

REEF CASINO TRUST
ARSN 093 156 293

APPENDIX 4E

Preliminary final report given to the ASX under listing rule 4.3A

This report is based on the attached accounts that have been audited and are not subject to any dispute or qualification.

Reporting period

Financial year ended 31 December 2015

Previous corresponding period

Financial year ended 31 December 2014

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

2.1 Revenue and other income from ordinary activities

up 9.8% to \$25,102,000

2.2 Profit from ordinary activities after income tax attributable to members

up 24.0% to \$7,480,000

2.3 Net profit for the period attributable to members

up 24.0% to \$7,480,000

See Below

Distributable profit*	up 24.0%	to	\$14,960,000
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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 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 33 of the Financial Report for the year ended 31 December 2015.*

2.4 Distributions

For the 6 months ended 31 December 2015

Amount per unit

17.04 cents

2.5 Record date for determining entitlements to distribution

31 December 2015

2.6 Explanations

Refer attached Chairman's Review.

3. **STATEMENT OF FINANCIAL PERFORMANCE** – refer to statement of profit or loss and other comprehensive income in the financial report.
4. **STATEMENT OF FINANCIAL POSITION** – refer to statement of financial position in the financial report.
5. **STATEMENT OF CASH FLOWS** – refer to statement of cash flows in the financial report.
6. **STATEMENT OF RETAINED EARNINGS** – refer to statement of changes in equity in the financial report.
7. **DETAILS OF INDIVIDUAL DIVIDENDS AND PAYMENT DATES** – refer to Note 12 of the financial statements.
8. **DETAILS OF DIVIDEND REINVESTMENT PLAN** – There is no distribution reinvestment plan in operation for Reef Casino Trust.
9. **NET TANGIBLE ASSETS PER UNIT (NTA backing)**

Current Period	Previous Corresponding Period
\$2.06	\$2.06

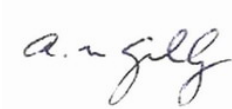
10. **DETAILS OF CONTROLLED ENTITIES** – Reef Casino Trust has not gained or lost control over any entity during the period.
11. **DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES** – Reef Casino Trust does not have any equity accounted associates or joint venture entities.
12. **SIGNIFICANT INFORMATION** – refer to the Chairman's review.
13. **NOT APPLICABLE.**
14. **COMMENTARY ON RESULTS FOR THE PERIOD** – refer to the Chairman's review.

ANNUAL GENERAL MEETING

The annual general meeting will be held on 12 May 2016 at the Reef Hotel Casino, 35-41 Wharf Street, Cairns Qld 4870.

CONTACT DETAILS

Please contact the Company Secretary for further information.

A handwritten signature in black ink, appearing to read 'a. galligan', is positioned above the printed name and title.

Alison Galligan
Company Secretary
Reef Corporate Services Limited/Reef Casino Trust

c/- Mercure Hotel
Level 1, 85-87 North Quay
Brisbane Qld 4000
Ph: 07 3211 3000
Fax: 07 3211 4777

18 February 2016



REEF
CASINO TRUST
ARSN 093 156 293

Financial Report

December 2015

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 Trust for the year ended 31 December 2015.

FINANCIAL HIGHLIGHTS

A record profit in 2015

- The Trust reported a net profit of \$7.48 million. Unitholders' distributions classified as "finance costs" were \$7.48 million resulting in a record distributable profit* for the year of \$14.96 million which is a 24.0% increase compared to the previous year due to a higher Trust rental income and lower costs, arising from a strong record operating performance at the Reef Hotel Casino and the absence of costs and distractions of the lapsed Aquis takeover proposal.
- A unit distribution of 17.04 cents per unit for the six months from 1 July 2015 to 31 December 2015 has been declared. As a unit distribution of 13 cents per unit was paid for the six months from 1 January 2015 to 30 June 2015, the total unit distribution in 2015 is 30.04 cents per unit, compared to 26.02 cents in the previous year.
- Operating costs at the Trust and the Reef Hotel Casino were well managed.

TRUST DISTRIBUTABLE PROFIT

Trust distributable profit* for the year ended 31 December 2015 was \$14.96 million, up 24.0% compared to the previous year. This record result was achieved despite the gaming revenue tax on electronic gaming machines doubling from 10% to 20% in mid-2009. This additional tax impost amounts to \$3.22 million in 2015.

Total Trust revenue (comprising mainly of rental income from the Reef Hotel Casino) was \$25.10 million (last year \$22.85 million), up 9.8%, due to a strong operating performance at the Reef Hotel Casino.

Trust operating expenses were well managed and controlled and were 12% lower, partly due to the proposed Aquis takeover costs incurred during 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 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 33 for the year ended 31 December 2015.*

Chairman's review (continued)

TRUST DISTRIBUTABLE PROFIT (continued)

	2015 \$'000	2014 \$'000	
REVENUE AND OTHER INCOME			
Rental revenue	24,897	22,650	9.9%
Other revenue and income	205	204	
Total revenue and other income	25,102	22,854	9.8%
EXPENSES			
Operating	5,614	6,378	12.0%
Depreciation and amortisation	4,528	4,412	
Total expenses	10,142	10,790	6.0%
PROFIT BEFORE FINANCE COSTS¹			
ATTRIBUTABLE TO UNITHOLDERS	14,960	12,064	24.0%
Finance costs ¹ attributable to unitholders	7,480	6,032	
PROFIT FOR THE PERIOD	7,480	6,032	24.0%
	cents per unit	cents per unit	
Earnings per unit	30.04	24.22	
Distribution per unit	30.04	26.02	

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

UNIT DISTRIBUTION

The Trust has declared a unit distribution of 17.04 cents per unit, for the six months from 1 July 2015 to 31 December 2015. The record date was 31 December 2015 and payment will be made on 16 March 2016.

A distribution of 13.00 cents per unit was paid for the six months from 1 January to 30 June 2015. For the 2015 financial year, the total distribution declared was 30.04 cents per unit.

Therefore, the 2015 total unit distribution comprised 100% of 2015 distributable earnings per unit of 30.04 cents.

The undistributed income account balance is 12.11 cents per unit, or \$6.03 million.

The Trust intends to continue its distribution policy to pay out "100% of distributable profit".

Chairman's review (continued)

TRUST BALANCE SHEET

The Trust's balance sheet remains strong and healthy with the Trust's cash position remaining positive and the Trust continuing to have adequate working capital. As previously announced, the Trust's interest only loan was renegotiated and renewed, and the now \$11.5 million loan facility extends to 31 January 2019. The amount of draw down varies from time to time according to operational requirements. As at 31 December 2015, \$1.7 million of the loan was drawn.

CAPITAL INVESTMENT

The Trust continues to invest in its main asset, the Reef Hotel Casino complex in Cairns, to maintain its facilities in top shape and condition. More details are contained in the Reef Hotel Casino operator's report that follows.

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 operator of the Reef Hotel Casino (CAIC) which is jointly owned by Casinos Austria International and Accor, has provided his review as follows :-

CEO'S REPORT

A record rental payment to the Trust

The Reef Hotel Casino is pleased to report a strong and profitable performance during 2015 which enabled it to make a record rental payment to the Trust.

Trading and operating conditions

- 2015 was devoid of distractions arising from the lapsed Aquis takeover.
- The year was marked by strong trading during Chinese New Year in the first quarter of the year, and during the high tourist season in the third quarter.
- The lower Australian dollar was a positive contributing factor to Cairns' tourism industry.
- Importantly, the Executive Leadership Team and staff successfully focussed on being "One Complex, One Team, One Success" and together delivered a strong and positive performance outcome.
- The local Cairns' economy appears to have bottomed out and there are signs of it improving.

Chairman's review (continued)

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"
 - One focussed Team delivering a seamless entertainment experience throughout our complex under one roof.
- "Must See Must Visit"
 - "The Only Place to Play" effectively underpins our locals and domestic strategy while "Reef by Day, Reef by Night" underpins our Chinese tourist strategy.
- "Employer of Choice"
 - One of the largest employers in Cairns, this goes to our strength in the hospitality and entertainment business, backed up by the global strength of the joint owners of our operating company, Casinos Austria International and Accor.
- "The best gaming venue in Cairns"
 - An international class casino run to the highest global standards offering the widest range of gaming entertainment in Cairns.
- "The best hotel in Cairns"
 - We offer the best 5 star accommodation standard and service in Cairns, our facilities winning multiple awards.
- "Superior cost control and risk management"
 - Best practice throughout the complex for superior financial outcomes.

Complex performance

Rental paid to Trust

A new record set in 2015. Strong revenue growth and good cost outcome combined to produce an excellent 9.9% growth in rental paid to the Trust.

Casino

Overall casino revenues up 4.9% on last year, setting a record.

- Electronic games
Machine turnover was up 4.5% on last year and revenues were up 2.8% on last year both setting records. New gaming machines, new games, a new tiered loyalty membership program and a full and exciting program of marketing, promotions and entertainment resulted in strong patron support from locals and domestic markets. Specific marketing to Chinese tourists is starting to pay off.
- Table games
Total revenues were up 10.0% on last year with positive contributions from "grind" and "premium" play (higher than theoretical win rate noted). The year's Chinese New Year holiday season and the Chinese National Day holiday season saw good patron support from Chinese tourists.

Chairman's review (continued)

CEO'S REPORT (continued)

Hotel

Overall revenues up 2.6% on last year.

- **Rooms**
Rooms revenues set a new record and were 8.3% higher compared to last year. Successful yield management and leveraging off Accor's global and Australian network were the keys to a strong performance. Our hotel was number 1 in REVPAR (revenue per available room) amongst our competitive set.
- **Food and beverage**
Overall revenues were 2.2% below last year. Importantly, our food and beverage facilities played a key role in supporting our casino operations. Our multiple award winning Tamarind signature restaurant was upgraded in the middle of the year.

Complex cost management and control

Operating costs were well managed and controlled throughout the complex.

Driving further growth

In the first quarter of 2015, the repainting of the exterior of the entire complex was completed as was the installation of a brand new automatic car park system, both of which have enhanced our patrons' positive experience.

In the second quarter, Tamarind restaurant was successfully upgraded with new furniture, lighting and colour scheme to further cement our signature restaurant as the best in Cairns.

In the third quarter, our casino loyalty program, renamed Reef Rewards, introduced a new 4 tier membership program which was well received by our patrons. A new air conditioning system for the whole complex was installed which has already provided energy savings and lower costs.

In the last quarter, the first batch of newly designed staff uniforms were ordered as part of a 2 year new uniform project. New chairs for casino table games were delivered and have added to the comfort of our patrons.

CHAIRMAN'S REVIEW CONTINUES

TRUST 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. With a strong and healthy balance sheet, the outlook for the Trust is positive. However, the future performance of the Trust will rely on the local economic and tourism conditions in Cairns.

STABILITY OF THE COMPLEX OPERATOR

In August of 2015, the operator of the Reef Hotel Casino, Casinos Austria International (Cairns) Pty Limited (CAIC) exercised its option to renew the casino, hotel and ancillary facilities leases until 26 October 2029. CAIC is jointly owned by Casinos Austria International and Accor, global casino and hotel operators respectively. The Trust welcomes the continuing relationship with CAIC.

Chairman's review (continued)

REEF HOTEL CASINO

A lower Australian dollar and more flights into Cairns in 2016 should result in stronger domestic and international tourism into Cairns and this would benefit the Reef Hotel Casino.

Electronic Games

In addition, further development of electronic games revenues would be driven by the continued investment and introduction of new gaming machines and games, leveraging off the newly introduced tiered membership loyalty program, and an exciting and innovative program of marketing, promotions and entertainment events celebrating the complex's 20th anniversary.

Table Games

A strong Chinese New Year in 2016 and the year in general should bring more Chinese tourists into Cairns. Our table games products and services are "China ready" and will aggressively tap into this market. Casino management will also have various initiatives to further develop the premium market.

Hotel

Our 5 star Pullman branded hotel continues to win awards for our accommodation, food and beverage facilities. Being the best hotel in Cairns and part of the Accor global network will enable our hotel to leverage off Accor's Le Club and Accor Plus loyalty programs to drive room revenues development.

CAPITAL INVESTMENT IN THE COMPLEX

Further progress was made to concepts and designs of an exciting project proposal to extensively renovate the public areas on the ground floor of the complex including our hotel lobby, our casino lobby, Vertigo Bar and show lounge and the addition of a new café. Subject to final Board approval, this exciting investment and renovation project of the public areas of the ground floor of the complex is aimed at driving growth partly in 2016 (this will depend on the timetable of the project) but mainly beyond 2016.



Ben Macdonald

Chairman

Reef Corporate Services Limited

Responsible Entity of Reef Casino Trust

18 February 2016

Directors' report

The directors of Reef Corporate Services Limited, ABN 66 057 599 621, the Responsible Entity of Reef Casino Trust (the Trust) present their report together with the financial statements of the Trust for the year ended 31 December 2015 and the auditor's report thereon.

Directors

The directors of Reef Corporate Services Limited during the financial year or since the end of the financial year are:

Mr Benjamin W Macdonald (Chairman)
Mr Keith DeLacy
Mr Richard Haire
Dr Karl Stoss
Mr Michael Issenberg
Mr Allan Tan (director and alternate for Mr Macdonald)
Mr Simon McGrath
Mr Alexander Tucek (alternate for Dr Stoss)
Mr Philip Basha (alternate for Mr Issenberg & Mr Mooney until 3 May 2015)

Mr Kim Mooney was a director from 21 January 2002 until his death on 3 May 2015.

Principal activities

The Trust is the owner and lessor of the Reef Hotel Casino complex which is located in Cairns, North Queensland, Australia.

Review and results of operations

The review and results of operations is contained in the Chairman's Review commencing on page 1.

This includes information on the financial position and business strategies and prospects for future financial years.

Distributions

Distributions are paid on a half yearly basis.

The distribution of \$8.59 million (17.25 cents per unit) in respect of the six month period ended 31 December 2014 as reported in the 2014 annual report was paid on 18 March 2015.

The distribution of \$6.47 million (13 cents per unit) in respect of the six month period ended 30 June 2015 was paid on 16 September 2015 (note 12).

The directors have declared a distribution of \$8.49 million (17.04 cents per unit) in respect of the six month period ended 31 December 2015 to be paid on 16 March 2016 (note 12).

Significant changes in the state of affairs

There was no significant change in the nature of the activity of the Trust that occurred during the financial year under review.

Environmental regulation

The Trust's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Responsible Entity believes that the Trust has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Trust.

Directors' report (continued)

Events subsequent to balance date

On 18 February 2016, the board of directors of the Responsible Entity, Reef Corporate Services Limited, declared a 17.04 cent per unit distribution payable on 16 March 2016. This distribution totals \$8,486,097.

Other than as identified in this report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

Interests of the Responsible Entity

Reef Corporate Services Limited holds no units either directly or indirectly in Reef Casino Trust. Associates of the Responsible Entity hold 36,405,411 units at 31 December 2015 (2014: 36,527,994 units).

Units on issue

Units on issue and movements in issued units are detailed in note 11 to the financial statements.

Assets

The Trust had total assets of \$106,109,000 as at 31 December 2015 (2014: \$107,166,000). The basis of valuation of the Trust's assets is disclosed in note 8 to the financial statements.

Responsible Entity's remuneration

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

- (i) Half yearly fees calculated as 0.375% of the value of net assets of the Trust (as defined in the Trust Constitution) as at the last day of the half year period just completed, paid quarterly, plus
- (ii) Half yearly fees calculated as the greater of \$37,500 indexed and a fee calculated on a sliding scale by reference to the value of gross assets (as defined in the Trust Constitution), payable within two months of the end of each half yearly period.

Reef Corporate Services Limited is also entitled to reimbursement of Trust expenses incurred on behalf of the Trust.

Set out below are the fees paid or payable by the Trust to the Responsible Entity during the year:

	Dec 2015 \$	Dec 2014 \$
Responsible Entity fees	1,107,059	1,053,861
Reimbursement of Trust expenses	114,512	89,896

Directors' report (continued)

Directors' interests

The relevant interests of each director of Reef Corporate Services Limited in the unit capital of the Trust at the date of this report are set out below:

	Number of units held
Mr Benjamin W Macdonald	263,750
Mr Keith DeLacy	5,000
Mr Richard Haire	-
Dr Karl Stoss	-
Mr Michael Issenberg	221,000
Mr Allan Tan	76,950
Mr Simon McGrath	-
Mr Alexander Tucek	-
Mr Philip Basha	-

Likely developments

The Trust will continue as owner and lessor of the Reef Hotel Casino complex located in Cairns. The Trust will also consider appropriate opportunities similar to its current investment in the Reef Hotel Casino complex.

Indemnities and insurance premiums for officers or auditors

Indemnification

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

Insurance premiums

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

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

Information on directors

Ben Macdonald AM – Non-executive Chairman; director since 20 September 1995

Mr Macdonald was born in Brisbane and educated at Geelong Grammar School Victoria. He joined Macdonald Hamilton & Co Ltd in 1952, retiring in 1985 as joint Managing Director of the company.

Since 1985, he has served as a director of a number of Australian public companies, some of which were Perpetual Trustees Australia Ltd (Chairman), AMP Society (Australia board), CSR Limited, Placer Pacific Ltd, Allgas Energy Ltd, Bank of Queensland Ltd (Deputy Chairman), Casinos Austria International Limited (Chairman), Queensland Cotton Holdings Ltd (Chairman), FKP Ltd (Chairman) and AP Eagers Ltd (Chairman). He was a founding director and deputy Chairman of Brisbane's first FM radio station (Four Triple M Ltd).

Mr Macdonald served as the Honorary Consul for Uruguay in Queensland and served on the Committee of the Royal Automobile Club of Queensland and the Salvation Army (Brisbane Division).

Directors' report (continued)

Ben Macdonald AM – Non-executive Chairman; director since 20 September 1995 (continued)

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

Keith DeLacy AM – Independent non-executive director; director since 1 December 1999

Mr DeLacy is the Chairman of the Compliance, Audit and Risk Committee.

Mr DeLacy is the immediate past president of the Queensland Division of the Australian Institute of Company Directors (AICD).

Mr DeLacy was born in Cairns and still lives there with his family. He was the State Member for Cairns for fifteen years and Treasurer of Queensland from 1989 to 1996.

Mr DeLacy is Chairman of Integrated Food and Energy Developments Ltd (I-FED) and Stag Beef Ltd. He retired as Chairman of Macarthur Coal in October 2011 when it was taken over by Peabody Resources.

Over the years he has been Chairman of Australia's largest cotton producer Cubbie Group, COFCO Australia, Queensland Sugar (QSL) and the Global Sugar Alliance, Ergon Energy and the Trinity Group, as well as a range of not-for profits.

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

Richard Haire – Independent non-executive director; director since 1 October 2013

Mr Haire is a member of the Compliance, Audit and Risk Committee.

Mr Haire has more than 28 years' experience in the international cotton and agribusiness industry. He was the Chief Executive Officer of Queensland Cotton Corporation Pty Ltd from 1989 to 2007, and Managing Director and Regional Head, Australia and New Zealand of Olam from 2007 to 2012.

Mr Haire is a director and Chairman of the Audit Committee at the Bank of Queensland, a Director at BEC Feed Solutions Limited, and Executive Chairman of Websters Limited.

Mr Haire holds a Bachelor of Economics Degree from the University of New England. He is a fellow of the Australian Institute of Company Directors.

Dr Karl Stoss – Non-executive director; director since 8 February 2012

Dr Stoss is CEO of Casinos Austria AG, Österreichische Lotterien GmbH and President of Casinos Austria International.

Studying business administration and graduating from University of Innsbruck, he then worked in various roles within the insurance and banking sector. Dr Stoss was appointed Deputy Chairman and Deputy Director General of Österreichische Postsparkasse Savings Bank before becoming a director of the Managing Board of Raiffeisen Zentralbank Österreich AG from 2001, and then on to the Managing Board of Generali Holding Vienna AG becoming Chairman in early 2005 before he joined Casinos Austria Group in 2007.

Dr Stoss is President of the Austrian Olympic Committee since September 2009 and was re-elected in November 2012.

Directors' report (continued)

Michael Issenberg – Non-executive director; director since 21 January 2002

Mr Issenberg is Chairman and Chief Executive Officer of AccorHotels Asia Pacific and has been with Accor for more than 20 years. He has responsibility and oversight for AccorHotels' full range of business interests in the Asia Pacific region and is also a member of the Global Executive Committee.

Prior to joining AccorHotels, Mr Issenberg spent five years as Chief Executive Officer, Mirvac Hotels. This was following a successful career at Westin Hotels and Resorts, Laventhol & Horwath and Horwath & Horwath Services Pty Limited in San Francisco and Sydney. He came to Accor with an impressive background in the hotel industry.

In addition to Reef Casino Trust, Mr Issenberg is also a director of The A-HTRUST (Ascendas Hospitality Trust) listed on the Singapore Stock Exchange.

Mr Issenberg, holds a degree in hotel administration from Cornell University, USA and is a Lifetime Member of the Cornell Hotel Society. Mr Issenberg is also a Lifetime Member of Tourism and Transport Forum in Australia.

Mr Issenberg was awarded the Ordre National du Mérite from the French Government for his work in forging strong links between France and the world and for showcasing the best standards in French hospitality, innovation and savoir faire. He was named Asia Pacific Hotelier of the Year 2015 and 2012 in the Hotel Management Awards and International Hotelier of the Year 2014 at the China Hotel Investment Conference.

Allan Tan – Executive director; director since 28 March 2006. Alternate for Mr Macdonald; alternate director since 10 July 1997

Mr Tan is the CEO of the Reef Hotel Casino and Executive Director of Casinos Austria International Limited – Australia, Asia Pacific. He joined Casinos Austria in 1995 as Chief Financial Officer and Company Secretary for Casinos Austria International Limited. Since this time, he has held several positions within the group, including Chief Financial Officer and Company Secretary for Reef Casino Trust and Regional Manager (Australia, Asia Pacific) for Casinos Austria Group.

Mr Tan holds an honours degree in Commerce (Accounting). He is a member of the Institute of Chartered Accountants in England and Wales and a member of Governance Institute of Australia.

Mr Tan also holds a number of executive directorships within the Casinos Austria Group.

Simon McGrath – Non-executive director; director since 23 August 2011

Mr McGrath is a member of the Compliance, Audit and Risk Committee.

Mr McGrath is Chief Operating Officer for Accor Pacific, responsible for over 250 hotels, 33,000 rooms and 12,000 employees in the Pacific region.

Mr McGrath has an extensive and highly respected career in the hotel sector, having worked in management positions domestically and overseas. He has worked in senior executive positions in Australia's major city and tourist destinations, including Sydney, Gold Coast, Cairns, Hamilton Island and Ayers Rock Resort as well as internationally in Malaysia and Thailand.

In addition to his role as Chief Operating Officer for Accor Pacific, Mr McGrath holds the following Directorship Roles: Director of AAPC Limited and Director of Accor Vacation Club (AVC).

Mr McGrath also currently holds positions on the following Boards: Deputy Chairman of Tourism and Transport Forum (TTF) and Independent Director of Genesis Care.

Directors' report (continued)

Simon McGrath – Non-executive director; director since 23 August 2011 (continued)

Mr McGrath has played a major advocate role in advancing indigenous employment opportunities in the hospitality and tourism sector as well as championing innovative human resources development, marketing and customer relationship management.

Mr McGrath has been recognised for his contribution to the hospitality industry with numerous company and individual awards of excellence. He was awarded Australasian Hotelier of the Year 2009 in the HM (Hotel Management Awards) and AccorHotels was named Best Accommodation Chain 2013 also at the HM (Hotel Management) Awards. In addition, he received a Gold Bernache - the highest accolade for AccorHotels globally - for Performance in 2012.

Alexander Tucek – Alternate for Dr Stoss; alternate director since 8 February 2012

Mr Tucek joined Casinos Austria AG in 1971 and moved to Casinos Austria International in 1978, where he initially served as Casino Manager in a number of land based and shipboard casinos around the globe. Following an extensive international career, he returned to Head Office and was appointed Senior Vice President Human Resources in 2002.

In July 2005, he transferred to the USA as Managing Director of Casinos Austria Maritime and Regional Director for The Americas, where he was responsible for all Casinos Austria International Casinos in the region, including the flagship Great Blue Heron Charity Casino near Toronto, Ontario.

In 2011, his career path took him back to Vienna as Executive Vice President Operations of Casinos Austria International. Since December 2013 he has been Chief Executive Officer of Casinos Austria International. In this capacity, he manages the Casinos Austria Group's extensive international activities, including its existing operations and development projects. Mr Tucek has a degree in Business Administration and speaks German, English and Spanish.

Philip Basha – Alternate for Mr Issenberg; alternate director since 23 August 2011

Mr Basha joined the Accor finance team in 2003 and is currently the Vice President Corporate Finance Australia. He commenced his accounting career at KPMG in 1999 and spent five years as an auditor in its Consumer and Industrial Markets group. He holds a Bachelor of Economics (Accounting) from Macquarie University and is a member of Chartered Accountants Australia and New Zealand.

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

The lead auditor's independence declaration is set out on page 35 and forms part of the directors' report for the year ended 31 December 2015.

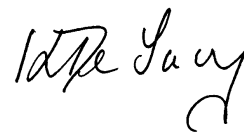
Rounding off

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements and the 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
18 February 2016



Keith DeLacy
Director

REEF CASINO TRUST

Statement of profit or loss and other comprehensive income For the year ended 31 December 2015

	Note	Dec 2015 \$'000	Dec 2014 \$'000
Revenue and other income			
Revenue	4	25,094	22,846
Other income		8	8
Total revenue and other income		25,102	22,854
Expenses			
Depreciation and amortisation	5	4,528	4,412
Property outgoings		1,217	1,212
Rates and taxes		804	793
Responsible Entity fees		1,107	1,054
Repairs and maintenance		774	963
Insurance		548	551
Responsible Entity director fees		273	237
Project development costs		-	602
Other expenses		735	651
Total expenses		9,986	10,475
Results from operating activities		15,116	12,379
Finance costs attributable to unitholders		7,480	6,032
Interest expense on financial liabilities measured at amortised cost		156	315
Total finance costs	6	7,636	6,347
Profit for the year		7,480	6,032
Other comprehensive income for the year		-	-
Total comprehensive income for the year		7,480	6,032
Basic and diluted earnings per unit (cents)	17	30.04	24.20

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 31 December 2015

	Note	Dec 2015 \$'000	Dec 2014 \$'000
ASSETS			
Cash and cash equivalents	14	4,252	4,397
Receivables	7	2,190	1,858
Total Current Assets		6,442	6,255
Receivables	7	750	750
Property, plant and equipment	8	98,804	99,994
Intangible assets		113	167
Total Non-current Assets		99,667	100,911
Total Assets		106,109	107,166
LIABILITIES			
Payables	9	5,847	5,181
Loans and borrowings	10	-	2,900
Total Current Liabilities		5,847	8,081
Loans and borrowings	10	1,700	-
Deferred income		42	50
Issued units – liability portion	11	85,051	85,051
Total Non-current Liabilities		86,793	85,101
Total Liabilities		92,640	93,182
EQUITY			
Issued units – equity portion	11	85,051	85,051
Distribution account	12	4,227	4,742
Undistributed income		6,034	6,034
Accumulated losses		(81,843)	(81,843)
Total Equity		13,469	13,984
Total Equity and Liabilities		106,109	107,166
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 year ended 31 December 2015

	Issued units \$'000	Distribu- tion account \$'000	Undistri- buted income \$'000	Accumul- ated losses \$'000	Total \$'000
1 January 2014	85,051	4,242	6,928	(81,843)	14,378
Profit for the year	-	-	-	6,032	6,032
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,032	6,032
Transfer to distribution account	-	6,032	-	(6,032)	-
Transfer from undistributed income account	-	894	(894)	-	-
Distributions paid	-	(6,426)	-	-	(6,426)
31 December 2014	85,051	4,742	6,034	(81,843)	13,984
1 January 2015	85,051	4,742	6,034	(81,843)	13,984
Profit for the year	-	-	-	7,480	7,480
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	7,480	7,480
Transfer to distribution account	-	7,480	-	(7,480)	-
Distributions paid	-	(7,995)	-	-	(7,995)
31 December 2015	85,051	4,227	6,034	(81,843)	13,469

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 year ended 31 December 2015

	Note	Dec 2015 \$'000	Dec 2014 \$'000
Cash Flows from Operating Activities			
Cash receipts in the course of operations		27,124	24,915
Cash payments in the course of operations		(8,112)	(8,375)
Interest received		101	119
Interest and other finance costs paid		(152)	(315)
Net cash from operating activities	14	<u>18,961</u>	<u>16,344</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(2,846)	(2,112)
Proceeds of disposal of property, plant and equipment		5	36
Net cash from investing activities		<u>(2,841)</u>	<u>(2,076)</u>
Cash Flows from Financing Activities			
Drawdown of loan		9,000	8,000
Repayment of loan		(10,200)	(10,700)
Distributions paid (equity portion and liability portion)		(15,065)	(13,083)
Net cash from financing activities		<u>(16,265)</u>	<u>(15,783)</u>
Net increase/(decrease) in cash held		(145)	(1,515)
Cash and cash equivalents at 1 January		4,397	5,912
Cash and cash equivalents at 31 December	14	<u>4,252</u>	<u>4,397</u>

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

Notes to the financial statements For the year ended 31 December 2015

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

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the Trust comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the board of directors of the Responsible Entity on 18 February 2016.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

The 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 that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 8 – property, plant and equipment (lease classification).

3. Significant accounting policies

The significant and other accounting policies are set out below and throughout the notes to the financial statements and have been applied consistently to all periods presented in these financial statements.

(a) Income tax

Under current income tax legislation, the Trust is not subject to income tax, provided that certain legislative requirements regarding distribution are satisfied. Tax allowances for building and plant and equipment depreciation are distributed in the form of tax deferred amounts.

(b) Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and earlier application is permitted; however, the Trust has not early applied the following new or amended standards in preparing these financial statements.

Notes to the financial statements For the year ended 31 December 2015

(b) Standards issued but not yet effective (continued)

AASB 9 Financial instruments (effective 1 January 2018 with early adoption permitted)

AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and carries forward guidance on recognition and derecognition of financial instruments from AASB 139. The new standard has been reviewed and is not expected to have any impact on the Trust's current accounting policies.

AASB 15 Revenue from contracts with customers (effective 1 January 2018 with early adoption permitted)

AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance. This standard is not expected to have any significant impact as the Trust's main revenue is from leases which are accounted for under AASB 117.

IFRS 16 Leases – AASB equivalent not yet released

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The Trust is reviewing the potential impact on its financial statements resulting from the application of IFRS 16.

	Dec 2015 \$'000	Dec 2014 \$'000
4. Revenue		
Revenue		
<i>Rental</i>		
Base rent	1,082	1,060
Contingent rent	23,815	21,590
	24,897	22,650
<i>Interest received and receivable from</i>		
Other persons	28	49
Related parties	68	71
	96	120
<i>Other revenue</i>		
Sundry	101	76
	25,094	22,846

Rental revenue is determined in accordance with the lease agreements relating to the Reef Hotel Casino and is made up of two components: a base rent and a contingent rental component. The base rental component is indexed on a yearly basis and recognised on a straight-line basis over the lease term. The contingent rental component is based on the performance of the lessee and is recognised when contractually due.

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

	Dec 2015 \$'000	Dec 2014 \$'000
5. Expenses		
Net profit includes the following specific expenses:		
<i>Depreciation</i>		
Building	1,484	1,447
Plant and equipment	2,269	2,194
	<u>3,753</u>	<u>3,641</u>
<i>Amortisation</i>		
Computer software	68	64
Site lease	707	707
	<u>775</u>	<u>771</u>
	<u>4,528</u>	<u>4,412</u>
Net loss on disposal of plant and equipment	<u>7</u>	<u>40</u>

6. Finance income and expense

<i>Recognised in profit or loss</i>		
Interest income on bank deposits	28	49
Interest income on loans and receivables	68	71
Finance income	<u>96</u>	<u>120</u>
Interest expense on financial liabilities measured at amortised cost	(156)	(315)
Finance costs attributable to unitholders	<u>(7,480)</u>	<u>(6,032)</u>
Finance expense	<u>(7,636)</u>	<u>(6,347)</u>
Net finance income and expense	<u>(7,540)</u>	<u>(6,227)</u>

The above finance income and expenses are in respect of assets (liabilities) not at fair value through profit or loss.

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

Finance costs comprise interest expense on borrowings calculated using the effective interest method, and the portion of distributions comprising 50% of net income (note 12).

7. Receivables

	Dec 2015 \$'000	Dec 2014 \$'000
Current		
Rent receivable from lessee	2,138	1,794
Other debtors	52	64
	<u>2,190</u>	<u>1,858</u>
Non-current		
Loan to lessee, bearing an interest rate of 8.88% (2014: 9.38%)	<u>750</u>	<u>750</u>

Loans and receivables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method. Financial assets are also tested for impairment. For exposure to credit risk see note 18.

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

8. Property, plant and equipment

	Site Lease \$'000	Building & Integral Plant \$'000	Plant & Equipment \$'000	Work in Progress \$'000	Total \$'000
At 1 January 2014					
At cost or deemed cost	53,000	69,959	60,442	44	183,445
Accumulated depreciation/amortisation	(14,162)	(15,930)	(50,960)	-	(81,052)
Net carrying amount	38,838	54,029	9,482	44	102,393
Year ended 31 December 2014					
Opening net carrying amount	38,838	54,029	9,482	44	102,393
Additions	-	12	1,774	298	2,084
Disposals	-	(11)	(104)	-	(115)
Transfers from WIP	-	-	182	(182)	-
Reclassification to intangibles	-	-	-	(20)	(20)
Depreciation/amortisation charge	(707)	(1,447)	(2,194)	-	(4,348)
Closing net carrying amount	38,131	52,583	9,140	140	99,994
At 31 December 2014					
At cost or deemed cost	53,000	69,956	59,219	140	182,315
Accumulated depreciation/amortisation	(14,869)	(17,373)	(50,079)	-	(82,321)
Net carrying amount	38,131	52,583	9,140	140	99,994
Year ended 31 December 2015					
Opening net carrying amount	38,131	52,583	9,140	140	99,994
Additions	-	117	1,725	1,439	3,281
Disposals	-	-	(11)	-	(11)
Transfers from WIP	-	856	557	(1,413)	-
Depreciation/amortisation charge	(707)	(1,484)	(2,269)	-	(4,460)
Closing net carrying amount	37,424	52,072	9,142	166	98,804
At 31 December 2015					
At cost or deemed cost	53,000	70,469	60,114	166	183,749
Accumulated depreciation/amortisation	(15,576)	(18,397)	(50,972)	-	(84,945)
Net carrying amount	37,424	52,072	9,142	166	98,804

Capital expenditure commitments

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

Dec 2015 \$'000	Dec 2014 \$'000
168	208

(i) Recognition and measurement

Site lease, buildings, integral plant, plant and equipment and work in progress are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Notes to the financial statements For the year ended 31 December 2015

8. Property, plant and equipment (continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Trust.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss (note 5). Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Trust will obtain ownership by the end of the lease term.

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

▪ Site lease	75 years
▪ Buildings and integral plant	15 – 73 years
▪ Plant and equipment	2 – 20 years

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

External valuation

An independent valuation of the Trust's interest in the Reef Hotel Casino Complex was carried out by JLL Hotels & Hospitality Group as at 31 December 2014. The complex was valued at \$136 million. The valuation was determined in line with policy set out below. The current use is considered to be the highest and best use. 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 casino licence has an amortised cost of nil (2014: nil).

(i) Valuation process

The Trust Constitution requires the Trust to obtain independent valuations of the complex at least once during every 3 years, by an independent valuer, under the instructions given by the Responsible Entity. The valuation is used for disclosure purposes, and also assists the Trust in determining whether there is any impairment of the cash generating unit.

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

- (i) a willing, but not anxious, buyer and seller; and
- (ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind; and
- (iii) that the property was reasonably exposed to that market; and
- (iv) that, except in relation to the Casino Licence, no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of property being valued; and
- (v) that the Trust has sufficient resources to allow a reasonable period for the exposure of the property for sale; and
- (vi) that the Trust has sufficient resources to negotiate an agreement for the sale of the property.

In undertaking the valuation assignment the valuer utilises discounted cash flow, equivalent yield capitalisation and earnings multiple valuation methods. The discounted cash flow method derives the net present value by applying a selected discount rate to the five year cash flow forecast. The equivalent yield capitalisation is based on the five year trading forecast firstly discounted for inflation to reflect financial performance in current dollars and after annual capital expenditure allowance. The earnings multiple approach is calculated by applying an earnings multiple to the first year's net income estimate.

Notes to the financial statements For the year ended 31 December 2015

8. Property, plant and equipment (continued)

External valuation (continued)

(i) Valuation process (continued)

As some of the inputs used in these valuation techniques are not based on 'observable market data' the valuation is classified as a level 3 in the fair value hierarchy.

Leased assets

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

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

Site lease

The Trust paid \$53 million to the Queensland Government by way of a lump sum prepayment of the rental payable for the term of the lease (75 years) for the site on which the Reef Hotel Casino complex is situated. Even though the lease is not eligible for conversion to freehold tenure, the Trust determined that the site lease is a finance lease. At 31 December 2015, the remaining term of the site lease was 53 years. The conditions of the lease are set out in the Cairns Casino Agreement which forms part of the Cairns Casino Agreement Act 1993. Negotiations for a further lease can take place during the last 10 years. The lease cannot be assigned or sublet without consent of the Minister. The site is required to be used for commercial purposes only.

Operating leases as lessor

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

	Dec 2015 \$'000	Dec 2014 \$'000
Less than one year	1,100	1,082
Between one and five years	4,400	90
More than five years	9,717	-
	<u>15,217</u>	<u>1,172</u>

The casino, hotel and ancillary facilities lease agreements with the lessee were renewed following exercise of the tenant's option on 19 August 2015 for a further term, expiring 26 October 2029. Further extensions from year to year are subject to certain ownership conditions being met. Base rent is set out in the lease (and is indexed annually) and additional rent is based on financial performance. The future minimum lease payments shown do not include rentals which are contingent on revenue of the operator, and do not include recovery of outgoings.

Impairment testing

The carrying amount is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU). The recoverable amount of an asset or (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

8. Property, plant and equipment (continued)

Impairment testing (continued)

Impairment losses are recognised if the carrying amount of the asset or its CGU exceeds the recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount on a pro rata basis.

9. Payables

	Dec 2015 \$'000	Dec 2014 \$'000
Current		
Trade creditors and accruals – unsecured	1,588	1,333
Accrued distributions (note 12)	4,259	3,848
	5,847	5,181

Payables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method.

10. Loans and borrowings

	<i>Unused loan facility</i> \$'000	<i>Year of maturity</i>		
Current liabilities				
Bank loan – BOQ Limited	13,600	2015	-	2,900
			-	2,900
Non-current liabilities				
Bank loan – BOQ Limited	9,800	2019	1,700	-
			1,700	-

The Trust's loans and borrowings are measured at amortised cost. For more information about the Trust's exposure to interest rate and liquidity risk, see note 18.

On 2 July 2015 the Trust renewed its interest only business term loan with Bank of Queensland until 31 January 2019. The new loan facility is \$11,500,000 (2014: \$16,500,000 and a \$2,000,000 overdraft facility).

The bank loan is secured by a registered first and second mortgage over the Special Lease (a Crown lease for a term of 75 years under which the Trust occupies the site on which the complex is built) and a first ranking fixed and floating equitable charge over the whole of the assets and undertakings of the Trust.

Interest is payable at a fixed margin over Bank of Queensland's cost of funds and is calculated daily on the drawn down value.

11. Issued units

	Dec 2015	Dec 2014
49,801,036 (December 2014: 49,801,036) units		
Issued units – equity portion	85,051	85,051
Issued units – liability portion	85,051	85,051
	170,102	170,102

The number of issued units includes 740,000 (December 2015: 740,000) restricted founder units. Founder units can only be transferred with consent of the founders and the Governor of Queensland and by making a binding covenant to be bound by the Foundation Agreement. Founder units cannot be encumbered.

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

11. Issued units (continued)

Compound financial instruments – issued units

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

12. Distributions

Distributable income

The Trust Constitution requires calculation of distributable income for each half yearly period commencing either on the first day of January or July and the amount transferred to a distribution account on the last day of such period. As the Trust must distribute at least 50% of net income for the period, this 50% is classified as a liability, and shown as an accrued liability on the statement of financial position (note 9). The remaining portion of the distribution is debited directly to equity and recognised as a liability in the period it is declared.

The proposed distribution for the six months ended 31 December 2015 was declared on 18 February 2016, and accounted for as follows:

	Dec 2015 \$'000	Dec 2014 \$'000
Distribution account (refer to statement of changes in equity)		
Balance relating to issued units – equity portion	4,227	4,742
Accrued distribution (payables – note 9)		
Balance relating to issued units – liability portion	4,259	3,848
Total of distribution accounts	8,486	8,590

	Dec 2015		Dec 2014	
	Total \$'000	Cents per unit	Total \$'000	Cents per unit
<i>Distributions paid and payable</i>				
Half year ended 30 June paid September	6,474	13.00	4,368	8.77
Half year ended 31 December paid/payable March	8,486	17.04	8,590	17.25
	14,960	30.04	12,958	26.02

13. Segment information

The results and financial position of the Trust's single operating segment are prepared for the board on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures are detailed below:

	Dec 2015 \$'000	Dec 2014 \$'000
Rental income		
Casino operations	21,909	19,845
Hotel and other non-casino operations	2,988	2,805
	24,897	22,650

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

13. Segment information (continued)

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.

	Dec 2015 \$'000	Dec 2014 \$'000
14. Cash and cash equivalents		
Cash (held in interest bearing accounts, at call)	4,252	4,397
Reconciliation of cash flows from operating activities		
Profit for the year	7,480	6,032
Adjustments for:		
Loss on disposal of property, plant and equipment	7	40
Finance costs attributable to unitholders	7,480	6,032
Depreciation and amortisation	4,528	4,412
Net cash from operating activities before changes in working capital	19,495	16,516
Changes in operating assets and liabilities		
(Increase)/decrease in receivables and other assets	(332)	(85)
Increase/(decrease) in payables	(194)	(79)
Increase/(decrease) in deferred income	(8)	(8)
Net cash from operating activities	18,961	16,344

15. Related party information

The Responsible Entity

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

Key management personnel

	Short-term salary & fees	Post- employment superannua- tion benefits	Total
2015	\$	\$	\$
Non-executive directors			
Benjamin Macdonald (Chairman)	115,000	10,925	125,925
Keith DeLacy	68,000	6,460	74,460
Karl Stoss	-	-	-
Michael Issenberg	-	-	-
Kim Mooney (until 3 May 2015)	-	-	-
Simon McGrath	-	-	-
Richard Haire	66,000	6,270	72,270
Alexander Tucek	-	-	-
Philip Basha	-	-	-
Executive director			
Allan Tan (Chief Executive Officer - Operator)	82,067	-	82,067
Executive			
Alison Galligan (Company Secretary)	96,768	-	96,768
Total	427,835	23,655	451,490

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

15. Related party information (continued)

Key management personnel (continued)

	Short-term salary & fees	Post- employment superannua- tion benefits	Total
	\$	\$	\$
2014			
Non-executive directors			
Benjamin Macdonald (Chairman)	90,000	8,438	98,438
Keith DeLacy	65,333	6,124	71,457
Karl Stoss	-	-	-
Michael Issenberg	-	-	-
Kim Mooney (deceased 3 May 2015)	-	-	-
Simon McGrath	-	-	-
Richard Haire	61,500	5,765	67,265
Alexander Tucek	-	-	-
Philip Basha	-	-	-
Executive director			
Allan Tan (Chief Executive Officer - Operator)	104,911	-	104,911
Executive			
Alison Galligan (Company Secretary)	91,486	-	91,486
Total	413,230	20,327	433,557

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

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

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

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

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

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

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

15. Related party information (continued)

Unit holdings of directors of the Responsible Entity

Name	Balance at start of the year	Changes during the year	Balance at end of the year
Benjamin Macdonald	263,750	-	263,750
Keith DeLacy	5,000	-	5,000
Karl Stoss	-	-	-
Michael Issenberg	221,000	-	221,000
Allan Tan	76,950	-	76,950
Simon McGrath	-	-	-
Richard Haire	-	-	-
Alexander Tucek	-	-	-
Philip Basha	-	-	-
Former director			
Kim Mooney (until 3 May 2015)	122,583	(122,583)	-

Responsible Entity's remuneration

	Transactions value		Balance outstanding	
	Dec 2015	Dec 2014	Dec 2015	Dec 2014
	\$	\$	\$	\$
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year				
Responsible Entity fee	1,107,059	1,053,861	554,037	549,253
Reimbursement of trust expenses	114,512	89,896	-	-

Under the Trust Constitution, the Responsible Entity is entitled to fees amounting to:

- (i) Half yearly fees calculated as 0.375% of the value of net assets of the Trust (as defined in the Trust Constitution) as at the last day of the half year period just completed, paid quarterly, plus
- (ii) Half yearly fees calculated as the greater of \$37,500 indexed and a fee calculated on a sliding scale by reference to the value of gross assets (as defined in the Trust Constitution), payable within two months of the end of each half yearly period.

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

Other related parties

- Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Limited jointly control the lessee.
- Reef Casino Investments Pty Ltd (jointly owned by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Ltd) directly owns 50.2% (2014: 50.2%) of Reef Casino Trust.
- Casinos Austria International Holding GmbH (the parent company of Casinos Austria International Limited) is incorporated in Austria and directly owns 11.37% (2014: 11.37%) of Reef Casino Trust.
- Casinos Austria International Limited directly owns 5.53% (2014: 5.53%) of Reef Casino Trust and Accor Casino Investments (Australia) Pty Ltd directly owns 4.86% (2014: 4.86%) of Reef Casino Trust.

Each of these entities is considered to be a related party and transactions and balances with these entities are summarised below.

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

15. Related party information (continued)

Other related parties (continued)

	Transaction value		Balance outstanding	
	Dec 2015 \$	Dec 2014 \$	Dec 2015 \$	Dec 2014 \$
Aggregate amounts brought to account in relation to transactions with other related parties:				
Rental income received from lessee	24,896,487	22,650,360	2,132,386	1,787,612
Interest on loan to lessee	67,833	70,732	5,656	5,975
Operating expenses paid by the Trust to the lessee and entities related to the Responsible Entity	2,198,375	2,394,191	140,800	315,783
Management fee to lessee	142,649	119,288	32,533	29,403
Distribution paid or payable	11,136,943	8,965,224	3,065,072	2,769,339

Aggregate amounts receivable/payable with related parties at balance date:

Current receivables	2,138,042	1,793,587
Non-current receivables	750,000	750,000
Current payables	727,370	894,439
Accrued distribution	3,113,539	2,822,602

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

Controlling entity

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

16. Remuneration of auditors

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

	Dec 2015 \$	Dec 2014 \$
<i>Grant Thornton Audit Pty Ltd</i>		
Audit of statutory financial reports	64,471	61,616
Other assurance services	22,780	21,300
<i>KPMG</i>		
Audit of statutory financial reports	-	586
Other assurance services	-	-
	87,251	83,502

17. Earnings per unit

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders of the Trust by the weighted average number of the equity component of issued units outstanding during the period.

	Dec 2015	Dec 2014
Basic and diluted earnings per unit (cents)	30.04	24.20

Weighted average number of units (equity portion) for the year (note 11)

24,900,518 24,900,518

	\$'000	\$'000
Profit for the year	7,480	6,032

Notes to the financial statements For the year ended 31 December 2015

18. Financial instruments – fair values and risk management

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

Risk management framework

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

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The Trust's most significant customer, Casinos Austria International (Cairns) Pty Ltd (lessee of the Reef Hotel Casino), accounts for \$2,888,042 of the receivables carrying amount at 31 December 2015 (2014: \$2,543,587). Details of the lease agreement are contained in note 8.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Trust's approach to managing liquidity is to use cash flow management and forecasts to ensure there is enough cash to meet liabilities when due.

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

31 December 2015	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1yr \$'000	1 to 2 years \$'000	2 to 5 years \$'000
Non-derivative financial liabilities					
Trade creditors and accruals	1,588	1,588	1,588	-	-
Accrued distribution	4,259	4,259	4,259	-	-
Bank borrowings	1,700	1,918	71	71	1,776
Issued units – liability portion*	85,051	-	-	-	-
31 December 2014	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1yr \$'000	1 to 2 years \$'000	2 to 5 years \$'000
Non-derivative financial liabilities					
Trade creditors and accruals	1,333	1,333	1,333	-	-
Accrued distribution	3,848	3,848	3,848	-	-
Bank borrowings	2,900	3,063	3,063	-	-
Issued units – liability portion*	85,051	-	-	-	-

* Future cash flows from the liability portion of issued units are dependent on the future income of the Trust (refer to note 11). Finance costs attributable to unitholders for the year ended 31 December 2015 totalled \$7,480,000 (2014: \$6,032,000).

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

REEF CASINO TRUST

Notes to the financial statements For the year ended 31 December 2015

18. Financial instruments – fair values and risk management (continued)

Market risk

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

Interest rate risk

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

	Dec 2015 \$'000	Dec 2014 \$'000
<i>Variable rate instruments</i>		
Financial assets	5,002	5,147
Financial liabilities	(1,700)	(2,900)
	<u>3,302</u>	<u>2,247</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would increase or decrease the Trust's finance income by \$50,000 (2014: \$51,000), finance costs by \$17,000 (2014: \$29,000) and profit for the year by \$33,000 (2014: \$22,000).

Fair values

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

	31 December 2015		31 December 2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<i>Assets carried at amortised cost</i>				
Cash and cash equivalents	4,252	4,252	4,397	4,397
Receivables	2,940	2,940	2,608	2,608
	<u>7,192</u>	<u>7,192</u>	<u>7,005</u>	<u>7,005</u>
<i>Liabilities carried at amortised cost</i>				
Payables	5,847	5,847	5,181	5,181
Loans and borrowings	1,700	1,700	2,900	2,952
Issued units – liability portion	85,051	90,887	85,051	75,698
	<u>92,598</u>	<u>98,434</u>	<u>93,132</u>	<u>83,831</u>

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are as follows:

	2015	2014
Receivables	8.88%	9.38%
Loans and borrowings	4.15%	5.62%

Notes to the financial statements For the year ended 31 December 2015

18. Financial instruments – fair values and risk management (continued)

Fair value hierarchy

The Trust uses the following hierarchy in determining and disclosing the fair value of a financial instrument:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Current receivables and current payables

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

(ii) Non-current receivables and loans and borrowings

The fair value of the Trust's non-current receivables and loans and borrowings is estimated as the present value of future cash flows (principal and interest), discounted at the market rate of interest at the reporting date. The inputs used are classified as level 2.

(iii) Issued units – liability portion

Fair value is based on the quoted market price per unit at the reporting date and is a level 1 input.

19. Capital management

The Trust policy is to maintain the current level of issued units (2015: \$170,102,000; 2014: \$170,102,000). Capital requirements are assessed based on budgeted cash flows and capital expenditure commitments and are monitored on an ongoing basis. Should new funding be required for enhancement or for investment in new opportunities the Trust will consider an appropriate balance of new equity and/or debt funding. Surplus funds are used to repay debt.

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

Directors' declaration

- 1 In the opinion of the directors of Reef Corporate Services Limited, the Responsible Entity of Reef Casino Trust:
 - (a) the financial statements and notes that are set out in pages 13 to 31, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2015.
- 3 The directors draw attention to note 2(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

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



Ben Macdonald
Director

Brisbane
18 February 2016



Keith DeLacy
Director

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

Report on the financial report

We have audited the accompanying financial report of Reef Casino Trust (the Trust), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 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 Reef Corporate Services Limited, 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 note 2(a), the directors also state, in accordance with AASB 101 'Presentation of Financial Statements', the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 financial report is free from material misstatement.

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

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

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Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Reef Casino Trust is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on non-IFRS information

We have audited the non-IFRS financial information disclosed as distributable profit included in the Chairman's review on pages 1 and 2 for the year ended 31 December 2015. 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 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 in the chairman's review on pages 1 and 2 for the year ended 31 December 2015 is prepared, in all material respects, in accordance with the basis of preparation set out on page 1.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Graham Coonan
Partner – Audit & Assurance

Cairns, 18 February 2016

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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 year ended 31 December 2015, 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, 18 February 2016

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