

CASINOS AUSTRIA INTERNATIONAL

SOFITEL REEF CASINO CAIRNS



Annual Report **2005**

ARSN 093 156 293



REEF
CASINO TRUST

TABLE OF CONTENTS

Chairman's Review	1
Directors' Report	8
Lead Auditor's Independence Declaration	16
Income Statement	17
Balance Sheet	18
Cash Flow Statement	19
Statement of Changes in Equity	20
Notes to the Financial Statements	21
Directors' Declaration	44
Independent Audit Report	45
Corporate Governance Statement	47
Stock Exchange Information	52
Trust Directory	54

Annual General Meeting

9th May 2006 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 with this report.

Unit distribution Six months to 31 December 2005

10.5 cents per unit tax deferred

Payment date 24 March 2006

Total for 2005 19 cents per unit tax deferred
(plus special distribution of 18 cents per unit)

Announcement Dates

Half year ended 30 June 2006

Estimated distribution mid June 2006
Results late August 2006

Half year ended 31 December 2006

Estimated distribution mid December 2006
Results late February 2007

CHAIRMAN'S REVIEW

Dear unitholders,

On behalf of the board of Reef Corporate Services Ltd, responsible entity of the Reef Casino Trust, I am pleased to present my Chairman's Review for the year ended 31 December 2005.

- Another year of profit growth (up 10.1%)
- Increase in cash distribution to unitholders declared (up 31.3%)
- "Higher level" cash distribution to commence in 2006

Trust profit of \$14.8 million (up 10.1%)

The Reef Casino Trust recorded a net profit of \$14.8 million for the year ended 31 December 2005. This compares with last year's profit of \$13.4 million, an increase of 10.1%. Trust profit was up 13.4% after adjusting for one-off or non-recurring items. These results are reported on a before "Australian Equivalents to International Financial Reporting Standards" (AIFRS) basis in order that meaningful comparisons can be made with last year.

The following table highlights the revenue and profit results for the full years of 2005, 2004 and 2003 respectively before AIFRS.

2005 marked the seventh consecutive year of net profit growth.

Full Year Results (Before AIFRS)	2005 \$'000	2004 \$'000	2003 \$'000
REVENUE			
Rental income	22,478	21,640	19,436
Other income	492	369*	207
TOTAL REVENUE	22,970	22,009	19,643
TOTAL EXPENSES	8,195	8,584	8,535
Underlying profit before AIFRS	14,775	13,425	11,108
Earnings per share	29.7 cents	27.0 cents	22.3 cents

* normal or recurring items only

I had previously reported that the underlying first half year profit had remained strong. The Trust's first half year profit had taken into account a number of "one off" or "non recurring" expenses including restructuring costs at the Reef Hotel Casino, expenses related to the first time adoption of AIFRS and development costs being expensed off. These expenses amounting to \$450,000 are not expected to recur.



Entrance to the Reef Casino



CHAIRMAN'S REVIEW

In the second half year, the Trust experienced strong trading conditions.

For the full year then, Trust revenues which consisted of rentals received, interest, and other income reported good growth of 4.4% over the same period last year (up 5.7% after adjusting for one-offs). At the same time, Trust expenses were well controlled and were 4.5% lower.

Trust EBITDA (earnings before interest, tax, depreciation, and amortisation) increased by 5.7% (up 8.4% after adjusting for one-off or non-recurring items).

Trust rental income is derived from the Reef Hotel Casino. All key businesses at the Reef Hotel Casino posted solid top line sales or turnover growth. These included electronic gaming machines, table gaming, hotel room accommodation, food and beverage operations.

With table gaming, gaming "drop" (cash amount presented in exchange for gaming chips) was up by a substantial 12.3%. However, the casino achieved an actual hold or win percentage of less than the expected statistical "normal" or "theoretical" figure. This difference is around \$2 million in gross revenues. Even so, rentals paid to the Trust were 4% higher than last year.

Therefore, the underlying business performance of the Reef Hotel Casino remained strong and continued to grow during 2005.

A more detailed review of the performance of the Reef Hotel Casino is included later in my review.

Increased cash distribution to all unitholders (up 31.3%)

Following another record annual profit, the Trust has declared a further increase in the unit cash distribution. A cash distribution of 10.5 cents per unit

CHAIRMAN'S REVIEW

for the six months ended 31 December 2005 has been declared. This is an increase of 31.3% compared to the same period last year (8 cents).

Together with the special distribution of 18 cents per unit (paid on 29 July 2005) and the first half year distribution of 8.5 cents per unit (paid on 23 September 2005), a total of 37 cents per unit was declared for the year ended 31 December 2005. This amounts to a total of \$18.4 million cash being distributed back to all unitholders.

This excellent level of cash distribution to unitholders reflects the continuing growth in profitability of the Reef Casino Trust.

The following table shows the cash distributions for 2005, 2004 and 2003 respectively.

	2005 Cents per unit	2004 Cents per unit	2003 Cents per unit
First half year	8.50	7.25	6.00
Second half year	10.50	8.00	7.25
Total	19.00	15.25	13.25
Special	18.00	—	—
GRAND TOTAL	37.00	15.25	13.25

New "higher level" cash distribution policy to be adopted

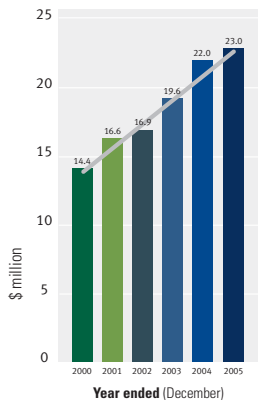
I had previously flagged a "more aggressive" cash distribution policy when I reported on the 2005 half year results in August, 2005.

Following discussions and considerations, your board has settled on the Trust's "higher level" cash distribution strategy and policy for the next 3 to 4 years.

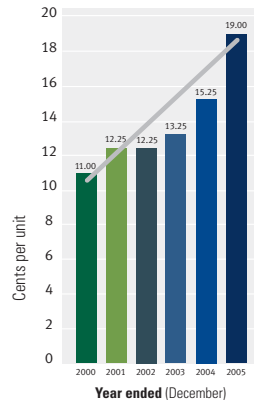
The main elements of this new "higher level" cash distribution strategy and policy are as follows.

- The actual level of each half year cash distribution will be determined at the time that each half yearly financial statements are approved by the board.
- The Trust will aim to distribute 100% of distributable profits from each current half year period.
- The Trust will also aim to make additional distributions from the undistributed income account in each half year period. The balance in the undistributed income account was \$9.5 million as at 31 December 2005.
- In effect, this could mean that the distribution payout percentage could be higher than 100% of each half year profit.

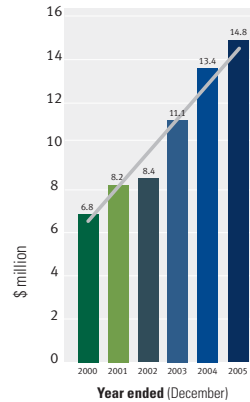
Total Trust Revenue
(operating revenue)



Total Trust Distribution
(excluding special distribution)



Trust Net Profit
(pre-AIFRS)



Sofitel Guest Suite



Reef Casino Club Privé

CHAIRMAN'S REVIEW

- Cash distributions are expected to continue to be paid on a "tax deferred" basis during this 3 to 4 year period.
- This new distribution strategy and policy will be effective starting with the cash distribution from out of the first half year profits of 2006. This means the cash distribution payable around September of 2006.
- Over the next 3 to 4 years, the Trust will aim to grow the level of cash distributions.
- In determining the actual level of cash distribution for each period, your board will take into account a number of factors including actual profit, working capital needs and capital investments required for the Reef Hotel Casino, particularly renewal and replacement of electronic gaming machines and other appropriate investments to drive up medium term revenue growth.

Trust balance sheet remains strong

The Trust's balance sheet continues to be strong and healthy. The Trust's main asset, the Reef Hotel Casino is carried in the accounts at \$131 million as at 31 December 2005. Total assets stood at \$139 million.

The only external borrowing that the Trust has is a \$16.5 million loan with the Bank of Queensland. Partly to maintain some level of gearing efficiency (as debt is cheaper) and partly to be consistent with the Trust's new distribution strategy and policy, the Trust has moved on to an "interest only" loan arrangement with the Bank of Queensland.

This means that cash flow will improve by \$2.5 million per annum.

Accounting impact of AIFRS – but no impact on generation of cash flows

Having successfully made the transition to AIFRS in 2005, starting in 2006, all Trust commentary of its results will be on an AIFRS basis. I summarise the accounting impact that AIFRS has had on the Trust below.

As all Australian companies and trusts must adopt AIFRS for financial years beginning on or after 1 January 2005, it is inevitable that this adoption has impacted on the Trust's accounts. This also has the consequence of "distorting" the reported results.

The fact is that this has no impact on the Trust's continuing strong cash flows which is what really matters. Briefly the main accounting impacts are as follows.

In the income statement

The Reef Hotel Casino complex building including the cost of the site lease (paid by the Trust prior to the complex's construction) is now required to be depreciated at a rate of approximately 2.2% per annum. Under the previous accounting rules, the building was an investment property and no building depreciation was required.

Up until 29 June 2005, the Trust Constitution provided for a specific "wind up" date for the Trust. On 29 June 2005 the Trust Constitution was amended such that there is now no specific "wind up" date. Consequently, for most of the period from 1 January 2005 to 30 June 2005, Trust profit had to be shown as a "financial cost" (due to unitholders) rather than as "profit". This has resulted in a reported Trust profit of nil under AIFRS.

From 1 July 2005 onwards, as the Trust Constitution provides for at least 50% of distributable profits to be distributed to unitholders, this portion of the distribution will be required to be shown above the net profit line as a "financial" cost rather than as a distribution of "profit".

In the balance sheet

As a result of the liability to distribute at least 50% of the distributable profits, 50% of issued units in the Trust are required under the new rules to be classified as "loans" from unitholders.

While the Board of the Responsible Entity does not necessarily agree with all aspects of the AIFRS requirements, we are obliged to adopt these legislated changes.

CHAIRMAN'S REVIEW

Further information regarding these adjustments is contained in the notes to the accounts.

The Reef Hotel Casino

Over the last few years, the Reef Hotel Casino located in Cairns, Australia has been steadily consolidating its position as the biggest leisure and entertainment complex in Cairns and the region.

Operational highlights

In 2005, the Reef Hotel Casino attracted 1.3 million visitors, up 4.1% compared to the previous year.

Of these, about 25% are from overseas. Our casino's main overseas markets are Japan, South East Asia (Singapore, Malaysia feature) and China including Hong Kong. About 50% of all visitors are drawn from Far North Queensland and 25% from South East Queensland and interstate, mainly New South Wales and Victoria.

At the start of the year, the casino adjusted its opening hours to better reflect gaming patterns of our patrons and this has resulted in considerable efficiencies and cost savings.

Our brand new Velvet Rope showroom and Velvet Underground nightclub opened at the end of July 2005. Operated by an experienced local entertainment identity, this new facility adds to the overall success of the Reef Hotel Casino as Cairns' premier leisure and entertainment complex.

The Reef Hotel Casino launched its new premium player program in the middle of the year with a cash commission program and a higher gaming table differential. Together with the appointment of an agent based in Singapore and the hotel and casino's unique ability to offer a high level of personal service to the premium player market, our new program has so far been successful.

This program will be further promoted in 2006 with the aim of getting new and repeat visitations. Many of our premium players are either Japanese or Chinese. The latter group are from overseas as well as from the southern states of Australia.

A fresh approach to marketing, major promotions and entertainment was implemented during the year. This involved complex-wide coordinated major promotions (including major prize giveaways) and live entertainment. Featured artists included Lisa Hunt from USA, Daryl Braithwaite and Reverend Funk from Australia. We continue to refine and promote our loyalty program, the Reef Club, to serve the needs of our members as best as possible.

The Reef Hotel Casino's biggest business is electronic gaming machines, which recorded an increase in turnover of 3.1% and revenues increased by 4.7% compared to the previous year. This growth has been posted despite government smoking legislation which has reduced floor area set aside for smoking to 1/3 of total area. The casino continued to invest in the latest state of the art games favoured by our patrons so as to continue to offer a point of difference compared to our immediate competitors.

Table games drop (cash amount presented in exchange for gaming chips) increased by a substantial 12.3%, reflecting our casino's growing popularity with overseas Japanese and Chinese tourists as well as the success of our new premium player program. Revenue however, held steady as we did not get the expected statistical "normal" or "theoretical" hold percentage. If we had achieved the "normal" or "theoretical" hold percentage, then around \$2 million more revenue would have been recorded. Nonetheless, we are encouraged by the much higher level of table gaming activity.



CHAIRMAN'S REVIEW

Sofitel hotel room accommodation revenue has increased by 3% compared to last year. Our hotel continued to maintain its lead amongst 5 star luxury hotels in Cairns. Our hotel's high quality accommodation standard supports our casino's premium player program well.

Reef Hotel Casino's food revenue has increased by an excellent 10.2%. With a range of restaurants and cafés providing patrons with choice, continued focus on customer service and value for money menus have contributed to an overall increase in patronage.

Beverage revenues have increased by 6.1%. Complimentary live entertainment is featured regularly in the Vertigo Bar and show lounge and headline acts attract particularly large patronage. During the year, the casino also welcomed Cairns' only national sports team, the Taipans, back to the Casino Sportz Arena for their official after-game party venue.

The Reef Hotel Casino's strong performance in food and beverage was partly underpinned by strong growth in conference sales, up 16%.

Located on the rooftop of our casino, the Cairns Wildlife Dome further established itself as a major and unique tourist attraction in Cairns. A brand new koala feature will open in the first half of 2006.

Outlook for 2006

Already, the first 2 months of 2006 have recorded Trust profits above the same period in 2005. This solid start to the New Year augurs well for the rest of 2006.

Over the Chinese New Year period, casino activity was busy with many new premium players visiting for the first time.

The Reef Hotel Casino will be aiming for revenue growth by targeting both the overseas and domestic tourist market, further promotion of the premium player market and also providing superior customer care to our Reef Club members.

This will be supported by a full schedule of promotions, entertainment and carefully planned marketing initiatives.

CHAIRMAN'S REVIEW

Its hospitality services including top quality accommodation and an interesting range of food and beverage outlets will also be fine-tuned to meet and exceed the expectations of its patrons.

The Queensland Government has announced new smoking laws (as from 1 July 2006) that will impact on all public places and spaces. The Reef Hotel Casino is not exempt.

However, Reef Hotel Casino management has a strategy to deal with the potential effects of these new smoking laws. This strategy includes a program of information and education, and the construction of approved designated outdoor smoking areas in the casino, in the food and beverage outlets and also for staff.

The Reef Hotel Casino's aim is to make it the best place to visit in Cairns for smokers and non smokers alike.

Overall, the Trust hopes to continue to post further profit growth. Unitholders can look forward to the

implementation of the new cash distribution strategy and policy commencing with the first half year of 2006.

Annual General Meeting of Unitholders

The next annual general meeting will be held on 9th May 2006 in Cairns. As always, I look forward to welcoming many of you at the meeting. The notice of meeting and proxy form are enclosed for your information.

Finally, I would like to thank all unitholders and staff of the Reef Hotel Casino and Reef Casino Trust for their support during another successful 2005.

Ben Macdonald

Chairman

Reef Corporate Services Limited
Responsible entity of Reef Casino Trust



Reef Hotel Casino and the Cairns Wildlife Dome



Pacific Flavours Brasserie and Café Lounge



Reef Casino Gaming Machines



Velvet Rope Showroom



DIRECTORS' REPORT



Mr Ben Macdonald
Non-executive Chairman



Hon Keith De Lacy
Non-executive Director,
Chairman of Audit Committee



Mr Julian Hercus
Non-executive Director



Mr Paul Herzfeld
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 Issenberg and Mr Mooney



Mr Josef Leutgeb
Alternate Director for
Mr Herzfeld

DIRECTORS' REPORT

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 2005 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 R John Hickey (alternate for Mr Issenberg and Mr Mooney)

Mr Paul Herzfeld was appointed as director of the Responsible Entity on 23 February 2005, and Mr Josef Leutgeb was appointed as his alternate on the same date. Mr Allan Tan was also appointed as Mr Herzfeld's alternate on 15 November 2005 for a period expiring on 29 November 2005.

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 \$3.98 million (8 cents per unit tax deferred) in respect of the six month period ended 31 December 2004 as reported in the 2004 annual report was paid on 29 March 2005.

The distribution of \$4.23 million (8.5 cents per unit tax deferred) in respect of the six month period ended 30 June 2005 was paid on 23 September 2005 (refer note 13).

The special distribution of \$8.96 million (18 cents per unit tax deferred) was paid on 29 July 2005 (refer note 13).

The directors have declared a distribution of \$5.23 million (10.5 cents per unit tax deferred) in respect of the six month period ended 31 December 2005 to be paid on 24 March 2006.

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.



DIRECTORS' REPORT

Environmental regulation

The Trust's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. 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 2 March 2006 the Bank of Queensland agreed to conversion of the Trust's bank loan to an interest only arrangement. This increases the Trust's cashflows by approximately \$2.5 million per annum.

On 7 March 2006, the board of directors of the Responsible Entity, Reef Corporate Services Limited, declared a 10.5 cent per unit distribution payable on 24 March 2006. This distribution totals \$5,229,109.

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 36,463,848 units (total number of units on issue 49,801,036) at 31 December 2005 (2004: 36,750,532 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:

	31/12/05	31/12/04
	\$	\$
Responsible Entity fees	1,007,912	1,057,663
Reimbursement of Trust expenses	52,296	52,818

DIRECTORS' REPORT

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	240,000
Mr Paul Herzfeld	–
Mr Michael Issenberg	200,000
Mr Kim Mooney	122,463
Mr Allan Tan	–
Mr John Hickey	100,000
Mr Josef Leutgeb	–

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.



DIRECTORS' REPORT

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), Casinos Austria International Limited (Chairman), and Queensland Cotton Holdings Ltd (Chairman). He recently retired as a director of Brisbane Bears Fitzroy Football Club Limited. 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 AP Eagers Ltd (Chairman) and FKP Ltd (Chairman).

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

Keith De Lacy was born in Cairns and still lives there with his family. 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 and Trinity Consolidated Group. He is also Chairman of Queensland Sugar and Cubbie Group Ltd, and a director of the Securities Exchanges Guarantee Corp.

For services to the community he was 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 both a Fellow and State Councillor of the Australian Institute of Company Directors.

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

DIRECTORS' REPORT

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 and co-owner of Australia's Northern Territory and Outback Centre Pty Ltd and 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.

Paul Herzfeld – Non-executive Director; director since 23 February 2005.

Mr Herzfeld joined Casinos Austria AG in 1975 and was appointed Member of the Board in 2001. In his current position as CEO of Casinos Austria International Holding GmbH, Mr Herzfeld manages the Group's extensive international activities. He is also responsible for marketing and operational activities at the parent company, Casinos Austria AG, including its 12 casinos in Austria. Mr Herzfeld holds a Masters Degree in Commercial Studies from Vienna University of Economics and Business Administration.

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 twelve 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. Prior to this he held positions in Arts Administration in Europe, England and Australia.

In May 2001 he was appointed Chief Financial Officer for Australia, New Zealand, South Pacific and Japan. 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.



DIRECTORS' REPORT

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 and Company Secretary for Reef Casino Trust; Regional Manager (Australia, Asia Pacific) for Casinos Austria Group; and since 16 August 2004, 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.

R 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.

Josef Leutgeb – Alternate for Mr Herzfeld; alternate director since 23 February 2005.

Mr Leutgeb has been Chief Financial Officer and Member of the Board of Casinos Austria International Holding GmbH since 1997 and Member of the Board of the parent company, Casinos Austria AG, since 2005. Prior to joining Casinos Austria in 1993, Mr Leutgeb worked for a large auditing firm. He is responsible for Financial Controlling, Accounting, Treasury, Due Diligence, optimizing shareholder value and sound financial development of the group. Mr Leutgeb holds a Masters Degree in Business Administration from Vienna University of Economics and Business Administration and is a member of the Austrian Chamber of Accountants.

DIRECTORS' REPORT

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 \$139,031,000 as at 31 December 2005 (2004: \$147,162,000). The basis of valuation of the Trust's assets is disclosed in note 2 to the financial statements.

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

The lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the year ended 31 December 2005.

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 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



Keith De Lacy
Director

Brisbane
7 March 2006



LEAD AUDITOR'S INDEPENDENCE DECLARATION

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2005 there have been:

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

KPMG

Jillian Richards

Partner

Brisbane
7 March 2006

INCOME STATEMENT

For the year ended 31 December 2005

	Note	Dec 2005 \$'000	Dec 2004 \$'000
REVENUE AND OTHER INCOME			
Revenue	4	22,950	22,006
Other income	4	20	4,705
TOTAL REVENUE AND OTHER INCOME		22,970	26,711
EXPENSES			
Depreciation and amortisation	5	(4,953)	(4,963)
Property outgoings		(923)	(829)
Rates and taxes		(554)	(527)
Responsible Entity fees		(1,008)	(1,058)
Repairs and maintenance		(1,031)	(1,005)
Legal and consulting fees		(147)	(242)
Insurance		(369)	(410)
Other expenses from ordinary activities		(758)	(746)
TOTAL EXPENSES		(9,743)	(9,780)
PROFIT BEFORE FINANCE COSTS			
Finance costs attributable to unitholders	2(j)	(8,238)	–
Interest expense		(1,293)	(1,574)
TOTAL FINANCE COSTS		(9,531)	(1,574)
PROFIT AFTER FINANCE COSTS			
Basic and diluted earnings per unit (cents)	20	29.1	30.8
Profit before finance costs attributable to unitholders, reversal of impairment, building depreciation, site lease amortisation and receipt of proceeds from litigation settlement			
		14,775	13,425

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

BALANCE SHEET

As at 31 December 2005

	Note	Dec 2005 \$'000	Dec 2004 \$'000
ASSETS			
Cash and cash equivalents	6	5,929	10,165
Receivables	7	1,405	1,873
Site lease – rental in advance	9	661	661
TOTAL CURRENT ASSETS		7,995	12,699
Receivables	7	750	750
Property, plant and equipment	8	89,293	92,059
Site lease – rental in advance	9	40,993	41,654
TOTAL NON-CURRENT ASSETS		131,036	134,463
TOTAL ASSETS		139,031	147,162
LIABILITIES			
Payables	10	4,757	1,444
Interest bearing liabilities	11	2,500	2,500
TOTAL CURRENT LIABILITIES		7,257	3,944
Interest bearing liabilities	11	14,000	16,500
Issued units – liability portion	12	85,051	–
TOTAL NON-CURRENT LIABILITIES		99,051	16,500
TOTAL LIABILITIES		106,308	20,444
EQUITY			
Issued units – equity portion	12	85,051	170,102
Distribution account	13	1,533	3,984
Undistributed income		9,475	15,968
Asset revaluation reserve		21,767	21,767
Accumulated losses		(85,103)	(85,103)
TOTAL EQUITY		32,723	126,718
TOTAL EQUITY AND LIABILITIES		139,031	147,162
MEMORANDUM NOTE – ISSUED UNITS			
Issued units – liability portion	12	85,051	–
Issued units – equity portion	12	85,051	170,102
		170,102	170,102

The above balance sheet is to be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the year ended 31 December 2005

	Note	Dec 2005 \$'000	Dec 2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		23,944	21,869
Cash payments in the course of operations		(5,659)	(4,762)
Interest received		471	254
Interest and other finance charges paid		(1,358)	(1,633)
Cash receipts from litigation settlement		–	2,600
NET CASH PROVIDED BY OPERATING ACTIVITIES	16(ii)	17,398	18,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,975)	(2,566)
Proceeds from disposal of non-current assets		22	3
NET CASH USED IN INVESTING ACTIVITIES		(1,953)	(2,563)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2,500)	(2,500)
Distributions paid		(17,181)	(7,222)
NET CASH USED IN FINANCING ACTIVITIES		(19,681)	(9,722)
NET (DECREASE)/INCREASE IN CASH HELD		(4,236)	6,043
Cash at the beginning of the financial period		10,165	4,122
CASH AT THE END OF THE FINANCIAL PERIOD	16(i)	5,929	10,165

The above cash flow statement is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

	Issued units	Distribution account	Undistributed income	Asset revaluation reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 JANUARY 2004	170,102	3,611	10,138	17,516	(87,035)	114,332
Net profit	–	–	–	–	15,357	15,357
Distributions paid	–	(7,222)	–	–	–	(7,222)
Transfer to undistributed income	–	–	5,830	–	(5,830)	–
Transfer to distribution account	–	7,595	–	–	(7,595)	–
Revaluation of property, plant and equipment	–	–	–	4,251	–	4,251
31 DECEMBER 2004	170,102	3,984	15,968	21,767	(85,103)	126,718
1 JANUARY 2005						
Adjustment on adoption of AASB 132 (note 21)	(170,102)	(3,984)	(15,968)	(21,767)	85,103	(126,718)
Adjustment on change of Trust Constitution (note 21)	85,051	–	15,968	21,767	(80,562)	42,224
Net profit	–	–	–	–	3,696	3,696
Distributions paid	–	(13,197)	–	–	–	(13,197)
Transfer to undistributed income	–	–	2,471	–	(2,471)	–
Special distribution from undistributed income (note 13)	–	8,964	(8,964)	–	–	–
Transfer to distribution account (note 13)	–	5,766	–	–	(5,766)	–
31 DECEMBER 2005	85,051	1,533	9,475	21,767	(85,103)	32,723

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

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, 31 May 2000, 8 August 2001, 14 April 2004 and 29 June 2005.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

(i) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"), Urgent Issues Group Interpretations ("UIGs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB, and for the purpose of this report are called Australian Equivalents to IFRSs ("AIFRSs") to distinguish from previous Australian GAAP. The financial reports of the Trust also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

The preparation of a financial report in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Trust.

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRSs balance sheet at 1 January 2004 for the purposes of the transition to Australian Accounting Standards – AIFRSs.

(ii) Issued standards not early adopted

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

Application date 1 January 2006

- AASB 119 *Employee Benefits* (December 2004).
- AASB 2004–3 *Amendments to Australian Accounting Standards* (December 2004) amending AASB 1 *First time adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 101 *Presentation of Financial Statements*, AASB 124 *Related Party Disclosures*.
- AASB 2005-1 *Amendments to Australian Accounting Standard* (May 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*.
- AASB 2005-3 *Amendments to Australian Accounting Standard* (June 2005) amending AASB 119 *Employee Benefits* (either July or December 2004).
- AASB 2005-4 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), AASB 1023 *General Insurance Contracts*, AASB 1038 *Life Insurance Contracts*.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

2. Statement of Significant Accounting Policies (cont)

(a) Basis of preparation (cont)

- AASB 2005-5 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 1 *First time adoption of Australian Equivalents to International Financial Reporting Standards* (July 2004), and AASB 139 *Financial Instruments: Recognition and Measurement*.
- AASB 2005-6 *Amendments to Australian Accounting Standards* (June 2005) amending AASB 3 *Business Combinations*.
- AASB 2005-9 *Amendments to Australian Accounting Standards* (September 2005) amending AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts*, AASB 132 *Financial Instruments: Disclosure and Presentation*, and AASB 139 *Financial Instruments: Recognition and Measurement*.
- AASB 2006-1 *Amendments to Australian Accounting Standard* (January 2006) amending AASB 121 *The Effects of Changes in Foreign Exchange Rates* (July 2004).
- UIG 4 *Determining whether an Arrangement contains a Lease*.
- UIG 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*.

Application date 1 January 2007

- AASB 7 *Financial Instruments: Disclosure* (August 2005).
- AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) amending AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First Time Adoption of Australian Equivalents to International Financial*

Reporting Standards, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*.

The initial application of the above standards is expected to have a minimal impact on the financial results of the Trust as they are mostly concerned with disclosures or are not applicable to the Trust.

(iii) Application of AASB 1: *First Time Adoption of AIFRSs*

This is the Trust's first financial report prepared in accordance with Australian Accounting Standards, being AIFRSs, and AASB 1: *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRSs has affected the reported financial position, financial performance and cash flows of the Trust is provided in note 21.

(iv) Historical cost convention

The financial report is prepared on the historical cost basis except for the building and integral plant which is stated at its fair value.

(v) Presentation currency

The financial report is presented in Australian dollars.

(vi) Authorised for issue

The financial report was authorised for issue by the directors of the Responsible Entity on 7 March 2006.

(b) Property, plant and equipment

(i) Owned assets

Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

2. Statement of Significant Accounting Policies (cont)

(b) Property, plant and equipment (cont)

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Buildings and integral plant	15 – 73 years
Plant and equipment	3 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Trust policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(iv) Revaluations

Increases in carrying amounts arising on revaluation of the building are credited to an asset revaluation reserve. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against the revaluation reserve to the extent of the remaining reserve

attributable to the asset. All other decreases are charged to the income statement.

The Trust is required to assess the fair value of property, plant and equipment on an annual basis and determine whether there is any impairment (note 2(e)). However, an appraisal by a professional qualified valuer is only required if the fair value of an asset is materially different from the carrying value.

The Trust will continue with its policy of obtaining valuations of the complex in accordance with the Trust Constitution which requires the complex to be valued at least once during every 3 years.

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

- a willing, but not anxious, buyer and seller;
- 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;
- that the property will be reasonably exposed to that market;
- 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.

As the valuation does not assign separate values to the building, site lease and plant and equipment the directors of the Responsible Entity of the Trust allocate the valuation increment, after deducting the carrying value of plant and equipment, proportionately to the site lease (up to a maximum of depreciated cost) and building based on their written down value prior to the valuation.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

2. Statement of Significant Accounting Policies (cont)

(c) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables.

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances, call deposits and bank overdrafts.

(e) Impairment

The carrying amounts of the Trust's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net fair value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments

of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Issued units

(i) From 1 January 2004 to 31 December 2004

The Trust has elected to apply the exemption available under AASB 1: *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* only from 1 January 2005. The Trust has applied AGAAP to the comparative information and therefore all issued units are classified as equity and distributions have been treated as equity.

Adjustments on the transition date of 1 January 2005 to comply with AASB 132 and AASB 139 are set out in note 22.

(ii) From 1 January 2005

The Trust had a fixed termination date creating a contractual obligation to unitholders. The Trust Constitution was amended on 29 June 2005 and the fixed termination date was removed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

2. Statement of Significant Accounting Policies (cont)

(f) Issued units (cont)

The Trust Constitution also contains a contractual obligation to distribute at least 50 percent of Trust income for any income period. The issued units have therefore been classified as a compound financial instrument containing both a liability and an equity component. As the fair value of future distributions cannot be ascertained with any certainty, the directors of the Responsible Entity have determined that the liability component comprises 50 percent of the value of total issued units with the equity component comprising the other 50 percent in line with the obligation to distribute 50 percent of Trust income.

The total distribution for an income period is determined in accordance with the Trust Constitution. From 29 June 2005, the portion of the distribution comprising 50% of net income is recognised as a liability and expensed as a financing cost on an accrual basis. The remaining portion of the distribution is debited directly to equity, and recognised as a liability in the period in which it is declared. Prior to 29 June 2005, the change in net assets attributable to unitholders is shown as a finance cost.

(g) Interest-bearing borrowings

Interest-bearing borrowings are recognised at cost less attributable transaction costs.

(h) Trade and other payables

Trade and other payables are stated at amortised cost.

(i) Revenue

Rent revenue is brought to account when earned and, if not received at balance date, is reflected in the balance sheet of the Trust as a receivable. Rent is determined in accordance with the lease agreements relating to the Reef Hotel Casino and is calculated based on the performance of the lessee (Casinos Austria International (Cairns) Pty Ltd).

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(j) Expenses

All expenses are recognised in the income statement on an accrual basis.

(i) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, distributions, and changes in net assets attributable to unitholders. From 29 June 2005 (date the Trust Constitution was changed – see note 22), that portion of each distribution representing 50% of net income is classified as a liability (refer note 2(f)).

(k) Foreign exchange gains and losses

Included in the foreign exchange gain amount are net foreign exchange gains on monetary financial assets other than those classified at fair value.

(l) Loans and receivables

Loans and receivables are carried at amortised cost. The Trust has no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after balance sheet date which are classified as non-current assets, and are included within receivables in the balance sheet.

(m) 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 unit holders each year, and any taxable capital gain derived from the sale of an asset is fully distributed to unit holders. Tax allowances for building and plant and equipment depreciation are distributed in the form of tax deferred benefits.

At 31 December 2005, carried forward losses available to offset future assessable income of the Trust amounted to \$56 million (2004: \$62 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

2. Statement of Significant Accounting Policies (cont)

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) 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 defined in the Trust Constitution) 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 Ltd is also entitled to reimbursement of Trust expenses incurred on behalf of the Trust.

(p) Financial risk management

The Trust's activities expose it to certain financial risks: credit risks and cash flow interest rate risk.

(i) Credit risk

The Trust receives rental income from one complex, the Reef Hotel Casino, exposing it to credit risk.

(ii) Cash flow and fair value interest rate risk

As the Trust has interest-bearing assets, the Trust's income and operating cash flows are affected by changes in market interest rates.

A majority of the Trust's interest rate risk, however, arises from long-term borrowings. Borrowings issued at variable rates expose the Trust to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Trust to fair value interest-rate risk.

3. Revision of Estimates

Revision of useful lives of plant and equipment

During the year the estimated total useful lives of plant and equipment were revised. The net effect of the changes in the current year was a decrease in depreciation expense of approximately \$430,000, with a corresponding increase in depreciation expense in future periods. It is impracticable to estimate the timing of the effect on future depreciation charges.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

4. Revenue and Other Income

	Dec 2005 \$'000	Dec 2004 \$'000
REVENUE		
Rental:		
Base rent	650	650
Contingent rent	21,828	20,990
	22,478	21,640
<i>Interest received and receivable from:</i>		
Other persons	381	290
Related parties	68	66
	449	356
<i>Other revenue</i>	23	10
	22,950	22,006
OTHER INCOME		
Net gain on disposal of plant and equipment	18	3
Reversal of impairment (note 21)	–	2,102
Proceeds from litigation settlement in relation to rectification work of the dome glass	–	2,600
Other	2	–
	20	4,705



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

5. Expenses

	Dec 2005 \$'000	Dec 2004 \$'000
Net profit includes the following specific expenses:		
<i>Depreciation</i>		
Building	2,180	2,125
Plant and equipment	2,112	2,193
	4,292	4,318
<i>Amortisation</i>		
Site lease – rental in advance	661	645
	4,953	4,963

6. Cash Assets

Cash (held in interest bearing accounts, at call)	2,929	2,165
Bank short term deposits, maturing within 30 days paying interest at a weighted average interest rate of 5.41% (2004: 5.41%)	3,000	8,000
	5,929	10,165

7. Receivables

<i>Current</i>		
Rent receivable from complex operator	1,349	1,686
Other debtors	56	187
	1,405	1,873
<i>Non-current</i>		
Loans to complex operator, bearing an interest rate of 9.10% (2004: 8.90%)	750	750

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

8. Property, Plant and Equipment

	Building & Integral Plant \$'000	Plant & Equipment \$'000	Total \$'000
AT 1 JANUARY 2004			
- Cost	–	44,621	44,621
- Valuation ⁽ⁱ⁾	83,047	–	83,047
Accumulated depreciation	–	(38,526)	(38,526)
Net book amount	83,047	6,095	89,142
YEAR ENDED 31 DECEMBER 2004			
Opening net book amount	83,047	6,095	89,142
Revaluation surplus	4,252	–	4,252
Additions	3	2,981	2,984
Depreciation charge	(2,126)	(2,193)	(4,319)
Closing net book amount	85,176	6,883	92,059
AT 31 DECEMBER 2004			
- Cost	–	47,078	47,078
- Valuation ⁽ⁱⁱ⁾	86,266	–	86,266
Accumulated depreciation	(1,090)	(40,195)	(41,285)
Net book amount	85,176	6,883	92,059
YEAR ENDED 31 DECEMBER 2005			
Opening net book amount	85,176	6,883	92,059
Additions	–	1,530	1,530
Disposals	–	(4)	(4)
Depreciation charge	(2,180)	(2,112)	(4,292)
Closing net book amount	82,996	6,297	89,293
AT 31 DECEMBER 2005			
- Cost	–	48,140	48,140
- Valuation ⁽ⁱⁱ⁾	86,266	–	86,266
Accumulated depreciation	(3,270)	(41,843)	(45,113)
Net book amount	82,996	6,297	89,293

⁽ⁱ⁾ An independent valuation of the Trust's interest in the Reef Hotel Casino Complex was carried out by Colliers International Consultancy and Valuation Pty Limited as at 1 January 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 \$130 million (with no residual value) (note 21). The site lease is classified as a prepayment (note 9).

⁽ⁱⁱ⁾ An independent valuation of the Trust's interest in the Reef Hotel Casino Complex was carried out by Colliers International 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 (with no residual value). The site lease is classified as a prepayment (note 9).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

8. Property, Plant and Equipment (cont)

	Dec 2005 \$'000	Dec 2004 \$'000
CARRYING AMOUNTS THAT WOULD HAVE BEEN RECOGNISED IF THE BUILDING AND INTEGRAL PLANT WERE STATED AT COST		
If the building and integral plant were stated on the historical cost basis, the amounts would be as follows:		
Building and Integral Plant		
Cost	109,814	109,814
Less: Accumulated impairment	(23,547)	(23,547)
Less: Accumulated depreciation	(3,286)	(1,095)
Net book amount	82,981	85,172

CAPITAL EXPENDITURE COMMITMENTS

Contracted but not provided for and payable:

Not longer than one year	864	325
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OPERATING LEASES AS LESSOR

The Trust leases out the Reef Hotel Casino under an operating lease. The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	650	650
Between one and five years	2,600	2,600
More than five years	3,305	3,955
	6,555	7,205

The casino, hotel and ancillary facilities leases to the complex operator have a twenty year term, expiring 24 January 2016. Base rent is set out in the lease and additional rent is based on financial performance. Options exist to renew the leases until 26 October 2029 at the end of the existing term. The future minimum lease payments shown do not include rentals which are contingent on revenue of the operator, and do not include recovery of outgoings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

9. Site Lease – Rental in Advance

	Dec 2005 \$'000	Dec 2004 \$'000
Original cost	53,000	53,000
Less: Accumulated impairment	(4,675)	(4,675)
Less: Accumulated amortisation	(6,671)	(6,010)
	41,654	42,315
Site lease as shown in the financial statements:		
Current	661	661
Non-current	40,993	41,654
Total site lease – rental in advance	41,654	42,315

The remaining term of the site lease is 63 years. The conditions of the lease are set out in the Cairns Casino Agreement which forms part of the Cairns Casino Agreement Act 1993. Negotiations for a further lease can take place during the last 10 years. The lease cannot be assigned or sublet without consent of the Minister. The site is required to be used for commercial purposes only.

10. Payables

CURRENT

Trade creditors and accruals – unsecured	1,061	1,444
Accrued distributions (note 13)	3,696	–
	4,757	1,444

11. Interest Bearing Liabilities

CURRENT

Bank loan – Bank of Queensland Limited ⁽ⁱ⁾	2,500	2,500
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NON-CURRENT

Bank loan – Bank of Queensland Limited ⁽ⁱ⁾	14,000	16,500
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⁽ⁱ⁾ 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 7.08% for \$11,500,000 and at a fixed margin over Bank of Queensland's cost of funds for \$5,000,000 (December 2004: \$7,500,000).

The weighted average interest rate on the bank loan is 7.03% (2004: 7.80%).

Events Subsequent to Balance Date

On 2 March 2006 the Bank of Queensland agreed to conversion of the Trust's bank loan to an interest only arrangement. The total balance of \$16.5 million becomes a non-current liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

12. Issued Units

	Dec 2005 \$'000	Dec 2004 \$'000
49,801,036 (December 2004: 49,801,036) units		
Issued units – equity portion	85,051	170,102
Issued units – liability portion	85,051	–
	170,102	170,102

The number of issued units includes 740,000 (December 2004: 740,000) restricted founder units. Founder units can only be transferred with consent of the founders and the Governor of Queensland and by making a binding covenant to be bound by the Foundation Agreement. Founder units can not be encumbered.

Transition to AASB 132 and 139

The Trust has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. For further information, refer to note 2(f) and note 22.

13. Distributions

Distributable income

The Trust Constitution requires calculation of distributable income for each half yearly period commencing either on the first day of January or July and the amount transferred to a distribution account on the last day of such period. As the Trust must distribute at least 50% of net income for the period, this 50% is classified as a liability, and transferred from the distribution account to accrued liabilities on the balance sheet (note 10).

The proposed distribution for the six months ended 31 December 2005 was declared on 7 March 2006, and accounted for as follows:

	Dec 2005 \$'000	Dec 2004 \$'000
DISTRIBUTION ACCOUNT (refer to Statement of Changes in Equity)		
Balance relating to Issued Units – equity portion	1,533	3,984
ACCRUED DISTRIBUTION (payables – note 10)		
Balance relating to Issued Units – liability portion	3,696	–
TOTAL OF DISTRIBUTION ACCOUNTS	5,229	3,984

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

13. Distributions (cont)

		Cents per Unit	Total \$'000	Date of Payment
Distributions paid or proposed by the Trust are:				
2005				
<i>Proposed</i>	<i>six months ended December 2005</i>	10.50	5,229	24/03/06
Paid	six months ended June 2005	8.50	4,233	23/09/05
			9,462	
Paid	special distribution	18.00	8,964	29/07/05
			18,426	
2004				
Paid	six months ended December 2004	8.00	3,984	29/03/05
Paid	six months ended June 2004	7.25	3,611	24/09/04
			7,595	

All distributions are “tax deferred” in accordance with the Income Tax Assessment Act 1997. The special distribution represents a transfer from the undistributed income account to the distribution account.

14. 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.

15. Financing Arrangements

	Dec 2005 \$'000	Dec 2004 \$'000
Bank loan and overdraft facility maturing September 2007 (\$16.5 million loan; \$2 million overdraft facility)	18,500	21,000
Amount of facility used at balance date	16,500	19,000
Amount of facility unused at balance date	2,000	2,000



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

16. Note to the Cash Flow Statement

	Dec 2005 \$'000	Dec 2004 \$'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	2,929	2,165
Bank short term deposits	3,000	8,000
	5,929	10,165
(ii) Reconciliation of net profit to net cash flows provided by operating activities		
PROFIT AFTER FINANCE COSTS	3,696	15,357
ADD/(LESS) ITEMS CLASSIFIED AS FINANCING OR INVESTING ACTIVITY		
(Profit)/loss on sale of property, plant and equipment	(18)	(3)
Finance costs attributable to unitholders	8,238	-
ADD/(LESS) NON-CASH ITEMS		
Depreciation and amortisation	4,953	4,964
Reversal of impairment	-	(2,102)
NET CASH PROVIDED BY OPERATING ACTIVITIES BEFORE CHANGES IN ASSETS AND LIABILITIES	16,869	18,216
Changes in assets and liabilities adjusted for investing and financing activities		
Decrease/(increase) in receivables and other assets	468	31
Increase in payables	61	81
NET CASH PROVIDED BY OPERATING ACTIVITIES	17,398	18,328

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

17. Related Party Information

The Responsible Entity

The Responsible Entity of Reef Casino Trust is Reef Corporate Services Limited (ABN 66 057 599 621) which is jointly controlled by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Ltd.

Remuneration of directors and executives of the Responsible Entity

	Short-term Salary & Fees	Post-employment Superannuation benefits	Total
	\$	\$	\$
2005			
Specified Directors			
Non-Executive			
Benjamin Macdonald (Chairman)	60,000	-	60,000
Keith De Lacy	40,000	3,600	43,600
Julian Hercus	38,000	3,420	41,420
Paul Herzfeld*	-	-	-
Michael Issenberg	-	-	-
Kim Mooney	-	-	-
Ronald John Hickey	-	-	-
Josef Leutgeb*	-	-	-
Executive			
Allan Tan (Chief Executive Officer - Operator)**	54,904	-	54,904
Alison Galligan (Company Secretary)*	62,642	-	62,642
Total	255,546	7,020	262,566
2004			
Total	283,336	21,797	305,133

* Appointed on 23 February 2005.

** Also company secretary until 23 February 2005.

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.

The Trust pays no amounts directly to executives. The amounts disclosed above have been reimbursed by the Trust to Casinos Austria International Limited. The amount is based on an allocation of the executive's time spent on managing the affairs of 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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

17. Related Party Information (cont)

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

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

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	263,750	—	263,750
Keith De Lacy	5,000	—	5,000
Julian Hercus	210,000	30,000	240,000
Paul Herzfeld	—	—	—
Michael Issenberg	200,000	—	200,000
Kim Mooney	122,463	—	122,463
Allan Tan	—	—	—
Josef Leutgeb	—	—	—
John Hickey	100,000	—	100,000
Total	901,213	30,000	931,213

Responsible Entity's remuneration

	Dec 2005	Dec 2004
	\$	\$
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year		
Responsible Entity fee	1,007,912	1,057,663
Reimbursement of Trust expenses	52,296	52,818

Details of the basis of Responsible Entity's fees are set out in note 2(o).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

17. 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 International Holding GmbH (the parent company of Casinos Austria International Limited) directly owns 10.75% of Reef Casino Trust.
- Casinos Austria International Limited directly owns 5.53% of Reef Casino Trust and Accor Casino Investments (Australia) Pty Ltd directly owns 4.86% 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 2005	Dec 2004
	\$'000	\$'000
Aggregate amounts brought to account in relation to transactions with other related parties:		
Rental income received from complex operator	22,478	21,640
Interest on loan to complex operator	68	66
Operating expenses paid by the Trust to the complex operator and entities related to the Responsible Entity	2,110	2,087
Management fee to complex operator	128	93
Distribution paid or payable	10,411	4,376
Aggregate amounts receivable/payable with related parties at balance date:		
Current receivables	1,349	1,686
Non-current receivables	750	750
Current payables	673	753

Controlling entity

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

18. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

	Dec 2005	Dec 2004
	\$	\$
<i>KPMG</i>		
Audit services	66,956	50,450
Other assurance services in relation to IFRSs	32,018	–
Other services	2,800	12,450
	101,774	62,900

19. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets.

20. Earnings Per Unit

	Dec 2005	Dec 2004
Basic and diluted earnings per unit (cents)	29.1	30.8

Weighted average number of units for the year (note 2(f) and note 12) **12,689,031** 49,801,036

	\$'000	\$'000
Profit for the year	3,696	15,357

21. Explanation of Transition to AIFRSs

As stated in significant accounting policies note 2(a), these are the Trust's first financial statements prepared in accordance with AIFRSs.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 31 December 2005 and in restating the comparative information for the year ended 31 December 2004, and in the preparation of an opening AIFRSs balance sheet at 1 January 2004 (the Trust's date of transition).

In preparing its opening AIFRSs balance sheet and comparative information for the year ended 31 December 2004, the Trust has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (AGAAP). An explanation of how the transition from AGAAP to AIFRSs has affected the Trust's financial position, financial performance and cash flows is set out in the following tables and notes that accompany the tables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

21. Explanation of Transition to AIFRSs (cont)

(A) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRSs)

	Note	AGAAP	Effect of transition to AIFRSs	AIFRSs	AGAAP	Effect of transition to AIFRSs	AIFRSs
\$'000	1 January 2004			31 December 2004			
ASSETS							
Cash and cash equivalents		4,122	–	4,122	10,165	–	10,165
Receivables		1,904	–	1,904	1,873	–	1,873
Site lease – rental in advance	a	–	628	628	–	661	661
TOTAL CURRENT ASSETS		6,026	628	6,654	12,038	661	12,699
Receivables		750	–	750	750	–	750
Investment property	a	103,022	(103,022)	–	128,911	(128,911)	–
Property, plant and equipment	a	6,095	83,047	89,142	6,883	85,176	92,059
Site lease – rental in advance	a	–	40,230	40,230	–	41,654	41,654
TOTAL NON-CURRENT ASSETS		109,867	20,255	130,122	136,544	(2,081)	134,463
TOTAL ASSETS		115,893	20,883	136,776	148,582	(1,420)	147,162
LIABILITIES							
Payables		944	–	944	1,444	–	1,444
Interest-bearing liabilities		2,500	–	2,500	2,500	–	2,500
TOTAL CURRENT LIABILITIES		3,444	–	3,444	3,944	–	3,944
Interest-bearing liabilities		19,000	–	19,000	16,500	–	16,500
TOTAL NON-CURRENT LIABILITIES		19,000	–	19,000	16,500	–	16,500
TOTAL LIABILITIES		22,444	–	22,444	20,444	–	20,444
EQUITY							
Issued units		170,102	–	170,102	170,102	–	170,102
Distribution account		3,611	–	3,611	3,984	–	3,984
Undistributed income	a	10,138	–	10,138	15,968	–	15,968
Asset revaluation reserve	a	–	17,516	17,516	–	21,767	21,767
Accumulated losses	ab	(90,402)	3,367	(87,035)	(61,916)	(23,187)	(85,103)
TOTAL UNITHOLDERS' FUNDS		93,449	20,883	114,332	128,138	(1,420)	126,718
TOTAL EQUITY AND LIABILITIES		115,893	20,883	136,776	148,582	(1,420)	147,162

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

21. Explanation of Transition to AIFRSs (cont)

(B) Reconciliation of profit under AGAAP to profit under Australian equivalents to IFRSs (AIFRSs)

	Note	AGAAP	Effect of transition to AIFRSs	AIFRSs
\$'000				
For the year ended 31 December 2004				
REVENUE AND OTHER INCOME				
Rent		21,640	-	21,640
Reversal of impairment	a	-	2,102	2,102
Other		2,969	-	2,969
Reversal of previous write down of investment property	a	25,886	(25,886)	-
TOTAL REVENUE AND OTHER INCOME		50,495	(23,784)	26,711
LESS EXPENSES				
Depreciation and amortisation	a	(2,193)	(2,770)	(4,963)
Property outgoings		(829)	-	(829)
Rates and taxes		(527)	-	(527)
Responsible Entity fees		(1,058)	-	(1,058)
Repairs and maintenance		(1,005)	-	(1,005)
Legal and consulting fees		(242)	-	(242)
Insurances		(410)	-	(410)
Other expenses from ordinary activities		(746)	-	(746)
PROFIT BEFORE FINANCE COSTS		43,485	(26,554)	16,931
Interest expense		(1,574)	-	(1,574)
PROFIT AFTER FINANCE COSTS		41,911	(26,554)	15,357

(C) Reconciliation of cash flow statement for the year ended 31 December 2004

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

(D) Notes to the reconciliations

(a) Change in classification of investment property

Under AGAAP, the Reef Hotel Casino complex (comprising the building and the site lease) was classified as an Investment Property and carried at cost written down to recoverable amount where recoverable amount was lower than original cost. The Investment Property was not depreciated. Due to differences in the classification criteria, specifically the significant exposure of the Trust to the cash flows generated by the underlying operations of the complex via the rental formula, the complex does not meet the AIFRS definition of an investment property as defined in AASB 140 *Investment Property*.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

21. Explanation of Transition to AIFRSs (cont)

(D) Notes to the reconciliations (cont)

As a result:

- The building has been classified as a part of property, plant and equipment and the site lease has been classified as a prepayment under AIFRS.
- The Trust has elected to use the revaluation model to value the building in accordance with AASB 116 *Property, Plant and Equipment* from transition date, in accordance with an independent valuation as at 1 January 2004.
- The building is depreciated in accordance with AASB 116 *Property, Plant and Equipment*.
- The site lease is carried at cost less accumulated amortisation and impairment losses.

The effect of the above is:

(i) At date of transition to AIFRS: 1 January 2004

Investment Property decreased by \$103,022,000, building increased by \$83,047,000 and prepayments increased by \$40,858,000 (current portion \$628,000; non-current portion \$40,230,000). Retained earnings increased by \$3,367,000 and the asset revaluation reserve increased by \$17,516,000. At the date of transition the asset revaluation reserve has been determined based on a comparison of the revalued amount of the complex at that date with its deemed cost in accordance with AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*.

(ii) At the end of the last reporting period under AGAAP: 31 December 2004

Investment Property decreased by \$128,911,000, building increased by \$85,176,000 and prepayments increased by \$42,315,000 (current portion \$661,000; non-current portion \$41,654,000), net of depreciation and amortisation for the six months of \$1,420,000. Retained earnings decreased by \$23,187,000 and the asset revaluation reserve increased by \$21,767,000.

(iii) For the year ended 31 December 2004

Depreciation and amortisation expense has increased by \$2,770,000. Reversal of previous write down of Investment Property under AGAAP decreased by \$25,886,000. Following an independent valuation of the complex at 30 June 2004 (as discussed in note 8), the impairment loss on the site lease reversed by \$2,102,000.

(b) The effect on retained earnings of the changes set out above are as follows:

	1 January 2004 \$'000	12 mths ended 31 December 2004 \$'000
Accumulated building depreciation and site lease amortisation at transition	(5,250)	(5,250)
Reversal of impairment at transition	8,617	8,617
Reversal of previous write down of investment property	-	(25,886)
Reversal of impairment	-	2,102
Depreciation and amortisation	-	(2,770)
Total adjustment attributable to unit holders	3,367	(23,187)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

22. Changes in Accounting Policy

The Trust adopted AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 January 2005. This change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 and AASB 139.

The adoption of AASB 132 and AASB 139 has resulted in a change in the classification of issued units as explained in note 2(f).

The impact on the balance sheet in the comparative period is set out below as an adjustment to the balance sheet at 1 January 2005. The impact on the income statement of the comparative period would have been to increase finance costs and decrease profit for the period to nil. The distribution would also be reclassified from equity to accrued liabilities.

Impact on balance sheet if AASB 132 and AASB 139 were applied at 1 January 2005

Application of AASB 132 and AASB 139 prospectively from 1 January 2005

At 1 January 2005 - before Trust Constitution amendment

	AGAAP \$'000	Effect of transition to AIFRSs \$'000	AIFRSs \$'000
Issued units - liability portion	–	170,102	170,102
Issued units – equity portion	170,102	(170,102)	–
Undistributed income – liability portion	–	15,968	15,968
Undistributed income – equity portion	15,968	(15,968)	–
Asset revaluation reserve – liability portion	–	21,767	21,767
Asset revaluation reserve – equity portion	21,767	(21,767)	–
Accumulated losses – liability portion	–	(85,103)	(85,103)
Accumulated losses – equity portion	(85,103)	85,103	–
Distribution account	3,984	(3,984)	–
Accrued distributions	–	3,984	3,984

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

22. Changes in Accounting Policy (cont)

At 29 June 2005 - after Trust Constitution amendment

The Trust Constitution was amended on 29 June 2005 and the fixed termination date was removed. However, a contractual obligation to distribute at least 50% of the Trust income for any income period remains, resulting in 50% of the issued units classified as liabilities to represent future entitlements to distributions. The impact on the balance sheet is set out below.

	Balance at 28 June 2005 \$'000	Effect of Trust Constitution amendment \$'000	Balance at 29 June 2005 \$'000
Issued units - liability portion	170,102	(85,051)	85,051
Issued units - equity portion	–	85,051	85,051
Undistributed income - liability portion	15,968	(15,968)	–
Undistributed income - equity portion	–	15,968	15,968
Asset revaluation reserve - liability portion	21,767	(21,767)	–
Asset revaluation reserve - equity portion	–	21,767	21,767
Accumulated losses - liability portion	(80,562)	80,562	–
Accumulated losses - equity portion	–	(80,562)	(80,562)

Impact on income statement if AASB 132 and AASB 139 were applied at 1 January 2005

From 1 January 2005 to 29 June 2005 - before Trust Constitution amendment

Finance costs attributable to unitholders increased by \$4,541,000, representing the change in net assets attributable to unitholders.

From 30 June 2005 - after Trust Constitution amendment

Financing costs are treated in accordance with note 2(j).



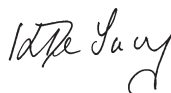
DIRECTORS' DECLARATION

1. 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 17 to 43 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 2005 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 Australian Accounting Standards 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.
2. The Trust has operated during the year ended 31 December 2005 in accordance with the provisions of the Trust Constitution dated 2 July 1993 (as amended).
3. The Register of Unitholders has, during the year ended 31 December 2005, been properly drawn up and maintained so as to give a true account of the Unitholders of the Trust.
4. The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 31 December 2005 pursuant to section 295A of the Corporations Act 2001.

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



Ben Macdonald
Director



Keith De Lacy
Director

Brisbane
7 March 2006

INDEPENDENT AUDIT REPORT

To the Unitholders of Reef Casino Trust

Scope

The financial report and directors' responsibility

The financial report, set out on pages 17 to 44, comprises the income statement, balance sheet, statement of cash flow, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Reef Casino Trust (the Trust) for the year ended 31 December 2005.

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. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under Australian Accounting Standard AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* and International Financial Reporting Standard IFRS1 *First Time Adoption of International Financial Reporting Standards*.

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 in order 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, Australian 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 interim financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors of the Responsible Entity.

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.

INDEPENDENT AUDIT REPORT

To the Unitholders of Reef Casino Trust

Audit opinion

In our opinion, the financial report of Reef Casino Trust 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 2005 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.
- (c) the provisions of the Trust Constitution dated 2 July 1993 (as amended).



KPMG



Jillian Richards
Partner

Brisbane
7 March 2006

CORPORATE GOVERNANCE STATEMENT

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. 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.

This corporate governance statement and other related information is available on The Reef Hotel Casino website www.reefcasino.com.au/trust/home.htm.

Management and oversight of the Board

The Responsible Entity Reef Corporate Services Limited is jointly owned by Casinos Austria International Limited (CAIL) and Accor Casino Investments (Australia) Pty Ltd who are also substantial shareholders in 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.

The responsibilities of the Board are set out in the Board Charter which was formalised in October 2005. The Board's role includes:

- Final approval of the strategic plans of the complex operator

- Final approval of the annual budgets including capital expenditure of the Trust and complex operator
- Approving and monitoring the progress of major refurbishment programs, acquisitions or divestments
- Approving the issue of securities and establishment of debt facilities
- Approving the appointment of the CEO of the operator, the company secretary and the external auditor (taking guidance from the audit committee)
- Distribution policy and approval of any distribution payment
- Approving (taking guidance from the audit committee) all half yearly and annual financial reports including the Directors' Report and Corporate Governance Statement and any related announcements to the ASX or communications with unitholders
- Instigation of corporate governance policies including code of conduct, continuous disclosure, trading in units
- Approving and monitoring compliance with the Trust internal control system and risk management systems
- Monitoring (taking guidance from the compliance committee) the Trust's obligations and compliance with relevant regulatory requirements

Day to day management of the Trust and matters not specifically referred to have been delegated to the CEO of the complex operator but are subject to oversight by the Board. 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* because the constitution of the Responsible Entity states that the directors are to be appointed as follows:

- two directors appointed by the unitholders (independent);
- two directors appointed by Casinos Austria International Limited (CAIL) (not independent); and
- two directors appointed by Accor Casino Investments (Australia) Pty Ltd (not independent).

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 Board is complemented by the Compliance Committee which comprises the two directors appointed by unitholders and one internal member.

In accordance with the Company's constitution each of the directors shall have regard to the following interests (in descending order of priority)

- The interest of the unitholders of the Trust as a whole
- The interests of the person who has a right to appoint and remove the director except to the extent those interests conflict with the interests of unitholders as a whole; and

- The interest of the members of the Company except to the extent that interest conflicts with either or both of the interests of the unitholders of the Trust as a whole or the appointer

The Trust has no Chief Executive Officer, although similar roles are carried out by the Chief Executive Officer of the complex operator. These functions have always remained separate from the functions performed by the Chairman.

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 comply with 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 he has the appropriate skills and experience and fulfils the responsibilities of the Chairman as outlined in ASX Recommendation 2.2.

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 Board does not comply with ASX Recommendation 2.4 *The Board should establish a nomination committee* as the Board has limited involvement in the appointment of directors.

Each director is able to seek independent professional advice at the Trust's expense, with prior approval of the Chairman.

Code of Conduct

The Board supports the ongoing need for directors and employees to demonstrate the highest level of behaviour and ethics as set out in the Code of Conduct (formalised in October 2005) which applies to all employees and directors of the Responsible Entity, the Trust and the complex operator. The code of conduct is available from The Reef Hotel Casino website www.reefcasino.com.au/trust/home.htm.

Unit Trading policy

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.

A copy of the policy on purchase or sale of units is available from The Reef Hotel Casino website www.reefcasino.com.au/trust/home.htm.

Financial Reporting

As part of each six monthly reporting process the audit committee received a written statement from the Chief Executive Officer of the complex operator and the Company Secretary stating that in their opinion the financial report of the Trust presents a true and fair view, in all material respects, of the Trust's financial position and performance in accordance with relevant accounting standards and the Corporations Act.

The Board has established an audit committee operating under a Charter approved by the Board. The Charter is available from The Reef Hotel Casino website www.reefcasino.com.au/trust/home.htm.

The audit committee comprises all Directors of Reef Corporate Services Limited and is chaired by Hon Keith De Lacy who is an independent director of the Responsible Entity and is not chairman of the Board. The Trust departs from ASX Recommendation 4.3 in that it does not consist of a majority of independent directors. The Board considers that the inclusion of all members of the Board brings a range of skills including industry knowledge, accounting and financial management.

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.

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.

During the year the committee held two meetings attended by all directors except Paul Herzfeld who did not attend one meeting.

Financial Reporting (cont)

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.

The external auditor, KPMG has a policy for rotating audit partners in accordance with the Corporations Act.

Disclosures

The Board has established policies and procedures, which are regularly reviewed, to ensure the Trust complies with legal obligations and ASX Listing Rules. A copy of the continuous disclosure policy is available from The Reef Hotel Casino website www.reefcasino.com.au/trust/home.htm.

The 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.

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;
- 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. As a registered managed investment scheme the Trust has a compliance plan which has been lodged with ASIC. The compliance plan sets out measures to ensure compliance with the Trust constitution and the Corporations Act. Compliance with the plan is audited annually.

The Responsible Entity has established a compliance committee comprising Hon Keith De Lacy (chairman and external member), Mr Julian Hercus (external member) and Mr Allan Tan (internal member). The function of the committee is to monitor compliance with the compliance plan, to report any breaches and to assess the adequacy of the compliance plan.

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.

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.

In accordance with ASX Principle 7 the Chief Executive Officer of the complex operator and the Company Secretary have provided a written statement that the statement given in respect of the financial statements (referred to under financial reporting above)

- is founded on a sound system of risk management and internal compliance and control systems which in all material respects implement the policies adopted by the Board, and
- the Trust's risk management and internal compliance and control systems in relation to financial reporting are operating effectively and efficiently in all material respects.

Performance

The Board continuously reviews its performance and the performance of executive management.

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 17 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 Trust has no direct employees. Executives involved in the management of the Trust are employed by Casinos Austria International Limited. The Trust reimburses a portion of the payroll related costs based on time spent on Trust management.

A separate remuneration committee is not considered necessary due to the relatively small number of people remunerated by the Trust. Instead the entire Board fulfils the role of the remuneration committee.

No shares or options are issued to directors.



STOCK EXCHANGE INFORMATION

Substantial Unitholders

Substantial unitholders as at 28 February 2006 are:

Unitholder	Number	%
Casinos Austria Group	20,610,832*	41.39
Accor Group	14,921,803*	29.96

* Includes 50% (12,500,000 units) of the total units owned by Reef Casino Investments Pty Ltd, which is jointly controlled by Casinos Austria Group and Accor Group.

Distribution of Unitholders (as at 28 February 2006)

Range	Holders	Public units	% Issued Capital
1 - 1,000	2,293	728,566	1.46
1,001 - 5,000	701	1,738,741	3.49
5,001 - 10,000	143	1,100,643	2.21
10,001 - 100,000	120	3,428,032	6.88
100,001 - and over	22	42,805,054	85.95
Rounding			0.01
	3,279	49,801,036	100.00

The number of unitholders holding less than a marketable parcel of units (159 units) at 28 February 2006 was 882.

Restricted Founders Units (as at 28 February 2006)

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%

STOCK EXCHANGE INFORMATION

Twenty Largest Unitholders of Listed Units (as at 28 February 2006)

Name	No. of units	% of total units
1. Reef Casino Investments Pty Ltd	25,000,000	50.20
2. Casinos Austria International Holding GmbH	5,355,117	10.75
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	1,584,000	3.18
6. National Nominees Limited	1,165,631	2.34
7. RBC Global Services Australia Nominees Pty Ltd	1,072,709	2.15
8. Geomar Superannuation Pty Ltd	455,100	0.91
9. JP Morgan Nominees Australia Ltd	353,291	0.71
10. Invia Custodian Pty Ltd WAM Capital Ltd	320,424	0.64
11. Mr Frank McFadden	316,684	0.64
12. Greenwich Stud Pty Ltd	264,871	0.53
13. Mrs Elspeth Macdonald	250,000	0.50
14. Julian Hercus & Associates	240,000	0.48
15. ANZ Nominees Limited Cash Income A/C	237,185	0.48
16. Citicorp Nominees Pty Ltd	205,763	0.41
17. Michael Issenberg	200,000	0.40
18. Mr William Coates Gair & Mrs June Verna Gair	135,000	0.27
19. Invia Custodian Pty Ltd WAM Equity fund	131,419	0.26
20. Mrs Rita Agata Mauric	120,000	0.24
	42,584,712	85.48

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.



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/home.htm

Directors of the Responsible Entity

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

Alternate directors

Mr Allan Tan (alternate for Mr Macdonald)
Mr R John Hickey (alternate for
Mr Issenberg and Mr Mooney)
Mr Josef Leutgeb (alternate for Mr Herzfeld)

Secretary of the Responsible Entity

Ms Alison Galligan

Audit committee of the Responsible Entity

Hon Keith De Lacy (Chairman)
Mr Benjamin W Macdonald
Mr Julian Hercus
Mr Paul Herzfeld
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

TRUST DIRECTORY

Unit registry

Computershare Investor Services Pty Ltd
Level 19
307 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

Sub-lessee of Reef Hotel Casino Complex

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

Reef Hotel Casino

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



CAIRNS' BIGGEST AND PREMIER ENTERTAINMENT COMPLEX

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 500 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 Café Lounge

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.

"MUST SEE. 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 on level 2 in the Reef Casino, this bar is themed with memorabilia and screens showing major sporting games and events on the big screen



The Velvet Rope Showroom and Velvet Underground

The Velvet Rope features an exciting new production, "Illusion Odyssey". The show is a breathtaking new cabaret stage performance filled with magic, dance, illusions and daring aerial feats that will leave you guessing. Open Monday to Saturday with shows starting at 8.30pm. Velvet Underground Nightclub open Friday and Saturday nights.



Cairns Wildlife Dome

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



Tamarind



Café China



Vertigo Bar and Lounge



Cairns Wildlife Dome