

Optimal Japan Trust
Unit trust

Audited financial statements
As at June 30, 2012

Optimal Japan Trust

Unit Trust

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Optimal Japan Trust

Unit Trust

Directors and administration

Directors

Warwick Johnson
Eric Lucas
John Nicolis

Auditor

PricewaterhouseCoopers, Société coopérative
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B.P. 1443
L-1014 Luxembourg

Investment Manager and Trustee

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Australia

Legal Advisor

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Sydney NSW 2000
Australia

Registrar and Administrator

European Fund Administration S.A.
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L-1017 Luxembourg

Cash Custodians

Kredietbank S.A.
43, boulevard Royal
L-2955 Luxembourg

JP Morgan Chase Bank, N.A.
Level 35
259 George Street
Sydney NSW 2000
Australia

Prime Broker and Sub-Custodian

Goldman Sachs International
Daniel House
133 Fleet Street
London EC4A 2BB
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Audit report

To the Unitholders of
Optimal Japan Trust

We have audited the accompanying financial statements of Optimal Japan Trust (the "Trust"), which comprise the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Trust's Trustee for the financial statements

The Trust's Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Trust's Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Independent Auditor

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Optimal Japan Trust as of 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 28 September 2012

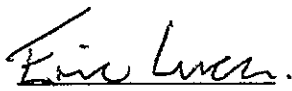
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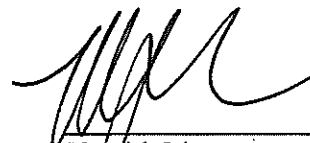
Valérie Piastrelli

Optimal Japan Trust
Unit Trust

Statement of financial position
As at June 30, 2012

	Notes	2012 AUD	2011 AUD
Assets			
Current assets			
Financial assets at fair value through profit or loss	2.2, 4	21,988,959	29,572,349
Other receivables and prepayments		25,886	61,224
Receivable on sales of securities		804,455	-
Cash at bank	2.4, 5.2	894,478	1,738,012
Cash accounts with the Prime Broker	2.5, 5.2	<u>27,323,009</u>	<u>29,577,264</u>
Total assets		51,036,787	60,948,849
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	2.2, 4	4,695,287	4,516,951
Performance fee payable	7.2	1,174	57,824
Other payables and accrued expenses		96,823	127,581
Payable on purchases of securities		572,010	-
Short term borrowings from the Prime Broker	2.5, 5.2	<u>18,257,923</u>	<u>23,576,413</u>
Liabilities (excluding net assets attributable to unitholders)		23,623,217	28,278,769
Net assets attributable to unitholders		27,413,570	32,670,080
Total liabilities		51,036,787	60,948,849
Number of units in issue	9	2,586,299.982	2,897,254.973


Eric Lucas
Trustee


Warwick Johnson
Manager

The accompanying notes form an integral part of these financial statements.

Optimal Japan Trust
Unit Trust

Statement of comprehensive income
For the year ended June 30, 2012

	Notes	2012 AUD	2011 AUD
Income			
Bank interest	2.7	1,145,144	1,421,837
Dividend income	2.7	558,597	589,079
Net realised (loss)/gain on financial assets/liabilities at fair value through profit or loss	4.2	(3,930,463)	994,670
Net change in unrealised gain on financial assets/liabilities at fair value through profit or loss	4.2	<u>1,106,421</u>	<u>1,498,063</u>
Total investment (loss)/gain		(1,120,301)	4,503,649
Expenses			
Performance fee	7.2	1,174	57,824
Investment management fee	7.1	289,768	359,380
Goods and service tax on fee and expenses incurred in Australia		29,125	33,195
Dividend expense on securities sold short	2.7	120,362	40,515
Stock borrowing fees		18,564	12,172
Administration fee	7.4	64,786	77,858
Audit fee		23,551	34,011
Safe custody and bank charges		5,707	13,490
Other operating expenses		<u>90,549</u>	<u>84,021</u>
Total operating expenses		643,586	712,466
Operating (loss)/profit before finance cost and tax		(1,763,887)	3,791,183
Finance cost			
Interest expense		<u>(163,180)</u>	<u>(170,386)</u>
(Loss)/profit before tax		(1,927,067)	3,620,797
Withholding tax on dividends	8	<u>(38,932)</u>	<u>(41,133)</u>
(Decrease)/increase in net assets attributable to unitholders from operations		<u>(1,965,999)</u>	<u>3,579,664</u>

The accompanying notes form an integral part of these financial statements.

Optimal Japan Trust Unit Trust

Statement of changes in net assets attributable to unitholders For the year ended June 30, 2012

	Notes	2012 AUD	2011 AUD
Net assets attributable to unitholders at the beginning of the year		32,670,080	39,696,872
Units issued	9	844,722	2,454,436
Units redeemed	9	<u>(4,135,233)</u>	<u>(13,060,892)</u>
Net (decrease) from unit transactions		(3,290,511)	(10,606,456)
(Decrease)/increase in net assets attributable to unitholders from operations		<u>(1,965,999)</u>	<u>3,579,664</u>
Net assets attributable to unitholders at the end of the year		<u>27,413,570</u>	<u>32,670,080</u>

The accompanying notes form an integral part of these financial statements.

Optimal Japan Trust
Unit Trust

Statement of cash flows
For the year ended June 30, 2012

	2012	2011
	AUD	AUD
Cash flows from operating activities:		
(Decrease)/increase in net assets attributable to unitholders from operations	(1,965,999)	3,579,664
Adjustment for:		
Dividend income	(558,597)	(589,079)
Dividend expense	120,362	40,515
Withholding tax	38,932	41,133
Interest income	(1,145,144)	(1,421,837)
Interest expense	163,180	170,386
	<u>(3,347,266)</u>	<u>1,820,782</u>
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	7,583,390	5,440,674
Decrease in cash accounts with the Prime Broker	2,254,255	2,429,282
(Increase) in receivables on sales of securities	(804,455)	-
Decrease/(increase) in other receivables and prepayments	8,083	(13,721)
Increase in financial liabilities at fair value through profit or loss	178,336	1,705,088
(Decrease) in short term borrowings from the Prime Broker	(5,318,490)	(10,157,183)
(Decrease)/increase in performance fee payable	(56,650)	53,502
Increase in payable on purchase of securities	572,010	-
(Decrease) in other payables and accrued expenses	(31,023)	(275,343)
	<u>(31,023)</u>	<u>(275,343)</u>
Cash from operating activities	1,038,190	1,003,081
Dividends received	588,328	605,991
Dividends paid	(120,362)	(40,515)
Withholding tax paid	(38,932)	(41,133)
Interest received	1,142,668	1,421,854
	<u>1,142,668</u>	<u>1,421,854</u>
Net cash from operating activities	2,609,892	2,949,278
Cash flows from financing activities:		
Cash received on units issued	844,722	2,454,436
Cash paid out on units redeemed	(4,135,233)	(13,060,892)
Interest paid	(162,915)	(170,556)
	<u>(4,135,233)</u>	<u>(13,060,892)</u>
Net cash (used in) financing activities	(3,453,426)	(10,777,012)
Net change in cash	(843,534)	(7,827,734)
Cash at bank at the beginning of the year	1,738,012	9,565,746
	<u>1,738,012</u>	<u>9,565,746</u>
Cash at bank at the end of the year	894,478	1,738,012
	<u><u>894,478</u></u>	<u><u>1,738,012</u></u>

The accompanying notes form an integral part of these financial statements.

Optimal Japan Trust

Unit Trust

Notes to the financial statements

As at June 30, 2012

NOTE 1. GENERAL INFORMATION

Optimal Japan Trust (the “Trust”) is a unit trust which is governed by its Trust Deed dated November 12, 1999, as amended. The Trust is governed by, and construed in accordance with, the laws of New South Wales, Australia.

The objective of the Trust is to achieve above average returns through investing in quoted securities in Japan. In addition, up to 20 per cent of the Trust’s gross assets may be invested in quoted securities in Korea and Taiwan. Investments are predominantly in equities but may include fixed interest instruments, money market instruments, derivatives and foreign exchange contracts. The Trust may invest in ADRs and GDRs. The Trust may sell short equities that the Investment Manager believes are overvalued and with respect to which there is a strong likelihood of a price decline.

The Investment Manager of the Trust is Optimal Fund Management Pty Limited which is incorporated in Australia.

Whilst the Trust’s Administrator is located in Luxembourg, unitholders should be aware that the Trust is not a Luxembourg Fund, and is not subject to Luxembourg law. It has not been authorised by any supervisory authority in the Grand Duchy of Luxembourg and is not subject to the supervision of any Luxembourg authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss. Financial statements prepared in accordance with IFRS require the Trustee to make certain estimates and assumptions that affect the reported amounts in these financial statements.

(i) *Standards and amendments to existing standards effective 1 July 2011*

- IAS 24 (amendment), ‘Related party disclosures’

This amendment clarifies in which circumstances persons and key management personnel affect related party relationships of an entity. The amendment also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Trust.

- IFRS 7 (amendment), ‘Financial instruments: disclosures’

This amendment was part of the IASB’s annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have a significant impact on the Trust’s financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Trust.

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(ii) Standards, amendments and interpretations that are not yet effective and not early applied

- IFRS 13, 'Fair value measurement' (effective from 1 January 2013)

This standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard is not expected to have a significant impact on the Trust's financial position or performance.

- IFRS 9, 'Financial instruments' (effective from 1 January 2015)

This standard specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach compared with the requirements of IAS 39. The standard is not expected to have a significant impact on the Trust's financial position or performance, as it is expected that the Trust will continue to classify its financial assets and financial liabilities as being at fair value through profit or loss.

2.2 Financial assets and liabilities at fair value through profit or loss

Investments consist principally of listed securities and derivative financial instruments. They are initially recognised at fair value and subsequently re-measured at fair value and based on the market price quoted on the relevant stock exchanges at the close of business on the valuation day.

(i) Classification

The category of financial assets and liabilities at fair value through the profit or loss is subdivided into two categories: financial assets and liabilities held for trading and those designated by the Trustee at fair value through profit or loss at inception.

Financial assets and liabilities held for trading ("trading securities") are acquired or incurred principally for the purpose of generating a profit from short-term fluctuation in price.

Investments in listed securities have been designated by the Trustee as "financial assets and liabilities at fair value through profit or loss at inception". Purchases and sales of investments are accounted for on a trade date basis. Realised and unrealised gains and losses on securities are recognised in the statement of comprehensive income as they arise.

Derivatives, including futures contracts, options contracts and foreign exchange contracts, are categorised as held for trading as the Trust does not designate any derivatives as hedges for hedge accounting purposes as described under IAS 39. All derivatives are carried as assets when amounts are receivable by the Trust and as liabilities when amounts are payable by the Trust. Changes in fair value of derivatives and trading securities are included in the statement of comprehensive income as they arise.

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets and liabilities at fair value through profit or loss (continued)

(ii) Initial measurement

The Trust's securities and derivatives are accounted for at trade date and are recognised at fair value at the time of acquisition.

(iii) Subsequent measurement

The realised gains or losses resulting from the sales of investments are calculated on an average cost basis. Securities listed on a stock exchange or traded on a regulated market are valued at their fair value based on quoted prices. Should the Trust hold securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, they would be valued at fair value as determined by the Trustee. In such circumstances, the Trustee would refer to quotes from external brokers. At reporting date, all investments were valued at quoted prices.

A short sale is a transaction in which the Trust sells a security it does not own. The proceeds received for short sales are recorded as liabilities and the Trust records an unrealised gain or loss to the extent of the difference between the proceeds received and the market value of the open short position. The Trust records a realised gain or loss when the short position is closed. By entering into short sales, the Trust bears the market risk of an unfavourable change in the price of the security sold short in excess of the proceeds received.

The Trust enters into securities borrowing transactions with the Prime Broker to cover its short sales. Borrowed securities are not recognised in the financial statements unless they can be sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in income on investments.

(iv) Derecognition

Financial assets at fair value through profit or loss are derecognised when the contractual rights to the cash flows from the financial asset expires or if the Trust transfers substantially all risks and rewards of ownership of the financial asset.

Financial liabilities at fair value through profit or loss are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Realised gains and losses on derecognition are determined using the weighted average cost method and are included in Statement of Comprehensive Income for the period in which they arise.

(v) Offsetting

The Trust offsets financial assets and financial liabilities at fair value through profit or loss if the Trust has a legally enforceable right to offset the recognised amounts and either intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and futures contracts, are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value.

Open futures contracts are valued at market closing prices at the valuation date, with the differences between the market closing prices and the contract prices being recognised as the unrealised profit or loss of that open position.

Forward foreign exchange contracts are valued at the difference between forward rates ruling at the valuation date and the contract rates.

All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in fair value of derivatives are included in the statement of comprehensive income.

2.4 Cash at bank

Cash comprises cash on hand and demand deposits held with Cash Custodians.

2.5 Cash accounts with the Prime Broker

The Prime Broker provides the clearing and depository operations for the Trust's security transactions as well as providing loans and finance.

2.6 Foreign currencies

(i) Functional and presentation currency

Subscriptions and redemptions of the units are denominated in the Australian Dollar ("AUD"). Accordingly the Trustee considers the AUD to most faithfully represent the economic effects of the underlying transactions, events and conditions and have adopted the AUD as the functional currency for the Trust.

The financial statements are presented in AUD which is the Trust's presentation currency.

(ii) Foreign currency transactions

Foreign currency transactions during the year, including purchases and sales of securities and income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities outstanding at year-end that are denominated in currencies other than AUD are translated into AUD at the closing rates of exchange at each year-end.

Foreign currency transaction gains and losses are included in net gains or losses on financial assets and liabilities at fair value through profit or loss.

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Income and expense

All income and expenses are accounted for on an accrual basis.

Dividends on quoted equity shares are brought into account on the ex-dividend date. Dividends where no ex-dividend date is quoted are brought into account when the Trust's right to receive payment is established. Dividends on shares sold short are accrued on the ex-date and paid to the Prime Broker on the payable date.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.8 Units

Units are redeemable at the unitholder's option and are classified as financial liabilities.

The units can be redeemed by unitholders at any time (subject to one month's notice and/or redemption date as defined in the Trust Deed) for cash equal to a proportionate share of the Trust's net asset value. The units are carried at the redemption amount that are payable at the statement of financial position date if the unitholder exercised its right to redeem the unit.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Critical accounting and assumptions

Fair value of financial instruments

All of the Trust's financial assets and liabilities, including derivative financial instruments, were measured at fair value using, in full or in part, reference to published price quotations.

3.2 Critical judgements

As described in Note 2.6, the Trustee considers AUD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The AUD is the currency in which the Trust measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment in which the Trust is compared.

Optimal Japan Trust
Unit Trust

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 4. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

4.1 Categories of financial instruments

	2012 AUD	2011 AUD
Listed equity	21,271,403	29,411,873
Listed investment funds	717,556	160,476
Financial assets at fair value through profit or loss	21,988,959	29,572,349
Listed equity securities, sold short	(4,280,560)	(4,205,715)
Derivatives	(414,727)	(311,236)
Financial liabilities at fair value through profit or loss	(4,695,287)	(4,516,951)

4.2 Net gains/(losses) on financial assets and liabilities at fair value through profit or loss

	2012 AUD	2011 AUD
Held for trading	213,290	607,482
Designated as at fair value through profit or loss	(4,143,753)	387,188
Net realised (losses)/gains on financial assets and liabilities at fair value through profit or loss	(3,930,463)	994,670
Held for trading	(103,491)	(425,655)
Designated as at fair value through profit or loss	1,209,912	1,923,718
Net change in unrealised gains on financial assets and liabilities at fair value through profit or loss	1,106,421	1,498,063

4.3 Derivatives

Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. Futures contracts are exposed to market risk based on changes in market prices relative to contracted amounts. Market risks arise due to possible movement in the indices and securities value underlying these instruments. Futures contracts have little credit risk because the counterparties are brokers registered with futures exchanges. The Trust carried out index futures transactions with the Prime Broker. The futures contracts are collateralised by cash or marketable securities; changes in the futures contracts' value are settled daily with the exchange. Futures are settled on a net basis.

Optimal Japan Trust

Unit Trust

Notes to the financial statements (continued)

As at June 30, 2012

NOTE 4. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

4.3 Derivatives (continued)

The Trust's outstanding equity index futures contracts are as follows:

	Unrealised loss 2012 AUD	Unrealised loss 2011 AUD
Equity index futures - short	<u>(414,727)</u>	<u>(311,236)</u>

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS

5.1 Strategy in using financial instruments

Investment objectives

The Trust's investment objective is capital appreciation and seeks to achieve this through investing primarily in Japanese listed equity securities and may also invest in convertible bonds and debt securities. In addition, the Trust may seek to enhance capital appreciation and reduce volatility with the use of short selling Japanese listed equity securities, derivative and currency contracts.

The Trust's investment activities expose it to various types of risks associated with the financial assets and liabilities and the Japanese market in which it invests. These risks include market risk (including market price risk, currency risk and interest rate risk), credit risk, and liquidity risk.

The Investment Manager expects to adopt the following investment policies and processes for managing the Trust's capital.

Investment policies

The Investment Manager's stock selection is based on the assessment of industry and company specific conditions with a view to constructing a portfolio of attractively valued businesses. A key part of the investment strategy is to sell short securities that the Investment Manager believes are overvalued and are likely to decline in price.

In addition, the Investment Manager seeks to enhance capital appreciation and reduce volatility with the use of derivative contracts and currency contracts. Financial futures are generally used for hedging purposes but may be used to gain market exposure quickly, as and when necessary.

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS
(CONTINUED)

5.1 Strategy in using financial instruments (continued)

A primary objective of the Trust is to enhance capital appreciation so preservation of capital is fundamental. As share price volatilities fluctuate with changing global market conditions, the Trust's positions are monitored on a regular basis. The investment mandate stipulates that the Trust may invest a maximum of 10% of its gross assets in the securities of any one company.

Investment processes

The Investment Manager's investment process relies on a variety of measures of value to quantify how equity is priced relative to its own history and relative to competing assets such as bonds and money market instruments. In addition to price-to-book and price-to-earnings ratios, a modified discounted cash flow model is used to test the Investment Manager's assumptions against the market consensus. This method is used to break down the market's apportionment of value in a security between earnings from existing assets and those from future investments. It also highlights disparities in value.

Although the investment decision-making process incorporates various quantitative valuation methods, the Investment Manager is committed to making regular contact with the management of target companies to help make subjective judgments on their business strategies and prospects. The Investment Manager believes this is vital in the competitive Asian business environment, as management ability and attitudes vary widely.

The risks and the respective risk management policies employed by the Trustee to manage these risks are discussed below.

5.2 Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment (including payment of amounts arising from derivative contracts) in full when due and cause the Trust to incur a financial loss.

Financial assets which potentially expose the Trust to counterparty credit risk consist principally of securities and cash balances held with the Prime Broker and cash balances held with Cash Custodians.

The Trust has a Prime Brokerage Agreement with Goldman Sachs International (the 'Prime Broker'). The Prime Broker provides the clearing and depository operations for the Trust's security transactions as well as providing loans and finance. The aggregate value of securities borrowed at year end is AUD 4,695,287 (2011: AUD 4,516,951) and short-term borrowings are AUD 18,257,923 (2011: AUD 23,576,413).

As continuing security for the payment and discharge of the Trust's liabilities, assets held by the Prime Broker will be charged in its favour. Financial assets which potentially subject the Trust to concentrations of credit risk consist principally of cash balances and assets held with the Prime Broker and derivatives where the Prime Broker is the counterparty.

Optimal Japan Trust

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Notes to the financial statements (continued)

As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS (CONTINUED)

5.2 Credit risk (continued)

The Trust therefore has a significant credit risk exposure to the Prime Broker as the majority of the Trust's assets are held by the Prime Broker. At June 30, 2012, the Prime Broker held the following net assets on behalf of the Trust:

	2012	2011
	AUD	AUD
Financial assets at fair value through profit or loss	21,988,959	29,572,349
Financial liabilities at fair value through profit or loss	(4,695,287)	(4,516,951)
Cash accounts with Prime Broker	27,323,009	29,577,264
Short term borrowings from the Prime Broker	<u>(18,257,923)</u>	<u>(23,576,413)</u>
	<u>26,358,758</u>	<u>31,056,249</u>

The Prime Broker is part of the Goldman Sachs Group Inc, which has a current credit rating issued by S&P of A- (2011: A).

The Trust also holds cash balances with Kredietbank SA Luxembourg ('KBL') and JPMorgan Chase Bank, N.A. ('JPM') (the 'Cash Custodians') who provide cash depositary services. At June 30, 2012, the Cash Custodians held the following cash balances on behalf of the Trust:

	2012	2011
	AUD	AUD
KBL	249,542	812,335
JPM	<u>644,936</u>	<u>925,677</u>
	<u>894,478</u>	<u>1,738,012</u>

KBL is part of KBC Group, which has a current credit rating issued by S&P of BBB+ (2011: A-).

JPM has a current credit rating issued by S&P of A+ (2011: AA-).

All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal as delivery of securities sold is only made when payment has been received from the broker. Payment is made on a purchase when the securities have been received from the broker. The trade will fail if either party fails to meet its obligation.

The Trust limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges which the Trustee considers to be of high credit ratings and well established corporations.

The Investment Manager monitors the Trust's credit position on a quarterly basis. At the year-end, the Trust held no debt instruments (2011: nil) and there were no debt instruments that are past due (2011: nil).

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Notes to the financial statements (continued)
As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS
(CONTINUED)

5.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability or selling a financial asset quickly at close to its fair value.

The Trust is exposed to monthly cash redemptions of units subject to one month's prior notice. The Investment Manager manages the Trust's liquidity risk by predominantly investing in Japanese listed companies traded on the Tokyo Stock Exchange and are considered readily realisable. The majority of the securities held can be liquidated within 7 days (2011: 7 days). The Trust also has the ability to borrow short-term funds from its Prime Broker to ensure settlement.

The table below analyses the Trust's liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted gross cash flows on the financial liabilities that require gross settlement. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month AUD	1-3 months AUD
2012		
Listed equity securities sold short	4,695,287	-
Short term borrowings from Prime Broker	18,257,923	-
Performance fee payable	1,174	-
Other payables and accrued expenses	96,823	-
Payable on purchases of securities	572,010	-
	23,623,217	
Net assets attributable to unitholders	-	27,413,570
2011		
Listed equity securities sold short	4,516,951	-
Short term borrowings from Prime Broker	23,576,413	-
Performance fee payable	57,824	-
Other payables and accrued expenses	127,581	-
	28,278,769	-
Net assets attributable to unitholders	-	32,670,080

The following table sets forth the details of unitholders with holdings greater than 10%:

	2012	2011
Unitholder 1	47.56%	56.37%
Unitholder 2	17.61%	15.72%
Unitholder 3	13.02%	11.61%
Other unitholders	21.81%	16.30%
	100.00%	100.00%

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Notes to the financial statements (continued)

As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS (CONTINUED)

5.4 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments and derivative financial instruments present a risk of loss of capital as they are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Investment Manager uses a number of measures to moderate the Trust's market price risk. The primary method is through the careful selection of securities and other financial instruments and the continuous monitoring of individual positions and net exposure. The Trust's market price risk is also managed through the diversification of the investment portfolio to different industry sectors in Japan. Further, the Trust is limited to investing a maximum of 10% of its gross assets in the securities of any one company at the time of acquisition of an investment.

The Trust may sell borrowed securities which are required to be subsequently repurchased from the market and returned to the lender, thereby creating a liability to repurchase the security in the market at prevailing prices. Short selling allows the investor to profit from declines in market prices. However, if the market price increases the potential loss could exceed amounts recorded in the financial statements and may be unlimited.

The table below analyses the investment portfolio by total exposure to price risk at year end, incorporating the underlying market risk through all financial assets and liabilities. The aggregate market exposure will not agree to the statement of financial position as they include the gross market exposure through various forms of derivative contracts which are marked to market on the statement of financial position.

	2012	2011
	AUD	AUD
Listed equity	16,990,843	25,206,158
Listed investment funds	717,556	160,476
Derivatives	<u>(5,838,579)</u>	<u>(7,836,769)</u>
Total exposure to price risk	<u>11,869,820</u>	<u>17,529,865</u>

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Notes to the financial statements (continued)
As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS
(CONTINUED)

5.4 Market price risk (continued)

The table below analyses the investment portfolio by exposure to different industries;

Industry	Net exposure as a % of NAV	
	2012	2011
Energy	4.4	2.0
Financials	22.5	15.9
Materials	-	14.3
Consumer staples	2.2	4.7
Telecommunication services	-	6.0
Information technology	1.8	17.0
Industrials	21.2	4.2
Consumer discretionary	12.5	16.5
Health Care	-	(3.0)
Total Equity and Investment Funds	64.6	77.6
Index Futures	(21.3)	(24.0)
Net Exposure	43.3	53.6

The Investment Manager does not manage the Trust's investment strategy against any particular index or external benchmark. Accordingly, for the purposes of determining and disclosing the sensitivity analysis as required under IFRS 7 - "Financial Instruments: Disclosures", the Investment Manager has made reference to the volatility in the Trust's monthly returns in the last twelve months.

On this basis, the Investment Manager considers that a reasonable possible movement on the Trust's financial net assets at fair value would be an increase/(decrease) of 3.0% (2011: 2.0%). The analysis below shows the potential impact on the net asset value attributable to unitholders in the event of the above stated possible reasonable shift when applied to the Trust's investment portfolio at year end, with all other variables held constant.

	Reasonable possible shift in market return increase/(decrease)	Impact on net assets value increase/(decrease)
	%	AUD
2012	3.0	356,095
2011	2.0	350,597

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Notes to the financial statements (continued)

As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS (CONTINUED)

5.4 Market price risk (continued)

Fair value hierarchy of financial instruments

The Trust has adopted the IFRS 7 amendment, effective July 1, 2009 which requires the classification of fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The Trust exercises significant judgment in determining what constitutes ‘observable’ data. The Trust considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Trust financial instruments that are measured and recognised at fair value include:

- equity securities (exchange listed shares)
- investment funds
- futures (index futures)

The following table presents the Trust’s financial net assets at fair value at year end:

June 30, 2012

Types of Assets	Level 1	Level 2	Level 3	Total
Exchange listed shares	21,271,403	-	-	21,271,403
Investment funds	717,556	-	-	717,556
Total Financial Net Assets	21,988,959	-	-	21,988,959

Types of Liabilities

Exchange listed shares	(4,280,560)	-	-	(4,280,560)
Index futures	(414,727)	-	-	(414,727)
Total Financial Net Liabilities	(4,695,287)	-	-	(4,695,287)

Optimal Japan Trust

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Notes to the financial statements (continued)

As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS (CONTINUED)

5.4 Market price risk (continued)

Fair value hierarchy of financial instruments (continued)

June 30, 2011

Types of Assets	Level 1	Level 2	Level 3	Total
Exchange listed shares	29,411,873	-	-	29,411,873
Investment funds	160,476	-	-	160,476
Total Financial Net Assets	29,572,349	-	-	29,572,349

Types of Liabilities				
Exchange listed shares	(4,205,715)	-	-	(4,205,715)
Index futures	(311,236)	-	-	(311,236)
Total Financial Net Liabilities	(4,516,951)	-	-	(4,516,951)

Level 1 financial instruments

The fair value of securities traded on recognised stock exchanges are based on quoted market prices from the exchange at the statement of financial position date.

Level 2 financial instruments

The Trust did not hold any level 2 financial instruments at year end.

Level 3 financial instruments

The Trust did not hold any level 3 financial instruments at year end.

There were no transfers between hierarchy levels during the year.

5.5 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow.

The majority of the Trust's financial assets and financial liabilities are non-interest bearing, as its mainly invests in listed equities except for its cash balances which are placed on deposit at short term interest rates. The majority of the Trust's cash balances are maintained in JPY and AUD.

JPY interest rates have been minimal throughout the years ended June 30, 2011 and June 30, 2012. The cost of borrowing JPY has also been at minimal rates of interest. As a result, the JPY balances are not subject to significant amounts of risk due to fluctuations in the prevailing levels of JPY market interest rates.

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Notes to the financial statements (continued)
As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS
(CONTINUED)

5.5 Interest rate risk (continued)

With reference to movements in AUD interest rates during the last twelve months, the Investment Manager considers interests rates could reasonably be expected to move by 125 basis points at a point in time (2011: 25 basis points). At June 30, 2012, should interest rates have increased/(decreased) by 125 basis points (2011: 25 basis points) with all other variables remaining constant, the increase/(decrease) in the net assets attributable to the unitholders would be approximately AUD 342,000 per annum (2011: AUD 75,000) resulting from interest income on interest earning net cash balances. This does not take into account any impact on management and performance fees.

At the year-end 2012 and 2011, the Trust held no Japanese corporate convertible bonds.

The Investment Manager monitors the Trust's overall interest sensitivity on an ongoing basis with the purpose of maintaining a limited exposure to interest rate risk.

5.6 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates.

The Trust's financial assets and liabilities are mainly denominated in AUD and JPY. The Trust is therefore exposed to currency risk, as the value of the assets and liabilities denominated in JPY will fluctuate due to changes in exchange rates. The Investment Manager monitors the Trust's net exposure to currency risk with the purpose of maintaining a limited net exposure to currencies other than AUD. The Investment Manager may reduce the foreign currency exposure by using foreign exchange forward contracts.

The table below summarises the Trust's net exposure to foreign currencies, incorporating the underlying currency risk through all financial assets and liabilities held by it, both monetary and non-monetary. All exposures are stated in AUD equivalents.

	Monetary and non-monetary assets	Monetary and non-monetary liabilities	Forward Fx Contracts	Net exposure
2012				
Yen	23,666,224	(23,525,972)	-	140,252
Euro	-	(40,608)	-	(40,608)
2011				
Yen	30,851,501	(28,093,852)	-	2,757,649
USD	-	(33,997)	-	(33,997)
Euro	-	(28,259)	-	(28,259)

Optimal Japan Trust

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Notes to the financial statements (continued)

As at June 30, 2012

NOTE 5. FINANCIAL ASSETS AND LIABILITIES ANALYSIS – ASSOCIATED RISKS (CONTINUED)

5.6 Currency risk (continued)

The sensitivity analysis has been determined by reference to the volatility of the relevant exchange rates during the last six months which the Trust believes is indicative of potential future volatility. This analysis is based on the sensitivity of the Trust's outstanding foreign currency denominated balances to movement in the AUD against the relevant foreign currencies translated at the statement of financial position date, with all other variables held constant. The analysis is presented gross of the impact, if any, of management and performance fees. Disclosures below are shown in absolute terms and changes and impacts could be positive or negative.

The table below summarises the possible impact of reasonably possible movements of exchange rates to which the Trust is exposed over the last six months through all financial assets and liabilities held by the Trust, both monetary and non-monetary.

	2012		2011	
	Reasonable possible shift in exchange rate	Impact on the net asset value AUD	Reasonable possible shift in exchange rate	Impact on the net asset value AUD
Yen	2.0%	2,805	2.8%	77,214
USD	-	-	3.0%	(1,020)
Euro	1.5%	(609)	1.6%	(452)
Total impact on net asset value		2,196		75,742

A corresponding decrease in the exchange rate in the above table will impose the opposite effect on the net asset value.

5.7 Capital risk management

The Trust's capital structure is represented by the net assets attributable to unitholders. The Trust accepts monthly subscriptions and redemptions at the discretion of unitholders.

The Investment Manager manages the Trust's capital in accordance with the Trust's investment objectives and policies to protect and enhance capital. This includes accepting redemptions and issuing new units in accordance with the trust deed and supplements thereto. The Trustee has the right to restrict redemptions and require certain minimum holdings and subscriptions.

Optimal Japan Trust
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Notes to the financial statements (continued)
As at June 30, 2012

NOTE 6. FINANCIAL INSTRUMENTS BY CATEGORY

2012	Assets at fair value through profit or loss AUD	Loans and receivables AUD	Total AUD
Financial assets at fair value through profit or loss	21,988,959	-	21,988,959
Other receivables and prepayments	-	25,886	25,886
Receivable on sales of securities	-	804,455	804,455
Cash at bank	-	894,478	894,478
Cash accounts with the Prime Broker	-	27,323,009	27,323,009
Assets as per statement of financial position	21,988,959	29,047,828	51,036,787

2011	Assets at fair value through profit or loss AUD	Loans and receivables AUD	Total AUD
Financial assets at fair value through profit or loss	29,572,349	-	29,572,349
Other receivables and prepayments	-	61,224	61,224
Cash at bank	-	1,738,012	1,738,012
Cash accounts with the Prime Broker	-	29,577,264	29,577,264
Assets as per statement of financial position	29,572,349	31,376,500	60,948,849

2012	Liabilities at fair value through profit or loss AUD	Other financial liabilities AUD	Total AUD
Financial liabilities at fair value through profit or loss	4,695,287	-	4,695,287
Performance fee payable	-	1,174	1,174
Other payables and accrued expenses	-	96,823	96,823
Payable on purchases of securities	-	572,010	572,010
Short term borrowings from the Prime Broker	-	18,257,923	18,257,923
Net assets attributable to holders of redeemable units	-	27,413,570	27,413,570
Liabilities as per statement of financial position	4,695,287	46,341,500	51,036,787

2011	Liabilities at fair value through profit or loss AUD	Other financial liabilities AUD	Total AUD
Financial liabilities at fair value through profit or loss	4,516,951	-	4,516,951
Performance fee payable	-	57,824	57,824
Other payables and accrued expenses	-	127,581	127,581
Short term borrowings from the Prime Broker	-	23,576,413	23,576,413
Net assets attributable to holders of redeemable units	-	32,670,080	32,670,080
Liabilities as per statement of financial position	4,516,951	56,431,898	60,948,849

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 7. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS WITH AFFILIATES

7.1 Investment management fee

The Investment Manager is entitled to receive a fee, payable monthly in arrears, at the rate of 1% p.a. of the value of the Trust's net assets at each valuation point.

7.2 Performance fee

Pursuant to the revised Trust Deed dated June 28, 2002, for subscriptions on or after June 28, 2002, a new series of units will be issued on each dealing day for the purpose of calculating the performance fee and on which the Investment Manager is entitled to receive a performance fee which is calculated on a new basis.

This new performance fee is calculated as 20% of the increase in the net asset value per unit of the relevant series as at the end of the financial year over the Performance Benchmark applicable to such series of units multiplied by the number of units of the relevant series in issue as at the valuation point of the relevant financial year.

The Performance Benchmark of the initial units (i.e. units issued prior to June 28, 2002) is equal to the net asset value per initial unit as at June 30, 2011 multiplied by 105% or, if higher, the highest net asset value per initial unit as at the last valuation point in any previous financial year. In relation to new units (i.e. units issued on or after June 28, 2002), the Performance Benchmark is equal to the highest net asset value per unit of the relevant series as at the last valuation point in any previous financial year or, if higher, the subscription price per unit paid for the unit.

Performance fee I = $[\text{NAV} - (\text{the higher of } 105\% \times \text{NAV } 2011 \text{ or } \text{NAV } p)] \times 20\% \times \text{number of units.}$

Performance fee n = $[\text{NAV} - (\text{the higher of } \text{NAV sub} \text{ or } \text{NAV } p)] \times 20\% \times \text{number of units.}$

Where: Performance fee I is the performance fee for initial series

Performance fee n is the performance fee for new series

NAV is the net asset value at the year-end date June 30, 2012

NAV 2011 is the net asset value as at June 30, 2011

NAV sub is subscription price per unit paid for the unit

NAV p is the highest net asset value per unit of the relevant series as at the last valuation point in any previous financial year at which a performance fee was paid.

When an investor redeems units during the course of a financial year, the accrued performance fee on the redemption date in respect of the units redeemed will be paid to the Investment Manager.

As at June 30, 2012, the accrued performance fee is AUD 1,174 (June 2011: AUD 57,824).

7.3 Trustee fee

Effective from June 28, 2002, the Trust appointed Optimal Fund Management Pty Limited as the new Trustee who agreed to waive their fee effective from the date of appointment.

Notes to the financial statements (continued)
As at June 30, 2012

NOTE 7. SIGNIFICANT AGREEMENTS AND RELATED PARTY TRANSACTIONS WITH AFFILIATES (CONTINUED)

7.4 Administration fee

The Administrator is entitled to receive fees in relation to its central administration and transfer agency services activities. This includes mainly NAV, bookkeeping and portfolio valuation fees, and management and performance fee calculations. The fee calculation can be transactions-based, progressive-based or flat.

7.5 Related party transactions

In addition to the fees paid by the Trust to the various services providers as stated in Note 7 above, details of other related party transactions are as follows:

Interests in the Trust's units

Warwick Johnson, a director and shareholder of the Investment Manager, held 336,790.009 units in the Trust as at June 30, 2012 (June 30, 2011: 336,790.009 units).

NOTE 8. TAXATION

The Trust is not liable to any Australian income tax or capital gains tax.

Australian goods and service tax is payable on the fees charged by the Investment Manager and other fees and expenses incurred in Australia. This tax is disclosed separately in the statement of comprehensive income.

The Trust currently incurs withholding tax imposed by Japan on investment income recorded gross of withholding tax in the statement of comprehensive income.

NOTE 9. SHARE CAPITAL

Pursuant to the revised Trust Deed dated June 28, 2002, for subscriptions on or after June 28, 2002, a new series of units will be issued on each dealing day for the purpose of calculating the performance fee.

In accordance with the information memorandum, as soon as practicable after the last valuation date in June in each year, all units in all series other than initial series which have borne a performance fee in respect of the relevant year will normally be consolidated to a single series, being the oldest series to have borne a performance fee in respect of the relevant year and carry the same performance benchmark. All units of the initial series will remain as a separate series.

Each unit of the initial series of units in issue represents one undivided unit in the Trust while the number of undivided units of the Trust represented by a unit of relevant series other than the initial units then in issue or deemed to be in issue shall be decreased or increased to take into account different performance fees and any other fees, outlays, costs and expenses borne by each series. Accordingly, such differences among different series are adjusted by issuing additional units or redemption of existing units of relevant series at unit consolidation.

Optimal Japan Trust

Unit Trust

Notes to the financial statements (continued)

As at June 30, 2012

NOTE 9. SHARE CAPITAL (CONTINUED)

The movement in units is a follows:

	2012	2011
Number of units at the beginning of the year	2,897,254.973	3,887,812.747
Units issued during the year	78,505.662	233,647.137
Units redeemed during the year	<u>(389,460.653)</u>	<u>(1,224,204.911)</u>
Number of units at the end of the year	<u>2,586,299.982</u>	<u>2,897,254.973</u>

NOTE 10. DISTRIBUTION

The Trustee made no distribution in relation to financial year ended June 30, 2011. For 2012, no annual dividend has been declared.

NOTE 11. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There has been no significant event after statement of financial position date which in the opinion of the Board of Directors requires disclosure in the financial statements.

NOTE 12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on September 28, 2012.

Optimal Japan Trust
Unit Trust

Investment portfolio (unaudited)
As at June 30, 2012

Quantity	Description	Ccy	Fair value	% of net assets
Financial assets held at fair value through profit or loss				
Equities				
116,200	Aeon Co Ltd	AUD	1,409,368	5.14
22,800	AEON Delight Co Ltd	AUD	509,307	1.86
24,600	Bridgestone Corp	AUD	545,906	1.99
15,000	Daihatsu Motor Co Ltd	AUD	254,375	0.93
27,500	Daichikoshu Co Ltd	AUD	538,308	1.96
476	GEO Holdings Corp	AUD	515,641	1.88
347,000	Hitachi Ltd	AUD	2,066,165	7.54
134,500	Itochu Corp	AUD	1,368,208	4.99
197,400	JVC Kenwood Corp	AUD	663,722	2.42
241,700	JX Holdings Inc	AUD	1,205,711	4.40
156,000	Mitsubishi Electric Corp	AUD	1,258,853	4.59
34,000	Mitsubishi Estate Co Ltd	AUD	589,470	2.15
476,100	Mitsubishi UFJ Fin Group Inc	AUD	2,200,374	8.03
48,000	Mitsui & Co Ltd	AUD	688,995	2.51
8,900	Nippon Ceramic Co Ltd	AUD	139,395	0.51
67,400	Nissan Motor Co Ltd	AUD	616,408	2.25
6,700	Nittoku Engineering Co Ltd	AUD	93,305	0.34
12,800	Secom Co Ltd	AUD	570,445	2.08
19,100	Seria Co Ltd	AUD	296,581	1.08
85,600	Skymark Airlines Inc	AUD	542,138	1.98
116,300	Sumitomo Electric Ind Ltd	AUD	1,397,783	5.10
52,600	Sumitomo Mitsui Fin Group Inc	AUD	1,679,830	6.12
47,000	Sumitomo Realty & Dev Co Ltd	AUD	1,115,398	4.07
22,900	Tokio Marine Holdings Inc	AUD	556,059	2.03
39,000	Toshiba Plant Syst & Serv Corp	AUD	449,658	1.64
	Total equities	AUD	21,271,403	77.59
Investment funds				
128	Activia Properties Inc Cap	AUD	717,556	2.62
	Total Investment Funds		717,556	2.62
	Total financial assets held at fair value through profit or loss	AUD	21,988,959	80.21

Optimal Japan Trust
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Investment portfolio (unaudited)
As at June 30, 2012

Quantity	Description	Ccy	Fair value	% of net assets
Financial liabilities held at fair value through profit or loss				
Equities short				
(47,900)	Brother Industries Ltd	AUD	(529,432)	(1.93)
(45,000)	Chiyoda Corp	AUD	(533,142)	(1.94)
(30,000)	Kao Corp	AUD	(804,756)	(2.94)
(68,800)	Matsui Securities Co Ltd	AUD	(387,789)	(1.41)
(278)	NTT Data Corp	AUD	(826,977)	(3.02)
(42,000)	Osaki Electric Co Ltd	AUD	(349,707)	(1.28)
(41,500)	Sohgo Security Serv Co Ltd	AUD	(546,982)	(2.00)
(28,600)	Tokyu Livable Inc	AUD	(301,775)	(1.10)
Total equities short		AUD	(4,280,560)	(15.62)
Futures contracts				
(53)	NIKKEI 225	AUD	(414,727)	(1.51)
Total futures contracts		AUD	(414,727)	(1.51)
Total financial liabilities held at fair value through profit or loss		AUD	(4,695,287)	(17.13)
Total financial assets and liabilities held at fair value through profit or loss		AUD	17,293,672	63.08
Net current assets		AUD	10,119,898	36.92
Total net assets		AUD	27,413,570	100.00

Optimal Japan Trust
Unit Trust

Investment portfolio (unaudited)
As at June 30, 2011

Quantity	Description	Ccy	Fair value	% of net assets
Financial assets held at fair value through profit or loss				
Equities				
58,500	Aeon Co Ltd	AUD	654,949	2.01
9,300	AEON Delight Co Ltd	AUD	174,143	0.53
13,900	Aisin Seiki Co Ltd	AUD	498,371	1.53
161,000	Asahi Kasei Corp	AUD	1,005,532	3.08
34,700	Canon Inc	AUD	1,529,082	4.68
321,000	Sumitomo Mitsui Trust Hgs Inc	AUD	1,035,823	3.17
28,000	Daido Metal Co Ltd	AUD	269,761	0.83
13,400	Daiichikoshu Co Ltd	AUD	201,787	0.62
30,400	Don Quijote Co Ltd	AUD	982,021	3.01
78	Dr. Ci:Labo Co Ltd	AUD	370,777	1.13
30,000	Eagle Industry Co Ltd	AUD	348,710	1.07
402,000	Hitachi Ltd	AUD	2,199,195	6.73
96	INPEX Corp	AUD	657,309	2.01
122,500	Itochu Corp	AUD	1,180,205	3.61
21,400	JFE Holdings Inc	AUD	545,509	1.67
70,500	JS Group Corp	AUD	1,686,227	5.16
97,000	Mitsubishi Estate Co Ltd	AUD	1,577,370	4.83
416,000	Mitsubishi Material Corp	AUD	1,212,468	3.71
177,800	Mitsubishi UFJ Fin Group Inc	AUD	801,997	2.45
5,500	Nintendo Co Ltd	AUD	958,633	2.93
48,000	Nippon Electric Glass Co	AUD	569,594	1.74
21,000	Nippon Telegraph & Teleph Corp	AUD	938,740	2.87
7,380	Nippon Television Network Corp	AUD	975,616	2.99
67,400	Nissan Motor Co Ltd	AUD	656,370	2.01
33,200	Park24 Co Ltd	AUD	321,012	0.98
24,100	Ryohin Keikaku Co Ltd	AUD	1,071,741	3.28
19,900	Seven & I Holdings Co Ltd	AUD	496,455	1.52
28,800	Softbank Corp	AUD	1,009,280	3.09
62,000	Sumitomo Realty & Dev Co Ltd	AUD	1,282,858	3.93
26,000	Taiyo Yuden Co Ltd	AUD	312,740	0.96
244,000	Teijin Ltd	AUD	996,187	3.05
161,000	Toagosei Co Ltd	AUD	752,287	2.30
12,600	Tokio Marine Holdings Inc	AUD	327,162	1.00
15,360	Yamada Denki Co Ltd	AUD	1,160,061	3.55
22,600	Yamato Kogyo Co Ltd	AUD	651,901	2.00
	Total equities	AUD	29,411,873	90.03

Optimal Japan Trust
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Investment portfolio (unaudited)
As at June 30, 2011 (continued)

Quantity	Description	Ccy	Fair value	% of net assets
Financial assets held at fair value through profit or loss (continued)				
Investment funds				
150	United Urban Investment Corp	AUD	160,476	0.49
Total investment funds			160,476	0.49
Total financial assets held at fair value through profit or loss			AUD 29,572,349	90.52
Financial liabilities held at fair value through profit or loss				
Equities short				
(146,000)	Mitsubishi Heavy Ind Ltd	AUD	(636,606)	(1.95)
(52,800)	Mori Seiki Co Ltd	AUD	(647,316)	(1.98)
(31,000)	Nabtesco Corp	AUD	(694,851)	(2.13)
(65,000)	Nippon Paint Co Ltd	AUD	(482,642)	(1.48)
(10,300)	Olympus Corp	AUD	(321,765)	(0.98)
(107,700)	Pioneer Electronic Corp	AUD	(447,184)	(1.37)
(22,700)	Takeda Pharmaceutical Co Ltd	AUD	(975,351)	(2.99)
Total equities short			AUD (4,205,715)	(12.88)
Futures contracts				
(69)	NIKKEI 225	AUD	(311,236)	(0.95)
Total futures contracts			AUD (311,236)	(0.95)
Total financial liabilities held at fair value through profit or loss			AUD (4,516,951)	(13.83)
Total financial assets and liabilities held at fair value through profit or loss			AUD 25,055,398	76.69
Net current assets		AUD	7,614,682	23.31
Total net assets			AUD 32,670,080	100.00