributable to unitholders	7,875	13,779
Distributions to ordinary unit holders	14,326	13,175
<u>Interim Distributions - paid 15 November 2006, 15 February 2007 and 15 May 2007 (cents per unit)</u>	<u>6.815</u>	<u>6.746</u>
Final Distribution - to be paid on 16 August 2007 in respect of 30 June 2007 (cents per unit)	2.285	2.316

(i) Following discussions and agreement with ASIC, CWT has restated its prior period comparatives to take into account a change in the treatment of vines, investment properties, integral infrastructure and water rights. The impact of the change has resulted in a decrease in carrying value of water rights due to recognising intangible assets at cost (water rights previously carried at fair value within vines). The net fair value movement in non-current assets consists of:

	Consolidated	Consolidated
	30 June 2007	Restated
	\$'000	30 June 2006
		\$'000
Net fair value movement in non-current assets for the year consists of:		
(Decrease) / increase from revaluation of non-current assets	(4,552)	2,951
<u>(Decrease) in carrying value due to recognising intangible assets at cost</u>	<u>(1,904)</u>	<u>(2,343)</u>
	(6,456)	608

Distributions

Interim distributions of 6.815 cents per unit were paid as described above. On 14 August 2007, the Directors resolved to pay a final distribution of 2.285 cents per unit on 16 August 2007 in respect of the period ended 30 June 2007 resulting in a total distribution of 9.100 cents per unit for the year.

Units on Issue

170,312,633 (2006: 151,957,010) ordinary units were on issue at 30 June 2007. During the period, 1,151,178 Ordinary units and 2,016 Preferred Indexed Convertible Equity (PICE) units were issued through the respective Distribution Reinvestment Plans. The Distribution Reinvestment Plans for Ordinary and PICE unit holders were suspended on 15 August 2006.

On 27 April 2007 all 1,494,938 PICE units on issue were converted, in accordance with the PICE unit terms of issue, into 17,204,445 ordinary units.

Earnings per unit

Basic Earnings per unit amounts are calculated by dividing the net profit after tax attributable to ordinary unit holders by the weighted average number of securities outstanding during the period.

All PICE units were converted to ordinary units during the year therefore no diluted earnings per unit calculations are provided for the year ended 30 June 2007.

The following reflects the income and security data used in the basic earnings per unit computations.

	Consolidated	Consolidated
	30 June 2007	Restated 30 June 2006
Net Profit attributable to unitholders (\$'000)	7,875	13,779
Time weighted average number of units for basic earnings per unit at year end (Number of units in thousands)	156,172	145,358
Time weighted average number of units for diluted earnings per unit at year end (Number of units in thousands)	156,172	169,043
Basic earnings per unit for net profit attributable to security holders (cents per unit)	5.04	9.48
<u>Diluted earnings per unit for net profit attributable to unit holders (cents per unit)</u>	<u>5.04</u>	<u>9.18</u>

Scheme Assets

At 30 June 2007, CWT held assets to a total value of \$297.5m (2006 Restated: \$294.0m). The basis for valuation of the assets is disclosed in Note 2 to the financial statements.

Fees Paid to the Responsible Entity and Associates

The following table discloses all fees paid by CWT to CLIL and Challenger Management Services Limited (CMSL) under the Trust Constitution and to CMSL under the management agreement with CLIL:

	Consolidated	Consolidated
	30 June 2007	Restated 30 June 2006
	\$'000	\$'000
a) Responsible Entity fees for the financial year paid to CLIL in accordance with the Scheme Constitution	300	1,524
b) Management fees for the financial year paid to CMSL under the Management Agreement	2,045	1,057
<u>Total fees paid or payable at balance date</u>	<u>2,345</u>	<u>2,582</u>

Of the above fees \$71,216 (2006: \$161,197) has been capitalised to property acquisitions and developments.

Interests Held in CWT by the Responsible Entity and its Associates

The following related entities of CLIL hold interests of 5% or more in CWT:

- Challenger Life No.2 Limited holds 44,626,652 ordinary units (26%) (2006: 36,251,019 ordinary units and 783,052 PICE units) as at 30 June 2007.

Challenger Life No.2 Limited (CL2) and CLIL are wholly owned subsidiaries of Challenger Financial Services Group Limited.

Significant Changes in the State of Affairs

There were no significant changes to the state of affairs of CWT during the year, other than those changes identified in the financial statements for the year ended 30 June 2007.

Significant Events after the Balance Date

Except for those items disclosed in Note 28 to the Financial Statements there has been no matter or circumstance that has arisen since the end of the financial year 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.

Environmental Regulation and Performance

The Trust owns properties which are subject to environmental regulations under both Commonwealth and State legislation. The Directors are satisfied that adequate systems were in place for the management of the environmental responsibilities and the compliance with various legislative, regulatory and licence requirements. Further, the Directors are not aware of any breaches to these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

Indemnification and Insurance of Directors and Officers

The Responsible Entity (RE) has insured the Directors and Officers against liabilities incurred in their role as Directors and Officers of the RE. The RE is prohibited by the insurance contract itself from disclosing the nature of the liabilities covered and the amount of the premium. The auditors of CWT are in no way indemnified out of the assets of the scheme.

Fund Manager and CFO Declaration

The Fund Manager and Chief Financial Officer have given a declaration to the Board of Directors that in their opinion the financial records of CWT have been properly maintained in accordance with section 286 of the Corporations Act 2001, and the financial statements and notes for the financial year ended 30 June 2007 comply with accounting standards and give a true and fair view.

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 10.

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

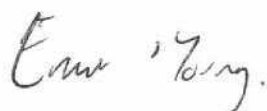


Russell Hooper
Director

Sydney
22 August 2007

Auditor's Independence Declaration to the Directors of the Responsible Entity of the Challenger Wine Trust

In relation to our audit of the financial report of Challenger Wine Trust for the financial year ended 30 June 2007, 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
22 August 2007

Income Statement

For the year ended 30 June 2007

		Consolidated	Consolidated	Parent	Parent
	Note	30 June 2007	Restated	30 June 2007	Restated
		\$'000	30 June 2006	\$'000	30 June 2006
			\$'000		\$'000
Property income					
Rental income		28,925	28,144	10,157	10,589
Less: Property related expenses		-	-	-	-
Net property income		28,925	28,144	10,157	10,589
Other income	4	505	334	10,467	9,556
Net gains from sale of investment property		-	47	-	47
Other trust expenses					
Finance costs	5	(11,627)	(11,904)	(4,569)	(5,186)
Responsible Entity's and Manager's fees		(2,274)	(2,420)	(733)	(840)
Operating expenses	5	(1,198)	(1,030)	(991)	(995)
Profit from operating activities		14,331	13,171	14,331	13,171
Unrealised foreign exchange losses		-	-	1,516	(1,240)
Net fair value movement in non-current assets	17	(6,456)	608	(1,139)	(3,291)
Net Profit		7,875	13,779	14,708	8,640
Basic earnings per ordinary unit (cents)		5.04	9.48	9.42	5.94
Diluted earnings per ordinary unit (cents)		5.04	9.18	9.42	6.14
Distributions paid per ordinary unit (cents)		9.10	9.06	9.10	9.06

The above Income Statement should be read in conjunction with the Notes to the Financial Statements set on pages 16 to 48.

Distribution Statement

For the year ended 30 June 2007

		Consolidated	Consolidated
	Note	30 June 2007	Restated
		\$'000	30 June 2006
			\$'000
Net profit attributable to unitholders of CWT		7,875	13,779
Earnings per unit (cents)		5.04	9.48
Adjusted for:			
Net fair value movement in non-current assets		6,456	(608)
Transfers to / (from) retained earnings		(5)	4
Distribution to unitholders	6	14,326	13,175
Distribution per unit (cents)		9.10	9.06

The above Distribution Statement should be read in conjunction with the Notes to the Financial Statements set on pages 16 to 48.

Balance Sheet

As at 30 June 2007

		Consolidated	Consolidated	Parent	Parent
		30 June 2007	Restated	30 June 2007	Restated
	Note	\$'000	30 June 2006	\$'000	30 June 2006
			\$'000		\$'000
Assets					
Current assets					
Cash and cash equivalents	8	6,158	3,991	1,367	2,983
Trade and other receivables	9	1,030	374	1,307	10,238
Prepayments	10	122	887	77	867
Other financial assets	11	-	600	-	600
Assets of a disposal group classified as held for sale	18	8,691	-	8,691	-
Total current assets		16,001	5,852	11,442	14,688
Non-current assets					
Investment properties	13	161,358	160,674	42,042	45,617
Vines	14	94,991	103,727	26,222	34,874
Intangible assets	15	16,995	15,827	5,111	3,943
Plant and equipment	16	4,954	7,024	4,954	7,024
Derivative financial instruments	24	2,293	-	566	-
Available-for-sale financial assets	12	500	500	76,441	60,039
Other financial assets	11	397	397	21,090	21,090
Total non-current assets		281,488	288,149	176,426	172,587
Total assets		297,489	294,001	187,868	187,275
Liabilities					
Current liabilities					
Trade and other payables	19	2,034	1,931	987	942
Rent received in advance		976	819	274	121
Distributions payable	6	3,892	3,519	3,892	3,519
Interest bearing liabilities	20	-	1,925	-	1,925
Derivative financial instruments	24	-	1,760	-	633
Liabilities directly associated with the assets classified as held for sale	18	2,366	-	2,366	-
Total current liabilities		9,268	9,954	7,519	7,140
Non-current liabilities					
Interest bearing liabilities	20	132,027	127,210	39,654	41,834
PICE units	21	-	13,625	-	13,625
Total non-current liabilities		132,027	140,835	39,654	55,459
Total liabilities		141,295	150,789	47,173	62,599
Net assets		156,194	143,212	140,695	124,676
Equity					
Contributed equity	22	145,644	131,206	145,644	131,206
Retained earnings	23	6,835	13,286	(5,968)	(6,350)
Reserves	23	3,715	(1,280)	1,019	(180)
Total equity		156,194	143,212	140,695	124,676

The above Balance Sheet should be read in conjunction with the Notes to the Financial Statements set on pages 16 to 48.

Statement of Change in Equity

For the year ended 30 June 2007

	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
CONSOLIDATED				
Balance as at 1 July 2005	134,280	12,682	1,997	148,959
Adjustment on transition to AIFRS	-	-	(2,666)	(2,666)
Currency translation differences	-	-	(1,517)	(1,517)
Fair value movements in derivative financial instruments	-	-	906	906
Total income and expense for the year recognised directly in equity	-	-	(3,277)	(3,277)
Restated profit for the year	-	13,779	-	13,779
Total income and expense for the year	-	13,779	-	13,779
Transfer PICE units to liabilities on transition to AIFRS	(16,434)	-	-	(16,434)
Issues of units	13,448	-	-	13,448
Capital raising costs	(88)	-	-	(88)
Distribution to unitholders	-	(13,175)	-	(13,175)
Balance as at 30 June 2006	131,206	13,286	(1,280)	143,212
Balance as at 1 July 2006	131,206	13,286	(1,280)	143,212
Currency translation differences	-	-	942	942
Fair value movements in derivative financial instruments	-	-	4,053	4,053
Total income and expense for the year recognised directly in equity	-	-	4,995	4,995
Profit for the year	-	7,875	-	7,875
Total income and expense for the year	-	7,875	-	7,875
Conversion of PICE units to equity	13,643	-	-	13,643
Issues of units	806	-	-	806
Capital raising costs	(11)	-	-	(11)
Distribution to unitholders	-	(14,326)	-	(14,326)
Balance as at 30 June 2007	145,644	6,835	3,715	156,194

	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
PARENT				
Balance as at 1 July 2005	134,280	(1,815)	453	132,918
Adjustment on transition to AIFRS	-	-	(1,858)	(1,858)
Fair value movements in derivative financial instruments	-	-	1,225	1,225
Total income and expense for the year recognised directly in equity	-	-	(633)	(633)
Restated profit for the year	-	8,640	-	8,640
Total income and expense for the year	-	8,640	-	8,640
Transfer PICE units to liabilities on transition to AIFRS	(16,434)	-	-	(16,434)
Issues of units	13,448	-	-	13,448
Capital raising costs	(88)	-	-	(88)
Distribution to unitholders	-	(13,175)	-	(13,175)
Balance as at 30 June 2006	131,206	(6,350)	(180)	124,676
Balance as at 1 July 2006	131,206	(6,350)	(180)	124,676
Fair value movements in derivative financial instruments	-	-	1,199	1,199
Total income and expense for the year recognised directly in equity	-	-	1,199	1,199
Profit for the year	-	14,708	-	14,708
Total income and expense for the year	-	14,708	-	14,708
Conversion of PICE units to equity	13,643	-	-	13,643
Issues of units	806	-	-	806
Capital raising costs	(11)	-	-	(11)
Distribution to unitholders	-	(14,326)	-	(14,326)
Balance as at 30 June 2007	145,644	(5,968)	1,019	140,695

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements set on pages 16 to 48.

Cash Flow Statement

For the year ended 30 June 2007

		Consolidated	Consolidated	Parent	Parent
	Note	30 June 2007	Restated	30 June 2007	Restated
		\$'000	30 June 2006	\$'000	30 June 2006
			\$'000		\$'000
Cash flows from operating activities					
Rental received		28,734	25,963	10,455	11,198
Interest received		447	360	231	1,574
Dividends received		101	27	101	27
Finance costs paid		(10,322)	(9,715)	(3,470)	(2,771)
Payments to suppliers		(3,253)	(3,677)	(1,323)	(1,545)
Distributions received		-	-	10,169	3,146
Net cash flows from operating activities	8	15,707	12,958	16,163	11,629
Cash flows from investing activities					
Proceeds from disposal of property		5,970	2,701	5,970	2,701
Payment for vines, investment properties and developments		(4,920)	(21,241)	(2,834)	(5,070)
Proceeds from deposits		600	2,045	600	2,004
Payments to subsidiaries		-	-	(5,668)	(7,072)
Net cash flows from / (used in) investing activities		1,650	(16,495)	(1,932)	(7,437)
Cash flows from financing activities					
Finance costs - PICE units		(1,541)	(1,744)	(1,541)	(1,744)
Proceeds from borrowings		53,631	8,520	750	1,363
Repayment of borrowings		(54,115)	-	(1,925)	-
Payment for transaction costs		(9)	(89)	(9)	(88)
Distributions to unit holders		(13,130)	(2,532)	(13,130)	(2,532)
Net cash flows from / (used in) financing activities		(15,164)	4,155	(15,855)	(3,001)
Net increase/(decrease) in cash and cash equivalents		2,193	618	(1,624)	1,191
Net foreign exchange differences		(26)	(7)	8	(7)
Cash and cash equivalents at beginning of period		3,991	3,380	2,983	1,799
Cash and cash equivalents at end of period	8	6,158	3,991	1,367	2,983

The above Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements set on pages 16 to 48.

Notes to the Financial Statements

For the year ended 30 June 2007

1 Trust Information

The financial report for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors dated 22 August 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 year was the pooling of investor's 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 Significant Accounting Policies

The accounting policies which have been adopted in the preparation of the financial statements are stated to assist in a general understanding of this report.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Constitution, Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements.

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

The accounting policies adopted in preparing these consolidated financial statements have been consistently applied by CWT unless otherwise specified.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Trust under ASIC Class Order 98/100. The trust is an entity to which the class order applies.

(b) Statement of Compliance

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which CWT has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by CWT for the annual reporting period ending 30 June 2007.

The following standards and amendments were available for early adoption but have not been applied by CWT in these financial statements:

- AASB 7: *Financial Instruments: Disclosure* replacing the presentation requirements of financial instruments under AASB 132: *Financial Instruments: Disclosure and Presentation*. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 2005-10 *Amendments to Australian Accounting Standards* makes consequential amendments to AASB 132: *Financial Instruments: Disclosure and Presentation*, AASB 101: *Presentation of Financial Statements*, AASB 114: *Segment Reporting*, AASB 117 *Leases*, AASB 133: *Earnings per share*, AASB 139: *Financial Instruments: Recognition and Measurement*, AASB 1: *First time adoption of AIFRS*, AASB 4: *Insurance Contracts*, AASB 1023: *General Insurance Contracts* and AASB 1028: *Life Insurance Contracts*, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 8: *Operating Segments*. This is applicable for annual reporting periods beginning on or after 1 January 2009.

CWT plans to adopt AASB 7 and AASB 2005-10 in the year ended 30 June 2008. The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of CWT as the standard and the amendment are concerned only with disclosures.

A summary of the significant accounting policies of the Group under AIFRS are disclosed below.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to IFRS. The financial report also complies with IFRS.

(c) Restatement of prior period comparatives

After discussions and agreement with ASIC, CWT has restated its prior period comparatives to take into account a change in the treatment of vines, investment properties, integral infrastructure and water rights owned by the Trust.

Previously the integral infrastructure and water rights were reported at fair value as part of vines (including integral infrastructure and water rights) under AASB 141 *Agriculture*.

CWT has identified two types of water rights owned by the Trust:

- (i) Separable and tradeable water rights that are able to be separately identified from properties.
- (ii) Water rights that are not able to be separately identified from properties with no market defined cost base.

Separable and tradeable water rights are recognised under AASB 138 *Intangible Assets* as an intangible asset and are accounted for using the cost model until such time as an actively traded market for such rights can be identified, after which the rights would be carried at fair value.

Integral infrastructure and water rights with no separate market defined cost base are recognised under AASB 140 *Investment Property* as part of the investment properties to which they are integrally linked.

Vines, now excluding any integral infrastructure and water rights, are carried at fair value under AASB 141 *Agriculture*.

There has been no impact on the distributable earnings of the Trust.

The changes to the 30 June 2006 restated balances are detailed below:

Challenger Wine Trust Extract from the balance sheet				
	Consolidated	Consolidated	Parent	Parent
	30 June 2006	Restated	30 June 2006	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Non-current assets				
Investment properties	38,194	160,674	9,299	45,617
Vines	244,377	103,727	76,904	34,874
Intangible assets	-	15,827	-	3,943
	282,571	280,228	86,203	84,434
Decrease in non-current assets due to recognising water rights at cost rather than fair value		(2,343)		(1,769)

Challenger Wine Trust Extract from the statement of changes in equity				
	Consolidated	Consolidated	Parent	Parent
	Retained Earnings	Retained Earnings	Retained Earnings	Retained Earnings
	30 June 2006	Restated	30 June 2006	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Balance at 1 July 2005	12,682	12,682	(1,815)	(1,815)
Profit for the period	16,122	13,779	10,409	8,640
Distribution to unitholders	(13,175)	(13,175)	(13,175)	(13,175)
Balance as at 30 June 2006	15,629	13,286	(4,581)	(6,350)
Decrease in retained earnings due to recognising water rights at cost rather than fair value		(2,343)		(1,769)

Challenger Wine Trust
 Extract from the income statement

	Consolidated 30 June 2006 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2006 \$'000	Parent Restated 30 June 2006 \$'000
Net operating income	13,171	13,171	13,171	13,171
Unrealised foreign exchange losses	-	-	(1,240)	(1,240)
Net fair value movement in non-current assets	2,951	608	(1,522)	(3,291)
Net Profit	16,122	13,779	10,409	8,640
Decrease in net profit due to recognising water rights at cost rather than fair value		(2,343)		(1,769)

Reconciliation of movement in earnings per ordinary unit and diluted earnings per ordinary unit:

	Consolidated Cents per unit	Parent Cents per unit
Earnings per ordinary unit		
Basic earnings per ordinary unit	11.09	7.16
Decrease due to restatement	(1.61)	(1.22)
Restated basic earnings per ordinary unit	9.48	5.94
Diluted earnings per ordinary unit		
Diluted earnings per ordinary unit	10.57	7.19
Decrease due to restatement	(1.39)	(1.05)
Restated diluted earnings per ordinary unit	9.18	6.14

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the CWT and its subsidiaries ("the Group").

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

In preparing the consolidated financial statements, all intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Controlled entities are consolidated from the date on which the parent obtains control and cease to be consolidated from the date on which control is transferred out of CWT. Where loss of control over an entity occurs, the consolidated financial statements include the results for the part of the reporting period during which CWT had control.

(e) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Rental income arising on investment properties is recognised in accordance with the provisions of the lease. The basic rent rate is increased annually at a rate not greater than CPI and in accordance with the terms of the lease. Contingent rental income is recognised as income in the periods in which it is earned. All rental income is recognised net of GST.

Interest income is recognised as interest accrues using the effective interest method.

Distribution and dividend income is recognised when the Group's right to receive the payment is established.

(g) Leases

Vineyards and wineries are leased to vineyard operators and / or wine companies under long-term contracts, typically for 10 year terms. Rentals are paid generally monthly or quarterly, based on a premium over bond rates. Leases are renewable at the lessee's option after the expiration of the initial lease term, in renewal periods of not less than 5 years.

Under the terms and conditions of the lease contract, lessees are responsible for the following:

- Payment of relevant rates, taxes and levies;
- Costs incurred to preserve and maintain the land and the vines growing in the land in accordance with Best Viticultural Practice, including pruning, irrigation, fertilisation, etc;
- Expenditure on any additional plant that will remain the lessee's property;
- Maintenance, repair and replacement of items of a structural and or capital nature; and
- All operational costs related to the growing of grapes.

The Trust will reimburse the lessee for any agreed alterations and additions to the leased vineyards and wineries, with rental payments adjusted accordingly.

The vineyard properties are subject to call options, which have been granted to the lessees. These options are exercisable upon expiry of the initial lease term or at each 5 year increment at varying dates between June 2007 and June 2020. The exercise price of the options is to be the higher of cost or market value as determined by an independent valuation if required.

Lease agreements entered into with lessees over vineyard properties and wineries are considered to be operating leases given that the Group retains substantially all the risks and benefits of ownership of the leased assets. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset.

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables, which generally have 15-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

(j) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of interest rate swap contracts are determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategies for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risk and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Impairment of financial assets

The Group assess at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously

recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(m) Foreign currency translation

Both the functional and presentation currency of Challenger Wine Trust and its Australian subsidiaries is Australian dollars. The functional currency of the New Zealand subsidiary (Delegat's Trust) is New Zealand dollars and is reported in Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of the overseas subsidiary are translated into the presentation currency of Challenger Wine Trust at the rate of exchange ruling at the balance sheet date and the income statements are translated at the spot rate on the effective date of each transaction.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(n) Income tax

Eligible investment business

Under current legislation the Trust undertakes activities of an 'eligible investment business', that is investing in land and vines for the purpose of, or primarily for the purpose of deriving rent, and is, therefore, taxed as a trust estate.

It is the opinion of the Directors that the Trust has not conducted activities outside of the scope of an eligible investment business during the financial year ended 30 June 2007.

Distributions to investors will be taxed as distributions of net income or corpus.

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Investment properties

Investment properties, which include vineyard land and winery land and buildings (including integral infrastructure and water rights) are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Valuations of investment properties are obtained annually from independent qualified valuers. The valuations have been completed in accordance with AASB 140 *Investment Property* and the fair value definitions, and the AIFRS determination that fair value may be assessed utilising a discounted cash flow approach. The Directors of the Responsible Entity make reference to these independent valuations when assessing the fair value of investment properties at each reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Water rights are included in investment properties when they are not legally separate from such properties and for which there is no market against which cost can be reliably determined.

(q) Vines

Vines are initially recorded at cost including transaction costs. Subsequent to initial recognition the vines are stated at fair value. Gains or losses arising from changes in the fair values of vines are recognised in profit or loss in the year in which they arise.

Independent valuations of vineyards are obtained annually from suitably qualified valuers. The valuations have been completed in accordance with AASB 141 *Agriculture* and the fair value definitions, and the AIFRS determination that fair value may be assessed utilising a discounted cash flow approach. The Directors of the Responsible Entity make reference to these independent valuations when assessing the fair value of vines at each reporting date.

The Directors' valuations of vines are determined by discounting the expected future cash flows from the vines.

(r) Plant and equipment

Winery plant and equipment is stated at historical cost, including relevant transactions costs, less accumulated depreciation and any accumulated impairment losses.

Impairment

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(s) Depreciation

Investment properties and Vines (including integral infrastructure and water rights) are not required to be depreciated as per AASB140 *Investment properties* and AASB141 *Agriculture* respectively. Winery plant and equipment are depreciated, on a straight-line basis, over their expected useful life. Major depreciation periods are:

	2006	2005
Grape processing plant	30 years	30 years
Storage	50 years	50 years
Winery plant	20 years	20 years

(t) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

(ii) Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans are derecognised or impaired, as well as through the amortisation process.

(u) Intangible assets

(i) Separable and tradeable water rights

Separable and tradeable water rights, which are included in intangible assets, provide the owner with an allocation of irrigation water for as long as the rights are held. Separable and tradeable water rights are able to be legally separated from properties and are able to be traded.

Separable and tradeable water rights are recognised at cost less impairment losses. The cost is not amortised as the water licences have indefinite useful lives.

Due to the water rights being used for the provision of permanent planting of crops (vines) these water rights are held to support the vines and not for regular trading purposes.

(v) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of the goods and services.

(w) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowing costs are recognised as an expense when incurred.

(x) Preferred Income Convertible Equity (PICE) units

During the year, in accordance with the PICE unit terms of issue, the Responsible Entity of CWT resolved to convert all 1,494,938 PICE units on issue into ordinary units. The conversion was made on 27 April 2007 with 17,204,445 new ordinary units issued. As such all liabilities recognised in relation to the PICE units were derecognised on this day.

During the period before conversion, the PICE unit holders continued to be entitled to a yield at the rate of 9.0% per annum, which was indexed annually in arrears in accordance with increases in the Australian Consumer Price Index. The distributions paid to PICE unit holders are treated as a finance cost.

(y) Contributed equity

Ordinary units are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to unitholders of the parent, adjusted to exclude any costs of servicing equity (other than distributions) and PICE distributions, divided by the weighted average number of ordinary units, adjusted for any bonus element.

Diluted earnings per unit are calculated as net profit attributable to unitholders of the parent, adjusted for:

- cost of servicing equity (other than distributions) and PICE distributions;
- the after tax effect of distributions and interest associated with dilutive potential ordinary units that have been recognised as expenses; and
- other non-discretionary changes in revenues or 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.

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

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Other income				
Interest income	404	307	188	272
Interest income - wholly owned group entities	-	-	1,740	1,612
Dividend income	101	27	101	27
Distributions by subsidiaries	-	-	8,428	7,588
Realised foreign exchange gains	-	-	10	57
	505	334	10,467	9,556

5 Expenses

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Note				
Finance costs				
Interest expense - bank borrowings	10,471	10,160	3,413	3,442
Interest expense - PICE Units	1,156	1,744	1,156	1,744
	11,627	11,904	4,569	5,186
Operating expenses				
Custodian fees	105	86	81	71
Consultant fees	350	114	200	101
Auditor's remuneration	84	81	84	81
Depreciation	385	382	385	382
Realised foreign exchange losses	26	-	-	-
Other costs	248	366	241	360
	1,198	1,029	991	995

6 Distributions paid and proposed

The following distributions are paid or payable for the period ended 30 June 2007:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Distributions proposed and recognised for ordinary unitholders as a liability at year end	3,892	3,519	3,892	3,519
Distributions paid during the year	10,434	9,656	10,434	9,656
Total distributions paid or payable from current year profits	14,326	13,175	14,326	13,175
Prior year distributions paid during the year from prior year profits	3,519	3,515	3,519	3,515

7 Earnings per unit

The following reflects the income and unit data used in the basic and diluted earnings per unit computations:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000
Net profit attributable to ordinary unitholders of the parent from continuing operations	7,875	13,779
Net profit attributable to ordinary unitholders of the parent (used in calculating basic EPU)	7,875	13,779
	Thousands	Thousands
Weighted average number of ordinary units for basic earnings per unit	156,172	145,358
Effect of dilution:		
PICE units	-	23,685
Weighted average number of ordinary units adjusted for the effect of dilution	156,172	169,043

There have been no other transactions involving ordinary units or potential ordinary units between the reporting date and the date of completion of these financial statements.

8 Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Cash at bank and in hand	3,907	2,173	1,363	1,165
Term deposits	2,251	1,818	4	1,818
	6,158	3,991	1,367	2,983

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between seven days and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

(a) Reconciliation of net profit to net cash flows from operations

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Net profit	7,875	13,779	14,708	8,640
Adjustments for:				
Depreciation of non-current assets	385	382	385	382
Amortisation of borrowing costs	138	165	29	49
Unrealised losses from currency fluctuations	26	-	(1,516)	1,240
PICE units - finance costs classified as finance activities	1,156	1,744	1,156	1,744
Net fair value movement in non current assets	6,456	(608)	1,139	3,291
Changes in assets and liabilities				
(Increase) / decrease in trade and other receivables	(437)	88	212	(3,938)
(Decrease) / increase in unearned income	157	(2,446)	153	(440)
(Decrease) / increase in trade and other payables	(49)	(146)	(103)	661
Net cash flows from operating activities	15,707	12,958	16,163	11,629

(b) Non-cash financing activities

Non-cash and financing activities during the year on normal terms and conditions include:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Reinvestment of ordinary unitholders' distributions	806	10,211	806	10,211
Reinvestment of PICE unitholders' distributions	18	438	18	438
	824	10,649	824	10,649

(c) Disclosure of financing facilities

Refer to Note 20.

9 Trade and other receivables

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Trade receivables (i)	1,030	331	408	331
Allowances for impairment losses	-	-	-	-
Receivables from subsidiaries (ii)	-	-	899	9,864
Other	-	43	-	43
Total trade and other receivables	1,030	374	1,307	10,238

- (i) Trade receivables are non-interest bearing and generally 15-30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No allowances have been recognised as an expense for the current year.
- (ii) Receivable from subsidiaries is comprised of interest charged on convertible notes issued by the parent entity to applicable subsidiaries and equity distributions.

10 Prepayments

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Prepaid interest	-	351	-	348
Other (i)	122	536	77	519
Total prepayments	122	887	77	867

- (i) Other prepayments represents amounts paid in advance for property developments.

11 Other financial assets

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Current				
Loan notes	-	600	-	600
	-	600	-	600
Non-current				
Loan notes (i)	397	397	397	397
Units in controlled entities at cost	-	-	20,693	20,693
	397	397	21,090	21,090

- (i) The loan notes are repayable in April 2009. Interest is earned at the applicable rate of 10.75% per annum.

12 Available-for-sale assets

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
At fair value				
Shares - unlisted at fair value	500	500	500	500
Convertible notes in controlled entities	-	-	75,941	59,539
	500	500	76,441	60,039

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques and recorded in the balance sheet and the related changes in fair values recorded in the income statement are reasonable and the most appropriate at the balance sheet date.

13 Investment properties

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Investment property				
Beginning of the year at fair value	160,674	129,969	45,617	45,761
Additions	-	1,308	-	-
Disposals	(5,970)	(1,894)	(5,970)	(1,307)
Foreign currency fluctuations	4,871	(3,712)	-	-
Net fair value movement in non-current assets	5,437	35,003	6,049	1,163
Assets included in a disposal group classified as held for sale	(3,654)	-	(3,654)	-
End of the year at fair value	161,358	160,674	42,042	45,617

Revaluation of investment properties

Investment properties, which include land, buildings, integral infrastructure and water rights that are not able to be separately identified from properties and with no market defined cost base are stated at fair value which has been determined based on valuations from independent accredited industry valuers who are specialists in valuing these types of investment properties. Valuations have been performed at 30 June 2007 and 30 June 2006. The Directors of the Responsible Entity make reference to these independent valuations when assessing the fair value of investment properties at each reporting date.

Assets pledged as security

First mortgages have been granted as security for bank loans (Note 20) over all investment properties and vines. 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.

14 Vines

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Vines				
Beginning of the year at fair value	103,727	127,354	34,874	38,022
Additions	2,252	15,401	167	2,417
Disposals	-	(523)	-	(523)
Foreign currency fluctuations	2,533	(4,110)	-	-
Net fair value movement in non-current assets	(11,893)	(34,395)	(7,191)	(5,042)
Assets included in a disposal group classified as held for sale	(1,628)	-	(1,628)	-
End of the year at fair value	94,991	103,727	26,222	34,874

Revaluation of vines

Independent valuations of vineyard properties are obtained annually from suitably qualified valuers. The Directors' valuations of vines are determined by discounting the expected future cash flows from the vines.

Assets pledged as security

First mortgages have been granted as security for bank loans (Note 20) over all investment properties and vines. 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.

15 Intangible assets

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Intangible assets (separable and tradeable water rights)				
Beginning of the year at cost less impairment losses	15,827	15,371	3,943	3,943
Additions	1,168	456	1,168	-
Disposals	-	-	-	-
Allowances for impairment losses	-	-	-	-
End of the year at cost less impairment losses	16,995	15,827	5,111	3,943

Separable and tradeable water rights

Separable and tradeable water rights, which are included in intangible assets, provide the owner with an allocation of irrigation water for as long as the rights are held. Separable and tradeable water rights are able to be legally separated from properties and are able to be traded.

Separable and tradeable water rights are recognised at cost less impairment losses. The cost is not amortised as the water licences are considered to have indefinite useful lives.

16 Plant and equipment

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Winery Plant and Equipment				
Beginning of the year at net carrying value	7,016	7,634	7,016	7,634
Additions (at cost)	1,732	-	1,732	-
Disposals (WDV)	-	(237)	-	(237)
Depreciation for the year	(385)	(381)	(385)	(381)
Assets included in a disposal group classified as held for sale	(3,409)	-	(3,409)	-
End of the year at net carrying value	4,954	7,016	4,954	7,016
Office Plant and Equipment				
Beginning of the year at net carrying value	8	9	8	9
Additions (at cost)	-	-	-	-
Depreciation for the year	(8)	(1)	(8)	(1)
End of the year at net carrying value	-	8	-	8
	4,954	7,024	4,954	7,024

	Consolidated	Consolidated	Parent	Parent
	Winery P&E	Office P&E	Winery P&E	Office P&E
	\$'000	\$'000	\$'000	\$'000
1 July 2006				
Cost	7,826	10	7,826	10
Accumulated Depreciation	(810)	(2)	(810)	(2)
Net carrying amount	7,016	8	7,016	8
30 June 2007				
Cost	5,157	-	5,157	-
Accumulated Depreciation	(203)	-	(203)	-
Net carrying amount	4,954	-	4,954	-

17 Investment properties, vines, intangible assets, assets of a disposal group classified as held for sale and plant and equipment

Details of the investment properties, vines, intangible assets, assets of a disposal group classified as held for sale and plant and equipment are presented below:

Description	Acquisition date	Country	Date of latest independent valuation	2007	2006	2007	2006
				Fair value \$'000	Fair value \$'000	Carrying value \$'000	Carrying value \$'000
Corryton Park Vineyard (i)	Feb 1998	Australia	Dec 2006	3,100	3,100	3,100	3,100
Summers Hill Vineyard (i)	Feb 1998	Australia	Dec 2006	1,500	1,500	1,500	1,500
Bethany Creek & Vine Vale Vineyards (i)	Oct 1998	Australia	Dec 2006	1,700	1,800	1,700	1,800
Cowra Station Vineyard (ii)	Oct 1998	Australia	Dec 2006	3,500	3,500	3,500	3,500
Waikerie Vineyard (ii)	Oct 1998	Australia	Dec 2006	1,900	1,800	1,900	1,706
Dalswinton & Inglewood Vineyards (ii) (xii)	Jul 1999	Australia	Dec 2006	5,700	5,500	5,700	5,500
Boh River Vineyard (i)	Jun 2000	Australia	Dec 2006	10,086	9,200	9,452	7,525
Gundagai Vineyard (iii)	Sep 2000	Australia	Dec 2006	16,022	16,462	15,564	16,462
Schubert's Vineyard (i)	Nov 2001	Australia	Dec 2006	6,200	6,250	6,200	6,250
Chapel Vineyard (iii)	Dec 2001	Australia	Dec 2006	2,800	2,900	2,800	2,900
Cocoparra & Woods Vineyards (iii) (xiii)	Apr 2003	Australia	Dec 2006	9,750	9,595	9,750	9,595
Gnangara Vineyard (iv)	Apr 2003	Australia	Dec 2006	5,900	5,700	5,900	5,700
Poole's Rock Vineyard & Winery (iv)	Nov 2004	Australia	Dec 2006	7,463	5,800	7,463	5,800
Whitton Vineyard (iii)	Mar 2005	Australia	Dec 2006	3,800	3,800	3,800	3,800
Total held by parent entity before held for sale properties				79,421	76,907	78,329	75,138
Sandy Hollow Vineyard (ix)	Nov 1998	Australia	Dec 2006	2,800	4,100	2,800	4,100
Hermitage Road Winery (ix)	Oct 2001	Australia	Jun 2007	3,887	3,887	3,887	3,887
Trillian's Hill Vineyard (ix)	Jun 2002	Australia	Jun 2006	1,100	1,450	1,100	1,450
Grande Junction Vineyard (ix)	Jun 2005	Australia	N/A	904	6,875	904	6,875
Total held for sale assets				8,691	16,312	8,691	16,312
Total held by parent entity				88,112	93,219	87,020	91,450
Sirens Estate Vineyard (iv)	Oct 2002	Australia	Dec 2006	3,221	3,343	3,221	3,343
Del Rios Vineyard (vi) (x)	Jun 2003	Australia	Jun 2007	50,000	52,102	50,000	52,102
Balranald Vineyard (vi)	Dec 2003	Australia	Jun 2007	22,500	24,000	21,156	24,000
Qualco East Vineyard (vi)	Dec 2003	Australia	Jun 2007	8,600	9,000	6,789	8,426
Richmond Grove & Lawsons Vineyards (viii)	Dec 2003	Australia	Jun 2007	43,500	42,867	43,500	42,867
Crownthorpe Vineyard (vii)	Apr 2001	New Zealand	Jun 2007	27,669	24,278	27,669	24,278
Gimblett Vineyards (vii) (xii)	Apr 2001	New Zealand	Jun 2007	6,696	6,023	6,696	6,023
Dashwood Vineyard (v)	Oct 2002	New Zealand	Dec 2006	23,259	20,888	23,259	20,888
Rarangi Vineyard (v)	Jun 2004	New Zealand	Dec 2006	17,679	13,867	17,679	13,867
Total held by controlled entities				203,124	196,368	199,969	195,794
Total consolidated				291,236	289,587	286,989	287,244
Variance between carrying value and fair value at year end (xiv)						(4,247)	(2,343)

The Directors have assessed fair value by reference to the following valuers' valuations as described in Notes 2(p) and 2(q).

- (i) 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.
- (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 Colin Pickett, A.A.P.I., Certified Practising Valuer, of Colin Gaetjens & Co.
- (iv) 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.
- (v) As valued by Boyd Gross, B. Agr. (Rural Val), Dip. Bus. Std., A.N.Z.I.V., of Logan Stone.
- (vi) As valued by Angus Barrinton-Case, B. Bus (Prop), A.A.P.I., Agri Valuation & Advisory Certified Practising Valuer, of Colliers International Consultancy and Valuation Pty Ltd.
- (vii) As valued by David Stark, B.Ag.Com., F.N.Z.I.V., F.P.I.N.Z. of Alexander Hayward Ltd.
- (viii) As valued by Jason Oster, B. Bus. Prop. (Val.), A.A.P.I., Dip. App. Sc. (Farm Management), Certified Practising Valuer of Knight Frank.
- (ix) Classified at 30 June 2007 as a disposal group classified as held for sale (refer to note 18).
- (x) Previously known as Dos Rios Vineyard.
- (xi) Disclosed at 30 June 2006 as two individual properties Gimblett Road Vineyard and Highway 50 Vineyard.
- (xii) Disclosed at 30 June 2006 as two individual properties Dalswinton Vineyard and Inglewood Vineyard.
- (xiii) Disclosed at 30 June 2006 as two individual properties Cocoparra Vineyard and Woods Vineyard.
- (xiv) Variance between carrying value and fair value at year end relates to intangible assets (water rights) carried at cost.

The reconciliation of the consolidated book values for the combined investment properties, vines, intangible assets, assets of a disposal group classified as held for sale and plant and equipment is detailed below:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000
Book value at the beginning of the year	287,244	280,328
Additions	5,152	17,165
Disposals	(5,970)	(2,654)
Depreciation for the year	(385)	(381)
Foreign currency fluctuations	7,404	(7,822)
Net fair value movement in non-current assets (i)	(6,456)	608
Book value at the end of the year	286,989	287,244
(i) Net fair value movement in non-current assets for the year consists of:		
(Decrease) / increase from revaluation of non-current assets	(4,552)	2,951
(Decrease) in carrying value due to recognising intangible assets at cost	(1,904)	(2,343)
	(6,456)	608

18 Assets & liabilities of a disposal group classified as held for sale

(a) Details of assets held for sale

The Sandy Hollow Vineyard is being actively marketed for sale with the intention of disposing the property within the next 12 months. The reason for the intended disposal is due to McGuigan Simeon Wines Ltd not exercising their option for a 5 year lease renewal or to purchase the property at the end of the lease term. The current lease is due to expire in April 2009.

The Hermitage Road Winery is being actively marketed for sale with the intention of disposing the property within the next 12 months. The reason for the intended disposal is due to McGuigan Simeon Wines Ltd not exercising their option for a 5 year lease renewal or to purchase the property at the end of the lease term. The current lease is due to expire in June 2008.

On 5 March 2007 an agreement was reached for the disposal of the Trillian's Hill Vineyard to Trillians Hill Vineyard Pty Ltd, the current lessee. Settlement on the disposal of the Trillian's Hill Vineyard is expected to occur on 1 December 2007 for \$1.1 million, the current carrying value at 30 June 2007.

During the year it was agreed between CWT and McGuigan Simeon Wines Ltd that the development of the Grande Junction Vineyard would not proceed. All development costs, totalling \$5.97 million, were repaid to CWT in February 2007 with the land carried at cost at 30 June 2007. An agreement has been reached to dispose the land to McGuigan Simeon Wines Ltd for marginally above its current book value of \$0.9 million.

The following table includes a summary of the properties classified as held for sale:

Description	Acquisition date	Country	Date of latest independent valuation	30 June 2007 Carrying value \$'000
Sandy Hollow Vineyard	Nov 1998	Australia	Dec 2006	2,800
Hermitage Road Winery	Oct 2001	Australia	Jun 2007	3,887
Trillian's Hill Vineyard	Jun 2002	Australia	Jun 2006	1,100
Grande Junction Vineyard	Jun 2005	Australia	N/A	904
				8,691

(b) Assets and liabilities classified as held for sale

The major classes of assets and liabilities held for sale at 30 June 2007 are as follows:

	Consolidated	Parent
	30 June 2007 \$'000	30 June 2007 \$'000
Assets		
Investment property	3,654	3,654
Vines	1,628	1,628
Plant and equipment	3,409	3,409
Assets of a disposal group classified as held for sale	8,691	8,691
Liabilities		
Interest-bearing loans & borrowings	(2,366)	(2,366)
Liabilities directly associated with the assets classified as held for sale	(2,366)	(2,366)
Net assets attributable to a disposal group classified as held for sale	6,325	6,325

19 Trade and other payables

	Consolidated	Consolidated	Parent	Parent
	30 June 2007 \$'000	Restated 30 June 2006 \$'000	30 June 2007 \$'000	Restated 30 June 2006 \$'000
Trade payables	2,034	1,931	987	942
	2,034	1,931	987	942

20 Interest-bearing loans and borrowings

	Consolidated	Consolidated	Parent	Parent
	30 June 2007 \$'000	Restated 30 June 2006 \$'000	30 June 2007 \$'000	Restated 30 June 2006 \$'000
Current				
Bank bill facilities	-	1,925	-	1,925
	-	1,925	-	1,925
Non-current				
Bank bill facilities	132,027	127,210	39,654	41,834
Total interest-bearing liabilities associated with continuing operations	132,027	127,210	39,654	41,834
Liabilities directly associated with the assets classified as held for sale	2,366	-	2,366	-
Total interest-bearing loans and borrowings	134,393	129,135	42,020	43,759

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available.

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Total facilities:				
Bank overdraft	30	30	30	30
Secured bank bills	138,865	149,369	46,405	48,902
	138,895	149,399	46,435	48,932
Facilities used at reporting date				
Bank overdraft	-	-	-	-
Secured bank bills	134,393	129,135	42,020	43,759
	134,393	129,135	42,020	43,759
Facilities unused at reporting date				
Bank overdraft	30	30	30	30
Secured bank bills	4,472	20,234	4,385	5,143
	4,502	20,264	4,415	5,173

Bank overdraft

The bank overdraft is secured by a floating charge over certain of the Group's assets, including its land and buildings.

The bank overdraft facility may be drawn at any time and is reviewed by the bank annually at which time it can elect to cancel the facility. The bank may also cancel the facility at any time should the Group be in breach of its covenants or otherwise in default.

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Non-current				
First-mortgage				
Investment properties at fair value	161,313	160,674	41,997	45,617
Vines	94,991	103,727	26,222	34,874
Winery plant and equipment at net carrying value	4,999	7,016	4,999	7,016
Intangible assets	16,995	15,827	5,111	3,943
Assets of a disposal group classified as held for sale	4,804	-	4,804	-
Total non-current assets pledged as security	283,102	287,244	83,133	91,450

21 PICE units

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated 30 June 2006	30 June 2007	Restated 30 June 2006
	\$'000	\$'000	\$'000	\$'000
PICE units				
Opening balance at beginning of year	13,625	16,434	13,625	16,434
Issued during the year	18	438	18	438
Costs associated with the issue of units	-	(1)	-	(1)
Converted to ordinary units	(13,643)	(3,246)	(13,643)	(3,246)
Balance at the end of the year	-	13,625	-	13,625
	Units '000	Units '000	Units '000	Units '000
Movements in PICE units on issue				
Opening balance at beginning of year	1,493	1,773	1,493	1,773
Issued during the year				
- Distribution reinvestment plan	2	45	2	45
PICE units converted to ordinary units	(1,495)	(325)	(1,495)	(325)
Closing balance at end of year	-	1,493	-	1,493

In accordance with the PICE unit terms of issue, the Responsible Entity of CWT resolved to convert all PICE units on issue into ordinary units on 27 April 2007. As such all liabilities recognised in relation to the PICE units were derecognised on this day.

22 Contributed equity

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated 30 June 2006	30 June 2007	Restated 30 June 2006
	\$'000	\$'000	\$'000	\$'000
Ordinary units				
Opening balance at beginning of year	131,206	117,846	131,206	117,846
Conversion of PICE units to equity (i)	13,643	-	13,643	-
Issued during the year	806	13,448	806	13,448
Costs associated with the issue of units	(11)	(88)	(11)	(88)
Equity balance at the end of the year	145,644	131,206	145,644	131,206
	Units '000	Units '000	Units '000	Units '000
Movements in ordinary units on issue				
Opening balance at beginning of year	151,957	136,138	151,957	136,138
Issued during the year				
- Distribution reinvestment plan	1,151	11,823	1,151	11,823
- PICE units converted to ordinary units	17,205	3,996	17,205	3,996
Closing balance at end of year	170,313	151,957	170,313	151,957
(i) Conversion of PICE units to equity				
Conversion of PICE units to equity	15,001	-	15,001	-
PICE issue costs transferred to equity	(1,358)	-	(1,358)	-
New equity recognised on PICE conversion	13,643	-	13,643	-

23 Reserves and undistributed income

Retained earnings

Movements in retained earnings were as follows:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Balance 1 July	13,286	12,682	(6,350)	(1,815)
Net profit for the year	7,875	13,779	14,708	8,640
Distributions paid / payable	(14,326)	(13,175)	(14,326)	(13,175)
Balance 30 June	6,835	13,286	(5,968)	(6,350)
Reconciliation of closing retained earnings:				
Net fair value movement in non-current assets	6,835	13,291	(6,212)	(5,073)
Unrealised foreign exchange losses	-	-	244	(1,272)
Under / (over) distributed income	-	(5)	-	(5)
Balance 30 June	6,835	13,286	(5,968)	(6,350)

Reserves

Movements in reserves were as follows:

Consolidated	Foreign currency translation \$'000	Investment revaluation \$'000	Cash flow hedge \$'000	Total \$'000
At 1 July 2005	1,544	453	-	1,997
Transition to AIFRS on 1 July 2005	-	-	(2,666)	(2,666)
Currency translation movements	(1,517)	-	-	(1,517)
Fair value movements in derivative financial instruments	-	-	906	906
At 30 June 2006	27	453	(1,760)	(1,280)
Currency translation movements	942	-	-	942
Fair value movements in derivative financial instruments	-	-	4,053	4,053
At 30 June 2007	969	453	2,293	3,715

Parent	Investment revaluation \$'000	Cash flow hedge \$'000	Total \$'000
At 1 July 2005	453	-	453
Transition to AIFRS on 1 July 2005	-	(1,858)	(1,858)
Currency translation movements	-	-	-
Fair value movements in derivative financial instruments	-	1,225	1,225
At 30 June 2006	453	(633)	(180)
Currency translation movements	-	-	-
Fair value movements in derivative financial instruments	-	1,199	1,199
At 30 June 2007	453	566	1,019

Nature and purpose of reserves

Investments revaluation reserve

This reserve records fair value changes on available-for-sale investments in unlisted shares.

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Currency revaluation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

24 Financial instruments

(a) Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans and an overdraft, cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Group also enters into derivative transactions, principally interest rate swaps. The purpose is to manage the interest rate risk arising from the Group's operations and its sources of finance. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below and in the Directors report.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liability and equity instruments are disclosed in note 2 to the financial statements.

(b) Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using fixed rate debt. Floating interest contracts are aligned to matching swap contracts to hedge against fluctuations in interest rate movements.

Interest rate swaps, denominated in Australian dollars and New Zealand dollars, have been entered into as cash flow hedges of medium-term notes and long-term notes. The swaps have maturities ranging from 1 to 9 years, following the maturity of the related notes and have swap rates ranging from 6.36% to 8.39%. At 30 June 2007, the Group had interest rate swaps with a notional contract amount of \$130.7m (2006: \$122.3m).

The net fair value of swaps at 30 June 2007 was \$2.293m (2006: (\$1.760m)).

	<1 year \$'000	>1-<2 years \$'000	>2-<3 years \$'000	>3-<4 years \$'000	>4-<5 years \$'000	>5 years \$'000	Total \$'000	Weighted average effective interest rate %
Year ended 30 June 2007								
CONSOLIDATED								
Financial assets								
Cash and cash equivalents	6,158	-	-	-	-	-	6,158	5.60%
Weighted average effective interest rate	5.60%	-	-	-	-	-		
Derivative financial instruments	21	675	-	154	157	1,286	2,293	
Other financial assets	-	397	-	-	-	-	397	10.75%
Weighted average effective interest rate	-	10.75%	-	-	-	-		
Financial liabilities								
Bank bills with interest rate swaps	217	81,974	-	9,469	6,040	32,063	129,763	7.69%
Weighted average effective interest rate	6.59%	7.82%	-	7.24%	7.96%	7.48%		
Bank bills	-	-	4,630	-	-	-	4,630	7.74%
Weighted average effective interest rate	-	-	7.74%	-	-	-		
PICE units	-	-	-	-	-	-	-	-
Weighted average effective interest rate	-	-	-	-	-	-		
Year ended 30 June 2007								
PARENT								
Financial assets								
Cash and cash equivalents	1,367	-	-	-	-	-	1,367	5.60%
Weighted average effective interest rate	5.60%	-	-	-	-	-		
Derivative financial instruments	21	(153)	-	19	157	522	566	
Other financial assets	-	397	-	-	-	-	397	10.75%
Weighted average effective interest rate	-	10.75%	-	-	-	-		
Financial liabilities								
Bank bills with interest rate swaps	340	13,747	-	8,163	1,400	13,740	37,390	7.64%
Weighted average effective interest rate	6.59%	8.55%	-	7.16%	6.78%	7.13%		
Bank bills	-	-	4,630	-	-	-	4,630	7.74%
Weighted average effective interest rate	-	-	7.74%	-	-	-		
PICE units	-	-	-	-	-	-	-	-
Weighted average effective interest rate	-	-	-	-	-	-		

Year ended 30 June 2006	<1 year \$'000	>1-<2 years \$'000	>2-<3 years \$'000	>3-<4 years \$'000	>4-<5 years \$'000	>5 years \$'000	Total \$'000	Weighted average effective interest rate %
CONSOLIDATED								
Financial assets								
Cash and cash equivalents	3,991	-	-	-	-	-	3,991	4.31%
Weighted average effective interest rate	4.31%	-	-	-	-	-		
Other financial assets	600	-	397	-	-	-	997	8.79%
Weighted average effective interest rate	7.50%	-	10.75%	-	-	-		
Financial liabilities								
Bank bills with interest rate swaps	1,535	-	78,301	-	9,426	32,746	122,008	7.53%
Weighted average effective interest rate	6.80%	-	7.58%	-	7.21%	7.55%		
Bank bills	1,925	-	-	4,710	-	492	7,127	7.52%
Weighted average effective interest rate	6.76%	-	-	7.74%	-	8.38%		
PICE units	-	-	-	-	13,625	-	13,625	10.10%
Weighted average effective interest rate	-	-	-	-	10.10%	-		
Derivative financial instruments	1	-	1,358	-	183	218	1,760	

Year ended 30 June 2006	<1 year \$'000	>1-<2 years \$'000	>2-<3 years \$'000	>3-<4 years \$'000	>4-<5 years \$'000	>5 years \$'000	Total \$'000	Weighted average effective interest rate %
PARENT								
Financial assets								
Cash and cash equivalents	2,983	-	-	-	-	-	2,983	4.31%
Weighted average effective interest rate	4.31%	-	-	-	-	-		
Other financial assets	600	-	397	-	-	-	997	8.79%
Weighted average effective interest rate	7.50%	-	10.75%	-	-	-		
Financial liabilities								
Bank bills with interest rate swaps	1,754	-	13,993	-	8,375	13,002	37,124	7.65%
Weighted average effective interest rate	6.80%	-	8.55%	-	7.16%	7.11%		
Bank bills	1,925	-	-	4,710	-	-	6,635	7.46%
Weighted average effective interest rate	6.76%	-	-	7.74%	-	-		
PICE units	-	-	-	-	13,625	-	13,625	10.10%
Weighted average effective interest rate	-	-	-	-	10.10%	-		
Derivative financial instruments	1	-	487	-	79	66	633	

(c) Foreign currency risk

The Group has transactional currency exposure. Such exposure arises from bank interest paid by an operating unit in a currency other than the unit's functional currency.

(d) Credit risk

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset 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.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and bank overdrafts.

(f) Fair values

The carrying amount of the financial assets and financial liabilities recorded in the balance sheet approximates the respective net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the Financial Statements.

25 Auditors remuneration

The auditor of Challenger Wine Trust is Ernst & Young.

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000	Parent 30 June 2007 \$'000	Parent Restated 30 June 2006 \$'000
Amounts received or due and receivable by Ernst & Young for:				
An audit or review of the financial report of the entity and any other entity in the consolidated group	69	46	69	46
Other services in relation to the entity and any other entity in the consolidated group:				
Compliance plan audit	-	7	-	7
Other	15	28	15	28
	84	81	84	81

26 Related party disclosure

(a) Related party entities

The consolidated financial statements include the financial statements of Challenger Wine Trust and the subsidiaries listed in the following table.

Name	Country of incorporation	% Equity interest		Investment (\$'000)	
		2007	2006	2007	2006
Delegat's Trust	New Zealand	100	100	11,793	11,793
Southcorp Trust	Australia	100	100	500	500
McGuigan Simeon Trust	Australia	100	100	8,400	8,400
				20,693	20,693

(b) Responsible Entity

The Responsible Entity of CWT is Challenger Listed Investment Limited (CLIL), a wholly owned subsidiary of Challenger Life Holdings Pty Limited.

(c) Details of Key Management Personnel

(i) Directors

The Directors of CLIL, the Responsible Entity of CWT, are considered to be key management personnel.

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

During the year ended 30 June 2007, Directors were paid \$639,150 in respect of their directorship of the Responsible Entity. This amount includes all fees paid to the Directors of CLIL in respect of their Responsible Entity Board and Committee duties for all trusts, including this trust.

(ii) Key Management Personnel

In addition to the Directors noted above, the following were considered Key Management Personnel during the period with the authority for the strategic direction and management of the Challenger Wine Trust:

- Bevan Towning (Head of Specialised Funds)
- Nick Gill (Fund Manager, CWT)
- CLIL (Responsible Entity, CWT)

(iii) Compensation of the Key Management Personnel of CWT

No amounts are paid by CWT directly to the Key Management Personnel individuals of the Trust.

CLIL, as the Responsible Entity of CWT, is deemed to be the key management personnel of CWT. Compensation paid directly to CLIL in the form of fees is disclosed in Note 26(g).

(d) Management fees

The Responsible Entity is entitled under the Constitution to be reimbursed for certain expenses incurred in administering the Trust. The basis on which the expenses are reimbursed is defined in the Constitution.

(i) Management fees policy applicable up to the 31 December 2005

In accordance with the Constitution, the Responsible Entity was entitled to a fee up to 0.75% per annum of the total asset value of the Trust, assessed at the end of each month.

The Responsible Entity was entitled to receive up to 2% per annum of the properties' annual gross income for managing the vineyards, payable monthly. The Responsible Entity may also have been entitled to additional fees for providing additional services to the Trust.

(ii) Management fees policy applicable after 1 January 2006

In accordance with changes to the Constitution, the Responsible Entity is entitled to a fee up to 0.65% per annum of the total asset value of the Trust and 1.5% on capital acquisitions, assessed at the end of each month.

The Responsible Entity is entitled to receive up to 1% per annum of the properties' annual gross income for managing the vineyards, payable monthly. The Responsible Entity 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.

On 31 January 2006 the Responsible Entity delegated certain of its management activities to Challenger Management Services Limited (CMSL) as is permitted following changes to the constitution.

(e) Custodian

The Custodian is Australian Executor Trustees Limited (formerly known as Tower Trust (SA)).

(f) Wholly-owned group transactions

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

(g) Related party transactions

The attached table discloses all fees paid by CWT to CLIL and Challenger Management Services Limited (CMSL) under the Trust Constitution and to CMSL under the management agreement with CLIL:

	Consolidated 30 June 2007 \$'000	Consolidated Restated 30 June 2006 \$'000
a) Responsible Entity fees for the financial year paid to CLIL in accordance with the Scheme Constitution	300	1,524
b) Management fees for the financial year paid to CMSL under the Management Agreement	2,045	1,057
Total fees paid or payable at balance date	2,345	2,582

Of the above fees \$71,216 (2006: \$161,197) has been capitalised to property acquisitions and developments.

(h) Convertible notes

Delegat's Trust and Southcorp Trust have issued convertible notes to Challenger Wine Trust. The convertible notes are issued in consideration for funds advanced by CWT. The convertible notes may be redeemed at 30 days' notice or converted to ordinary units on each anniversary of the issue of the notes.

(i) Interests in the shares and options of the company and related bodies corporate

As at the balance date, the following related parties held the following interests in CWT:

	Ordinary Units fully paid	Ordinary Units fully paid	PICE Units fully paid	PICE Units fully paid
	30 June 2007 No. of units	30 June 2006 No. of units	30 June 2007 No. of units	30 June 2006 No. of units
Related Entities				
Challenger Life No 2 Limited	44,626,652	36,251,019	-	783,052
CLIL Directors				
S Gerlach	151,600	151,600	-	-
IM Martens	256,148	252,123	-	200
G McWilliam	100,000	-	-	-
R Woods	233,812	105,656	-	10,530
Key Management Personnel				
B Towning	215,085	-	-	-
Total	45,583,297	36,760,398	-	793,782

27 Commitments and contingencies

Operating lease commitments – group as lessor

The Group has entered into commercial property leases on its investment property portfolio.

These non-cancellable leases have remaining terms between 1 and 9 years. The rates are based on predetermined formulae in each lease.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	Restated	30 June 2007	Restated
	\$'000	30 June 2006	\$'000	30 June 2006
		\$'000		\$'000
Within one year	29,365	29,016	9,581	10,031
After one year but not more than five years	105,810	113,546	27,012	32,923
More than five years	51,234	72,862	5,204	8,874
	186,409	215,424	41,797	51,828

The 30 June 2006 operating lease commitments have been restated to exclude any lessee options which were assumed to be exercised in the previous 30 June 2006 balances.

Capital expenditure commitments

Finance facilities which total \$4,472,440 (2006: \$30,394,142) have been made available to the Group for further development of various vineyards. These commitments will be secured by the Group and the Group will earn lease rentals on these developments at rates based on predetermined formulae in each lease.

	Consolidated	Consolidated	Parent	Parent
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Investment property				
Within one year	4,472	12,250	4,385	8,358
After one year but not more than five years	-	18,144	-	14,875
More than five years	-	-	-	-
	4,472	30,394	4,385	23,233

28 Events after the balance sheet date

On 30 June 2007 CWT signed two conditional agreements with companies controlled by the Grant Burge family to purchase the Filsell, Miamba, Cameron Vale and Chaff Mill Vineyards for \$11.5m plus acquisition costs. The properties would be leased to Grant Burge Wines Pty Ltd for 8 years, with three options to extend for a further 4 years each. On 17 August 2007 settlement was reached on the purchase of these properties.

On 21 August 2007 the Board of Evans and Tate Limited announced the appointment of an Administrator. Subsequently the ANZ Banking Group as secured creditor appointed a Receiver and Manager, that day. Evans and Tate Limited is a tenant at CWT's Cocoparra, Woods and Gngangara Vineyards. For the year ended 30 June 2007, they paid rental income of \$1.7 million to CWT, equivalent to 5.8% of net property income. Rental on all three properties has been paid up until 31 July 2007 in accordance with existing lease terms. CWT management are currently reviewing possible options in regards to these properties and leases.

Statement by the Directors of the Responsible Entity of CWT

On the Financial Report of the Challenger Wine Trust

In accordance with a resolution of the Directors of Challenger Listed Investments Limited (the Responsible Entity of the Challenger Wine Trust (herein known by its ASX code "CWT")), I state that:

1. In the opinion of the Directors:
 - (a) The financial statements and notes of CWT are in accordance with the Trust Constitution and the Corporations Act 2001, including:
 - (i) giving a true and fair view of CWT as at 30 June 2007 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) There are reasonable grounds to believe that CWT will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

On behalf of the Board



Russell Hooper
Director

Sydney
22 August 2007

Independent auditor's report to the unitholders of Challenger Wine Trust

We have audited the accompanying financial report of the Challenger Wine Trust (the Trust) and the entities it controlled during the year, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state that the financial report, comprising the consolidated financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

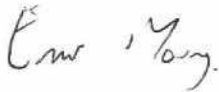
In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, 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.

Auditor's Opinion

In our opinion:

the financial report of the Challenger Wine Trust is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Challenger Wine Trust and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Graeme McKenzie
Partner
Sydney

22 August 2007

Responsible Entity

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AUSTRALIA
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Facsimile 02 9994 7777
Website www.challenger.com.au

Challenger Wine Trust

ARSN 092 960 060
Website www.challenger.com.au/cwt

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Telephone 1300 556 161
Facsimile 08 8236 2305
Website www.computershare.com

Auditor

For the Responsible Entity and the Trust
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