



REEF
CASINO TRUST

25 May 2011

ASX Company Announcements

Reef Casino Trust

Update for the first half year 2011

In the first 4 months of this year, rentals paid by the Reef Hotel Casino to the Trust have recorded strong growth compared to the same period last year. Consequently, Trust distributable profits for the first 4 months came in at \$3.48 million (compared to \$2.41 million for the first 4 months last year) and have already exceeded the distributable profit for the first half of last year which was \$3.25 million.

At this stage, we are not making a forecast for May and June 2011 due to the uncertainties of the Cairns' tourism market and the variability in premium gaming. We will make such a forecast in mid June when we release our unit distribution announcement. At this stage, even though Cairns' economy is still struggling, we expect to distribute 100% of distributable profits for the first half. Whether we make a top up distribution from the undistributed income account will depend on the actual results for May and June, 2011.

While there is some reason to be optimistic, it is our view that 2011 will again present as a challenging year. There are some positive signs that Cairns' and the Far North Queensland region are slowly recovering from the global financial crisis and that tourism is generally improving from a sluggish 2010.

Given the lower Trust profit in 2010 the Trust's tax losses were not used up in 2010 as anticipated. It is now expected that the Trust's tax losses (approximately \$4 million) will be used up in 2011. This means that future unit distributions would no longer be entirely paid on a "tax deferred" basis. A portion of such distributions could still be "tax deferred" and the balance may be taxable in the hands of the unitholders. This will depend on unit holders' individual tax circumstances.

- ENDS -

For further information:

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