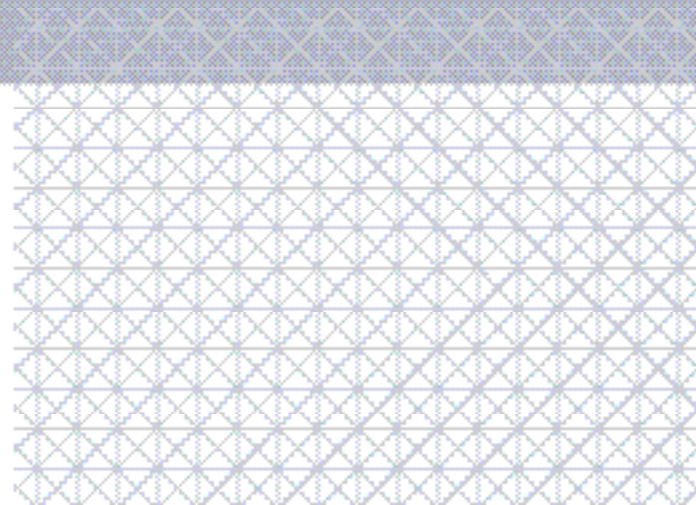


CASINOS AUSTRIA INTERNATIONAL

SOFITEL REEF CASINO CAIRNS



REEF
CASINO TRUST





Sofitel Reef Casino Cairns Swimming Pool and Spa

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Reef Casino Table Games



Cairns Rainforest Dome – a real wildlife experience

Annual General Meeting
10th May 2005 at 11 am
Reef Hotel Casino
Michaelmas Cay Room
35-41 Wharf Street
Cairns Qld Australia 4870

A notice of meeting and a proxy form are included in this report.

Unit distribution

Six months to 31 December 2004
8 cents per unit tax deferred

Payment date 29 March 2005

Total for 2004 15.25 cents per unit tax deferred

Dear unitholders,

On behalf of the Directors of Reef Corporate Services Limited, the responsible entity of Reef Casino Trust (Trust), I am pleased to present my review of the Trust's results and operations for the financial year ended 31 December 2004. The Trust had another very successful and profitable year.

Trust Performance 2004

The Trust reported a net profit of \$41.9 million for the financial year ended 31 December 2004.

The net profit consists of the following major items:

• Net operating profit	\$13.4 million
• Reversal of previous write down of the investment property as a result of the valuation performed at 30 June 2004	\$25.9 million
• Cash proceeds from the litigation settlement with Walters Construction Group in relation to the rectification work on the dome glass	\$ 2.6 million
	<u>\$41.9 million</u>

The two "non-operating" items are of a capital nature and are non distributable.

Net operating profit of \$13.4 million, up by 21%

The Trust posted a net operating profit of \$13.4 million for the financial year ended 31 December 2004.

This compares with a net operating profit of \$11.1 million for 2003 and is an increase of \$2.3 million or 21%.

The strong growth in net profit is due to increased rental income which in turn was generated by strong growth in revenues recorded by the Reef Hotel Casino complex in Cairns. Trust costs have held steady overall.

Rental revenue earned from the Reef Hotel Casino complex totalled \$21.6 million, an increase of \$2.1 million or 11% over the previous year.

Trust EBITDA (earnings before interest, tax, depreciation and amortisation) was \$17.2 million up by 10% while earnings per unit (on an operating basis) was 27.0 cents (2003: 22.3 cents).

The second half year recorded a net profit of \$7 million compared with \$6.4 million for the first half. Expenses of about \$0.2 million relating to evaluating possible investment opportunities were included in the second half year accounts.

**Second half year distribution increased to 8 cents per unit;
Total 2004 distribution up 15%**

Following another excellent set of results, the Directors of the responsible entity have declared an 8 cents per unit "tax deferred" distribution for the six months from 1 July 2004 to 31 December 2004. This is a 10% increase over the same period last year.

In accordance with the Trust Constitution, the record date was 31 December 2004. The payment date is 29 March 2005. This "tax deferred" distribution is not taxed at the time of receipt but only at the time of disposal of the said units. A distribution of 7.25 cents per unit was paid out of the first half year's profits (1 January 2004 to 30 June 2004). The total distribution for the financial year 2004 is 15.25 cents per unit (2003: 13.25 cents per unit).

The total distribution for the year represents a payout percentage of 57% (excluding capital related items). Undistributed profits have been transferred to the undistributed income account in accordance with the Trust Constitution and are available for distribution to unitholders in the future. The balance of this account is \$16.0 million as at the end of 2004.

Distribution Policy

The Trust's distribution policy seeks to achieve a balance between providing sustainable distribution growth for unitholders, and adequate cash resources for further capital investments and retirement of debt leading to further earnings growth in the future. This objective continues to be achieved.

The Trust had a cash balance of \$10.2 million at the end of 2004 which reflects its profitable results of the past few years. Should suitable investment opportunities not materialise in the near future, any surplus cash could be distributed or returned to unitholders.

Independent valuation of the Reef Hotel Casino property rises from \$105 million to \$135 million

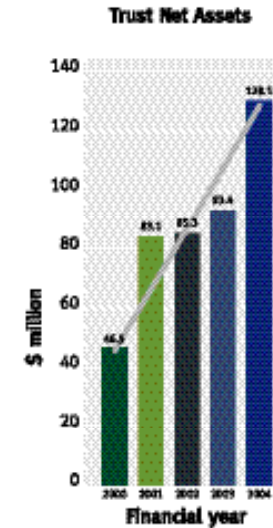
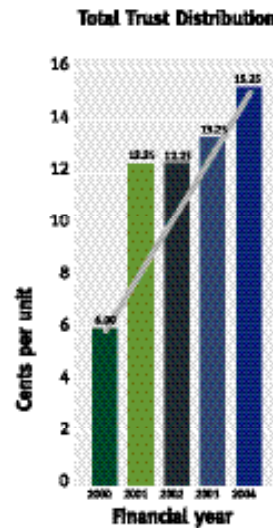
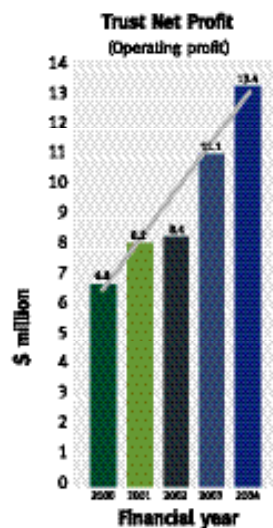
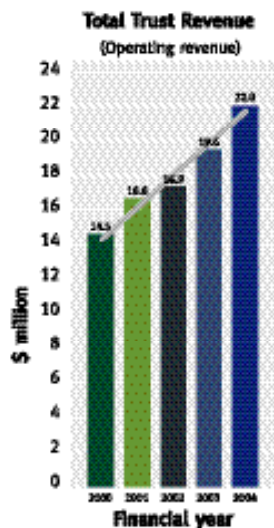
In accordance with the Trust Constitution, the Board of the responsible entity commissioned an independent valuation of the Trust property as at 30 June 2004. The Reef Hotel Casino complex is valued at \$135 million up from \$105 million three years ago. The increased value has been booked in the Trust's full year accounts.

Trust Balance Sheet is healthy

The Trust's net assets increased from \$93 million to \$128 million in 2004.

Appropriate and increased amounts were directed towards maintenance of the Trust's investment property to preserve its value.

Trust borrowings continue to come down. The amount of external borrowings is expected to be around \$16.5 million at the end of 2005.



The Reef Hotel Casino

The Reef Hotel Casino complex, the Trust's main investment property, is leased by Casinos Austria International (Cairns) Pty Ltd (CAIC), a joint venture management company owned by Casinos Austria International and Accor Hotels.

In August 2004, CAIC appointed Allan Tan its Chief Executive Officer of the Reef Hotel Casino. He has been actively and successfully involved in the management of the Reef Hotel Casino since May 2003. He has also been the Trust's Chief Financial Officer & Company Secretary since 1999. He is tasked to further develop the business of the Reef Hotel Casino.

The Reef Hotel Casino had its most successful and profitable year yet. The year was capped by the Reef Hotel Casino winning the "Significant Tourist Attraction" category at the Tropical North Queensland Tourism Awards. The signature Tamarind Restaurant also won awards at the regional and state levels.

The following major projects the complex had planned for 2004 have come to fruition:

- A brand new casino bar opened in September on the main casino floor. This new bar features a contemporary design and has improved the delivery of service to patrons.
- New carpeting on the entire main gaming floor of the casino was completed in September.
- A new advertising billboard was installed at the baggage collection area at Cairns International Airport in October.
- New feature lighting was completed on the exterior of the complex's iconic rooftop glass dome in December.

Total operating revenues of \$65 million, up 10%; visitors up 9%

The casino attracted over 1.2 million visitors in 2004, 9% more than 2003. During the year, the Reef Hotel Casino continued to offer an attractive and exciting array of gaming, dining and entertainment options. With the opening of the Cairns Rainforest Dome, a real wildlife experience, the Reef Hotel Casino continued to reinforce its reputation as the "must see, must visit" major attraction in Cairns and Far North Queensland.



Tamarind Restaurant



Sofitel Guest Suite



Reef Casino Club Privé

Casino rentals to Trust of \$20 million, up 9%

Gaming revenues of \$47.6 million were recorded in 2004, an increase of 8% over 2003. Table games "drop" (amount wagered) was up by 6.7% and slots "handle" (amount wagered) was up 13%.

The casino business grew due to:

- Continued investment in the latest gaming machines to provide exciting and innovative games.
- Management stepping up in-casino and in-complex promotions and other special events which offer something new and exciting throughout the year.
- The VIP services department has further marketed facilities to premium players, especially from Japan and China.
- Combined with enhanced service elements, the casino is well placed to tap into the emerging mainland China market.

Hotel and complex rentals to Trust of \$1.6 million, up 42%

Accommodation, food and beverage and other operating revenues were \$17.0 million for the year compared to \$15.1 million last year an increase of 13%. Hotel occupancy was 83.2%, up from 80.1% in the previous year, whilst the average room rate increased by 2% on last year. Margins too have improved as sales revenue increased.

The Reef Hotel Casino offers a wide range of food and beverage choices including fine dining, full buffets, light meals and snacks, a choice of three bars, a nightclub plus banqueting and conference facilities. Live entertainment is featured regularly.

Trust Outlook for 2005

Profit growth will be driven by rental income growth received from the sub-lessee the Reef Hotel Casino in Cairns.

With costs under control, the Directors consider that the stable growth the Reef Hotel Casino has experienced over the past two years will continue.

The growth in tourism is well on track to return to normal levels with airline companies predicting an increase in passenger numbers.

The directors of the responsible entity expects that the Trust will continue to trade profitably in 2005 and have budgeted for future profit growth.

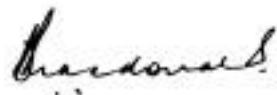
Future distributions

The Trust expects to make another distribution to all unitholders for the six months ending 30 June 2005. Such a distribution is also very likely to be on a "tax deferred" basis.

Annual General Meeting of Unitholders

The next annual general meeting will be held on 10 May 2005 in Cairns. Again, I look forward to welcoming many of you at the meeting. The notice of meeting and a proxy form are enclosed.

Finally, I would like to thank all unitholders and staff of the Reef Hotel Casino and Reef Casino Trust for their support during a very successful 2004.



Ben Macdonald

Chairman

Reef Corporate Services Limited

Responsible entity of Reef Casino Trust



Reef Casino Gaming Machines



Meeting & Conference Room

The Directors of Reef Corporate Services Limited, ABN 66 057 599 621 the responsible entity of Reef Casino Trust (Trust) present their report together with the financial report of the Trust for the year ended 31 December 2004 and the auditor's report thereon.

Responsible Entity

The Directors of Reef Corporate Services Limited during or since the end of the financial year are:

Mr Benjamin W Macdonald (Chairman)

Hon Keith De Lacy

Mr Julian Hercus

Mr Michael Issenberg

Mr Kim Mooney

Mr Allan Tan (alternate for Mr Macdonald)

Mr Ronald John Hickey (alternate for Mr Issenberg and Mr Mooney)

Mr Frank McFadden was a director of the Trust until his resignation on 6 December 2004.

Principal activities

The Trust is the owner and lessor of the Reef Hotel Casino Complex which is located in Cairns, North Queensland, Australia.

Review and results of operations

The review and results of operations is contained in the Chairman's Review commencing on page 1.

Distributions

Distributions are paid on a half yearly basis.

The distribution of \$3.61 million (7.25 cents per unit tax deferred) as reported in the annual report for the year ended 31 December 2003 was paid on 31 March 2004.

The distribution of \$3.61 million (7.25 cents per unit tax deferred) as reported in the half year report for the six months ended 30 June 2004 was paid on 24 September 2004.

The directors have declared a distribution of \$3.98 million (8 cents per unit tax deferred) in respect of the six month period ended 31 December 2004 to be paid on 29 March 2005.

State of affairs

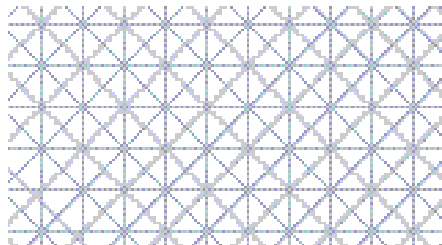
In the opinion of the Directors there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.



MR BEN MACDONALD
Non-executive Chairman



HON KEITH DE LACY
Non-executive Director,
Chairman of Audit
Committee



MR JULIAN HERCUS
Non-executive Director



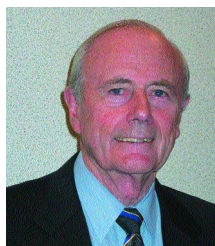
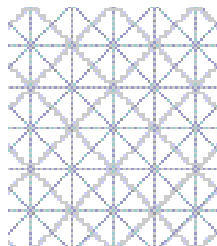
MR MICHAEL ISSENBERG
Non-executive Director



MR KIM MOONEY
Non-executive Director



MR ALLAN TAN
CEO Reef Hotel Casino,
Alternate Director for
Mr Macdonald



MR JOHN HICKEY
Alternate Director
for Mr Isenberg
and Mr Mooney

Environmental regulation

The Trust's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation in relation to its investment property. The responsible entity believes that the Trust has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Trust.

Events subsequent to balance date

On 23 February 2005, the board of directors of the responsible entity, Reef Corporate Services Limited, declared an 8 cent per unit distribution payable on 29 March 2005. This distribution totals \$3,984,083. A liability for this transaction has not been brought to account in these financial statements.

For reporting periods starting on or after 1 January 2005, the Trust must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. Further details in relation to AIFRS are contained in note 23 to the financial statements.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

Interests of the responsible entity

Reef Corporate Services Limited holds no units either directly or indirectly in Reef Casino Trust. Associates of the responsible entity hold 35,849,319 units (total number of units on issue 49,801,036) at 31 December 2004 (2003: 36,249,319 units).

Responsible entity's remuneration

In accordance with the Trust Constitution, Reef Corporate Services Limited is entitled to receive:

- (i) Half yearly fees calculated as 0.375% of the value of net assets of the Trust as at the last day of the half year period just completed, paid quarterly, plus
- (ii) Half yearly fees calculated as the greater of \$37,500 and a fee calculated on a sliding scale by reference to the value of gross assets, payable within two months of the end of each half yearly period.

Reef Corporate Services Limited is also entitled to reimbursement of Trust expenses incurred on behalf of the Trust.

Set out below are the fees paid or payable by the Trust to the responsible entity during the year:

	31/12/04	31/12/03
	\$	\$
Responsible Entity Fees	1,057,663	796,159
Reimbursement of trust expenses	52,818	49,036

Directors' interests

The relevant interests of each director of Reef Corporate Services Limited in the unit capital of the Trust at the date of this report are set out below:

	Number of units held
Mr Benjamin W Macdonald	263,750
Hon Keith De Lacy	5,000
Mr Julian Hercus	210,000
Mr Michael Issenberg	200,000
Mr Kim Mooney	122,463
Mr Allan Tan	-
Mr John Hickey	100,000

Likely developments

The Trust will continue as owner and lessor of the Reef Hotel Casino complex located in Cairns. The Trust will also consider appropriate opportunities similar to its current investment in the Reef Hotel Casino complex.

Indemnities and insurance premiums for officers or auditors

Indemnification

Since the end of the previous financial year, the Trust has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the responsible entity or an auditor of the Trust.

Insurance premiums

During the financial year the Trust has paid premiums to insure current and former directors and officers of the responsible entity against liabilities arising as a result of work performed in their capacity as directors or officers of the responsible entity.

The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Information on Directors

Ben Macdonald – Non-executive Chairman; *director since 20 September 1995.*

Mr Macdonald was born in Brisbane and educated at Geelong Grammar School Victoria. He joined Macdonald Hamilton & Co Ltd in 1952, retiring in 1985 as joint Managing Director of the company.

Since 1985, he has served as a director of a number of Australian public companies, some of which were Perpetual Trustees Australia Ltd (Chairman), AMP Society (Australia Board), CSR Limited, Placer Pacific Ltd, Allgas Energy Ltd, Bank of Queensland Ltd (Deputy Chairman) and Casinos Austria International Limited (Chairman). He was founding director and Deputy Chairman of Brisbane's first FM Radio Station (Four Triple M Ltd).

He recently retired as the Honorary Consul for Uruguay in Queensland and served on the Committee of the Royal Automobile Club of Queensland and the Salvation Army (Brisbane Division).

His current directorships include Queensland Cotton Holdings Ltd (Chairman), AP Eagers Ltd (Chairman), FKP Ltd (formerly Forrester Kurts Properties Ltd) (Chairman), and Brisbane Bears-Fitzroy Football Club Limited (Director).

Keith De Lacy – Non-executive Director; *director since 1 December 1999.*

Born in Cairns, he received a Diploma of Agriculture from Gatton College and a Bachelor of Arts Degree from the University of Queensland. He was the State Member for Cairns for fifteen years and Treasurer of Queensland from 1989 to 1996.

He is currently Chairman of listed companies Macarthur Coal Ltd, Trinity Consolidated Ltd, CEC Group Ltd, and also Chairman of Queensland Sugar Ltd. He is also a director of the Securities Exchanges Guarantee Corp.

Mr De Lacy is also involved in a number of not-for-profit organizations including Advance Cairns (Chairman), Creative Industries Precinct (Chairman), the Cairns Centre of Contemporary Arts (Chairman) and the AICD Queensland Division (Councillor).

For services to the community he has been awarded honorary doctorates from both James Cook University (HonDLitt) and Central Queensland University (DUniv), the Gatton Gold medal from the University of Queensland, and the Centenary Medal in 2003. He is a Fellow of both the Australian Institute of Company Directors and the Australian Institute of Management.

His novel *Blood Stains the Wattle* was published by CQU Press in November 2002.

Julian Hercus – Non-executive Director; *director since 31 October 2000.*

Julian Hercus is a consultant in aviation, marketing and tourism. He also has interests in several private and public companies.

He is a Director of ID Tours South Pacific Pty Ltd and Elanora Country Club. He is also Director and co-owner of Australia's Northern Territory and Outback Centre Pty Ltd.

Julian is a member of the Advertising Federation of Australia, Code of Practice Committee.

He worked at Qantas Airways for 28 years and was Deputy Chief Executive Commercial for the four years prior to his retirement.

Julian holds a Bachelor of Science Degree from the University of NSW and has attended the Advanced Management Program at Harvard University. He is a Fellow of the Australian Institute of Company Directors.

Michael Issenberg – Non-executive Director; director since 21 January 2002.

Mr Issenberg was appointed Managing Director for Accor Asia Pacific in early 2003, and has been with the company for ten years. He has responsibility and oversight for Accor's full range of business interests in the Asia Pacific region.

Prior to joining Accor Asia Pacific, Mr Issenberg spent five years as Chief Executive Officer, Hotels for Mirvac Limited. This was following a successful career at Westin Hotels and Resorts, Laventhol & Horwath and Horwath & Horwath Services Pty Limited in San Francisco and Sydney. He came to Accor with an impressive background in the hotel industry.

He also continues to be a keen supporter of Asia Pacific tourism development.

Kim Mooney – Non-executive Director; director since 21 January 2002.

Mr Mooney is the Chief Financial Officer for Accor Asia Pacific and is responsible for over 200 hotels and a range of ancillary tourism services and operations.

He joined Accor in 1993 from Resort Hotels Management as the General Manager of Finance for Australia, New Zealand, South Pacific and Japan. In May 2001 he was appointed Chief Financial Officer for Australia, New Zealand, South Pacific and Japan. Prior to this he held positions in Arts Administration in Europe, England and Australia.

He works from both the regional head office in Sydney and the Asian head office in Bangkok.

Mr Mooney is a Certified Practising Accountant, holding qualifications in Business, Hospitality and Arts Administration.

Allan Tan – Alternate for Mr Macdonald; alternate director since 10 July 1997.

Mr Tan joined Casinos Austria in 1995 as Chief Financial Officer and Company Secretary for Casinos Austria International Limited. Since this time, he has held several positions within the group, including Chief Financial Officer & Company Secretary for Reef Casino Trust; Regional Manager (Australia, Asia Pacific) for Casinos Austria Group; and now Chief Executive Officer for the Reef Hotel Casino.

He holds an honours degree in Commerce (Accounting) and is a member of the English & Welsh Institute of Chartered Accountants and a member of Chartered Secretaries Australia.

Mr Tan also holds a number of executive directorships within the Casinos Austria Group.

Ronald John Hickey – Alternate for Mr Issenberg and Mr Mooney; alternate director since 25 March 2003.

Born in Sydney, Mr Hickey had a long and distinguished career in banking, being an Executive Director of several investment banks. Mr Hickey retired from banking in 1990 and joined Accor Asia Pacific in 1994 as Group General Manager, Banking and Finance.

Appointed as Managing Director of Tourism Asset Holdings Limited in 1999 when it was a publicly listed company, he served in that role until 2002 when the company was taken over and delisted.

He is currently Group Treasurer for Accor Asia Pacific located in Sydney.

Units on issue

Units on issue and movements in issued units are detailed in note 12 to the financial statements.

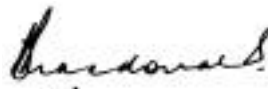
Assets

The Trust had total assets of \$148,582,000 as at 31 December 2004 (2003: \$115,893,000). The basis of valuation of the Trust's assets is disclosed in note 2 to the financial statements.

Rounding

The Trust has applied the requirements of Class Order 98/100 dated 10 July 1998 issued by the Australian Securities and Investments Commission in the preparation and presentation of amounts in this report and the accompanying financial statements. Accordingly, amounts in this report and the accompanying financial statements have been rounded off to the nearest one thousand dollars unless otherwise stated.

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



Ben Macdonald
Director

Brisbane
23 February 2005



Keith De Lacy
Director

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2004

	Note	Dec 2004 \$'000	Dec 2003 \$'000
REVENUE			
Rent	3	21,640	19,436
Other revenues from ordinary activities	3	2,969	207
Reversal of previous write down of investment property	4a	25,886	-
Total revenue	3	50,495	19,643
LESS EXPENSES			
Borrowing costs		1,574	1,691
Depreciation		2,193	2,794
Insurances		410	363
Legal and consulting fees		242	59
Property outgoings		829	781
Rates and taxes		527	442
Responsible entity fees		1,058	796
Repairs & maintenance		1,005	882
Other expenses from ordinary activities		746	727
Total expenses		8,584	8,535
NET PROFIT FROM ORDINARY ACTIVITIES		41,911	11,108
Net profit from ordinary activities before reversal of previous write down of investment property and before receipt of proceeds from litigation settlement		13,425	11,108
Basic and diluted earnings per unit (cents)	16	84.2	22.3

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2004

	Note	Dec 2004 \$'000	Dec 2003 \$'000
CURRENT ASSETS			
Cash assets	6	10,165	4,122
Receivables	7	1,835	1,872
Other	8	38	32
TOTAL CURRENT ASSETS		12,038	6,026
NON-CURRENT ASSETS			
Receivables	7	750	750
Property, plant and equipment	9	135,794	109,117
TOTAL NON-CURRENT ASSETS		136,544	109,867
TOTAL ASSETS		148,582	115,893
CURRENT LIABILITIES			
Payables	10	1,444	944
Interest bearing liabilities	11	2,500	2,500
TOTAL CURRENT LIABILITIES		3,944	3,444
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	16,500	19,000
TOTAL NON-CURRENT LIABILITIES		16,500	19,000
TOTAL LIABILITIES		20,444	22,444
NET ASSETS		128,138	93,449
UNITHOLDERS' FUNDS			
Issued units	12	170,102	170,102
Distribution account	15	3,984	3,611
Undistributed income	13	15,968	10,138
Accumulated losses	14	(61,916)	(90,402)
TOTAL UNITHOLDERS' FUNDS		128,138	93,449

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2004

	Note	Dec 2004 \$'000	Dec 2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		21,869	19,280
Cash payments in the course of operations		(4,762)	(3,922)
Interest received		254	52
Cash receipts from litigation settlement		2,600	-
Net cash flows provided by operating activities	21(ii)	19,961	15,410
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,566)	(2,316)
Proceeds from sale of property, plant and equipment		3	70
Net cash flows used in investing activities		(2,563)	(2,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans by complex operator		-	800
Repayment of borrowings		(2,500)	(2,500)
Distributions paid		(7,222)	(6,101)
Interest and other finance charges paid		(1,633)	(1,699)
Net cash flows used in financing activities		(11,355)	(9,500)
NET (DECREASE)/INCREASE IN CASH HELD		6,043	3,664
Cash at the beginning of the financial year		4,122	458
CASH AT THE END OF THE FINANCIAL YEAR	21(i)	10,165	4,122

There were no non-cash financing or investing activities.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

1. THE TRUST

Reef Casino Trust was established by a Trust Constitution dated 2 July 1993 as amended by supplemental deeds dated 30 November 1993, 31 May 2000, 8 August 2001 and 14 April 2004, and subject to the provisions of the Trust Constitution, shall determine on 1 July 2074.

The Trust became a registered managed investment scheme under the Corporations Act 2001 on 28 June 2000. Due to legislative requirements, the responsible entity's dealers licence was replaced by an Australian Financial Services Licence, effective 10 March 2004.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001, and the requirements of the Trust Constitution.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by the Trust and except where there is a change in accounting policy, are consistent with those of the previous financial year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current year amounts and other disclosures.

(b) Revenue recognition

Revenue from rent and interest is brought to account when earned and, if not received at balance date, is reflected in the Statement of Financial Position of the Trust as receivables.

(c) Income tax

Under current income tax legislation, the Trust is not subject to income tax, provided that the taxable income is able to be fully distributed to unitholders each year, and any taxable capital gain derived from the sale of an asset is fully distributed to unitholders. Tax allowances for building and plant and equipment depreciation are distributed in the form of tax deferred benefits.

At 31 December 2004, carried forward tax losses available to offset future assessable income of the Trust amounted to \$59 million (2003: \$66 million).

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**(d) Receivables**

All debtors are generally settled within 30 days and are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(e) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount exceeds its recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts of property, plant and equipment, the capitalisation of future maintainable earnings of the Trust arising from the Trust's interest in the leases is used. The relevant cash flows have not been discounted to their present value.

(f) Revaluations of property, plant and equipment**Investment property**

The investment property is a composite asset comprising the building and the site lease. The investment property is held for the purpose of the accretion of wealth by way of rentals and capital appreciation.

The Trust adopts the cost basis for the investment property except for investment property already written down to recoverable amounts lower than original cost.

The Trust will continue with its policy of obtaining valuations of the investment property in accordance with the Trust Constitution which requires the investment property to be valued at least once during every 3 years. These valuations will be reflected in the financial statements to the extent that they result in further write down or reversals of previous write downs.

The valuation is based on the price at which a property might reasonably be expected to be sold at the date of valuation, assuming:

- (i) a willing, but not anxious, buyer and seller;
- (ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- (iii) that the property will be reasonably exposed to that market;
- (iv) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and

only takes into account instructions given by the responsible entity and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the responsible entity.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)**(g) Depreciation of property, plant and equipment**

The investment property is not depreciated.

Items of plant and equipment are initially recorded at cost and are depreciated or amortised over their estimated useful lives. The straight line method is used.

Purchased assets are depreciated or amortised from the date of acquisition. Internally constructed assets are depreciated or amortised from the time the asset is completed and held ready for use.

Plant and equipment depreciation rates range from 13 to 33.33 per cent per annum.

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised where it is probable that future economic benefits, in excess of the originally assessed performance of the asset will flow to the Trust in future years. Where these costs represent separate components and not part of the investment property they are accounted for as separate assets and are separately depreciated over their useful lives.

(h) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust. Trade accounts payable are normally settled within 30 days.

(i) Derivatives

The Trust is exposed to changes in interest rates from its borrowings. The Trust may utilise interest rate swaps to hedge these risks. Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the statement of financial performance as an adjustment to borrowing costs during the period.

Derivative financial instruments that are designated and effective as hedges of underlying exposures are accounted for on the same basis as the underlying exposure.

Derivative financial instruments are not held for speculative purposes.

(j) Bank loans

Bank loans are carried on the statement of financial position at their principal amount. Interest expense is accrued and included in "payables".

(k) Classification of assets and liabilities

Assets and liabilities have been classified in the financial statements as either current or non-current. Current assets are cash and other assets that would in the ordinary course of business be consumed or converted into cash within 12 months. Current liabilities are liabilities that would in the ordinary course of business be due and payable within 12 months.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(l) Borrowing costs

Borrowing costs include interest and other costs associated with the arrangement of borrowings. Borrowing costs (with the exception of interest) are expensed as paid. Interest is expensed as incurred.

(m) Responsible entity's fee

Prior to 28 June 2000, Reef Corporate Services Limited received a management fee as Manager of the Trust. After 28 June 2000 Reef Corporate Services Limited continued to receive a management fee as the single responsible entity.

Under the Trust Constitution, the responsible entity is entitled to a fee amounting to:

- (i) Half yearly fees calculated as 0.375% of the value of net assets of the Trust as at the last day of the half year period just completed, paid quarterly, plus
- (ii) Half yearly fees calculated as the greater of \$37,500 and a fee calculated on a sliding scale by reference to the value of gross assets, payable within two months of the end of each half yearly period.

Reef Corporate Services Limited is also entitled to reimbursement of Trust expenses incurred on behalf of the Trust.

	Dec 2004 \$'000	Dec 2003 \$'000
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3. REVENUE FROM ORDINARY ACTIVITIES

Rent from operating activities	21,640	19,436
Other revenues:		
From operating activities		
Interest received or due and receivable from:		
Other persons	290	54
Related parties	66	63
Revenues from outside operating activities		
Reversal of previous write down of investment property (note 4a)	25,886	-
Proceeds from litigation settlement (note 4a)	2,600	-
Gross proceeds from sale of plant and equipment	3	70
Other revenue	10	20
Total other revenues	28,855	207
Total revenue from ordinary activities	50,495	19,643

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

4. PROFIT FROM ORDINARY ACTIVITIES

	Dec 2004 \$'000	Dec 2003 \$'000
(a) Individually significant items included in net profit		
Reversal of previous write down of investment property	25,886	-
Proceeds from litigation settlement in relation to rectification work of the dome glass	2,600	-
(b) Net profit from ordinary activities has been arrived at after charging/(crediting) the following items		
Borrowing costs	1,574	1,691
Depreciation of plant and equipment	2,193	2,794
Net (gain)/loss on disposal of plant and equipment	(3)	(55)

5. AUDITOR'S REMUNERATION

Audit services:	\$	\$
Compliance plan and statutory audits	50,450	47,970
Other regulatory audit services	5,540	13,140
Other services:		
Accounting advice	7,280	-

6. CASH ASSETS

	\$'000	\$'000
Cash (held in interest bearing accounts, at call)	2,165	822
Bank short term deposits, maturing within 30 days paying interest at a weighted average interest rate of 5.41% (2003: 5.45%)	8,000	3,300
	10,165	4,122

7. RECEIVABLES

Current

Rent receivable from complex operator	1,686	1,834
Other debtors	149	38
	1,835	1,872

Non-current

Loans to complex operator	750	750
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

8. OTHER ASSETS

	Dec 2004 \$'000	Dec 2003 \$'000
Current		
Prepayments	38	32

9. PROPERTY, PLANT AND EQUIPMENT

Investment property - at cost	161,102	161,102
Less: write down in prior periods	(92,540)	(92,540)
Add: reversal of previous write down ^①	60,349	34,460
Recoverable amount	128,911	103,022
Plant and equipment at cost	47,078	44,621
Less: accumulated depreciation	(40,195)	(38,526)
	6,883	6,095
Total property, plant and equipment at net book value	135,794	109,117

^① An independent valuation of the Trust's interests in the Reef Hotel Casino complex was carried out by Colliers Jardine Consultancy and Valuation Pty Limited as at 30 June 2004 on the basis of current market value. The Trust's interest in the complex, which comprises the building, site lease and plant and equipment, was valued at \$135 million.

As the independent valuation did not assign separate values to the building, site lease and plant and equipment, the directors of the responsible entity of the Trust allocated the whole of the increment (being a reversal of the previous write-down) to the investment property. As a result, in accordance with the Trust Constitution, the investment property (which comprises the building and the site lease) and plant and equipment were revalued upwards by a total of \$26 million.

The comparatives have been restated to include the component of the investment property representing the unamortised cost of the site lease and the allocation of the previous write down attributable to this component.

These amounts had previously been disclosed on a net basis within Investment Property – at unamortised cost.

The remaining term of the site lease is 64 years.

Reconciliations:

Reconciliations of the carrying amounts for each class of property, plant, and equipment are set out on the following page:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

9. PROPERTY, PLANT AND EQUIPMENT (cont)

	Investment Property \$'000	Plant & Equipment \$'000	Total \$'000
December 2004			
Carrying amount at beginning of year	103,022	6,095	109,117
Additions	3	2,981	2,984
Reversal of previous write down	25,886	-	25,886
Depreciation	-	(2,193)	(2,193)
Carrying amount at end of year	128,911	6,883	135,794

December 2003			
Carrying amount at beginning of year	102,911	7,071	109,982
Additions	111	1,833	1,944
Disposals	-	(15)	(15)
Depreciation	-	(2,794)	(2,794)
Carrying amount at end of year	103,022	6,095	109,117

	Dec 2004 \$'000	Dec 2003 \$'000
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10. PAYABLES

Current

Trade creditors and accruals – unsecured	1,444	944
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11. INTEREST BEARING LIABILITIES

Current

Bank loan – Bank of Queensland Limited ^①	2,500	2,500
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Non-current

Bank loan – Bank of Queensland Limited ^①	16,500	19,000
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^① The bank loan is secured by a registered first mortgage over the Special Lease (a Crown lease for a term of 75 years under which the Trust occupies the site on which the Complex is built) and a first ranking fixed and floating equitable charge over the whole of the assets and undertakings of the Trust. The loan is repayable in equal twice-yearly instalments of \$1,250,000, commencing March 2003 and maturing September 2007. Interest is payable at a fixed margin over Bank of Queensland's cost of funds for \$7,500,000 (December 2003: \$10,000,000) and at 8.05% for \$11,500,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

12. ISSUED UNITS

	Dec 2004 \$'000	Dec 2003 \$'000
49,801,036 (December 2003: 49,801,036) units	170,102	170,102

Unitholders are entitled to receive distributions as declared from time to time and are entitled to one vote per unit at unitholders' meetings.

The number of issued units includes 740,000 (December 2003: 740,000) restricted founder units which are unable to be sold without the permission of the State Government of Queensland.

13. UNDISTRIBUTED INCOME

Opening balance	10,138	5,629
Transfer from net profits (note 14)	5,830	4,509
Closing balance	15,968	10,138

14. ACCUMULATED LOSSES

Opening balance	(90,402)	(90,402)
Add net profit from ordinary activities	13,425	11,108
Add non distributable profits ^①	28,486	-
Less transfers to undistributed income (note 13)	(5,830)	(4,509)
Less transfers to distribution account (note 15)	(7,595)	(6,599)
Closing balance	(61,916)	(90,402)

^① The reversal of previous write down of investment property and the proceeds from the litigation settlement are of a capital nature and are non distributable.

15. DISTRIBUTIONS

	Cents per unit	Total Amount \$'000	Date of Payment
Distributions proposed or paid by the Trust are:			
2004			
Proposed 6 months ended December 2004 ^①	8.00	3,984	29/03/05
Paid 6 months ended June 2004	7.25	3,611	24/09/04
		7,595	

^① Refer note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

15. DISTRIBUTIONS (cont)

	Cents per unit	Total Amount \$'000	Date of Payment
2003			
Paid 6 months ended December 2003	7.25	3,611	31/03/04
Paid 6 months ended June 2003	6.00	2,988	26/09/03
		6,599	

All distributions are "tax deferred" in accordance with the Income Tax Assessment Act 1997.

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.

	Dec 2004 \$'000	Dec 2003 \$'000
Distribution Account		
Opening balance	3,611	3,113
Distributions paid	(7,222)	(6,101)
Distributions proposed	7,595	6,599
Closing balance	3,984	3,611

16. EARNINGS PER UNIT

Basic and diluted earnings per unit (cents)	84.2^①	22.3
^① Includes reversal of write down of investment property and proceeds from litigation settlement (57.2 cents per unit), otherwise 27.0 cents per unit.		
Weighted average number of units on issue, used in the calculation of basic and diluted earnings per unit	49,801,036	49,801,036

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

17. SEGMENT INFORMATION

The Trust operates in one business segment, that of property ownership and rental in the tourism, leisure and gaming industry, and in one geographical segment, Australia.

18. FINANCING ARRANGEMENTS

	Dec 2004 \$'000	Dec 2003 \$'000
Bank loan and overdraft facility maturing September 2007 (\$19.0 million loan; \$2 million overdraft facility)	21,000	23,500
Amount of facility used at balance date	19,000	21,500
Amount of facility unused at balance date	2,000	2,000

19. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

The Trust's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate 1 to 5 years \$'000	Non interest bearing \$'000	Total \$'000
31 December 2004					
Financial Assets					
Cash Assets (note 6)	5.4	10,165	-	-	10,165
Receivables (note 7)	8.9	750	-	1,835	2,585
Total financial assets		10,915	-	1,835	12,750
Financial Liabilities					
Interest bearing liabilities (note 11)	7.8	7,500	11,500	-	19,000
Payables (note 10)	-	-	-	1,444	1,444
Total financial liabilities		7,500	11,500	1,444	20,444

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

19. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (cont)

	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate 1 to 5 years \$'000	Non interest bearing \$'000	Total \$'000
31 December 2003					
Financial Assets					
Cash Assets (note 6)	5.3	4,122	-	-	4,122
Receivables (note 7)	8.9	750	-	1,872	2,622
Total financial assets		4,872	-	1,872	6,744
Financial Liabilities					
Interest bearing liabilities (note 11)	7.8	10,000	11,500	-	21,500
Payables (note 10)	-	-	-	944	944
Total financial liabilities		10,000	11,500	944	22,444

20. COMMITMENTS

Capital expenditure commitments

Contracted but not provided for and payable:

Not longer than one year	325	290
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

21. NOTES TO THE STATEMENT OF CASH FLOWS

	Dec 2004 \$'000	Dec 2003 \$'000
(i) Reconciliation of cash assets		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	2,165	322
Bank short term deposits	8,000	3,800
	10,165	4,122
(ii) Reconciliation of net profit to net cash flows provided by operating activities		
Profit from ordinary activities	41,911	11,108
Add/(less) items classified as financing or investing activity		
Borrowing costs	1,574	1,691
(Profit)/loss on sale of property, plant and equipment	(3)	(55)
Add/(less) non-cash items		
Depreciation	2,193	2,794
Recognition of prepaid base rent	-	(75)
Reversal of previous write down of investment property	(25,886)	-
Net cash provided by operating activities before changes in assets and liabilities	19,789	15,463
Changes in assets and liabilities adjusted for investing and financing activities		
Decrease/(increase) in receivables and other assets	31	(88)
Increase in payables	141	35
Net cash provided by operating activities	19,961	15,410

22. RELATED PARTY INFORMATION

The Responsible Entity

The responsible entity of Reef Casino Trust is Reef Corporate Services Limited (ABN 66 057 599 621) whose immediate holding companies are Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

22. RELATED PARTY INFORMATION (cont)

Remuneration of directors and executives of the Responsible Entity

	PRIMARY BENEFITS Salary & Fees	POST-EMPLOYMENT Superannuation benefits	Total
	\$	\$	\$
2004			
Specified Directors			
Non-Executive			
Benjamin Macdonald (Chairman)	60,000	4,050	64,050
Keith De Lacy	40,000	3,600	43,600
Julian Hercus	38,000	3,420	41,420
Michael Issenberg	-	-	-
Kim Mooney	-	-	-
Ronald John Hickey	-	-	-
Frank McFadden (resigned 06/12/04)	-	-	-
Executive			
Allan Tan (Chief Financial Officer & Company Secretary)	145,336	10,727	156,063
Total	283,336	21,797	305,133
2003			
Total	243,288	23,430	266,718

Only directors who are not full time executives of Casinos Austria International Limited group or Accor Asia Pacific group receive remuneration from the Trust or the Responsible Entity.

Executive remuneration is based on an allocation of the total amount paid by Casinos Austria International Limited in connection with managing the affairs of the Trust. The amount allocated has been reimbursed by the Trust.

The Responsible Entity determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors. This is determined by given trends in other public companies in the same industry.

None of the directors of the responsible entity has or has had any interest in the promotion of the Trust or in the property to be acquired for the purposes of the Trust other than the directors of the responsible entity are entitled to receive directors fees from the Trust, as set out above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

22. RELATED PARTY INFORMATION (cont)

Remuneration of directors and executives of the Responsible Entity (cont)

During the financial year the Trust has paid premiums to insure current and former directors and officers of the responsible entity against liabilities arising as a result of work performed in their capacity as directors or officers of the responsible entity.

The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Unit holdings of directors of the Responsible Entity

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
Benjamin Macdonald	13,750	250,000 ⁽ⁱ⁾	263,750
Keith De Lacy	5,000	-	5,000
Julian Hercus	60,000	150,000 ⁽ⁱ⁾	210,000
Michael Issenberg	200,000	-	200,000
Kim Mooney	122,463	-	122,463
Allan Tan	-	-	-
John Hickey	100,000	-	100,000
Frank McFadden (resigned 06/12/04)	316,684	(316,684)	-
Total	817,897	83,316	901,213

⁽ⁱ⁾ Purchased from Casinos Austria AG for below market value under an arrangement between the directors and Casinos Austria AG in relation to the completion of the off-market takeover bid made by Casinos Austria International Holding GmbH (a subsidiary of Casinos Austria AG) for all the ordinary shares in Casinos Austria International Limited.

Responsible entity's remuneration

	Dec 2004	Dec 2003
	\$	\$
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year		
Responsible entity fee	1,057,663	796,159
Reimbursement of trust expenses	52,818	49,036

Details of the basis of responsible entity's fees are set out in note 2(m).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

22. RELATED PARTY INFORMATION (cont)

Other related parties

- The complex operator is jointly owned by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Limited.
- Reef Casino Investments Pty Ltd (jointly owned by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Ltd) directly owns 50.2% of Reef Casino Trust.
- Casinos Austria AG (the ultimate parent company of Casinos Austria International Limited) directly owns 11.4% of Reef Casino Trust.
- Casinos Austria International Limited directly owns 5.5% of Reef Casino Trust and Accor Casino Investments (Australia) Pty Ltd directly owns 4.9% of Reef Casino Trust.

Each of these entities are considered to be related parties and transactions and balances with these entities are summarised below.

	Dec 2004	Dec 2003
	\$'000	\$'000
Aggregate amounts brought to account in relation to transactions with other related parties:		
Rental income received from complex operator	21,640	19,436
Interest on loan to complex operator	66	63
Operating expenses paid by the Trust to the complex operator and entities related to the responsible entity	2,087	1,929
Management fee to complex operator	93	85
Distribution paid or payable	4,376	1,811

Aggregate amounts receivable/payable with related parties

at balance date:		
Current receivables	1,686	1,834
Non-current receivables	750	750
Current payables	753	648

Controlling entity

The ultimate chief parent entity is Reef Casino Investments Pty Ltd which is incorporated in Australia.

For the year ended 31 December 2004

23. EVENTS SUBSEQUENT TO REPORTING DATE

On 23 February 2005 the board of directors of the responsible entity, Reef Corporate Services Limited, declared an 8 cent per unit distribution payable on 29 March 2005. This distribution totals \$3,984,083. A liability for this transaction has not been brought to account in these financial statements.

International Financial Reporting Standards (IFRS)

For reporting periods beginning on or after 1 January 2005, the Trust must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ending on 31 December 2004.

Reef Casino Trust is managing the transition of its accounting policies and financial reporting from current accounting standards to AIFRS. The Trust has allocated internal resources and engaged expert consultants to isolate key areas that will be impacted by the transition. Furthermore, these key areas have been and continue to be researched in order to assess the effect they will have on the financial statements of the Trust.

The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Trust's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

Any assessments made in respect of the transition to AIFRS may require adjustment before inclusion in the first complete annual / half year financial report prepared in accordance with AIFRS due to new or revised standards or interpretations, changes in the operations of the business, or additional guidance on the application of AIFRS in a particular industry or to a particular transaction.

The Trust has not yet fully quantified the effects of the differences discussed below.

For the year ended 31 December 2004

23. EVENTS SUBSEQUENT TO REPORTING DATE (cont)

International Financial Reporting Standards (IFRS) (cont)

The key potential implications of the conversion to AIFRS on the Trust are as follows:

(a) Investment property

The Trust currently has the property classified as an investment property. The directors consider that the property would also be classified as an investment property under IFRS. However, additional guidance on the implementation and application of AASB140 is being sought. Under AIFRS, an assessment will be required to determine whether this property continues to be classified as an investment property or whether it will be classified as property, plant and equipment. The implications of the classification are as follows:

- An investment property is required to be carried at cost or fair value. Where the cost model is elected, the investment property is depreciated over its useful life. Where the fair value model is elected, fair value adjustments are recognised in the statement of financial performance.
- Property, plant and equipment is required to be carried at cost or fair value and depreciated over its useful life. Where the fair value model is elected, the revaluation increments are taken to the asset revaluation reserve within equity. However, the increments will be recognised on the statement of financial performance to the extent it reverses previous revaluation decrements recognised in the statement of financial performance.

(b) Changes in accounting policies

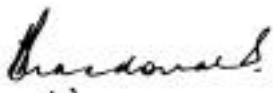
Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

The financial effects of the above transactions have not been brought to account in the financial report for the year ended 31 December 2004.

In the opinion of the directors of Reef Corporate Services Limited, the responsible entity of Reef Casino Trust:

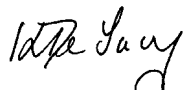
- (a) The financial statements and notes set out on pages 14 to 33 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Trust as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia 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.
- (c) The Trust has operated during the year ended 31 December 2004 in accordance with the provisions of the Trust Constitution dated 2 July 1993 (as amended).
- (d) The Register of Unitholders has, during the year ended 31 December 2004, been properly drawn up and maintained so as to give a true account of the Unitholders of the Trust.

Signed in accordance with a resolution of the directors.



Ben Macdonald
Director

Brisbane
23 February 2005



Keith De Lacy
Director

To The Unitholders Of Reef Casino Trust

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 23 to the financial statements, and the directors' declaration for Reef Casino Trust (the Trust) for the year ended 31 December 2004.

The directors of the responsible entity, Reef Corporate Services Limited, are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the Trust. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia and of the provisions of the Trust Constitution dated 2 July 1993 (as amended), a view which is consistent with our understanding of the Trust's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

To The Unitholders Of Reef Casino Trust

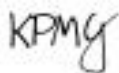
Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Reef Casino Trust for the year ended 31 December 2004 is in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Trust's financial position as at 31 December 2004 and of its performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia, and
- c) the provisions of the Trust Constitution dated 2 July 1993 (as amended).



KPMG



Jillian Richards

Partner

Brisbane

23 February 2005

The Directors of Reef Corporate Services Limited, the responsible entity of Reef Casino Trust support the principles of corporate governance developed by the ASX Corporate Governance Council, in order to promote investor confidence and credibility of Australian capital markets.

The responsible entity complies with the majority of the ASX Principles. Where it does not, it is largely in respect of obligations to disclose material or matters where the nature of regulation of listed trusts or of the Trust's business is such that the board of the responsible entity considers that there has been no detriment to the unitholders of the Trust from non-compliance. Areas of non-compliance and the reasons for non-compliance are noted in this statement.

The following corporate governance practices were in place throughout the financial year, unless otherwise stated. In this statement, "the Board" means the Board of Directors of the responsible entity of the Trust, being Reef Corporate Services Limited.

Management and oversight of the Board

Reef Corporate Services Limited is the responsible entity for the Trust.

The responsible entity's role is provided for in the Trust Constitution. Its role covers the provision of all corporate services in connection with the Trust, including investor relations, government and operator liaison, secretarial and administrative services, maintenance of financial and taxation records and statutory compliance plus overall corporate governance of the Trust, including the protection of unitholders' interests.

Reef Corporate Services Limited has established an audit committee and a compliance committee. The audit committee and compliance committee have written mandates and operating procedures which are reviewed on a regular basis. Reef Corporate Services Limited has also established a framework for the management of the Trust including a system of internal control, a business risk management process and appropriate ethical standards. The philosophy of the responsible entity in regard to corporate governance is in accordance with the philosophy set down by the Trust Constitution and the Corporations Act 2001.

The board members are appointed pursuant to the constitution of the responsible entity. The board has delegated responsibility for the day to day management of the Trust to the Chief Financial Officer and Company Secretary. The Chief Financial Officer and Company Secretary has a formal job description outlining duties, rights and responsibilities.

The separation of responsibilities between the board and management is clearly understood and respected.

Structure of the Board

During the financial year, the Board comprised six non-executive directors (including the Chairman). The names and details of the directors in office at the date of this Statement, and the period of office of each director, are set out in the relevant section of the Annual Report.

The Board does not meet ASX Recommendation 2.1: *A majority of the board should be independent directors*. However, this is due to the provisions set out in the constitution of the responsible entity, stating that the directors are to be appointed as follows:

- two directors appointed by the unitholders;
- two directors appointed by Casinos Austria International Limited (CAIL); and
- two directors appointed by Accor Casino Investments (Australia) Pty Ltd.

Directors appointed by the unitholders remain in office for a term of 3 years (unless removed earlier) and are then subject to re-election. All other directors remain in office until removed by their appointers. All director appointments must be approved by the Queensland Treasurer.

The Chairman of the board of directors of Reef Corporate Services Limited is appointed by agreement of the directors. Any of the directors may be appointed Chairman. The Board does not meet ASX Recommendation 2.2: *The chairperson should be an independent director*. The Chairman, Mr Benjamin Macdonald is appointed by CAIL as a director and is not independent. The Board believes that this does not inhibit the responsibilities of the Chairman as outlined in ASX Recommendation 2.2.

The Board recognises the concept of independence and the significant influence from CAIL and Accor arising from the composition of the board. However, it believes the current structure is appropriate and adds value to the Trust.

The Trust has no Chief Executive Officer, although similar roles are carried out by the Chief Financial Officer and Company Secretary. Functions performed by the Chief Financial Officer and Company Secretary have always remained separate from the functions performed by the Chairman.

The Trust has a relatively small Board, whereby the full Board performs the functions of the recommended nomination committee. The functions include the assessment of the necessary and desirable competencies of board members, review of board succession plans, evaluation of the board's performance and the appointment and removal of directors.

The Board follows the ASX Listing Rules for the appointment of directors and is in the process of formalising nomination committee procedures.

Wherever conflicts of interest may arise, the Board's policies and procedures are to ensure all interests are disclosed and each director is able to seek independent professional advice at the Trust's expense, with prior approval of the Chairman.

Decision making

The Board supports the ongoing need for directors and employees to demonstrate the highest level of behaviour and ethics. The Board's policy is for the Directors and management to conduct themselves with the highest business ethical standards and integrity. These policies address all the issues set out in ASX Recommendation 3.1.

The Board has established written directions restricting directors' dealings in Trust units.

Trust policy requires directors to discuss a proposed trade in Trust units with the Chairman prior to any trade. Unless there are unusual circumstances, directors should not trade in Trust units except during the period of one month after the lodgement of the Trust's half year and annual profit announcements with the ASX and in the period of one month after the holding of the Trust's annual general meeting, provided that directors are not at the time in possession of price sensitive information which is not generally available to the market.

The Trust's policies on the above issues are included in the compliance plan, copies of which are available through ASIC.

Financial Reporting

Financial statements from the Chief Financial Officer and Company Secretary are based on a sign off established throughout the Trust and reviewed by the audit committee as part of a six month reporting process.

The Board has established an audit committee operating under a Charter approved by the Board. The audit committee comprises all Directors of Reef Corporate Services Limited. The role of the audit committee is to consider any matters relating to the financial affairs of the Trust and matters relating to the external audit of the Trust as it determines necessary.

The responsibilities of the audit committee include:

- overseeing compliance with statutory responsibilities relating to financial disclosure but excluding financial disclosure in relation to the Australian Financial Services Licence and the Casino Control Act 1982 (Queensland);
- monitoring corporate risk assessment and the internal controls instituted;
- liaising with the external auditors;
- reviewing the half year and annual audit plan with the auditors;
- reviewing information derived from the half year and annual audit; and
- supervising special investigations.

Financial Reporting (cont)

The audit committee also gives the board of directors additional assurance regarding the quality and reliability of the financial information prepared for use by the board in determining policies or for inclusion in the annual and half yearly financial report.

After examining material provided by the external auditor, KPMG, the audit committee is satisfied that the standards for auditor independence and associated issues are fully complied with.

Minutes of meetings of the audit committee are provided to the Board in compliance with ASX Recommendation 4.4, and the Trust complies with the reporting guidelines in ASX Principle 4 in its annual report. During the year the committee held two meetings attended by all directors.

Due to the small size of the board, the members of the audit committee comprise all directors of Reef Corporate Services Limited. The Trust departs from ASX Recommendation 4.3 in that it does not consist of a majority of independent directors.

The external auditors, company secretary, the chief financial officer and other relevant experts attend audit committee meetings at the invitation of the audit committee. The audit committee meets at least twice per year. It is authorised to take such independent professional advice as it considers necessary.

Disclosures

The Board has established policies and procedures, which are regularly reviewed, to ensure the Trust complies with legal obligations and ASX Listing Rules.

The Chief Financial Officer and Company Secretary is responsible for communications with the ASX including ensuring continuous disclosure requirements under the ASX Listing Rules and overseeing information to the ASX, unitholders and other interested parties. The Board has updated its continuous disclosure documents to a format, which covers the policies and procedures set out in ASX Recommendation 5.1.

Rights of Unitholders

The Board aims to ensure that the unitholders are informed of all major developments affecting the Trust's state of affairs. Information is communicated to unitholders as follows:

- Half yearly financial report containing financial information and review of the operations of the Trust during the half year;

Rights of Unitholders (cont)

- Annual report containing the relevant information about the operations of the Trust during the year, changes in the state of affairs of the Trust and details of future developments in addition to disclosures required by the Corporations Act 2001, ASX and accounting standards;
- Notice of all meetings of unitholders;
- Distribution advices with information including the components which make up the distributions.
- Other material matters are also announced as required.

Proposed major changes in the Trust which may impact on unitholders' rights are submitted to a vote of unitholders.

The Board encourages full participation of unitholders at general meetings to ensure a high level of accountability and identification with the Trust's strategy and goals. Important issues are presented to the unitholders as single resolutions.

A representative of the external auditor, KPMG, attends the annual general meetings and is available to answer questions about the audit from unitholders. The unitholders are advised of this at the commencement of the meeting by the Chairman.

Risk

The responsible entity places high priority on risk management and internal controls throughout the Trust's operations. Under the guidance of the audit and compliance committees, the risk control program has been reviewed, incorporating statutory compliance and internal control compliance including financial reporting, functional specialty reporting and investment appraisals.

The audit and compliance committees develop policies, oversees the risk management system, and assessment of effectiveness of the internal control program. The committees meet a minimum of twice a year to monitor compliance and are authorised to take independent professional advice as it considers necessary. A description of the Trust's risk management policy and internal compliance and control system are contained within the compliance plan which is available on request from ASIC.

Due to the size of the responsible entity, the Board relies on its financial management team including the Chief Financial Officer and Company Secretary to perform internal audit functions, which reports to the Board by attending all meetings.

Risk (cont)

The board has also instigated an internal control framework as described below:

- Financial reporting - there is a comprehensive budgeting system with an annual budget approved by the directors. Monthly actual results are reported against budget. The Trust reports to unitholders on a twice yearly basis. Procedures are also in place to ensure that price sensitive information is reported to the ASX in accordance with continuous disclosure requirements.
- Functional specialty reporting - the board has identified a number of key areas which are subject to regular reporting to the board such as operational, legal and insurance matters.
- Investment appraisal - the Trust has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures and levels of authority.

Performance

The Board continuously reviews its performance and the performance of executive management. Further details are included under the heading Structure of the Board.

Each new director appointed undergoes an induction with the Chairman, and management is available for discussions as required. In addition, the management presents to the board regular financial and corporate updates which are relevant to the Trust.

Remuneration

Details of the directors' remuneration are set out in note 22 of the Annual Report. Independent advice is obtained, as needed, on the appropriateness of the directors' remuneration. Only directors who are not full time executives of Casinos Austria International Limited group or Accor Asia Pacific group receive remuneration.

The entire board fulfils the role of the remuneration committee due to the relatively small size. The committee is in the process of formalising a charter to outline the responsibilities and policies of committee members.

No shares or options are issued to directors.

Interests of Stakeholders

The responsible entity has policies and procedures in place to promote a culture of compliance and ethical standards. The compliance committee was established with the responsibility of evaluating the effectiveness of the responsible entity's compliance system and protecting the responsible entity and its Board from breaching its statutory obligations. Again, copies of the compliance plan are available through the ASIC.

The Board recognises the importance of ethical and legal standards to maintain good relations with unitholders, stakeholders, the community and government organisations.

Substantial Unitholders

Substantial unitholders as at 28 February 2005 are:

Unitholder	Number	%
Reef Casino Investments Pty Ltd	25,000,000	50.20
Casinos Austria AG	5,671,801	11.39
Casinos Austria International Limited	2,755,715	5.53

Distribution of Unitholders (as at 28 February 2005)

Category	Founder & sponsor units	Public units	Total unitholdings
1 - 1,000	2,700	815,959	1.64
1,001 - 5,000	761	1,855,864	3.73
5,001 - 10,000	137	1,038,152	2.08
10,001 - 100,000	119	3,510,161	7.05
100,001 & over	23	42,580,900	85.50
	3,740	49,801,036	100.00

The number of unitholders holding less than a marketable parcel of units (159 units) at 28 February 2005 was 1,141.

Restricted Founders Units (as at 28 February 2005)

Unitholder	No. of units	% of total units
Casinos Austria International Limited	370,000	0.74%
Accor Casino Investments (Australia) Pty Ltd	370,000	0.74%

Twenty Largest Unitholders Of Listed Units (as at 28 February 2005)

Name	No. of units	% of total units
1. Reef Casino Investments Pty Ltd	25,000,000	50.20
2. Casinos Austria AG	5,671,801	11.39
3. Casinos Austria International Limited	2,755,715	5.53
4. Accor Casino Investments (Australia) Pty Limited	2,421,803	4.86
5. Mr Gary Mauric	1,300,000	2.61
6. Australian Olympic Foundation Ltd	1,022,807	2.05
7. National Nominees Limited	894,316	1.80
8. Geomar Superannuation Pty Ltd	455,100	0.91
9. Mr David Zalmon Baffsky	400,000	0.80
10. ANZ Nominees Limited	333,505	0.67
11. Greenwich Stud Pty Ltd	264,871	0.53
12. Invia Custodian Pty Limited <WAM Equity Fund A/C>	263,919	0.53
13. Mrs Elspeth Macdonald	250,000	0.50
14. Invia Custodian Pty Limited <WAM Capital Fund A/C>	237,924	0.48
15. Mr Michael Issenberg	200,000	0.40
16. Citicorp Nominees Pty Limited	187,851	0.38
17. J P Morgan Nominees Australia Limited	150,809	0.30
18. RBC Global Services Australia Nominees Pty Limited	150,286	0.30
19. Julian Hercus & Associates Pty Ltd Super Fund A/C	150,000	0.30
20. Health Super Pty Ltd	134,193	0.27
	42,244,900	84.81

Voting Rights

The voting rights, as set out in Clause 29.9 of the Trust Constitution, are:

On a show of hands every unitholder who is present in person or by proxy and who was recorded on the register at the books closing date for that meeting as a holder of a unit carrying the right to vote at that meeting shall have one vote and;

On a poll every such unitholder shall have:

- one vote for each fully paid unit of which he is the registered holder; and
- a fraction of a vote equivalent to the proportion of the total selling price paid-up for each partly paid unit for which he is the registered holder.

On-Market Buy-Back

There is no current on-market buy-back.

Registered office of the responsible entity

Reef Corporate Services Limited
Level 15 Waterfront Place
1 Eagle Street
BRISBANE QLD 4000
Telephone: (07) 3232 3100
Facsimile: (07) 3232 3111

Directors of the responsible entity

Mr Benjamin W Macdonald (Chairman)
Hon Keith De Lacy
Mr Julian Hercus
Mr Michael Issenberg
Mr Kim Mooney

Alternate directors

Mr Allan Tan (alternate for Mr Macdonald)
Mr Ronald John Hickey (alternate for Mr Issenberg and Mr Mooney)

Secretary of the responsible entity

Mr Allan Tan

Audit Committee of the responsible entity

Hon Keith De Lacy (Chairman)
Mr Benjamin W Macdonald
Mr Julian Hercus
Mr Michael Issenberg
Mr Kim Mooney

Compliance Committee of the responsible entity

Hon Keith De Lacy (Chairman)
Mr Julian Hercus
Mr Allan Tan

Solicitors to the responsible entity

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

Unit registry

Computershare Investor Services Pty Ltd
 Level 27 Central Plaza One
 345 Queen Street
 BRISBANE QLD 4000
 Telephone: 1300 552 270

Bankers

Bank of Queensland Limited
 229 Elizabeth Street
 BRISBANE QLD 4000

Auditors of the Trust

KPMG
 Level 30 Central Plaza One
 345 Queen Street
 BRISBANE QLD 4000

Stock exchange listing

Official list of the Australian Stock
 Exchange Limited
 Home Exchange: Brisbane

**Lessee (operator) of Reef Hotel
 Casino Complex**

Casinos Austria International (Cairns) Pty Ltd
 Level 15 Waterfront Place
 1 Eagle Street
 BRISBANE QLD 4000
 Telephone: (07) 3232 3100
 Facsimile: (07) 3232 3111

Reef Hotel Casino

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

drop in
 for some
 fun



food



& entertainment

“MUST SEE”

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 540 gaming machines, 45 gambling tables, plus Club Privé, TAB and Keno. Open Monday - Thursday 10am - 3am, and Friday - Sunday 10am - 5am.



Sofitel Reef Casino Cairns

The Sofitel Reef Casino Cairns features 128 luxury guest rooms and suites each offering charm, elegance and tranquility. Their decor accentuates the feel and lifestyle of Tropical North Queensland. Sofitel facilities include swimming pool and spa, health club, shops and tour desk. A choice of five meeting and conference rooms to cater for functions of 10 to 1,000 people.



Tamarind

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



Pacific Flavours Brasserie and Lavazza Coffee Corner

Tantalise your tastebuds with a lavish assortment of bread and soups, delicious hot and cold buffets and sumptuous desserts. Open daily for breakfast, lunch & dinner - 6.30am until 10pm.



Presidential suite



Cafe China

“MUST VISIT”



Flinders Bar & Grill

Choose from a great range of light meals, snacks and beverages. Great value - all meals \$10 and under. Open during Casino operating hours.



Vertigo Bar and Lounge

Ultra modern bar with all your favourite drinks and cocktails. Great live entertainment on Thursday, Friday and Saturday nights. Open daily from 4pm until late.



Café China

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



Casino Sportz Arena

Located in the Reef Casino, this bar is themed with memorabilia and screens major sporting games and events on the big screen.



Casino Nightclub 1936

A stylish recreation of the streets of New York, Nightclub 1936 offers patrons a unique nightclub experience – the place to be “seen” in Cairns.

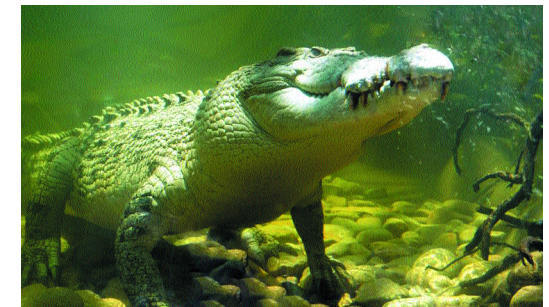


Cairns Rainforest Dome

Discover the rainforest in the heart of Cairns. A real wildlife experience! Open daily from 7am to 6pm.



Vertigo Bar and Lounge



Cairns Rainforest Dome