



# REEF CASINO TRUST

ARSN 093 156 293



## 2012 HALF YEAR REPORT & FINANCIAL STATEMENTS

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## Unit distribution Six months to 30 June 2012

9.0 cents per unit. Payment date 20 September 2012



# CHAIRMAN'S REVIEW

## Dear Unitholders,

On behalf of the Board of Directors of Reef Corporate Services Limited, responsible entity of the Reef Casino Trust (the Trust), I present my review of the Reef Casino Trust for the six months ended 30 June 2012.

## Key points

- Trust distributable profit\* was \$3.9 million, compared to \$4.6 million last year. Unitholders' distributions classified as "finance costs" were \$1.9 million resulting in a net profit of \$1.9 million, compared to \$2.3 million last year.
- Unit distribution of 9 cents per unit for the six months from January to June 2012 (maintained at last year's level). Earnings per unit were 7.7 cents.
- Casino level 2 at the Reef Hotel Casino was closed throughout the first half year for extensive renovations. Otherwise, trading conditions continued to be challenging but manageable.
- Operating costs at the Reef Hotel Casino and the Reef Casino Trust were held under tight control with savings made wherever possible.

## Trust distributable profit

Trust distributable profit\* was \$3.9 million for the six months ended 30 June 2012. This compares with \$4.6 million in 2011.

Total Trust revenue (comprising mainly of rental income from the Reef Hotel Casino) was \$9.1 million. This is due to a lower premium play win in 2012 compared to 2011 and the temporary closure of casino level 2 for extensive renovations.

Trust project development costs of about \$188K were booked in the first half of 2012; otherwise operating expenses were well controlled.

*\* Basis of preparation: Distributable profit is a non-IFRS measure that is determined in accordance with the Trust Constitution and used as the basis for determining distributions to unitholders. Distributable profit is determined as net profit for the half year, adding back distributions to unitholders which have been treated as finance costs in accordance with IFRS. The distributable profit has been audited by KPMG. Refer to the auditor's report on page 17 of the Half Year Report for the half year ended 30 June 2012.*

	<b>2012</b>	<b>2011</b>	
	<b>\$'000</b>	<b>\$'000</b>	
REVENUE AND OTHER INCOME			
Rental revenue	<b>8,948</b>	9,654	-7.3%
Other revenue and income	<b>115</b>	104	
TOTAL REVENUE AND OTHER INCOME	<b>9,063</b>	<b>9,758</b>	<b>-7.1%</b>
EXPENSES			
Operating	<b>3,019</b>	2,799	
Depreciation and amortisation	<b>2,186</b>	2,361	
TOTAL EXPENSES	<b>5,205</b>	<b>5,160</b>	<b>1%</b>
PROFIT BEFORE FINANCE COSTS <sup>1</sup> ATTRIBUTABLE TO UNITHOLDERS (DISTRIBUTABLE PROFIT*)	<b>3,858</b>	<b>4,598</b>	<b>-16.1%</b>
Finance costs <sup>1</sup> attributable to unitholders	<b>1,929</b>	2,299	
PROFIT FOR THE PERIOD	<b>1,929</b>	<b>2,299</b>	<b>-16.1%</b>
	<b>cents per unit</b>	<b>cents per unit</b>	
Earnings per unit	<b>7.7</b>	9.2	
Distribution per unit	<b>9.0</b>	9.0	

<sup>1</sup> "Finance costs" relate to 50% of distributable profit payable to unitholders.

## Unit distribution

The Trust has declared a distribution of 9 cents per unit or a total of \$4.5 million for the six months from 1 January to 30 June 2012. The record date was 29 June 2012 and payment will be made on 20 September 2012. This distribution will comprise taxable and tax deferred components.

This distribution comprises 100% of distributable profit of the Trust for the period 1 January 2012 to 30 June 2012 (7.75 cents per unit) (\$3.9 million) plus a top up from the undistributed income account (1.25 cents per unit) (\$624K). Following this distribution, the undistributed income account balance is \$5.96 million or 11.97 cents per unit.

## **Trust balance sheet**

The overall position remains strong and healthy. The Trust's cash flows remain positive and the Trust continues to have adequate working capital. The Trust's interest only loan facility remains unchanged at \$16.5 million. This term loan extends to December 2015. As at 30 June 2012, the Trust has drawn down \$10.75 million. The Trust also has an overdraft facility of \$2 million which has not been used to date.

## **Review of performance and strategy at Reef Hotel Casino**

The CEO of the Reef Hotel Casino, Allan Tan has provided his report as follows.

### **CEO's Report**

#### **Trading conditions**

- The first half year is traditionally the low season in Cairns.
- The local economy including tourism remained flat in general. However, the China tourist market continues to grow. Overall, trading conditions were challenging but manageable.
- The casino's level 2 gaming floor was temporarily closed throughout the first half year for extensive renovations. As expected, this has affected casino visitations and complex revenues in general.

#### **Complex performance**

##### **Casino**

- Casino visitations  
These were 7.9% lower and was anticipated due to the temporary closure of casino level 2 for extensive renovations.
- Table games  
Main floor revenues held steady while premium revenues were lower due to a lower level of win by the casino with the win rate closer to "theoretical" than last year.
- Electronic Gaming  
Gaming machine revenues held steady despite the temporary closure of casino level 2.

##### **Hotel**

- Rooms  
Rooms revenues were steady compared to the same period last year.
- Food and beverage  
Overall revenues (mainly bar sales) were down 11.9% due to the temporary closure of casino level 2.

#### **Complex cost control**

- Due to continuing excellent cost control outcomes throughout the complex, the overall rental paid to the Trust held up well with respect to main floor table games, electronic gaming, hotel rooms and food and beverage operations. The actual rental paid to the Trust was lower mainly because of a lower premium play win by the casino.

### Complex strategy

- The complex continued to build up revenues from the depths of the global financial crisis (GFC) as it affected us in 2010. At the heart of this is to position our complex to benefit from future positive trends and play to our strengths.
  - “Locals Strategy” – improve our competitiveness in the local gaming market with product, service and complex facilities development and excellence
  - “China Strategy” – leverage off the growing tourist market from China by growing the number of visitors and players into our complex and casino
- Cost control throughout complex
  - Tight cost control in each of our hotel, casino and administration departments will continue
  - Working towards better management and staff outcomes
- Selective investment in new complex facilities
  - Our ballroom and adjoining conference area was refurbished in the last quarter of last year
  - Our new Casino Sports Arena on level 2 of our casino reopened on 3rd July on time, on budget and on specification; This new gaming floor offers table games, electronic gaming machines, TAB, Keno, a bar, 3 large screens including the largest high definition indoor screen in Queensland, other TV screens, lounge areas and an outdoor smoking area.

### Chairman review continues

#### Trust outlook for the rest of the year

So far the second half year has got off to a solid start.

Looking ahead, there are a number of positives.

- High season  
The second half year is traditionally the high season in Cairns.
- New Casino Sports Arena  
The new Casino Sports Arena located on casino level 2 reopened on 3 July and is designed to increase our share of the local and regional gaming market. So far, its contribution to the complex’s performance is encouraging. Management will continue to build on the momentum generated to date.
- Reef Casino Festival  
A special re launch event of the complex, the Reef Casino Festival was held in early August this year. Its aim was to cement the Reef Hotel Casino as the premier and biggest entertainment venue in Cairns. Management expects that this event will contribute to patron goodwill and loyalty over the next 12 months and result in increased visitations and improved complex performance.

- Direct flights from China into Cairns

China Eastern Airlines have announced the commencement of three weekly direct services between Shanghai and Cairns from late October this year to coincide with the start of the Chinese holiday season. China Southern Airlines have also announced the commencement of three weekly direct flights from Guangzhou to Cairns from December this year to also coincide with the start of the Chinese holiday season. Together, these six weekly direct flights would add around 90,000 seats into Cairns per annum. These two new and exciting developments will allow the Reef Hotel Casino to consolidate and further expand its existing Chinese casino tourist market and to develop its Chinese premium player market further.

Cairns and regional economy should benefit from the expected increase in Chinese tourists resulting from the new flights from China.

On the other hand, a number of factors could serve to dampen the local economy.

- Carbon tax implications and impacts

The complex will face increased energy and likely other associated costs. There is uncertainty as to how the carbon tax will impact on disposable income of patrons.

- General economic conditions

The Euro debt crisis, lingering global financial crisis and weak Australian consumer sentiment is expected to underpin economic uncertainty and along with a high Australian dollar could serve to dampen the outlook.

The Trust still expects to distribute 100% of its distributable profits of each half yearly financial period. Depending on the actual distributable profit for the second half year, a total distribution for the 2012 financial year similar to the level of last year is anticipated.

Overall, the second half year outlook for the Trust is positive.



**Ben Macdonald**  
**Chairman**

Reef Corporate Services Limited  
Responsible Entity of Reef Casino Trust

# DIRECTORS' REPORT

The Directors of Reef Corporate Services Limited, ABN 66 057 599 621, the Responsible Entity of Reef Casino Trust present their half year report together with the half year financial report of the Trust for the half year ended 30 June 2012 and the audit report thereon.

## Responsible Entity

The Directors of Reef Corporate Services Limited at any time during or since the end of the half year are:

NAME	PERIOD OF DIRECTORSHIP
Mr Benjamin W Macdonald (Chairman)	Director since 20 September 1995
Mr Keith DeLacy	Director since 1 December 1999
Mr Julian Hercus	Director since 31 October 2000
Dr Karl Stoss	Director since 8 February 2012
Mr Michael Issenberg	Director since 21 January 2002
Mr Kim Mooney	Director since 21 January 2002
Mr Allan Tan	Director since 28 March 2006 Alternate director since 10 July 1997 (alternate for Mr Macdonald)
Mr Simon McGrath	Director since 23 August 2011
Mr Alexander Tucek	Alternate director since 8 February 2012 (alternate for Dr Stoss)
Mr Philip Basha	Alternate director since 23 August 2011 (alternate for Mr Issenberg & Mr Mooney)

## Review of operations

The review of operations is contained in the Chairman's Review on pages 1 to 5.

## Distribution

The distribution of \$5.48 million (11.0 cents per unit) in respect of the six month period ended 31 December 2011 as reported in the 2011 annual report was paid on 20 March 2012.

The Directors have declared a distribution of \$4.48 million (9.0 cents per unit) in respect of the six month period ended 30 June 2012 to be paid on 20 September 2012 (refer note 9). The distribution in respect of the six month period ended 30 June 2011 was 9.0 cents per unit.

## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 19 and forms part of the directors' report for the half year ended 30 June 2012.

## Rounding off

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the half year financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of Reef Corporate Services Limited.



**Ben Macdonald**  
Director

Brisbane  
28 August 2012



**Keith DeLacy**  
Director



# STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Note	30 June 2012 \$'000	31 Dec 2011 \$'000
ASSETS			
Cash and cash equivalents		2,591	4,490
Receivables		1,581	1,811
<b>TOTAL CURRENT ASSETS</b>		<b>4,172</b>	6,301
Receivables		750	750
Property, plant and equipment	6	105,723	104,949
Intangible assets	7	97	116
<b>TOTAL NON-CURRENT ASSETS</b>		<b>106,570</b>	105,815
<b>TOTAL ASSETS</b>		<b>110,742</b>	112,116
LIABILITIES			
Payables	8	3,146	4,987
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,146</b>	4,987
Loans and borrowings		10,750	10,250
Deferred income		70	74
Issued units – liability portion		85,051	85,051
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>95,871</b>	95,375
<b>TOTAL LIABILITIES</b>		<b>99,017</b>	100,362
EQUITY			
Issued units – equity portion		85,051	85,051
Distribution account	9	2,553	1,958
Undistributed income		5,964	6,588
Accumulated losses		(81,843)	(81,843)
<b>TOTAL EQUITY</b>		<b>11,725</b>	11,754
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>110,742</b>	112,116
MEMORANDUM NOTE – ISSUED UNITS			
Issued units – liability portion		85,051	85,051
Issued units – equity portion		85,051	85,051
<b>TOTAL ISSUED UNITS</b>		<b>170,102</b>	170,102

The statement of financial position is to be read in conjunction with the accompanying notes.

# STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 30 June 2012

	Note	30 June 2012 \$'000	30 June 2011 \$'000
REVENUE AND OTHER INCOME			
Revenue	4	9,059	9,754
Other income	4	4	4
TOTAL REVENUE AND OTHER INCOME		<b>9,063</b>	9,758
EXPENSES			
Depreciation and amortisation	5	2,186	2,361
Property outgoings		528	551
Rates and taxes		339	330
Responsible Entity fees		484	556
Repairs and maintenance		399	406
Insurance		274	157
Other expenses		599	347
TOTAL EXPENSES		<b>4,809</b>	4,708
RESULTS FROM OPERATING ACTIVITIES		<b>4,254</b>	5,050
Finance costs attributable to unitholders			
Finance costs attributable to unitholders		1,929	2,299
Interest expense on financial liabilities measured at amortised cost		396	452
TOTAL FINANCE COSTS		<b>2,325</b>	2,751
PROFIT FOR THE PERIOD		<b>1,929</b>	2,299
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<b>1,929</b>	2,299
Basic and diluted earnings per unit (cents)	13	7.7	9.2

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2012

	<b>Issued units \$'000</b>	<b>Distribution account \$'000</b>	<b>Undistributed income \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total \$'000</b>
1 JANUARY 2011	85,051	3,276	4,911	(81,843)	11,395
Total comprehensive income for the period	-	-	-	2,299	2,299
Transfer to distribution account	-	2,183	-	(2,183)	-
Transfer to undistributed income	-	-	116	(116)	-
Distributions paid	-	(3,276)	-	-	(3,276)
<b>30 JUNE 2011</b>	<b>85,051</b>	<b>2,183</b>	<b>5,027</b>	<b>(81,843)</b>	<b>10,418</b>
1 JANUARY 2012	85,051	1,958	6,588	(81,843)	11,754
Total comprehensive income for the period	-	-	-	1,929	1,929
Transfer to distribution account	-	1,929	-	(1,929)	-
Transfer from undistributed income	-	624	(624)	-	-
Distributions paid	-	(1,958)	-	-	(1,958)
<b>30 JUNE 2012</b>	<b>85,051</b>	<b>2,553</b>	<b>5,964</b>	<b>(81,843)</b>	<b>11,725</b>

The statement of changes in equity is to be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

for the half year ended 30 June 2012

	<b>30 June 2012 \$'000</b>	<b>30 June 2011 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	<b>10,411</b>	9,950
Cash payments in the course of operations	<b>(4,208)</b>	(3,504)
Interest received	<b>85</b>	85
Interest and other finance costs paid	<b>(396)</b>	(525)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5,892</b>	6,006
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	<b>(2,814)</b>	(1,285)
Proceeds from disposal of property, plant and equipment	<b>1</b>	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(2,813)</b>	(1,285)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment)/redraw of borrowings	<b>500</b>	(1,000)
Distributions paid (equity and liability portion)	<b>(5,478)</b>	(5,478)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(4,978)</b>	(6,478)
Net decrease in cash held	<b>(1,899)</b>	(1,757)
Cash and cash equivalents at 1 January	<b>4,490</b>	4,640
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>2,591</b>	2,883

The statement of cash flows is to be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 30 June 2012

## 1. THE TRUST

Reef Casino Trust (the Trust) was established by a Trust Constitution dated 2 July 1993 as amended by supplemental deeds dated 30 November 1993, 19 September 1999, 31 May 2000, 8 August 2001, 14 April 2004 and 29 June 2005. Reef Corporate Services Limited, a company domiciled in Australia, is the Responsible Entity of the Trust. The Trust is the owner and lessor of The Reef Hotel Casino complex in Cairns, North Queensland, Australia.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The half year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Trust since the last annual financial report as at and for the year ended 31 December 2011. It does not include all of the information required for a full annual financial report, and should be read in conjunction with the financial report as at and for the year ended 31 December 2011. The Trust is a for profit entity.

The half year financial report was approved by the directors of the Responsible Entity on 28 August 2012.

### (b) Basis of measurement

The financial report is prepared on the historical cost basis.

### (c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Trust's functional currency.

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the half year financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half year financial report, the significant judgements made in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 31 December 2011.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Trust in this half year financial report are the same as those applied by the Trust in its financial report as at and for the year ended 31 December 2011.

30 June 2012 \$'000	30 June 2011 \$'000
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#### 4. REVENUE AND OTHER INCOME

##### REVENUE

###### *Rental*

Base rent	505	493
Contingent rent	8,443	9,161

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<b>8,948</b>	9,654
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###### *Interest received and receivable from*

Other persons	47	37
Related parties	39	40

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<b>86</b>	77
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###### *Other Revenue*

Sundry	25	23
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<b>9,059</b>	9,754
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##### OTHER INCOME

Government grants	4	4
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<b>4</b>	4
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#### 5. EXPENSES

Net profit includes the following specific expenses:

###### *Depreciation*

Building	720	867
Plant and equipment	1,088	1,117

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<b>1,808</b>	1,984
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###### *Amortisation*

Computer software	25	23
Site lease	353	354

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<b>378</b>	377
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<b>2,186</b>	2,361
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Net loss on disposal of property, plant and equipment	1	2
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	<b>30 June 2012 \$'000</b>	<b>31 Dec 2011 \$'000</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Site lease – at cost	<b>53,000</b>	53,000
Less: Accumulated amortisation	<b>(13,102)</b>	(12,749)
	<b>39,898</b>	40,251
Building and integral plant – at cost or deemed cost	<b>69,262</b>	69,262
Less: Accumulated depreciation	<b>(13,813)</b>	(13,093)
	<b>55,449</b>	56,169
Plant and equipment – at cost	<b>57,367</b>	57,126
Less: Accumulated depreciation	<b>(49,539)</b>	(49,046)
	<b>7,828</b>	8,080
Work in progress	<b>2,548</b>	449
Total property, plant and equipment – net carrying amount	<b>105,723</b>	104,949

An independent valuation of the Trust's interest in The Reef Hotel Casino Complex was carried out by Jones Lang LaSalle Hotels as at 31 December 2011. The Trust's interest in the complex, which is considered to be a cash generating unit, comprises the building, site lease, casino licence and plant and equipment. The complex was valued at \$125 million. The casino licence has an amortised cost of nil (31 December 2011: nil).

	<b>30 June 2012 \$'000</b>	<b>30 June 2011 \$'000</b>
<b>Capital expenditure commitments</b>		
Contracted but not provided for and payable:	<b>408</b>	624

#### Acquisitions and disposals

During the six months ended 30 June 2012, the Trust acquired property, plant and equipment with a cost of \$2,944,791 (six months ended 30 June 2011: \$1,518,044). Assets with a net book value of \$1,919 were disposed of during the six months ended 30 June 2012 (six months ended 30 June 2011: \$1,807), resulting in a net loss on disposal of \$1,329 (six months ended 30 June 2011: net loss of \$1,807).

## 7. INTANGIBLE ASSETS

	<b>30 June 2012 \$'000</b>	<b>31 Dec 2011 \$'000</b>
Computer software – at cost	<b>644</b>	638
Less: Accumulated amortisation	<b>(547)</b>	(522)
Total intangible assets – net carrying amount	<b>97</b>	116

<b>30 June 2012 \$'000</b>	<b>31 Dec 2011 \$'000</b>
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## 8. PAYABLES

### CURRENT

Trade creditors and accruals – unsecured	<b>1,217</b>	1,467
Accrued distributions (note 9)	<b>1,929</b>	3,520
	<b>3,146</b>	4,987

## 9. DISTRIBUTIONS

### DISTRIBUTABLE INCOME

The Trust Constitution requires calculation of distributable income for each half yearly period commencing either on the first day of January or July and the amount transferred to a distribution account on the last day of such period. As the Trust must distribute at least 50% of net income for the period, this 50% is classified as a liability, and transferred from the distribution account to accrued liabilities on the statement of financial position (note 8).

The proposed distribution was declared on 28 August 2012, and accounted for as follows:

Distribution account (refer to statement of changes in equity)

Balance relating to issued units – equity portion	<b>2,553</b>	1,958
Accrued distribution (payables – note 8)		
Balance relating to issued units – liability portion	<b>1,929</b>	3,520
Total of distribution accounts	<b>4,482</b>	5,478

	<b>2012</b>		<b>2011</b>	
	<b>Total \$'000</b>	<b>Cents per unit</b>	<b>Total \$'000</b>	<b>Cents per unit</b>
<b>DISTRIBUTIONS PAID AND PAYABLE</b>				
Half year ended 31 December paid March	<b>5,478</b>	<b>11.00</b>	5,478	11.00
Half year ended 30 June paid/payable September	<b>4,482</b>	<b>9.00</b>	4,482	9.00
	<b>9,960</b>	<b>20.00</b>	9,960	20.00



<b>30 June 2012 \$'000</b>	<b>30 June 2011 \$'000</b>
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## 10. SEGMENT INFORMATION

The Trust has a single operating segment. Revenue from external customers is derived from the rental of the Reef Hotel Casino complex, which is made up of the following components:

### RENTAL INCOME

Casino operations	<b>8,111</b>	8,802
Hotel and other non casino operations	<b>837</b>	852
	<b>8,948</b>	9,654

Rental income is received from the lessee of the complex, Casinos Austria International (Cairns) Pty Ltd, which is the Trust's only customer. All revenue received and non-current assets held are located in one geographical area – Australia.

## 11. RELATED PARTY INFORMATION

There has been no change to the nature of related party transactions disclosed in the most recent annual financial report.

## 12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets, at reporting date.

## 13. EARNINGS PER UNIT

	<b>30 June 2012 7.7</b>	<b>30 June 2011 9.2</b>
Basic and diluted earnings per unit (cents)		
Weighted average number of units at the end of the half year	<b>24,900,518</b>	24,900,518
	<b>\$'000</b>	<b>\$'000</b>
Profit for the period	<b>1,929</b>	2,299

# DIRECTORS' DECLARATION

for the half year ended 30 June 2012

In the opinion of the directors of Reef Corporate Services Limited, the Responsible Entity of Reef Casino Trust (the Trust):

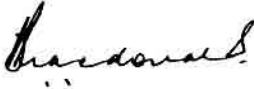
(a) the financial statements and notes set out on pages 7 to 15, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Trust as at 30 June 2012 and of its performance for the half year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

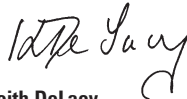
(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Reef Corporate Services Limited:



**Ben Macdonald**  
Director

Brisbane  
28 August 2012



**Keith DeLacy**  
Director



# INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

## Report on the financial report

We have audited the accompanying half-year financial report of Reef Casino Trust, which comprises the statement of financial position as at 30 June 2012, statement of comprehensive income, statement of changes in equity statement of cash flows for the half-year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### Directors' responsibility for the financial report

The directors of Reef Corporate Services Limited (the Responsible Entity) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the half-year 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 half-year financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the half-year financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the half-year financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the half-year financial report that gives a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the half-year financial report.

We performed the procedures to assess whether, in all material respects, the half-year financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting a true and fair view which is consistent with our understanding of the Group's financial position, and of its performance.

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



# INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

## Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

## Auditor's opinion

In our opinion the half-year financial report of Reef Casino Trust is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

## Report on non-IFRS financial information

We have audited the non-IFRS financial information disclosed as distributable profit included on pages 1 and 2 of the chairman's review for the half-year ended 30 June 2012. The directors of the Responsible Entity are responsible for the preparation and presentation of the non-IFRS financial information report in accordance with the basis of preparation set out on page 1 of the chairman's review and for having regard to the guidelines set out in ASIC Regulatory Guide 230: Disclosing non-IFRS Financial Information.

Our responsibility is to express an opinion on the non-IFRS financial information, based on our audit conducted in accordance with auditing standards.

## Auditor's opinion

In our opinion, the non-IFRS financial disclosed as distributable profit included on pages 1 and 2 of the chairman's review for the half-year ended 30 June 2012 is prepared, in all material respects, in accordance with the basis of preparation set out on page 1 of the chairman's review.

KPMG

Gerry Mier  
Partner

Cairns  
28 August 2012



# LEAD AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001  
to the directors of Reef Corporate Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the half year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to be 'W. Mier', written over a horizontal line.

KPMG

A handwritten signature in black ink, appearing to be 'Gerry Mier', written over a horizontal line.

Gerry Mier  
Partner

Cairns  
28 August 2012

# TRUST DIRECTORY

## Registered office of the Responsible Entity

Reef Corporate Services Limited  
Level 1  
Mercure Hotel  
85-87 North Quay  
BRISBANE QLD 4000  
Telephone: (07) 3211 3000  
Facsimile: (07) 3211 4777  
[www.reefcasino.com.au/trust](http://www.reefcasino.com.au/trust)

## Directors of the Responsible Entity

Mr Benjamin W Macdonald (Chairman)  
Mr Keith DeLacy  
Mr Julian Hercus  
Dr Karl Stoss  
Mr Michael Issenberg  
Mr Kim Mooney  
Mr Allan Tan  
Mr Simon McGrath

## Alternate directors

Mr Allan Tan (alternate for Mr Macdonald)  
Mr Alexander Tucek (alternate for Dr Stoss)  
Mr Philip Basha (alternate for Mr Issenberg & Mr Mooney)

## Secretary of the Responsible Entity

Ms Alison Galligan

## Compliance, Audit & Risk Committee of the Responsible Entity

Mr Keith DeLacy (Chairman)  
Mr Julian Hercus  
Mr Kim Mooney  
Mr Philip Basha (alternate for Mr Mooney)

## Solicitors to the Responsible Entity

Freehills  
Level 38  
Central Plaza One  
345 Queen Street  
BRISBANE QLD 4000

## Unitholder enquiries

Please contact the unit registry if you have any questions about your unitholding or distributions.

## Unit registry

Computershare Investor Services Pty Ltd  
117 Victoria Street  
WEST END QLD 4101  
GPO Box 2975  
MELBOURNE VIC 3001  
Telephone: 1300 850 505

## Bankers

Bank of Queensland Limited  
259 Queen Street  
BRISBANE QLD 4000

## Auditors of the Trust

KPMG  
Level 13  
Cairns Corporate Tower  
15 Lake Street  
CAIRNS QLD 4870

## Securities exchange listing

Official list of the Australian Securities Exchange Limited  
Home Exchange: Sydney

## Sub-lessee of Reef Hotel Casino Complex

Casinos Austria International (Cairns) Pty Ltd  
Level 1  
Mercure Hotel  
85-87 North Quay  
BRISBANE QLD 4000  
Telephone: (07) 3211 3000  
Facsimile: (07) 3211 4777

## Reef Hotel Casino

35-41 Wharf Street  
CAIRNS QLD 4870  
Telephone: (07) 4030 8888  
Facsimile: (07) 4030 8777  
[www.reefcasino.com.au](http://www.reefcasino.com.au)

MUST SEE

# MUST VISIT

QUEENSLAND'S BIGGEST AND PREMIER LEISURE  
& ENTERTAINMENT COMPLEX NORTH OF BRISBANE

## **CASINOS AUSTRIA INTERNATIONAL**

### **Reef Casino**

Try your luck at the tables and experience the thrills and excitement of international gaming or adjourn to one of our many bars for a well earned refreshment.

Offers 530 gaming machines, 42 gambling tables, plus Club Privé, TAB and Keno. Open Monday – Thursday 9am - 3am and Friday – Sunday 9am - 5am.



### **Pullman Reef Hotel Casino**

The Pullman Reef Hotel Casino features 128 luxury guest rooms and suites each offering charm, elegance and tranquility. Their decor accentuates the feel and lifestyle of Tropical North Queensland. Pullman facilities include swimming pool and spa, health club, shops and tour desk.



Indulge in the fusion of Asian and Western cuisine – a new and contemporary dining experience unique to Cairns. Open daily 6pm - 10.30pm.



Multi award winning full scale Chinese restaurant offering traditional Chinese cuisine, yum cha and seafood. Open daily for lunch and dinner.



Choose from a great range of light meals, snacks and beverages. Great value – all meals \$12 and under. Open during Casino operating hours.



Ultra modern bar with all your favourite drinks and cocktails. Great live entertainment on Wednesday through Sunday nights. Open every day from 4pm until late.



More than 330 undercover car parking spaces are provided for those attending events and for our Casino and Hotel patrons.



A total of eight unique venues ranging from ballroom to boardroom to poolside are available to cater for 10 to more than 500 guests for every type of function.



Café China Noodle Bar offers a tempting array of traditional Chinese delicacies in the historic surroundings of Customs House. Open daily.



Located on Level 2 of the complex, the newly refurbished Casino Sport Arena has the biggest high definition screen in Queensland, showing major sporting events and movies, complemented by multiple high definition screens and luxury cinema style seating. The latest TAB and Keno facilities, gaming machines and table gaming makes this a unique entertainment venue.



Night Club with live music and entertainment. Open Friday and Saturday nights until late. Monday to Saturday night enjoy "Xtreme Illusions", a spectacular live magic show.



Enjoy the exciting new attraction, Cairns ZOOM. With crossings and ziplines, internal and external rooftop walkways, experience the thrill of a birds-eye view of the Dome and animals, and spectacular views of the city and seascapes. You can glide over a 4 metre crocodile or freefall from the 13 metre high tower. Height and weight restriction apply.

CASINOS AUSTRIA INTERNATIONAL



REEF  
CASINO TRUST

