

REEF CASINO TRUST
ARSN 093 156 293

APPENDIX 4D

Half year information given to the ASX under listing rule 4.2A

This report is based on the attached accounts that have been audited and are not subject to any dispute or qualification. This information should be read in conjunction with the attached accounts 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*.

Reporting period

Half year ended 30 June 2017

Previous corresponding period

Half year ended 30 June 2016

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	Down 17.4%	to	\$9,207,000
Profit from ordinary activities after income tax attributable to members	Down 38.2%	to	\$1,833,000
Net profit for the period attributable to members	Down 38.2%	to	\$1,833,000

Distributable profit*	Down 38.2%	to	\$3,666,000
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**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 2017*

2. DISTRIBUTIONS

For the 6 months ended 30 June 2017	7.36 cents per unit
Record date for determining entitlements to distribution	30 June 2017

3. NET TANGIBLE ASSETS

	Current period	Previous corresponding period
Net tangible asset backing per unit (NTA backing)	\$1.96	\$2.01

4. EXPLANATIONS

Additional 4D disclosures and other significant information can be found in the attached financial report for the half-year ended 30 June 2017.



REEF
CASINO TRUST

ARSN 093 156 293

Half Year Report

June 2017

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 2017.

Key points

Soft 2017 first half year, part of business cycle

- The Trust reported a distributable profit* for the first half year of 2017 of \$3.7 million compared to \$5.9 million in 2016.
- Unitholders' distributions classified as "finance costs" were \$1.83 million resulting in a net profit of \$1.83 million.
- Unit distribution of 7.36 cents per unit for the six months from January to June (last year 11.91 cents). Earnings per unit were 7.36 cents (last year 11.91 cents). Unit distribution was 100% of distributable earnings.
- Operating costs at the Reef Casino Trust and the Reef Hotel Casino were well managed.
- Project L1, a \$6.5 million refurbishment of level 1 of the Reef Hotel Casino was successfully completed in February 2017.

Trust distributable profit

Trust distributable profit* was \$3.7 million for the six months ended 30 June 2017 (last year \$5.9 million).

Total Trust revenue (comprising mainly of rental income from the Reef Hotel Casino) was \$9.2 million (last year \$11.2 million). This was due to lower rental income arising from strong local electronic gaming competition, subdued premium gaming activity with lower volume than hoped for (a consequential impact resulting from the recent arrest of marketing staff in China from another Australian casino operator) and a general softening of the local tourism market in the first half year.

Trust expenses were slightly higher in 2017 due to depreciation and amortisation charges and interest following the refurbishment of level 1 of the complex.

** 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 2017.*

REEF CASINO TRUST

Chairman's review (continued)

	2017 \$'000	2016 \$'000	
REVENUE AND OTHER INCOME			
Rental revenue	9,113	11,054	↓17.6%
Other revenue and income	94	99	
Total revenue and other income	9,207	11,153	↓17.4%
EXPENSES			
Operating	3,024	2,991	
Depreciation and amortisation	2,517	2,230	
Total expenses	5,541	5,221	↑6.1%
PROFIT BEFORE FINANCE COSTS¹ ATTRIBUTABLE TO UNITHOLDERS (DISTRIBUTABLE PROFIT*)			
	3,666	5,932	↓38.2%
Finance costs ¹ attributable to unitholders	1,833	2,966	
PROFIT FOR THE PERIOD	1,833	2,966	↓38.2%
	2017 cents per unit	2016 cents per unit	
Earnings per unit	7.36	11.91	
Distribution per unit	7.36	11.91	

¹ 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 7.36 cents per unit or a total of \$3.7 million for the six months from 1 January to 30 June 2017. The record date was 30 June 2017 and payment will be made on 13 September 2017.

The first half year distribution was 100% of distributable profit. The Trust intends to continue its distribution policy to pay out "100% of 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. The Trust's interest only loan facility remains unchanged at \$13.5 million. This term loan extends to January 2019. As at 30 June 2017, the Trust has drawn down \$7.7 million of its loan facility.

Capital investment

Following the wrap up of Project L1 in the first half of 2017, capital expenditure in the first half year of 2017 consisted mainly of operational requirements including new gaming machines and capital commitments for the proper maintenance of the Reef Hotel Casino complex.

Chairman's review (continued)

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

Allan Tan, the CEO of the operator of the Reef Hotel Casino (CAIC) which is jointly controlled by Casinos Austria International Limited and Accor Casino Investments, has provided his review as follows :-

Reef Hotel Casino CEO's Report

The Reef Hotel Casino reported another profitable first half of 2017, typically the low season in Cairns and Far North Queensland. Softer trading conditions resulted in a lower result compared to the previous first half year.

Trading and operating conditions

- The Chinese New Year season was soft for Cairns as a whole
- Our complex faced strong local electronic gaming competition
- Tourism into Cairns was generally softer
- Premium gaming was subdued with less than hoped for volume because of the arrests of marketing staff in China from another Australian casino operator which had a consequential impact on our own premium market.

Key strategies

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

Operating as One Complex, One Team, One Success, we offer a seamless entertainment complex under one roof and one team backed up by a full marketing program that positions our complex as a Must See Must Visit entertainment venue in Cairns. As an Employer of Choice, this goes to our strength in the hospitality business with the best gaming venue in Cairns with an international class casino run to the highest standards and the best hotel in Cairns offering the best 5 star accommodation. Finally, superior cost control and risk management best practice is applied throughout the complex.

During the first half year:-

- We leveraged up on the successful completion of our new facilities in our complex as part of Project L1 including Bar36, hotel lobby, casino lobby, casino guest services reception, new café and expanded seating in Tamarind Restaurant. Already, Bar36 is attracting more visitations into the complex and is regarded as the best live entertainment venue in Cairns. The new casino lobby's iconic interactive floor display and pillar is already one of Cairns' most photographed tourist attractions.

Chairman's review (continued)

Reef Hotel Casino CEO's Report (continued)

Key strategies (continued)

- Special focus and additional initiatives have been directed at taking on the strong local electronic gaming competition in the form of upgrading the entertainment program in the complex, improving the promotions for electronic gaming as well as extending the casino opening hours from 3 am to 5 am on Sunday to Thursday with effect from 1 June 2017 such that the casino is now opened daily from 9 am to 5 am.
- We have implemented a new hotel room rate strategy designed to increase overall hotel revenues.
- Our two year new uniform project which commenced in mid-2015 continued to be rolled out and the project is nearing completion with only the bar staff to go.

Complex performance

Rental paid to Trust

17.6% lower than last year due mainly to strong local electronic gaming competition.

Casino

Overall casino revenues 6.2% lower than last year.

- *Table games*
Total revenues from main floor grind and premium play were 6.7% lower than last year. This was due to a soft Chinese New Year season and less than hoped for premium play volume.
- *Electronic games*
Electronic gaming machine turnover and revenues were 5.6% and 6.5% respectively lower than last year. We had to contend with increased local competition in 2017 with our competitors extending their trading hours, completing refurbishments of their properties and upgrading their gaming products and a relocation of additional electronic gaming machines into the Cairns Local Government area.

Hotel

Overall hotel revenues 3.1% higher than last year.

- *Rooms*
Rooms revenues were 10.4% lower than last year due to bedding down of our new room rate strategy set against a softer Chinese New Year tourist season for Australia and Cairns and softer domestic tourism into Cairns.
- *Food and beverage*
Food and beverage revenues were 16.9% higher than last year due to revenue growth from Bar36, other food and beverage outlets and also due to the implementation of our new room rate strategy.

Chairman's review (continued)

Reef Hotel Casino CEO's Report (continued)

Complex cost control

- Operating costs were well managed throughout the complex.

Improving overall performance

- Electronic gaming focus – Management initiatives include introducing new products, fresh marketing tools including digital marketing, targeted promotions with the support of our complex's food and beverage offerings to compete effectively with local competition.
- Table games – We have in place customer and marketing initiatives to target the improving Japanese market. Our marketing agreement with a Macau based marketing agent will continue to target the premium play market. We are confident that our own premium market will stabilise following the conclusion of the uncertainty created by the recent China casino matter.
- Extended casino trading hours – Our casino trading hours have been extended from 3 am to 5 am Sunday to Thursday.
- Room strategy – Our new room rate strategy will have a stronger positive impact in the high tourist season.
- New complex facilities – Apart from contributing to increased direct food and beverage sales, we have initiatives such as special promotions to leverage off our new complex facilities to drive visitations into the casino.

CHAIRMAN'S REVIEW CONTINUES

Trust outlook for second half of 2017

Conclusion

Start of second half year high tourist season

I am pleased to report that the Trust has entered into the second half of this year with a stronger start than the first half and a slightly stronger July trading performance compared to last year. The second half year is traditionally the "high tourist season" in Cairns.

Healthy balance sheet and positive cash flows

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

Ownership changes at Casinos Austria AG

The operator of the Reef Hotel Casino is Casinos Austria International (Cairns) Pty Ltd (CAIC), jointly controlled by Casinos Austria International Limited and Accor Casino Investments. While there are on-going ownership changes at Casinos Austria AG (CASAG), parent company of Casinos Austria International Limited, the relationship between the Trust as the owner of the Reef Hotel Casino complex and CAIC as the operator continues to work well.

Chairman's review (continued)

Trust outlook for second half of 2017 (continued)

Ownership changes at Casinos Austria AG (continued)

CASAG ultimately holds 42% of the units in the Trust. As is usual, the new CEO of CASAG, who took up his position on 1 July 2017, is undertaking a strategic review of all business units of CASAG including all its international casino operations outside of Austria. While the ownership of CASAG is undergoing changes, we believe these ownership changes will not materially impact on the Trust. These ownership changes at CASAG are expected to be settled or concluded by the end of this year or early next year.

Discussions with Government

It is the Trust's intention to continue to reinvest in its main asset, the Reef Hotel Casino in Cairns.

The Trust also continues to consider any appropriate opportunities to expand. In light of the Queensland Government's on-going and yet to be settled policy position regarding further integrated resort developments (IRD) in the State, the Trust is undertaking and continuing internal discussions and discussions with the Government. This forms part of the Board's strategic planning and vision for the next 20 years.

Operational outlook

The Trust's sole investment is the Reef Hotel Casino and so it is exposed to the risks inherent in the ownership of a single asset located in Cairns. With the major refurbishment completed, we can look forward to our new facilities on level 1 of our complex providing an even more competitive product to our local and international patrons and customers.

The Trust remains positive regarding its longer term trading trend. The Reef Hotel Casino's management strategy is to drive future growth based on three key strategic areas – electronic gaming, table games including premium play and hotel operations.

It has been announced that the largest airline in China, China Southern Airlines is set to commence year round direct scheduled flights linking Guangzhou, China to Cairns from December 2017. This should add to the Chinese tourism growth and have a positive impact on our operations.

Since 2000, the Trust has consistently delivered profits, declared unit distributions and carefully managed the business and corporate risks. The Trust Board remains committed to this.



Ben Macdonald

Chairman
Reef Corporate Services Limited
Responsible Entity of Reef Casino Trust
23 August 2017

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 2017 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:

<i>Name</i>	<i>Period of directorship</i>
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 \$5.976 million (12 cents per unit) in respect of the six month period ended 31 December 2016 as reported in the 2016 annual report was paid on 15 March 2017.

The directors have declared a distribution of \$3.666 million (7.36 cents per unit) in respect of the six month period ended 30 June 2017 to be paid on 13 September 2017 (refer note 9). The distribution in respect of the six month period ended 30 June 2016 was 11.91 cents per unit.

Auditor's independence declaration under section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 20 and forms part of the directors' report for the half year ended 30 June 2017.

Directors' report (continued)

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
23 August 2017



Keith DeLacy
Director

REEF CASINO TRUST

Statement of profit or loss and other comprehensive income For the half year ended 30 June 2017

	Note	30 June 2017 \$'000	30 June 2016 \$'000
REVENUE AND OTHER INCOME			
Revenue	4	9,203	11,149
Other income		4	4
TOTAL REVENUE AND OTHER INCOME		9,207	11,153
EXPENSES			
Depreciation and amortisation	6	2,517	2,230
Property outgoings		609	587
Rates and taxes		391	424
Responsible Entity fees		546	559
Repairs and maintenance		504	530
Insurance		297	282
Responsible Entity director fees		125	125
Other expenses		378	398
TOTAL EXPENSES		5,367	5,135
RESULTS FROM OPERATING ACTIVITIES		3,840	6,018
Finance costs attributable to unitholders		1,833	2,966
Interest expense on financial liabilities measured at amortised cost		174	86
TOTAL FINANCE COSTS		2,007	3,052
PROFIT FOR THE PERIOD		1,833	2,966
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,833	2,966
Basic and diluted earnings per unit (cents)	10	7.36	11.91

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

REEF CASINO TRUST

Statement of financial position As at 30 June 2017

	Note	30 June 2017 \$'000	31 Dec 2016 \$'000
ASSETS			
Cash and cash equivalents		2,663	4,775
Receivables		2,112	2,309
TOTAL CURRENT ASSETS		4,775	7,084
Receivables		750	750
Property, plant and equipment	7	101,205	101,547
Intangible assets		160	132
TOTAL NON-CURRENT ASSETS		102,115	102,429
TOTAL ASSETS		106,890	109,513
LIABILITIES			
Payables		1,204	2,013
Accrued distribution	9	1,833	2,986
TOTAL CURRENT LIABILITIES		3,037	4,999
Loans and borrowings	8	7,700	7,200
Deferred income		31	35
Issued units – liability portion	11	85,051	85,051
TOTAL NON-CURRENT LIABILITIES		92,782	92,286
TOTAL LIABILITIES		95,819	97,285
EQUITY			
Issued units – equity portion	11	85,051	85,051
Distribution account	9	1,833	2,990
Undistributed income		6,030	6,030
Accumulated losses		(81,843)	(81,843)
TOTAL EQUITY		11,071	12,228
TOTAL EQUITY AND LIABILITIES		106,890	109,513
MEMORANDUM NOTE – ISSUED UNITS			
Issued units – liability portion		85,051	85,051
Issued units – equity portion		85,051	85,051
		170,102	170,102

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

REEF CASINO TRUST

Statement of changes in equity For the half year ended 30 June 2017

	Issued units	Distribution account	Undistributed income	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
1 JANUARY 2016	85,051	4,227	6,034	(81,843)	13,469
Profit for the period	-	-	-	2,966	2,966
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,966	2,966
Transfer to distribution account	-	2,966	-	(2,966)	-
Transfer from undistributed income	-	-	-	-	-
Distributions paid	-	(4,227)	-	-	(4,227)
30 JUNE 2016	85,051	2,966	6,034	(81,843)	12,208
1 JANUARY 2017	85,051	2,990	6,030	(81,843)	12,228
Profit for the period	-	-	-	1,833	1,833
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,833	1,833
Transfer to distribution account	-	1,833	-	(1,833)	-
Transfer from undistributed income	-	-	-	-	-
Distributions paid	-	(2,990)	-	-	(2,990)
30 JUNE 2017	85,051	1,833	6,030	(81,843)	11,071

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

REEF CASINO TRUST

Statement of cash flows For the half year ended 30 June 2017

	30 June 2017 \$'000	30 June 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	10,612	12,290
Cash payments in the course of operations	(3,864)	(4,134)
Interest received	43	49
Interest and other finance costs paid	(169)	(91)
NET CASH FROM OPERATING ACTIVITIES	6,622	8,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(3,258)	(1,178)
Proceeds from disposal of property, plant and equipment	-	6
NET CASH FROM INVESTING ACTIVITIES	(3,258)	(1,172)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(5,000)	(3,500)
Drawdown of loan	5,500	4,500
Distributions paid (equity and liability portion)	(5,976)	(8,486)
NET CASH FROM FINANCING ACTIVITIES	(5,476)	(7,486)
Net decrease in cash held	(2,112)	(544)
Cash and cash equivalents at 1 January	4,775	4,252
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,663	3,708

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

REEF CASINO TRUST

Notes to the financial statements For the half year ended 30 June 2017

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 2017. 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 2016 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 23 August 2017.

(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 2016.

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 2016.

	30 June 2017 \$'000	30 June 2016 \$'000
4. Revenue		
RENTAL		
Base rent	559	550
Contingent rent	8,554	10,504
	9,113	11,054
INTEREST RECEIVED AND RECEIVABLE FROM		
Other persons	5	15
Related parties	32	33
	37	48
OTHER REVENUE		
Sundry	53	47
	9,203	11,149

REEF CASINO TRUST

Notes to the financial statements For the half year ended 30 June 2017

**30 June
2017
\$'000**

**30 June
2016
\$'000**

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:

RENTAL INCOME

Casino operations	8,183	9,671
Hotel and other non-casino operations	930	1,383
	9,113	11,054

6. Expenses

Net profit for the period includes the following specific expenses:

DEPRECIATION

Building	722	657
Plant and equipment	1,406	1,182
	2,128	1,839

AMORTISATION

Computer software	36	38
Site lease	353	353
	389	391
	2,517	2,230

**30 June
2017
\$'000**

**31 Dec
2016
\$'000**

7. Property, plant and equipment

Site lease – at cost	53,000	53,000
Less: Accumulated amortisation	(16,636)	(16,282)
	36,364	36,718
Building and integral plant – at cost or deemed cost	73,944	72,510
Less: Accumulated depreciation	(20,284)	(19,565)
	53,660	52,945
Plant and equipment – at cost	59,844	59,553
Less: Accumulated depreciation	(48,710)	(48,360)
	11,134	11,193
Work in progress	47	691
Total property, plant and equipment – net carrying amount	101,205	101,547

Capital expenditure commitments

Contracted but not provided for and payable:	115	1,266
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Acquisitions

During the six months ended 30 June 2017, the Trust acquired property, plant and equipment with a cost of \$2,226,404 (six months ended 30 June 2016: \$1,137,710).

REEF CASINO TRUST

Notes to the financial statements For the half year ended 30 June 2017

8. Loans and borrowings

	Facility Available		Facility Used		Facility Unused	
	30 June 2017 \$'000	31 Dec 2016 \$'000	30 June 2017 \$'000	31 Dec 2016 \$'000	30 June 2017 \$'000	31 Dec 2016 \$'000
NON-CURRENT LIABILITIES						
Bank loan – BOQ Limited (expires 31 January 2019)	13,500	13,500	7,700	7,200	5,800	6,300
	13,500	13,500	7,700	7,200	5,800	6,300

9. Distributions

	30 June 2017 \$'000	31 Dec 2016 \$'000
Distributable income		
The proposed distribution for the six months ended 30 June 2017 was declared on 23 August 2017, and accounted for as follows:		
DISTRIBUTION ACCOUNT (refer to statement of changes in equity)		
Balance relating to issued units – equity portion	1,833	2,990
ACCruED DISTRIBUTION		
Balance relating to issued units – liability portion	1,833	2,986
TOTAL OF DISTRIBUTION ACCOUNTS	3,666	5,976

	2017		2016	
	Total \$'000	Cents per unit	Total \$'000	Cents per unit
DISTRIBUTIONS PAID AND PAYABLE				
Half year ended 31 December paid March	5,976	12.00	8,486	17.04
Half year ended 30 June paid/payable September	3,666	7.36	5,932	11.91
	9,642	19.36	14,418	28.95

10. Earnings per unit

	30 June 2017	30 June 2016
Basic and diluted earnings per unit (cents)	7.36	11.91
<i>Weighted average number of units at the end of the half year</i>	24,900,518	24,900,518

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:

	30 June 2017 Carrying amount \$'000	Fair value \$'000	31 December 2016 Carrying amount \$'000	Fair value \$'000
LIABILITIES CARRIED AT AMORTISED COST				
Issued units – liability portion*	85,051	75,947	85,051	99,104

* 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 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 2017 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



Keith DeLacy
Director

Brisbane
23 August 2017

Independent auditor's report To the unitholders of Reef Casino Trust

Report on the financial report

Opinion

We have audited the financial report of Reef Casino Trust (the Trust), which comprises the statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying 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 2017 and of its financial performance for the half year then ended; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current half year. The key audit matter below was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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

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Key audit matter	How our audit addressed the key audit matter
Determination and recognition of revenue – Note 4. Revenue	
<p>The Trust leases its facilities to a related party, Casinos Austria International (Cairns) Pty Ltd (the Lessee). Accordingly the Trust's rental revenue is determined in accordance with the lease agreements between the Trust and the Lessee.</p>	<p>Our audit procedures to address the risk of material misstatement relating to the determination and recognition of rental revenue included, amongst others:</p>
<p>Rental revenue comprises two components: a base rent and a contingent rent. The base rent component is indexed yearly and recognised on a straight line basis over the lease term. The contingent rent component is based on the financial performance and results of the Lessee and is recognised when contractually due. The contingent rent component comprises the majority of total rent revenue.</p>	<ul style="list-style-type: none"> ▪ Assessing the design and implementation of management's controls over the determination and recognition of rental revenue; ▪ Analysing management's calculation of rental revenue in accordance with the lease agreements and with the audited financial statements of the Lessee; and ▪ Assessing the appropriateness and sufficiency of the work performed on the Lessee's financial statements for the relevant period by the Lessee's auditor.
<p>This is a key audit matter given that it is material to the Trust's results and is recognised based on the financial performance and results of the Lessee.</p>	

Information other than the financial report and auditor's report thereon

The directors of Reef Corporate Services Limited, the Responsible Entity of the Trust, are responsible for the other information. The other information comprises the information included in the Trust's half year report for the half year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Responsible Entity of the Trust 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf
This description forms part of our auditor's report.

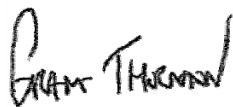
Report on the audit of non-IFRS information

Opinion on non-IFRS information

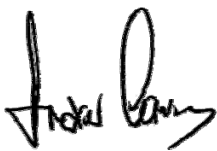
In our opinion, the non-IFRS financial information disclosed as distributable profit included in the chairman's review on pages 1 and 2 for the half year ended 30 June 2017 is prepared, in all material respects, in accordance with the basis of preparation set out on page 1.

Responsibilities

The directors of the Responsible Entity of the Trust 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 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



AD Cornes
Partner – Audit & Assurance

Cairns, 23 August 2017

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Cairns QLD 4870
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PO Box 7200
Cairns QLD 4870

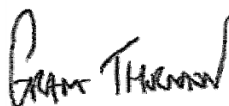
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Auditor's independence declaration

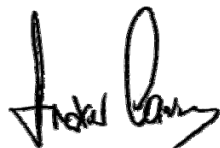
To the Directors of the Responsible Entity of Reef Casino Trust

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 2017, 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



AD Cornes
Partner - Audit & Assurance

Cairns, 23 August 2017

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REEF CASINO TRUST

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
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 95 countries with more than 4,100 hotels. With more than 250,000 employees in Accor brand hotels worldwide, the Group offers to its clients and partners nearly 50 years 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

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

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

REEF CASINO TRUST

Trust Directory

Securities exchange listing

Official list of the Australian Securities Exchange Limited

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
Owned 50% Casinos Austria Group & 50% Accor Group

The Reef Hotel Casino

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

Unitholder enquiries

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