

ANNUAL REPORT
DECEMBER 2003



REEF
CASINO TRUST

ARSN 093 156 293

REEF CASINO TRUST

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 results and operations for the financial year ended 31 December 2003.

Review and results of operations

A net profit of \$11.1 million, up by 33%

The Trust is pleased to report a net operating profit of \$11.1 million for the financial year ended 31 December 2003. Earnings per unit was 22.3 cents.

This compares with a net operating profit of \$8.4 million for 2002 and is an increase of \$2.7 million or 33%.

This strong financial result is due to significant growth in revenues recorded by the Reef Hotel Casino complex and was achieved despite difficult trading conditions in the tourism industry in the first half of 2003.

Total rental revenue earned from the Reef Hotel Casino complex totalled \$19.5 million, an increase of \$2.9 million or 18% over the previous year.

The second half of the year recorded a net profit of \$7 million compared with \$4.1 million for the first half. The stronger performance in the second half reflected the ability of the Reef Hotel Casino to capitalise effectively on the post Iraq war and SARS recovery.

Second half year 2003 distribution increased to 7.25 cents per unit

Following the excellent operating results, the Directors of the responsible entity are pleased to announce a 7.25 cents per unit "tax deferred" distribution for the six months from 1 July 2003 to 31 December 2003. This is a 16% increase over the same period last year (6.25 cents per unit).

In accordance with the Trust Constitution, the record date was 31 December 2003. The payment date is 31 March 2004. 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 2003 to 30 June 2003). The total distribution for the financial year 2003 is 13.25 cents per unit or \$6.6 million.

The total 2003 distribution represents a payout percentage of 59%. 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 \$10.1 million as at the end of 2004.

REEF CASINO TRUST

CHAIRMAN'S REVIEW (continued)

Distribution Policy

The Trust's distribution policy seeks to achieve a balance between providing 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.

Review of Operations at Reef Hotel Casino

New look complex lobby pays off

The major refurbishment of the complex's lobby floor which was completed in the last quarter of 2002 has been well received by our patrons. Collectively, the new lobby bar Vertigo, the Australia-Asia fusion fine dining room Tamarind and the new décor and ambience leading to the casino contributed to the overall increase in complex revenues. The investment has been well justified.

Total operating revenues of \$59 million, up 7%

The entire Reef Hotel Casino complex is managed by one operator, Casinos Austria International (Cairns) Pty Ltd (CAIC), a joint venture management company owned by Casinos Austria International and Accor Hotels.

The complex attracted over 1.1 million visitors in 2003, 5% more than 2002. During the year, the Reef Hotel Casino offered an attractive and exciting array of gaming, dining and entertainment choice in a one stop venue in Cairns. The Reef Hotel Casino continued to build on its reputation as the "must see, must visit" major attraction in Cairns and Far North Queensland.

The casino provided excellent facilities for its local, domestic Australian and international patrons and its strong performance in 2003 was supported and underpinned by the complex's superior quality hotel rooms, restaurants, bars, banquet and conference facilities, nightclub, entertainment program and special events.

Gaming operations posted strong growth

Gaming revenues of \$43.9 million were recorded in 2003. This is an increase of 9% over 2002. There are a number of reasons for this.

Firstly, we continued to invest in the latest gaming machines to provide the sort of games that our patrons seek.

Secondly, a rolling program of in-casino and in-complex promotions and special events means that there is always something new and exciting on offer for our patrons.

Thirdly, our VIP services department has worked well to further develop the segment of premium players drawn from local and domestic Australian clientele as well as from overseas, particularly from Japan and mainland China.

REEF CASINO TRUST

CHAIRMAN'S REVIEW (continued)

Further enhancement of non gaming products and services – offering a wide range of choices

Accommodation, food and beverage and other operating revenues were \$15.1 million for the year compared to \$14.8 million last year. Hotel occupancy was 80.1%, slightly below the 82.6% in the previous year, whilst the average room rate increased by 2% on last year.

Our Sofitel's room occupancy performed strongly in the second half post SARS. Throughout the year, the Sofitel maintained its market leadership in the Cairns luxury hotel sector despite difficult trading conditions in the first half year.

The Reef Hotel Casino offers a wide range of food and beverage choice including fine dining, full buffets, quick meals and snacks, a choice of three bars, a nightclub plus banqueting and conference facilities. Live entertainment is featured on weekends.

In 2003, the dining options were expanded by the opening of a new Chinese noodle bar.

The new Vertigo lobby bar coupled with live music and dancing on weekends has made the Reef Hotel Casino the place to be on Friday and Saturday nights.

Located inside the casino itself, the Flinders Bar and Grill continued to be well patronised by our casino visitors. Flinders Bar and Grill offers value for money meals and added convenience and efficient service.

Looking ahead

The Directors of the responsible entity expect that the Trust will continue to trade well in 2004 and hopefully improve on results further.

There are a number of positive factors :-

- Possibility of new direct flights to Cairns by Australian Airlines from Shanghai, Mumbai and Kuala Lumpur. It already connects six major cities in the Far East, including three in Japan, Hong Kong, Taipei and Singapore to Cairns.
- The Cairns Rainforest Dome (CRD), a true wildlife experience opened in mid December 2003. It is located in the rooftop conservatory dome of the complex and is quickly establishing itself as a popular tourist attraction in the heart of Cairns. We can expect visitations to the complex to increase as a result.
- A new casino bar is being designed and planned for opening later in 2004. This will provide enhanced beverage service to our casino patrons. The entire casino will be recarpeted and will maintain the casino at the highest international standards.
- A major dome exterior lighting project is underway and will strengthen the Reef Hotel Casino's iconic image and positioning in Cairns.

REEF CASINO TRUST

CHAIRMAN'S REVIEW (continued)

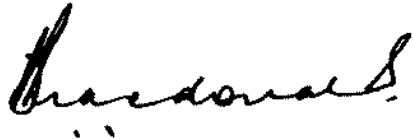
Future distributions

The Trust expects to make another distribution to all unitholders for the six months ending 30 June 2004. 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 7 May 2004 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 2003.



Ben Macdonald
Chairman
Reef Corporate Services Limited
Responsible entity of Reef Casino Trust

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 2003 and the auditor's report thereon.

Responsible Entity

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

<i>Name</i>	<i>Experience & special responsibilities</i>
Mr Benjamin W Macdonald (Chairman)	Director since 20/09/95, Member of Audit Committee
Hon Keith De Lacy	Director since 1/12/99, Chairman of Audit Committee, Chairman of Compliance Committee
Mr Julian Hercus	Director since 31/10/00, Member of Audit Committee, Member of Compliance Committee
Mr Frank McFadden	Director since 6/07/00, Member of Audit Committee
Mr Michael Issenberg	Director since 21/01/02, Member of Audit Committee
Mr Kim Mooney	Director since 21/01/02, Member of Audit Committee
Mr Allan Tan (alternate for Mr Macdonald)	Director since 10/07/97, Member of Compliance Committee
Mr Ronald John Hickey (alternate for Mr Issenberg)	Appointed 25/03/03

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 2.

Distributions

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 2002 was paid on 28 March 2003.

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 2003 was paid on 26 September 2003.

The directors have declared a distribution of \$3.61 million (7.25 cents per unit tax deferred) in respect of the six month period ended 31 December 2003 to be paid on 31 March 2004.

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 year under review.

REEF CASINO TRUST

DIRECTORS' REPORT (continued)

Environmental regulation

The Trust's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation in relation to its investment property. 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 (total number of units on issue 49,801,036) at 31 December 2003.

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 year :

	31/12/03	31/12/02
	\$	\$
Responsible Entity Fees	796,159	729,030

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

REEF CASINO TRUST

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>Number of units held</u>
Mr Benjamin W Macdonald	13,750
Hon Keith De Lacy	5,000
Mr Julian Hercus	60,000
Mr Frank McFadden	* 316,684
Mr Michael Issenberg	200,000
Mr Kim Mooney	122,463
Mr Allan Tan	-
Mr John Hickey	100,000

* On 1 March 2003 under an arrangement with a subsidiary of Casinos Austria AG, Mr McFadden exercised an option over units in Reef Casino Trust at a price of A\$1.00 per unit.

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.

Assets

The Trust had total assets of \$115,893,000 as at 31 December 2003 (2002: \$113,806,000). The basis of valuation of the Trust's assets is disclosed in note 2 to the financial statements.

An independent valuation of the Trust's interest in the Reef Hotel Casino complex will be carried out in June 2004. The results of this valuation will be disclosed in the 30 June 2004 half-year financial report.

REEF CASINO TRUST

DIRECTORS' REPORT (continued)

Rounding

The Trust has applied the requirements of Class Order 98/100 dated 10 July 1998 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 :



Ben Macdonald
Director



Keith De Lacy
Director

Brisbane
23 February 2004

REEF CASINO TRUST

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2003

	Note	Dec 2003 S'000	Dec 2002 S'000
REVENUE			
Rent	3	19,499	16,605
Other revenues from ordinary activities	3	144	287
Total revenue	3	19,643	16,892
LESS EXPENSES			
Borrowing costs		1,691	2,168
Depreciation		2,794	2,358
Insurances		363	239
Legal fees		59	315
Property outgoings		781	789
Rates and taxes		442	454
Responsible entity fees		796	729
Repairs & maintenance		882	773
Other expenses from ordinary activities		727	709
Total expenses		8,535	8,534
NET PROFIT FROM ORDINARY ACTIVITIES		11,108	8,358
Basic and diluted earnings per unit (cents)	18	22.3	16.8

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 2003

	Note	Dec 2003 \$'000	Dec 2002 \$'000
CURRENT ASSETS			
Cash assets	6	4,122	458
Receivables	7	1,872	1,803
Other	8	32	13
TOTAL CURRENT ASSETS		6,026	2,274
NON-CURRENT ASSETS			
Receivables	7	750	1,550
Property, plant and equipment	9	109,117	109,982
TOTAL NON-CURRENT ASSETS		109,867	111,532
TOTAL ASSETS		115,893	113,806
CURRENT LIABILITIES			
Payables	10	944	1,289
Interest bearing liabilities	11	2,500	2,500
Provisions	12	-	3,113
Other	13	-	75
TOTAL CURRENT LIABILITIES		3,444	6,977
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	19,000	21,500
TOTAL NON-CURRENT LIABILITIES		19,000	21,500
TOTAL LIABILITIES		22,444	28,477
NET ASSETS		93,449	85,329
UNITHOLDERS' FUNDS			
Issued units	14	170,102	170,102
Distribution account	17	3,611	-
Undistributed income	15	10,138	5,629
Accumulated losses	16	(90,402)	(90,402)
TOTAL UNITHOLDERS' FUNDS		93,449	85,329

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 2003

	Note	Dec 2003 \$'000	Dec 2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		19,280	16,372
Cash payments in the course of operations		(3,922)	(3,432)
Interest received		52	271
Net cash flows provided by operating activities	23 ⁽ⁱⁱⁱ⁾	15,410	13,211
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,316)	(7,774)
Proceeds from sale of property, plant and equipment		70	23
Net cash flows used in investing activities		(2,246)	(7,751)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from unit issue		-	3
Repayment of loans by complex operator		800	854
Repayment of borrowings		(2,500)	(6,854)
Distributions paid		(6,101)	(6,100)
Interest and other finance charges paid		(1,699)	(2,130)
Net cash flows used in financing activities		(9,500)	(14,227)
NET (DECREASE)/INCREASE IN CASH HELD			
Cash at the beginning of the financial year		3,664	(8,767)
CASH AT THE END OF THE FINANCIAL YEAR	23 ⁽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.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

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

The significant accounting policies which have been adopted in the preparation of this financial report are:

(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) Change in accounting policy

The Trust has applied AASB1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 January 2003.

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 recognises the distribution in respect of the current income period that has not yet been approved by the Responsible Entity and provided for 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; and
- \$3,113,000 decrease in provision for distribution.

There was no impact on profit or loss for the reporting period to 31 December 2003.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	31 Dec 2003 \$'000 (restated)	31 Dec 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	11,108	8,358
Transfer to undistributed income account	(4,509)	(2,258)
Transfer to distribution account	(3,611)	(3,113)
Distributions paid	(6,101)	(6,100)
Restated accumulated losses at the end of the period	(90,402)	(90,402)
	31 Dec 2003 \$'000 (restated)	31 Dec 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	-	-

(c) 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.

(d) Income tax

Under current income tax legislation, the Trust is not liable for income tax, provided that the taxable income is able to be 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.

(e) 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.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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 its 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.

(g) 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 the 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

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.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(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.

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".

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2003

	Dec 2003 \$'000	Dec 2002 \$'000
3. REVENUE FROM ORDINARY ACTIVITIES		
Rent from operating activities	<u>19,499</u>	<u>16,605</u>
Other revenues:		
From operating activities		
Interest received or due and receivable from:		
Other persons	54	261
Revenues from outside operating activities		
Gross proceeds from sale of plant and equipment	70	23
Other revenue	<u>20</u>	<u>3</u>
Total other revenues	<u>144</u>	<u>287</u>
Total revenue from ordinary activities	<u>19,643</u>	<u>16,892</u>

4. PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities has been arrived at after charging/(crediting) the following items.

Borrowing costs	1,691	2,168
Depreciation of plant and equipment	2,794	2,358
Rates and taxes	442	454
Responsible entity fees	796	729
Repairs and maintenance	882	773
Net loss/(gain) on disposal of plant and equipment	(55)	13

5. AUDITORS' REMUNERATION

	\$	\$
Amounts received, or due and receivable by the auditor of the Trust for :		
Six monthly audits of the Trust's financial statements	49,040	46,097
Other regulatory audit services	12,070	8,320

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

	Dec 2003 \$'000	Dec 2002 \$'000
6. CASH ASSETS		
Cash (held in interest bearing accounts, at call)	822	258
Bank short term deposits, maturing within 30 days paying interest at a weighted average interest rate of 5.45% (2002: 4.35%)	3,300	200
	4,122	458
7. RECEIVABLES		
Current		
Rent receivable from complex operator	1,834	1,676
Other debtors	38	127
	1,872	1,803
Non-current		
Loans to complex operator	750	1,550
	750	1,550
8. OTHER ASSETS		
Current		
Prepayments	32	13
	32	13
9. PROPERTY, PLANT AND EQUIPMENT		
Investment property - at cost ⁽ⁱⁱ⁾	109,810	106,469
Less : write-down in prior periods	(41,248)	(41,248)
Add: reversal of write-down in prior periods ⁽ⁱ⁾	34,460	34,460
Add: work in progress	-	3,230
Recoverable amount	103,022	102,911
Plant and equipment - at cost	44,621	43,468
Less: accumulated depreciation	(38,526)	(36,397)
	6,095	7,071
Total property, plant and equipment at net book value	109,117	109,982

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

9. PROPERTY, PLANT AND EQUIPMENT (continued)

(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.

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.

(ii) Included within investment property is an amount of \$3.3 million in relation to 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.

Reconciliations :

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

	Investment Property \$'000	Plant & Equipment \$'000	Total \$'000
December 2003			
Carrying amount at beginning of year	102,911	7,071	109,982
Additions	111	1,833	1,944
Disposals	-	(15)	(15)
Depreciation	-	(2,794)	(2,794)
Carrying amount at end of year	<u>103,022</u>	<u>6,095</u>	<u>109,117</u>
December 2002			
Carrying amount at beginning of year	99,681	5,150	104,831
Additions	3,230	4,315	7,545
Disposals	-	(36)	(36)
Depreciation	-	(2,358)	(2,358)
Carrying amount at end of year	<u>102,911</u>	<u>7,071</u>	<u>109,982</u>

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

	Dec 2003 \$'000	Dec 2002 \$'000
10. PAYABLES		
Current		
Trade creditors and accruals – unsecured	<u>944</u>	<u>1,289</u>
11. INTEREST BEARING LIABILITIES		
Current		
Bank loan – Bank of Queensland Limited ⁽ⁱ⁾	<u>2,500</u>	<u>2,500</u>
Non-current		
Bank loan – Bank of Queensland Limited ⁽ⁱ⁾	<u>19,000</u>	<u>21,500</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 \$10,000,000 (December 2002: \$12,500,000) and at 8.05% for \$11,500,000.		
12. PROVISIONS		
Current		
Distribution	<u>-</u>	<u>3,113</u>
13. OTHER LIABILITIES		
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 2003

14. ISSUED UNITS

	Dec 2003 \$'000	Dec 2002 \$'000
49,801,036 (December 2002: 49,801,036) units	<u>170,102</u>	<u>170,102</u>

Unitholders are entitled to receive distributions as declared from time to time and are entitled to one vote per unit at unitholders' meetings.

The number of issued units includes 740,000 (December 2002: 740,000) restricted founder units which are unable to be sold without the permission of the State Government of Queensland.

15. UNDISTRIBUTED INCOME

Opening balance	5,629	3,371
Transfer from statement of financial performance	<u>4,509</u>	<u>2,258</u>
Closing balance	<u>10,138</u>	<u>5,629</u>

16. ACCUMULATED LOSSES

Opening balance	(90,402)	(90,402)
Add net profit from ordinary activities	11,108	8,358
Less transfers to undistributed income	(4,509)	(2,258)
Less transfers to distribution account	<u>(6,599)</u>	<u>(6,100)</u>
Closing balance	<u>(90,402)</u>	<u>(90,402)</u>

17. DISTRIBUTIONS

	Cents per unit	Total Amount \$'000	Date of Payment
Distributions proposed or paid by the Trust are:			
2003			
Proposed 6 months ended December 2003 ⁽ⁱ⁾	7.25	3,611	31/03/04
Paid 6 months ended June 2003	6.0	2,988	26/9/03
2002			
Paid 6 months ended December 2002	6.25	3,113	28/3/03
Paid 6 months ended June 2002	6.0	2,988	16/9/02

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

⁽ⁱ⁾ Refer note 26.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

17. DISTRIBUTIONS (continued)

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 2003 \$'000	Dec 2002 \$'000
Distribution Account		
Opening balance ⁽ⁱ⁾	3,113	-
Distribution paid in respect of the six months ended 30 June 2003	(3,113)	-
Distribution proposed in respect of the six months ended 31 December 2003	3,611	-
Closing balance	3,611	-

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

	Dec 2003	Dec 2002
18. EARNINGS PER UNIT		
Basic and diluted earnings per unit (cents)	<u>22.3</u>	<u>16.8</u>
Weighted average number of units on issue, used in the calculation of basic and diluted earnings per unit	<u>49,801,036</u>	<u>49,809,230</u>

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.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

20. FINANCING ARRANGEMENTS

	Dec 2003 \$'000	Dec 2002 \$'000
Bank loan and overdraft facility maturing September 2007 (\$21.5 million loan; \$2 million overdraft facility)	23,500	26,000
Amount of facility used at balance date	<u>21,500</u>	<u>24,000</u>
Amount of facility unused at balance date	<u>2,000</u>	<u>2,000</u>

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.

	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate 1 to 5 years \$'000	Non interest bearing \$'000	Total \$'000
31 December 2003					
Financial Assets					
Cash assets (note 6)	5.3	4,122	-	-	4,122
Receivables (note 7)	-	-	-	2,622	2,622
Total financial assets		<u>4,122</u>	<u>-</u>	<u>2,622</u>	<u>6,744</u>
Financial Liabilities					
Interest bearing liabilities (note 11)	7.8	10,000	11,500	-	21,500
Payables (note 10)	-	-	-	944	944
Total financial liabilities		<u>10,000</u>	<u>11,500</u>	<u>944</u>	<u>22,444</u>

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate 1 to 5 years \$'000	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>

Dec	Dec
2003	2002
\$'000	\$'000

22. COMMITMENTS

Capital expenditure commitments

Contracted but not provided for and payable:

Not longer than one year

290

400

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

23. NOTES TO THE STATEMENT OF CASH FLOWS

	Dec 2003 \$'000	Dec 2002 \$'000
(i) Reconciliation of cash assets		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	322	258
Bank short term deposits	3,800	200
	4,122	458
(ii) Reconciliation of net profit to net cash flows provided by operating activities		
Net profit	11,108	8,358
Add/(less) items classified as financing or investing activity		
Borrowing costs	1,691	2,168
(Profit)/loss on sale of property, plant and equipment	(55)	13
Add / (less) non-cash items		
Depreciation	2,794	2,358
Recognition of prepaid base rent	(75)	(150)
Net cash provided by operating activities before changes in assets and liabilities	15,463	12,747
Changes in assets and liabilities adjusted for investing and financing activities		
Decrease / (increase) in receivables and other assets	(88)	78
Increase / (decrease) in payables	35	386
Net cash provided by operating activities	15,410	13,211

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

25. RELATED PARTY INFORMATION (continued)

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 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 units held by directors of the responsible entity and their director related entities in Reef Casino Trust units as at balance date are:

	Number held	
	Dec 2003	Dec 2002
Public Units	817,897	401,213

- * On 1 March 2003 under an arrangement with a subsidiary of Casinos Austria AG, Mr McFadden exercised an option over units in Reef Casino Trust at a price of A\$1.00 per unit.

Responsible entity's remuneration

	Dec 2003	Dec 2002
	\$	\$
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year		
Management fee	796,159	729,030

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

Other related parties

- The Responsible Entity and the complex operator are jointly owned by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Limited.
- Reef Casino Investments Pty Ltd (jointly owned by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Ltd) directly owns 50.2% of Reef Casino Trust.
- Casinos Austria AG (the ultimate parent company of Casinos Austria International Limited) directly owns 12.2% of Reef Casino trust.
- Casinos Austria International Limited directly owns 5.5% of Reef Casino Trust and Accor Casino Investments (Australia) Pty Ltd directly owns 4.9% of Reef Casino Trust.

REEF CASINO TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

25. RELATED PARTY INFORMATION (continued)

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

	Dec 2003 \$'000	Dec 2002 \$'000
Aggregate amounts brought to account in relation to transactions with other related parties:		
Rental income received from complex operator	19,499	16,605
Operating expenses paid by the Trust to the complex operator and entities related to the responsible entity	1,929	1,741
Management fee to complex operator	85	82
Distribution paid or payable	1,811 ⁽ⁱ⁾	3,697
Aggregate amounts receivable/payable with related parties at balance date:		
Current receivables	1,834	1,676
Non current receivables	750	1,550
Current payables	648	588

⁽ⁱ⁾ If no change in accounting policy, distributions paid or payable to related parties for the 2003 financial year would have been \$3,999,000.

Controlling entity

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

26. SUBSEQUENT EVENT

On 23 February 2004 the board of directors of the responsible entity, Reef Corporate Services Limited, declared a 7.25 cent per unit distribution payable on 31 March 2004. This distribution totals \$3,611,000. A liability for this transaction has not been brought to account in these financial statements.

REEF CASINO TRUST

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 29 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 2003 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 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.
- (c) The Trust has operated during the year ended 31 December 2003 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 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.



Ben Macdonald
Director



Keith De Lacy
Director

Brisbane
23 February 2004

REEF CASINO TRUST

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF REEF CASINO TRUST

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Reef Casino Trust (the Trust) for the year ended 31 December 2003.

The directors of the responsible entity, Reef Corporate Services Limited, are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the Trust. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia and of the provisions of the Trust Constitution dated 2 July 1993 (as amended), a view which is consistent with our understanding of the Trust's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

REEF CASINO TRUST

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF REEF CASINO TRUST (CONT'D)

Audit opinion

In our opinion, the financial report of Reef Casino Trust for the year ended 31 December 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 31 December 2003 and of its performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- 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

23 February 2004

REEF CASINO TRUST

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices that were in place throughout the financial year from 1 January 2003 to 31 December 2003, 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:

REEF CASINO TRUST

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
Mr Ronald John Hickey	Non-Executive and Non-External Alternate Director	Mr Michael Issenberg

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:

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

Mr De Lacy 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 31 January 2004 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 31 January 2004)

	Category	Founder & sponsor units	Public units	Total unitholdings	
1	-	1,000	2,914	886,435	1.78
1,001	-	5,000	795	1,894,271	3.80
5,001	-	10,000	135	1,012,695	2.04
10,001	-	100,000	127	3,982,234	8.00
100,001	-	& over	<u>18</u>	<u>42,025,401</u>	<u>84.38</u>
		<u>3,989</u>	<u>49,801,036</u>	<u>100.00</u>	

The number of unitholders holding less than a marketable parcel of units (250 units) at 31 January 2004 was 1,435.

RESTRICTED FOUNDERS UNITS (as at 31 January 2004)

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%

REEF CASINO TRUST

STOCK EXCHANGE INFORMATION

TWENTY LARGEST UNITHOLDERS OF LISTED UNITS (as at 31 January 2004)

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	628,670	1.26
8. Mr David Zalmon Baffsky	478,536	0.96
9. Geomar Superannuation Pty Ltd	455,100	0.91
10. ANZ Nominees Limited	337,055	0.68
11. Invia Custodian Pty Limited <WAM Capital Limited A/C>	304,924	0.61
12. Invia Custodian Pty Limited <WAM Equity Fund A/C>	296,919	0.60
13. National Nominees Limited	222,195	0.45
14. Mr Michael Issenberg	200,000	0.40
15. Citicorp Nominees Pty Limited	155,006	0.31
16. Compress Ventures Pty Ltd	139,420	0.28
17. Mr William Coates Gair & Mrs June Vera Gair	125,000	0.25
18. Luton Pty Limited	110,450	0.22
19. John Hickey Consultants Pty Limited	100,000	0.20
20. Kaz Opal Pty Ltd	100,000	0.20
20. Mrs Rita Agata Mauric	100,000	0.20
20. Mr John Milhinch <Milhinch Super Fund A/C>	100,000	0.20
20. Mr Kim John Mooney	100,000	0.20
20. Mr Leslie Charles Smith	100,000	0.20
	<u>42,625,401</u>	<u>85.57</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.

REEF CASINO TRUST

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 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 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 responsible entity	Hon Keith De Lacy (Chairman) Mr Julian Hercus Mr Allan Tan

REEF CASINO TRUST

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 (operator) 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