



REEF
CASINO TRUST

2014

HALF YEAR REPORT
& FINANCIAL STATEMENTS
ARSN 093 156 293



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Unit distribution Six months to 30 June 2014

8.77 cents per unit. Payment date 17 September 2014



CHAIRMAN'S REVIEW

Dear Unitholders,

On behalf of the Board of Directors of Reef Corporate Services Limited, responsible entity of the Reef Casino Trust (the Trust), I present my review of the Reef Casino Trust for the six months ended 30 June 2014.

Key points

Solid performance during offer period under Aquis takeover offer

- The Trust reported a 12.3% decrease in distributable profit* compared to the same period last year due to project costs of \$441K relating to the off-market takeover offer made by Aquis Casino Acquisitions Pty Ltd (Aquis) and a net doubtful debt provision of \$250K which impacted rental income. On a "like for like" basis, the distributable profit for the first half year of 2014 is similar to last year at \$5.0 million.
- Trust distributable profit* was \$4.4 million, compared to \$5.0 million in the same period last year. Unitholders' distributions classified as "finance costs" were \$2.2 million resulting in a net profit of \$2.2 million, compared to \$2.5 million in the same period last year.
- Unit distribution of 8.77 cents per unit for the six months from January to June (last year 10.5 cents). Earnings per unit were 8.77 cents (last year 10.0 cents). Unit distribution is 100% of distributable earnings.
- Operating costs at the Reef Casino Trust and the Reef Hotel Casino were held under tight control.
- Further to the announcement made in November 2013 regarding the Aquis takeover proposal, the Trust announced in February 2014 that an agreement had been entered into for a takeover offer by Aquis. The offer period for offers by Aquis for all of the units in the Trust has commenced.

Trust distributable profit

Trust distributable profit* was \$4.4 million for the six months ended 30 June 2014. This compares with \$5.0 million in 2013.

Total Trust revenue (comprising mainly of rental income from the Reef Hotel Casino) was \$9.8 million (last year \$10.0 million). On one hand, the win rate on premium play was lower. Casino visitations were lower than the first half of 2013 impacting on table games grind revenue and food and beverage revenue. In contrast, slots revenues were 14.8% above the first half of 2013.

Trust operating expenses were well controlled. Aquis transaction costs of \$441K were recorded in the first half year to 30 June 2014.

** Basis of preparation: Distributable profit is a non-IFRS measure that is determined in accordance with the Trust Constitution and used as the basis for determining distributions to unitholders. Distributable profit is determined as net profit for the half year, adding back distributions to unitholders which have been treated as finance costs in accordance with IFRS. The distributable profit has been audited by Grant Thornton Audit Pty Ltd. Refer to the auditor's report on page 17 of the Half Year Report for the half year ended 30 June 2014.*

	2014	2013	
	\$'000	\$'000	
REVENUE AND OTHER INCOME			
Rental revenue	9,693	9,883	-1.9%
Other revenue and income	106	100	
Total revenue and other income	9,799	9,983	-1.8%
EXPENSES			
Operating	3,219	2,771	
Depreciation and amortisation	2,212	2,234	
Total expenses	5,431	5,005	8.5%
PROFIT BEFORE FINANCE COSTS' ATTRIBUTABLE TO UNITHOLDERS (DISTRIBUTABLE PROFIT*)			
	4,368	4,978	-12.3%
Finance costs ¹ attributable to unitholders	2,184	2,489	
PROFIT FOR THE PERIOD			
	2,184	2,489	-12.3%
	cents per unit	cents per unit	
Earnings per unit	8.77	10.00	
Distribution per unit	8.77	10.50	

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

Unit distribution

The Trust has declared a distribution of 8.77 cents per unit or a total of \$4.4 million for the six months from 1 January to 30 June 2014. The record date was 30 June 2014 and payment will be made on 17 September 2014.

In accordance with RCT's distribution policy and the Takeover Bid Implementation Agreement with Aquis this distribution comprises 100% of distributable profit of the Trust for the period 1 January 2014 to 30 June 2014 (8.77 cents per unit, a total of \$4.4 million).

Trust balance sheet

The Trust balance sheet remains strong and healthy. The Trust's cash position remains positive and the Trust continues to have adequate working capital. The Trust's interest only loan facility remains unchanged at \$16.5 million. This term loan extends to December 2015. As at 30 June 2014, the Trust has drawn down \$4.9 million. The Trust also has an overdraft facility of \$2 million which has not been used to date.

Capital investment

The Trust continues to invest in its main asset, the Reef Hotel Casino complex in Cairns to properly maintain its facilities and performance.

Review of performance and strategy at Reef Hotel Casino

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

CEO's report

Trading conditions

- As with previous years, the first half year was the low tourist season in Cairns
- Direct flights from China reverted to being seasonal rather than year round
- The local economy including tourism remained flat in general.

Key strategies

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

- "Locals strategy" – The Only Place to Play
- "China strategy" – Reef by Day, Reef by Night
- The best hotel in Cairns
- Cost control and risk management throughout complex

Complex performance

Casino

- **Electronic gaming**
Electronic gaming machine turnover was up 12.3% on last year and revenues were up 14.8% on last year. Patron support from local and domestic markets was strong throughout the first half year. The Reef Casino achieved a record level of electronic gaming machine turnover and revenue in the first half of 2014.
- **Casino visitations**
Casino visitations were down 12.5% on last year due to the cessation of direct flights from China, a soft local economy, and a very competitive local market.
- **Table games**
Total revenues were down 20.1% on last year (2013 saw a record level of table games revenue) mainly due to below theoretical win rate of premium play. Table grind revenues were also below the same half last year, reflecting lower visitations.

Hotel

- **Rooms**

Rooms revenues were 8.5% higher compared to last year, following the refurbishment of all hotel guest rooms during the first half of 2013 which reduced the number of rooms available for sale.

- **Food and beverage**

Beverage revenues were down 5.4% on last year reflecting lower casino visitations. Food revenues were lower by 0.7% compared to last year.

Complex cost control, Trust rental

- The overall rental paid to the Trust was 1.9% below last year with a net doubtful debt provision of \$250K impacting rental income. Otherwise costs continued to be well controlled.

Chairman's review continues

Takeover offer

- On 24 February 2014 the Takeover Bid Implementation Agreement (TIA) was signed, with some minor amendments made to the TIA on 13 March 2014. Aquis lodged its Bidder's Statement with the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange on 21 March 2014. The off-market takeover offer by Aquis of \$4.354 cash per RCT unit (Offer) opened on 24 March 2014. The Reef Casino Trust Target's Statement was lodged with ASIC and given to the Australian Securities Exchange on 25 March 2014 and has been sent to all unitholders.
- The Board carefully considered the Offer and the Directors (Independent and Non-Independent) unanimously recommend that Unitholders accept the Offer in the absence of a superior proposal, for the reasons set out in the Trust's Target's Statement. As at today's date, no superior proposal has emerged.
- All Independent and Non-Independent directors of the Trust who have a direct or indirect interest in units of the Trust and the 2 major unitholders, Casinos Austria and Accor, have accepted the offer for Trust units they own or control.
- Aquis continues to work towards government and other approvals in order to complete the takeover. Key approvals include government probity, Australian Competition and Consumer Commission (ACCC) approval and Foreign Investment Review Board approval.
- The Aquis' offer period closes on 31 October 2014 unless extended or withdrawn. In the meantime until completion, it is "business as usual" for the Trust and the Reef Hotel Casino, subject to customary obligations which may be agreed in relation to the operation of the business in the Takeover Bid Implementation Agreement and other transaction documents relevant to the Offer.

Trust outlook for second half of 2014

Successfully completing Aquis transaction

The Board endorses the following management's strategy to achieve the aim of successfully completing the Aquis transaction in accordance with the Takeover Bid Implementation Agreement and other transaction documents relevant to the Offer.

- On going solid delivery of bottom line performance and a high level of cost control and risk management in accordance with the business plan and budget for 2014
- Providing assistance to Aquis, including assisting in Office of Liquor and Gaming Regulation (OLGR) probity approval process, ACCC approval process and other matters generally. As announced to the ASX on 3 July 2014, this assistance includes working with Aquis to address issues identified by the ACCC
- Working with Aquis on integration and planning matters

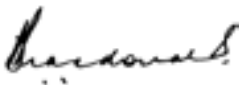
Economic background

- The local economic conditions remain soft. However, the "high season" for tourism in Cairns has kicked off with a solid July 2014 trading result for the Reef Hotel Casino.

Reef Hotel Casino outlook

- **Electronic gaming**
With a reduction in government red tape, the introduction of new games and additional fully automatic table games plus a full program of marketing, entertainment and promotions, the outlook is positive.
- **Table games**
Cairns remains a popular destination with Chinese tourists. Direct flights from Shanghai to Cairns have reverted to being seasonal (before and after Chinese New Year holiday season) and new travel legislation in China has had a dampening impact on growth rate. Short term fluctuations in premium win rate are not unusual. Overall, the outlook is softer compared to last year.
- **Best 5 star hotel in Cairns**
Following the successful room refurbishment project in 2013, our Pullman Reef Hotel Casino remains the best 5 star hotel in Cairns. With a full inventory of hotel rooms available for sale, the overall outlook is for an improvement in rooms revenues.

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



Ben Macdonald
Chairman

Reef Corporate Services Limited
Responsible Entity of Reef Casino Trust

20 August 2014

DIRECTORS' REPORT

The Directors of Reef Corporate Services Limited, ABN 66 057 599 621, the Responsible Entity of Reef Casino Trust present their half year report together with the half year financial report of the Trust for the half year ended 30 June 2014 and the audit report thereon.

Responsible Entity

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

NAME	PERIOD OF DIRECTORSHIP
Mr Benjamin W Macdonald (Chairman)	Director since 20 September 1995
Mr Keith DeLacy	Director since 1 December 1999
Mr Richard Haire	Director since 1 October 2013
Dr Karl Stoss	Director since 8 February 2012
Mr Michael Issenberg	Director since 21 January 2002
Mr Kim Mooney	Director since 21 January 2002
Mr Allan Tan	Director since 28 March 2006 Alternate director since 10 July 1997 (alternate for Mr Macdonald)
Mr Simon McGrath	Director since 23 August 2011
Mr Alexander Tucek	Alternate director since 8 February 2012 (alternate for Dr Stoss)
Mr Philip Basha	Alternate director since 23 August 2011 (alternate for Mr Issenberg & Mr Mooney)

Review of operations

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

Distribution

The distribution of \$8.72 million (17.5 cents per unit) in respect of the six month period ended 31 December 2013 as reported in the 2013 annual report was paid on 19 March 2014.

The Directors have declared a distribution of \$4.4 million (8.77 cents per unit) in respect of the six month period ended 30 June 2014 to be paid on 17 September 2014 (refer note 9). The distribution in respect of the six month period ended 30 June 2013 was 10.50 cents per unit.

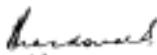
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 19 and forms part of the directors' report for the half year ended 30 June 2014.

Rounding off

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

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



Ben Macdonald
Director

Brisbane
20 August 2014



Keith DeLacy
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2014

	Note	30 June 2014 \$'000	30 June 2013 \$'000
REVENUE AND OTHER INCOME			
Revenue	4	9,795	9,979
Other income	4	4	4
TOTAL REVENUE AND OTHER INCOME		9,799	9,983
EXPENSES			
Depreciation and amortisation	5	2,212	2,234
Property outgoing		596	569
Rates and taxes		387	366
Responsible Entity fees		505	493
Repairs and maintenance		404	395
Insurance		273	264
Project development costs		441	-
Other expenses		444	387
TOTAL EXPENSES		5,262	4,708
RESULTS FROM OPERATING ACTIVITIES		4,537	5,275
Finance costs attributable to unitholders		2,184	2,489
Interest expense on financial liabilities measured at amortised cost		169	297
TOTAL FINANCE COSTS		2,353	2,786
PROFIT FOR THE PERIOD		2,184	2,489
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,184	2,489
<hr/>			
Basic and diluted earnings per unit (cents)	13	8.77	10.00

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Note	30 June 2014 \$'000	31 Dec 2013 \$'000
ASSETS			
Cash and cash equivalents		1,987	5,912
Receivables		1,427	1,773
TOTAL CURRENT ASSETS		3,414	7,685
Receivables		750	750
Property, plant and equipment	6	101,233	102,393
Intangible assets	7	147	182
TOTAL NON-CURRENT ASSETS		102,130	103,325
TOTAL ASSETS		105,544	111,010
LIABILITIES			
Payables	8	3,219	5,923
TOTAL CURRENT LIABILITIES		3,219	5,923
Loans and borrowings		4,900	5,600
Deferred income		54	58
Issued units – liability portion		85,051	85,051
TOTAL NON-CURRENT LIABILITIES		90,005	90,709
TOTAL LIABILITIES		93,224	96,632
EQUITY			
Issued units – equity portion		85,051	85,051
Distribution account	9	2,184	4,242
Undistributed income		6,928	6,928
Accumulated losses		(81,843)	(81,843)
TOTAL EQUITY		12,320	14,378
TOTAL EQUITY AND LIABILITIES		105,544	111,010
MEMORANDUM NOTE – ISSUED UNITS			
Issued units – liability portion		85,051	85,051
Issued units – equity portion		85,051	85,051
TOTAL ISSUED UNITS		170,102	170,102

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

STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2014

	Issued units \$'000	Distribution account \$'000	Undistributed income \$'000	Accumulated losses \$'000	Total \$'000
1 JANUARY 2013	85,051	2,496	6,948	(81,843)	12,652
Profit for the period	-	-	-	2,489	2,489
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	2,489	2,489
Transfer to distribution account	-	2,489	-	(2,489)	-
Transfer from undistributed income	-	251	(251)	-	-
Distributions paid	-	(2,496)	-	-	(2,496)
30 JUNE 2013	85,051	2,740	6,697	(81,843)	12,645
1 JANUARY 2014	85,051	4,242	6,928	(81,843)	14,378
Profit for the period	-	-	-	2,184	2,184
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	2,184	2,184
Transfer to distribution account	-	2,184	-	(2,184)	-
Distributions paid	-	(4,242)	-	-	(4,242)
30 JUNE 2014	85,051	2,184	6,928	(81,843)	12,320

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

STATEMENT OF CASH FLOWS

for the half year ended 30 June 2014

	30 June 2014 \$'000	30 June 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	11,362	11,811
Cash payments in the course of operations	(4,650)	(3,816)
Interest received	72	54
Interest and other finance costs paid	(169)	(297)
NET CASH FROM OPERATING ACTIVITIES	6,615	7,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(1,125)	(1,731)
Proceeds from disposal of property, plant and equipment	-	2
NET CASH FROM INVESTING ACTIVITIES	(1,125)	(1,729)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/redraw of borrowings	(700)	(1,700)
Distributions paid (equity and liability portion)	(8,715)	(5,976)
NET CASH FROM FINANCING ACTIVITIES	(9,415)	(7,676)
Net decrease in cash held	(3,925)	(1,653)
Cash and cash equivalents at 1 January	5,912	3,650
CASH AND CASH EQUIVALENTS AT 30 JUNE	1,987	1,997

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

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 30 June 2014

1. THE TRUST

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These general purpose interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Trust's financial position and performance of the Trust since the last annual financial statements as at and for the year ended 31 December 2013. It does not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the financial statements as at and for the year ended 31 December 2013 and any public announcements made by the Trust during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements were approved by the directors of the Responsible Entity on 20 August 2014.

(b) Basis of measurement

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

(c) Functional and presentation currency

These interim financial statements are presented in Australian dollars, which is the Trust's functional currency.

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

(d) Use of estimates and judgements

When preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Trust in these interim financial statements are the same as those applied by the Trust in its financial statements as at and for the year ended 31 December 2013.

30 June 2014 \$'000	30 June 2013 \$'000
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4. REVENUE AND OTHER INCOME

REVENUE

Rental

Base rent	530	517
Contingent rent	9,163	9,366

	9,693	9,883
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Interest received and receivable from

Other persons	33	18
Related parties	35	36

	68	54
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Other revenue

Sundry	34	42
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	9,795	9,979
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OTHER INCOME

Government grants	4	4
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	4	4
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5. EXPENSES

Net profit for the period includes the following specific expenses:

Depreciation

Building	729	730
Plant and equipment	1,098	1,121

	1,827	1,851
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Amortisation

Computer software	32	30
Site lease	353	353

	385	383
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	2,212	2,234
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Net loss on disposal of property, plant and equipment	28	2
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	30 June 2014 \$'000	31 Dec 2013 \$'000
6. PROPERTY, PLANT AND EQUIPMENT		
Site lease – at cost	53,000	53,000
Less: Accumulated amortisation	(14,516)	(14,162)
	38,484	38,838
Building and integral plant – at cost or deemed cost	69,956	69,959
Less: Accumulated depreciation	(16,656)	(15,930)
	53,300	54,029
Plant and equipment – at cost	59,046	60,442
Less: Accumulated depreciation	(49,603)	(50,960)
	9,443	9,482
Work in progress	6	44
Total property, plant and equipment – net carrying amount	101,233	102,393

An independent valuation of the Trust's interest in The Reef Hotel Casino complex was carried out by Jones Lang LaSalle Hotels as at 31 December 2011. The Trust's interest in the complex, which is considered to be a cash generating unit, comprises the building, site lease, casino licence and plant and equipment. The complex was valued at \$125 million. The casino licence has an amortised cost of nil (31 December 2013: nil).

	30 June 2014 \$'000	30 June 2013 \$'000
Capital expenditure commitments		
Contracted but not provided for and payable:	164	312

Acquisitions and disposals

During the six months ended 30 June 2014, the Trust acquired property, plant and equipment with a cost of \$1,086,237 (six months ended 30 June 2013: \$1,888,094). Assets with a net book value of \$67,097 were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: \$6,872), resulting in a net loss on disposal of \$27,509 (six months ended 30 June 2013: net loss of \$1,638). The trade-in value assigned to disposed assets during the six months ended 30 June 2014 was \$39,110 (six months ended 30 June 2013: \$3,400).

7. INTANGIBLE ASSETS

	30 June 2014 \$'000	31 Dec 2013 \$'000
Computer software – at cost	626	629
Less: Accumulated amortisation	(479)	(447)
Total intangible assets – net carrying amount	147	182

30 June 2014 \$'000	31 Dec 2013 \$'000
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8. PAYABLES

CURRENT

Trade creditors and accruals – unsecured	1,035	1,450
Accrued distributions (note 9)	2,184	4,473
	3,219	5,923

9. DISTRIBUTIONS

DISTRIBUTABLE INCOME

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

The proposed distribution for the six months ended 30 June 2014 was declared on 20 August 2014, and accounted for as follows:

DISTRIBUTION ACCOUNT (refer to statement of changes in equity)

Balance relating to issued units – equity portion	2,184	4,242
ACCRUED DISTRIBUTION (PAYABLES – note 8)		
Balance relating to issued units – liability portion	2,184	4,473
Total of distribution accounts	4,368	8,715

	2014		2013	
	Total \$'000	Cents per unit	Total \$'000	Cents per unit
DISTRIBUTIONS PAID AND PAYABLE				
Half year ended 31 December paid March	8,715	17.50	5,976	12.00
Half year ended 30 June paid/payable September	4,368	8.77	5,229	10.50
	13,083	26.27	11,205	22.50

**30 June
2014
\$'000** **30 June
2013
\$'000**

10. SEGMENT INFORMATION

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

RENTAL INCOME		
Casino operations	8,893	9,113
Hotel and other non casino operations	800	770
	9,693	9,883

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

11. RELATED PARTY INFORMATION

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

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. EARNINGS PER UNIT

	30 June 2014	30 June 2013
Basic and diluted earnings per unit (cents)	8.77	10.00
Weighted average number of units at the end of the half year	24,900,518	24,900,518
	\$'000	\$'000
Profit for the period	2,184	2,489

14. FINANCIAL INSTRUMENTS

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

	30 June 2014		31 December 2013	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
ASSETS CARRIED AT AMORTISED COST				
Cash and cash equivalents	1,987	1,987	5,912	5,912
Receivables	2,177	2,177	2,523	2,523
	4,164	4,164	8,435	8,435
LIABILITIES CARRIED AT AMORTISED COST				
Payables	3,219	3,219	5,923	5,923
Loans and borrowings	4,900	5,229	5,600	5,831
Issued units – liability portion*	85,051	100,847	85,051	93,875
	93,170	109,295	96,574	105,629

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

DIRECTORS' DECLARATION

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

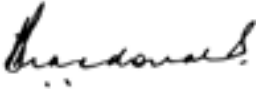
(a) the financial statements and notes set out on pages 7 to 15, are in accordance with the *Corporations Act* 2001, including:

(i) giving a true and fair view of the Trust's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and

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

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

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



Ben Macdonald
Director

Brisbane
20 August 2014



Keith DeLacy
Director

INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

Cairns Corporate Tower
15 Lake Street
Cairns QLD 4870
Correspondence to:
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Cairns QLD 4870

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F +61 7 4051 0116
E info.cairns@au.gt.com
W grantthornton.com.au

Report on the financial report

We have audited the accompanying half year financial report of Reef Casino Trust (the "Trust"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the half year financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the half year financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of the half year financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the half year financial report.

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

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INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

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

Independence

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

Auditor's opinion

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

- (a) giving a true and fair view of the Trust's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Report on non-IFRS information

We have audited the non-IFRS financial information disclosed as distributable profit included on pages 1 and 2 of the chairman's review for the half-year ended 30 June 2014. The directors of the Responsible Entity are responsible for the preparation and presentation of the non-IFRS financial information report in accordance with the basis of preparation set out on page 1 of the chairman's review and for having regard to the guidelines set out in ASIC Regulatory Guide 230: Disclosing Non-IFRS Financial Information.

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

Auditor's opinion

In our opinion, the non-IFRS financial information disclosed as distributable profit included on pages 1 and 2 of the chairman's review for the half-year ended 30 June 2014 is prepared, in all material respects, in accordance with the basis of preparation set out on page 1 of the chairman's review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Gerry Mier
Partner – Audit & Assurance

Cairns, 20 August 2014

LEAD AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of the Responsible Entity of Reef Casino Trust

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In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Reef Casino Trust for the half year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Gerry Mier
Partner – Audit & Assurance

Cairns, 20 August 2014

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TRUST DIRECTORY

Registered office of the Responsible Entity

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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)
Mr Keith DeLacy
Mr Richard Haire
Dr Karl Stoss
Mr Michael Issenberg
Mr Kim Mooney
Mr Allan Tan
Mr Simon McGrath

Alternate directors

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

Secretary of the Responsible Entity

Ms Alison Galligan

Compliance, Audit & Risk Committee of the Responsible Entity

Hon Keith DeLacy (Chairman)
Mr Richard Haire
Mr Kim Mooney
Mr Philip Basha (alternate for Mr Mooney)

Solicitors to the Responsible Entity

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

Unitholder enquiries

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

Unit registry

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

Bankers

Bank of Queensland Limited
259 Queen Street
BRISBANE QLD 4000

Auditors of the Trust

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

Securities exchange listing

Official list of the Australian Securities Exchange
Limited

Sub-lessee of Reef Hotel Casino Complex

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

Reef Hotel Casino

35-41 Wharf Street
CAIRNS QLD 4870
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Facsimile: (07) 4030 8777
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CASINOS AUSTRIA INTERNATIONAL

The Reef Hotel Casino

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

Offers 519 gaming machines, 38 gambling tables, plus Club Privé, TAB and Keno. Open Monday – Thursday 9am - 3am and Friday – Sunday 9am - 5am.



Pullman Reef Hotel Casino

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



Indulge in the fusion of Asian and Western cuisine – a contemporary dining experience unique to Cairns. Open daily 6pm - 10.00pm.



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 \$15 and under. Open during Casino operating hours.



All your favourite drinks and cocktails. Great live entertainment on Thursday 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 of the complex, the Casino Sport Arena has the biggest high definition screen in Queensland, showing major sporting events and movies, complemented by multiple high definition screens and luxury cinema style seating. The latest TAB and Keno facilities, gaming machines and table gaming makes this a unique entertainment venue.



Night Club with live music and entertainment. Open Friday and Saturday nights until late.



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



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

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