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CASINO TRUST



Half Year Report & Financial Statements

ARSN 093 156 293

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## Unit distribution Six months to 30 June 2016

11.91 cents per unit. Payment date 14 September 2016



# 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 2016.

## Key points

### Strong 1st half year in traditional low season

- The Trust reported a distributable profit\* for the first half year of 2016 of \$5.9 million. In 2015, it was \$6.4 million. The 2016 first half distributable profit compares well with the average of the previous 4 first half years (2012-2015) of \$4.9 million.
- Unitholders' distributions classified as "finance costs" were \$2.97 million resulting in a net profit of \$2.97 million.
- Unit distribution of 11.91 cents per unit for the six months from January to June (last year 13.0 cents). Earnings per unit were 11.91 cents (last year 12.94 cents). Unit distribution was 100% of distributable earnings.
- Operating costs at the Reef Casino Trust and the Reef Hotel Casino were well managed.

## Trust distributable profit

Trust distributable profit\* was \$5.9 million for the six months ended 30 June 2016 (last year \$6.4 million).

Total Trust revenue (comprising mainly of rental income from the Reef Hotel Casino) was \$11.2 million (last year \$11.6 million).

Trust expenses were just slightly higher in 2016 due to depreciation and amortisation charges and consultancy fees.

*\* 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 19 of the Half Year Report for the half year ended 30 June 2016.*

	<b>2016</b>	<b>2015</b>	
	<b>\$'000</b>	<b>\$'000</b>	
<b>REVENUE AND OTHER INCOME</b>			
Rental revenue	11,054	11,450	↓3.5%
Other revenue and income	99	103	
<b>Total revenue and other income</b>	<b>11,153</b>	<b>11,553</b>	<b>↓3.5%</b>
<b>EXPENSES</b>			
Operating	2,991	2,917	
Depreciation and amortisation	2,230	2,194	
<b>Total expenses</b>	<b>5,221</b>	<b>5,111</b>	<b>↑2.2%</b>
<b>PROFIT BEFORE FINANCE COSTS<sup>1</sup></b>	<b>5,932</b>	<b>6,442</b>	<b>↓7.9%</b>
<b>ATTRIBUTABLE TO UNITHOLDERS</b>			
<b>(DISTRIBUTABLE PROFIT*)</b>			
Finance costs <sup>1</sup> attributable to unitholders	2,966	3,221	
<b>PROFIT FOR THE PERIOD</b>	<b>2,966</b>	<b>3,221</b>	<b>↓7.9%</b>
	<b>2016</b>	<b>2015</b>	
	<b>cents per unit</b>	<b>cents per unit</b>	
Earnings per unit	11.91	12.94	
Distribution per unit	11.91	13.00	

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

## Unit distribution

The Trust has declared a distribution of 11.91 cents per unit or a total of \$5.9 million for the six months from 1 January to 30 June 2016. The record date was 30 June 2016 and payment will be made on 14 September 2016.

The first half year distribution was 100% of distributable profit. The Trust's distribution policy is still to aim to distribute 100% of its distributable profit.

### **Trust balance sheet**

The Trust balance sheet remains strong and healthy. The Trust's cash position continues to be positive and the Trust has adequate working capital. As announced on 29 June 2016 the Trust increased its interest only business term loan with the Bank of Queensland by \$2 million from \$11.5 million to a total loan facility of \$13.5 million, expiring 31 January 2019. The main purpose of the increase is to provide a margin of safety in conjunction with renovation costs associated with Project L1. More details are contained in the Reef Hotel Casino operator's report that follows.

### **Capital investment**

The Board signed off on Project L1 at the end of June. Project L1 is an exciting refurbishment of the Reef Hotel Casino complex which will result in a new hotel lobby, a new casino lobby, a new casino lobby bar and showroom, a new complex café/bar and a larger Tamarind Restaurant. We expect only minimal disruptions to our operations in the complex. More details are contained in the Reef Hotel Casino operator's report that follows.

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## **REVIEW OF PERFORMANCE AND STRATEGY AT REEF HOTEL CASINO PROVIDED BY THE OPERATOR, CASINOS AUSTRIA INTERNATIONAL (CAIRNS) PTY LTD (CAIC)**

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

### **CEO's report**

Overall, the Reef Hotel Casino reported another strong and profitable performance in the first half of 2016, typically the low season in Cairns and Far North Queensland.

### **Trading and operating conditions**

- The lower Australian dollar was a positive contributing factor to Cairns' tourism industry.
- Domestic tourism was strong.
- The Chinese New Year season was slightly less buoyant compared to the previous year.

## ***CEO's report (continued)***

### **Key strategies**

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

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

### **Complex performance**

#### **Rental paid to Trust**

- 3.5% lower than last year due to increased electronic games competition.

**Casino** - Overall casino revenues 2.6% lower than last year.

- **Table games**

Total revenues from main floor grind and premium markets held up well and were 1% higher than last year.

- **Electronic games**

Electronic gaming machine turnover and revenues were 3.8% and 4.2% respectively lower than last year which had set new records. We note increased local competition in 2016.

**Hotel** - Overall hotel revenues 5.7% higher than last year.

- **Rooms**

Rooms revenues set a new record for the first half year and were 13.2% higher than last year with strong growth in average room rate compared to last year.

- **Food and beverage**

Food and beverage revenues were 1% higher than last year.

### ***CEO's report (continued)***

#### **Complex cost control**

- Operating costs were well managed throughout the complex.
- Operating margins improved especially in hotel operations.

#### **Driving further growth**

- A 2 year new staff uniform project which kicked off in mid-2015 continued to progress well during the first half of 2016. The project is on schedule and on budget with successful new uniform roll out in a majority of complex departments.
  - A new marketing agreement was entered into with a Macau based marketing agent and commenced on 1 July 2016 with the aim of driving our premium player market segment.
  - Project L1 is an exciting capital investment project and construction work has commenced with a scheduled completion date of mid-December 2016. Our new lobby bar is expected to re-open in mid-October. Key features of Project L1 are:
    - New-look casino lobby with hero feature.
    - Brand new lobby bar and lounge which will also be our live entertainment venue.
    - New casino guest services desk.
    - More seating in an expanded Tamarind Restaurant.
    - A contemporary new entry to Café China.
    - New café/bistro to serve both hotel and casino guests.
    - New hotel lobby for our Pullman Reef Hotel Casino.
    - A special LED lit ceiling which connects the casino side to the hotel side of the complex.
  - 20th anniversary celebrations – A special program of promotions and entertainment for our guests and patrons will continue to feature for the rest of 2016 to celebrate 20 years since the opening of our complex.
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## **CHAIRMAN'S REVIEW CONTINUES**

### **Trust outlook for second half of 2016**

I am pleased to report that the Trust has entered into the second half of this year with a strong July trading performance. The second half year is traditionally the "high tourist season" in Cairns.

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

Overall, the outlook for the second half is positive for Cairns' biggest entertainment complex as the general outlook for Cairns tourism remains positive.

Our 5 star Pullman Reef Hotel Casino should continue to perform strongly as management continues to leverage off Accor's Le Club and Accor Plus loyalty programs to improve room revenues together with a stronger sales effort and being part of the Accor global network and the best hotel in Cairns.

Over in the casino, table games should benefit from the new marketing agreement with a Macau based marketing agent with early performance encouraging. Cairns remains a very popular destination with Chinese tourists, however, much will depend on the Chinese economy.

Management is dealing with increased local competition in electronic gaming with a business strategy that includes building on the new tiered membership loyalty program which commenced in 2015, increased use of digital media in marketing, a full schedule of targeted promotions and entertainment and the introduction of new gaming machines and games on the casino floor.



**Ben Macdonald**  
**Chairman**

Reef Corporate Services Limited  
Responsible Entity of Reef Casino Trust

19 August 2016



# 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 2016 and the auditor's report thereon.

## Responsible Entity

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

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

## Review of operations

The review of operations is contained in the Chairman's Review on pages 1 to 6.

## Distribution

The distribution of \$8.49 million (17.04 cents per unit) in respect of the six month period ended 31 December 2015 as reported in the 2015 annual report was paid on 16 March 2016.

The directors have declared a distribution of \$5.93 million (11.91 cents per unit) in respect of the six month period ended 30 June 2016 to be paid on 14 September 2016 (refer note 9). The distribution in respect of the six month period ended 30 June 2015 was 13.00 cents per unit.

***Director's report (continued)***

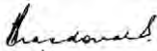
**Lead auditor's independence declaration under section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the half year ended 30 June 2016.

**Rounding off**

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Corporations Instrument, amounts in the half year financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report has been signed in accordance with a resolution of the directors of Reef Corporate Services Limited.



**Ben Macdonald**

Director

Brisbane

19 August 2016



**Keith DeLacy**

Director

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30 June 2016

	Note	30 June 2016 \$'000	30 June 2015 \$'000
<b>REVENUE AND OTHER INCOME</b>			
Revenue	4	11,149	11,549
Other income		4	4
<b>TOTAL REVENUE AND OTHER INCOME</b>		<b>11,153</b>	11,553
<b>EXPENSES</b>			
Depreciation and amortisation	6	2,230	2,194
Property outgoings		587	625
Rates and taxes		424	395
Responsible Entity fees		559	553
Repairs and maintenance		530	486
Insurance		282	272
Responsible Entity director fees		125	102
Other expenses		398	412
<b>TOTAL EXPENSES</b>		<b>5,135</b>	5,039
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>6,018</b>	6,514
Finance costs attributable to unitholders		2,966	3,221
Interest expense on financial liabilities measured at amortised cost		86	72
<b>TOTAL FINANCE COSTS</b>		<b>3,052</b>	3,293
<b>PROFIT FOR THE PERIOD</b>		<b>2,966</b>	3,221
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,966</b>	3,221
Basic and diluted earnings per unit (cents)	10	11.91	12.94

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 2016

	Note	30 June 2016 \$'000	31 Dec 2015 \$'000
<b>ASSETS</b>			
Cash and cash equivalents		3,708	4,252
Receivables		2,398	2,190
<b>TOTAL CURRENT ASSETS</b>		<b>6,106</b>	6,442
Receivables		750	750
Property, plant and equipment	7	97,649	98,804
Intangible assets		158	113
<b>TOTAL NON-CURRENT ASSETS</b>		<b>98,557</b>	99,667
<b>TOTAL ASSETS</b>		<b>104,663</b>	106,109
<b>LIABILITIES</b>			
Trade creditors and accruals		1,700	1,588
Accrued distribution	9	2,966	4,259
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,666</b>	5,847
Loans and borrowings	8	2,700	1,700
Deferred income		38	42
Issued units – liability portion		85,051	85,051
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>87,789</b>	86,793
<b>TOTAL LIABILITIES</b>		<b>92,455</b>	92,640
<b>EQUITY</b>			
Issued units – equity portion		85,051	85,051
Distribution account	9	2,966	4,227
Undistributed income		6,034	6,034
Accumulated losses		(81,843)	(81,843)
<b>TOTAL EQUITY</b>		<b>12,208</b>	13,469
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>104,663</b>	106,109
<b>MEMORANDUM NOTE – ISSUED UNITS</b>			
Issued units – liability portion		85,051	85,051
Issued units – equity portion		85,051	85,051
<b>TOTAL ISSUED UNITS</b>		<b>170,102</b>	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 2016

	<b>Issued units \$'000</b>	<b>Distribution account \$'000</b>	<b>Undistributed income \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total \$'000</b>
1 JANUARY 2015	85,051	4,742	6,034	(81,843)	13,984
Profit for the period	-	-	-	3,221	3,221
Other comprehensive income	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-	3,221	3,221
Transfer to distribution account	-	3,221	-	(3,221)	-
Transfer from undistributed income	-	32	(32)	-	-
Distributions paid	-	(4,742)	-	-	(4,742)
<b>30 JUNE 2015</b>	<b>85,051</b>	<b>3,253</b>	<b>6,002</b>	<b>(81,843)</b>	<b>12,463</b>
1 JANUARY 2016	85,051	4,227	6,034	(81,843)	13,469
Profit for the period	-	-	-	2,966	2,966
Other comprehensive income	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-	2,966	2,966
Transfer to distribution account	-	2,966	-	(2,966)	-
Transfer from undistributed income	-	-	-	-	-
Distributions paid	-	(4,227)	-	-	(4,227)
<b>30 JUNE 2016</b>	<b>85,051</b>	<b>2,966</b>	<b>6,034</b>	<b>(81,843)</b>	<b>12,208</b>

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 2016

	<b>30 June 2016 \$'000</b>	<b>30 June 2015 \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	<b>12,290</b>	12,168
Cash payments in the course of operations	<b>(4,134)</b>	(4,423)
Interest received	<b>49</b>	56
Interest and other finance costs paid	<b>(91)</b>	(72)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>8,114</b>	7,729
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	<b>(1,178)</b>	(900)
Proceeds from disposal of property, plant and equipment	<b>6</b>	1
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1,172)</b>	(899)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan	<b>(3,500)</b>	(5,200)
Drawdown of loan	<b>4,500</b>	5,000
Distributions paid (equity and liability portion)	<b>(8,486)</b>	(8,591)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(7,486)</b>	(8,791)
Net decrease in cash held	<b>(544)</b>	(1,961)
Cash and cash equivalents at 1 January	<b>4,252</b>	4,397
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>3,708</b>	2,436

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 2016

## 1. THE TRUST

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

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These general purpose interim financial statements of the Trust are for the six months ended 30 June 2016. They have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Trust for the year ended 31 December 2015 and any public announcements made by the Trust during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements were approved by the directors of the Responsible Entity on 19 August 2016.

### (b) Use of estimates and judgements

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 2015.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Trust's last annual financial statements for the year ended 31 December 2015.

	<b>30 June 2016 \$'000</b>	<b>30 June 2015 \$'000</b>
<b>4. REVENUE</b>		
<i>Rental</i>		
Base rent	<b>550</b>	541
Contingent rent	<b>10,504</b>	10,909
	<b>11,054</b>	11,450
<i>Interest received and receivable from</i>		
Other persons	<b>15</b>	17
Related parties	<b>33</b>	34
	<b>48</b>	51
<i>Other revenue</i>		
Sundry	<b>47</b>	48
	<b>11,149</b>	11,549

## 5. 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:

<i>Rental income</i>		
Casino operations	<b>9,671</b>	10,521
Hotel and other non-casino operations	<b>1,383</b>	929
	<b>11,054</b>	11,450

## 6. EXPENSES

Net profit for the period includes the following specific expenses:

<i>Depreciation</i>		
Building	<b>657</b>	729
Plant and equipment	<b>1,182</b>	1,077
	<b>1,839</b>	1,806
<i>Amortisation</i>		
Computer software	<b>38</b>	35
Site lease	<b>353</b>	353
	<b>391</b>	388
	<b>2,230</b>	2,194



	<b>30 June 2016 \$'000</b>	<b>31 Dec 2015 \$'000</b>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Site lease – at cost	<b>53,000</b>	53,000
Less: Accumulated amortisation	<b>(15,929)</b>	(15,576)
	<b>37,071</b>	37,424
Building and integral plant – at cost or deemed cost	<b>70,480</b>	70,469
Less: Accumulated depreciation	<b>(18,976)</b>	(18,397)
	<b>51,504</b>	52,072
Plant and equipment – at cost	<b>60,432</b>	60,114
Less: Accumulated depreciation	<b>(51,569)</b>	(50,972)
	<b>8,863</b>	9,142
Work in progress	<b>211</b>	166
Total property, plant and equipment – net carrying amount	<b>97,649</b>	98,804

	<b>30 June 2016 \$'000</b>	<b>31 Dec 2015 \$'000</b>
<b>Capital expenditure commitments</b>		
Contracted but not provided for and payable:	<b>3,484</b>	168

**Acquisitions**

During the six months ended 30 June 2016, the Trust acquired property, plant and equipment with a cost of \$1,137,710 (six months ended 30 June 2015: \$1,253,075).

	Unused loan facility \$'000	Year of maturity	30 June 2016 \$'000	31 Dec 2015 \$'000
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## 8. LOANS AND BORROWINGS

### Non-current liabilities

Bank loan – BOQ Limited	8,800	2019	2,700	1,700
			2,700	1,700

As announced on 29 June 2016 the bank loan was increased by \$2 million to a total loan facility of \$13.5 million expiring on 31 January 2019. This increase was formalised by BOQ on 11 July 2016. The main purpose of the increase is to provide a margin of safety in conjunction with Project L1.

## 9. DISTRIBUTIONS

### DISTRIBUTABLE INCOME

The proposed distribution for the six months ended 30 June 2016 was declared on 19 August 2016, and accounted for as follows:

#### DISTRIBUTION ACCOUNT (refer to statement of changes in equity)

Balance relating to issued units – equity portion	2,966	4,227
ACCRUED DISTRIBUTION		
Balance relating to issued units – liability portion	2,966	4,259
Total of distribution accounts	5,932	8,486

	2016 Total \$'000	Cents per unit	2015 Total \$'000	Cents per unit
DISTRIBUTIONS PAID AND PAYABLE				
Half year ended 31 December paid March	8,486	17.04	8,590	17.25
Half year ended 30 June paid/payable September	5,932	11.91	6,474	13.00
	14,418	28.95	15,064	30.25

	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>10. EARNINGS PER UNIT</b>		
Basic and diluted earnings per unit (cents)	<b>11.91</b>	12.94
Weighted average number of units at the end of the half year	<b>24,900,518</b>	24,900,518
Profit for the period	<b>\$'000 2,966</b>	<b>\$'000 3,221</b>

## 11. FINANCIAL INSTRUMENTS

The fair value of the Trust's financial assets and financial liabilities approximate their carrying values as at the balance sheet date with the exception of:

	<b>30 June 2016</b>		<b>31 December 2015</b>	
	<b>Carrying amount \$'000</b>	<b>Fair value \$'000</b>	<b>Carrying amount \$'000</b>	<b>Fair value \$'000</b>
LIABILITIES CARRIED AT AMORTISED COST				
Issued units – liability portion*	<b>85,051</b>	<b>92,132</b>	85,051	90,887

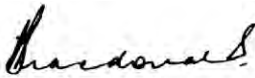
\* Fair value of issued units – liability portion is based on the quoted market price per unit at the reporting date.

# DIRECTORS' DECLARATION

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

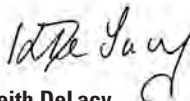
- (a) the financial statements and notes set out on pages 9 to 17, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Trust's financial position as at 30 June 2016 and of its performance for the half year ended on that date; and
  - (ii) complying 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  
19 August 2016



**Keith DeLacy**  
Director

# INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

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

We have audited the accompanying half year financial report of Reef Casino Trust (the "Trust"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### Directors' responsibility for the financial report

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

### Auditor's responsibility

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

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

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a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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# INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust

We performed the procedures to assess whether, in all material respects, the half year financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the provisions of the Trust Constitution dated 2 July 1993 (as amended) a true and fair view which is consistent with our understanding of the Trust's financial position, and of its performance.

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 2016 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 2016. The directors of the Responsible Entity are responsible for the preparation and presentation of the non-IFRS financial information in accordance with the basis of preparation set out on page 1 of the chairman's review and for having regard to the guidelines set out in *ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information*.

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

# INDEPENDENT AUDITOR'S REPORT

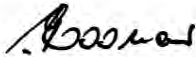
to the unitholders of Reef Casino Trust

## 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 2016 is prepared, in all material respects, in accordance with the basis of preparation set out on page 1 of the chairman's review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Graham Coonan  
Partner – Audit & Assurance

Cairns, 19 August 2016

# LEAD AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of the Responsible Entity of Reef Casino Trust

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

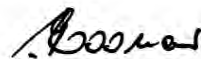
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W [grantthornton.com.au](http://grantthornton.com.au)

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Reef Casino Trust for the half year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Graham Coonan  
Partner – Audit & Assurance

Cairns, 19 August 2016

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# TRUST DIRECTORY

## Registered office of the Responsible Entity

Reef Corporate Services Limited  
Level 1  
Mercure Hotel  
85-87 North Quay  
BRISBANE QLD 4000  
Telephone: (07) 3211 3000  
Facsimile: (07) 3211 4777  
[www.reefcasino.com.au/contactus-en.html](http://www.reefcasino.com.au/contactus-en.html)  
Owned 50% Casinos Austria Group &  
50% Accor Group

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

**Accor**, the world's leading hotel operator and market leader in Europe, is present in 92 countries with more than 3,600 hotels and 470,000 rooms. With more than 170,000 employees in Accor brand hotels worldwide, the Group offers to its clients and partners nearly 46 year of know-how and expertise.

## Directors of the Responsible Entity

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

## Alternate directors

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

## Secretary of the Responsible Entity

Ms Alison Galligan

## Compliance, Audit & Risk Committee of the Responsible Entity

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

## Unitholder enquiries

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

## Solicitors to the Responsible Entity

Herbert Smith Freehills  
Level 31  
480 Queen Street  
BRISBANE QLD 4000

## Unit registry

Computershare Investor Services Pty Ltd  
117 Victoria Street  
WEST END QLD 4101  
GPO Box 2975  
MELBOURNE VIC 3001  
Telephone: 1300 850 505  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

## Bankers

Bank of Queensland Limited  
100 Skyring Terrace  
NEWSTEAD QLD 4006

## Auditors of the Trust

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

## Securities exchange listing

Official list of the Australian Securities Exchange Limited

## Sub-lessee of Reef Hotel Casino Complex

Casinos Austria International (Cairns) Pty Ltd  
Level 1  
Mercure Hotel  
85-87 North Quay  
BRISBANE QLD 4000  
Telephone: (07) 3211 3000  
Facsimile: (07) 3211 4777  
Owned 50% Casinos Austria Group &  
50% Accor Group

## Reef Hotel Casino

35-41 Wharf Street  
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Telephone: (07) 4030 8888  
Facsimile: (07) 4030 8777  
[www.reefcasino.com.au](http://www.reefcasino.com.au)

MUST SEE

# MUST VISIT

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QUEENSLAND'S BIGGEST AND PREMIER LEISURE  
& ENTERTAINMENT COMPLEX NORTH OF BRISBANE

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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 514 gaming machines, 38 gambling tables, plus Club Privé, TAB and Keno.

Open Monday – Thursday 9am - 3am  
and Friday – Sunday 9am - 5am.

 **pullman**  
HOTELS AND RESORTS  
REEF HOTEL CASINO

## **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.



MUST SEE

# MUST VISIT

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## QUEENSLAND'S BIGGEST AND PREMIER LEISURE & ENTERTAINMENT COMPLEX NORTH OF BRISBANE

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The signature restaurant of the complex will be extended to offer a new internal entry, a larger footprint with more dining capacity and an intimate booth style seating arrangement.



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



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



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.



Choose from a great range of main fare, steaks from the grill, lighter meals, snacks, beverages and supper dishes. Open during Casino operating hours.



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.



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



Bar 36 will be the vibrant and invigorated entertainment hub of the complex. An upmarket new meeting place offering everything from cool lounge music for the after work drinks crowd transitioning to a fully equipped showroom presenting a fully produced show experience, state of the art sound and special synced lighting effects to wow the audience.



Café chic at its best, Merchant will feature a rotating F&B concept that shifts from day to night. From barista to pop-up bar or from danishes to tapas. Creating casual eat-in and grab-and-go F&B with a long table counter to integrate with hotel lobby. Encourages guests to spend time at Merchant, creating a lively atmosphere.



A total of nine unique venues ranging from ballroom to boardroom to poolside are available to cater for 8 to more than 800 guests for every type of function.



REEF  
CASINO TRUST

CASINOS AUSTRIA INTERNATIONAL



pullman  
HOTELS AND RESORTS

REEF HOTEL CASINO