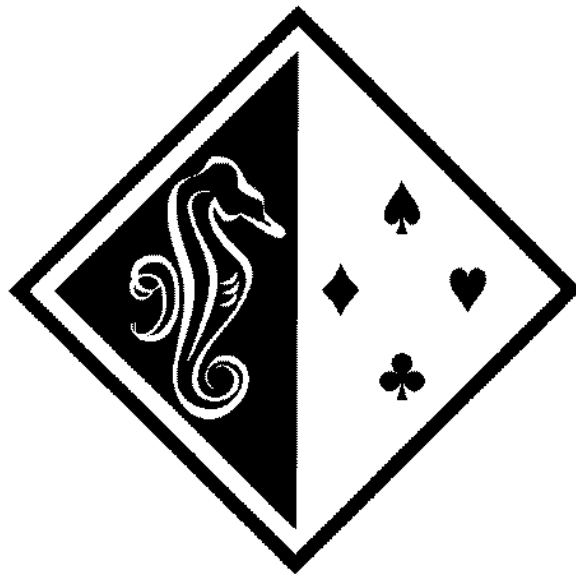


ANNUAL REPORT
DECEMBER 2002



REEF
CASINO TRUST

ARSN 093 156 293

CHAIRMAN'S REVIEW

Dear unitholders,

On behalf of the Directors of Reef Corporate Services Limited, the responsible entity of Reef Casino Trust (the Trust), I am pleased to present my report on the Trust's financial results and operations for the financial year ended 31 December 2002.

Financial results**A net profit of \$8.4 million**

The Trust is pleased to report a net profit of \$8.4 million for the financial year ended 31 December 2002.

This annual net profit compares with a net operating profit of \$8.2 million (excluding the reversal of the write down of the investment property) for last year and is \$0.2 million or 2% better.

This excellent financial result is due to continuing strong revenues recorded by the Reef Hotel Casino complex and was achieved despite a subdued tourism environment following September 11/Ansett, a very difficult gaming market Australia wide, a range of regulatory restrictions aimed at curbing problem gaming, a prohibition on smoking at gaming tables, and considerable disruption from refurbishment activity.

Total rental revenue earned from the Reef Hotel Casino complex totalled \$16.6 million, an increase of \$0.4 million or 2.5% over the previous year.

The second half of the year recorded a net profit of \$5.5 million compared with \$2.8 million for the first half. The strong operating performance in the second half more than offset the first half's relatively weaker result.

This most recent six month profit (July to December) represents the seventh consecutive profitable half yearly performance by Reef Casino Trust commencing with the six months ended December 1999.

Second half year distribution maintained at 6.25 cents per unit

The Directors of the responsible entity are pleased to announce a 6.25 cents per unit "tax deferred" distribution for the six months from 1 July 2002 to 31 December 2002. This is the same level as the same period last year.

In accordance with the Trust Constitution, the record date was 31 December 2002. The payment date is 28 March 2003. As the distributions are "tax deferred", they are not taxed at the time of receipt but only at the time of disposal of the said units. A distribution of 6 cents per unit was paid out of the first half year's profits (1 January 2002 to 30 June 2002). Total distribution for the financial year 2002 has therefore been maintained at 12.25 cents per unit or \$6.1 million.

The total distribution represents a payout percentage of 73%. Undistributed profits have been transferred to the undistributed income account in accordance with the Trust Constitution and are available for distribution to unitholders in the future. The balance of this account is \$5.6 million as at the end of 2002.

The Directors have continued to adhere to a distribution policy which seeks to achieve a balance between providing measured and sustainable distribution growth for unitholders, and adequate cash resources for further capital investments and retirement of debt leading to further earnings growth in the future. This objective continues to be achieved.

Major complex lobby refurbishment completed on time and budget

I am pleased to report that the major refurbishment of the Reef Hotel Casino complex lobby floor was completed on time in September 2002 and on budget. A total of \$2.1 million was spent on improvements and includes:

- A new look Pacific Flavours Brasserie
- A new Australian-Asian fusion fine dining room and casino
- A new lobby bar called Vertigo
- A whole fresh look to the complex main entrances

These capital investments are designed to keep the Reef Hotel Casino at the forefront of Cairns' entertainment offerings.

A further \$3 million was spent in renovating and repairing the Conservatory and glass dome. The Trust has commenced legal action against the builders to recover these costs and other claims. This legal action is continuing.

Review of Operations

Reef Hotel Casino's operating revenues of \$55.1 million are comparable to 2001

The whole Reef Hotel Casino complex is managed by one operator, Casinos Austria International (Cairns) Pty Ltd (CAIC). CAIC continues to deliver efficient and seamless service to all patrons.

The complex recorded a total of 1,073,630 visitations in 2002, just 3% below 2001 despite the major refurbishment and renovation works mentioned above. The operator continues to offer an attractive and exciting range of gaming, dining and entertainment options that are without peer at a one stop venue in Cairns.

The casino continues to provide excellent facilities for its local and international patrons and its solid performance in 2002 was supported and underpinned by the complex's superior quality hotel rooms, restaurants, bars, banquet and conference facilities, nightclub and entertainment.

Gaming operations maintains strong performance

Gaming revenues reached \$40.3 million in 2002, maintaining the 2001 performance. This was a positive outcome as 2002 was a challenging year particularly for gaming machine operations. In December 2001, the government introduced restrictions on higher denomination notes (i.e. \$50 and \$100) that can be used in note acceptor machines. This had an immediate negative impact on gaming machine revenues. Table gaming revenue increased slightly with the premium player program continuing to attract additional players. Revenues from gaming machines have since recovered but not to the pre-restriction levels. Continued investment in new gaming machines has assisted in the recovery process.

Non gaming products and services continue to attract visitors

Accommodation, food and beverage operating revenues exceeded \$14.5 million for the year compared to \$14.3 last year. Hotel occupancy was 82.6%, up from 76.3% in the previous year. This result reflects the consistently high quality of our products and services as well as the success of our marketing strategy.

Located inside the casino itself, the Flinders Bar and Grill was well patronised by our casino visitors. The food and beverage outlet has enhanced the quality, delivery and convenience of food and beverage service to our casino patrons. The complex operator continued to promote and offer Reef Casino Club members and Accor Advantage Plus members special discounts on food and beverage at the complex. Similarly, special hotel room rates were offered to premium players and other rated players and attractive and competitive food and beverage pricing applied for other patrons.

A positive outlook

The Directors of the responsible entity expect that the Trust will continue to trade profitably and hopefully post further growth.

There are a number of positive factors :-

- New direct flights by Australian Airlines from six major cities in the Far East, including three in Japan, Hong Kong, Taipei and Singapore.
- Completion of major refurbishment of complex's lobby floor.
- Introduction of new casino games.
- Further tourist attractions, entertainment options, and food and beverage facilities are under active consideration.

Financial period for the twelve months ending 31 December 2003

The complex operator has prepared and the board of directors of the responsible entity have approved a consolidated operating budget for the Reef Hotel Casino complex, which indicates continuing profitability and growth for the Trust for the current financial year.

With a proven track record, capital expenditures are being directed at revenue enhancing areas and together with a range of management initiatives aim to improve profits and profitability.

Reduction in borrowing

During the year, the Trust reduced its external borrowings from \$30 million to \$24 million. The continued strong results and cashflows have enabled this significant reduction to be achieved. Further loan repayments of \$2.5 million are scheduled in 2003.


Future distributions

The Trust hopes to make another distribution to all unitholders for the six months ending 30 June 2003. Such a distribution is also very likely to be on a "tax deferred" basis.

Annual General Meeting of Unitholders

The next annual general meeting will be held on 27 May 2003 in Cairns. Again, I look forward to welcoming many of you at the meeting. The notice of meeting and a proxy form are enclosed.

Finally, I would like to thank all unitholders and staff of the Reef Hotel Casino and Reef Casino Trust for their support during a very successful 2002.



Benjamin W Macdonald
Chairman
Reef Corporate Services Limited
Responsible entity of Reef Casino Trust

DIRECTORS' REPORT

The Directors of Reef Corporate Services Limited, ABN 66 057 599 621 the responsible entity of Reef Casino Trust present their report together with the financial report of the Trust for the year ended 31 December 2002 and the auditor's report thereon.

Directors of the Responsible Entity

The Directors in office at the date of this report are :

<i>Name</i>	<i>Period of directorship</i>
Mr Benjamin W Macdonald (Chairman)	Appointed 20/09/95
Hon Keith De Lacy	Appointed 1/12/99
Mr Julian Hercus	Appointed 31/10/00
Mr Frank McFadden	Appointed 6/07/00
Mr Michael Issenberg	Appointed 21/01/02
Mr Kim Mooney	Appointed 21/01/02
Mr Allan Tan (alternate for Mr Macdonald)	Appointed 10/07/97

Principal activities

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

Review of operations

The review of operations is contained in the Chairman's Review commencing on page 2.

Consolidation of Units

In the prior year, the units in the Trust were consolidated on a 1 for 20 basis in September 2001. The total number of units pre consolidation was 996,000,000. After consolidation, there were a total of 49,829,536 units which included adjustments for rounding and partly paid units (refer to next paragraph). In this report, per unit information relates to the consolidated units and pre September 2001 amounts have been restated.

On 15 April 2002, 30,000 partly paid units were consolidated on a 1 for 20 basis into 1,500 consolidated units. 1,400 of these consolidated units were forfeited and auctioned on 22 April 2002. the remaining 100 units were fully paid for by the holder of the units prior to auction.

Distribution

Distributions are paid on a half yearly basis.

The distribution of \$3.11 million (6.25 cents per unit tax deferred) as reported in the annual report for the year ended 31 December 2001 was paid on 28 March 2002.

The distribution of \$2.99 million (6 cents per unit tax deferred) as reported in the half year report for the six months ended 30 June 2002 was paid on 16 September 2002.

DIRECTORS' REPORT (continued)

The directors have declared a distribution of \$3.11 million (6.25 cents per unit tax deferred) in respect of the six month period ended 31 December 2002 to be paid on 28 March 2003.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Trust that occurred during the financial period under review.

Environmental regulation

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

Events subsequent to balance date

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 36,249,319 units at 31 December 2002.

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

	31/12/02	31/12/01
	\$	\$
Responsible Entity Fees	729,030	715,794

There were no Trust expenses reimbursed by the Trust to the responsible entity during the current or prior year.

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 :

	<u>Units</u>
Mr Benjamin W Macdonald	13,750
Hon Keith De Lacy	5,000
Mr Julian Hercus	60,000
Mr Frank McFadden	*
Mr Michael Issenberg	200,000
Mr Kim Mooney	122,463
Mr Allan Tan	-

* Under an arrangement with a subsidiary of Casinos Austria AG, Mr McFadden has an option to acquire units in Reef Casino Trust worth EU175,000 (converted to Australian dollar equivalent at the exchange rate at the time of exercising the option) from this subsidiary of Casinos Austria AG at a price of A\$1.00 per unit. This option can be exercised after July 2001 but has not been exercised.

Likely developments

The Trust will continue as owner and lessor of the Reef Hotel Casino complex located in Cairns.

Indemnities and insurance premiums for officers or auditors***Indemnification***

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.

Units on issue

Units on issue and movements in issued units are detailed in note 14 to the financial statements.

The Trust had total assets of \$113,806,000 at 31 December 2002 (\$117,502,000 at 31 December 2001). The basis of valuation of the Trust's assets is disclosed in note 2 to the financial statements.

DIRECTORS' REPORT (continued)

Rounding

The Trust has applied the requirements of Class Order 98/100 issued by the Australian Securities and Investments Commission in the preparation and presentation of amounts in this report and the accompanying financial statements. Accordingly, amounts in this report and the accompanying financial statements have been rounded off to the nearest one thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the directors :



Benjamin W Macdonald
Director



Frank McFadden
Director

Brisbane
4 March 2003

REEF CASINO TRUST

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2002

	Note	Dec 2002 \$'000	Dec 2001 \$'000
Rent	3	16,605	16,194
Other revenues from ordinary activities	3	287	441
Reversal of write down of investment property	2(f), 9	-	34,460
Total revenue	3	16,892	51,095
Borrowing costs		2,168	2,253
Depreciation		2,358	2,733
Insurances		239	204
Legal fees		315	50
Property outgoings		789	762
Rates and taxes		454	405
Responsible entity fees		729	716
Repairs & maintenance		773	689
Other expenses from ordinary activities		709	633
Total expenses		8,534	8,445
Net profit		8,358	42,650
Net profit <i>excluding reversal of write down of investment property</i>		8,358	8,190
Net profit has been dealt with as follows:			
Distributions paid and payable	17	6,100	6,100
Reversal of write down of investment property not available for distribution included in accumulated losses	16	-	34,460
Transfer to undistributed income	15	2,258	2,090
		8,358	42,650
Basic and diluted earnings per share (cents)		16.8	85.6 ⁽¹⁾

⁽¹⁾ includes reversal of write-down of investment property (69.2 cents per unit), otherwise 16.4 cents per unit.

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

REEF CASINO TRUST

STATEMENT OF FINANCIAL POSITION

as at 31 December 2002

	Note	Dec 2002 \$'000	Dec 2001 \$'000
CURRENT ASSETS			
Cash assets	6	458	9,225
Receivables	7	1,803	1,885
Other	8	13	11
TOTAL CURRENT ASSETS		2,274	11,121
NON-CURRENT ASSETS			
Receivables	7	1,550	1,550
Property, plant and equipment	9	109,982	104,831
TOTAL NON-CURRENT ASSETS		111,532	106,381
TOTAL ASSETS		113,806	117,502
CURRENT LIABILITIES			
Payables	10	1,289	1,096
Interest bearing liabilities	11	2,500	2,308
Provisions	12	3,113	3,113
Other	13	75	150
TOTAL CURRENT LIABILITIES		6,977	6,667
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	21,500	27,692
Other	13	-	75
TOTAL NON-CURRENT LIABILITIES		21,500	27,767
TOTAL LIABILITIES		28,477	34,434
NET ASSETS		85,329	83,068
UNITHOLDERS' FUNDS			
Issued units	14	170,102	170,099
Undistributed income	15	5,629	3,371
Accumulated losses	16	(90,402)	(90,402)
TOTAL UNITHOLDERS' FUNDS		85,329	83,068

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

REEF CASINO TRUST

STATEMENT OF CASH FLOWS

For the year ended 31 December 2002

	Note	Dec 2002 \$'000	Dec 2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		16,372	15,924
Cash payments in the course of operations		(3,432)	(3,578)
Interest received		271	388
Net cash flows provided by operating activities	24 ⁽ⁱⁱⁱ⁾	13,211	12,734
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(7,774)	(2,066)
Proceeds from sale of property, plant and equipment		23	41
Net cash flows used in investing activities		(7,751)	(2,025)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from unit issue		3	-
Proceeds from borrowings		854	-
Repayment of borrowings		(6,854)	-
Distributions paid		(6,100)	(5,976)
Interest and other finance charges paid		(2,130)	(2,285)
Net cash flows used in financing activities		(14,227)	(8,261)
Net (decrease)/increase in cash held		(8,767)	2,448
Cash at the beginning of the financial year		9,225	6,777
Cash at the end of the financial year	24 ⁽ⁱⁱⁱ⁾	458	9,225

There were no non-cash financing or investing activities.

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 2002***1. THE TRUST**

Reef Casino Trust was established by a Trust Constitution dated 2 July 1993 as amended by supplemental deeds dated 30 November 1993, 31 May 2000, and 8 August 2001 and, subject to the provisions of the Trust Constitution, shall determine on 1 July 2074.

The Trust became a registered managed investment scheme under the Corporations Act 2001 on 28 June 2000.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001, and the requirements of the Trust Constitution.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by the Trust and except where there is a change in accounting policy, are consistent with those of the previous financial year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current year amounts and other disclosures.

(b) Revenue recognition

Revenue from rent and interest is brought to account when earned and, if not received at balance date, is reflected in the Statement of Financial Position of the Trust as receivables.

(c) Income tax

Under current income tax legislation, the Trust is not liable for income tax, provided that the taxable income is fully distributed to unitholders each year, and any taxable capital gain derived from the sale of an asset is fully distributed to unitholders. Tax allowances for building and plant and equipment depreciation are distributed in the form of tax deferred benefits.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Receivables**

All debtors are generally settled within 30 days and are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(e) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts of property, plant and equipment, the capitalisation of future maintainable earnings of the Trust arising from the Trust's interest in the leases is used. The relevant cash flows have not been discounted to their present value.

(f) Revaluations of property, plant and equipment**Investment property**

The investment property is a composite asset comprising the building and the site lease. The investment property is held for the purpose of the accretion of wealth by way of rentals and capital appreciation.

The Trust adopts the cost basis for the investment property except for investment property already written down to recoverable amounts lower than original cost.

The Trust will continue with its policy of obtaining valuations of investment property in accordance with the Trust Constitution which requires the investment property to be valued at least once during every 3 years. These valuations will be reflected in the financial statements to the extent that they result in further write down or reversals of previous write downs.

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

- (i) a willing, but not anxious, buyer and seller;
- (ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- (iii) that the property will be reasonably exposed to that market;
- (iv) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Revaluations of property, plant and equipment (continued)**

only takes into account instructions given by the responsible entity and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the responsible entity.

(g) Depreciation of property, plant and equipment

The investment property is not depreciated.

Items of plant and equipment are initially recorded at cost and are depreciated or amortised over their estimated useful lives. The straight line method is used.

Purchased assets are depreciated or amortised from the date of acquisition. Internally constructed assets are depreciated or amortised from the time the asset is completed and held ready for use.

Plant and equipment depreciation rates range from 13 to 33.33 per cent per annum.

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised where it is probable that future economic benefits, in excess of the originally assessed performance of the asset will flow to the Trust in future years. Where these costs represent separate components and not part of the investment property they are accounted for as separate assets and are separately depreciated over their useful lives.

(h) Revision of accounting estimate

At the beginning of the year, the useful life to the Trust of slot machines was revised upwards from 3 to 4 years. The directors of the responsible entity believe 4 years is a more accurate representation of the useful life of slot machines.

The effect of this on the year is to decrease depreciation expense by \$420,000.

(i) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust. Trade accounts payable are normally settled within 30 days.

(j) Derivatives

The Trust is exposed to changes in interest rates from its borrowings. The Trust may utilise interest rate swaps to hedge these risks. Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the statement of financial performance as an adjustment to borrowing costs during the period.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Derivatives (continued)**

Derivative financial instruments that are designated and effective as hedges of underlying exposures are accounted for on the same basis as the underlying exposure.

Derivative financial instruments are not held for speculative purposes.

(k) Bank loans

Bank loans are carried on the statement of financial position at their principal amount. Interest expense is accrued and included in "payables".

(l) Classification of assets and liabilities

Assets and liabilities have been classified in the financial statements as either current or non-current. Current assets are cash and other assets that would in the ordinary course of business be consumed or converted into cash within 12 months. Current liabilities are liabilities that would in the ordinary course of business be due and payable within 12 months.

(m) Borrowing costs

Borrowing costs include interest and other costs associated with the arrangement of borrowings. Borrowing costs (with the exception of interest) are expensed as paid. Interest is expensed as incurred.

(n) Responsible entity's fee

Prior to 28 June 2000, Reef Corporate Services Limited received a management fee as Manager of the Trust. After 28 June 2000 Reef Corporate Services Limited continued to receive a management fee as the single responsible entity.

Under the Trust Constitution, the responsible entity is entitled to a fee amounting to:

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

REEF CASINO TRUST**NOTES TO THE FINANCIAL STATEMENTS***For the year ended 31 December 2002*

	Dec 2002 \$'000	Dec 2001 \$'000
3. REVENUE FROM ORDINARY ACTIVITIES		
Rent from operating activities	<u>16,605</u>	<u>16,194</u>
Other revenues:		
From operating activities		
Interest received or due and receivable from:		
Other persons	261	391
Revenues from outside operating activities		
Reversal of write down of investment property	-	34,460
Gross proceeds from sale of plant and equipment	23	41
Other revenue	<u>3</u>	<u>9</u>
Total other revenues	<u>287</u>	<u>34,901</u>
Total revenue from ordinary activities	<u>16,892</u>	<u>51,095</u>

4. PROFIT FROM ORDINARY ACTIVITIES

(a) Individually significant items included in profit from ordinary items.

Reversal of write down of investment property	-	34,460
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(b) Profit from ordinary activities has been arrived at after charging/(crediting) the following items.

Borrowing costs	2,168	2,253
Depreciation of plant and equipment	2,358	2,733
Rates and taxes	454	405
Responsible entity fees	729	716
Repairs and maintenance	773	689
Net loss/(gain) on disposal of plant and equipment	13	(41)

5. AUDITORS' REMUNERATION

Amounts received, or due and receivable by the auditor of the Trust for :	\$	\$
Audit services	46,097	47,500
Other services – Compliance Plan audit	8,320	8,000

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

	Dec 2002 \$'000	Dec 2001 \$'000
6. CASH ASSETS		
Cash (held in interest bearing accounts, at call)	258	2,956
Bank short term deposits, maturing within 30 days paying interest at a weighted average interest rate of 4.35% (2001: 4.28%)	200	6,269
	458	9,225
7. RECEIVABLES		
Current		
Rent receivable from complex operator	1,676	1,593
Other debtors - conservatory glass rectification	-	231
- other	127	61
	1,803	1,885
Non-current		
Loans to complex operator	1,550	1,550
8. OTHER ASSETS		
Current		
Prepayments	13	11
9. PROPERTY, PLANT AND EQUIPMENT		
Investment property - at cost	106,469	106,469
Less : write-down in prior periods	(41,248)	(41,248)
Add: reversal of previous write-down ⁽ⁱ⁾	34,460	34,460
Add: work in progress ⁽ⁱⁱ⁾	3,230	-
Recoverable amount	102,911	99,681
Plant and equipment - at cost	43,468	40,853
Less: accumulated depreciation	(36,397)	(35,703)
	7,071	5,150
Total property, plant and equipment at net book value	109,982	104,831

- (i) An independent valuation of the Trust's interests in the Reef Hotel Casino complex was carried out by Colliers Jardine Consultancy and Valuation Pty Limited as at 20 June 2001 on the basis of fair market value. The Trust's interest in the complex, which comprises the building, site lease and plant and equipment, was valued at \$105 million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

9. PROPERTY, PLANT AND EQUIPMENT (continued)

As the independent valuation did not assign separate values to the building, site lease and plant and equipment, the directors of the responsible entity of the Trust allocated the whole of the increment (being a reversal of the previous write-down) to the investment property. As a result, in accordance with the Trust Constitution, the investment property (which comprises the building and the site lease) and plant and equipment were restated upwards to a total of \$105 million at 20 June 2001.

⁽ⁱⁱ⁾ Incurred by the Trust in relation to rectification work to the conservatory and glass dome. The Trust has commenced legal action against the builders to recover these costs and other claims. This legal action is continuing.

Reconciliation :

Reconciliations of the carrying amounts of each class of property, plant, and equipment are set out below:

	Investment Property \$'000	Plant & Equipment \$'000	Total \$'000
December 2002			
Opening carrying value	99,681	5,150	104,831
Additions	3,230	4,315	7,545
Disposals	-	(36)	(36)
Depreciation	-	(2,358)	(2,358)
Closing carrying value	<u>102,911</u>	<u>7,071</u>	<u>109,982</u>
December 2001			
Opening carrying value	65,221	5,627	70,848
Additions	-	2,256	2,256
Reversal of previous write-down	34,460	-	34,460
Depreciation	-	(2,733)	(2,733)
Closing carrying value	<u>99,681</u>	<u>5,150</u>	<u>104,831</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

	Dec 2002 S'000	Dec 2001 S'000
10. PAYABLES		
Current		
Trade creditors and accruals – unsecured	<u>1,289</u>	<u>1,096</u>
11. INTEREST BEARING LIABILITIES		
Current		
Bank loan – Bank of Queensland Limited ⁽ⁱ⁾	2,500	-
Bank loan – Bank fur Arbeit und Wirtschaft ⁽ⁱⁱ⁾	<u>-</u>	<u>2,308</u>
Non-current		
Bank loan – Bank of Queensland Limited ⁽ⁱ⁾	21,500	-
Bank loan - Bank fur Arbeit und Wirtschaft ⁽ⁱⁱ⁾	<u>-</u>	<u>27,692</u>
⁽ⁱ⁾ The bank loan is secured by a registered first mortgage over the Special Lease (a Crown lease for a term of 75 years under which the Trust occupies the site on which the Complex is built) and a first ranking fixed and floating equitable charge over the whole of the assets and undertakings of the Trust. The loan is repayable in equal twice-yearly instalments of \$1,250,000, commencing March 2003 and maturing September 2007. Interest is payable at a fixed margin over Bank of Queensland's cost of funds for \$12,500,000 and at 8.05% for \$11,500,000.		
⁽ⁱⁱ⁾ This bank loan was secured by a registered first mortgage over the Special Lease (a Crown lease for a term of 75 years under which the Trust occupies the site on which the Complex is built) and a first ranking fixed and floating equitable charge over the whole of the assets and undertakings of the Trust. The loan was refinanced in September 2002 – refer above.		
12. PROVISIONS		
Current		
Distribution	<u>3,113</u>	<u>3,113</u>
13. OTHER LIABILITIES		
Current		
Prepayment of base rent by hotel operator	<u>75</u>	<u>150</u>
Non-current		
Prepayment of base rent by hotel operator	<u>-</u>	<u>75</u>

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

14. ISSUED UNITS

	Dec 2002 \$'000	Dec 2001 \$'000
49,801,036 (2001: 49,829,536) units	170,102	170,099
Movements in issued units	Number of Units	\$'000
As at 31 December 2001 (including 30,000 partly paid units)	49,829,536	170,099
Adjustment for 1 for 20 consolidation of partly paid units (30,000 partly paid units)	(28,500)	-
Proceeds received relating to unpaid instalments on units	-	1
Proceeds received from sale of forfeited units	-	2
As at 31 December 2002	49,801,036	170,102

The number of issued units includes 740,000 (December 2001: 740,000) restricted founder units.

On 15 April 2002, 30,000 partly paid units were consolidated on a 1 for 20 basis into 1,500 consolidated units. 1,400 of these consolidated units were forfeited and auctioned on 22 April 2002. 100 units were fully paid for by the holder of the units prior to auction.

	Dec 2002 \$'000	Dec 2001 \$'000
Opening balance	3,371	1,281
Transfer from statement of financial performance	2,258	2,090
Closing balance	5,629	3,371

15. UNDISTRIBUTED INCOME

16. ACCUMULATED LOSSES

Opening balance	(90,402)	(124,862)
Reversal of write-down of investment property	-	34,460
Closing balance	(90,402)	(90,402)

17. DISTRIBUTIONS

	Cents per unit	Total Amount \$'000	Date of Payment	Tax free %
Distributions proposed or paid by the Trust are:				
Proposed 6 months ended December 2002	6.25	3,113	28/3/03	- (i)
Paid 6 months ended June 2002	6.0	2,988	16/9/02	- (i)
Paid 6 months ended December 2001	6.25	3,113	28/3/02	- (i)
Paid 6 months ended June 2001	6.0	2,988	17/9/01	- (i)
Paid 6 months ended December 2000	6.0	2,988	28/3/01	100 (ii)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

17. DISTRIBUTIONS (continued)

⁽ⁱ⁾ Changes to Income Tax Assessment Act 1997 mean distributions are “tax deferred” as from the June 2001 distribution.

⁽ⁱⁱ⁾ The Trust had sufficient tax deductions for capital works under Division 43 of the Income Tax Assessment Act 1997 so that distributions up to the December 2000 distribution were “tax free”.

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.

	Dec 2002 \$'000	Dec 2001 \$'000
Operating profit	8,358	42,650
Less reversal of write down of investment property	-	(34,460)
Distributable income	8,358	8,190
Transfer to undistributed income account	(2,258)	(2,090)
Distributions payable	6,100	6,100

The responsible entity has determined that revenue relating to the reversal of write down of investment property represents a capital item in accordance with the Trust Constitution and is therefore not available for distribution.

	Dec 2002	Dec 2001
18. EARNINGS PER UNIT		
Basic and diluted earnings per unit (cents)	<u>16.8</u>	<u>85.6</u> ⁽ⁱ⁾
Weighted average number of units on issue, used in the calculation of basic and diluted earnings per unit	<u>49,809,230</u>	<u>49,829,536</u> ⁽ⁱⁱ⁾

⁽ⁱ⁾ Includes reversal of write down of investment property (69.2 cents per unit), otherwise 16.4 cents per unit.

⁽ⁱⁱ⁾ Number of units adjusted to reflect consolidation of units on 1 for 20 basis

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

19. SEGMENT INFORMATION

The Trust operates in one business segment, that of property ownership and rental in the tourism, leisure and gaming industry, and in one geographical segment, Australia.

20. FINANCING ARRANGEMENTS

	Dec 2002 \$'000	Dec 2001 \$'000
Bank loan and overdraft facility maturing September 2007 (\$24 million loan; \$2 million overdraft facility)	26,000	-
Amount of facility used at balance date	24,000	-
Amount of facility unused at balance date	2,000	-
Bank loan facility refinanced September 2002		
	-	30,000
Amount of facility used at balance date	-	30,000
Amount of facility unused at balance date	-	-

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

The Trust's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate 1 to 5 years	Non interest bearing \$'000	Total \$'000
31 December 2002					
Financial Assets					
Cash Assets (note 6)	3.0	458	-	-	458
Receivables (note 7)	-	-	-	3,353	3,353
Total financial assets		<u>458</u>	<u>-</u>	<u>3,353</u>	<u>3,811</u>
Financial Liabilities					
Interest bearing liabilities (note 11)	7.5	12,500	11,500	-	24,000
Payables (note 10)	-	-	-	1,289	1,289
Provision for distribution (note 12)	-	-	-	3,113	3,113
Other liabilities (note 13)	-	-	-	75	75
Total financial liabilities		<u>12,500</u>	<u>11,500</u>	<u>4,477</u>	<u>28,477</u>
31 December 2001					
Financial Assets					
Cash assets (note 6)	4.0	9,225	-	-	9,225
Receivables (note 7)	-	-	-	3,435	3,435
Total financial assets		<u>9,225</u>	<u>-</u>	<u>3,435</u>	<u>12,660</u>
Financial Liabilities					
Interest bearing liabilities (note 11)	6.2	30,000	-	-	30,000
Payables (note 10)	-	-	-	1,096	1,096
Provision for distribution (note 12)	-	-	-	3,113	3,113
Other liabilities (note 13)	-	-	-	225	225
Total financial liabilities		<u>30,000</u>	<u>-</u>	<u>4,434</u>	<u>34,434</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

	Dec 2002 \$'000	Dec 2001 \$'000
22. COMMITMENTS		
Capital expenditure commitments		
Contracted but not provided for and payable:		
Not longer than one year	<u>400</u>	<u>488</u>
23. CONTINGENT LIABILITIES		
<p>The details and estimated maximum amounts of contingent liabilities and contingent liabilities arising outside the normal course of business that may become payable are set out below. The Responsible Entity is of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.</p>		
Guarantees		
Bank guarantee in place	<u>200</u>	<u>—</u>
24. NOTES TO THE STATEMENT OF CASH FLOWS		
	Dec 2002 \$'000	Dec 2001 \$'000
(i) Reconciliation of cash assets		
<p>Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:</p>		
Cash	258	2,956
Bank short term deposits	<u>200</u>	<u>6,269</u>
	<u>458</u>	<u>9,225</u>
(ii) Reconciliation of net profit to net cash flows provided by operating activities		
Net profit	8,358	42,650
Add/(less) items classified as financing or investing activity		
Borrowing costs	2,168	2,253
Loss/(profit) on sale of property, plant and equipment	13	(41)

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

24. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	Dec 2002 \$'000	Dec 2001 \$'000
Add / (less) non-cash items		
Depreciation	2,358	2,733
Recognition of prepaid base rent	(150)	(150)
Reversal of write down in investment property	-	(34,460)
Net cash provided by operating activities before changes in assets and liabilities	12,747	12,985
Changes in assets and liabilities adjusted for investing and financing activities		
Decrease / (increase) in receivables and other assets	78	(286)
Increase / (decrease) in payables	386	35
Net cash provided by operating activities	13,211	12,734
	Dec 2002	Dec 2001

25. DIRECTORS' REMUNERATION

The number of directors of the responsible entity whose income payable by the Trust falls within the following bands:

	Number	Number
\$ 0 - \$ 9,999	3 ⁽ⁱ⁾	1 ⁽ⁱ⁾
\$30,000 - \$39,999	2	2
\$50,000 - \$59,999	1	1
	\$	\$
Total income received or due and receivable by all directors of the responsible entity from the Trust	128,030	127,440

⁽ⁱ⁾ Three directors (12 months ended December 2001: 1 director) received no remuneration.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

26. RELATED PARTY INFORMATION

The Responsible Entity

The responsible entity of Reef Casino Trust is Reef Corporate Services Limited.

Directors of the Responsible Entity

Persons holding positions as directors of the responsible entity during the financial period were:

- | | |
|---------------------------|-----------------------------|
| • Mr Benjamin W Macdonald | appointed 20 September 1995 |
| • Hon Keith De Lacy | appointed 1 December 1999 |
| • Mr Julian Hercus | appointed 31 October 2000 |
| • Mr Frank McFadden | appointed 6 July 2000 |
| • Mr Michael Issenberg | appointed 21 January 2002 |
| • Mr Kim Mooney | appointed 21 January 2002 |

Person holding position as alternate director of the responsible entity during the financial period was:

- Mr Allan Tan – alternate for Mr Macdonald (appointed 30 September 1999).

None of the directors of the responsible entity has or has had any interest in the promotion of the Trust or in the property to be acquired for the purposes of the Trust other than the following:

- The directors of the responsible entity are entitled to receive directors fees from the Trust. Directors remuneration is set out in Note 25.

Unit transactions with Directors and their director-related entities

The aggregate number of unit transactions by directors of the responsible entity and their director related entities in Reef Casino Trust units as at balance date were:

	Number	
	Dec 2002	Dec 2001
Public Units		
Opening balance	78,750	1,338,100
Purchases/held by incoming directors	322,463	236,900
Reduction due to 1 for 20 consolidation	-	(1,496,250)
Closing balance	<u>401,213</u>	<u>78,750</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

26. RELATED PARTY INFORMATION (continued)

Responsible entity's remuneration

	Dec 2002	Dec 2001
	\$	\$
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year		
Management fee	729,030	715,794

Details of the basis of responsible entity's fees are set out in note 2(n).

Other related parties

Up to 24 December 2001, Casinos Austria AG controlled the Trust, the Responsible Entity and the complex operator. Subsequent to this, the Responsible Entity and the complex operator were jointly owned by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Limited. In addition, Casinos Austria AG and Accor directly and indirectly own 72.8% of Reef Casino Trust.

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

	Dec 2002	Dec 2001
	\$'000	\$'000
Aggregate amounts brought to account in relation to transactions with other related parties.		
Rental income	16,605	16,194
Reimbursement of expenses paid on behalf of Trust	1,741	1,581
Management fee	82	82
Distribution paid or payable	3,697	3,299
Aggregate amounts receivable/payable with related parties at balance date		
Current receivables	1,676	1,593
Non current receivables	1,550	1,550
Current payables	588	520

Controlling entity

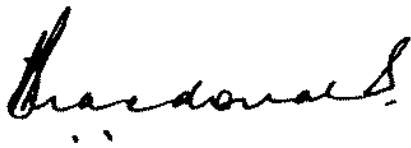
The ultimate chief parent entity was Casinos Austria AG until 24 December 2001. Subsequent to this date, the ultimate chief parent entity is Reef Casino Investments Pty Ltd incorporated in Australia.

DIRECTORS' DECLARATION

In the opinion of the directors of Reef Corporate Services Limited, the responsible entity of Reef Casino Trust:

- (a) The financial statements and notes set out on pages 10 to 28 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Trust as at 31 December 2002 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; 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.
- (c) The Trust has operated during the year ended 31 December 2002 in accordance with the provisions of the Trust Constitution dated 2 July 1993 (as amended).
- (d) The Register of Unitholders has, during the year ended 31 December 2002, been properly drawn up and maintained so as to give a true account of the Unitholders of the Trust.

Signed in accordance with a resolution of the directors.



Benjamin W Macdonald
Director



Frank McFadden
Director

Brisbane
4 March 2003

**INDEPENDENT AUDIT REPORT TO THE
UNITHOLDERS OF REEF CASINO TRUST****Scope**

We have audited the financial report of Reef Casino Trust (the Trust) for the year ended 31 December 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows and accompanying notes and the Directors' Declaration set out on pages 10 to 29. The responsible entity, Reef Corporate Services Limited, is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the unitholders of the Trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements, statutory requirements in Australia and the provisions of the Trust Constitution dated 2 July 1993 (as amended), so as to present a view which is consistent with our understanding of the Trust's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Reef Casino Trust for the year ended 31 December 2002 is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Trust's financial position as at 31 December 2002 and of its performance for the year ended on the date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
- (b) other mandatory professional reporting requirements; and
- (c) the provisions of the Trust Constitution dated 2 July 1993 (as amended).

K P m G

KPMG

J. H. Fraser

Ian Fraser

Partner

Brisbane

4 March 2003

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices that were in place throughout the financial year from 1 January 2002 to 31 December 2002, unless otherwise stated.

A. ROLE OF THE RESPONSIBLE ENTITY

Reef Corporate Services Limited is the responsible entity for the Trust.

The responsible entity's role is provided for in the Trust Constitution. Its role covers the provision of all corporate services in connection with the Trust, including investor relations, government and operator liaison, secretarial and administrative services, maintenance of financial and taxation records and statutory compliance plus overall corporate governance of the Trust, including the protection of unitholders' interests.

Reef Corporate Services Limited has established an audit committee and a compliance committee. The audit committee and compliance committee have written mandates and operating procedures which are reviewed on a regular basis. Reef Corporate Services Limited has also established a framework for the management of the Trust including a system of internal control, a business risk management process and appropriate ethical standards. The philosophy of the responsible entity in regard to corporate governance is in accordance with the philosophy set down by the Trust Constitution and the Corporations Act 2001.

The responsible entity holds all assets of the Trust on behalf of unitholders and is responsible for exercising all due diligence and vigilance in carrying out its functions and duties in protecting the rights and interests of unitholders. The responsible entity ensures that proper books of accounts are kept and audited half-yearly, and that the financial statements and the auditors' report are sent to unitholders. The responsible entity holds and operates all Trust bank accounts and makes all payments from those accounts.

The responsible entity receives advice from independent experts where required.

Composition of the board of directors

The directors of the responsible entity in office at the date of this statement are:

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Name	Position	Appointed by
Mr Benjamin W Macdonald	Non-Executive and Non-External Chairman	Casinos Austria International Limited
Hon Keith De Lacy	Non-Executive and External Director	Unitholders
Mr Julian Hercus	Non-Executive and External Director	Unitholders
Mr Frank McFadden	Non-Executive and Non-External Director	Casinos Austria International Limited
Mr Michael Issenberg	Non-Executive and Non-External Director	Accor Casino Investments (Australia) Pty Ltd
Mr Kim Mooney	Non-Executive and Non-External Director	Accor Casino Investments (Australia) Pty Ltd
Mr Allan Tan	Executive and Non-External Alternate Director	Mr Ben Macdonald

Appointment of directors

Under its constitution the number of directors of Reef Corporate Services Limited shall be not less than three or more than six. The directors are to be appointed as follows:

- two directors appointed by the unitholders pursuant to the Trust Constitution;
- two directors appointed by Casinos Austria International Limited; and
- two directors appointed by Accor Casino Investments (Australia) Pty Ltd.

The Chairman of the board of directors of Reef Corporate Services Limited is appointed by agreement of the directors. Any of the directors may be appointed Chairman.

The hotel operator and the casino operator each retain the right to appoint and remove any director appointed by it for so long as it remains hotel operator or casino operator respectively. Casinos Austria International (Cairns) Pty Ltd is the hotel and casino operator.

Directors appointed by the unitholders remain in office for a term of 3 years (unless removed earlier) and are then subject to re-election.

All other directors remain in office until removed by their appointers.

All director appointments must be approved by the Queensland Treasurer.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The current Chairman, Mr Ben Macdonald was appointed as Chairman on 31 October 2000 and he has been a director since 20 September 1995. The Chairman has a casting vote on all matters.

Ethical standards

The Board's policy is for the Directors and management to conduct themselves with the highest business ethical standards and integrity.

Director related party transactions

A director who has a material personal interest in a matter being considered by the Board, must not be present while the matter is being considered at a meeting and must not vote on the matter.

Independent professional advice

Each director has the right to seek independent professional advice at the Trust's expense. However, prior approval of the Chairman is required, which is not to be unreasonably withheld.

Remuneration of directors

Details of directors' remuneration paid by the Trust are set out in Note 25 to the financial statements. Independent advice is obtained, as needed on the appropriateness of the directors' remuneration. Only directors who are not full time executives of Casinos Austria International Limited group or Accor Asia Pacific group receive remuneration.

Directors' dealings in Trust units

Trust policy requires directors to discuss a proposed trade in Trust units with the Chairman prior to any trade. Unless there are unusual circumstances, directors should not trade in Trust units except in the period of one month after the lodgement of the Trust's half-year and annual profit announcements with the Australian Stock Exchange and in the period of one month after the holding of the Trust's annual general meeting, provided that directors are not at the time in possession of price sensitive information which is not generally available to the market.

Remuneration of the responsible entity

Reef Corporate Services Limited is entitled to receive the following fees in accordance with the Trust Constitution:

- A) Half-yearly fees calculated as 0.375% of the value of net assets of the Trust as at the last day of the half-year period just completed, paid quarterly, plus
- B) Half-yearly fees calculated as the greater of \$37,500 and a fee calculated on a sliding scale by reference to the value of gross assets, payable within two months of the end of each half yearly period.
- C) Reef Corporate Services Limited is also entitled to be reimbursed for expenses incurred by it during the financial year, including, for example, such items as office rent and directors' and officers' liability insurance.

CORPORATE GOVERNANCE STATEMENT (CONT'D)**Audit Committee**

The role of the Audit Committee is documented in a Charter which is approved by the board of directors. The Audit Committee comprises all Directors of Reef Corporate Services Limited. The role of the Audit Committee is to consider any matters relating to the financial affairs of the Trust and matters relating to the external audit of the Trust as it determines necessary.

The responsibilities of the Audit Committee include:

- overseeing compliance with statutory responsibilities relating to financial disclosure but excluding financial disclosure in relation to the securities dealers licence and the Casino Control Act 1982 (Queensland);
- monitoring corporate risk assessment and the internal controls instituted;
- liaising with the external auditors;
- reviewing the half-year and annual audit plan with the auditors;
- reviewing information derived from the half-year and annual audit; and
- supervising special investigations.

The Audit Committee also gives the board of directors additional assurance regarding the quality and reliability of the financial information prepared for use by the board in determining policies or for inclusion in the annual and half-yearly financial report.

The members of the Audit Committee comprise all directors of Reef Corporate Services Limited and they are:

Mr Benjamin W Macdonald
Hon Keith De Lacy
Mr Frank McFadden
Mr Julian Hercus
Mr Michael Issenberg
Mr Kim Mooney

Mr Macdonald is Chairman of the Audit Committee.

The external auditors, company secretary, the chief financial officer and other relevant experts attend Audit Committee meetings at the invitation of the Audit Committee. The Audit Committee meets at least twice per year. It is authorised to take such independent professional advice as it considers necessary.

CORPORATE GOVERNANCE STATEMENT (CONT'D)**Compliance committee**

The role of the compliance committee includes the responsibility for evaluating the effectiveness of the responsible entity's compliance system and protecting the responsible entity and its board from breaching its statutory responsibilities.

The compliance plan requires that there must be at least three compliance committee members at all times and as the Law requires, the majority of them must be external members. The members of the committee are:

Hon Keith De Lacy	external member - Chairman
Mr Julian Hercus	external member
Mr Allan Tan	non-external member

The functions of the committee include monitoring the responsible entity's compliance with the compliance plan, reporting to the responsible entity any breach of the Law involving the Trust and reporting to ASIC if the compliance committee is of the view that the responsible entity has not taken or does not propose to take appropriate action to deal with a breach reported to the responsible entity.

The committee meets as required and as a minimum must meet each six months.

Internal control framework

The board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the board has instigated an internal control framework as described below:

- Financial reporting - there is a comprehensive budgeting system with an annual budget approved by the directors. Monthly actual results are reported against budget. The Trust reports to unitholders on a twice yearly basis. Procedures are also in place to ensure that price sensitive information is reported to the ASX in accordance with continuous disclosure requirements.
- Functional specialty reporting - the board has identified a number of key areas which are subject to regular reporting to the board such as operational, legal and insurance matters.
- Investment appraisal - the Trust has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures and levels of authority.

CORPORATE GOVERNANCE STATEMENT (CONT'D)**Business risk management**

The board acknowledges that business risks can arise from such matters as actions taken by competitors and government policy changes. Any specific business risk identified by the board is investigated as soon as practicable by the responsible entity and appropriate strategies developed and implemented.

B. ROLE OF UNITHOLDERS

The responsible entity encourages full participation of unitholders at general meetings to ensure a high level of accountability and identification with the Trust's strategy and goals. Important issues are presented to the unitholders as single resolutions. Copies of the Trust Constitution are available to any unitholder who requests it.

C. REPORTING TO UNITHOLDERS

The responsible entity aims to ensure that the unitholders are informed of all major developments affecting the Trust's state of affairs. Information is communicated to unitholders as follows:

- Half yearly financial report containing financial information and a review of the operations of the Trust during the half year.
- Annual report containing relevant information about the operations of the Trust during the year, changes in the state of affairs of the Trust and details of future developments in addition to disclosures required by the Corporations Act 2001, ASX and accounting standards.
- Notice of all meetings of unitholders.
- Distribution advices with information including the components which make up the distributions.

Proposed major changes in the Trust which may impact on unitholders' rights are submitted to a vote of unitholders.

REEF CASINO TRUST

STOCK EXCHANGE INFORMATION

SUBSTANTIAL UNITHOLDERS

Substantial unitholders as at 28 February 2003 are:

Unitholder	Number	%
Reef Casino Investments Pty Ltd	25,000,000	50.2%
Casinos Austria AG	6,071,801	12.2%
Casinos Austria International Limited	2,755,715	5.5%

DISTRIBUTION OF UNITHOLDERS (as at 28 February 2003)

	Category	Founder & sponsor units	Public units	Total unitholdings
1	-	1,000	-	3,059
1,001	-	5,000	-	859
5,001	-	10,000	-	145
10,001	-	100,000	-	135
100,001	-	& over	<u>2</u>	<u>17</u>
		<u>2</u>	<u>4,213</u>	<u>4,215</u>

The number of unitholders holding less than a marketable parcel of units (358 units) at 28 February 2003 was 2,117.

RESTRICTED FOUNDERS UNITS (as at 28 February 2003)

Unitholder	No. of units	% of total units
Casinos Austria International Limited	370,000	0.74%
Accor Casino Investments (Australia) Pty Ltd	370,000	0.74%

STOCK EXCHANGE INFORMATION

TWENTY LARGEST UNITHOLDERS OF LISTED UNITS (as at 28 February 2003)

Name	No. of units	% of total units
1. Reef Casino Investments Pty Ltd	25,000,000	50.20
2. Casinos Austria AG	6,071,801	12.19
3. Casinos Austria International Limited	2,755,715	5.53
4. Accor Casino Investments (Australia) Pty Limited	2,421,803	4.86
5. Mr Gary Mauric	1,300,000	2.61
6. Australian Olympic Foundation Ltd	1,022,807	2.05
7. Casthree Pty Ltd	627,584	1.26
8. Mr David Zalmon Baffsky	500,000	1.00
9. Geomar Superannuation Pty Ltd	455,100	0.91
10. Invia Custodian Pty Limited <WAM Capital Limited A/C>	304,924	0.61
11. ANZ Nominees Limited	303,676	0.61
12. Invia Custodian Pty Limited <WAM Equity Fund A/C>	296,919	0.60
13. Mr Michael Issenberg	200,000	0.40
14. J P Morgan Nominees Australia Limited	175,001	0.35
15. Citicorp Nominees Pty Limited	155,250	0.31
16. Mr William Coates Gair & Mrs June Vera Gair	120,000	0.24
17. Luton Pty Limited	110,450	0.22
18. John Hickey Consultants Pty Limited	100,000	0.20
19. Mrs Rita Agata Mauric	100,000	0.20
20. Mr John Milhinch <Milhinch Super Fund A/C>	<u>100,000</u>	<u>0.20</u>
	<u>42,121,030</u>	<u>84.55</u>

VOTING RIGHTS

The voting rights, as set out in Clause 29.9 of the Trust Constitution, are:

On a show of hands every unitholder who is present in person or by proxy and who was recorded on the register at the books closing date for that meeting as a holder of a unit carrying the right to vote at that meeting shall have one vote and;

On a poll every such unitholder shall have:

- (a) one vote for each fully paid unit of which he is the registered holder; and
- (b) a fraction of a vote equivalent to the proportion of the total selling price paid-up for each partly paid unit for which he is the registered holder.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

TRUST DIRECTORY

Registered office of responsible entity	Reef Corporate Services Limited Level 15 Waterfront Place 1 Eagle Street BRISBANE QLD 4000 Telephone: (07) 3232 3100 Facsimile : (07) 3232 3111
Directors of the responsible entity	Mr Benjamin W Macdonald (Chairman) Hon Keith De Lacy Mr Julian Hercus Mr Frank McFadden Mr Michael Issenberg Mr Kim Mooney
Alternate director	Mr Allan Tan (alternate for Mr Macdonald)
Secretary of the responsible entity	Mr Allan Tan
Audit committee of responsible entity	Mr Benjamin W Macdonald Hon Keith De Lacy Mr Julian Hercus Mr Frank McFadden Mr Michael Issenberg Mr Kim Mooney
Compliance committee of responsible entity	Hon Keith De Lacy Mr Julian Hercus Mr Allan Tan

TRUST DIRECTORY

Solicitors to the responsible entity

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

Unit registry

Computershare Investor Services Pty Ltd
Level 27
Central Plaza One
345 Queen Street
BRISBANE QLD 4000
Telephone : 1300 552 270

Bankers

Bank of Queensland Limited
229 Elizabeth Street
BRISBANE QLD 4000

Auditors of the Trust

KPMG
Level 30
Central Plaza One
345 Queen Street
BRISBANE QLD 4000

Stock exchange listing

Official list of the Australian Stock
Exchange Limited
Home Exchange: Brisbane