HALF YEAR REPORT
JUNE 2003

REEF

CASINO TRUST

ARSN 093 156 293

CHAIRMAN'S REVIEW

On behalf of the board of Reef Corporate Services Ltd, responsible entity of the Reef Casino Trust (Trust) I am pleased to present my half year review to unitholders of the Trust.

First half year profit of $4.1 million

In the first six months of 2003, the Reef Casino Trust posted a net profit after tax of $4.1 million, compared to $2.8 million in the same period last year. Earnings per unit was 8.1 cents compared to 5.7 cents last year. This strong result was achieved despite the Iraq war and more particularly SARS, both of which had impacted on in bound tourism to Cairns and Australia.

An interim unit distribution of 6 cents per unit declared

The Trust is pleased to announce another interim unit distribution of 6 cents per unit (once again, on a tax-deferred basis) to all unitholders. As advised previously, the record date was 30 June 2003 and this unit distribution totalling $3.0 million is payable on 26 September 2003.

A Review of Reef Hotel Casino complex operations and activities

Visitations to the complex

- Numbers grew 4% over last year but with fewer foreign patrons, this suggests that the "local and domestic" market remained strong.

Casino gaming operations

- Table games revenues came under some pressure from the downturn in inbound overseas tourism due to the Iraq War and SARS but this was off set by local and domestic "premium" players. Amongst our overseas patrons, the Japanese market was more prominent than Chinese Asians (Chinese New Year season excepted) during the first half year. The introduction of new roulette "Touchbet" terminals was a success and we have ordered more for installation later in the year.
- Gaming machine revenues were strong due in part to an array of local promotions and special events.

Hotel, food and beverage operations

- Room revenue also came under some pressure. However, with occupancy achieving 76% and an average room rate of $162, the hotel continued to maintain market leadership in the Cairns luxury hotel sector under difficult trading conditions
- Similarly the food outlets - mainly in the main restaurant - were trading under tough conditions. Changes to menu and pricing structure in the main restaurant were instituted to respond to the changing market conditions.
- The hotel enjoyed good patronage in the new Vertigo bar and the casino bars reflecting to some extent the strength in visitations to the complex as well as the entertainment and promotional offerings.

Capital items

The Trust pursued a responsible capital expenditure program and continues to direct resources towards revenue generating investments. Trust overheads (mainly depreciation, interest payments and property maintenance costs) remain stable and under control.

What we hope to achieve in the second half year

The worst (of Iraq War and SARS) appears to be over. We could expect trading conditions to remain healthy over the second half year. There are a number of positives.

The complex staff numbers and costs are under control as are building maintenance costs. The Trust continues to allocate appropriate funds towards maintaining and protecting the value of its main investment property - the Reef Hotel Casino complex.

Hotel rooms are showing stronger forward bookings for the next few months while the gradual increase in tourism into Cairns should benefit food sales. Beverage sales could outperform the first half year given the increasing popularity of the new Vertigo Bar and the casino bars.

Table gaming could see improvement with the return to Cairns and the casino of greater numbers of South East Asian tourists and premium players. Gaming machines are expected to perform strongly. In house promotions and investment in new machines and upgrades appear to be effective.

Finally, we look forward to the opening of the Rainforest Dome, a wildlife experience in our casino roof top glass conservatory around late October - mid November of this year. Renovation work has commenced in July. This will add another exciting new dimension to the Reef Hotel Casino and will further consolidate the complex as a "must see" tourist icon of Cairns.

Ben 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 half year report together with the financial report of the Trust for the half year ended 30 June 2003 and the auditor's report thereon.

Directors of the Responsible Entity

The Directors in office during or since the end of the half year are:

Name	***Period of directorship***
Mr Benjamin W Macdonald (Chairman)	Appointed 20/09/95
Hon Keith De Lacy	Appointed 01/12/99
Mr Julian Hercus	Appointed 31/10/00
Mr Frank McFadden	Appointed 06/07/00
Mr Michael Issenberg	Appointed 21/01/02
Mr Kim Mooney	Appointed 21/01/02
Mr Allan Tan (alternate for Mr Macdonald)	Appointed 30/09/99
Mr Ronald John Hickey (alternate for Mr Issenberg)	Appointed 25/03/03

Review of operations

The review of operations is contained in the Chairman's Review on pages 1 to 2.

Distribution

The distribution of $3.1 million (6.25 cents per unit tax deferred) as reported in the annual report for the year ended 31 December 2002 was paid on 28 March 2003.

The directors have declared a distribution of $3.0 million (6 cents per unit tax deferred) in respect of the six month period ended 30 June 2003 to be paid on 26 September 2003 (noted as a subsequent event – refer note 12). The distribution in respect of the six month period ended 30 June 2002 was also 6 cents per unit tax deferred.

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 of Reef Corporate Services Limited.

Ben Macdonald
Director

Keith De Lacy
Director

Brisbane
14 August 2003

STATEMENT OF FINANCIAL PERFORMANCE

For the half year ended 30 June 2003

	Note	June 2003 $'000	June 2002 $'000
Revenue			
Rent	3	**8,232**	6,436
Other revenues from ordinary activities	3	**74**	208
Total revenue	3	**8,306**	6,644
Less: expenses			
Borrowing costs		**861**	937
Depreciation		**1,440**	1,042
Property outgoings		**406**	391
Rates and taxes		**220**	218
Responsible entity fees		**408**	369
Repairs and maintenance		**350**	256
Audit and accounting		**22**	23
Administrative costs		**98**	137
Legal		**29**	99
Insurance		**175**	117
Consultants		**-**	68
Other expenses from ordinary activities		**241**	166
Total expenses		**4,250**	3,823
Net profit from ordinary activities		**4,056**	2,821

	Note	Cents	Cents
Basic earnings per unit	9	**8.1**	5.7
Diluted earnings per unit	9	**8.1**	5.7

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2003

	Note	June 2003 $'000	Dec 2002 $'000
CURRENT ASSETS			
Cash assets		**912**	458
Receivables		**1,538**	1,803
Other		**209**	13
TOTAL CURRENT ASSETS		**2,659**	2,274
NON-CURRENT ASSETS			
Receivables		**750**	1,550
Property, plant and equipment	5	**109,743**	109,982
TOTAL NON-CURRENT ASSETS		**110,493**	111,532
TOTAL ASSETS		**113,152**	113,806
CURRENT LIABILITIES			
Payables		**1,017**	1,289
Interest bearing liabilities		**2,500**	2,500
Provisions		**-**	3,113
Other		**-**	75
TOTAL CURRENT LIABILITIES		**3,517**	6,977
NON-CURRENT LIABILITIES			
Interest bearing liabilities		**20,250**	21,500
TOTAL NON-CURRENT LIABILITIES		**20,250**	21,500
TOTAL LIABILITIES		**23,767**	28,477
NET ASSETS		**89,385**	85,329
UNITHOLDERS' FUNDS			
Issued units	6	**170,102**	170,102
Distribution account	8	**2,988**	-
Undistributed income	7	**6,697**	5,629
Accumulated losses		**(90,402)**	(90,402)
TOTAL UNITHOLDERS' FUNDS		**89,385**	85,329

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

STATEMENT OF CASH FLOWS
For the half year ended 30 June 2003

	Note	June 2003 $'000	June 2002 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		**8,354**	6,579
Cash payments in the course of operations		**(2,089)**	(2,253)
Interest received		**20**	180
Net cash provided by operating activities		**6,285**	4,506
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,445)**	(2,071)
Proceeds from disposal of non-current assets		**48**	12
Net cash used in investing activities		**(1,397)**	(2,059)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		**-**	3
Repayment of loans by complex operator		**800**	-
Repayment of borrowings		**(1,250)**	-
Distributions paid		**(3,112)**	(3,112)
Interest and other finance charges paid		**(872)**	(1,032)
Net cash used in financing activities		**(4,434)**	(4,141)
Net increase/(decrease) in cash held		**454**	(1,694)
Cash at the beginning of the financial period		**458**	9,225
Cash at the end of the financial period	11	**912**	7,531

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2003

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, 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 half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of Accounting Standard AASB 1029 "Interim Financial Reporting", other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Corporations Act 2001 and the requirements of the Trust Constitution.

This half year financial report is to be read in conjunction with the 31 December 2002 annual financial report and any public announcements by the Trust during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The half year financial report does not include full note disclosures of the type normally included in the annual financial report.

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.

The accounting policies have been consistently applied by the Trust and except where there is a change in accounting policy as disclosed in Note 2(b), are consistent with those of the previous financial year.

The carrying amounts of non-current assets 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. Recoverable amount of property, plant and equipment is assessed based on the capitalisation of future maintainable earnings of the Trust arising from those assets. The relevant cash flows have not been discounted to their present value.

(b) Change in accounting policy

The Trust has applied AASB1044 "Provisions, Contingent Liabilities and Contingent Assets" (issued in October 2001) for the first time from 1 January 2003.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2003

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Change in accounting policy (continued)

Distributions are now recognised as a liability at the time they are declared, determined or publicly recommended. Previously, distributions were recognised in the financial period to which they related, even though the distributions were announced after the end of that financial period. In accordance with the Trust Constitution the distribution account has now been established to recognise the distribution in respect of the current income period that has not yet been approved by the Responsible Entity at the end of the income period.

The adjustments to the financial report as at 1 January 2003 as a result of this change are:

- $3,113,000 transfer from accumulated losses to distribution account.
- $3,113,000 decrease in provision for distribution.

There was no impact on profit or loss for the reporting period to 30 June 2003.

	30 June 2003 $'000 (restated)	30 June 2002 $'000 (restated)
Restatement of accumulated losses		
Reported accumulated losses at end of previous period (31 December)	**(90,402)**	(90,402)
Decrease in accumulated losses due to change in accounting policy on adoption of AASB1044 "Provisions, Contingent Liabilities and Contingent Assets"	**3,113**	3,113
Restated accumulated losses at beginning of period (1 January)	**(87,289)**	(87,289)
Net profit attributable to members of the Trust	**4,056**	2,821
Transfer (to)/from undistributed income account	**(1,068)**	167
Transfer to distribution account	**(2,988)**	(2,988)
Distributions paid	**(3,113)**	(3,113)
Restated accumulated losses at the end of the period	**(90,402)**	(90,402)

	30 June 2003 $'000 (restated)	31 December 2002 $'000 (restated)
Restatement of provision for distribution		
Balance at end of period as previously reported	**-**	3,113
Effect of change in accounting policy	**-**	(3,113)
Restated balance at end of period	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2003

	June 2003 $'000	June 2002 $'000
3. REVENUE FROM ORDINARY ACTIVITIES		
Rent from operating activities	**8,232**	6,436
Other revenues:		
From operating activities		
Interest received or due and receivable from:		
Other persons	**20**	189
Revenues from outside operating activities		
Gross proceeds from sale of plant and equipment	**48**	19
Other revenue	**6**	-
Total other revenues	**74**	208
Total revenue from ordinary activities	**8,306**	6,644
4. NET PROFIT FROM ORDINARY ACTIVITIES		
Net profit from ordinary activities has been arrived at after charging/(crediting) the following items:		
Borrowing costs	**861**	937
Depreciation of plant and equipment	**1,440**	1,042
Rates and taxes	**220**	218
Responsible entity fees	**408**	369
Repairs and maintenance	**350**	256
Net (gain)/loss on disposal of plant and equipment	**(36)**	17

	June 2003 $'000	Dec 2002 $'000
5. PROPERTY, PLANT AND EQUIPMENT		
Investment property – at cost [ii]	**109,804**	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	**-**	3,230
Recoverable amount	**103,016**	102,911
Plant and equipment - at cost	**44,156**	43,468
Less: Accumulated depreciation	**(37,429)**	(36,397)
	6,727	7,071
Total property, plant and equipment at net book value	**109,743**	109,982

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2003

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) An independent valuation of the Trust's interest 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.

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 revalued upwards to a total of $105 million.

(ii) Included within investment property is an amount of $3.3 million 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.

The remaining term of the site lease is 65 years.

6. ISSUED UNITS

	June 2003 $'000	Dec 2002 $'000
49,801,036 (December 2002: 49,801,036) units	**170,102**	170,102

The number of issued units includes 740,000 (December 2002: 740,000) restricted founder units.

7. UNDISTRIBUTED INCOME

	June 2003 $'000	Dec 2002 $'000
Opening balance	**5,629**	3,371
Transfer from statement of financial performance	**1,068**	2,258
Closing Balance	**6,697**	5,629

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2003

8. DISTRIBUTIONS

		Cents per unit	Total Amount $'000	Date of Payment
Distributions paid or proposed by the Trust since June 2002 are:				
Paid	six months ended June 2002	6.00	2,988	16/09/02
Paid	six months ended December 2002	6.25	3,113	28/03/03
Proposed	six months ended June 2003 (i)	6.00	2,988	26/09/03

All distributions are "tax deferred" in accordance with the Income Tax Assessment Act 1997.

(i) Refer note 12

Distribution Account

	June 2003 $'000	Dec 2002 $'000
Opening balance (i)	**3,113**	-
Distribution paid	**(3,113)**	-
Distribution proposed	**2,988**	-
Closing balance	**2,988**	-

(i) Opening balance arising from change in accounting policy implemented from 1 January 2003. Refer note 2(b).

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2003

	June 2003	June 2002
9. EARNINGS PER UNIT		
Basic and diluted earnings per unit (cents)	**8.1¢**	5.7¢
Weighted average number of units on issue, used in the calculation of basic and diluted earnings per unit	**49,801,036**	49,801,036

10. 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.

11. NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	June 2003 $'000	June 2002 $'000
Cash	**912**	705
Deposits at call	**-**	6,826
	912	7,531

12. SUBSEQUENT EVENT

On 12 August 2003 the board of directors of the responsible entity, Reef Corporate Services Limited, declared a 6 cent per unit distribution payable on 26 September 2003. This distribution totals $2,988,000. A liability for this transaction has not been brought to account in these financial statements.

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 5 to 13 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 30 June 2003 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

  (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001.

(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 period from 1 January 2003 to 30 June 2003 in accordance with the provisions of the Trust Constitution dated 2 July 1993 (as amended).

(d) The Register of Unitholders has, during the period from 1 January 2003 to 30 June 2003, 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 of Reef Corporate Services Limited:

Ben Macdonald	**Keith De Lacy**
Director	**Director**

Brisbane
14 August 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 half year ended 30 June 2003, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration set out on pages 5 to 14. The responsible entity, Reef Corporate Services Limited, is responsible for the half year 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 so as to enable the responsible entity to lodge the financial report with the Australian Securities and Investments Commission.

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 Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and, statutory requirements 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 half year financial report of Reef Casino Trust for the half year ended 30 June 2003 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 30 June 2003 and of its performance for the half year ended on that date; and
  (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001;
(b) other mandatory professional reporting requirements in Australia; 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

14 August 2003

TRUST DIRECTORY

Registered office of the 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 directors	Mr Allan Tan (alternate for Mr Macdonald) Mr Ronald John Hickey (alternate for Mr Issenberg)
Secretary of the responsible entity	Mr Allan Tan
Audit committee of the responsible entity	Hon Keith De Lacy (Chairman) Mr Benjamin W Macdonald Mr Julian Hercus Mr Frank McFadden Mr Michael Issenberg Mr Kim Mooney
Compliance committee of the responsible entity	Hon Keith De Lacy (Chairman) 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
Sub-lessee of Reef Hotel Casino Complex	Casinos Austria International (Cairns) Pty Ltd Level 15, Waterfront Place 1 Eagle Street BRISBANE QLD 4000 Telephone: (07) 3232 3100 Facsimile: (07) 3232 3111
Reef Hotel Casino	35 – 41 Wharf Street CAIRNS QLD 4870 Telephone: (07) 4030 8888 Facsimile: (07) 4030 8777 www.reefcasino.com.au