ANNUAL REPORT
& FINANCIAL STATEMENTS

2010

REEF CASINO TRUST

ARSN 093 156 293

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Annual General Meeting
25 May 2011 at 2pm
Pullman Reef Hotel Casino
Coral Lounge
35-41 Wharf Street
Cairns Qld Australia 4870

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

Unit Distribution
Half year ended 31 December 2010
11.0 cents per unit tax deferred

Payment date 24 March 2011

Total for 2010 20.0 cents per unit tax deferred

Announcement Dates

Half year ended 30 June 2011
Estimated distribution mid June 2011
Results late August 2011

Half year ended 31 December 2011
Estimated distribution mid December 2011
Results late February 2012

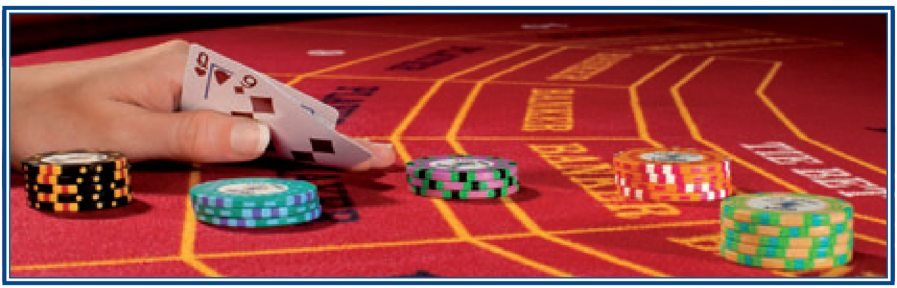
CHAIRMAN'S REVIEW

Dear Unitholders,

On behalf of the Board of Directors of Reef Corporate Services Limited, responsible entity of the Reef Casino Trust (the Trust), I present my review of the Reef Casino Trust for the year ended 31 December 2010.

Key points

- Cairns and the Far North Queensland region's economy was weak throughout 2010
- The Trust's distributable profit was $7.7 million. Unitholders' distributions classified as "finance costs" were $3.83 million. This resulted in a net profit of $3.83 million.
- 2010 year was the first full year impacted by the Queensland Government's doubling of our gaming machine tax rate from 10% to 20% from 1 July 2009
- Operating costs at the Reef Hotel Casino and Trust costs were held under tight control and savings were made wherever possible
- Unit distribution of 11 cents per unit for six months from July to December 2010. Total unit distribution for financial year 2010 was 20 cents per unit



Trust distributable profit

On a "like for like" basis (without extra gaming machine tax), Trust distributable profit would have been $9.94 million for the 2010 financial year (January to December 2010). This compares with $13.96 million in 2009 or 28.8% lower.

The gaming machine tax rate at the Reef Hotel Casino was doubled by the Queensland Government from 10% to 20% effective 1 July 2009. This had a net negative impact on Trust profit of $2.28 million in 2010 (full year impact) compared to a net negative impact of $1.14 million in 2009 (half year impact).

Consequently, Trust distributable profit, which is equivalent to net profit before finance costs attributable to unitholders, was $7.7 million, 40.3% below 2009.

Total revenue (comprising mainly of rental income from the Reef Hotel Casino) decreased by 17% (on a "like for like" basis). Rental income at the Reef Hotel Casino has been impacted by

- Cairns and the Far North Queensland region's economy was weak throughout the year
- Lower win rate on premium play than in 2009

Trust operating expenses were well controlled and were 3.3% lower.

	2010 $'000	**2009 $'000**	
REVENUE			
Rental revenue	**17,814**	22,945	**-22.4%**
Other	**267**	482	
TOTAL REVENUE	**18,081**	23,427	**-22.8%**
EXPENSES			
Operating	**5,630**	5,820	**-3.3%**
Depreciation and amortisation	**4,795**	4,790	
TOTAL EXPENSES	**10,425**	10,610	
PROFIT BEFORE FINANCE COSTS[1] ATTRIBUTABLE TO UNITHOLDERS	**7,656**	12,817	**-40.3%**
FINANCE COSTS[1] ATTRIBUTABLE TO UNITHOLDERS	**3,828**	6,409	
PROFIT	**3,828**	6,408	**-40.3%**
Earnings per unit (cents)	**15.4**	25.7	
Distribution per unit (cents)	**20.0**	24.0	

On a "like for like" basis (without extra gaming machine tax)

Total revenue	**20,557**	24,764	**-17.0%**
Total expenses	**10,620**	10,805	
Profit before finance costs[1] attributable to unitholders	**9,937**	13,959	**-28.8%**
Earnings per unit (cents)	**20.0**	28.0	

1 "Finance costs" relate to 50% of distributable profit payable to unitholders.

Unit distribution

The Trust has declared a distribution of 11 cents per unit (total of $5.48 million) for the six months from 1 July to 31 December 2010. This distribution will be paid on a "tax deferred" basis. The record date was 31 December 2010 and the payment to all unitholders will be made on 24 March 2011.

This distribution comprises 100% of the Trust's distributable profits in the second half year (being 8.8 cents per unit) and a transfer from out of the undistributed income account (being 2.2 cents per unit).

For the financial year 2010, the total unit distribution was 20 cents per unit representing a total of $9.96 million. This total unit distribution comprises 100% of Trust distributable profits with the balance, being $2.3 million or 4.6 cents per unit, transferred from the undistributed income account.

Following this latest unit distribution, the balance of the undistributed income account is $4.9 million (9.86 cents per unit). This is available for distribution to unitholders in future financial periods.

Given the lower Trust profit in 2010 the Trust's tax losses were not used up in 2010, as anticipated. It is now expected that the Trust's tax losses (approximately $4 million) will be used up in 2011. Future unit distributions would therefore no longer be entirely paid on a "tax deferred" basis. A portion of such distributions could still be "tax deferred" and the balance may be taxable in the hands of the unitholders.

Trust balance sheet

The Trust's cash flows remain positive and the balance sheet remains healthy. The Trust continues to have adequate working capital. The Trust's interest only loan facility remains unchanged at $16.5 million with the term recently extended to December 2015. In January 2011, half of this facility was fixed over varying terms. As at 31 December 2010, the Trust has drawn down $12.75 million. The Trust also has an overdraft facility of $2.0 million which has not been used to date.

Reef Conference Room

Review of trading performance and strategy at The Reef Hotel Casino

Cairns Economy

Cairns and the Far North Queensland region's economy was very weak this year with the region feeling the flow on effect of the global financial crisis and lagging in the recovery starting to be shown by other parts of Australia

- There was a hiatus in government stimulus spending – cash, first time home buyers, business investment incentives which assisted 2009
- Soft inbound tourism into Cairns and a subdued construction sector which contributed to high unemployment
- The high Australian dollar continued to provide a dampening effect on tourism

Overall for the Reef Hotel Casino, the weak Cairns' economy has resulted in the complex's casino and hotel operations revenues being softer than last year.

Gaming machine tax

As the increased gaming machine tax rate was effective 1 July 2009, the 2010 year was the first full reporting period that has been impacted by this tax increase.

The extra gaming machine tax imposed by the Queensland Government was $2.6 million for the year compared to $1.4 million for the second half of 2009.

In the face of one of the worst economic downturns in Cairns, management successfully pursued a strategy designed to keep the complex operations profitable. Briefly, the strategy incorporated the following main elements.

1. To protect the bottom line of the complex operations
2. The approach to operating costs and capital expenditure was careful, prudent and conservative. We have cut or deferred non essential expenditure as much as possible.
3. To position our business for a return to growth in the second half of this year and more dynamic growth particularly in the next 2 years by
    - Repositioning food and beverage within the complex with major initiative of welcoming Cairns premier Chinese restaurant "Cafe China" to our complex in July 2010
    - Marketing to known local and regional players via Reef Club, the casino's loyalty club
    - Aggressively marketing to the PNG premium player market
    - Further developing our China and Asian strategy
    - Maintaining a low cost base

Complex visitations

A decrease of 8.0% was recorded compared to last year and reflected both soft tourism in Cairns and a lower disposable income for the local residents.

Casino operations

Overall casino revenues were 10% lower than last year. Rentals to the Trust were 17.7% lower (on a "like for like" basis). Wherever possible, operating costs were saved but certain costs are of a fixed nature and are at the core of maintaining a proper functioning international standard casino operation.

Table games

"Grind" (main floor) revenue was 8.3% lower generally in line with lower visitation.

Premium play revenue was lower due to both a lower win rate and less activity in the second half than last year. Short term fluctuations in win rate are not unusual. This year the win rate was less than theoretical whereas last year the win rate was above theoretical.

Electronic gaming machines

Electronic gaming machine business activity as measured by handle was 5.5% lower and revenues were lower by 5.7%.

The continued focus on marketing and promotions and ongoing complimentary live entertainment program together with a range of new and continuing popular promotions aimed specifically at players who are Reef Club members mitigated the impact of lower casino visitation.

Hotel/non-gaming operations

Rentals paid to the Trust were 4.3% lower compared to last year. The second half was far stronger than the first half and was 19.4% above last year.

- Room revenues were up 2.2% with the hotel continuing to lead the five star market in Cairns for revenue per available room
- Cafe China restaurant opened in the complex in July 2010 contributing rental income
- Food and beverage contributions were 12.2% lower and reflected the weaker casino visitations in the period

Cost recovery efforts were good but as with the casino, certain fixed costs are at the core of maintaining a proper functioning 5 star hotel operation.

Flinders Bar & Grill

Capital expenditure

Renovation works were completed to introduce Café China as a major tenant of the complex from July 2010. Around $550,000 was spent involving both front of house and back of house works (mainly kitchens) and refurbishment of Tamarind Restaurant to also provide the Pullman hotel breakfast.

Consistent with management's overall strategy, capital expenditure was otherwise tightly controlled with a focus on revenue generating areas (such as new gaming machines).

The Reef Hotel Casino complex continued to be maintained in an excellent condition throughout the year.

Commitment to Responsible Gaming (RSG)

We have seen much more political involvement over the past 6 months with respect to responsible gaming issues.

The Reef Hotel Casino has been committed over many years to ensuring we have programs and practices in place to assist customers who may be experiencing difficulties with their gaming and customer liaison officers are on site to assist patrons 24 hours, 7 days a week.

There is a committee on site which is responsible for reviewing and monitoring the policies and procedures and overall effectiveness of our RSG program.

Moving forward, the Reef Hotel Casino will continue to maintain dialogue and meet with government agencies, gambling help services and the broader community to keep responsible gaming practices balanced and effective.

Luxury Accommodation

Outlook for 2011

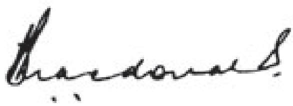
We expect that 2011 will again present as a challenging year however there are some positive signs that Cairns' and the Far North Queensland region is slowly recovering from the global financial crisis and that tourism is generally improving from a sluggish 2010.

Increased activity in the region of Asian, particularly Chinese tourists, has been noted. It is anticipated that further stimulation to the gaming activity in the region will result.

The Reef Hotel Casino will pursue opportunities born out by Tourism Queensland in conjunction with local Cairns tourism bodies which will hopefully lead to more tourist arrivals in 2011 and the overall general aviation outlook appears to be positive and growing.

A heavy emphasis will be placed on our advertising, marketing and promotions strategy to ensure locals and visitors seek out the Reef Hotel Casino as the place to play, stay, dine and socialise.

We will continue to look for efficiencies in our systems and processes and ensure that a prudent approach to costs and risk management is maintained in what is still an uncertain economic period for 2011.



Ben Macdonald
Chairman
Reef Corporate Services Limited
Responsible Entity of Reef Casino Trust

DIRECTORS' REPORT

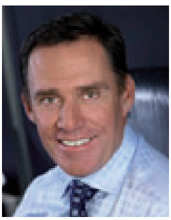
Mr Ben Macdonald
Non-executive Chairman

Mr Julian Hercus
Non-executive Director

Mr Michael Issenberg
Non-executive Director

Mr Allan Tan
Executive Director,
CEO Reef Hotel Casino

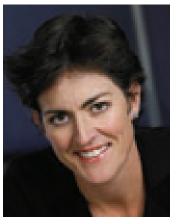
Mr Simon McGrath
Alternate for Mr Issenberg



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

Mr Paul Herzfeld
Non-executive Director

Mr Kim Mooney
Non-executive Director



Ms Louise Daley
Non-executive Director

Mr Josef Leutgeb
Alternate for
Mr Herzfeld

The directors of Reef Corporate Services Limited, ABN 66 057 599 621, the Responsible Entity of Reef Casino Trust (the Trust) present their report together with the financial report of the Trust for the year ended 31 December 2010 and the auditor's report thereon.

Responsible Entity

The directors of Reef Corporate Services Limited during the financial year until the date of this report (except as otherwise stated) are:

Mr Benjamin W Macdonald (Chairman)
Hon Keith De Lacy
Mr Julian Hercus
Mr Paul Herzfeld
Mr Michael Issenberg
Mr Kim Mooney
Mr Allan Tan (director and alternate for Mr Macdonald)
Ms Louise Daley (director and alternate for Mr Mooney)
Mr Josef Leutgeb (alternate for Mr Herzfeld)
Mr Simon McGrath (alternate for Mr Issenberg)

Mr David Baffsky was a director until his resignation on 11 March 2010. Ms Louise Daley was appointed a director on 23 March 2010, and resigned as alternate director for Mr Issenberg on the same date. She remains as alternate director for Mr Mooney. Mr Simon McGrath was appointed alternate director for Mr Issenberg on 23 March 2010.

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 $6.47 million (13.0 cents per unit tax deferred) in respect of the six month period ended 31 December 2009 as reported in the 2009 annual report was paid on 26 March 2010.

The distribution of $4.48 million (9.0 cents per unit tax deferred) in respect of the six month period ended 30 June 2010 was paid on 23 September 2010 (note 17).

The directors have declared a distribution of $5.48 million (11.0 cents per unit tax deferred) in respect of the six month period ended 31 December 2010 to be paid on 24 March 2011.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

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 15 February 2011, the board of directors of the Responsible Entity, Reef Corporate Services Limited, declared an 11 cent per unit distribution payable on 24 March 2011. This distribution totals $5,478,114.

Other than the matter 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 36,701,044 units at 31 December 2010 (2009: 36,701,044 units). The total number of units on issue in 2009 and 2010 was 49,801,036.

Responsible Entity's remuneration

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

- 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
- 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 (as defined in the Trust Constitution), 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:

	Dec 2010 $	Dec 2009 $
Responsible Entity fees	1,107,972	1,096,562
Reimbursement of Trust expenses	51,731	55,040

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		Number of units held
Mr Benjamin W Macdonald	263,750	Mr Kim Mooney	122,583
Hon Keith De Lacy	5,000	Mr Allan Tan	-
Mr Julian Hercus	250,000	Ms Louise Daley	-
Mr Paul Herzfeld	-	Mr Josef Leutgeb	-
Mr Michael Issenburg	221,000	Mr Simon McGrath	-

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

Under the Trust Constitution, Compliance Audit and Risk Committee members are entitled to be indemnified out of the trust fund in respect of liabilities incurred in good faith through acting as a member of the Compliance Audit and Risk Committee in successfully defending proceedings against them. The Responsible Entity is also entitled to be indemnified out of the trust fund in accordance with the Trust Constitution. Since the end of the previous financial year, the Trust has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Trust.

Insurance premiums

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

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

Information on directors

Ben Macdonald AM

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), Queensland Cotton Holdings Ltd (Chairman) and FKP Ltd (Chairman). He was founding director and deputy Chairman of Brisbane's first FM radio station (Four Triple M Ltd).

He served 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).

For service to business and commerce through executive roles with a range of investment, banking and agricultural organisations, and to the community as a supporter of charitable and sporting bodies, Ben has been awarded an AM.

His current directorships include AP Eagers Ltd (Chairman).

Keith De Lacy AM

Non-executive independent 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 company Macarthur Coal Limited, Cubbie Group Ltd and Nimrod Resources. He retired as Chairman of Queensland Sugar Ltd on 31 December 2008. He is also a Director of Queensland Energy Resources.

Keith is Vice President of the Queensland Division of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management.

For services to the community Keith has been awarded an AM, the Centenary Medal, honorary doctorates from both James Cook University (HonDLitt) and Central Queensland University (DUniv), and the Gatton Gold medal from the University of Queensland.

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

Julian Hercus

Non-executive independent 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 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 of the group's parent company in 2001. He became Deputy Director General in 2006 until June 2010. In his position as CEO of Casinos Austria International Holding GmbH which he has held since 1997, Mr Herzfeld manages the group's extensive international activities with close to 50 casinos on all continents. 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 is Chairman and Chief Operating Officer of Accor Asia Pacific and has been with Accor for more than 15 years. He has responsibility and oversight for Accor's full range of business interests in the Asia Pacific region and is also a member of the Global Executive Committee.

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.

Mr Issenberg 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 February 2003, he was appointed Chief Financial Officer – Asia Pacific, which is the position he currently holds. He is based in Singapore but works from Sydney and Singapore offices.

Mr Mooney is a Certified Practising Accountant, holding qualifications in Business, Hospitality and Arts Administration. He is a director all Accor Asia Pacific entities and previously served as a director of The Music Board of the Australia Council.

Allan Tan
Executive director; director since 28 March 2006.
Alternate for Mr Macdonald; alternate director since 10 July 1997.
Mr Tan is the CEO of The Reef Hotel Casino and Executive Director of Casinos Austria International – Australia, Asia Pacific. He 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 and Regional Manager (Australia, Asia Pacific) for Casinos Austria Group.

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.

Louise Daley
Non-executive director; director since 23 March 2010.
Alternate for Mr Mooney; alternate director since 25 June 2009.
Louise Daley, Chief Financial Officer Pacific for Accor Asia Pacific, joined Accor in 1993 and has worked in a number of finance roles in Australia and Asia.

Ms Daley has over 20 years experience in the hotel industry, gained through a number of hotel operators, both domestic and international. She holds a Diploma in Hospitality and Catering Management, a Bachelor of Business (Accounting), Certificate in Applied Finance and Investment and is a Certified Practising Accountant.

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. 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.

Simon McGrath
Alternate for Mr Issenberg; alternate director since 23 March 2010.
In December 2006 Simon McGrath was appointed to the position of Vice President Australia responsible for all Accor's Australian hotels.

Simon joined Accor in 2005 as General Manager, Sofitel Reef Casino Cairns and was later appointed Regional General Manager, overseeing all hotel operations in Northern Australia and Western Australia in addition to his role at the Sofitel.

Simon's career has allowed him to work in Thailand, Malaysia, Hamilton Island, Ayers Rock, Gold Coast, Cairns and Sydney. Resorts feature as a key element of Simon's background; having worked at Ayers Rock Resort and Hamilton Island Resort in Executive roles.

Simon currently sits on a number of Boards including Sydney Convention and Exhibition Centre (SCEC), Recreational Tourism Group (RTG) and Tourism and Transport Forum (TTF) as well as the Bond University Executive Advisory Board. Simon was appointed a Director of AAPC in October 2008.

Units on issue

Units on issue and movements in issued units are detailed in note 16 to the financial statements.

Assets

The Trust had total assets of $112,600,000 as at 31 December 2010 (2009: $115,031,000).
The basis of valuation of the Trust's assets is disclosed in note 3 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 45 and forms part of the directors' report for the year ended 31 December 2010.

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 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
15 February 2011

STATEMENT OF FINANCIAL POSITION
as at 31 December 2010

	Note	Dec 2010 $'000	Dec 2009 restated* $'000	As at 1 Jan 2009 restated* $'000
ASSETS				
Cash and cash equivalents	19	**4,640**	3,491	6,587
Receivables	10	**1,069**	1,795	2,047
TOTAL CURRENT ASSETS		**5,709**	5,286	8,634
Receivables	10	**750**	750	750
Property, plant and equipment	11	**106,033**	108,866	110,512
Intangible assets	12	**108**	129	115
TOTAL NON-CURRENT ASSETS		**106,891**	109,745	111,377
TOTAL ASSETS		**112,600**	115,031	120,011
LIABILITIES				
Payables	13	**3,322**	4,619	6,028
TOTAL CURRENT LIABILITIES		**3,322**	4,619	6,028
Loans and borrowings	14	**12,750**	11,500	16,500
Deferred income	15	**82**	90	51
Issued units – liability portion	16	**85,051**	85,051	85,051
TOTAL NON-CURRENT LIABILITIES		**97,883**	96,641	101,602
TOTAL LIABILITIES		**101,205**	101,260	107,630
EQUITY				
Issued units – equity portion	16	**85,051**	85,051	85,051
Distribution account	17	**3,276**	3,348	2,824
Undistributed income		**4,911**	7,215	6,349
Accumulated losses		**(81,843)**	(81,843)	(81,843)
TOTAL EQUITY		**11,395**	13,771	12,381
TOTAL EQUITY AND LIABILITIES		**112,600**	115,031	120,011
MEMORANDUM NOTE – ISSUED UNITS				
Issued units – liability portion		**85,051**	85,051	85,051
Issued units – equity portion		**85,051**	85,051	85,051
		170,102	170,102	170,102

* refer note 2(e) for details regarding the change in accounting policy.

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Note	Dec 2010 $'000	Dec 2009 $'000
REVENUE AND OTHER INCOME			
Revenue	6	**18,073**	23,294
Other income	7	**8**	133
TOTAL REVENUE AND OTHER INCOME		**18,081**	23,427
EXPENSES			
Depreciation and amortisation	8	**4,795**	4,790
Property outgoings		**1,052**	1,049
Rates and taxes		**679**	645
Responsible Entity fees		**1,108**	1,097
Repairs and maintenance		**705**	913
Insurance		**319**	330
Other expenses		**831**	768
TOTAL EXPENSES		**9,489**	9,592
RESULTS FROM OPERATING ACTIVITIES		**8,592**	13,835
Finance costs attributable to unitholders		**3,828**	6,409
Interest expense on financial liabilities measured at amortised cost		**936**	1,018
TOTAL FINANCE COSTS	9	**4,764**	7,427
PROFIT FOR THE YEAR		**3,828**	6,408
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,828**	6,408
Basic and diluted earnings per unit (cents)	23	**15.4**	25.7
MEMORANDUM NOTE			
Profit before finance costs attributable to unitholders		**7,656**	12,817

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Issued units $'000	Distribution account $'000	Undistributed income $'000	Accumulated losses $'000	Total $'000
1 JANUARY 2009	85,051	2,824	6,349	(81,843)	12,381
Total comprehensive income for the period	-	-	-	6,408	6,408
Transfer to distribution account	-	5,542	-	(5,542)	-
Transfer to undistributed income	-	-	866	(866)	-
Distributions paid	-	(5,018)	-	-	(5,018)
31 DECEMBER 2009	85,051	3,348	7,215	(81,843)	13,771
1 JANUARY 2010	85,051	3,348	7,215	(81,843)	13,771
Total comprehensive income for the period	-	-	-	3,828	3,828
Transfer to distribution account	-	3,828	-	(3,828)	-
Transfer from undistributed income	-	2,304	(2,304)	-	-
Distributions paid	-	(6,204)	-	-	(6,204)
31 DECEMBER 2010	85,051	3,276	4,911	(81,843)	11,395

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

STATEMENT OF CASH FLOWS

for the year ended 31 December 2010

	Note	Dec 2010 $'000	Dec 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		**20,465**	25,596
Cash payments in the course of operations		**(6,475)**	(7,419)
Interest received		**201**	327
Interest and other finance costs paid		**(930)**	(1,045)
NET CASH FROM OPERATING ACTIVITIES	19(b)	**13,261**	17,459
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(2,410)**	(3,486)
Proceeds from disposal of property, plant and equipment		**4**	132
NET CASH FROM INVESTING ACTIVITIES		**(2,406)**	(3,354)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(redraw) of borrowings		**1,250**	(5,000)
Distributions paid (equity portion and liability portion)		**(10,956)**	(12,201)
NET CASH FROM FINANCING ACTIVITIES		**(9,706)**	(17,201)
Net increase/(decrease) in cash held		**1,149**	(3,096)
Cash and cash equivalents at 1 January		**3,491**	6,587
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19(a)	**4,640**	3,491

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

1. The Trust

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

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Trust complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the board of directors of the Responsible Entity on 15 February 2011.

(b) Basis of measurement

The financial report is prepared on the historical cost basis.

(c) Functional and presentation currency

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

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 11 – lease classification.

(e) Changes in accounting policies

(i) Lease classification

From 1 January 2010, the Trust has applied amendments to AASB 117 Leases outlined in AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process. Prior to the amendment, AASB 117 generally required a lease of land with an indefinite life to be classified as an operating lease. This guidance has been removed, and the amendments now require leases of land to be classified as either finance or operating using the general principles of AASB 117.

The changes have been applied retrospectively and resulted in the site lease being classified

2. Basis of preparation (cont)

(e) Changes in accounting policies (cont)

as a finance lease. The change in accounting policy only relates to disclosures and had the following impact on the financial statements:

1 January 2009

- Decrease in site lease – rental in advance (current portion) of $706,000
- Decrease in site lease – rental in advance (non-current portion) of $41,666,000
- Increase in property, plant and equipment of $42,372,000

31 December 2009

- Decrease in site lease – rental in advance (current portion) of $706,000
- Decrease in site lease – rental in advance (non-current portion) of $40,959,000
- Increase in property, plant and equipment of $41,665,000

The change in accounting policy had no impact on earnings per unit or net income.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Non-derivative financial assets
The Trust initially recognises trade and other receivables and cash and cash equivalents on the date that they are originated.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities
The Trust initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Trust has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Trust's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant accounting policies (cont)

(a) Financial instruments (cont)

Such financial liabilities are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Compound financial instruments – issued units
Compound financial instruments issued by the Trust comprise issued units.

The Trust Constitution contains a contractual obligation to distribute at least 50% 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. The liability component is measured at amortised cost using the effective interest method. 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% of the value of total issued units with the equity component comprising the other 50% in line with the obligation to distribute 50% of Trust income.

The total distribution for an income period is determined in accordance with the Trust Constitution. 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.

(b) Leased assets

Leases in terms of which the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Trust's statement of financial position.

(c) Property, plant and equipment

(i) Recognition and measurement
Buildings, integral plant, and plant and equipment are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Trust, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a

3. Significant accounting policies (cont)

(c) Property, plant and equipment (cont)

component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Trust will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reassessed at each annual reporting date and adjusted if appropriate.

(d) Intangible assets

Items of software that are acquired by the Trust, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the items of software from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software 4 years

Amortisation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(e) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a debtor will enter bankruptcy.

The Trust considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Trust uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables.

3. Significant accounting policies (cont)

(e) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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) Provisions

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Revenue

Rent revenue is brought to account when earned and, if not received at reporting date, is reflected in the balance sheet 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).

(h) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Trust will comply with the conditions associated with the grant. Grants that compensate the Trust for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Trust for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

(i) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings calculated using the effective interest method, and the portion of distributions comprising 50% of net income (note 3(a)(iii)).

3. Significant accounting policies (cont)

(j) Responsible Entity's fee

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 (as defined in the Trust Constitution), payable within two months of the end of each half yearly period.

The Responsible Entity is also entitled to reimbursement of Trust expenses incurred on behalf of the Trust.

(k) Income tax

Under current income tax legislation, the Trust is not subject to income tax, provided that the taxable income, including any taxable capital gains, is fully distributed to unitholders each year. Tax allowances for building and plant and equipment depreciation are distributed in the form of tax deferred benefits.

At 31 December 2010, carried forward losses available to offset future assessable income of the Trust amounted to $4 million (2009: $10 million). These carried forward losses have not been recognised in the financial statements.

(l) 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 balance sheet.

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.

(m) Earnings per unit

The Trust presents basic and diluted earnings per unit data for its issued units. Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders of the Trust by the weighted average number of the equity component of issued units outstanding during the period. Diluted earnings per unit is determined by adjusting the profit or loss attributable to unitholders and the weighted average number of the equity component of issued units outstanding for the effects of any dilutive potential units.

(n) Segment reporting

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses. The Trust determines and presents operating segments based on the information that internally is provided to the board.

3. Significant accounting policies (cont)

(o) Restatement of prior year financial report

Clarification of 2009 annual report and 2010 half year report

This clarification does not alter the reported net assets or financial performance of the Trust.

Note 2(e) to the 31 December 2009 annual financial report and Note 3 to the 30 June 2010 half-year financial report of the Trust explain the change from reporting the hotel/casino building at fair value to reporting it at cost. The Directors consider these notes to the financial statements should have stated the change in measurement from fair value to cost was made to correct an error, rather than a change in accounting policy. The significant judgements involved in allocating the independently determined fair value of the casino complex to the hotel/casino building component in the financial reports for the financial years of the Trust prior to 31 December 2009 did not result in a reliable measurement of the fair value of the hotel/casino building. As the fair value was not reliable this was appropriately corrected by retrospectively restating the hotel/casino building to cost as at IFRS transition date 1 January 2004.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Trust.

4. Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment, site lease and licences

The Trust Constitution requires the Trust to obtain independent valuations of the complex at least once during every 3 years. The valuation is used for disclosure purposes, and also assists the Trust in determining whether there is any impairment of the cash generating unit (note 3(e)(ii)).

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

i. a willing, but not anxious, buyer and seller;

ii. a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;

iii. that the property will be reasonably exposed to that market;

iv. that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and

it 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.

(ii) Current receivables

Due to the short-term nature of the Trust's current receivables, their carrying value is assumed to approximate their fair value.

4. Determination of fair values (cont)

(iii) Non-current receivables

The fair value of the Trust's non-current receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(iv) Current payables

Due to the short-term nature of the Trust's current payables, their carrying value is assumed to approximate their fair value.

(v) Loans and borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Financial risk management

The Trust has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk.

This note presents information about the Trust's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The board has overall responsibility for the establishment and oversight of the risk management framework. The board has established a Compliance, Audit and Risk Committee, with responsibilities including the review of risk management policies and reports. The committee reports regularly to the board on its activities.

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from customers. There is a significant concentration of credit risk in so far as the Trust receives rental income from one complex, The Reef Hotel Casino.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Trust's approach to managing liquidity is to use cash flow management and forecasts to ensure there is enough cash to meet liabilities when due. In addition to maintaining sufficient liquid assets to meet short-term payments, at balance date, the Trust has $5.75 million (2009: $7 million) of unused credit facilities available for its immediate use.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Trust's income. The Trust manages interest rate exposure by having a balance of fixed interest debt to variable interest debt with some flexibility to adjust the ratio, and investing excess cash at variable interest rates.

5. Financial risk management (cont)

Capital management

The Trust policy is to maintain the current level of issued units ($170,102,000; 2009: $170,102,000) plus an interest only loan facility ($16,500,000; 2009: $16,500,000). Should new funding be required for enhancement or for investment in new opportunities the Trust will consider an appropriate balance of new equity and/or debt funding. Should surplus funds arise, some repayment of debt will also be considered.

The board sets the level of distributions to unitholders taking into account the requirements of the Trust Constitution which require that the Trust must distribute at least 50% of net distributable income for each half yearly period commencing either on the first day of January or July. It is the board's current policy to distribute all of the Trust's distributable income and a portion from out of the undistributed income account.

	Dec 2010 $'000	Dec 2009 $'000

6. Revenue

Rental		
Base rent	**957**	934
Contingent rent	**16,857**	22,011
	17,814	22,945
Interest received and receivable from		
Other persons	**129**	223
Related parties	**77**	68
	206	291
Other revenue		
Sundry	**53**	58
	18,073	23,294

7. Other income

Net gain on disposal of plant and equipment	**-**	128
Government grants	**8**	5
	8	133

8. Expenses

Net profit includes the following specific expenses:

Depreciation		
Building	**1,733**	1,730
Plant and equipment	**2,295**	2,286
	4,028	4,016
Amortisation		
Computer software	**60**	67
Site lease	**707**	707
	767	774
	4,795	4,790
Net loss on disposal of plant and equipment	**3**	-

9. Finance income and expense

	Dec 2010 $'000	Dec 2009 $'000
Recognised in profit or loss		
Interest income on bank deposits	**129**	223
Interest income on loans and receivables	**77**	68
FINANCE INCOME	**206**	291
Interest expense on financial liabilities measured at amortised cost	**(936)**	(1,018)
Finance costs attributable to unitholders	**(3,828)**	(6,409)
FINANCE EXPENSE	**(4,764)**	(7,427)
NET FINANCE INCOME AND EXPENSE	**(4,558)**	(7,136)

The above financial income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:

	Dec 2010 $'000	Dec 2009 $'000
Total interest income on financial assets	**206**	291
Total interest expense on financial liabilities	**(4,764)**	(7,427)

10. Receivables

	Dec 2010 $'000	Dec 2009 $'000
CURRENT		
Rent receivable from lessee	**1,012**	1,749
Other debtors	**57**	46
	1,069	1,795
NON-CURRENT		
Loans to lessee, bearing an interest rate of 10.64% (2009: 9.64%)	**750**	750

11. Property, plant and equipment

	Site Lease $'000	Building & Integral Plant $'000	Plant & Equipment $'000	Total $'000
AT 1 JANUARY 2009				
At cost or deemed cost	53,000	68,919	52,080	173,999
Accumulated depreciation/amortisation	(10,628)	(8,229)	(44,630)	(63,487)
Net Carrying Amount	42,372	60,690	7,450	110,512
YEAR ENDED 31 DECEMBER 2009				
Opening net carrying amount	42,372	60,690	7,450	110,512
Additions	-	382	2,699	3,081
Disposals	-	-	(4)	(4)
Depreciation/amortisation charge	(707)	(1,730)	(2,286)	(4,723)
Closing Net Carrying Amount	41,665	59,342	7,859	108,866
AT 31 DECEMBER 2009				
At cost or deemed cost	53,000	69,301	54,424	176,725
Accumulated depreciation/amortisation	(11,335)	(9,959)	(46,565)	(67,859)
Net carrying amount	41,665	59,342	7,859	108,866
YEAR ENDED 31 DECEMBER 2010				
Opening net carrying amount	41,665	59,342	7,859	108,866
Additions	-	-	1,909	1,909
Disposals	-	-	(7)	(7)
Depreciation/amortisation charge	(707)	(1,733)	(2,295)	(4,735)
Closing net carrying amount	40,958	57,609	7,466	106,033
AT 31 DECEMBER 2010				
At cost or deemed cost	53,000	69,301	55,813	178,114
Accumulated depreciation/amortisation	(12,042)	(11,692)	(48,347)	(72,081)
Net carrying amount	40,958	57,609	7,466	106,033

An independent valuation of the Trust's interest in The Reef Hotel Casino Complex was carried out by Jones Lang LaSalle Hotels as at 30 June 2009. The Trust's interest in the complex, which is considered to be a cash generating unit, comprises the building, site lease, casino licence and plant and equipment. The complex was valued at $143 million (with no residual value). The casino licence has an amortised cost of nil (2009: nil).

The Trust paid $53 million to the Queensland Government by way of a lump sum prepayment of the rental payable for the term of the lease (75 years) for the site on which The Reef Hotel Casino complex is situated. Even though the lease is not eligible for conversion to freehold tenure, the Trust determined that the site lease is a finance lease. At 31 December 2010, the remaining term of the site lease was 58 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.

	Dec 2010 $'000	Dec 2009 $'000

11. Property, plant and equipment (cont)

Capital expenditure commitments

Contracted but not provided for and payable:		
Not longer than one year	**171**	315

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	**987**	958
Between one and five years	**3,946**	3,830
More than five years	**82**	1,037
	5,015	5,825

The casino, hotel and ancillary facilities lease agreements with the lessee have a twenty year term, expiring 24 January 2016. Base rent is set out in the lease (and is indexed annually) and additional rent is based on financial performance. An option exists to renew the leases at the end of the existing term until 26 October 2029. Further extensions from year to year are subject to certain ownership conditions being met. 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.

12. Intangible assets

COMPUTER SOFTWARE

AT 1 JANUARY		
At cost	**544**	463
Accumulated amortisation	**(415)**	(348)
Net carrying amount	**129**	115
YEAR ENDED 31 DECEMBER		
Opening net carrying amount	**129**	115
Additions	**39**	81
Amortisation charge	**(60)**	(67)
Closing net carrying amount	**108**	129
AT 31 DECEMBER		
At cost	**583**	544
Accumulated amortisation	**(475)**	(415)
Net carrying amount	**108**	129

			Dec 2010 $'000	Dec 2009 $'000

13. Payables

CURRENT		
Trade creditors and accruals – unsecured	**1,120**	1,493
Accrued distributions (note 17)	**2,202**	3,126
	3,322	4,619

14. Loans and borrowings

This note provides information about the contractual terms of the Trust's loans and borrowings, which are measured at amortised cost. For more information about the Trust's exposure to interest rate and liquidity risk, see note 24.

	Nominal Interest rate	Year of maturity		
NON-CURRENT				
Bank loan – Bank of Queensland Limited	7.38%	2015	**12,750**	11,500

The nominal interest rate for 2009 was 7.52%.

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.

Interest is payable at a fixed margin over Bank of Queensland's cost of funds for $12,750,000 (2009: $3,250,000). No part of the facility had fixed interest payments at balance date (2009: $8,250,000 at 7.99%).

15. Deferred income

Government grant	**82**	90

16. Issued units

49,801,036 (December 2009: 49,801,036) units		
Issued units – equity portion	**85,051**	85,051
Issued units – liability portion	**85,051**	85,051
	170,102	170,102

The number of issued units includes 740,000 (December 2009: 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.

17. Distributions

Distributable income

The Trust Constitution requires calculation of distributable income for each half yearly period commencing either on the first day of January or July and the amount transferred to a distribution account on the last day of such period. As the Trust must distribute at least 50% of net income for the period, this 50% is classified as a liability, and transferred from the distribution account to accrued liabilities on the statement of financial position (note 13).

The proposed distribution for the six months ended 31 December 2010 was declared on 15 February 2011, and accounted for as follows:

	Dec 2010 $'000	Dec 2009 $'000
DISTRIBUTION ACCOUNT (refer to statement of changes in equity)		
Balance relating to issued units – equity portion	**3,276**	3,348
ACCRUED DISTRIBUTION (payables – note 13)		
Balance relating to issued units – liability portion	**2,202**	3,126
TOTAL OF DISTRIBUTION ACCOUNTS	**5,478**	6,474

	Dec 2010		Dec 2009	
	Total $'000	Cents per unit	Total $'000	Cents per unit
Distributions paid and payable				
Half year ended 30 June paid September	**4,482**	**9.00**	5,478	11.00
Half year ended 31 December paid/payable March	**5,478**	**11.00**	6,474	13.00
	9,960	**20.00**	11,952	24.00

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

	Dec 2010 $'000	Dec 2009 $'000

18. Segment information

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

RENTAL INCOME		
Casino operations	**15,533**	20,562
Hotel and other non casino operations	**2,281**	2,383
	17,814	22,945

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

19. (a) Cash and cash equivalents

Cash (held in interest bearing accounts, at call)	**4,640**	2,491
Bank short term deposits	**-**	1,000
	4,640	3,491

19. (b) Reconciliation of cash flows from operating activities

PROFIT FOR THE YEAR	**3,828**	6,408
ADJUSTMENTS FOR:		
Loss/(profit) on sale of property, plant and equipment	**3**	(128)
Finance costs attributable to unitholders	**3,828**	6,409
Depreciation and amortisation	**4,795**	4,790
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	**12,454**	17,479
Changes in operating assets and liabilities		
(Increase)/decrease in receivables and other assets	**726**	253
(Increase)/decrease in payables	**89**	(312)
Increase/(decrease) in deferred income	**(8)**	39
NET CASH FROM OPERATING ACTIVITIES	**13,261**	17,459

20. 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.

Key Management Personnel

	Short-term Salary & Fees $	Post-employment Superannuation Benefits $	Total $
2010			
Non-executive directors			
Benjamin Macdonald (Chairman)	75,000	-	75,000
Keith De Lacy	50,000	4,500	54,500
Julian Hercus	48,000	4,320	52,320
Paul Herzfeld	-	-	-
David Baffsky (resigned 11/03/2010)	-	-	-
Michael Issenberg	-	-	-
Kim Mooney	-	-	-
Louise Daley	-	-	-
Josef Leutgeb	-	-	-
Simon McGrath (appointed 23/03/2010)	-	-	-
Executive director			
Allan Tan (Chief Executive Officer - Operator)	76,914	-	76,914
Executive			
Alison Galligan (Company Secretary)	86,082	-	86,082
Total	335,996	8,820	344,816
2009			
Non-executive directors			
Benjamin Macdonald (Chairman)	75,000	-	75,000
Keith De Lacy	50,000	4,500	54,500
Julian Hercus	48,000	4,320	52,320
Paul Herzfeld	-	-	-
David Baffsky	-	-	-
Michael Issenberg	-	-	-
Kim Mooney	-	-	-
Ronald John Hickey (resigned 07/05/2009)	-	-	-
Josef Leutgeb	-	-	-
Louise Daley (appointed 25/06/2009)	-	-	-
Executive director			
Allan Tan (Chief Executive Officer - Operator)	70,842	-	70,842
Executive			
Alison Galligan (Company Secretary)	83,733	-	83,733
Total	327,575	8,820	336,395

20. Related party information (cont)

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

The Trust has no employees and pays no amounts directly to executives. The amounts disclosed above have been reimbursed by the Trust to Casinos Austria International Limited, the employer of executives involved in the management of the Trust. The amount is based on an allocation of the executive's time spent on managing the affairs of the Trust (and includes on costs).

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

None of the directors of the Responsible Entity has or has had any interest in the promotion of the Trust or in the property 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 start of the year	Changes during the year	Balance at end of the year
Including directors who left the board during the year			
Benjamin Macdonald	263,750	-	263,750
Keith De Lacy	5,000	-	5,000
Julian Hercus	250,000	-	250,000
Paul Herzfeld	-	-	-
David Baffsky (resigned 11/03/2010)	-	-	-
Michael Issenberg	221,000	-	221,000
Kim Mooney	122,583	-	122,583
Allan Tan	-	-	-
Louise Daley	-	-	-
Josef Leutgeb	-	-	-
Simon McGrath	-	-	-

Responsible Entity's remuneration

	Transaction value		Balance outstanding	
	Dec 2010 $	Dec 2009 $	Dec 2010 $	Dec 2009 $
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year				
Responsible Entity fee	**1,107,972**	1,096,562	**552,697**	546,235
Reimbursement of trust expenses	**51,731**	55,040	**967**	1,038

Details of the basis of the Responsible Entity's fees are set out in note 3(j).

20. Related party information (cont)

Other related parties

- Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Limited jointly own the lessee.
- 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) is incorporated in Austria and directly owns 11.37% 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 is considered to be a related party and transactions and balances with these entities are summarised below.

	Transaction value		Balance outstanding	
	Dec 2010 $	Dec 2009 $	**Dec 2010 $**	Dec 2009 $
Aggregate amounts brought to account in relation to transactions with other related parties:				
Rental income received from lessee	**17,814,107**	22,945,386	**1,005,420**	1,742,509
Interest on loan to lessee	**76,856**	67,905	**6,778**	6,141
Operating expenses paid by the Trust to the lessee and entities related to the Responsible Entity	**2,027,634**	2,167,959	**179,243**	166,406
Management fee to lessee	**103,489**	155,458	**32,368**	38,864
Distribution paid or payable	**7,167,742**	8,601,291	**4,413,003**	4,659,032
Aggregate amounts receivable/payable with related parties at balance date:				
Current receivables			**1,012,198**	1,748,650
Non-current receivables			**750,000**	750,000
Current payables			**764,308**	751,505
Accrued distribution			**1,622,908**	2,303,437

All of the above transactions were conducted under normal commercial terms and conditions, and where applicable, in accordance with lease agreements.

Controlling entity

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

21. Remuneration of auditors

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

	Dec 2010 $	Dec 2009 $
KPMG		
Audit of statutory financial reports	**85,885**	56,304
Other assurance services	**18,750**	18,110
	104,635	74,414

22. Contingent liabilities and contingent assets

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

23. Earnings per unit

	Dec 2010	Dec 2009
Basic and diluted earnings per unit (cents)	**15.4**	25.7
Weighted average number of units (equity portion) for the year (note 3(a) and note 16)	**24,900,518**	24,900,518
	$'000	**$'000**
Profit for the year	**3,828**	6,408

24. Financial instruments

Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Trust's most significant customer, Casinos Austria International (Cairns) Pty Ltd (lessee of The Reef Hotel Casino), accounts for $1,762,000 of the receivables carrying amount at 31 December 2010 (2009: $2,499,000). Details of the lease agreement are contained in note 11.

There is no collateral held as security or any other credit enhancements (2009: nil). None of the Trust's receivables are past due, and therefore, no impairment required (2009: nil). There are no significant financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired (2009: nil).

24. Financial instruments (cont)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000
31 DECEMBER 2010					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade creditors and accruals	1,120	(1,120)	(1,120)	-	-
Accrued distribution	2,202	(2,202)	(2,202)	-	-
Bank borrowings	12,750	(22,875)	(1,275)	(1,275)	(20,325)
Issued units – liability portion*	85,051	-	-	-	-
31 DECEMBER 2009					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade creditors and accruals	1,493	(1,493)	(1,493)	-	-
Accrued distribution	3,126	(3,126)	(3,126)	-	-
Bank borrowings	11,500	(20,340)	(1,280)	(1,280)	(17,780)
Issued units – liability portion*	85,051	-	-	-	-

* Future cash flows from the liability portion of issued units are dependent on the future income of the Trust (refer to note 3(a)(iii)). Finance costs attributable to unitholders for the year ended 31 December 2010 totalled $3,828,000 (2009: $6,409,000).

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Interest rate risk

At the reporting date the interest rate profile of the Trust's interest-bearing financial instruments was:

	Dec 2010 $'000	Dec 2009 $'000
Fixed rate instruments		
Financial liabilities	-	(8,250)
	-	(8,250)
Variable rate instruments		
Financial assets	**5,390**	4,241
Financial liabilities	**(12,750)**	(3,250)
	(7,360)	991

24. Financial instruments (cont)

Fair value sensitivity analysis for fixed rate instruments
The Trust does not account for the fixed rate borrowings at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates would have increased or decreased the Trust's finance income by $54,000 (2009: $42,000), finance costs by $128,000 (2009: $37,000) and profit for the year by $37,000 (2009: $5,000).

Fair values

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

	31 December 2010		**31 December 2009**	
	Carrying amount $'000	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Assets carried at amortised cost				
Cash and cash equivalents	**4,640**	**4,640**	3,491	3,491
Receivables	**1,819**	**1,819**	2,545	2,545
	6,459	**6,459**	6,036	6,036
Liabilities carried at amortised cost				
Payables	**3,322**	**3,322**	4,619	4,619
Loans and borrowings	**12,750**	**13,889**	11,500	11,583
Issued units – liability portion*	**85,051**	**46,066**	85,051	48,058
	101,123	**63,277**	101,170	64,260

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

Interest rates used for determining fair value
The interest rates used to discount estimated cash flows are as follows:

	2010	**2009**
Receivables	**10.64%**	9.64%
Loans and borrowings	**7.22%**	6.60%

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 that are contained in pages 16 to 41, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Trust's financial position as at 31 December 2010 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

(c) 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 directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2010.

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

Ben Macdonald
Director

Keith De Lacy
Director

Brisbane
15 February 2011

INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

KPMG

We have audited the accompanying financial report of Reef Casino Trust (the Trust), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of Reef Corporate Services Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Trust's financial position and of its performance.

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

Independence

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

INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

KPMG

Auditor's 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 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

KPMG

Gerry Mier
Partner

Cairns
15 February 2011

LEAD AUDITOR'S
INDEPENDENCE DECLARATION

under Section 307c of the Corporations Act 2001
to the directors of Reef Corporate Services Limited

KPMG

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2010 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

Gerry Mier
Partner

Cairns
15 February 2011

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.

The following statement is by reference to the revised Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in August 2007 and illustrates that the Responsible Entity complies with the majority of the ASX Principles. Where it does not, reasons for the departure are noted in this statement.

On 30 June 2010 the ASX Corporate Governance Council released amendments to the Corporate Governance Principles and Recommendations. The Responsible Entity has taken steps to prepare for implementation of these changes which take effect from the financial year commencing 1 January 2011.

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.

This corporate governance statement and other related information is available on our website www.reefcasino.com.au/trust.

Principle 1: Lay solid foundations for management and oversight

Reef Corporate Services Limited is jointly owned by Casinos Austria International Limited (CAIL) and Accor Casino Investments (Australia) Pty Ltd (Accor) which 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 and management are set out in the board charter which is available on www.reefcasino.com.au/trust.

The board's role includes:

- Final approval of the strategic plans of the lessee
- Final approval of the annual budgets including capital expenditure of the Trust and lessee
- 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 Compliance, Audit and Risk Committee)
- Distribution policy and approval of any distribution payment
- Approving (taking guidance from the Compliance, Audit and Risk 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, Audit and Risk Committee) the Trust's obligations and compliance with relevant regulatory requirements
- Considering the competencies of directors, board succession plans and board evaluations
- Reviewing the remuneration framework for directors.

Day to day management of the Trust and matters not specifically referred to have been delegated to the CEO of the lessee but are subject to oversight by the board. The separation of responsibilities between the board and management is clearly understood and respected.

The board continuously reviews the performance of executive management. For the CEO, an annual review is done by the Chairman against agreed performance targets. For the Company Secretary an annual review is done by the CEO against agreed performance targets. The reviews for the year ended 31 December 2009 were conducted as described. The reviews for the year ended 31 December 2010 will be completed following the finalisation of the annual results for the Trust.

Principle 2: Structure of the board to add value

The board comprises seven non-executive directors (including the Chairman) and one executive director. The names and skills, experience and expertise of the directors in office at the date of this statement, and the period of office of each director, are set out in the directors' report.

The Responsible Entity does not meet ASX Recommendation 2.1: A majority of the board should be independent directors. The constitution of the Responsible Entity reflects its joint ownership by CAIL and Accor and requires directors to be appointed as follows:

- two directors appointed by the unitholders - Mr De Lacy and Mr Hercus, who are considered independent following review of their annual independence declarations against the criteria for independence set out in the board charter; and
- three directors appointed by CAIL - Mr Macdonald, Mr Herzfeld and Mr Tan, who are not considered independent; and
- three directors appointed by Accor - Mr Issenberg, Mr Mooney and Ms Daley, who are not considered independent.

In determining independent status of a director, materiality is assessed on a case-by-case basis and having regard to each director's individual circumstances. No director is a professional adviser, supplier or customer of the Trust or Responsible Entity.

The board composition also reflects the majority ownership of the Trust by CAIL and Accor.

The Responsible Entity's constitution provides that each of the directors shall have regard to the following interests (in descending order of priority):

- the interests 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 interests of the members of the Company except to the extent those interests conflict with either or both of the interests of the unitholders of the Trust as a whole or the appointer.

The board believes that it has an appropriate mix of skills and experience and the current composition does not affect the proper functioning of the board. It is complimented by the Compliance, Audit and Risk Committee which comprises a majority of independent directors.

Each director is able to seek independent professional advice at the Trust's expense, with prior approval of 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 Responsible Entity does not comply with ASX Recommendation 2.2: The chair should be an independent director. The Chairman, Mr Benjamin Macdonald is appointed as a director by CAIL and therefore 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.

The Trust has no Chief Executive Officer, although similar roles are carried out by the Chief Executive Officer of the lessee, Mr Allan Tan. These functions have always remained separate from the functions performed by the Chairman as are set out in the board charter.

A description of the structure of the board including the method of appointment of directors is included in the board charter which is available on www.reefcasino.com.au/trust.

Directors appointed by the unitholders remain in office for a term of 3 years (unless removed earlier) and are then subject to re-election. The directors appointed by the unitholders may be nominated by unitholders holding not less than 5% of the total number of units on issue or by the board of directors. Before a candidate is nominated by the Board consideration is given to the range of skills, experience and expertise that will best compliment the board's effectiveness. All other directors remain in office until removed by their appointers. All director appointments must be approved by the Minister responsible for the administration of the Casino Control Act 1982 (Queensland).

The Responsible Entity 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 a separate committee is not considered necessary. Instead considering the competencies of directors, board succession plans and board evaluations are performed by the full board as set out in the board charter.

The board continuously reviews its performance. On an annual basis the Chairman leads a formal discussion during a board meeting on the performance of the board, the Compliance, Audit and Risk Committee and the directors. This was held on 7 December 2010.

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

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The board has established a Code of Conduct which applies to all employees and directors of the Responsible Entity, the Trust and the lessee. The Code of Conduct is available at www.reefcasino.com.au/trust. The Code of Conduct includes the practices necessary to maintain confidence in the integrity of the Responsible Entity, the Trust and the operator and covers conflicts of interest, insider trading, confidentiality, privacy, treatment of others, political contributions and gambling at The Reef Hotel Casino. It also sets out the practices necessary to ensure compliance with legislation relevant to an employee's responsibilities.

Employees are encouraged to report any actual or potential breaches of the code to management or the board without fear of retribution in accordance with the whistleblower's policy.

Unit trading policy

The board has established a unit trading policy which applies to Directors and key management personnel of Reef Corporate Services Limited and extends to the executive leadership team of The Reef Hotel Casino and is available at www.reefcasino.com.au/trust. In December 2010 the unit trading policy was amended to ensure compliance with new ASX listing rules which are applicable from 1 January 2011.

In summary the policy

- Prohibits trading whilst in possession of price sensitive information which is not generally available to the market.
- Defines trading windows as the period of up to one month commencing the day after
  - the lodgement of the Trust's half-year and full year results announcements with the ASX
  - the holding of the Trust's annual general meeting.
- Details the process for prior notification of a trade
- Details when exceptional circumstances may apply and the approval process required for trading outside trading windows
- Outlines exclusions from the trading policy.

Principle 4: Safeguard integrity in financial reporting

Compliance, Audit and Risk Committee

The board has established a Compliance, Audit and Risk Committee which complies with ASX Recommendation 4.2. with the following members:

	*Meetings Attended
Mr Keith De Lacy (Chair) Independent, non-executive director	4
Mr Julian Hercus Independent, non-executive director	4
Mr Kim Mooney Non-executive director	–
Ms Louise Daley Alterate for Mr Mooney	3

*4 meetings held during the year

Details of directors' qualifications are set out in the directors' report.

The Committee charter is available from www.reefcasino.com.au/trust
The responsibilities of the Compliance, Audit and Risk Committee include:

- Exercising a high level of due diligence in relation to the accuracy and completeness of the Trust's half-year and annual financial reports and any reports lodged with the ASX, as well as the Company's annual financial report and Australian Financial Services Licence (AFSL) audit requirements
- Reviewing the performance, independence and timing of rotation of the external auditor
- Recommending to the board the selection or replacement of the external auditor
- Monitoring the audit plan, auditor's findings and provision of non-audit services
- Performing the functions of a compliance committee identified in the Corporations Act and Compliance Plan
- Reviewing the risk management plan and policy and keeping the board informed of material business risks

- Reviewing reports from management on the effectiveness of the management of material business risks
- Reviewing the external audit reports and any findings in respect of any breaches or weaknesses in internal controls relating to the compliance plan, Trust bank account, AFSL and any other external audit reports relating to risk management and consider the adequacy of management's planned corrective action
- Considering the need for internal audit

The external auditors, Company Secretary / Executive Manager Finance, the Chief Executive Officer and other relevant experts attend committee meetings at the invitation of the committee. The committee meets at least twice per year. It is authorised to take such independent professional advice as it considers necessary.

The Committee Charter includes procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners. The external auditor KPMG, has a process for rotating audit partners in accordance with the Corporations Act.

Principle 5: Make timely and balanced disclosure

The board has established policies and procedures, which are regularly reviewed, to ensure the Trust complies with legal obligations and ASX Listing Rules and to ensure accountability at a senior level for that compliance. The CEO has primary responsibility for making sure that the Responsible Entity complies with its disclosure obligations for the Trust. The Company Secretary is responsible for communications with the ASX.

A copy of the continuous disclosure policy is available from www.reefcasino.com.au/trust.

Principle 6: Respect the rights of unitholders

The board has established the unitholder communications policy which is available from www.reefcasino.com.au/trust . The policy aims to ensure that the unitholders are informed of all major developments affecting the Trust's state of affairs and to encourage participation at general meetings.

Communication with unitholders occurs by a range of means:

- annual report and half year report available on the website, by email or by mail (on request);
- annual general meeting;
- website;
- through the unit registry (Computershare);
- ASX announcements; and
- other mail outs, eg. distribution statements, notice of meetings.

Annual general meeting

An Annual General Meeting (AGM) is convened each year, usually in May. The board encourages full participation of unitholders to ensure a high level of accountability.

A representative of the external auditor, KPMG, attends the AGM and is available to answer questions from unitholders concerning the audit. Transcripts of the Chairman's address are released to the ASX upon the commencement of the AGM.

Website

The website of the Trust is located at www.reefcasino.com.au/trust. The website enables unitholders to obtain a range of information, and includes links to the unit registry and ASX as well as a copy of this Corporate Governance Statement.

Principle 7: Recognise and manage risk

The board has established a risk management policy for the oversight and management of material business risks. This was reviewed by the board during the year and is available from www.reefcasino.com.au/trust. The board also reviewed the updated risk management plan which sets out the detailed risk management process which is based on AS/NZS/ISO 31000:2009 Risk Management – Principles and guidelines and which identifies the material business risks. The risk management plan has adopted the following risk categories:

- The Reef Hotel Casino complex
- Compliance risks, including the Australian Financial Services Licence (AFSL)
- Financial reporting risks

The board requires management to maintain risk registers and be responsible for ongoing identification, assessment, monitoring and management of risk and reporting to the board via the Compliance, Audit and Risk Committee on the effective management of the Responsible Entity's and Trust's material business risks by interim and final (coinciding with sign off of the annual financial statements) reports on the effectiveness of the Responsible Entity's management of the material business risks. These reports include summaries of management's monitoring of internal controls and detail any external or Casinos Austria group / Accor Asia Pacific group internal audit report findings.

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, the Corporations Act, the AFSL and other material legislation and contracts. The compliance officers provide a written report to the Compliance, Audit and Risk Committee twice yearly regarding compliance with the plan. The external auditor, KPMG, conducts an annual audit of compliance with the compliance plan.

The board received and reviewed management's report on the effectiveness of the Responsible Entity's management of the material business risks for the year ended 31 December 2010.

The board received the written assurance from the Chief Executive Officer of the lessee and the Company Secretary / Executive Manager Finance that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Details of the directors' remuneration are set out in note 20 to the financial statements. The Trust pays directors fees only to non-executive directors who are not full time executives of Casinos Austria International group or Accor Asia Pacific group. Other non-executive directors receive no remuneration from the Trust. The Trust has no direct employees. Executives involved in the management of the Trust are employed by CAIL. The Trust reimburses a portion of the payroll related costs based on time spent on Trust management.

The Responsible Entity does not comply with ASX Recommendation 8.1: The board should establish a remuneration committee. 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 with the board charter (available on www.reefcasino.com.au/trust) setting out the board's responsibility for reviewing the remuneration framework for directors. Independent advice is obtained, as needed, on the appropriateness of the directors' remuneration.

There are no equity based remuneration schemes in operation. No retirement benefits are payable to directors.

SECURITIES EXCHANGE INFORMATION

Substantial unitholders

Substantial unitholders as at 28 February 2011 are:

Unitholder	Number	%
Casinos Austria Group	20,916,908*	42.00
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 2011)

Range			Holders	Public Units	% Issued Capital
1	–	1,000	1,935	593,434	1.19
1,001	–	5,000	557	1,382,807	2.78
5,001	–	10,000	130	1,003,657	2.02
10,001	–	100,000	131	3,338,315	6.70
100,001	–	and over	19	43,482,823	87.31
			2,772	49,801,036	100.00

The number of unitholders holding less than a marketable parcel of units (291 units) at 28 February 2011 was 1,288.

Restricted Founders units (as at 28 February 2011)

Unitholder	Number of units	% of total units
Casinos Austria International Limited	370,000	0.74%
Accor Casino Investments (Australia) Pty Ltd	370,000	0.74%

Twenty largest unitholders of listed units (as at 28 February 2011)

Unitholder	Number of units	% of total units
Reef Casino Investments Pty Ltd	25,000,000	50.20
Casinos Austria International Holding GmbH	5,661,193	11.37
Casinos Austria International Limited	2,755,715	5.53
Accor Casino Investments (Australia) Pty Limited	2,421,803	4.86
RBC Dexia Investor Services Australia Nominees Pty Ltd <bkcust a/c>	2,075,949	4.17
Mr Gary Mauric	1,785,000	3.58
JP Morgan Nominees Australia Ltd	1,065,770	2.14
Mr Gary Mauric	519,914	1.04
Mr Frank McFadden	316,684	0.64
Greenwich Stud Pty Ltd	259,871	0.52
Julian Hercus & Associates Pty Ltd <super fund a/c>	250,000	0.50
Mrs Elspeth Macdonald	250,000	0.50
JP Morgan Nominees Australia Limited <cash income a/c>	248,414	0.50
Mr Michael Issenberg	220,000	0.44
Mr William Coates Gair & Mrs June Verna Gair	150,100	0.30
Mrs Rita Agata Mauric	150,000	0.30
Contemplator Pty Ltd <ARG pension fund a/c>	128,397	0.26
Angueline Investments Pty Ltd <Angueline a/c>	113,934	0.23
Goh Super Pty Ltd <The Goh super fund a/c>	110,079	0.22
John Hickey Consultants Pty Ltd	100,000	0.20
	43,582,823	**87.51**

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:

(a) one vote for each fully paid unit of which he is the registered holder; and

(b) 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
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 Mr Allan Tan Ms Louise Daley
Alternate directors	Mr Allan Tan (alternate for Mr Macdonald) Mr Josef Leutgeb (alternate for Mr Herzfeld) Ms Louise Daley (alternate for Mr Mooney) Mr Simon McGrath (alternate for Mr Issenberg)
Secretary of the Responsible Entity	Ms Alison Galligan
Compliance, Audit and Risk Committee of the Responsible Entity	Hon Keith De Lacy (Chairman) Mr Julian Hercus Mr Kim Mooney Ms Louise Daley (alternate for Mr Mooney)
Solicitors to the Responsible Entity	Freehills Level 38 Central Plaza One 345 Queen Street BRISBANE QLD 4000

Unit registry	Computershare Investor Services Pty Ltd 117 Victoria Street WEST END QLD 4101 Telephone: 1300 552 270
Bankers	Bank of Queensland Limited 259 Queen Street BRISBANE QLD 4000
Auditors of the Trust	KPMG Level 13 Cairns Corporate Tower 15 Lake Street CAIRNS QLD 4870
Securities exchange listing	Official list of the Australian Securities Exchange Home Exchange: Brisbane
Sub-lessee of The 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
The Reef Hotel Casino	35 – 41 Wharf Street CAIRNS QLD 4870 Telephone: (07) 4030 8888 Facsimile: (07) 4030 8777 www.reefcasino.com.au

MUST SEE
MUST VISIT

Queensland's biggest and premier leisure & entertainment complex north of Brisbane

Reef Casino

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

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

Pullman Reef Hotel Casino

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

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

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

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

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

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

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

Located on Level 2 in the Reef Casino, this bar is themed with memorabilia and screens showing major sporting games and events on the big screen.

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

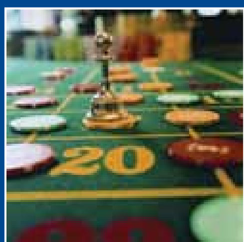
Discover the rainforest in the heart of Cairns. A real wildlife experience!
Open daily from 9am to 6pm

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

MUST VISIT

MUST SEE

Queensland's biggest and premier leisure & entertainment complex north of Brisbane



CASINOS AUSTRIA INTERNATIONAL

REEF
CASINO TRUST

pullman
HOTELS AND RESORTS