

Half Year Report **2015** & Financial Statements

ARSN 093 156 293



REEF
CASINO TRUST

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Unit distribution Six months to 30 June 2015

13.00 cents per unit. Payment date 16 September 2015



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 2015.

Key points

Strong 1st half year performance

- The Trust reported a distributable profit* for the first half year of 2015 of \$6.4 million which is a 47.5% increase compared to the same period last year due to higher rental income and lower costs.
- Unitholders' distributions classified as "finance costs" were \$3.2 million resulting in a net profit of \$3.2 million.
- Unit distribution of 13.00 cents per unit for the six months from January to June (last year 8.77 cents). Earnings per unit were 12.94 cents (last year 8.77 cents). Unit distribution was slightly above 100% of distributable earnings.
- Operating costs at the Reef Casino Trust and the Reef Hotel Casino were well managed.

Trust distributable profit

Trust distributable profit* was \$6.4 million for the six months ended 30 June 2015 (last year \$4.4 million), up 47.5%.

Total Trust revenue (comprising mainly of rental income from the Reef Hotel Casino) was \$11.6 million (last year \$9.8 million), up 17.9% due to a strong performance by the Reef Hotel Casino.

Trust operating expenses were well controlled and were 5.9% lower in 2015 partly due to the proposed Aquis takeover costs incurred during 2014.

** 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 Grant Thornton Audit Pty Ltd. Refer to the auditor's report on page 17 of the Half Year Report for the half year ended 30 June 2015.*

	2015	2014	
	\$'000	\$'000	
REVENUE AND OTHER INCOME			
Rental revenue	11,450	9,693	↑18.1%
Other revenue and income	103	106	
Total revenue and other income	11,553	9,799	↑17.9%
EXPENSES			
Operating	2,917	3,219	
Depreciation and amortisation	2,194	2,212	
Total expenses	5,111	5,431	↓5.9%
PROFIT BEFORE FINANCE COSTS' ATTRIBUTABLE TO UNITHOLDERS (DISTRIBUTABLE PROFIT*)	6,442	4,368	↑47.5%
Finance costs ¹ attributable to unitholders	3,221	2,184	
PROFIT FOR THE PERIOD	3,221	2,184	↑47.5%
	cents per unit	cents per unit	
Earnings per unit	12.94	8.77	
Distribution per unit	13.00	8.77	

¹ Under Australian Accounting Standards the first 50% of distributable profit is treated as "finance costs attributable to unitholders", with the remaining 50% treated as profit.

Unit distribution

The Trust has declared a distribution of 13.0 cents per unit or a total of \$6.5 million for the six months from 1 January to 30 June 2015. The record date was 30 June 2015 and payment will be made on 16 September 2015.

Due to rounding, the first half year distribution was slightly above 100% of distributable profit. The Trust's distribution policy is still to aim to distribute 100% of its distributable profit.

Trust balance sheet

The Trust balance sheet continues to be strong and healthy. The Trust's cash position remains positive and the Trust continues to have adequate working capital. As the Trust's previous interest only loan facility was due to expire in December 2015 the \$2.7 million drawn as at 30 June 2015 was classified as a current liability in the half year financial statements. As announced on 2 July 2015 the loan has been renegotiated with the Bank of Queensland and replaced with a new \$11.5 million interest only loan facility extending to 31 January 2019.

Capital investment

The Trust continues to invest in its main asset, the Reef Hotel Casino complex in Cairns to properly maintain its facilities and performance. More details are contained in the CEO's report that follows.

Review of performance and strategy at Reef Hotel Casino

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

CEO's report

Overall, the Reef Hotel Casino reported a strong and profitable performance in the first half of 2015.

Trading and operating conditions

- 2015 first half year was devoid of proposed Aquis takeover distractions
- As with previous years, the first half year was the low tourist season in Cairns
- The lower Australian dollar was a positive contributing factor to Cairns' tourism industry
- The management team and staff successfully focussed on being "One Complex, One Team, One Success" and achieved a strong positive performance outcome
- Otherwise, the general local Cairns' economy remained flat

Key strategies

The following key management strategies continued to underpin the strong performance at the Reef Hotel Casino.

- "One Complex, One Team, One Success"
 - We offer a seamless entertainment complex under one roof and one team
- "Must See Must Visit"
 - Marketing our complex as "The Only Place to Play" and "Reef by Day, Reef by Night" which underpins our locals and domestic strategy and our international and Chinese tourist strategy respectively
- "Employer of Choice"
 - This goes to our strength in the hospitality business
- "The best gaming venue in Cairns"
 - We offer an international class casino run to the highest standards
- "The best hotel in Cairns"
 - We offer the best 5 star accommodation
- "Superior cost control, and risk management"
 - Best practice throughout complex

Complex performance

Rental paid to Trust

- Strong revenue growth and a good cost outcome combined to produce an excellent 18.1% growth in the rental paid by the complex to the Trust.

Casino - Overall casino revenues up 7.7% on last year

- **Electronic games**

Electronic gaming machine turnover was up 6.7% on last year and revenues were up 4.4% on last year. A full and exciting complex program of marketing, promotions and entertainment resulted in strong patron support from local and domestic markets throughout the first half year.

- **Table games**

Total revenues were 15.8% higher than last year with positive contributions from both grind table games and premium play (higher than theoretical win rate). A strong Chinese New Year holiday season saw good patron support from Chinese tourists.

Hotel - Overall hotel revenues up 5.8% on last year

- **Rooms**

Rooms revenues were 14.5% higher compared to last year with both occupancy and average rate per room above last year and assisted by successful yield management and leveraging off Accor's various loyalty programs.

- **Food and beverage**

Food and beverage revenues were similar to last year. The upgrade of our Tamarind restaurant necessitated in it being temporarily relocated. Importantly, all our food and beverage facilities played a key role to support our casino operations.

Complex cost control

- Operating costs were well managed throughout the complex.

Some initiatives and projects to drive further growth

- A complete repainting of the exterior of the complex building was completed earlier this year and our complex now presents well.
- A brand new car park system was installed in the first half year and will provide our guests and patrons with an improved level of service.
- Our award winning signature restaurant, Tamarind was upgraded in June with new furniture, lighting, expanded seating capacity, and a new painting scheme.
- A new tiered membership and enhanced loyalty program for our Reef Club members was launched and introduced in July.
- A 2 year new staff uniform project kicked off in the first half year and we hope to have the first batch of staff in their new-design uniforms in the last quarter of this year.
- Our complex will have a new energy efficient air conditioning system installed around September following the delivery and receipt of new equipment.
- Designers/architects have been commissioned to produce design concepts as the initial phase of our project to renovate the public areas on the ground floor of the complex including the hotel lobby, the casino lobby and Vertigo bar and show lounge.

Chairman's review continues

Trust outlook for second half of 2015

Already, the Trust has entered into the second half on a strong and positive note performance wise. The second half year is traditionally the "high tourist season" in Cairns.

Reef Hotel Casino

Overall, the outlook for the second half is positive for Cairns' biggest entertainment complex.

Electronic games

We will continue to leverage off the good momentum in electronic gaming. Underpinning revenue growth includes a new tiered membership loyalty program, a full schedule of promotions and entertainment and the introduction of new gaming machines and games on the casino floor.

Table games

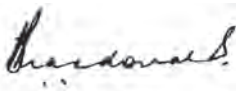
Our VIP gaming team has reactivated efforts to market our casino to players in Singapore and South East Asia to leverage off the new direct flight service from Singapore to Cairns on SilkAir which started in May. Cairns remains a very popular destination with Chinese tourists. Much will depend on the Chinese economy, however, the recent anti-corruption crackdown in China is not expected to affect our operations in a major way. The lower Australian dollar should attract more overseas visitors to Cairns.

Hotel

Our 5 star Pullman branded hotel will continue to leverage off Accor's Le Club and Accor Plus loyalty programs to improve room revenues together with a stronger sales effort and being part of the Accor global network and the best hotel in Cairns.

On 19 August 2015 the Trust received Casinos Austria International (Cairns) Pty Limited's (CAIC) notice of exercise of the options to renew the casino, hotel and ancillary facilities leases until 26 October 2029. The Trust welcomes the continuing relationship with CAIC as the operator of the complex. CAIC is a joint venture between Casinos Austria and Accor.

The Trust's balance sheet is expected to remain strong and the Reef Hotel Casino business is expected to continue to generate strong cash flows.



Ben Macdonald
Chairman

Reef Corporate Services Limited
Responsible Entity of Reef Casino Trust

19 August 2015

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 2015 and the auditor's 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 Richard Haire	Director since 1 October 2013
Dr Karl Stoss	Director since 8 February 2012
Mr Michael Issenberg	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 until 3 May 2015)
Mr Kim Mooney	was a director from 21 January 2002 until his death on 3 May 2015.

Review of operations

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

Distribution

The distribution of \$8.59 million (17.25 cents per unit) in respect of the six month period ended 31 December 2014 as reported in the 2014 annual report was paid on 18 March 2015.

The directors have declared a distribution of \$6.47 million (13.00 cents per unit) in respect of the six month period ended 30 June 2015 to be paid on 16 September 2015 (refer note 9). The distribution in respect of the six month period ended 30 June 2014 was 8.77 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 2015.

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

19 August 2015



Keith DeLacy

Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2015

	Note	30 June 2015 \$'000	30 June 2014 \$'000
REVENUE AND OTHER INCOME			
Revenue	4	11,549	9,795
Other income	4	4	4
TOTAL REVENUE AND OTHER INCOME		11,553	9,799
EXPENSES			
Depreciation and amortisation	5	2,194	2,212
Property outgoings		625	596
Rates and taxes		395	387
Responsible Entity fees		553	505
Repairs and maintenance		486	404
Insurance		272	273
Project development costs		-	441
Other expenses		514	444
TOTAL EXPENSES		5,039	5,262
RESULTS FROM OPERATING ACTIVITIES		6,514	4,537
Finance costs attributable to unitholders		3,221	2,184
Interest expense on financial liabilities measured at amortised cost		72	169
TOTAL FINANCE COSTS		3,293	2,353
PROFIT FOR THE PERIOD		3,221	2,184
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,221	2,184
Basic and diluted earnings per unit (cents)	13	12.94	8.77

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	30 June 2015 \$'000	31 Dec 2014 \$'000
ASSETS			
Cash and cash equivalents		2,436	4,397
Receivables		2,540	1,858
TOTAL CURRENT ASSETS		4,976	6,255
Receivables		750	750
Property, plant and equipment	6	99,082	99,994
Intangible assets	7	138	167
TOTAL NON-CURRENT ASSETS		99,970	100,911
TOTAL ASSETS		104,946	107,166
LIABILITIES			
Payables	8	4,686	5,181
Loans and borrowings		2,700	2,900
TOTAL CURRENT LIABILITIES		7,386	8,081
Deferred income		46	50
Issued units – liability portion		85,051	85,051
TOTAL NON-CURRENT LIABILITIES		85,097	85,101
TOTAL LIABILITIES		92,483	93,182
EQUITY			
Issued units – equity portion		85,051	85,051
Distribution account	9	3,253	4,742
Undistributed income		6,002	6,034
Accumulated losses		(81,843)	(81,843)
TOTAL EQUITY		12,463	13,984
TOTAL EQUITY AND LIABILITIES		104,946	107,166
MEMORANDUM NOTE – ISSUED UNITS			
Issued units – liability portion		85,051	85,051
Issued units – equity portion		85,051	85,051
TOTAL ISSUED UNITS		170,102	170,102

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

STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2015

	Issued units \$'000	Distribution account \$'000	Undistributed income \$'000	Accumulated losses \$'000	Total \$'000
1 JANUARY 2014	85,051	4,242	6,928	(81,843)	14,378
Profit for the period	-	-	-	2,184	2,184
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	2,184	2,184
Transfer to distribution account	-	2,184	-	(2,184)	-
Distributions paid	-	(4,242)	-	-	(4,242)
30 JUNE 2014	85,051	2,184	6,928	(81,843)	12,320
1 JANUARY 2015	85,051	4,742	6,034	(81,843)	13,984
Profit for the period	-	-	-	3,221	3,221
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	3,221	3,221
Transfer to distribution account	-	3,221	-	(3,221)	-
Transfer from undistributed income	-	32	(32)	-	-
Distributions paid	-	(4,742)	-	-	(4,742)
30 JUNE 2015	85,051	3,253	6,002	(81,843)	12,463

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 2015

	30 June 2015 \$'000	30 June 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	12,168	11,362
Cash payments in the course of operations	(4,423)	(4,650)
Interest received	56	72
Interest and other finance costs paid	(72)	(169)
NET CASH FROM OPERATING ACTIVITIES	7,729	6,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(900)	(1,125)
Proceeds from disposal of property, plant and equipment	1	-
NET CASH FROM INVESTING ACTIVITIES	(899)	(1,125)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(200)	(700)
Distributions paid (equity and liability portion)	(8,591)	(8,715)
NET CASH FROM FINANCING ACTIVITIES	(8,791)	(9,415)
Net decrease in cash held	(1,961)	(3,925)
Cash and cash equivalents at 1 January	4,397	5,912
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,436	1,987

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 2015

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. The Trust is a registered managed investment scheme under the *Corporations Act 2001*. 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. The Trust is a for profit entity.

2. BASIS OF PREPARATION

(a) Statement of compliance

The general purpose interim financial statements of the Trust are for the six months ended 30 June 2015. They have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Trust for the year ended 31 December 2014 and any public announcements made by the Trust during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements were approved by the directors of the Responsible Entity on 19 August 2015.

(b) Basis of measurement

These interim financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

These interim financial statements are 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 interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

In preparing these interim financial statements, management has made 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.

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 statements as at and for the year ended 31 December 2014.

(e) Deficiency of current assets

At 30 June 2015 the Trust had a deficiency of current assets of \$2,410,000 (30 June 2014 no deficiency) with the loan classified as a current liability as the loan facility was due to expire at the end of 2015. As announced on 2 July 2015 the Trust has entered into a new facility agreement which expires on 31 January 2019, making the loan a non-current liability.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Trust in these interim financial statements are the same as those applied by the Trust in its financial statements as at and for the year ended 31 December 2014.

30 June 2015 \$'000	30 June 2014 \$'000
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4. REVENUE AND OTHER INCOME

REVENUE

Rental

Base rent	541	530
Contingent rent	10,909	9,163

11,450	9,693
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Interest received and receivable from

Other persons	17	33
Related parties	34	35

51	68
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Other revenue

Sundry	48	34
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11,549	9,795
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OTHER INCOME

Government grants	4	4
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4	4
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5. EXPENSES

Net profit for the period includes the following specific expenses:

Depreciation

Building	729	729
Plant and equipment	1,077	1,098

1,806	1,827
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Amortisation

Computer software	35	32
Site lease	353	353

388	385
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2,194	2,212
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Net loss on disposal of property, plant and equipment	-	28
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	30 June 2015 \$'000	31 Dec 2014 \$'000
6. PROPERTY, PLANT AND EQUIPMENT		
Site lease – at cost	53,000	53,000
Less: Accumulated amortisation	(15,222)	(14,869)
	37,778	38,131
Building and integral plant – at cost or deemed cost	69,956	69,956
Less: Accumulated depreciation	(18,102)	(17,373)
	51,854	52,583
Plant and equipment – at cost	60,355	59,219
Less: Accumulated depreciation	(51,002)	(50,079)
	9,353	9,140
Work in progress	97	140
Total property, plant and equipment – net carrying amount	99,082	99,994

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 2014. 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 \$136 million. The casino licence has an amortised cost of nil (31 December 2014: nil).

Operating leases as lessor

On 19 August 2015 the Trust received the sub-lessee's notice of exercise of the options to renew the casino, hotel and ancillary facilities leases until 26 October 2029.

	30 June 2015 \$'000	30 June 2014 \$'000
Capital expenditure commitments		
Contracted but not provided for and payable:	929	164

Acquisitions and disposals

During the six months ended 30 June 2015, the Trust acquired property, plant and equipment with a cost of \$1,253,075 (six months ended 30 June 2014: \$1,086,237). Assets with a net book value of nil were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: \$67,097), resulting in a net gain on disposal of \$1,091 (six months ended 30 June 2014: net loss of \$27,509). The trade-in value assigned to disposed assets during the six months ended 30 June 2015 was nil (six months ended 30 June 2014: \$39,110).

**30 June
2015
\$'000**

**31 Dec
2014
\$'000**

7. INTANGIBLE ASSETS

Computer software – at cost	665	678
Less: Accumulated amortisation	(527)	(511)
Total intangible assets – net carrying amount	138	167

8. PAYABLES

CURRENT

Trade creditors and accruals – unsecured	1,465	1,333
Accrued distributions (note 9)	3,221	3,848
	4,686	5,181

9. DISTRIBUTIONS

DISTRIBUTABLE INCOME

The Trust Constitution requires the 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 on the statement of financial position (note 8).

The proposed distribution for the six months ended 30 June 2015 was declared on 19 August 2015, and accounted for as follows:

DISTRIBUTION ACCOUNT (refer to statement of changes in equity)

Balance relating to issued units – equity portion	3,253	4,742
ACCRUED DISTRIBUTION (PAYABLES – note 8)		
Balance relating to issued units – liability portion	3,221	3,848
Total of distribution accounts	6,474	8,590

	2015		2014	
	Total \$'000	Cents per unit	Total \$'000	Cents per unit
DISTRIBUTIONS PAID AND PAYABLE				
Half year ended 31 December paid March	8,590	17.25	8,715	17.50
Half year ended 30 June paid/payable September	6,474	13.00	4,368	8.77
	15,064	30.25	13,083	26.27

**30 June
2015
\$'000** **30 June
2014
\$'000**

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	10,521	8,893
Hotel and other non casino operations	929	800
	11,450	9,693

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

	30 June 2015	30 June 2014
Basic and diluted earnings per unit (cents)	12.94	8.77
Weighted average number of units at the end of the half year	24,900,518	24,900,518
	\$'000	\$'000
Profit for the period	3,221	2,184

14. FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 June 2015		31 December 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
ASSETS CARRIED AT AMORTISED COST				
Cash and cash equivalents	2,436	2,436	4,397	4,397
Receivables	3,290	3,290	2,608	2,608
	5,726	5,726	7,005	7,005
LIABILITIES CARRIED AT AMORTISED COST				
Payables	4,686	4,686	5,181	5,181
Loans and borrowings	2,700	2,766	2,900	2,952
Issued units – liability portion*	85,051	82,172	85,051	75,698
	92,437	89,624	93,132	83,831

* Fair value of issued units – liability portion is based on the quoted market price per unit at the reporting date.

DIRECTORS' DECLARATION

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

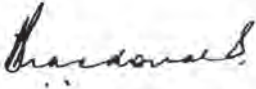
(a) the financial statements and notes set out on pages 7 to 15, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Trust's financial position as at 30 June 2015 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



Keith DeLacy
Director

Brisbane
19 August 2015

INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

Cairns Corporate Tower
15 Lake Street
Cairns QLD 4870
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Report on the financial report

We have audited the accompanying half year financial report of Reef Casino Trust (the "Trust"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Responsible Entity of the Trust 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. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Trust'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 Trust'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 and the provisions of the Trust Constitution dated 2 July 1993 (as amended) a true and fair view which is consistent with our understanding of the Trust's financial position, and of its performance.

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INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

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 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 Trust's financial position as at 30 June 2015 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 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 2015. The directors of the Responsible Entity are responsible for the preparation and presentation of the non-IFRS financial information 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*.

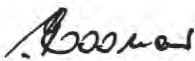
Our responsibility is to express an opinion on the non-IFRS financial information, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, 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 2015 is prepared, in all material respects, in accordance with the basis of preparation set out on page 1 of the chairman's review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Graham Coonan
Partner – Audit & Assurance

Cairns, 19 August 2015

LEAD AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of the Responsible Entity of Reef Casino Trust

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15 Lake Street
Cairns QLD 4870
Correspondence to:
PO Box 7200
Cairns QLD 4870

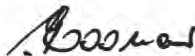
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F +61 7 4051 0116
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W grantthornton.com.au

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Reef Casino Trust for the half year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Graham Coonan
Partner – Audit & Assurance

Cairns, 19 August 2015

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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
Owned 50% Casinos Austria Group &
50% Accor Group

Casinos Austria is a leading player in the global casino gaming industry. With a unique portfolio of casino development and management services, Casinos Austria have successfully realized more casino and gaming projects in more jurisdictions than any other operator worldwide.

Accor, the world's leading hotel operator and market leader in Europe, is present in 92 countries with more than 3,600 hotels and 470,000 rooms. With more than 170,000 employees in Accor brand hotels worldwide, the Group offers to its clients and partners nearly 45 years of know-how and expertise.

Directors of the Responsible Entity

Mr Benjamin W Macdonald (Chairman)
Mr Keith DeLacy
Mr Richard Haire
Dr Karl Stoss
Mr Michael Issenberg
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)

Secretary of the Responsible Entity

Ms Alison Galligan

Compliance, Audit & Risk Committee of the Responsible Entity

Hon Keith DeLacy (Chairman)
Mr Richard Haire
Mr Simon McGrath

Unitholder enquiries

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

Solicitors to the Responsible Entity

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

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
100 Skyring Terrace
NEWSTEAD QLD 4006

Auditors of the Trust

Grant Thornton Audit Pty Ltd
Level 13
Cairns Corporate Tower
15 Lake Street
CAIRNS QLD 4870

Securities exchange listing

Official list of the Australian Securities Exchange Limited

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
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Facsimile: (07) 4030 8777
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CASINOS AUSTRIA INTERNATIONAL

The Reef Hotel 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 516 gaming machines, 38 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 and tour desk.



Indulge in the fusion of Asian and Western cuisine – a contemporary dining experience unique to Cairns. Open daily 6pm - 10pm.



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



Offering a great value range of dining options including BLD, beverages, an assortment of cakes, snacks and supper dishes. Open during Casino operating hours.



All your favourite drinks and cocktails. Great live entertainment on Thursday through Sunday nights. Open from 5pm Monday - Thursday, 4pm Friday – Saturday.



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



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 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.



Enjoy the exciting 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.



A total of nine 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.


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REEF HOTEL CASINO



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